

# STATE OF MISSOURI



## DEPARTMENT OF COMMERCE & INSURANCE

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

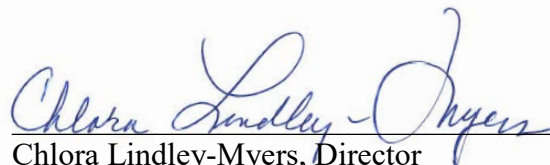
### ORDER

After full consideration and review of the report of the financial examination of American Health Plan of Missouri, Inc. for the period ended December 31, 2021, 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.

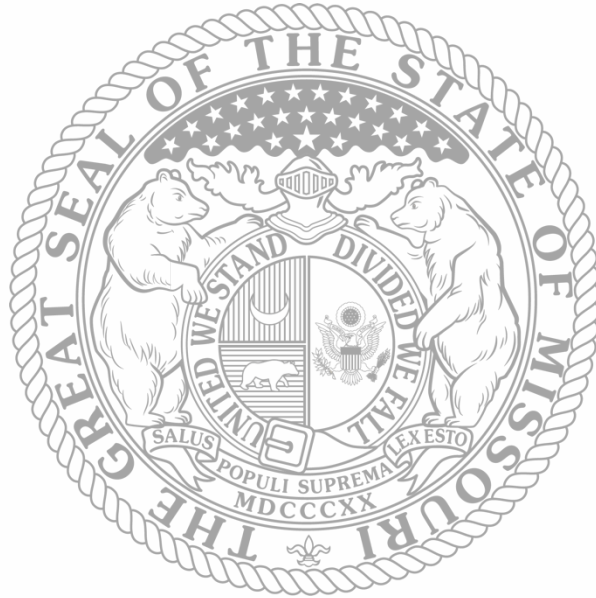
Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of American Health Plan of Missouri, Inc. as of December 31, 2021, be and is hereby ADOPTED as filed and for American Health Plan of Missouri, Inc. to take the following action or actions, which I consider 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 25<sup>th</sup> day of July, 2023.





Chlora Lindley-Myers, Director  
Department of Commerce and Insurance



REPORT OF  
FINANCIAL EXAMINATION OF

# AMERICAN HEALTH PLAN OF MISSOURI, INC.

AS OF  
DECEMBER 31, 2021

STATE OF MISSOURI  
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Saint Louis, MO  
May 19, 2023

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

**American Health Plan of Missouri, Inc. (NAIC #15757)**

hereinafter referred to as such, as AHPMO, or as the Company. Its administrative office is located at 201 Jordan Rd., Franklin, TN 37067, telephone number 616-656-3654. The fieldwork for this examination began on March 7, 2022, 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 AHPMO. The last examination of the Company by the Department covered the period of January 7, 2015, through December 31, 2019. The current examination covers the period of January 1, 2020, through December 31, 2021, 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 American Health Group (AHG) included Reserves/Claims Handling, Investments, Pricing & Revenue, Related Party, Capital & Surplus and Reinsurance. 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 AHG, which consists of nine insurance companies domiciled in numerous states. The Tennessee Department of Insurance (TNDI) is the lead state regulator for the group. Along with Missouri, eight other states participated in the coordinated examination.

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**

The Company was organized as Missouri Medicare Select, LLC (MMS) on January 7, 2015, as a limited liability company. On April 30, 2015, MMS was licensed as a health maintenance organization (HMO). MMS was part of an insurance holding company system owned by MO Select, LLC and AllyAlign Health, Inc. Ownership percentages were 60% and 40%, respectively. The ultimate controlling person in the insurance holding company system was Murray Forman with 65% ownership of MMS.

On December 14, 2018, American Health Advantage of Missouri, LLC (AHAMO) acquired MMS. American Health Companies, Inc., JCT Family Limited Partnership (JCT) and Lierman Investment Company, LLC (Lierman) co-owned AHAMO, a Delaware limited liability company.

#### **Mergers, Acquisitions, and Major Corporate Events**

On January 7, 2021, MMS was converted from a Limited Liability Corporation to a Corporation. MMS changed its name to American Health Plan of Missouri, Inc. on February 21, 2021. AHAMO remains the sole owner.

#### **Dividends and Capital Contributions**

There were no dividends paid during the current exam period.

The following capital contributions were received during the current examination period.

<b>Year</b>	<b>Amount</b>
2020	\$ 1,125,000
2021	359,737
<b>Total</b>	<b>\$ 1,463,750</b>

#### **Surplus Notes**

There were no surplus notes issued or outstanding during the examination period.

**MANAGEMENT AND CONTROL**

**Board of Directors**

The management of the Company is vested in a Board of Directors that are elected by the shareholder. The Bylaws specify that there shall be no less than three nor more than seven directors. The Board of Directors elected and serving as of December 31, 2021, were as follows:

<b><u>Name and Address</u></b>	<b><u>Principal Occupation and Business Affiliation</u></b>
Michael Bailey Franklin, TN	President and Chief Executive Officer American Health Companies, LLC
Jeffrey Bogle Franklin, TN	Chief Financial Officer American Health Companies, LLC
Robin Bradley Franklin, TN	Chief Operating Officer American Health Companies, LLC
Randall Bloom Kansas City, MO	President and Chief Operating Officer Tutera Group, Inc.
Mark Lierman St. Louis, MO	Partner Stonebridge Senior Living

**Senior Officers**

The officers elected and serving, as of December 31, 2021, were as follows:

<b><u>Name</u></b>	<b><u>Office</u></b>
Michael Bailey	President and Chief Executive Officer
Jeffrey Bogle	Treasurer and Chief Financial Officer
Robin Bradley	Secretary and Chief Operating Officer

**Principal Committees**

There are no committees. The Board of Directors of AHPMO serves as the Company's Audit Committee.

**Corporate Records**

The Company's Articles of Incorporation and Bylaws were reviewed. On February 25, 2021, the Articles of Incorporation and Bylaws were amended to reflect the new entity name, American Health Plan of Missouri, Inc. The minutes of the Board of Directors and Shareholder meetings were reviewed for the period under examination.

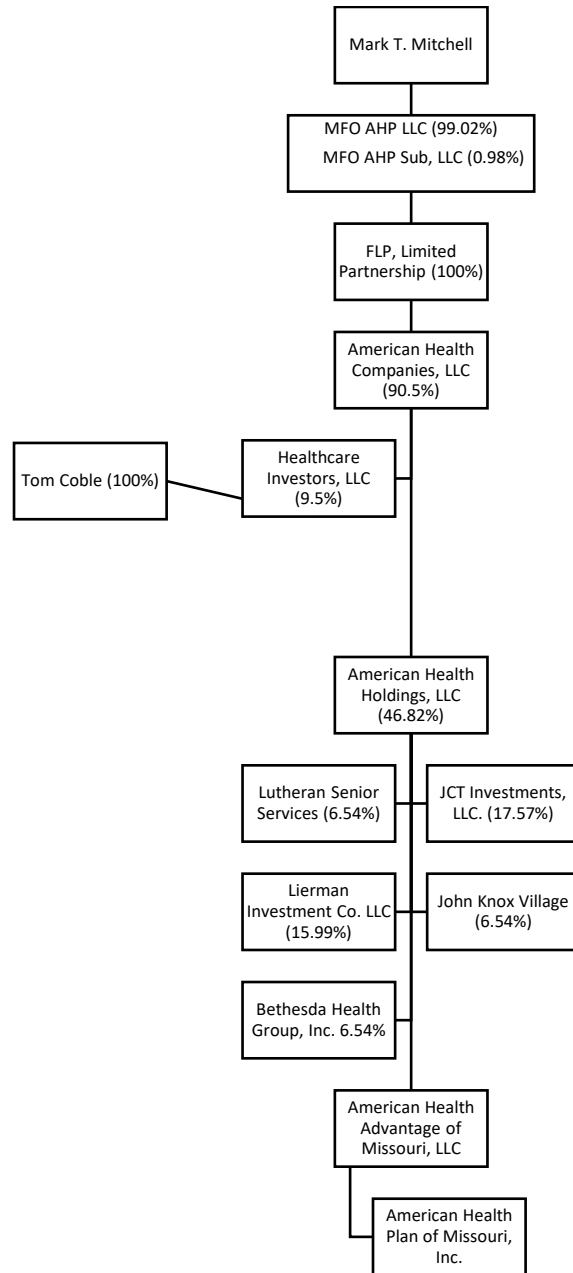
**Holding Company, Subsidiaries, and Affiliates**

AHPMO is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). AHPMO is wholly-owned by its immediate parent, AHAMO, which is co-owned by American Health Holdings, LLC (AHH) (46.82%), JCT (17.57%), Lierman (15.99%), Lutheran Senior Services (6.54%), Bethesda Health Group (6.54%) and John Knox Village (6.54%).

AHH is owned by HealthCare Investors LLC (HCI) (9.5%) and American Health Companies, LLC (AHC) (90.5%). HCI is wholly-owned by Tom Coble. AHC is wholly-owned by FLP, Limited Partnership (FLP). FLP is owned by MFO AHP, LLC and MFO AHP Sub, LLC, which are both owned by Mark T. Mitchell. AHPMO's ultimate controlling entities consists of JCT, Lierman, and Mark T. Mitchell.

**Organizational Chart**

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2021.





**Intercompany Transactions**

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2021. A brief description of these agreements are as follows:

Management Agreement: On December 8, 2018, the Company entered into an agreement for American Health Management Services to manage the day-to-day operations of AHPMO.

Care Management Services Agreement: On January 1, 2019, the Company entered into an agreement for TruHealth, Inc. to provide care management and care coordination services to Company policyholders.

Facility Provider Services Agreement: On August 1, 2020, the Company entered an agreement for Bethesda Health Group, Inc. to provide covered services to Company policyholders.

Facility Provider Services Agreement: On September 21, 2020, the Company entered an agreement for twelve facilities owned by Lierman to provide covered services to Company policyholders.

Facility Provider Services Agreement: On September 17, 2020, the Company entered an agreement for Walnut Creek Management Services, LLC to provide covered services to Company policyholders.

Facility Provider Services Agreement: On August 29, 2020, the Company entered an agreement for eight facilities owned by Lutheran Senior Services to provide covered services to Company policyholders.

Facility Provider Services Agreement: On February 21, 2021, the Company entered an agreement for John Knox Village to provide covered services to Company policyholders.

**TERRITORY AND PLAN OF OPERATION**

AHPMO is licensed under Chapter 354 RSMo (Health Services Corporations) as a Health Maintenance Organization (HMO). The Company is only licensed in Missouri.

The Company offers a single product, Medicare Institutional Special Needs Program (I-SNP), which covers Medicare patients residing in long-term care facilities who require an institutional level of care.

**GROWTH OF COMPANY AND LOSS EXPERIENCE**

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

*(\$000s omitted)*

<b>Year</b>	<b>Total Assets</b>	<b>Net Premiums Earned</b>	<b>Underwriting Gain (Loss)</b>	<b>Net Income (Loss)</b>	<b>Capital and Surplus</b>	<b>Ratio of Net Premiums to Surplus</b>
2020	\$ 1,986	\$ 3,815	\$ (1,038)	\$ (1,035)	\$ 1,062	3.60
2021	3,156	8,728	(91)	(87)	1,295	6.74

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)*

<b>Year</b>	<b>Total Revenues</b>	<b>Total Hospital and Medical Benefits</b>	<b>Medical Loss Ratio</b>
2020	\$ 3,815	\$ 3,525	.92
2021	8,728	7,240	.83

**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)*

<b>Premium Type</b>	<b>2021</b>	<b>2020</b>
Direct Premiums Written	\$ 8,748	\$ 3,826
Reinsurance Ceded:		
Non-Affiliates	21	11
<b>Net Premiums Written</b>	<b>\$ 8,727</b>	<b>\$ 3,815</b>

**Assumed Reinsurance**

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

**Ceded Reinsurance**

The Company was party to an excess of loss agreement with PartnerRe American Insurance Company (PartnerRe) at December 31, 2021. The agreement was effective from January 1, 2021, through January 1, 2022. Under the agreement, PartnerRe provided coverage for 90% of amounts in excess of a \$175,000 per person deductible. The agreement had a limit of \$2,000,000 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, LBMC, in Brentwood TN, performed the statutory audit of the Company for the years 2020 and 2021. Reliance was placed upon the CPA workpapers as deemed appropriate.

**Actuarial Opinion**

The Company’s actuarial opinion regarding reserves and other actuarial items was issued by Stuart Rachlin, FSA, MAAA, for all years in the examination period. Mr. Rachlin is employed by Milliman, Inc. in Tampa, Florida.

**Consulting Actuary**

Pursuant to a contract with the TNDI as part of the coordinated examination, Mike Mayberry, FSA, FAAA of Lewis & Ellis, Inc. reviewed the underlying actuarial assumptions and methodologies used by AHPMO to determine the adequacy of reserves and other actuarial items. Mr. Mayberry 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, 2021.

**Information Systems**

Pursuant to a contract with the TNDI as part of the coordinated examination, Lindsey Pittman, CFE, CPA, CISA, MCM, Information Systems Financial Examiner of Lewis & Ellis, Inc. conducted a review of the Company's information systems. Missouri DCI IT Examiner-In-Charge, Kim Dobbs, MBA, CFE, AES, CISA, reviewed the work of Lewis & Ellis, Inc.

**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 American Health Plan of Missouri, Inc. for the period ending December 31, 2021. 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, 2021

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$ 483,759	\$ 0	\$ 483,759
Cash, Cash Equivalents, and Short- Term Investments	2,665,807	0	2,665,807
Investment Income Due and Accrued	605	0	605
Net Deferred Tax Asset	972,350	972,350	0
Health Care and Other Amounts Receivable	28,413	22,656	5,757
Aggregate Write-Ins for Other-Than- Invested Assets	2,508	2,508	0
<b>TOTAL ASSETS</b>	<b>\$ 4,153,442</b>	<b>\$ 997,514</b>	<b>\$ 3,155,928</b>

**LIABILITIES, CAPITAL AND SURPLUS**

As of December 31, 2021

Claims Unpaid	\$ 1,186,843
Unpaid Claims Adjustment Expenses	19,894
Premiums Received in Advance	223,772
General Expenses Due or Accrued	39,892
Amounts Due to Parent, Subsidiaries, and Affiliates	87,539
Liability for Amounts Held Under Uninsured Plans	302,539
<b>TOTAL LIABILITIES</b>	<b>\$ 1,860,479</b>
Common Capital Stock	1
Gross Paid-In and Contributed Surplus	5,747,756
Unassigned Funds (Surplus)	(4,452,308)
<b>TOTAL CAPITAL AND SURPLUS</b>	<b>\$ 1,295,449</b>
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b>\$ 3,155,928</b>

**STATEMENT OF REVENUE AND EXPENSES**

For the Year Ended December 31, 2021

Net Premium Income	\$ 8,727,775
<b>Total Revenue</b>	<b>\$ 8,727,775</b>
Hospital/Medical Benefits	6,765,581
Prescription Drugs	474,634
Claims Adjustment Expenses	344,226
General Administrative Expenses	1,234,497
<b>Total Underwriting Deductions</b>	<b>\$ 8,818,938</b>
<b>Net Underwriting Gain (Loss)</b>	<b>\$ (91,163)</b>
Net Investment Income Earned	4,275
<b>Net Investment Gain (Loss)</b>	<b>\$ 4,275</b>
<b>Net Income (Loss) After Capital Gains Tax and Before All Other Federal Income Taxes</b>	<b>\$ (86,888)</b>
<b>NET INCOME (LOSS)</b>	<b>\$ (86,888)</b>

**RECONCILIATION OF CAPITAL AND SURPLUS**

Changes from January 1, 2020 to December 31, 2021

*(\$000's omitted)*

	<b>2021</b>	<b>2020</b>
Capital and Surplus, Beginning of Year	\$ 1,061,586	\$ 977,402
Net Income (Loss)	(86,888)	(1,034,890)
Change in Net Deferred Income Tax	23,005	217,333
Change in Nonadmitted Assets	(41,004)	(223,259)
Surplus Adjustments:		
Paid In	338,750	1,125,000
Net Change in Capital and Surplus	233,863	84,184
<b>Capital and Surplus, End of Year</b>	<b>\$ 1,295,449</b>	<b>\$ 1,061,586</b>

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

None.

**FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION**

None.

**SUMMARY OF RECOMMENDATIONS**

None.

**SUBSEQUENT EVENTS**

**COVID-19 Pandemic**

The COVID-19 pandemic has continued to develop, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. The Department has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Department continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

**ACKNOWLEDGMENT**

The assistance and cooperation extended by the officers and the employees of AHPMO during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Michael Borawski, CFE (Fraud) and Kim Dobbs, MBA, CFE, AES, CISA, examiners for the Missouri Department of Commerce and Insurance, also participated in this examination.

**VERIFICATION**

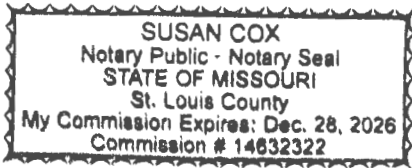
State of Missouri                    )  
  )    ss  
County of Saint Louis            )

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 AHPMO, 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

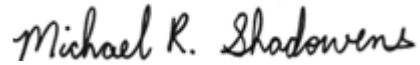
Sworn to and subscribed before me this 29 day of June, 2023.

My commission expires: 12/28/2026 Susan Cox  
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.



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