



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

RE: Examination Report of Home State Health Plan for the period ended
December 31, 2015

ORDER

After full consideration and review of the report of the financial examination of Home State Health Plan for the period ended December 31, 2015, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Acting 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, management and control, fidelity bond and other insurance, pensions, stock ownership and insurance plans, territory and plan of operations, growth of company, loss experience, reinsurance, accounts and records, statutory deposits, financial statements, comments on the financial statement items, and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of Home State Health Plan as of December 31, 2015 be and is hereby ADOPTED as filed and for Home State Health Plan 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 12 day of April, 2017.



A handwritten signature in black ink that reads "Chlora Lindley-Myers".

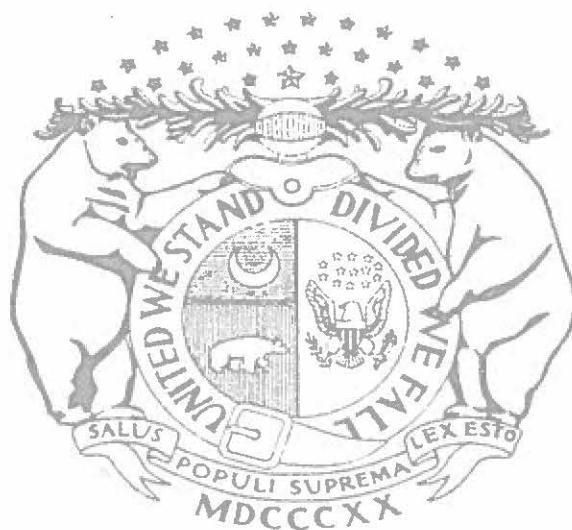
Chlora Lindley-Myers, Acting Director
Department of Insurance, Financial Institutions
and Professional Registration

REPORT OF
FINANCIAL EXAMINATION

Home State Health Plan

As of:
DECEMBER 31, 2015

FILED
APR 24 2017
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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January 31, 2017
St. Louis, MO

Honorable John M. Huff, Acting 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

Home State Health Plan

hereinafter referred to as "HSHP" or the "Company". The Company's home office is located at 16090 Swingley Ridge Road, Chesterfield, Missouri 63017; telephone number (314)725-4477. Examination fieldwork began on May 9, 2016, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

We have performed a single-state examination of Home State Health Plan. This is the first examination of HSHP. This examination covers the period from July 1, 2012, which is the date the Company commenced business, through December 31, 2015, and also includes material transactions or events occurring subsequent to December 31, 2015.

Procedures

This examination was conducted using guidelines set forth in the Financial Condition Examiners Handbook (Handbook) of the NAIC, except where practices, procedures and applicable regulations of the Department of Insurance, Financial Institutions and Professional Registration (Department or DIFP) 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 identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This includes assessing significant estimates made by management and evaluating 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 is

documented separately following the Company's financial statements.

This examination report includes significant findings of fact 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 separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

HSHP has experienced very poor operating results, posting sizable net underwriting losses and overall net losses for each year since inception. Centene Corporation has made capital contributions totaling \$88,288,000 through December 31, 2015, to maintain RBC and surplus at acceptable levels.

SUBSEQUENT EVENTS

HSHP's poor operating results have continued in 2016. The Company reported a net underwriting loss of \$31.0 million and an overall net loss of \$24.9 million on the June 30, 2016, quarterly statement. Centene Corporation made a capital contribution of \$22.0 million effective June 30, 2016. This contribution was necessary for HSHP to meet the statutory minimum net worth requirements under RSMo 354.410.1(1).

The Medicaid program in the State of Missouri is expanding in 2017 as the number of regions will increase from 3 to 4 and all counties in Missouri will become part of a managed care organization (MCO) eligible region. Medicaid services through the new statewide managed care system will begin May 1, 2017. The expanded program is expected to result in a sizable increase in the Company's membership and premium income.

COMPANY HISTORY

General

Home State Health Plan was incorporated on July 20, 2011, for the purposes of providing comprehensive managed care services to the Missouri market. The Company was organized as a network model Health Maintenance Organization (HMO) and is wholly owned by Healthy Missouri Holdings, Inc., which is 95% owned by Centene Corporation.

The Company obtained its Certificate of Authority to operate in Missouri as an HMO on March 12, 2012, and began contracting with the MO HealthNet Division of the Missouri Department of Social Services to provide healthcare benefits and services to eligible members that same year.

In 2013, HSHP purchased approximately 5% of the stock of Health Plan Real Estate Holding, Inc. (HPREHI). The remaining shares of HPREHI are owned by other affiliates of Centene Corporation.

Capital Stock and Paid-In Surplus

The Company is authorized to issue 30,000 shares of common stock with a par value of \$1 per share. As of December 31, 2015, all 30,000 shares were issued and outstanding, resulting in total capital stock of \$30,000.

Total paid-in and contributed surplus stood at \$88,288,000 as of December 31, 2015. The Company received capital contributions in the amount of \$35.9 million in 2012, \$25 million in 2014 and \$27.4 million in 2015. The contributions were made by Centene Corporation through Healthy Missouri Holdings, Inc., and were made to keep the Company's risk based capital ratio at acceptable levels.

Dividends

HSHP has not paid any dividends since inception.

Acquisitions, Mergers and Major Corporate Events

As noted above, HSHP purchased approximately 5% of the stock of Health Plan Real Estate Holding, Inc. in 2013. There have not been any other acquisitions, mergers or other corporate events directly affecting the Company since inception.

Surplus Debentures

HSHP has not issued any surplus debentures since inception.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a board of nine directors. The directors serving at December 31, 2015, were as follows:

<u>Name</u>	<u>Principal Occupation and Business Affiliation</u>
Shannon Bagley St. Louis, Missouri	Senior VP, Integration Management Centene Corporation
Ron Battelle St. Louis, Missouri	Retired Police Chief St. Louis County Police Department
Dr. Leslie Fields Kansas City, Missouri	Pediatric Hospitalist St. Luke's Health System
Alan Freeman St. Louis, Missouri	Chief Executive Officer Grace Hill Health Centers
Frankie Freeman St. Louis, Missouri	Retired Civil Rights Attorney

Carlos Gomez Kansas City, Missouri	Chief Executive Officer Hispanic Chamber of Commerce
Michael Neidorff St. Louis, Missouri	Chairman, President and Chief Executive Officer Centene Corporation
Dr. Mark Steele Kansas City, Missouri	Chief Medical Officer Truman Medical Centers
Dr. Jerome Williams St. Louis, Missouri	Internal Medicine Specialist Williams Clinic, Inc.

Officers

The officers of the Company at December 31, 2015, were as follows:

<u>Name</u>	<u>Position</u>
Kimberly Tuck	President and CEO
Jesse Hunter	Vice President
Jeffrey Schwanek	Treasurer
Keith Williamson	Secretary
Shannon Bagley	SVP, Integration Management
William Scheffel	Vice President
Tricia Dinkelman	Vice President, Tax
Steven Jones	Vice President, Operations

Committees

The Company does not have any formal board committees in place. Pursuant to the Annual Financial Reporting Model Regulation (Model Audit Rule), HSHP has designated the audit committee of Centene Corporation to serve as its own audit committee.

Corporate Records

The Articles of Incorporation and Bylaws of HSHP were reviewed. The Articles and subsequent amendments were properly filed with the Missouri Secretary of State.

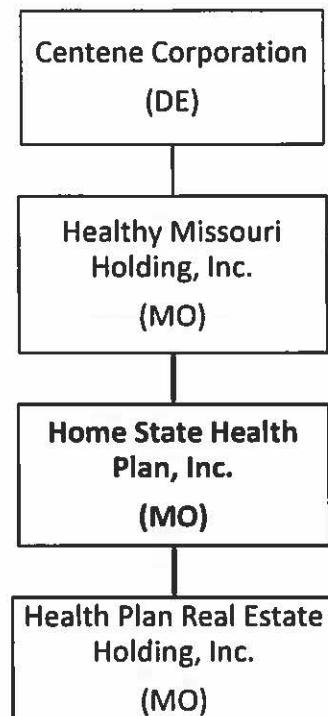
The minutes of the shareholder and board of directors meetings were reviewed for the period under examination. The minutes appear to properly document and approve corporate events and transactions.

Holding Company, Subsidiaries and Affiliates

The Company is a member of an insurance holding company system as defined by Chapter 382 RSMo (Insurance Holding Companies). Affiliations are described in the Company History section above. Centene Corporation is the ultimate controlling entity within the holding company system.

Organization Chart

The following is an abridged organizational chart which depicts the structure of companies relating to Home State Health Plan as of December 31, 2015. All subsidiaries are wholly owned unless otherwise noted.



Notes: Centene Corporation owns 95% of Healthy Missouri Holding, Inc. The remaining 5% is owned by Missouri Community Health Access, LLC.

HSHP owns approximately 5% of Health Plan Real Estate Holding, Inc. The remaining shares are owned by other affiliates of Centene Corporation.

Affiliated Transactions

The Company enters into various agreements with affiliates. The intercompany agreements in effect as of December 31, 2015, are discussed below.

Management Agreement

- Parties: HSHP and Centene Management Company (CMC)
- Effective: January 1, 2015
- Terms: Centene Management Company performs various management services including program planning and development, management information systems, financial systems and services, claims administration, provider

and enrollee services and records, utilization review and quality assurance. CMC also provides facilities and support services and hires, maintains and supervises all personnel on behalf of HSHP.

Rate(s): HSHP pays a management fee to CMC equal to 12% of gross premiums. The Company incurred \$31,918,847 in 2015 under the agreement.

Tax Allocation Agreement

Parties: HSHP and Centene Corporation

Effective: June 20, 2011

Terms: This is a standard form of tax allocation agreement between Centene Corporation and its subsidiaries, including HSHP. Each company pays or receives taxes and tax credits on the same basis as if the company had filed a separate return.

Rate(s): This agreement has no provision for payment for any services performed.

Services Agreement

Parties: HSHP and OptiCare Vision Company, Inc., d/b/a OptiCare Managed Vision (OptiCare)

Effective: July 1, 2012

Terms: OptiCare agrees to provide or arrange for the provision of covered vision care services to HSHP's enrolled members.

Rate(s): The Company incurred fees of \$1,679,757 in 2015 under this agreement.

Services Agreement

Parties: HSHP and NurseWise, LP (NurseWise)

Effective: July 1, 2012

Terms: NurseWise agrees to provide services consisting primarily of utilizing professional registered nurses to provide health information and advice to HSHP enrolled members.

Rate(s): The Company incurred fees of \$854,169 in 2015 under this agreement.

Services Agreement

Parties: HSHP and Nurture Health, Inc. (Nurture)

Effective: July 1, 2012

Terms: Nurture agrees to provide disease management program services designed to improve the quality of life and/or health outcomes for HSHP enrollees with chronic disease.

Rate(s): The Company incurred fees of \$641,827 in 2015 under this agreement.

Services Agreement

Parties: HSHP and Cenpatico Behavioral Health, LLC (Cenpatico)

Effective: July 1, 2012

Terms: Cenpatico agrees to provide for covered behavioral health services and substance abuse treatment programs to HSHP members.

Rate(s): The Company incurred fees of \$10,247,306 in 2015 under this agreement.

Services Agreement

Parties: HSHP and US Medical Management, LLC (USMM)

Effective: March 1, 2014

Terms: USMM agrees to utilize duly licensed physicians and other healthcare professionals to provide healthcare services to HSHP enrolled members.

Rate(s): The Company incurred fees of \$128,462 in 2015 under this agreement.

Dental Services Agreement

Parties: HSHP and Dental Health & Wellness, Inc. (DHW)

Effective: February 1, 2014

Terms: DHW agrees to provide covered dental services to HSHP members.

Rate(s): The Company incurred \$8,845,876 in 2015 under this agreement.

FIDELITY BOND AND OTHER INSURANCE

HSHP is named insured on a financial institution bond policy which provides \$1 million in coverage with a \$150,000 deductible. This coverage meets the minimum amount of fidelity insurance recommended by the NAIC.

The Company is also named insured on policies that provide the following coverage: commercial general liability, automobile, workers compensation, managed care liability and umbrella. In addition, HSHP carries a \$3 million performance bond that is payable to the State of Missouri as required by its Medicaid Managed Care Contract with Missouri HealthNet. The Company's insurance coverage appears adequate.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

HSHP has no employees. Services are provided pursuant to the Management Agreement with Centene Management Company which is described in the Affiliated Transactions section of this report. Centene employees are provided benefits typical of the industry including various types of leave, holidays, a cafeteria plan, group life insurance, health and disability insurance, educational assistance, a 401(k) savings plan and a stock award plan for executives.

TERRITORY AND PLAN OF OPERATIONS

HSHP is a managed care organization that provides Medicaid programs to organizations and individuals in the State of Missouri. HSHP is one of three companies that provide Medicaid programs through a contract with the MO HealthNet Division of the Missouri Department of Social Services (MO HealthNet). The Company contracts directly with healthcare providers on fee-for-service, per diem, diagnostic rate grouping and capitation bases.

All persons eligible for Medicaid have an opportunity to sign up for one of the three MCOs. If they do not choose one, they are auto-assigned to one by MO HealthNet. The MCOs may not compete by recruitment of Medicaid recipients.

The rates for the contract are set by the Missouri Center for Medicaid services and are intended to be actuarially sound. However, the actuarial soundness is based on the entire population and does not mean that the covered lives assigned to each of the three individual MCOs will result in actuarial parity and profitable performance.

The Company participates in an annual bidding process in order to remain in the Medicaid program in Missouri. The state is currently divided into 3 regions (East, Central and West) that are grouped around the population centers of the state. HSHP and the other two plans participate in all three regions. The remaining counties are currently part of the traditional fee for service Medicaid plan through MO HealthNet.

The Medicaid program is changing in 2017 as the number of regions will increase from 3 to 4 and all counties in Missouri will become part of a MCO eligible region. The revised Central region and a new Southwest region will have the counties that were previously under the traditional fee for service. Medicaid services through the new statewide managed care system will begin May 1, 2017.

This expansion provides a growth opportunity for the MCOs, but will also provide challenges as it will increase the need to sign provider networks where none may currently exist. Also, in order to increase accountability of the managed-care plans that are awarded a contract, the performance incentive payment will be based on a 5.0% capitation withholding instead of the current 2.5%.

GROWTH OF COMPANY

The table below shows various indicators of HSHP's growth since the Company commenced business in 2012.

	2012	2013	2014	2015
Member Months	317,905	700,533	719,776	982,990
Net Premium Income	\$ 77,844,848	\$ 185,216,204	\$ 179,237,754	\$ 266,589,892
Admitted Assets	52,770,264	47,424,494	60,216,626	86,389,347
Gross Paid-in and Contributed Surplus	35,913,000	35,913,000	60,913,000	88,288,000
Unassigned Funds	(15,612,304)	(18,754,962)	(41,847,284)	(58,810,052)
Total Capital and Surplus	20,300,696	17,188,038	22,568,336	34,291,236

Premium income and member months grew slowly from 2012-2014 before increasing at a much higher rate in 2015. Capital and Surplus has increased due to financial support from Centene Corporation.

LOSS EXPERIENCE

The following exhibit illustrates the Company's underwriting results for each of the last four years.

	2012	2013	2014	2015
Net Premium Income	\$ 77,844,848	\$ 185,216,204	\$ 179,237,754	\$ 266,589,892
Hospital and Medical	81,052,941	173,898,357	173,024,057	252,796,578
Net Underwriting Gain	(20,199,686)	(6,331,610)	(24,789,363)	(20,848,081)
Net Income	(15,568,278)	(2,786,895)	(19,792,059)	(15,593,918)
Health Benefits Ratio	104.12%	93.89%	96.53%	94.83%
RBC Ratio	505.7%	252.5%	330.4%	341.2%

HSHP has experienced poor operating results, posting sizable net underwriting losses and overall net losses for each year since inception. The Company's health benefits ratio (total hospital and medical expenses as a percentage of premium income) has remained very high, approaching 100% for each of the last three years. Capital contributions made by Centene Corporation have allowed RBC to remain at acceptable levels. The Company has recently implemented a number of operational changes in an effort to become profitable in the future.

REINSURANCE

General

Premiums written by the Company during the examination period were as follows

	2012	2013	2014	2015
Direct Premiums	\$ 79,075,139	\$ 188,501,701	\$ 183,736,356	\$ 273,451,159
Reinsurance Assumed	0	0	0	0
Reinsurance Ceded	1,230,291	3,285,497	4,498,602	6,861,267
Net Premiums	<u>\$ 77,844,848</u>	<u>\$ 185,216,204</u>	<u>\$ 179,237,754</u>	<u>\$ 266,589,892</u>

Assumed

The Company did not assume any reinsurance during the examination period.

Ceded

HSHP has an excess of loss reinsurance agreement with Bankers Reserve Life Insurance Company (BRLIC). BRLIC is a wholly-owned subsidiary of Centene Corporation.

Under the terms of the 2015 agreement, BRLIC agrees to insure losses in excess of \$500,000 relating to covered Missouri Medicaid recipients. The deductible is reduced to \$200,000 for claims relating to newborns classified as very low birth weight (VLBW cases). The maximum payable is \$2.5 million per covered person. HSHP pays a reinsurance premium to BRLIC equal to \$6.98 per covered person per month. The covered expense reimbursement percentage for the 2015 contract year is 90%.

The renewal of the reinsurance agreement for the 2016 calendar year lowered the deductible for all cases to \$200,000. The reinsurance premium was increased to \$11.33 per member per month

and the maximum payable per covered person was increased to \$4.6 million.

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

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

ACCOUNTS AND RECORDS

General

The Company's general ledger is maintained on the PeopleSoft software system. Claims processing, policy administration, investments and most other functions are performed at the Centene Corporation level for all subsidiaries, including HSHP.

Independent Auditor

The Company's financial statements are audited annually by the accounting firm KPMG. The workpapers and reports of the most recent independent audit were reviewed and used in the course of this examination as deemed appropriate.

Independent Actuaries

Reserves and related actuarial accounts reported in the financial statements were reviewed and certified by Arthur L. Baldwin, III, FSA, MAAA, of Milliman, Inc. Consulting actuary Scott Garduno, FSA, MAAA, of Taylor-Walker Consulting, LLC was retained by the Missouri DIFP to review the adequacy of the Company's reserves.

Information Systems

In conjunction with this examination, Andrew Balas, Information Systems Financial Examiner with the Missouri DIFP conducted a review of the Company's information systems.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the DIFP, as reflected below, were sufficient to meet the capital deposit requirements of the State of Missouri in accordance with RSMo Section 379.098 (Securities to be deposited by all companies, kind and amount). These deposits are held for the benefit of all policyholders and creditors of the Company.

Type of Security	Par Value	Fair Value	Statement Value
U.S. Treasury Bond	\$ 6,949,000	\$ 6,947,371	\$ 6,949,336

Deposits with Other States

The Company has no funds on deposit with other states.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company and present the financial condition of the Company for the period ending December 31, 2015. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

There may have been additional differences found in the course of this examination that are not shown in the "Comments on 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 annual statement item.

ASSETS

	Assets	Non-Admitted Assets	Net Admitted Assets
Bonds	\$ 23,732,435	\$ 0	\$ 23,732,435
Common stocks	2,647,435	0	2,647,435
Cash and short-term investments	11,203,731	0	11,203,731
Investment income due and accrued	104,100	0	104,100
Uncollected premiums	46,563,473	0	46,563,473
Amounts recoverable from reinsurers	361,990	0	361,990
Current federal income tax recoverable	914,645	0	914,645
Receivables from affiliates	63,883	0	63,883
Health care receivables	866,927	424,800	442,127
State income tax recoverable	355,528	0	355,528
Prepaids	8,250	8,250	0
TOTAL ASSETS	\$ 86,822,397	\$ 433,050	\$ 86,389,347

LIABILITIES, SURPLUS AND OTHER FUNDS

Claims unpaid	\$ 38,186,084
Accrued medical incentive pool and bonus amounts	302,211
Unpaid claims adjustment expenses	615,000
Aggregate health policy reserves	12,243,225
General expenses due or accrued	253,460
Ceded reinsurance premiums payable	20,103
Amounts due to affiliates	478,028
TOTAL LIABILITIES	\$ 52,098,111

2016 Health insurer fee	4,783,288
Common capital stock	30,000
Gross paid in and contributed surplus	88,288,000
Unassigned funds (surplus)	(58,810,052)
SURPLUS AS REGARDS POLICYHOLDERS	\$ 34,291,236
TOTAL LIABILITIES AND SURPLUS	\$ 86,389,347

STATEMENT OF REVENUE AND EXPENSES

Net Premium Income	\$ 266,589,892
Hospital and Medical:	
Hospital/medical benefits	\$ 180,312,026
Other professional services	29,376,377
Emergency room and out-of-area	47,845,129
Incentive pool, withhold adj. and bonus amounts	342,311
Less: Net reinsurance recoveries	<u>(5,079,265)</u>
Total hospital and medical	\$ 252,796,578
 Claims adjustment expenses	
	8,183,868
General administrative expenses	
	25,288,750
Increase in reserves for life and A&H contracts	
	<u>1,168,777</u>
Total underwriting deductions	<u>\$ 287,437,973</u>
Net underwriting gain/(loss)	\$ (20,848,081)
 Investment Income:	
Net investment income earned	\$ 224,733
Net realized capital gains	<u>428</u>
Net Investment Gain (Loss)	\$ 225,161
 Net income/(loss) before federal income taxes	\$ (20,622,920)
Federal income taxes incurred	<u>(5,029,002)</u>
Net income (loss)	<u>\$ (15,593,918)</u>

RECONCILIATION OF SURPLUS

Changes from July 1, 2012 to December 31, 2015

	2012	2013	2014	2015
Capital and surplus; December 31 prior year	\$ 0	\$ 20,330,695	\$ 17,188,038	\$ 22,568,336
Net income/(loss)	<u>(15,568,278)</u>	<u>(2,786,895)</u>	<u>(19,792,059)</u>	<u>(15,593,918)</u>
Change in net U/R capital gains	0	43,342	53,749	50,345
Change in net deferred income tax	0	0	0	0
Change in nonadmitted assets	<u>(44,027)</u>	<u>(399,104)</u>	<u>118,608</u>	<u>(108,527)</u>
Capital Changes: Paid in	30,000	0	0	0
Surplus Changes: Paid in	<u>35,913,000</u>	<u>0</u>	<u>25,000,000</u>	<u>27,375,000</u>
Change in capital and surplus	<u>20,330,695</u>	<u>(3,142,657)</u>	<u>5,380,298</u>	<u>11,722,900</u>
Capital and surplus; December 31 current year	<u>\$ 20,330,695</u>	<u>\$ 17,188,038</u>	<u>\$ 22,568,336</u>	<u>\$ 34,291,236</u>

ANALYSIS OF EXAMINATION CHANGES

No adjustments or reclassifications were made as a result of the examination.

COMMENTS ON FINANCIAL STATEMENTS

There are no comments on the financial statements.

SUMMARY OF RECOMMENDATIONS

There are no recommendations.

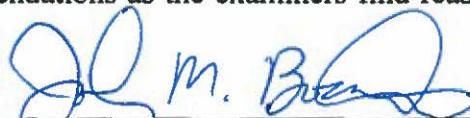
ACKNOWLEDGEMENT

The assistance and cooperation extended by the officers and employees of Home State Health Plan during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Andy Balas, AES, CFE, CPA, Douglas Daniels, CPA, CFE, and Scott Reeves, CPA; examiners for the Missouri Department of Insurance, Financial Institutions and Professional Registration participated in this examination.

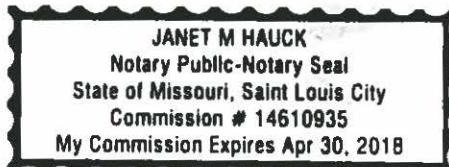
VERIFICATION

State of Missouri)
) ss
County of St. Louis)

I, John Boczkiewicz, 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.

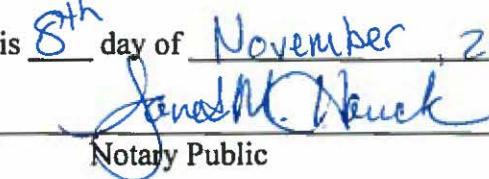


John M. Boczkiewicz, CFE, CPA
Examiner-in-Charge
Missouri Department of Insurance, Financial
Institutions and Professional Registration



Sworn to and subscribed before me this 8th day of November, 2016
My commission expires:

Apr 30, 2018


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.


Michael Shadowens, CFE
Assistant Chief Financial Examiner
Missouri Department of Insurance, Financial
Institutions and Professional Registration