



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 NHC Advantage, LLC for the period ended December 31, 2024, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, 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.

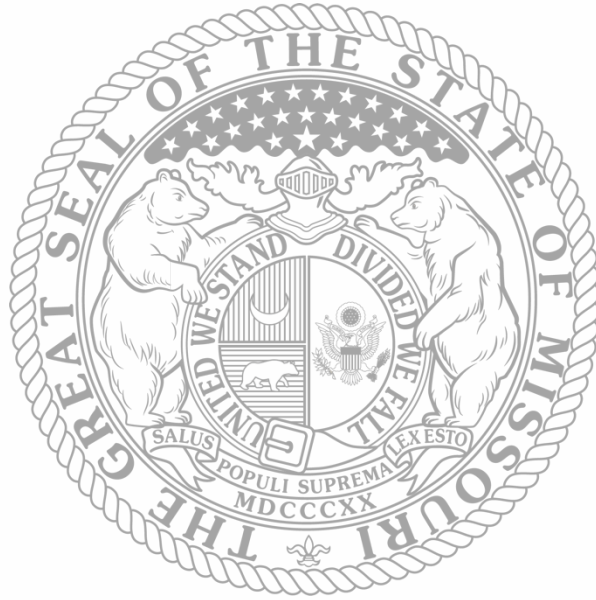
Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of NHC Advantage, LLC as of December 31, 2024, be and is hereby ADOPTED as filed and for NHC Advantage, LLC to take the following action or actions, which I consider necessary to cure any violation of 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 29th day of June, 2026.



A handwritten signature in blue ink that reads "Angela L. Nelson". The signature is written in a cursive style with a horizontal line underneath it.

Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

NHC ADVANTAGE, LLC

AS OF
DECEMBER 31, 2024

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

TABLE OF CONTENTS

SCOPE OF EXAMINATION.....	1
PERIOD COVERED.....	1
PROCEDURES.....	1
SUMMARY OF SIGNIFICANT FINDINGS.....	2
COMPANY HISTORY.....	2
GENERAL.....	2
MERGERS, ACQUISITIONS, AND MAJOR CORPORATE EVENTS	2
DIVIDENDS AND CAPITAL CONTRIBUTIONS	2
SURPLUS NOTES.....	2
MANAGEMENT AND CONTROL.....	2
BOARD OF DIRECTORS	2
SENIOR OFFICERS	3
PRINCIPAL COMMITTEES	3
CORPORATE RECORDS.....	3
HOLDING COMPANY, SUBSIDIARIES, AND AFFILIATES.....	3
ORGANIZATIONAL CHART	3
INTERCOMPANY TRANSACTIONS	4
TERRITORY AND PLAN OF OPERATION	5
GROWTH OF COMPANY AND LOSS EXPERIENCE.....	5
REINSURANCE.....	6
GENERAL.....	6
ASSUMED REINSURANCE	6
CEDED REINSURANCE.....	6
ACCOUNTS AND RECORDS	6
INDEPENDENT AUDITOR	6

ACTUARIAL OPINION	7
CONSULTING ACTUARY	7
INFORMATION SYSTEMS	7
FINANCIAL STATEMENTS.....	7
ASSETS.....	8
LIABILITIES, CAPITAL AND SURPLUS	8
STATEMENT OF REVENUE AND EXPENSES	9
RECONCILIATION OF CAPITAL AND SURPLUS	9
COMMENTS ON FINANCIAL STATEMENT ITEMS	10
FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION	10
SUMMARY OF RECOMMENDATIONS.....	10
SUBSEQUENT EVENTS.....	10
ACKNOWLEDGMENT	11
VERIFICATION.....	11
SUPERVISION	12

Glen Allen, VA
May 14, 2026

Honorable Angela L. Nelson, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Nelson:

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

NHC Advantage, LLC (NAIC #16000)

hereinafter referred to as such, as NHC, or as the Company. Its administrative office is located at 10900 Nuckols Road, Suite 110, Glen Allen, Virginia, telephone number (804)396-6412. The fieldwork for this examination began on August 20, 2025, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a multi-state financial examination of NHC Advantage, LLC. The last examination of the Company by the Department covered the period of the Company's inception through December 31, 2019. The current examination covers the period of January 1, 2020, through December 31, 2024, 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 NHC included reserving, claims handling, investments, premiums, underwriting, related parties, and capital & surplus. 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 National Healthcare Corporation group, which consists of two insurance companies domiciled in two states. The Tennessee Department of Commerce & Insurance is the lead state regulator for the group. Along with Missouri, Tennessee also 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 under the Missouri Limited Liability Company Act and received a certificate of organization on September 9, 2015. NHC is a Medicare Advantage organization licensed as a Health Maintenance Organization in Missouri effective April 27, 2016.

In addition to Missouri, the Company was also licensed to transact business in Tennessee and South Carolina as of the examination date.

Mergers, Acquisitions, and Major Corporate Events

No mergers, acquisitions, or other major corporate events occurred during the examination period.

Dividends and Capital Contributions

NHC did not issue any dividends during the examination period.

In 2020, the Company received a \$1,000,000 contribution from its two owners, Missouri Healthcare Advisors, LLC (MHA) and AllyAlign Health, Inc. (AllyAlign). Of that contribution amount, MHA was responsible for \$750,000 and AllyAlign was responsible for the remaining amount of \$250,000.

Surplus Notes

NHC does not have any surplus notes outstanding.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors that are appointed by entities designated a set number of seats in the Operating Agreement. The Company's Operating Agreement specify that there shall be four board members. The Board of Directors appointed and serving as of December 31, 2024, were as follows:

Name and Address

Robert Ussery
Murfreesboro, Tennessee

Stephen Flatt
Murfreesboro, Tennessee

Mark Price
Houston, Texas

Brian Kidd
Murfreesboro, Tennessee

Principal Occupation and Business Affiliation

President & Chief Operating Officer
National HealthCare Corporation

Chief Executive Officer
National HealthCare Corporation

Chief Executive Officer
AllyAlign Health, Inc.

Chief Financial Officer
National HealthCare Corporation

Senior Officers

The officers elected and serving, as of December 31, 2024, were as follows:

Name

Robert Ussery
Mark Price
Brian Kidd
Rachel Martin

Office

President
Secretary
Chief Operating Officer
Chief Financial Officer

Principal Committees

The Board of Directors is authorized to establish committees. The Company's committee and membership at December 31, 2024 was as follows:

Compliance Committee

Kitty Lock
Tracy Harris
Timothy Shelly

Casey Reese
Victor Sone
Laura Ferguson

Gillian Kotun
Valorie Bouyer
A. Tariq Syed

Corporate Records

The Company's Operating Agreement was reviewed. There were no revisions to either document during the examination period. The minutes of the Board, shareholders, and its committee were reviewed for the period under examination.

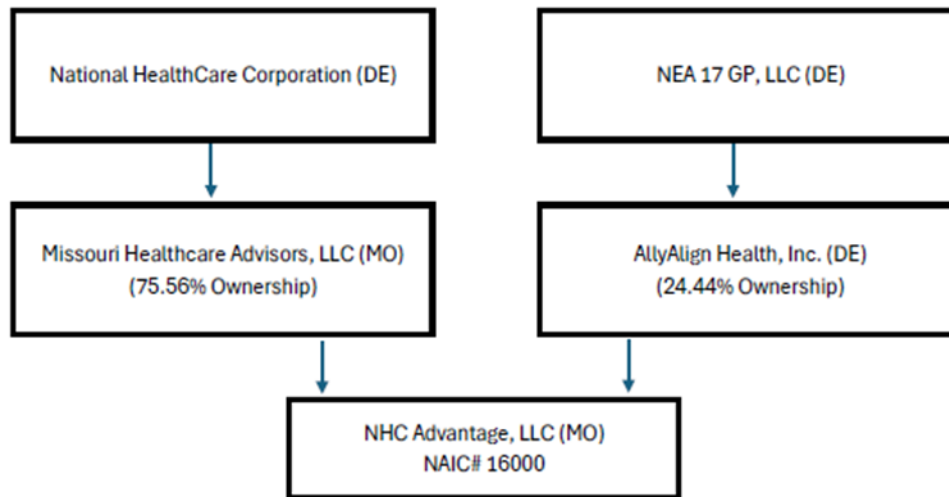
Holding Company, Subsidiaries, and Affiliates

NHC is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). NHCA is owned 24.44% by AllyAlign and 75.56% by MHA. MHA is a wholly-owned subsidiary of National Healthcare Corporation (National Healthcare), a Delaware Corporation specializing in operation and management of senior health care and long-term care services. AllyAlign is wholly-owned by NEA 17 GP, LLC.

The Company is governed by the Board of Directors, which is appointed by the two direct owners, AllyAlign and National Healthcare.

Organizational Chart

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2024.



Intercompany Transactions

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2024. A brief description of these agreements are as follows:

Medical Director Agreement: Agreement between the Company and AllyAlign Health, Inc (AAH). Under this agreement, AAH provides medical directorship services for the Company in the states that they are licensed. The Company pays \$200 per hour to AAH for these services.

Management Services Agreement: Agreement between the Company and AAH. Pursuant to the agreement, AAH provides a variety of administrative services to the Company. In exchange, the Company pays a monthly Management Service Fee that is equal to 9.25%-10% of the Company's monthly Part C revenues and \$20-\$30 per member per month (PMPM) for Part D, specific rates dependent on enrolled plan members. There have also been two separate amendments related to separate one-time expansion fees for services that AAH provided to the Company when it expanded into Tennessee and South Carolina.

Retrospective Chart Review Agreement: Agreement between the Company and AAH. Pursuant to the agreement, AAH captures, reviews, and provides the Company with active diagnosis not previously submitted on claims to CMS for initial approval. The Company pays AAH a cost per chart review item completed plus a 10% management fee.

Business Associate Agreement: Agreement between the Company and AAH. The agreements set forth the obligations of AAH as a business associate of the Company under the Health Insurance Portability and Accountability Act. There are no costs or compensation paid in accordance with this agreement.

Advanced Practice Providers Participation Agreement: Agreement between the Company and Tennessee Health Partners, LLC (THP). Pursuant to the agreement, THP employs Licensed Advanced Practice Providers (APP) meeting the Company's qualifications to provide specific services to members of the Company. The Company pays THP \$200 PMPM for Advanced Practitioner Provider Healthcare Services, Care Coordination, Care Management Activities, and Educational and Plan Promotional Activities.

Missouri Facility Provider Agreements: Agreement between the Company and affiliated providers located in Missouri. Pursuant to the agreement, the Company's nursing homes in Missouri are permitted to provide Part-A skilled nursing care and Part-B therapy services to its enrolled members. The Company pays the Provider a capitated PMPM rate of \$220 for Part A services and \$113 for Part B services, and also pays a daily per diem rate for skilled in place services at \$550 per day.

South Carolina Facility Provider Agreements: Agreement between the Company and affiliated providers located in South Carolina. Pursuant to the agreement, the Company's nursing homes in South Carolina are permitted to provide Part-A skilled nursing care and Part-B therapy services to its enrolled members. The Company pays the Provider a capitated PMPM rate of \$220 for Part A services and \$113 for Part B services, and also pays a daily per diem rate for skilled in place services at \$550 per day.

Tennessee Facility Provider Agreements: Agreement between the Company and affiliated providers located in Tennessee. Pursuant to the agreement, the Company's nursing homes in Tennessee are permitted to provide Part-A skilled nursing care and Part-B therapy services to enrolled members of NHCA. The Company pays the Provider a capitated PMPM rate of \$220 for Part A services and \$113 for Part B services, and also pays a daily per diem rate for skilled in place services at \$550 per day.

TERRITORY AND PLAN OF OPERATION

NHC is licensed as an HMO) under Chapter 354 RSMo (Health Service Corporations). The Company is also licensed to transact business in Tennessee and South Carolina.

The Company's only line of business is Institutional Special Needs Plan (I-SNP) that covers all benefits on Medicare (Part A and B) and prescription drug coverage (Part D).

In 2024, the Company wrote 69% of its business in the state of Tennessee.

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	\$ 8,937	\$ 28,875	\$ (549)	\$ (504)	\$ 2,813	10.26
2021	10,872	26,914	1,137	1,139	3,959	6.80
2022	14,396	32,556	738	744	4,966	6.56
2023	15,632	36,768	552	652	5,463	6.73
2024	14,246	37,898	149	292	5,792	6.54

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	\$ 28,875	\$ 25,045	0.87
2021	26,914	22,402	0.83
2022	32,556	27,908	0.86
2023	36,768	31,638	0.86
2024	37,898	32,983	0.87

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	2020	2021	2022	2023	2024
Direct Premiums Written	\$ 29,011	\$ 27,040	\$ 32,707	\$ 36,948	\$ 38,101
Reinsurance Assumed:					
Affiliates	0	0	0	0	0
Non-Affiliates	0	0	0	0	0
Reinsurance Ceded:					
Affiliates	0	0	0	0	0
Non-Affiliates	136	126	151	181	204
Net Premiums Written	\$ 28,875	\$ 26,914	\$ 32,556	\$ 36,768	\$ 37,898

Assumed Reinsurance

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

Ceded Reinsurance

NHC is party to a reinsurance agreement with PartnerRe America Insurance Company (PartnerRe). PartnerRe provides 100% coverage for the Company's losses exceeding \$225,000 per covered person during the term of the agreement. In exchange for this coverage, the Company pays a fixed premium rate per covered person per month. The agreement is effective January 1, 2024, through January 1, 2025.

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, PC, in Brentwood, Tennessee, performed the statutory audit of the Company for the years under examination. 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 Mary G. Yeh, FSA, MAAA, for 2023 and 2024. Ms. Yeh is employed by Milliman, Inc. in Brookfield, Wisconsin.

The Company's actuarial opinion regarding reserves and other actuarial items was issued by Eric P. Goetsch, FSA, MAAA, for 2020, 2021, and 2022. Mr. Goetsch is employed by Milliman, Inc. in Brookfield, Wisconsin.

Consulting Actuary

Pursuant to a contract with the Department, Jennifer Thelen, FSA, MAAA of The INS Companies, reviewed the underlying actuarial assumptions and methodologies used by NHC to determine the adequacy of reserves and other actuarial items. Jennifer Thelen 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, 2024.

Information Systems

In conjunction with this examination, Kimberly Dobbs, MBA, CFE, AES, CISA, Information Systems Examiner-in-Charge with the Department, conducted a review of the Company's information systems.

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 NHC Advantage, LLC for the period ending December 31, 2024. 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, 2024

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 1,941,376	\$	\$ 1,941,376
Properties Held for Sale			
Cash, Cash Equivalents, and Short-Term Investments	10,594,990		10,594,990
Title Plants			
Investment Income Due and Accrued	6,129		6,129
Premiums and Considerations:			
Uncollected Premiums and Agents' Balances in the Course of Collection	298		298
Accrued Retrospective Premiums	600,606		600,606
Amounts Receivable Relating to Uninsured Plans	84,768		84,768
Current Federal and Foreign Income Tax Recoverable and Interest Thereon	8,551		8,551
Net Deferred Tax Asset	142,415	32,591	109,824
Health Care and Other Amounts Receivable	815,235	139,226	676,009
Aggregate Write-Ins for Other-Than-Invested Assets	328,691	104,882	223,809
TOTAL ASSETS	\$ 14,523,059	\$ 276,699	\$ 14,246,360

LIABILITIES, CAPITAL AND SURPLUS

As of December 31, 2024

Claims Unpaid	\$ 3,321,676
Accrued Medical Incentive Pool and Bonus Amounts	4,219,335
Unpaid Claims Adjustment Expenses	126,344
Premiums Received in Advance	564,523
General Expenses Due or Accrued	160,689
Liability for Amounts Held Under Uninsured Plans	62,000
TOTAL LIABILITIES	\$ 8,454,567
Gross Paid-In and Contributed Surplus	6,456,800
Unassigned Funds (Surplus)	(665,007)
TOTAL CAPITAL AND SURPLUS	\$ 5,791,793
TOTAL LIABILITIES AND SURPLUS	\$ 14,246,360

STATEMENT OF REVENUE AND EXPENSES

For the Year Ended December 31, 2024

Net Premium Income	\$ 37,897,700
Total Revenue	\$ 37,897,700
Hospital/Medical Benefits	20,993,316
Other Professional Services	1,962,160
Emergency Room and Out-of-Area	340,974
Prescription Drugs	2,723,474
Aggregate Write-Ins for Other Hospital and Medical	198,400
Incentive Pool, Withhold Adjustments, and Bonus Amounts	6,764,290
Claims Adjustment Expenses	1,664,644
General Administrative Expenses	3,101,344
Total Underwriting Deductions	\$ 37,748,602
Net Underwriting Gain (Loss)	\$ 149,098
Net Investment Income Earned	184,173
Net Investment Gain (Loss)	\$ 184,173
Federal and Foreign Income Taxes Incurred	41,450
NET INCOME (LOSS)	\$ 291,821

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from January 1, 2020 to December 31, 2024

(\$000's omitted)

	2020	2021	2022	2023	2024
Capital and Surplus, Beginning of Year	\$ 2,422	\$ 2,813	\$ 3,959	\$ 4,966	\$ 5,463
Net Income (Loss)	(504)	1,139	744	652	292
Change in Net Deferred Income Tax			316	(130)	(44)
Change in Nonadmitted Assets	(105)	7	(53)	(26)	81
Surplus Adjustments: Paid In	1,000				
Net Change in Capital and Surplus	391	1,146	1,008	497	329
Capital and Surplus, End of Year	\$ 2,813	\$ 3,959	\$ 4,966	\$ 5,463	\$ 5,792

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

The Company was issued a license to operate as an HMO in North Carolina in 2025, and became authorized to begin writing business on January 1, 2026.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of NHC Advantage, LLC during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Ken Tang, CFE, examiner for the Missouri Department of Commerce and Insurance, also participated in this examination.

VERIFICATION

State of Missouri)
) ss
County of Cole)

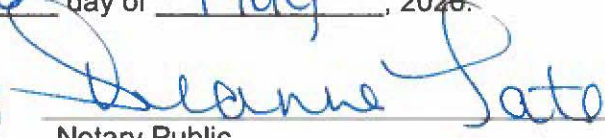
I, Joshua Nash, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of NHC Advantage, LLC, its agents or other persons examined, or as ascertained from the testimony 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.



Joshua Nash, CPA, CFE
Examiner-In-Charge
Missouri Department of Commerce and
Insurance

Sworn to and subscribed before me this 20th day of May, 2026.

My commission expires:

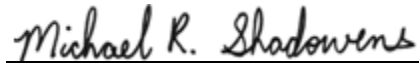
11/17/2027 

Notary Public

DEANNA TATE
Notary Public, Notary Seal
State of Missouri
Callaway County
Commission # 18258816
My Commission Expires 01-17-2027

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