

CENTENE CORP
Form 424B3
June 13, 2016
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**Filed Pursuant to Rule 424(b)(3)
Registration No. 333-211542**

Centene Corporation

Offer to Exchange

Up to \$1,400,000,000 5.625% Senior Notes due 2021 for \$1,400,000,000 5.625% Senior Notes due 2021 that have been registered under the Securities Act of 1933, as amended (the Securities Act)

Up to \$1,000,000,000 6.125% Senior Notes due 2024 for \$1,000,000,000 6.125% Senior Notes due 2024 that have been registered under the Securities Act

We are offering to exchange up to \$1,400,000,000 aggregate principal amount of our new 5.625% Senior Notes due 2021 (the New 2021 Notes) for a like aggregate principal amount of our outstanding 5.625% Senior Notes due 2021 (the Outstanding 2021 Notes) and up to \$1,000,000,000 aggregate principal amount of our new 6.125% Senior Notes due 2024 (the New 2024 Notes and together with the New 2021 Notes, the Exchange Notes) for a like aggregate principal amount of our outstanding 6.125% Senior Notes due 2024 (the Outstanding 2024 Notes and together with the Outstanding 2021 Notes, the Outstanding Notes), in a transaction registered under the Securities Act (the Exchange Offer).

Terms of the Exchange Offer:

We will exchange all Outstanding Notes that are validly tendered and not withdrawn prior to the expiration of the Exchange Offer.

You may withdraw tenders of Outstanding Notes at any time prior to the expiration of the Exchange Offer.

We believe that the exchange of Outstanding Notes for Exchange Notes will not be a taxable event for U.S. federal income tax purposes.

The form and terms of the Exchange Notes are identical in all material respects to the form and terms of the Outstanding Notes, except that (i) the Exchange Notes are registered under the Securities Act, (ii) the transfer restrictions and registration rights applicable to the Outstanding Notes do not apply to the Exchange Notes, and (iii) the Exchange Notes will not contain provisions relating to liquidated damages relating to our registration obligations.

The Exchange Offer will expire at 5:00 p.m., New York City time, on July 12, 2016, unless we extend the offer. We will announce any extension by press release or other permitted means no later than 9:00 a.m. on the business day after the expiration of the Exchange Offer. You may withdraw any Outstanding Notes tendered until the expiration of the Exchange Offer.

The Exchange Notes will not be listed on any securities exchange.

For a discussion of factors you should consider in determining whether to tender your Outstanding Notes, see the information under Risk Factors beginning on page 11 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is June 13, 2016.

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You should read this document together with additional information described under the heading **Where You Can Find More Information**. You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer or sale is not permitted. You should not assume that the information we have included in this prospectus is accurate as of any date other than the date of this prospectus or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. This prospectus does not constitute an offer, or an invitation on our behalf to subscribe for and purchase any of the securities and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

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Unless the context otherwise requires, the terms the Company, we, us, our or similar terms and Centene refer to Centene Corporation, together with its consolidated subsidiaries.

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INDUSTRY AND MARKET DATA

Throughout this prospectus and the documents incorporated by reference herein, we rely on and refer to information and statistics regarding the healthcare industry. We obtained this information and these statistics from various third-party sources, discussions with state regulators and our own internal estimates. We believe that these sources and estimates are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on their public reference room. Our SEC filings are also available to the public at the SEC's website at <http://www.sec.gov>.

Our common stock is listed under the symbol **CNC** and traded on the New York Stock Exchange (the **NYSE**). Information about us, including our SEC filings, is also available at our Internet site at <http://www.centene.com>. However, for the avoidance of doubt, the information on our Internet site is not a part of this prospectus.

This prospectus contains summaries of certain agreements, such as the indentures, the Exchange Notes, the registration rights agreements, the supplemental indentures and the revolving credit facility. The statements made in this prospectus pertaining to these agreements or the content of any contract, agreement or other document that is an exhibit to the documents incorporated by reference in this prospectus necessarily are summaries of their material provisions and we qualify those statements in their entirety by reference to those definitive agreements and those exhibits for complete statements of their provisions. The documents incorporated by reference in this prospectus are available at the SEC's public reference room or through its website.

INCORPORATION BY REFERENCE

This prospectus incorporates by reference information from documents filed with the SEC, which means that we are disclosing important information to you by referring you to those documents. The information we incorporate by reference is an important part of this prospectus, and information we subsequently file with the SEC will automatically update and supersede that information. We incorporate by reference the documents listed below and any filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the **Exchange Act**) (other than any portion provided pursuant to Item 2.02 or Item 7.01 of Form 8-K or other information furnished to the SEC) on or after the date of this prospectus and before the termination of the exchange offer. The documents we incorporate by reference are:

our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the SEC on February 22, 2016;

our Quarterly Report on Form 10-Q for the period ended March 31, 2016 filed with the SEC on April 26, 2016;

our Current Reports on Form 8-K filed with the SEC on January 25, 2016, January 26, 2016 (the financial statements filed with this January 26, 2016 Form 8-K have been superseded by the financial statements filed with the March 24, 2016 Form 8-K), January 28, 2016, February 10, 2016, February 11, 2016, March 1, 2016, March 23, 2016, March 24, 2016 (as amended on May 10, 2016 and June 9, 2016) and April 29, 2016; and

the portions of our Definitive Proxy Statement on Schedule 14A filed with the SEC on March 11, 2016 that are incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

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We encourage you to read our SEC reports, as they provide important additional information. We will provide to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of the information that has been incorporated by reference in the prospectus but not delivered with the prospectus, at no charge upon written or oral request by contacting us at Centene Corporation, Attn: Corporate Secretary, 7700 Forsyth Boulevard, St. Louis, Missouri 63105, telephone (314) 725-4477.

To obtain timely delivery of any copies of filings requested, please write or call us no later than five business days before the Expiration Date of the Exchange Offer. This means that you must request this information no later than July 5, 2016.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

All statements, other than statements of current or historical fact, contained in this prospectus are forward-looking statements. We have attempted to identify these statements by terminology including believe, anticipate, plan, expect, estimate, intend, seek, target, goal, may, will, would, could, should, can, continue and other expressions in connection with, among other things, any discussion of future operating or financial performance. In particular, these statements include statements about our market opportunity, our growth strategy, competition, expected activities and future acquisitions, investments and the adequacy of our available cash resources. We caution you that matters subject to forward-looking statements involve known and unknown risks and uncertainties, including economic, regulatory, competitive and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions.

All forward-looking statements included or incorporated by reference in this prospectus are based on information available to us on the date of this prospectus and we undertake no obligation to update or revise the forward-looking statements included or incorporated by reference in this prospectus, whether as a result of new information, future events or otherwise, after the date of this prospectus, except as required by law. Actual results may differ from projections or estimates due to a variety of important factors, including but not limited to:

our ability to accurately predict and effectively manage health benefits and other operating expenses and reserves;

competition;

membership and revenue projections;

timing of regulatory contract approval;

changes in healthcare practices;

changes in federal or state laws or regulations, including the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act and any regulations enacted thereunder;

changes in expected contract start dates;

changes in expected closing dates, estimated purchase price and accretion for acquisitions;

inflation;

foreign currency fluctuations;

provider and state contract changes;

new technologies;

advances in medicine;

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reduction in provider payments by governmental payors;

major epidemics;

disasters and numerous other factors affecting the delivery and cost of healthcare;

the expiration, cancellation or suspension of our managed care contracts by federal or state governments (including but not limited to Medicaid, Medicare, and TRICARE);

the outcome of our pending legal proceedings;

availability of debt and equity financing, on terms that are favorable to us;

our ability to adequately price products on federally facilitated and state based Health Insurance Marketplaces;

changes in economic, political and market conditions;

the possibility that the expected synergies and value creation from acquired businesses, including, without limitation, the acquisition of Health Net, Inc., will not be realized, or will not be realized within the expected time period; and

the risk that acquired businesses will not be integrated successfully.

This list of important factors is not intended to be exhaustive. We discuss certain of these matters more fully, as well as certain risk factors that may affect our business operations, financial condition and results of operations, in our filings with the Securities and Exchange Commission, including our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, which are incorporated by reference herein.

The risk factors set forth or incorporated by reference in the section titled **Risk Factors** contain a further discussion of these and other important factors that could cause actual results to differ from expectations. We disclaim any current intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Due to these important factors and risks, we cannot give assurances with respect to our future premium levels or our ability to control our future medical costs.

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PROSPECTUS SUMMARY

The following summary highlights significant aspects of our business and this offering contained elsewhere in this prospectus, but it does not include all the information you should consider prior to making an investment decision with respect to the Exchange Offer. You should read this entire prospectus, including the documents incorporated by reference, the information set forth in Risk Factors and the financial statements and related notes included or incorporated by reference in this prospectus, before deciding whether to exchange the Outstanding Notes for the Exchange Notes.

Centene Corporation

We are a diversified, multi-national healthcare enterprise that provides programs and services to government sponsored healthcare programs, focusing on under-insured and uninsured individuals. We provide member-focused services through locally based staff by assisting in accessing care, coordinating referrals to related health and social services and addressing member concerns and questions. We also provide education and outreach programs to inform and assist members in accessing quality, appropriate healthcare services. We believe our local approach, including member and provider services, enables us to provide accessible, quality, culturally-sensitive healthcare coverage to our communities. Our health management, educational and other initiatives are designed to help members best utilize the healthcare system to ensure they receive appropriate, medically necessary services and effective management of routine, severe and chronic health problems, resulting in better health outcomes. We combine our decentralized local approach for care with a centralized infrastructure of support functions such as finance, information systems and claims processing.

On March 24, 2016, we acquired all of the issued and outstanding shares of Health Net for approximately \$6.0 billion, including the assumption of debt. This strategic acquisition broadens our current service offerings, providing expansion in Medicaid and Medicare programs. This acquisition provides further diversification across our markets and products through the addition of government-sponsored care under federal contracts with the Department of Defense and the U.S. Department of Veterans Affairs, as well as Medicare Advantage. Our consolidated financial statements as of and for the three months ended March 31, 2016 reflect eight days of Health Net operations.

We operate in two segments: Managed Care and Specialty Services. Our Managed Care segment provides health plan coverage to individuals through government subsidized programs, including Medicaid, the State Children's Health Insurance Program (CHIP), Long Term Care (LTC), Foster Care, dual-eligible individuals (Duals), the Supplemental Security Income Program, also known as the Aged, Blind or Disabled Program, or collectively ABD and Medicare (including the Medicare prescription drug benefit commonly known as Part D). Beginning in 2014, our Managed Care segment also provides health plan coverage to individuals covered through federally-facilitated and state-based Health Insurance Marketplaces (HIM). Our Specialty Services segment consists of our specialty companies offering diversified healthcare services and products to state programs, correctional facilities, healthcare organizations, employer groups and other commercial organizations, as well as to our own subsidiaries. Our Specialty Services segment also includes programs with the U.S. Department of Defense and U.S. Department of Veterans Affairs. For the year ended December 31, 2015, our Managed Care and Specialty Services segments accounted for 90% and 10%, respectively, of our total external premium and service revenues.

Our managed care membership totaled 11.5 million as of March 31, 2016. For the year ended December 31, 2015, our total revenues and net earnings from continuing operations attributable to Centene were \$22.8 billion and \$356 million, respectively, and our total cash flow from operations was \$658 million. For the three months ended March 31, 2016, our total revenues and net loss from continuing operations attributable to Centene were \$7.0 billion and \$16 million, respectively, and our total cash flow from operations was \$195 million.

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Our initial health plan commenced operations in Wisconsin in 1984. We were organized in Wisconsin in 1993 as a holding company for our initial health plan and reincorporated in Delaware in 2001. Our corporate office is located at 7700 Forsyth Boulevard, St. Louis, Missouri 63105, and our telephone number is (314) 725-4477. Our stock is publicly traded on the New York Stock Exchange under the ticker symbol CNC.

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THE EXCHANGE OFFER

On February 11, 2016, we, through our wholly-owned subsidiary Centene Escrow Corporation (the Escrow Issuer), which merged with and into us on March 24, 2016, issued \$1,400,000,000 aggregate principal amount of 5.625% Senior Notes due 2021 and \$1,000,000,000 aggregate principal amount of 6.125% Senior Notes due 2024, the Outstanding Notes to which the Exchange Offer applies, to a group of initial purchasers in reliance on exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable securities laws. In connection with the sale of the Outstanding Notes to the initial purchasers, we entered into registration rights agreements pursuant to which we agreed, among other things, to deliver this prospectus to you, to commence this Exchange Offer and to use our commercially reasonable efforts to complete the Exchange Offer within 365 days of the issuance of the Outstanding Notes. The summary below describes the principal terms and conditions of the Exchange Offer. Some of the terms and conditions described below are subject to important limitations and exceptions. See The Exchange Offer for a more detailed description of the terms and conditions of the Exchange Offer and Description of Exchange Notes for a more detailed description of the terms of the Exchange Notes.

The Exchange Offer

We are offering to exchange up to \$1,400,000,000 aggregate principal amount of 5.625% Senior Notes due 2021 and \$1,000,000,000 aggregate principal amount of 6.125% Senior Notes due 2024, which have been registered under the Securities Act, in exchange for your Outstanding Notes. The form and terms of these Exchange Notes are identical in all material respects to the Outstanding Notes. The Exchange Notes, however, will not contain transfer restrictions and registration rights applicable to the Outstanding Notes.

To exchange your Outstanding Notes, you must properly tender them, and we must accept them. We will accept and exchange all Outstanding Notes that you validly tender and do not validly withdraw. We will issue registered Exchange Notes promptly after the expiration of the Exchange Offer.

Resale of Exchange Notes

Based on interpretations by the staff of the SEC as detailed in a series of no-action letters issued to third parties, we believe that, as long as you are not a broker-dealer, the Exchange Notes offered in the Exchange Offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act as long as:

you are acquiring the Exchange Notes in the ordinary course of your business;

you are not participating, do not intend to participate in and have no arrangement or understanding with any person to participate in a

distribution of the Exchange Notes; and

you are not an affiliate of ours within the meaning of Rule 405 of the Securities Act.

If any of these conditions is not satisfied and you transfer any Exchange Notes issued to you in the Exchange Offer without delivering a proper prospectus or without qualifying for a registration exemption, you may incur liability under the Securities Act. Moreover, our belief that transfers of Exchange Notes would be

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permitted without registration or prospectus delivery under the conditions described above is based on SEC interpretations given to other, unrelated issuers in similar exchange offers. We cannot assure you that the SEC would make a similar interpretation with respect to our exchange offer. We will not be responsible for or indemnify you against any liability you may incur under the Securities Act.

Any broker-dealer that acquires Exchange Notes for its own account in exchange for Outstanding Notes must represent that the Outstanding Notes to be exchanged for the Exchange Notes were acquired by it as a result of market-making activities or other trading activities and acknowledge that it will deliver a prospectus (or, to the extent permitted by law, make available a Prospectus) meeting the requirements of the Securities Act in connection with any offer to resell, resale or other retransfer of the Exchange Notes. However, by so acknowledging and by delivering a prospectus, such participating broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. During the period ending 180 days after the consummation of the Exchange Offer, subject to extension in limited circumstances, a participating broker-dealer may use this prospectus for an offer to sell, a resale or other retransfer of Exchange Notes received in exchange for Outstanding Notes which it acquired through market-making activities or other trading activities.

Expiration Date

The Exchange Offer will expire at 5:00 p.m., New York City time, on July 12, 2016, unless we extend the expiration date.

Accrued Interest on the Exchange Notes and the Outstanding Notes

The Exchange Notes will bear interest from the most recent date to which interest has been paid on the Outstanding Notes or, if no interest has been paid, from the date of original issuance of the Outstanding Notes. If your Outstanding Notes are accepted for exchange, then you will receive interest on the Exchange Notes and not on the Outstanding Notes. Any Outstanding Notes not tendered will remain outstanding and continue to accrue interest according to their terms.

Conditions

The Exchange Offer is subject to customary conditions. We may assert or waive these conditions in our sole discretion. If we materially change the terms of the Exchange Offer, we will resolicit tenders of the Outstanding Notes. See [The Exchange Offer Conditions to the Exchange Offer](#) for more information regarding conditions to the Exchange Offer.

Procedures for Tendering Outstanding Notes

Each holder of Outstanding Notes that wishes to tender their Outstanding Notes must either:

complete, sign and date the accompanying letter of transmittal or a facsimile copy of the letter of transmittal, have the signatures on the letter of transmittal guaranteed, if required, and deliver the letter of transmittal, together with any other required documents (including the Outstanding Notes), to the exchange agent; or

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if Outstanding Notes are tendered pursuant to book-entry procedures, the tendering holder must deliver a completed and duly executed letter of transmittal or arrange with The Depository Trust Company, or DTC, to cause an agent's message to be transmitted with the required information (including a book-entry confirmation) to the exchange agent; or

comply with the procedures set forth below under **Guaranteed Delivery Procedures**.

Holders of Outstanding Notes that tender Outstanding Notes in the Exchange Offer must represent that the following are true:

the holder is acquiring the Exchange Notes in the ordinary course of its business;

at the time of the commencement of the Exchange Offer, the holder has no arrangement or understanding with any person to participate in a distribution of the Exchange Notes in violation of the provisions of the Securities Act; and

the holder is not an affiliate of us within the meaning of Rule 405 of the Securities Act.

Do not send letters of transmittal, certificates representing Outstanding Notes or other documents to us or DTC. Send these documents only to the exchange agent at the appropriate address given in this prospectus and in the letter of transmittal. We could reject your tender of Outstanding Notes if you tender them in a manner that does not comply with the instructions provided in this prospectus and the accompanying letter of transmittal. See **Risk Factors** There are significant consequences if you fail to exchange your Outstanding Notes for further information.

Special Procedures for Tenders by
Beneficial Owners of Outstanding Notes

If:

you beneficially own Outstanding Notes;

those notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee; and

you wish to tender your Outstanding Notes in the Exchange Offer,

please contact the registered holder as soon as possible and instruct it to tender on your behalf and comply with the instructions set forth in this prospectus and the letter of transmittal.

Guaranteed Delivery Procedures

If you hold Outstanding Notes in certificated form or if you own Outstanding Notes in the form of a book-entry interest in a global note deposited with the trustee, as custodian for DTC, and you wish to tender those Outstanding Notes but:

your Outstanding Notes are not immediately available;

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time will not permit you to deliver the required documents to the exchange agent by the expiration date; or

you cannot complete the procedure for book-entry transfer on time,

you may tender your Outstanding Notes pursuant to the procedures described in The Exchange Offer Procedures for Tendering Outstanding Notes Guaranteed Delivery.

Withdrawal Rights

You may withdraw your tender of Outstanding Notes under the Exchange Offer at any time before the Exchange Offer expires. Any withdrawal must be in accordance with the procedures described in The Exchange Offer Withdrawal Rights.

Effect on Holders of Outstanding Notes

As a result of making this Exchange Offer, and upon acceptance for exchange of all validly tendered Outstanding Notes, we will have fulfilled our obligations under the registration rights agreement. Accordingly, there will be no liquidated or other damages payable under the registration rights agreements if Outstanding Notes were eligible for exchange, but not exchanged, in the Exchange Offer.

If you do not tender your Outstanding Notes or we reject your tender, your Outstanding Notes will remain outstanding and will be entitled to the benefits of the indenture governing the Outstanding 2021 Notes or Outstanding 2024 Notes, respectively. Under such circumstances, you would not be entitled to any further registration rights under the registration rights agreements, except under limited circumstances. Existing transfer restrictions would continue to apply to the Outstanding Notes.

Any trading market for the Outstanding Notes could be adversely affected if some but not all of the Outstanding Notes are tendered and accepted in the Exchange Offer.

Material United States Federal Income Tax Consequences

Your exchange of Outstanding Notes for Exchange Notes should not be treated as a taxable event for U.S. federal income tax purposes. See Material United States Federal Income Tax Consequences.

Use of Proceeds

We will not receive any proceeds from the issuance of the Exchange Notes under the Exchange Offer.

Acceptance of Outstanding Notes and
Delivery of Outstanding Notes

We will accept for exchange any and all Outstanding Notes properly tendered prior to the expiration of the Exchange Offer. We will complete the Exchange Offer and issue the Exchange Notes promptly after the expiration date.

Exchange Agent

The Bank of New York Mellon Trust Company, N.A. is serving as exchange agent for the Exchange Offer. The address and telephone number of the exchange agent are provided in this prospectus under The Exchange Offer Exchange Agent and in the letter of transmittal.

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Summary of Terms of Exchange Notes

The form and terms of the Exchange Notes will be identical in all material respects to the form and terms of the Outstanding Notes, except that the Exchange Notes:

will have been registered under the Securities Act;

will not bear restrictive legends restricting their transfer under the Securities Act;

will not be entitled to the registration rights that apply to the Outstanding Notes; and

will not contain provisions relating to an increase in the interest rate borne by the Outstanding Notes under circumstances related to the timing of the Exchange Offer.

The Exchange Notes represent the same debt as the Outstanding Notes and are governed by the same indentures, which are governed by New York law. A brief description of the material terms of the Exchange Notes follows:

Issuer	Centene Corporation
Securities Offered	\$1,400,000,000 aggregate principal amount of 5.625% Senior Notes due 2021
	\$1,000,000,000 aggregate principal amount of 6.125% Senior Notes due 2024
Maturity Date	The New 2021 Notes will mature on February 15, 2021.
	The New 2024 Notes will mature on February 15, 2024.
Interest Rate	The New 2021 Notes will bear interest at a rate equal to 5.625% per annum.
	The New 2024 Notes will bear interest at a rate equal to 6.125% per annum.

Interest Payment Dates

Interest on the New 2021 Notes will be payable semi-annually on February 15 and August 15 of each year, beginning on August 15, 2016.

Interest on the New 2024 Notes will be payable semi-annually on February 15 and August 15 of each year, beginning on August 15, 2016.

Ranking

The Exchange Notes will be our senior unsecured obligations and:

rank equally in right of payment with all of our existing and future senior debt, including our 5.75% senior notes due 2017, our 4.75% senior notes due 2022 and our Revolving Credit Facility;

rank senior in right of payment to any of our existing and future obligations that are by their terms expressly subordinated or junior in right of payment to the Exchange Notes;

rank structurally subordinate to our subsidiaries' liabilities; and

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rank effectively subordinate in right of payment to any existing or future secured obligations to the extent of the value of the assets securing such obligations.

As of March 31, 2016, we had \$3,327 million of senior debt outstanding and approximately \$105 million of issued and undrawn letters of credit, and our subsidiaries had \$9,297 million of indebtedness and other liabilities outstanding, including medical claims liability, accounts payable and accrued expenses, unearned revenue and other long term liabilities (excluding intercompany liabilities). In addition, as of March 31, 2016, we had \$485 million of available and undrawn borrowings under our Revolving Credit Facility (with an uncommitted option to increase our Revolving Credit Facility by up to \$250 million). Of the outstanding letters of credit referenced above, \$52 million will be issued under our Revolving Credit Facility.

Optional Redemption

At any time prior to February 15, 2018 we may redeem the New 2021 Notes, in whole or in part, at a price equal to 100% of the principal amount of the New 2021 Notes redeemed plus any accrued and unpaid interest thereon and a make-whole premium.

At any time on or after February 15, 2018 we may redeem the New 2021 Notes, in whole or in part, at the redemption prices set forth in this prospectus.

At any time prior to February 15, 2019 we may redeem the New 2024 Notes, in whole or in part, at a price equal to 100% of the principal amount of the New 2024 Notes redeemed plus any accrued and unpaid interest thereon and a make-whole premium.

At any time on or after February 15, 2019 we may redeem the New 2024 Notes, in whole or in part, at the redemption prices set forth in this prospectus.

See Description of Exchange Notes Optional Redemption.

Change of Control

If we experience specific kinds of changes of control, we will make an offer to purchase all of the Exchange Notes at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest, if any, to the date of purchase. See Description of Exchange Notes Repurchase at the Option of Holders Change of Control.

Asset Sale Proceeds

Upon certain asset sales we may be required to offer to purchase some of the Exchange Notes with certain of the proceeds of such sale at a price equal to 100% of their principal amount, plus any accrued and unpaid interest to the date of purchase. See Description of Exchange Notes Repurchase at the Option of Holders Asset Sales.

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Certain Covenants

The indentures that govern the Exchange Notes will contain covenants that, among other things, will limit our ability and the ability of our restricted subsidiaries to:

incur additional indebtedness and issue preferred stock;

pay dividends or make other distributions;

make other restricted payments and investments;

sell assets, including capital stock of restricted subsidiaries;

create certain liens;

incur restrictions on the ability of restricted subsidiaries to pay dividends or make other payments;

in the case of our subsidiaries, guarantee indebtedness;

engage in transactions with affiliates;

create unrestricted subsidiaries; and

merge or consolidate with other entities.

These covenants are subject to important exceptions and qualifications, that are described under the headings "Description of Exchange Notes Certain Covenants" and "Description of Exchange Notes Repurchase at the Option of Holders" in this prospectus. Following the first day the Exchange Notes have an investment grade rating from either Standard & Poor's Ratings Services ("Standard & Poor's") or Moody's Investors Service, Inc. ("Moody's"), subject to certain conditions, we and our restricted subsidiaries will no longer be subject to certain of these covenants. See "Description of Exchange Notes Certain Covenants Covenant Termination."

The Exchange Notes will be issued in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The Exchange Notes will be issued in book-entry form and will be represented by global certificates deposited with, or on behalf of DTC, and registered in the name of Cede & Co., DTC's nominee. Beneficial interests in the Exchange Notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee; and these interests may not be exchanged for certificated notes, except in limited circumstances.

Risk Factors

Investing in the Exchange Notes involves substantial risks. You should carefully consider the risks described under the heading "Risk Factors" in addition to the other information contained in this prospectus and the documents incorporated by reference herein before making an investment in the Exchange Notes.

Trustee

The Bank of New York Mellon Trust Company, N.A.

For additional information regarding the Exchange Notes, see the "Description of Exchange Notes" section of this prospectus.

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Our ratio of earnings to fixed charges for the three months ended March 31, 2016 and each of the five years in the period ended December 31, 2015 is set forth below. You should read this table in conjunction with the consolidated financial statements and notes incorporated by reference in this prospectus.

	Fiscal Year Ended				Three Months Ended	
	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	March 31, 2016
Ratio of earnings to fixed charges ⁽¹⁾	7.8x	5.7x	8.2x	10.3x	11.7x	1.0x

- (1) For the purpose of calculating the ratios of earning to fixed charges, earnings consist of earnings (loss) from continuing operations before income taxes and fixed charges. Fixed charges consist of interest expense and the portion of rental expense (approximately one-third) that management believes represents the interest component of rent expense.

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RISK FACTORS

You should carefully consider each of the following risks and all of the other information included or incorporated by reference in this prospectus before deciding to participate in the Exchange Offer described in this prospectus. Some of the following risks relate principally to your participation or failure to participate in the Exchange Offer and ownership of our Exchange Notes. Other risks relate principally to our business in general and the industry in which we operate. Our business, financial condition or results of operations could be materially adversely affected due to any of these risks.

Risks Related to the Exchange Offer

There are significant consequences if you fail to exchange your Outstanding Notes.

We did not register the Outstanding Notes under the Securities Act or any state securities laws, nor do we intend to do so after the Exchange Offer. As a result, the Outstanding Notes may only be transferred in limited circumstances under the securities laws. If you do not exchange your Outstanding Notes in the Exchange Offer, you will lose your right to have the Outstanding Notes registered under the Securities Act, subject to certain limitations. If you continue to hold Outstanding Notes after the Exchange Offer, you may be unable to sell the Outstanding Notes. Outstanding Notes that are not tendered or are tendered but not accepted will, following the Exchange Offer, continue to be subject to existing restrictions.

You cannot be sure that an active trading market for the Exchange Notes will develop.

There is no existing market for the Exchange Notes. We do not intend to apply for a listing of the Exchange Notes on any securities exchange. We do not know if an active public market for the Exchange Notes will develop or, if developed, will continue. If an active public market does not develop or is not maintained, the market price and liquidity of the Exchange Notes may be adversely affected. We cannot make any assurances regarding the liquidity of the market for the Exchange Notes, the ability of holders to sell their Exchange Notes or the price at which holders may sell their Exchange Notes. In addition, the liquidity and the market price of the Exchange Notes may be adversely affected by changes in the overall market for securities similar to the Exchange Notes, by changes in our financial performance or prospects and by changes in conditions in our industry.

You must follow the appropriate procedures to tender your Outstanding Notes or they will not be exchanged.

The Exchange Notes will be issued in exchange for the Outstanding Notes only after timely receipt by the exchange agent of the Outstanding Notes or a book-entry confirmation related thereto, a properly completed and executed letter of transmittal or an agent's message and all other required documentation. If you want to tender your Outstanding Notes in exchange for Exchange Notes, you should allow sufficient time to ensure timely delivery. Neither we nor the exchange agent are under any duty to give you notification of defects or irregularities with respect to tenders of Outstanding Notes for exchange. Outstanding Notes that are not tendered or are tendered but not accepted will, following the Exchange Offer, continue to be subject to the existing transfer restrictions. In addition, if you tender the Outstanding Notes in the Exchange Offer to participate in a distribution of the Exchange Notes, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. For additional information, please refer to the sections entitled "The Exchange Offer" and "Plan of Distribution" later in this prospectus.

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We and our subsidiaries may not be able to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our and our subsidiaries financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, competitive, legislative, regulatory and other factors beyond our control. As a result, we may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal and interest on our indebtedness. In addition, because we conduct a significant portion of our operations through our subsidiaries, repayment of our indebtedness is also dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us by dividend, debt repayment or otherwise. Our subsidiaries are distinct legal entities and they do not have any obligation to pay amounts due on the Exchange Notes or to make funds available for that purpose or for other obligations. Pursuant to applicable state limited liability company laws and other laws and regulations, our subsidiaries may not be able to, or may not be permitted to, make distributions to us in order to enable us to make payments in respect of the Exchange Notes. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

We cannot assure you that our business will generate sufficient cash flow from operations, or that future borrowings will be available to us under our Revolving Credit Facility in an amount sufficient to enable us to pay our indebtedness, including the Exchange Notes, or to fund our other liquidity needs. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the Exchange Notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the indentures governing the Exchange Notes may restrict us from adopting some of these alternatives.

The restrictive covenants in our debt instruments may limit our operating flexibility. Our failure to comply with these covenants could result in defaults under our indentures and future debt instruments even though we may be able to meet our debt service obligations.

The instruments governing our indebtedness, including the indentures governing the Exchange Notes, the 4.75% senior notes due 2022, the 5.75% senior notes due 2017, the 6.375% senior notes due 2017 and our Revolving Credit Facility, impose significant operating and financial restrictions on us. These restrictions significantly limit, among other things, our ability to incur additional indebtedness, pay dividends, repay junior indebtedness, sell assets, make investments, engage in transactions with affiliates, create liens and engage in certain types of mergers or acquisitions. Our future debt instruments may have similar or more restrictive covenants. These restrictions could limit our ability to obtain future financings, make capital expenditures, withstand a future downturn in our business or the economy in general, or otherwise take advantage of business opportunities that may arise. If we fail to comply with these restrictions, the note holders or lenders under any debt instrument could declare a default under the terms of the relevant indebtedness even though we are able to meet debt service obligations and, because our indebtedness has cross-default and cross-acceleration provisions, could cause all or a substantial portion of our debt to become immediately due and payable.

We cannot assure you that we would have sufficient funds available, or that we would have access to sufficient capital from other sources, to repay any accelerated debt. Even if we could obtain additional financing, we cannot assure you that the terms would be favorable to us. If we default on any future secured debt, the

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secured creditors could foreclose on their liens. As a result, any event of default could have a material adverse effect on our business and financial condition, and could prevent us from paying amounts due under the Exchange Notes.

Despite current indebtedness levels, we may still be able to incur substantially more debt, including secured debt, which could further exacerbate the risks we face.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, including secured indebtedness. The terms of the indentures governing the Exchange Notes, the 4.75% senior notes due 2022 and the 5.75% senior notes due 2017 do not fully prohibit us or our subsidiaries from incurring additional indebtedness. As of March 31, 2016, we had \$485 million of available and undrawn borrowings under our Revolving Credit Facility (with an uncommitted option to expand by up to \$250 million). If new debt is added to our current debt levels, the related risks that we now face would increase. In addition, the Revolving Credit Facility and the indentures governing our outstanding notes, including the Outstanding Notes, do not prevent us or our subsidiaries from incurring obligations that do not constitute indebtedness under the applicable agreement. A substantial amount of debt we incur in the future could be secured. To the extent we were to secure debt we incur in the future under any credit facility or other debt, your ability to receive payments under the Exchange Notes will be effectively subordinated to the secured debt, which will have a prior claim on any assets securing the debt, to the extent of the value of those assets, and it is possible that there will be insufficient assets remaining from which claims of the holders of the Exchange Notes can be satisfied. As of the date of this prospectus, we do not have significant amounts of secured indebtedness.

Because we are a holding company and depend entirely on cash flow from our subsidiaries to meet our obligations, your right to receive payment on the Exchange Notes will be effectively subordinated to our subsidiaries obligations.

The Exchange Notes are exclusively our obligations. Our cash flow and our ability to service our debt, including the Exchange Notes, depends on the earnings of our subsidiaries and on the distribution of earnings, loans or other payments to us by our subsidiaries.

Our subsidiaries are separate and distinct legal entities with no obligations to pay any amounts due on the Exchange Notes or to provide us with funds for our payment obligations, whether by dividend, distribution, loan or other payments. In addition, the ability of our subsidiaries to make any dividend, distribution, loan or other payment to us is subject to statutory restrictions, regulatory capital requirements and contractual restrictions, including under the 5.75% senior notes due 2017, the 4.75% senior notes due 2022 and our Revolving Credit Facility. Payments to us by our subsidiaries will also be contingent upon our subsidiaries' earnings and their business considerations.

Our right to receive any assets of our subsidiaries upon their bankruptcy, liquidation, dissolution, reorganization or similar proceeding, and therefore your right to participate in those assets, will be structurally subordinated to the claims of those subsidiaries' creditors, including trade creditors. In addition, even if we were a creditor of one or more of our subsidiaries, our rights as a creditor would be subordinated to any security interest in the assets of those subsidiaries and any debt of our subsidiaries senior to that held by us. As a result, the Exchange Notes will be effectively subordinated to all liabilities, including medical claims liability, accounts payable and accrued expenses, unearned revenue and other long term liabilities, of our current or future subsidiaries. Because we depend on the cash flow of our subsidiaries to meet our own obligations, including with respect to the Exchange Notes, these types of restrictions could impair our ability to make scheduled interest payments on the Exchange Notes and to pay the principal at maturity. As of March 31, 2016, the Exchange Notes would have been structurally subordinated to \$9,297 million of liabilities outstanding of our subsidiaries, including medical claims liability, accounts payable and accrued expenses, unearned revenue and other long term liabilities (excluding intercompany liabilities).

In addition, our regulated subsidiaries have historically generated substantially all of our revenues. Our regulated subsidiaries are subject to various state government statutory and regulatory restrictions applicable to

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insurance companies generally, that limit the amount of dividends, loans and advances and other payments they can make to us. If insurance regulators at any time determine that payment of a dividend or any other payment to us would be detrimental to an insurance subsidiary's policyholders or creditors, because of the financial condition of the insurance subsidiary or otherwise, the regulators may block dividends or other payments to us that would otherwise be permitted without prior approval.

Furthermore, if one or more of our regulated subsidiaries becomes insolvent, the regulators may seize its assets to cover its obligations under healthcare policies, which could result in our remaining assets generating insufficient revenue to pay the Exchange Notes in full or at all.

The indentures governing the Exchange Notes permit us to sell a substantial amount of our assets without any requirement that the proceeds be used to offer to repurchase the Exchange Notes.

The indentures governing the Exchange Notes will permit us at any time and from time to time to sell up to 10% of our consolidated total assets without any requirement that we repay or reduce commitments of other debt, that we reinvest the proceeds from any such sale in other assets or that we offer to repurchase the Exchange Notes. As a result, unless we (i) sell more than 10% of our consolidated total assets in one transaction or series of related transactions or (ii) our aggregate sales result in a sale of all or substantially all of the properties or assets of us and our restricted subsidiaries, taken as a whole, in a transaction that constitutes a change of control, we will not be required to offer to repurchase the Exchange Notes as a result of such asset sales. See [Description of Exchange Notes Repurchase at the Option of Holders Asset Sales](#) and [Description of Exchange Notes Repurchase at the Option of Holders Change of Control](#).

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indentures.

Upon a change of control, we will be required to offer to repurchase all outstanding Exchange Notes at 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of Exchange Notes or that the restrictions in our Revolving Credit Facility or any other future indebtedness will not allow such repurchases. In order to satisfy our obligations, we could seek to refinance the Exchange Notes and any other indebtedness then required to be repurchased, or obtain a waiver from the holders of the Exchange Notes and other affected indebtedness. However, we may not be able to obtain a waiver or effect a refinancing on terms acceptable to us, if at all. Our failure to purchase, or give notice of an offer to purchase, the Exchange Notes would be a default under the indentures governing the Exchange Notes. See [Description of Exchange Notes Repurchase at Option of Holders Change of Control](#).

In addition, certain important corporate events, such as leveraged recapitalizations, may not, under the indentures governing the Exchange Notes, constitute a change of control that would require us to repurchase the Exchange Notes, notwithstanding the fact that such corporate events could increase the level of our indebtedness or otherwise adversely affect our capital structure, credit ratings or the value of the Exchange Notes. See [Description of Exchange Notes Repurchase at the Option of Holders Change of Control](#).

The change of control put right might not be enforceable.

The Chancery Court of Delaware has raised the possibility that a change of control put right occurring as a result of a failure to have continuing directors comprising a majority of a board of directors may be unenforceable on public policy grounds. Therefore, in certain circumstances involving a significant change in the composition of our Board of

Directors, holders of the Exchange Notes may not be entitled a change of control put right. See Description of Exchange Notes Repurchase at the Option of Holders Change of Control.

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If either series of Exchange Notes is rated investment grade at any time by either Standard & Poor's or Moody's, certain covenants contained in the indenture governing such series of Exchange Notes will be terminated, and the holders of such series of Exchange Notes will lose the protection of these covenants.

The indentures governing the Exchange Notes contain certain covenants that will be terminated and cease to have any effect from and after the first date when the Exchange Notes of the applicable series are rated investment grade by either Standard & Poor's or Moody's. See Description of Exchange Notes Certain Covenants Covenant Termination. These covenants restrict, among other things, our ability to pay dividends or make other restricted payments, incur additional debt and to enter into certain types of transactions. Because these restrictions would not apply to the Exchange Notes of the applicable series at any time after such Exchange Notes have achieved an investment grade rating (even if such Exchange Notes are subsequently rated below investment grade), the holders of the Exchange Notes of the applicable series would not be able to prevent us from incurring substantial additional debt, paying dividends or making other restricted payments