

**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

RE: Examination Report of HMO Missouri, Inc. for the period ended December 31, 2012

ORDER

After full consideration and review of the report of the financial examination of HMO Missouri, Inc. for the period ended December 31, 2012, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, subsequent events, company history, corporate records, management and control, fidelity bond and other insurance, pension, stock ownership and insurance plans, territory and plan of operations, growth of the company and loss experience, reinsurance, accounts and records, statutory deposits, financial statements, financial statement changes resulting from examination, and comments on financial statement items.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of HMO Missouri, Inc. as of December 31, 2012, be and is hereby ADOPTED as filed and for HMO Missouri, Inc. to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with each item, if any, mentioned in the Comments on Financial Statement Items and/or Summary of Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 16th day of December, 2013.



John M. Huff, Director
Department of Insurance, Financial Institutions
and Professional Registration

FINANCIAL EXAMINATION

HMO Missouri, Inc.

AS OF:
DECEMBER 31, 2012

FILED

DEC 26 2013

DIRECTOR OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION



STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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September 23, 2013
Saint Louis, Missouri

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial Institutions
and Professional Registration
301 West High Street, Room 530
Jefferson City, MO 65101

Director Huff:

In accordance with your financial examination warrant, a comprehensive financial examination has been made of the records, affairs and financial condition of

HMO Missouri, Inc.

also referred to as the "Company." The examination was conducted at the Company's main office at 1831 Chestnut Street, Saint Louis, MO 63103, telephone number (314) 923-4444. This examination began on March 4, 2013, and concluded on the above date.

Period Covered

We performed a multi-state examination of HMO Missouri, Inc. The prior exam was completed as of December 31, 2007. This examination covers the period of January 1, 2008 through December 31, 2012. This examination also includes material transactions occurring subsequent to December 31, 2012.

Procedures

We conducted our examination in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (Handbook) except where practices, procedures and applicable regulations of the Department of Insurance, Financial Institutions and Professional Registration (Department) or statutes of the state of Missouri prevailed. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and Annual Statement Instructions, when applicable to domestic state regulations.

All accounts and activities of the company were considered in accordance with the risk-focused examination process.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings resulting from the examination.

SUBSEQUENT EVENTS

There were no events occurring subsequent to year-end, through the end of field work, which had a material effect upon the year-end financial statements.

COMPANY HISTORY

General

HMO Missouri, Inc. incorporated on May 28, 1987, and began operations in January, 1988 as a wholly-owned subsidiary of Blue Cross and Blue Shield of Missouri, Inc. The Company was licensed under the Individual Practice Association form of health plan pursuant to Chapter 354 RSMo (Health Services Corporations, Health Maintenance Organizations, Prepaid Dental Plans).

In 1994, Blue Cross and Blue Shield of Missouri, Inc. reorganized. The reorganization included the formation and initial public offering of RightCHOICE Managed Care, Inc. (RightCHOICE). Following a settlement with the Department in 1998 related to the reorganization, Blue Cross and Blue Shield of Missouri, Inc. was dissolved and its health maintenance organization business was assumed by the Company.

On January 31, 2002, RightCHOICE completed a merger with WellPoint Health Networks, Inc. (WellPoint), a California-based corporation, and RWP Acquisition Corporation, a wholly owned subsidiary of WellPoint. RightCHOICE and RWP Acquisition Corporation then merged with RightCHOICE as the surviving entity.

On November 30, 2004, Wellpoint completed a merger with Anthem, Inc., an Indiana-based corporation. The merger created the nation's largest health insurer. Anthem, Inc., the surviving corporate parent, was renamed WellPoint, Inc.

Capital Stock and Paid-In Surplus

The Company is authorized to issue up to one hundred thousand (100,000) shares of \$10.00 par value common stock. At year-end 2012, thirty thousand (30,000) shares were issued and outstanding for a total of \$300,000 in common capital stock. All shares are owned by RightCHOICE.

Dividends

The Company has declared and paid dividends to its shareholder as shown below.

<u>Year</u>	<u>Amount</u>
2008	\$ 3,200,000
2009	-
2010	17,000,000
2011	44,500,000
2012	1,100,000
Total	<u>\$ 65,800,000</u>

Acquisitions, Mergers and Major Corporate Events

There were no mergers, acquisitions or other major corporate events during the current examination period.

Surplus Debentures

The Company has not issued any surplus debentures.

CORPORATE RECORDS

The Articles of Incorporation and the Bylaws were reviewed. There were no amendments to the Articles of Incorporation or the Bylaws during the examination period.

The minutes of the meetings of the shareholder and of the board of directors were reviewed for the period under examination. The minutes appeared to properly document and approve corporate events and transactions.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a board of three (3) directors. Directors serving at December 31, 2012 were as follows:

<u>Name</u>	<u>Affiliation</u>
Wayne S. DeVeydt Indianapolis, IN	Executive Vice President and CFO WellPoint, Inc.
Steven J. Martenet St. Louis, MO	President Healthy Alliance Life Insurance Company
Catherine I. Kelaghan Carmel, IN	Vice President and Counsel WellPoint, Inc.

Officers

The officers of the Company serving and reported on the Jurat page of the Annual Statement at December 31, 2012 were as follows:

<u>Name</u>	<u>Office</u>
Steven J. Martenet	President
Kathleen S. Kiefer	Secretary
Robert D. Kretschmer	Treasurer
Jennifer L. Forsythe	Assistant Secretary

Committees

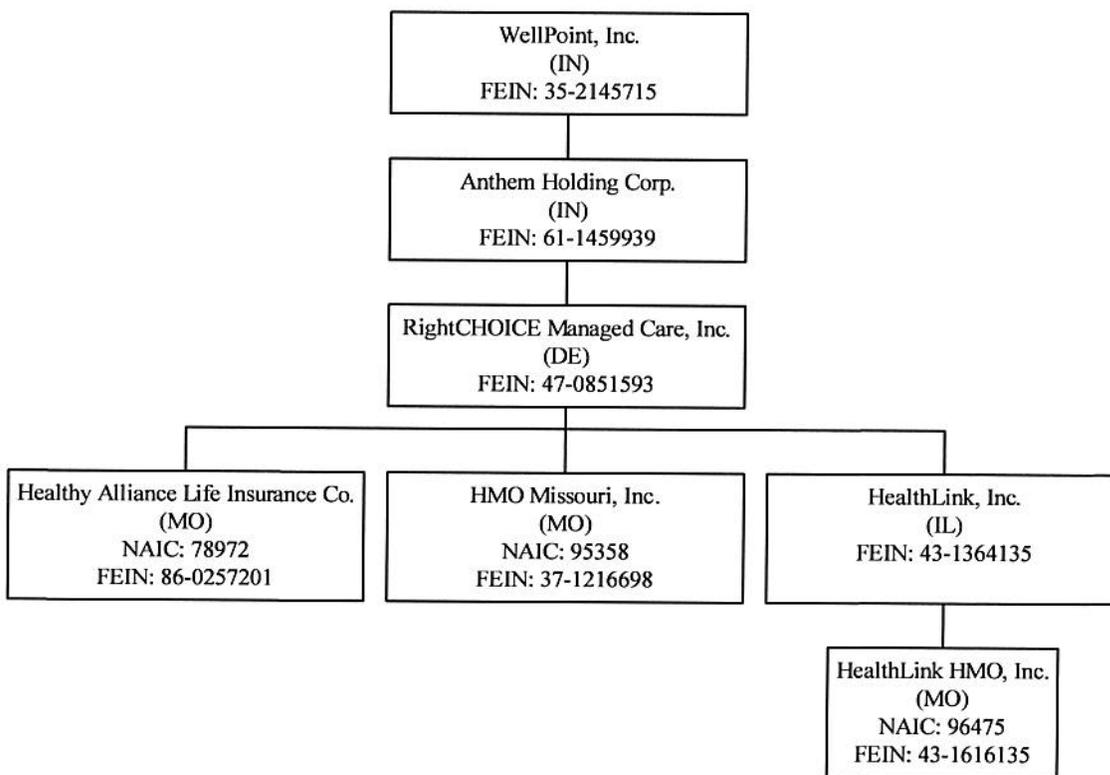
There are no committees of the Board. The audit committee of WellPoint, Inc. serves as the Company's audit committee.

Holding Company, Subsidiaries and Affiliates

The Company is a member of an insurance holding company system as defined by Section 382.010 RSMo (Definitions), with WellPoint, Inc. designated as the ultimate controlling entity in the insurance holding company system. WellPoint, Inc. is a publicly held corporation headquartered in Indianapolis, Indiana. The common stock of WellPoint, Inc. is traded on the New York stock exchange under the symbol WLP. No one party owns 10% or more of the voting securities of WellPoint, Inc.

Organizational Chart

The following is an abridged organizational chart which depicts the holding company system at December 31, 2012. All subsidiaries are wholly-owned unless otherwise noted. Only entities that are directly related to the Company are listed.



Intercompany Transactions

Guarantee and Conversion Agreement

Parties: The Company and WellPoint, Inc. (WellPoint)

Effective: Effective November 30, 2004; non-disapproved November 21, 2008

Terms: WellPoint agrees to guarantee the obligations of the Company. In the event that the Company ceases operations, WellPoint or one of its licensed affiliates will provide coverage to the policyholders of the Company without consideration of health status. The agreement will remain in effect until terminated. The Department must be given thirty days prior written notice of termination.

Rate(s): There are no fees associated with this agreement.

Amended and Restated Master Administrative Service Agreement

Parties: WellPoint, Inc. and its subsidiaries including the Company, Healthy Alliance Life Insurance Company and Health Link HMO, Inc.

Effective: January 1, 2003; approved May 28, 2003. Amended effective January 1, 2006; non-disapproved April 5, 2006

Terms: RightCHOICE and its Missouri domestic insurance subsidiaries will receive and provide administrative services to each other as well as to WellPoint and its subsidiaries. Employees of RightCHOICE and BlueCross of California will provide administrative services on behalf of the Company. The 2006 amendment did not change the terms of the agreement but was mainly an assignment from RightCHOICE to WellPoint.

Rate(s): The agreement specifies that services are to be billed at direct and allocated cost incurred.

Stop-Loss Coverage Agreement

Parties: The Company and Healthy Alliance Life Insurance Company

Effective: April 11, 2002; non-disapproved October 1, 2002

Terms: Healthy Alliance Life Insurance Company will provide stop loss coverage to certain administrative services only clients of the Company as required under the administrative services agreements between the Company and the plan sponsors.

Rate(s): The rates established for the stop loss coverage are calculated and based on the same underwriting principles utilized by Healthy Alliance Life Insurance Company in establishing health insurance premium for similar products.

Out of Network Agreement and First Amendment

Parties: The Company and Healthy Alliance Life Insurance Company

Effective: January 15, 1997; non-disapproved February 13, 2003

Terms: Healthy Alliance Life Insurance Company agrees to provide out of network coverage to enrollees of the Company choosing an out of network or POS option. The Company is to pay Healthy Alliance Life Insurance Company a per member per month (PMPM) amount determined quarterly on the basis of underwriting and actuarial standards and guidelines utilized by the parties.

Rate(s): The PMPM payment is based upon historical claims experience.

Reinsurance Agreement

Parties: The Company, Healthy Alliance Life Insurance Company and Blue Cross and Blue Shield of Kansas City (BCBSKC)

Effective: July 1, 2003; non-disapproved November 16, 2005. Amended effective September 1, 2006; non-disapproved May 27, 2008

Terms: The Company and Healthy Alliance Life Insurance Company will cede the liability of the Missouri Educators Health Program (formerly known as MSTA) written on their paper to BCBSKC. Healthy Alliance Life Insurance Company maintains the administration of the business and pays the balance of premium collected less commissions, claims, medical expenses and administrative fees to BCBSKC.

Rate(s): Reinsurance premium is discussed in Sections 3.8 and 3.9 of the agreement.

Consolidated Federal Income Tax Agreement

Parties: WellPoint, Inc. and its subsidiaries including the Company, HealthLink HMO, Inc., and Healthy Alliance Life Insurance Company

Effective: December 31, 2005; non-disapproved March 30, 2006. Amended effective December 31, 2005; non-disapproved September 19, 2006

Terms: This agreement establishes a method for allocating the consolidated tax liability of the affiliated group among its members, for reimbursing the parent for payment, for compensating any party for the use of its tax losses or tax credits, and for allocating and paying any refund arising from a carry back of losses or tax credits. Payments are made no earlier than ten (10) days before, and no later than thirty (30) days after, the dates on which such payments would be due to the federal government if a separate return had been filed.

Rate(s): There are no rates associated with this agreement.

Cash Concentration Agreement

- Parties: WellPoint, Inc. and its subsidiaries including the Company, Healthy Alliance Life Insurance Company and HealthLink HMO, Inc.
- Effective: October 1, 2009; non-disapproved August 17, 2009
- Terms: The agreement establishes the designation of a “Cash Manager”. A Cash Manager is defined as “WellPoint or any Affiliate handling the receipt and/or disbursement of funds on behalf of one or more Affiliates.” The Cash Manager receives premiums, administrative expense reimbursements and other revenues and makes benefit, payroll, and general administrative expense payments on behalf of the Affiliates. Cash Managers and Affiliates establish intercompany payables and receivables as required to reflect receipts and disbursements.
- Rate(s): The Cash Manager is reimbursed for the direct and indirect costs and expenses, including overhead expenses, associated with the agreement. All settlements are made within thirty (30) days from the date entered with the offsetting of payables and receivables allowed. If the parties are unable to settle within thirty (30) days, the parties may mutually agree to delay settlement until a date agreed upon by the parties, but not later than ninety (90) days after the payable and receivable are established. Any receivables not settled within ninety (90) days of the due date are non-admitted in accordance with SSAP No. 96.

FIDELITY BONDS AND OTHER INSURANCE

The Company is a named insured on a financial institution bond with coverage up to \$10 million per occurrence and \$20 million in aggregate. This bond has a \$1.5 million deductible. This coverage meets the NAIC suggested minimum amount.

The Company is also a named insured on policies issued to WellPoint for the following types of coverage: directors and officers liability; managed care professional liability (errors and omissions); commercial property; general liability; auto liability; fiduciary liability; umbrella liability; and workers compensation. The Company’s coverages appear to be adequate.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company has no employees. Services are provided by affiliates under an administrative services agreement. WellPoint employees are provided benefits including group health, vision and dental coverage, group life insurance, short- and long-term disability, a 401(k) plan, vacation and sick leave, an employee assistance plan, and tuition reimbursement. Employee benefits costs are included in intercompany charges from affiliates.

TERRITORY AND PLAN OF OPERATION

The Company is licensed in Missouri as a health maintenance organization (HMO) under Chapter 354 RSMo (Health Services Corporations, Health Maintenance Organizations, Prepaid Dental Plans). The Company is also licensed in Illinois. Premium and enrollment data is reported for Missouri only. The Company reported over 41,000 members as of December 31, 2012.

The Company offers the following products to group, individual, and senior members:

- BlueCHOICE HMO Group coverage
- BlueCHOICE HMO Individual coverage
- BlueCHOICE Point-of-service (POS) Plus product. This product includes a gatekeeper as the primary care physician and allows members to go outside of the network with higher out-of-pocket costs.

As a Blue Cross Blue Shield licensee, the Company participates in the Federal Employee Program (FEP) and the BlueCard Program. The FEP is a nationwide contract with the Federal Office of Personnel Management to provide health benefit coverage to federal employees and their dependents. The BlueCard Program is a nationwide program that enables those members traveling or living in another Blue Cross Blue Shield Plan's service area to access needed health care services through the local Blue Cross Blue Shield Plan's providers.

The Company also provides administrative services such as claims processing, underwriting, provider network access and medical cost management to certain customers under self-insured agreements.

GROWTH OF COMPANY

The Company's surplus has increased since the prior examination. Earned premiums showed a steady decrease during the exam period due to an overall decrease in membership. The chart below indicates the Company's premium, surplus and premiums-to-surplus ratio for the past five years:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net Premiums Earned (000s)	344,323	329,534	273,367	242,759	184,263
Change from Prior Year	N/A	-4.3%	-17.0%	-11.2%	-24.1%
Capital and Surplus (000s)	59,711	75,745	78,666	50,178	65,458
Change from Prior Year	N/A	26.9%	3.9%	-36.2%	30.5%
Premiums : Surplus	5.77	4.35	3.48	4.84	2.81

LOSS EXPERIENCE

The following exhibit represents the Company's underwriting results over the examination period. All amounts are reported in thousands (000s):

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Premiums Earned	\$ 344,323	\$ 329,534	\$ 273,367	\$ 242,759	\$ 184,263
Total Hospital and Medical Expenses	(290,484)	(270,660)	(221,104)	(196,176)	(148,658)
Total Administrative Expenses	<u>(31,072)</u>	<u>(30,534)</u>	<u>(25,859)</u>	<u>(20,738)</u>	<u>(16,812)</u>
Net Underwriting Gain	<u>\$ 22,767</u>	<u>\$ 28,340</u>	<u>\$ 26,404</u>	<u>\$ 25,845</u>	<u>\$ 18,793</u>

REINSURANCE

General

As noted above (Intercompany Transactions), the Company, along with its affiliate, Healthy Alliance Life Insurance Company, cedes 100% of business written for the Missouri Educators Health Program to Blue Cross Blue Shield Kansas City under an agreement effective July 1, 2003. No premiums have been ceded under this agreement during the current examination period.

ACCOUNTS AND RECORDS

Independent Accountants

For each year during the period under examination, the Company's financial statements were audited by the certified public accounting firm of Ernst & Young LLP. The 2012 audit work papers were reviewed and used in the course of the examination as deemed appropriate.

Actuarial Opinion

For each year during the period under examination, claims-related reserves and other actuarial items were reviewed and certified by Cheryl Allari, FSA, MAAA, WellPoint Actuarial Director. Ms. Allari determined the 2012 claims-related reserves and other actuarial items to be adequate.

Information Systems

In conjunction with this examination, Andrew Balas, CFE, AES, CPA, Information Systems Financial Examiner with the Department, conducted a review of the Company's information systems. No material exceptions were noted.

Consulting Actuary

Pursuant to a contract with the Department, Karen E. Elsom, FSA, MAAA, of Lewis & Ellis, Inc., reviewed the adequacy of the Company's reserves and related actuarial items at December 31, 2012. The Lewis & Ellis, Inc. Statement of Actuarial Opinion concluded that all actuarial items included in the review were fairly stated in accordance with accepted actuarial loss reserving standards and principles, met the requirements of the insurance laws of Missouri, and reasonably provided for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its policies and agreements.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Department as of December 31, 2012, as reflected below, were sufficient to meet the capital deposit requirements for the state of Missouri in accordance with Section 354.410 RSMo (Certificate issued, when- annual deposit requirements):

<u>Type of Security</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Statement Value</u>
MO State Highway Bond	<u>\$ 324,000</u>	<u>\$ 326,683</u>	<u>\$ 327,267</u>

Deposits with Other States

The Company also has funds on deposit with other states in which it is licensed. Those funds on deposit as of December 31, 2012, were as follows:

<u>State</u>	<u>Type of Security</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Statement Value</u>
Illinois	Freddie Mac	\$ 150,000	\$ 158,042	\$ 150,797
Illinois	FHLB	210,000	213,534	210,137
Illinois	FNMA	<u>280,000</u>	<u>289,794</u>	<u>279,553</u>
Total		<u>\$ 640,000</u>	<u>\$ 661,370</u>	<u>\$ 640,487</u>

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company as of December 31, 2012, and the results of operations for the fiscal period then ended. Any examination adjustments to the amounts reported in the financial statements or comments regarding such are made in the “Comments on the Financial Statements” which follow the financial statements.

There may have been additional differences found in the course of this examination which are not shown in the “Comments on the Financial Statements.” These differences were determined to be immaterial in relation to the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual financial statement item.

ASSETS

	<u>Assets</u>	<u>Nonadmitted</u> <u>Assets</u>	<u>Net Admitted</u> <u>Assets</u>
Bonds	\$ 45,076,275	\$ -	\$ 45,076,275
Cash and short-term investments	36,044,283	-	36,044,283
Securities lending reinvested collateral assets	1,066,250	-	1,066,250
Investment income due and accrued	19,169	-	19,169
Uncollected premiums	3,486,690	12,031	3,474,659
Deferred premiums	5,144,418	-	5,144,418
Amounts receivable relating to uninsured plans	217,493	27,896	189,597
Net deferred tax asset	960,752	17,367	943,385
Receivables from parent, subsidiaries and affiliates	68,793	-	68,793
Health care and other amounts receivable	2,422,936	1,366,105	1,056,831
FEP assets held by agents	22,801,088	-	22,801,088
Prepaid expenses	15,678	15,678	-
Totals	<u>\$ 117,323,825</u>	<u>\$ 1,439,077</u>	<u>\$ 115,884,748</u>

LIABILITIES, CAPITAL AND SURPLUS

Claims unpaid	\$ 12,552,303
Unpaid claims adjustment expenses	410,780
Aggregate health policy reserves	26,461,753
Aggregate health claim reserves	174,817
Premiums received in advance	631,945
General expenses due or accrued	1,788,599
Current federal and foreign income tax payable	804,024
Amounts withheld or retained for the account of others	2,281,349
Remittances and items not allocated	355,026
Amounts due to parent, subsidiaries and affiliates	3,096,097
Payable for securities lending	1,066,250
Liability for amounts held under uninsured plans	15,134
Escheatable funds	432,111
Other liabilities	249,116
Accrued retroactive premium	107,813
Total Liabilities	<u>\$ 50,427,117</u>
Common capital stock	\$ 300,000
Unassigned funds (surplus)	65,157,631
Total Capital and Surplus	<u>\$ 65,457,631</u>
Total Liabilities, Capital and Surplus	<u>\$ 115,884,748</u>

STATEMENT OF OPERATIONS

Member months	525,611
Net premium income	\$ 189,554,541
Change in unearned premium reserves and reserve for rate credits	<u>(5,291,401)</u>
Total revenues	184,263,140
Hospital/medical benefits	97,716,671
Other professional services	6,321,695
Emergency room and out-of-area	9,759,562
Prescription drugs	<u>34,859,868</u>
Total hospital and medical	148,657,796
Claims adjustment expenses	4,118,121
General administrative expenses	<u>12,693,533</u>
Total underwriting deductions	165,469,450
Net underwriting gain	18,793,690
Net investment income earned	1,543,213
Net realized capital gains	<u>22,654</u>
Net investment gains	1,565,867
Other income	113,579
Net income (pre-tax)	<u>20,473,136</u>
Federal and foreign income taxes incurred	6,843,274
Net income (loss)	<u>\$ 13,629,862</u>

RECONCILIATION OF SURPLUS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Capital and surplus prior reporting year	\$ 32,285,346	\$ 59,711,229	\$ 75,745,043	\$ 78,666,395	\$ 50,177,749
Net income	15,593,859	20,029,607	18,319,624	18,348,269	13,629,862
Change in net deferred income tax	(5,432,970)	969,684	(776,469)	248,254	(1,120,264)
Change in nonadmitted assets	20,464,994	(4,965,477)	2,378,197	(1,607,621)	3,071,598
Cumulative effect of changes in accounting principles	-	-	-	-	798,686
Dividends to stockholders	(3,200,000)	-	(17,000,000)	(44,500,000)	(1,100,000)
Correction of error	-	-	-	(977,548)	-
Net change in capital and surplus	<u>27,425,883</u>	<u>16,033,814</u>	<u>2,921,352</u>	<u>(28,488,646)</u>	<u>15,279,882</u>
Capital and surplus end of reporting year	<u>\$ 59,711,229</u>	<u>\$ 75,745,043</u>	<u>\$ 78,666,395</u>	<u>\$ 50,177,749</u>	<u>\$ 65,457,631</u>

EXAMINATION CHANGES

There were no changes to the financial statements resulting from the examination.

COMMENTS ON FINANCIAL STATEMENTS

There were no comments on the financial statements resulting from the examination.

SUMMARY OF RECOMMENDATIONS

There were no recommendations resulting from the examination.

ACKNOWLEDGMENT

The assistance and cooperation extended by HMO Missouri, Inc. during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Rick Stamper, CFE; Jennifer Danz, CFE, CPA; Michael Behrens; and Andrew T. Balas, CFE, AES, CPA, examiners for the Department, and Karen E. Elsom, FSA, MAAA of Lewis & Ellis, Inc., participated in this examination.

VERIFICATION

State of Missouri)

) ss

City of St. Louis)

I on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.



Robert Jordan, CFE
Examiner-in-Charge
Department of Insurance, Financial
Institutions and Professional Registration



Thomas J. Cunningham, CPA, CFE
Examiner-in-Charge
Department of Insurance, Financial
Institutions and Professional Registration

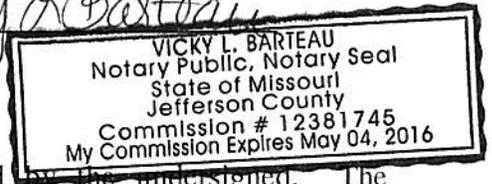
Sworn to and subscribed before me this 26th day of September, 2013

My commission expires:

May 4, 2016

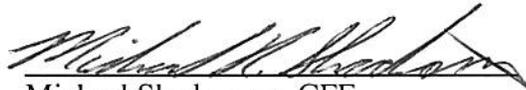


Notary Public



SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with the National Association of Insurance Commissioners procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.



Michael Shadowens, CFE
Audit Manager
Department of Insurance, Financial Institutions
and Professional Registration

Anthem Blue Cross and Blue Shield
N17 W24340 Riverwood Drive
Waukesha, WI 53188



December 4, 2013

Mr. Frederick G. Heese, CPA, CFA, MBA
Chief Financial Examiner and Division Director
Department of Insurance
Harry Truman State Office Building
301 West High Street, Room 530
Jefferson City, Missouri 65102-0690

Re: HMO Missouri, Inc.
Financial Examination Report Dated November 19, 2013

Dear Mr. Heese:

We have reviewed the financial examination report for HMO Missouri, Inc. for the year ended December 31, 2012 and accept the report as is, noting there are no general comments or recommendations on page 14 of the report. We wish to have our response included in the report as a public document.

Please contact me at 262-523-2439 or at brenda.buss@bcbswi.com if you have any questions.

Sincerely,

Brenda J. Buss
Director II, Regulatory Reporting
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