



DEPARTMENT OF COMMERCE & INSURANCE

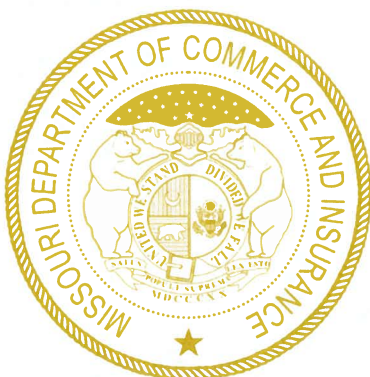
P.O. Box 690, Jefferson City, Mo. 65102-0690

ORDER

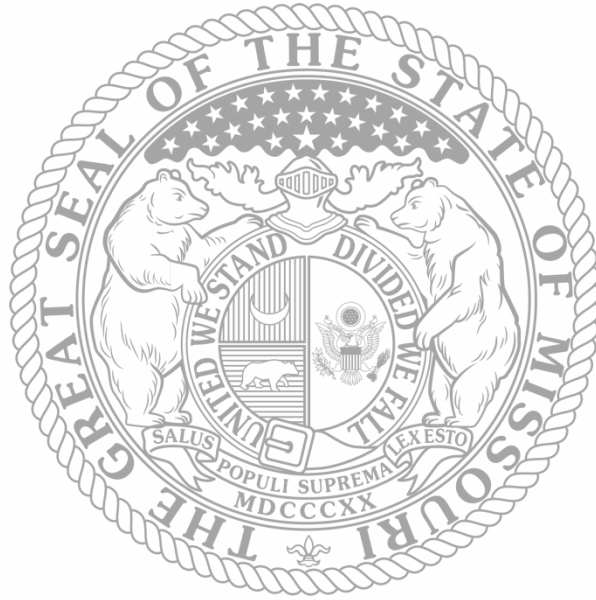
After full consideration and review of the report of the financial examination of Provider Partners Health Plan of Missouri, Inc. for the period ended December 31, 2023, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, Director 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 Provider Partners Health Plan of Missouri, Inc. as of December 31, 2023, be and is hereby ADOPTED as filed and for Provider Partners 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 27th day of June, 2025.




Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

PROVIDER PARTNERS HEALTH PLAN OF MISSOURI, INC.

AS OF
DECEMBER 31, 2023

**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	3
BOARD OF DIRECTORS	3
SENIOR OFFICERS	3
PRINCIPAL COMMITTEES	3
CORPORATE RECORDS	3
HOLDING COMPANY, SUBSIDIARIES, AND AFFILIATES	3
ORGANIZATIONAL CHART	4
INTERCOMPANY TRANSACTIONS.....	5
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.....	7
INDEPENDENT AUDITOR.....	7

ACTUARIAL OPINION.....	7
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

Jefferson City, MO
May 27, 2025

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

Provider Partners Health Plan of Missouri, Inc. (NAIC #16566)

hereinafter referred to as such, as PPHPMO, or as the Company. Its administrative office is located at 785 Elkrige Landing Road Suite 300, Linthicum Heights, Maryland 21090, telephone number 443-275-9800. The fieldwork for this examination began on January 1, 2025, 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 PPHPMO, the first to be conducted of the Company by the Department. The current examination covers the period of January 1, 2019, through December 31, 2023, 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. The examination also included a review and evaluation of information technology general controls.

This examination report includes significant findings of fact, as mentioned in section 374.205 of the Revised Statutes of Missouri (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

Provider Partners Health Plan of Missouri, Inc. was licensed by the Department on April 17, 2019, as a Health Maintenance Organization (HMO), subject to the provisions of section 354.400-354.636, RSMo. PPHPMO began writing business in January 2021.

Mergers, Acquisitions, and Major Corporate Events

Effective November 1, 2023, pursuant to the Department's approval order dated October 25, 2023, Rifkin PPHP-MO Holdings, LLC and MissouriISNP restructured their respective ownership interests in PPHP-MO HoldCo, LLC and, by extension, their indirect ownership interests in PPHPMO. As a result of the restructuring, Rifkin PPHP-MO Holdings, LLC's indirect ownership interest in PPHPMO increased from 20% to 60%, while MissouriISNP's indirect ownership interest decreased from 80% to 40%.

Dividends and Capital Contributions

PPHPMO did not pay any dividends to stockholders during the examination period. The Company received the following capital contributions during the examination period:

Year	Amount
2019	\$ 2,800,000
2020	835,060
2021	2,000,000
2022	2,000,000
2023	-
Total	\$ 7,635,060

Surplus Notes

No surplus notes were 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 (Board) that are elected by the affirmative vote of a majority of the shareholders with voting power. The Company's Bylaws specify that there shall never be less than the minimum number required by applicable law nor more than ten Directors. The Directors elected and serving as of December 31, 2023, were as follows:

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
Scott Rifkin, M.D. Linthicum Heights, MD	Executive Chairman Provider Partners Health Plan, Inc.
Bruce R. (Rick) Grindrod, Jr. Linthicum Heights, MD	President and Chief Executive Officer Provider Partners Health Plan, Inc.
Keith D. Persinger Linthicum Heights, MD	Chief Financial Officer and Chief Operating Officer Provider Partners Management Services LLC
Shane L. McClain Osage Beach, MO	President and Chief Operating Officer Health Systems, Inc.
Bradley S. Hinkle Osage Beach, MO	General Counsel Health Systems, Inc.

Senior Officers

The officers elected and serving, as of December 31, 2023, were as follows:

<u>Name</u>	<u>Office</u>
Bruce R. (Rick) Grindrod, Jr.	President and Chief Executive Officer
Keith D. Persinger	Chief Financial Officer and Chief Operating Officer
Mary Beth McIntyre	Secretary/Treasurer

Principal Committees

The Company's Bylaws allow the Board to establish one or more committees as needed. As of the date of this report, the PPHPMO Board has not established any committees.

Corporate Records

The Company's Articles of Incorporation and Bylaws were reviewed. An amendment to the Articles was filed on February 8, 2019, authorizing the Company to issue 1,000 shares of common stock. There were no revisions to Bylaws during the examination period. The minutes of the PPHPMO Board meetings were reviewed for the period under examination.

Holding Company, Subsidiaries, and Affiliates

PPHPMO is part of the Provider Partners Health Plan Group and is affiliated with numerous other insurance and non-insurance entities through common ownership. PPHPMO is wholly owned by PPHP-MO Holdco, LLC, which is partially owned by MissouriISNP, LLC and Rifkin PPHP-MO Holdings, LLC. After the 2023 reorganization (noted previously in the Company History section), MissouriISNP, LLC's ownership decreased from 80% to 40% and Rifkin PPHP-MO Holdings, LLC's ownership increased from 20% to 60%.

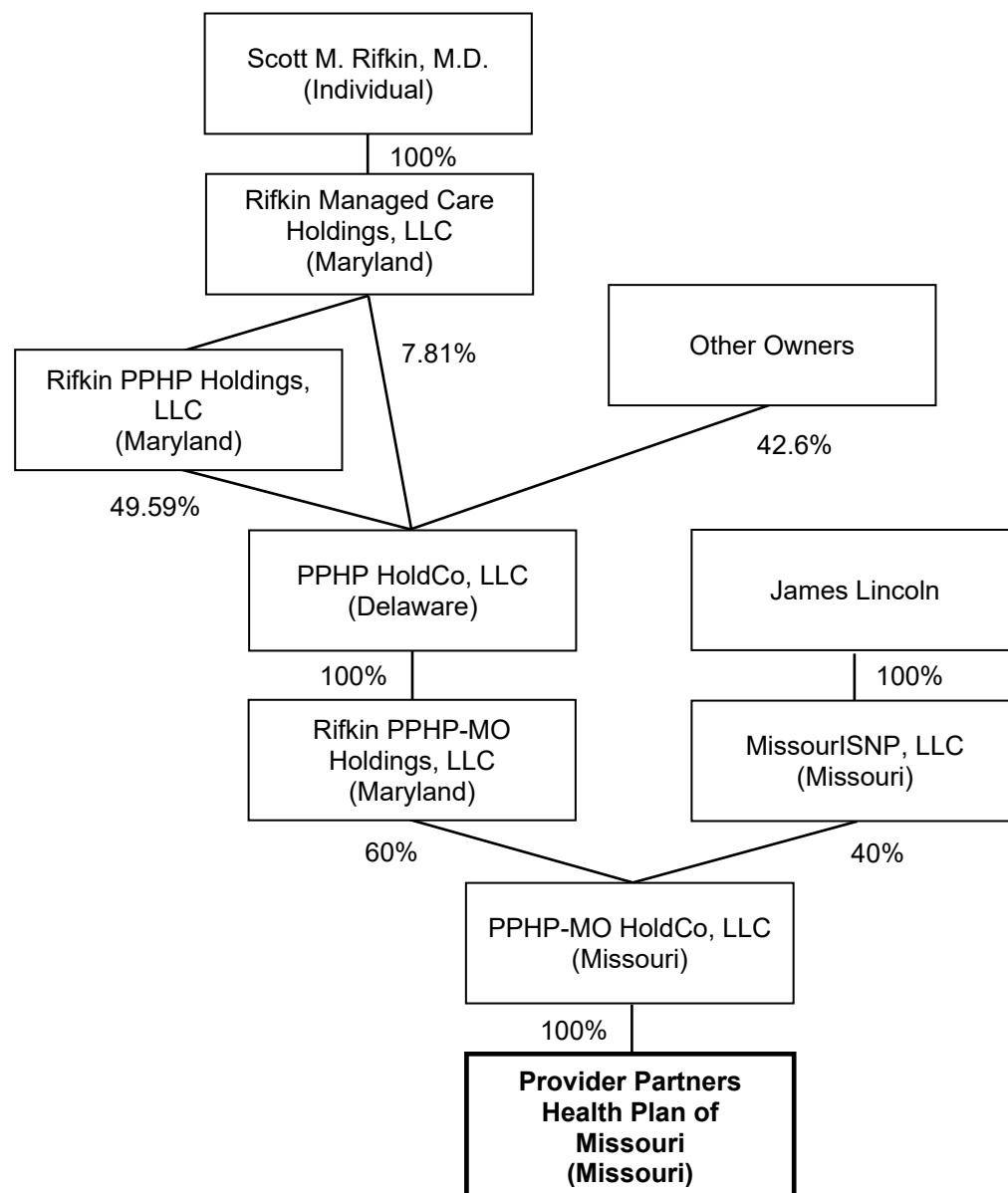
MissouriISNP, LLC is owned by Mr. James C. Lincoln, owner of the nursing homes where

PPHPMO is contracted to provide services. Rifkin PPHP-MO Holdings, LLC is owned by Dr. Scott Rifkin, owner of Provider Partners Health Plan, Inc. (PPHP), and all domestic insurers (HMOs) within the PPHP Group.

Mr. Lincoln and Dr. Rifkin are considered the ultimate controlling persons (UCP) of PPHPMO. They both maintain ownership of greater than 10%, they both can appoint Directors, and there are contracts between other entities owned by Mr. Lincoln and Dr. Rifkin and the Company.

Organizational Chart

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2023. The complete organization chart contains various insurance and non-insurance subsidiaries that are too numerous to include in the report. Therefore, only the direct and indirect owners of PPHPMO are included.



Intercompany Transactions

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2023. A brief description of these agreements are as follows:

Management Service Agreement: This agreement, effective February 13, 2019, is between PPHPMO and Provider Partners Management Services, LLC (PPMS). Per the agreement, PPMS provides to PPHPMO certain management, administrative, or business services that are necessary and appropriate for the administration of the non-medical aspects of the business. Dr. Rifkin (UCP) maintains a majority ownership in PPMS.

Services Agreement: This agreement, effective August 3, 2020, is between PPHPMO and Provider Partners Care Management, LP (PPCM). Per the agreement, PPCM provides to PPHPMO case management and clinical services to assist in the planning, managing, and coordination of care to its members. Dr. Rifkin (UCP) maintains a majority ownership in PPCM.

Participating Skilled Nursing Facility Agreement: This agreement, effective January 1, 2020, is between PPHPMO, Health Systems, Inc. (HSI), and the skilled nursing facilities that are owned or operated by HSI. Per the agreement, each facility will act as participating providers in PPHPMO's Medicare Advantage ISNP benefit plans. Mr. Lincoln (UCP) is the President of and holds an ownership interest in HSI.

TERRITORY AND PLAN OF OPERATION

PPHPMO is licensed to offer Medicare Advantage Institutional Special Needs Plan (ISNP) products and began writing business in January 2021. The Company partners with skilled nursing facilities and enrolls patients in the plan. PPHPMO then makes capitated payments to the skilled nursing facilities as long as its patients are enrolled in the plan.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The Company was licensed in 2019 and began writing business in 2021. Net premiums earned increased by approximately 31.2% in 2022, but net premiums earned in 2023 decreased to 2021 levels. This was the result of the Company entering into a quota share agreement effective January 1, 2023. The quota share agreement positively impacted underwriting and profitability results. Assets and surplus increased consistently with the Company's business growth.

The table below summarizes the growth of the Company 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
2019	\$ 1,921	\$ -	\$ (924)	\$ (914)	\$ 1,886	N/A
2020	1,742	-	(1,709)	(1,712)	1,009	N/A
2021	7,773	24,725	(469)	(465)	2,136	1,157.5%
2022	12,191	32,436	(123)	(115)	3,808	851.8%
2023	34,265	23,379	876	968	5,537	422.2%

The Company's total hospital and medical benefits increased as total revenues increased. The quota share agreement in 2023 had a positive impact on total hospital and medical benefits. 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
2019	\$ -	\$ -	-
2020	-	-	-
2021	24,725	15,954	64.5%
2022	32,436	21,405	66.0%
2023	23,379	11,935	51.1%

REINSURANCE

General

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

(\$000s omitted)

Premium Type	2019	2020	2021	2022	2023
Direct Premiums Written	\$ -	\$ -	\$ 24,798	\$ 32,512	\$ 43,461
Reinsurance Assumed:	-	-	-	-	-
Reinsurance Ceded:					
Non-Affiliates	-	-	72	76	20,081
Net Premiums Written	\$ -	\$ -	\$ 24,725	\$ 32,436	\$ 23,379

Assumed Reinsurance

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

Ceded Reinsurance

Effective January 1, 2023, PPHPMO entered a quota share agreement with Canada Life Assurance Company (Canada Life) to cede 60% of the morbidity risk on Medicare Advantage policies. PPHPMO cedes premiums and claims to Canada Life, and Canada Life pays an expense allowance to cover anticipated allocable renewal expenses on the portion of the business reinsured. Reinsurance profits, after a risk charge, are returned to PPHPMO through an experience refund. Reinsurance losses are recorded in a loss-carryforward which can be recovered from future reinsurance profit from the reinsured policies.

PPHPMO has also maintained stop loss coverage through PartnerRe America Insurance Company (PartnerRe) since 2021. The reinsurance agreement is renewed annually on January 1st. Under the terms of the 2023 agreement, covered expenses in excess of \$225,000 are reimbursed at 90% if reported to the reinsurer by January 1, 2025, and are reimbursed at 50% if reported to the reinsurer after January 1, 2025. Claims reported to the reinsurer after July 1, 2025, will not be reimbursed.

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 CliftonLarsonAllen LLP, located in Baltimore, Maryland, performed the statutory audit of the Company for the years 2021, 2022, and 2023. The Company was exempt from the requirement to file annual audited financial statements in 2019 and 2020. 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 Hayley Rogers, FSA, MAAA, for the years 2021, 2022, and 2023. Hayley Rogers is employed by Milliman, Inc. located in Seattle, Washington. The Company was exempt from the requirement to file an annual actuarial opinion in 2019 and 2020 as it did not write any business during that time.

Actuary

Department Actuary William Leung, FSA, MAAA, reviewed the underlying actuarial assumptions and methodologies used by PPHPMO to determine the adequacy of reserves and other actuarial items. Mr. Leung 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, 2023.

Information Systems

Kimberly Dobbs, CFE, AES, CISA, Information Systems Examiner-in-Charge for 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 Provider Partners Health Plan of Missouri, Inc. for the period ending December 31, 2023. 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, 2023

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 706,353	\$ -	\$ 706,353
Cash, Cash Equivalents, and Short-Term Investments	2,694,604	-	2,694,604
Investment Income Due and Accrued	1,422	-	1,422
Premiums and Considerations:			
Uncollected Premiums and Agents' Balances in the Course of Collection	4,342	1,826	2,516
Accrued Retrospective Premiums	1,563,553	-	1,563,553
Reinsurance:			
Amounts Recoverable from Reinsurers	21,818,675	-	21,818,675
Amounts Receivable Relating to Uninsured Plans	7,023,860	-	7,023,860
Net Deferred Tax Asset	474,277	333,027	141,250
Health Care and Other Amounts Receivable	313,157	-	313,157
TOTAL ASSETS	\$ 34,600,243	\$ 334,853	\$ 34,265,390

LIABILITIES, CAPITAL AND SURPLUS

As of December 31, 2023

Claims Unpaid	\$ 1,810,178
Accrued Medical Incentive Pool and Bonus Amounts	631,462
Unpaid Claims Adjustment Expenses	62,626
General Expenses Due or Accrued	100,396
Ceded Reinsurance Premiums Payable	24,563,388
Amounts Due to Parent, Subsidiaries, and Affiliates	1,087,799
Liability for Amounts Held Under Uninsured Plans	472,866
TOTAL LIABILITIES	\$ 28,728,715
Gross Paid-In and Contributed Surplus	7,635,059
Unassigned Funds (Surplus)	(2,098,385)
TOTAL CAPITAL AND SURPLUS	\$ 5,536,675
TOTAL LIABILITIES AND SURPLUS	\$ 34,265,390

STATEMENT OF REVENUE AND EXPENSES

For the Year Ended December 31, 2023

Net Premium Income	\$ 23,379,280
Total Revenues	\$ 23,379,280
Hospital/Medical Benefits	24,617,817
Emergency Room and Out-of-Area	256,567
Prescription Drugs	2,944,685
Incentive Pool, Withhold Adjustments, and Bonus Amounts	2,018,325
Net Reinsurance Recoveries	17,902,437
Claims Adjustment Expenses	6,871,197
General Administrative Expenses	3,696,787
Total Underwriting Deductions	\$ 22,502,941
Net Underwriting Gain (Loss)	\$ 876,339
Net Investment Income Earned	91,246
Net Investment Gain (Loss)	\$ 91,246
NET INCOME (LOSS)	\$ 967,585

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from January 1, 2019, to December 31, 2023

	2019	2020	2021	2022	2023
Capital and Surplus, Beginning of Year	\$ -	\$ 1,886,003	\$ 1,009,108	\$ 2,135,813	\$ 3,807,972
Net Income (Loss)	(913,997)	(1,711,955)	(464,681)	(114,762)	967,585
Change in Net Deferred Income Tax	191,939	359,498	97,584	29,501	(204,244)
Change in Nonadmitted Assets	(191,939)	(359,498)	(506,198)	(242,580)	965,362
Surplus Adjustments: Paid In	2,800,000	835,060	2,000,000	2,000,000	-
Net Change in Capital and Surplus	\$ 1,886,003	\$ (876,895)	\$ 1,126,705	\$ 1,672,159	\$ 1,728,703
Capital and Surplus, End of Year	\$ 1,886,003	\$ 1,009,108	\$ 2,135,813	\$ 3,807,972	\$ 5,536,675

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

The Company returned \$2,000,000 of capital to its parent company, PPHP-MO Holdco, LLC, on June 25, 2024. The Department approved the extraordinary distribution on May 23, 2024. There were no other significant subsequent events from December 31, 2023, through the date of this report.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Provider Partners Health Plan of Missouri, Inc. during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Alicia Galm, CFE, and Adrienne Lewis, CFE, examiners for the Missouri Department of Commerce and Insurance, also participated in this examination.

VERIFICATION

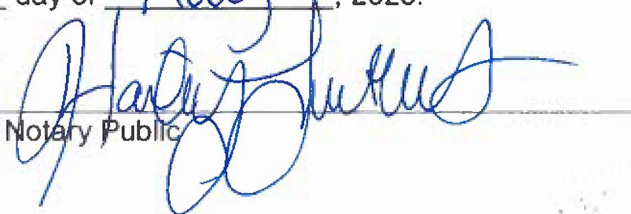
State of Missouri)
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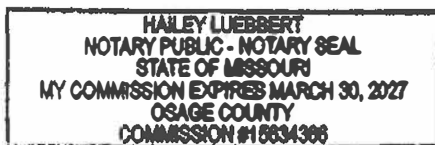
I, Marc Peterson, CFE, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of Provider Partners Health Plan of Missouri, Inc., its agents or other persons examined, 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.



Marc Peterson, CFE
 Examiner-In-Charge
 Missouri Department of Commerce and
 Insurance

Sworn to and subscribed before me this 28th day of May, 2025.

My commission expires: March 30, 2027 
 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.



Sara McNeely, CFE
Assistant Chief Financial Examiner
Missouri Department of Commerce and
Insurance