

## Bright Health Announces Federal Repayment Agreements

The company, which is winding down its payer operations, said Tuesday it will pay the Centers for Medicare and Medicaid Services \$380 million by early 2025 via four state subsidiaries.

By [Monica Link](#) | September 20, 2023

**Bright Health** said Tuesday it has entered into repayment agreements worth a combined \$380 million in four states.

The payer's Colorado, Florida, Texas and Illinois subsidiaries will pay out the funds to the **Centers for Medicare and Medicaid Services** over the next 18 months.

Bright Health said it has already paid 80% of its overall ACA risk adjustment obligations, worth \$1.5 billion, to the CMS. Its claims runout is over 98% complete.

In August last year, the company was forced to admit it had substantial doubt as a going concern. It then raised \$175 million through a convertible preferred equity issue in November and received \$750 million from **Cigna's** venture capital unit.

Then, the company breached covenants on a \$350 million loan facility in January, initiating another scramble for cash to stay afloat.

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Its CFO resigned in May and the company is facing a lawsuit for millions in unpaid claims. The payer had operated in 15 states before the cash crunch, due to an accelerated expansion, and was forced to pull out of the insurance business altogether. It now operates 70 health clinics in Florida and Texas.

The Minnesota-based firm secured \$60 million in financing in August from its largest shareholder, private equity fund **New Enterprise Associates**.

Bright Health said the financing package would help "support the working capital needs of the company" pending the close of the \$600 million sale of its Medicare Advantage business in California to **Molina Healthcare**, which is expected in the first quarter of 2024.

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