

STATE OF MISSOURI



DEPARTMENT OF COMMERCE & INSURANCE

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

ORDER

After full consideration and review of the report of the financial examination of WellCare Health Plans of Missouri, Inc. for the period ended December 31, 2022, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Director of the Missouri Department of Commerce and Insurance 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 finding, company history, management and control, territory and plan of operation, growth of company and loss experience, reinsurance, accounts and records, financial statements, comments on financial statement items, financial statement changes resulting from examination, and summary of recommendations.

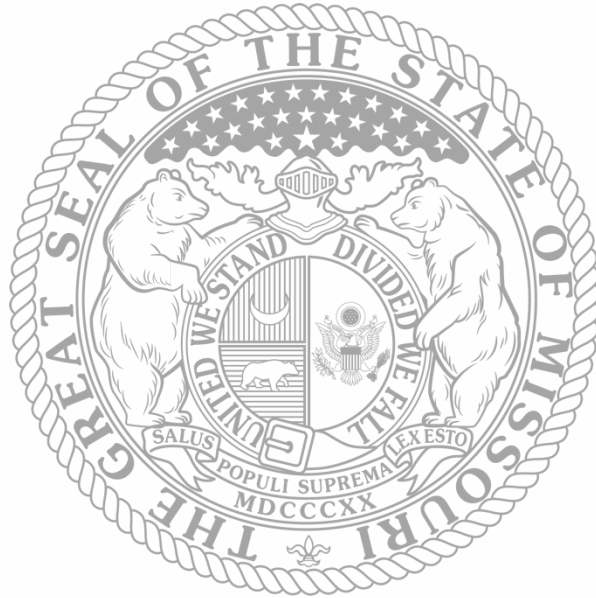
Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of WellCare Health Plans of Missouri, Inc. as of December 31, 2022, be and is hereby ADOPTED as filed and for WellCare Health Plans of Missouri, Inc. to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) 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 26th day of June, 2024.



A handwritten signature in blue ink that reads 'Chlora Lindley-Myers'.

Chlora Lindley-Myers, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

WELLCARE HEALTH PLANS OF MISSOURI, INC.

AS OF
DECEMBER 31, 2022

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Clayton, MO
June 7, 2024

Honorable Chlora Lindley-Myers, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Lindley-Myers:

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

WellCare Health Plans of Missouri, Inc. (NAIC #16753)

hereinafter referred to as such, as WCHP, or as the Company. Its administrative office is located at 7700 Forsyth Boulevard, Saint Louis, MO. 63105, telephone number 314-725-4477. The fieldwork for this examination began on August 10, 2023, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a single-state financial examination of WellCare Health Plans of Missouri, Inc. This is the first examination of the Company. The current examination covers the period of December 3, 2019 through December 31, 2022, as well as a review of any material transactions and events occurring subsequent to the examination period through the date of this report.

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 or statutes of the state of Missouri prevailed. The *Handbook* requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes the identification and evaluation of significant risks that could cause the Company's surplus to be materially misstated, both on a current and prospective basis.

This examination also included a review of significant estimates made by management and evaluation of management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Those activities considered in the examination as key to all entities in the group included Investments, Related Party, Capital and Surplus, Assumed Reinsurance, Ceded Reinsurance, Reserving, Pricing, Claims Handling and Premiums. The examination also included a review and evaluation of information technology general controls.

This examination was conducted as part of a coordinated examination of the Centene Corporation (Centene) Group, which consists of 104 insurance companies domiciled in numerous states. The Texas Department of Insurance (TDI) is the lead state regulator for the group. Along with Missouri, 33 other states participated in the coordinated examination, covering 85 of the 104 companies. The examination was also conducted concurrently with the examinations of the Company's Missouri domiciled affiliates, WellCare of Missouri Health Insurance Company, Inc. and Home State Health Plan, Inc.

This examination report includes significant findings of fact, as mentioned in Section 374.205 RSMo (Examination, director may conduct, when...) and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but are separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues, or material changes to the financial statements noted during the examination.

COMPANY HISTORY

General

WCHP was incorporated on December 3, 2019, by WellCare Health Plans, Inc. (WellCare HP), during the acquisition of WellCare by Centene Corporation. Centene's acquisition of WellCare closed on January 23, 2020. The Company obtained its Certificate of Authority to do the business of a Health Maintenance Organization (HMO) on March 27, 2020. WCHP is a wholly owned subsidiary of Centene and has no subsidiaries.

On January 1, 2021, WCHP contracted with the Centers for Medicare and Medicaid Services (CMS) to offer Medicare Advantage to residents of Missouri.

Mergers, Acquisitions, and Major Corporate Events

The Company was part of the previously described acquisition of WellCare HP. No other acquisitions, mergers or major corporate events occurred during the examination period.

Dividends and Capital Contributions

No dividends were paid during the period under examination. The following capital contributions were made by the Company's immediate parent, The WellCare Management Group, Inc., during the period under examination:

Year	Amount
2020	\$ 2,634,852
2021	1,500,000
2022	0
Total	<u>\$ 4,134,852</u>

Surplus Notes

No Surplus Notes were issued or outstanding during the period under examination.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors that are elected by the shareholders. The Company's bylaws specify that there shall be no fewer than four directors. The Board of Directors elected and serving as of December 31, 2022, were as follows:

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
Todd Jacobs Weldon Spring, MO	Chief Financial Officer Home State Health Plan
Jeffrey Johnston St. Louis, MO	President and CEO Home State Health Plan
Robert Lampe St. Louis, MO	Vice President of Compliance Home State Health Plan
Mitchell Wasden Waukee, IA	Plan President and CEO Iowa Total Care
Randolph Wojnarowicz Higganum, CT	Medicare Region President Centene Corporation

Senior Officers

The officers elected and serving, as of December 31, 2022, were as follows:

<u>Name</u>	<u>Office</u>
Jeffrey Johnston	President
Todd Jacobs	Treasurer, Vice President and CFO
Janet Alonzo	Secretary and Vice President
Tricia Dinkelman	Vice President of Tax
Robert Lampe	Assistant Secretary

Principal Committees

The Bylaws grant the board of directors the authority to establish advisory committees. The Company relies on Centene's Audit Committee and Quality Improvement Committee to act as the Audit Committee and Quality Improvement Committee for the Company. The Company does not have any of its own committees.

Corporate Records

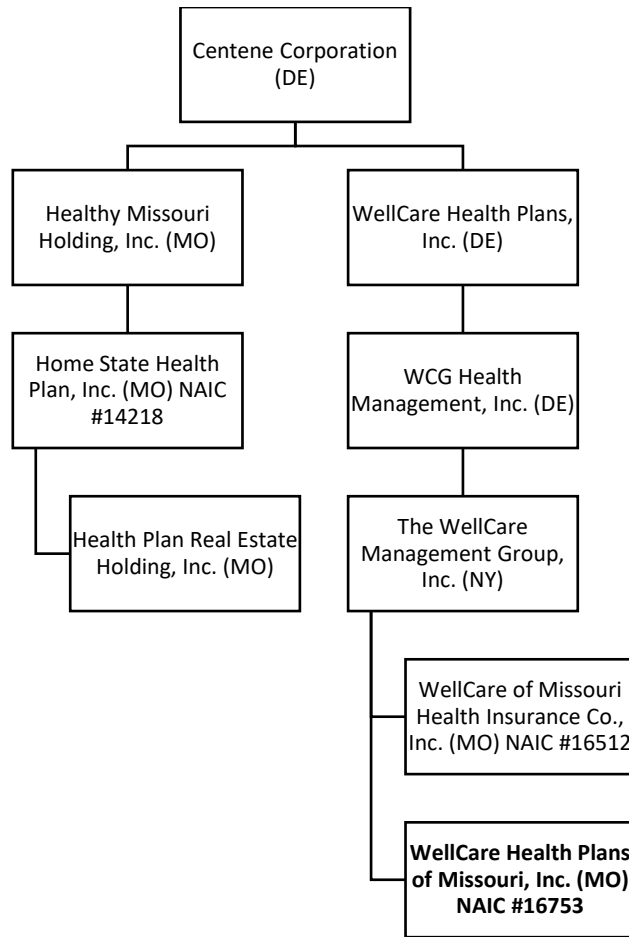
The Company's Articles of Incorporation and Bylaws were reviewed. The minutes of the board of directors, committees and shareholder were reviewed for the period under examination.

Holding Company, Subsidiaries, and Affiliates

WCHP is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). Centene Corporation is the ultimate controlling entity within the holding company system. Centene directly and indirectly owned 2 life insurers and 102 health plans across the United States as of December 31, 2022. This does not include the number of health plans which are classified as non-insurance entities by applicable state statute.

Organizational Chart

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2022.



Intercompany Transactions

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2022. A brief description of these agreements are as follows:

Management Services Agreement: An agreement between WCHP and Comprehensive Health Management, Inc. (CHMI), effective January 1, 2021, whereby CHMI provides, supervises and manages the day-to-day operations of WCHP.

Tax Allocation Agreement: An agreement between WCHP and Centene, effective January 23, 2020, whereby each party is responsible for their tax liability as calculated on a separate return basis.

Management Agreement: An agreement between WCHP, WCHIC and Centene Management Company (CMC), effective January 1, 2022, whereby CMC provides management services including, but not limited to, Program Planning and Development, Management Information Systems, Financial Systems and Services, Claims administration, Provider and Enrollee Services and Records, Utilization Review, Quality Assurance and Premium Billing and Collections.

Dental Services Agreement: An agreement between WCHP, WCHIC and Envolve Dental, Inc. (EDI), effective January 1, 2022, whereby EDI provides all Covered Dental Services for enrolled members.

Vision Services Agreement: An agreement between WCHP, WCHIC and Envolve Vision, Inc. (EVI), effective July 1, 2022, whereby EVI provides covered vision care services to enrolled members under Medicare contracts H7518 and H9335.

Management Services Agreement: An agreement between WCHP, WCHIC and National Imaging Associates, Inc. (NIA), effective January 1, 2022, whereby NIA provides, and manages utilization of, Covered Radiology Services to enrolled members. Effective January 20, 2023, NIA is no longer an affiliate of Centene.

TERRITORY AND PLAN OF OPERATION

WCHP is licensed in Missouri under Chapter 354 RSMo as a Health Maintenance Organization (HMO). The Company is only licensed in Missouri, where it offers Medicare Advantage coverage. The Company contracts directly with healthcare providers on fee-for-service, per diem, diagnostic rate grouping and capitation bases. The Company’s one year term Medicare contract expires on December 31, 2024.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The table below summarizes the Company’s growth for the period under examination:

(\$000s omitted)

Year	Total Assets	Net Premiums Earned	Underwriting Gain (Loss)	Net Income (Loss)	Capital and Surplus	Ratio of Net Premiums to Surplus
2020	\$ 2,639	\$ 0	\$ (1)	\$ 4	\$ 2,639	0%
2021	6,619	7,826	512	400	4,534	168%
2022	9,168	11,150	611	566	5,108	218%

The table below summarizes the Company’s total revenues, incurred hospital and medical expenses, and medical loss ratios for the period under examination:

(\$000s omitted)

Year	Total Revenues	Total Hospital and Medical Benefits	Medical Loss Ratio
2020	\$ 0	\$ 0	0
2021	7,735	5,767	75%
2022	11,241	9,197	82%

REINSURANCE

General

The Company’s premium activity on a direct written, assumed, and ceded basis for the period under examination is detailed below:

(\$000s omitted)

Premium Type	2022	2021	2020
Direct Premiums Written	\$ 11,149	\$ 7,829	\$ 0
Reinsurance Assumed:	0	0	0
Reinsurance Ceded:			
Non-Affiliates	(1)	3	0
Net Premiums Written	\$ 11,150	\$ 7,826	\$ 0

Assumed Reinsurance

The Company did not assume any premiums during the period under examination.

Ceded Reinsurance

WCHP has an excess of loss reinsurance agreement with PartnerRe American Insurance Company (PartnerRe) to cover Medicare losses above \$5 million per covered person with a maximum payable \$5 million per covered person.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance contract.

ACCOUNTS AND RECORDS

Independent Auditor

The certified public accounting (CPA) firm, KPMG LLP, in Saint Louis, Missouri, performed the statutory audit of the Company for the years 2021 and 2022. Reliance was placed upon the CPA workpapers as deemed appropriate. No audited report was issued for 2020.

Actuarial Opinion

The Company's actuarial opinion regarding reserves and other actuarial items was issued by Mojisola Esho, FSA, MAAA, for 2022, and Craig Roberts, FSA, MAAA for 2021. Mojisola Esho, FSA, MAAA is employed by Centene in Tampa, Florida. Craig Roberts, FSA, MAAA is employed by Milliman in Seattle, Washington. No opinion was issued for 2020.

Consulting Actuary

As part of the coordinated examination, TDI's in-house actuaries reviewed the underlying actuarial assumptions and methodologies used by WCHP to determine the adequacy of reserves and other actuarial items. TDI determined that the Company made a reasonable provision for the reserves and other actuarial items that were reported in the statutory financial statements, as of December 31, 2022.

Information Systems

As part of the coordinated examination, TDI used in-house IT staff to review the Company's information systems. Missouri DCI IT Examiner-In-Charge, Kim Dobbs, MBA, CFE, AES, CISA, reviewed the work of TDI.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of WellCare Health Plans of Missouri, Inc. for the period ending December 31, 2022. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the financial statements and should be considered an integral part of the financial statements. The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the “Comments on Financial Statement Items.” These differences were determined to be immaterial concerning their effect on the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual key activity.

ASSETS

As of December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 327,868	\$ 0	\$ 327,868
Cash, Cash Equivalents, and Short- Term Investments	7,993,532	0	7,993,532
Investment Income Due and Accrued Premiums and Considerations:	1,253	0	1,253
Uncollected Premiums and Agents' Balances in the Course of Collection	13,116	0	13,116
Accrued Retrospective Premiums	202,657	0	202,657
Amounts Receivable Relating to Uninsured Plans	107,537	0	107,537
Net Deferred Tax Asset	14,299	0	14,299
Receivables from Parent, Subsidiaries, and Affiliates	36,040	0	36,040
Health Care and Other Amounts Receivable	482,443	11,046	471,397
Aggregate Write-Ins for Other-Than- Invested Assets	735	735	0
TOTAL ASSETS	\$ 9,179,480	\$ 11,781	\$ 9,167,699

LIABILITIES, CAPITAL AND SURPLUS

As of December 31, 2022

Claims Unpaid	\$ 1,241,362
Accrued Medical Incentive Pool and Bonus Amounts	605,184
Unpaid Claims Adjustment Expenses	18,393
Aggregate Health Policy Reserves	266,081
Premiums Received in Advance	352
General Expenses Due or Accrued	193,801
Current Federal and Foreign Income Tax Payable and Interest Thereon	72,828
Amounts Due to Parent, Subsidiaries, and Affiliates	479,590
Liability for Amounts Held Under Uninsured Plans	1,171,724
Aggregate Write-Ins for Other Liabilities	10,830
TOTAL LIABILITIES	\$ 4,060,145
Common Capital Stock	30,000
Gross Paid-In and Contributed Surplus	4,104,852
Unassigned Funds (Surplus)	972,702
TOTAL CAPITAL AND SURPLUS	\$ 5,107,554
TOTAL LIABILITIES AND SURPLUS	\$ 9,167,699

STATEMENT OF REVENUE AND EXPENSES

For the Year Ended December 31, 2022

Net Premium Income	\$ 11,150,177
Change in Unearned Premium Reserves and Reserve for Rate Credits	91,034
Total Revenue	\$ 11,241,211
Hospital/Medical Benefits	7,468,747
Other Professional Services	391,149
Emergency Room and Out-of-Area	601,075
Prescription Drugs	471,029
Incentive Pool, Withhold Adjustments, and Bonus Amounts	264,706
Claims Adjustment Expenses	106,710
General Administrative Expenses	1,326,355
Total Underwriting Deductions	\$ 10,629,771
Net Underwriting Gain (Loss)	\$ 611,440
Net Investment Income Earned	115,540
Net Investment Gain (Loss)	\$ 115,540
Net Gain (Loss) from Agents' or Premium Balances Charged Off	(5,461)
Net Income (Loss) After Capital Gains Tax and Before All Other Federal Income Taxes	\$ 721,519
Federal and Foreign Income Taxes Incurred	155,281
NET INCOME (LOSS)	\$ 566,238

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from December 3, 2019 to December 31, 2022

(\$000's omitted)

	2022	2021	2020
Capital and Surplus, Beginning of Year	\$ 4,534	\$ 2,639	\$ 0
Net Income (Loss)	566	400	4
Change in Net Deferred Income Tax	3	12	0
Change in Nonadmitted Assets	4	(16)	0
Capital Changes:			
Paid In	0	0	30
Surplus Adjustments:			
Paid In	0	1,500	2,605
Net Change in Capital and Surplus	573	1,896	2,639
Capital and Surplus, End of Year	\$ 5,108	\$ 4,534	\$ 2,639

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

On March 11, 2021, the State of Ohio filed a civil action against Centene and Centene's subsidiaries, Buckeye Health Plan Community Solutions, Inc. and Envolve. The complaint alleged breaches of contract with the Ohio Department of Medicaid relating to the provision of PBM services and violations of Ohio law relating to such contracts, including among other things, by (i) seeking payment for services already reimbursed, (ii) not accurately disclosing to the Ohio Department of Medicaid the true cost of the PBM services and (iii) inflating dispensing fees for prescription drugs. Centene has reached a no-fault settlement with the Ohio Attorney General regarding this matter and the complaint was dismissed. Centene has reached no-fault settlement agreements related to services previously provided by Envolve with 19 states, representing the vast majority of states impacted. WCHP has not been party to these lawsuits.

Effective January 1, 2023, WCHP entered into a Pharmacy Services Agreement with Centene Pharmacy Solutions, Inc. to provide administrative services related to WCHP's pharmacy benefits.

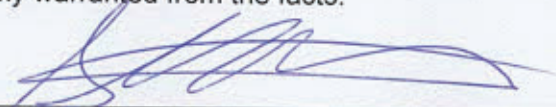
ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of WellCare Health Plans of Missouri, Inc. during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, James Simmerman, CFE, CFP, CPCU, ARM, EdD and Ken Tang CFE, CPCU, CLU, examiners for the Missouri Department of Commerce and Insurance, also participated in this examination.

VERIFICATION


State of Missouri)
)
County of Saint Louis) ss

I, Scott Reeves, CPA, CFE, CAMS, CCA, CHE, CSCD, 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 WellCare Health Plans of Missouri, Inc., 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.



Scott Reeves CPA, CFE, CAMS, CCA, CHE, CSCD
Examiner-In-Charge
Missouri Department of Commerce and Insurance

Sworn to and subscribed before me this 8th day of June, 2024.

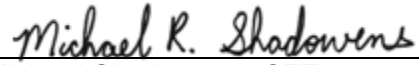
My commission expires: 9/29/2025 

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 NAIC procedures and guidelines as contained in the *Financial Condition Examiners Handbook* has been confirmed, except where practices, procedures, and applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri prevailed.



Michael Shadowens, CFE
Assistant Chief Financial Examiner
Missouri Department of Commerce and
Insurance