

STATE OF MISSOURI



DEPARTMENT OF COMMERCE & INSURANCE

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

ORDER

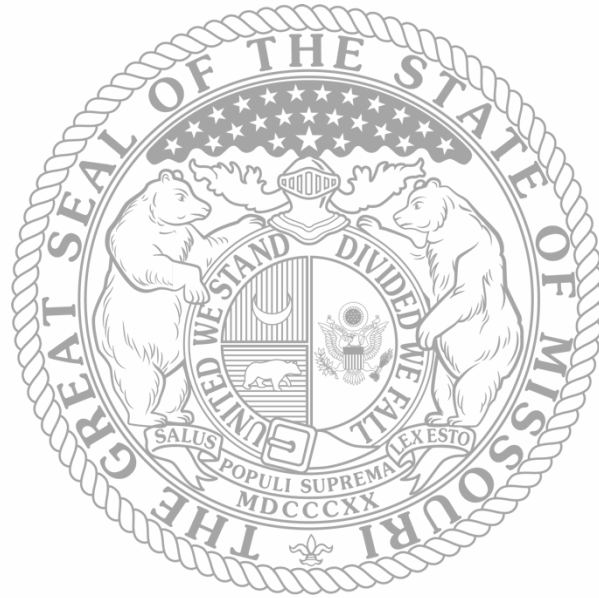
After full consideration and review of the report of the financial examination of Medica Central Health Plan for the period ended December 31, 2022, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Director of the Missouri Department of Commerce and Insurance pursuant to section 374.205.3(3)(a), RSMo, adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant finding, company history, management and control, territory and plan of operation, growth of company and loss experience, reinsurance, accounts and records, financial statements, comments on financial statement items, financial statement changes resulting from examination, and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Medica Central Health Plan as of December 31, 2022, be and is hereby ADOPTED as filed and for Medica Central 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 29th day of May, 2024.



Chlora Lindley-Myers
Chlora Lindley-Myers, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

MEDICA CENTRAL HEALTH PLAN

AS OF
DECEMBER 31, 2022

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 AND OTHER PRINCIPAL MANAGEMENT.....	3
PRINCIPAL COMMITTEES	3
CORPORATE RECORDS.....	4
HOLDING COMPANY, SUBSIDIARIES, AND AFFILIATES.....	4
ORGANIZATIONAL CHART	4
INTERCOMPANY TRANSACTIONS	4
TERRITORY AND PLAN OF OPERATION	5
GROWTH OF COMPANY AND LOSS EXPERIENCE	5
REINSURANCE	6
ACCOUNTS AND RECORDS	6
INDEPENDENT AUDITOR	6
ACTUARIAL OPINION.....	6
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
April 3, 2024

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

Director Lindley-Myers:

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

Medica Central Health Plan (NAIC #16474)

hereinafter referred to as such, as MCTHP, or as the Company. Its administrative office is located at 1277 Deming Way, Madison, Wisconsin 53717, telephone number (608) 836-1400. The fieldwork for this examination began on January 16, 2024, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a multiple-state financial examination of Medica Central Health Plan. The current examination covers the period from December 6, 2018, the date the Company was first authorized to conduct business as a health maintenance organization, through December 31, 2022, as well as a review of any material transactions and events occurring subsequent to the examination period through the date of this report. This is the first examination of the Company.

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 MCTHP included Investments, Premiums and Underwriting, Reserving and Claims Handling, and Related Party. 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 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 incorporated on June 5, 2018, as SSM Health Plan, a Missouri nonprofit corporation. The Company was issued a certificate of authority as Health Maintenance Organization under Section 354.400-354.636, RSMo (Health Maintenance Organizations) on December 6, 2018. The Company began issuing health insurance contracts starting January 2021.

Effective August 1, 2023, the Articles of Incorporation were amended to change the name of the corporation to Medica Central Health Plan. A new certificate of authority was issued to Medica Central Health Plan on August 1, 2023.

Mergers, Acquisitions, and Major Corporate Events

On November 29, 2021, the Missouri Department of Commerce and Insurance approved the acquisition of the Company, known at the time as SSM Health Plan, by Medica Holding Company, a Minnesota nonprofit corporation. Medica Holding Company acquired a 55% controlling interest effective December 1, 2021.

Dividends and Capital Contributions

There were no dividends paid during the examination period. The Company received capital contributions during the examination period as follows:

Year	Amount
2018	\$ 6,631,200
2019	1,000,000
2020	12,800,000
2021	7,500,000
2022	5,000,000
Total	\$ 32,931,200

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 appointed by the sole member of the Company. The Company's Bylaws specify that there shall be nine Board members. The Board of Directors appointed and serving as of December 31, 2022, were as follows:

Name and Address

David S. Docherty
Minnetonka, Minnesota

John W. Naylor
Minnetonka, Minnesota

David H. Ellenbogen
Minnetonka, Minnesota

Randall J. Combs
St. Louis, Missouri

Matthew N. Kinsella
St Louis, Missouri

Karen D. Rewerts
St. Louis, Missouri

Mary P. Quist
Minnetonka, Minnesota

David S. Webster, M.D.
Minnetonka, Minnesota

Timothy A. Johnson, M.D.
St. Louis, Minnesota

Principal Occupation and Business Affiliation

Dean Health Plan President and Market Leader
Medica Services Company, LLC

President and Chief Executive Officer
Medica Services Company, LLC

Senior Vice President and General Counsel
Medica Services Company, LLC

Chief Financial Officer
SSM Health, Inc.

Vice President Finance
SSM Health, Inc.

System Vice President – Financial Operations
SSM Health, Inc.

Senior Vice President – Finance
Medica Services Company, LLC

Chief Clinical and Provider Strategy Officer
Medica Services Company, LLC

Physician, Healthcare Administration
SSM Health, Inc.

Senior Officers and Other Principal Management

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

Name

David S. Docherty
Randy J. Ruplinger
Dean A. Sutton
Kevin J. Eichhorn
Kathy A. Killian
Robert W. Geyer
Melissa M. Pollari
Michael A. Weber
Loretta A. Lorenzen
Paul A. Hammond
Brant W. Sonzogni

Office

President
Treasurer and Chief Financial Officer
Vice President and Deputy General Counsel
Chief Medical Officer
Vice President – Operations
Chief Operating Officer
Vice President – Health Services Operations
Vice President – Sales, Client, and Health Promotion Services
Vice President – Network Management and Contracting
Senior Director, Actuarial Services
Vice President – Strategy and Business Development

Principal Committees

The Company does not have any committees but relies on information and strategic guidance provided by the Board of Director Committees of Medica Holding Company including the following committees: Audit, Governance, Consumer Experience, Medical, Personnel and Compensation, and Finance. The Company's Bylaws allow for the Audit Committee of the Board of Directors of Medica Holding Company to serve as the Audit Committee of the Company.

Corporate Records

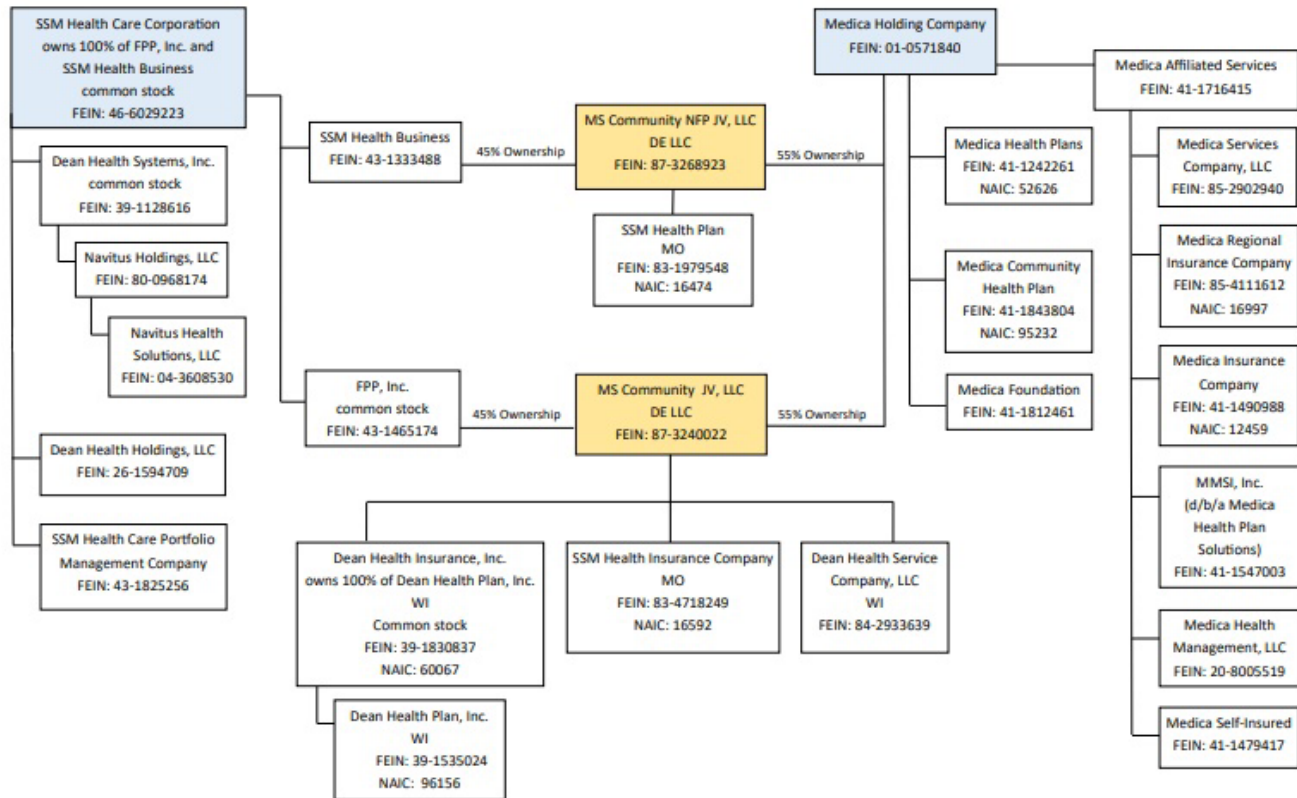
The Company's Articles of Incorporation and Bylaws were reviewed. The Bylaws were revised to change the number of directors of the corporation. The meeting minutes of the Board and the Board Audit Committee were reviewed for the period under examination.

Holding Company, Subsidiaries, and Affiliates

MCTHP is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). The Company is wholly owned by MS Community NFP JV, LLC. MS Community NFP JV, LLC is owned 55% by Medica Holding Company (Medica) and 45% by SSM Health Business, which is owned by SSM Health Care Corporation (SSM HCC). Medica and SSM HCC are organized as nonprofit corporations.

Organizational Chart

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2022, as disclosed by the Company in the 2022 annual statement. The Company's name was SSM Health Plan at that time.



Intercompany Transactions

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

Administrative Service Agreement (Medica Services Company, LLC or MSC): MCTHP is a party to an agreement with MSC. Under the terms of the agreement, MSC provides certain

administrative services to the Company through the use of Statements of Work (SOWs). The effective date of this agreement is December 1, 2021.

Administrative Service Agreement (SSM HCC): MCTHP is a party to an agreement with SSM HCC. Under the terms of the agreement, SSM HCC provides certain administrative services to the Company through the use of SOWs. The effective date of this agreement is December 1, 2021.

Medicare Advantage/Part D Pharmacy Benefit Management Services Agreement: MCTHP is a party to an agreement with Navitus Health Solutions LLC (Navitus) whereas Navitus provides pharmacy benefit management services for the Company's Medicare Advantage Prescription Drug (MAPD) plan. The effective date of this agreement is October 1, 2020.

Pharmacy Management Service Agreement: MCTHP is a party to an agreement with Navitus whereas Navitus provides pharmacy benefit management services for the Company's prescription drug plans except for MAPD plan. The effective date of this agreement is January 1, 2020.

Capitation Service Agreement: MCTHP is a party to a capitation service agreement with SSM HCC and Medica Health Management, LLC (MHM). Under the terms of the agreement, MCTHP transfers the actuarial risk of the costs to provide health care services to SSM HCC and MHM through the allocation of premiums to funds from which claims shall be paid. Any deficit or surplus in these funds are the responsibility of SSM HCC and MHM. The effective date of this agreement is December 1, 2021.

Shared Services Agreement: MCTHP is a party to an agreement with Dean Health Services Company, LLC (DHSC). Under the terms of the agreement, DHSC provides certain administrative services to the Company as outlined in the agreement. The effective date of this agreement is December 1, 2021.

TERRITORY AND PLAN OF OPERATION

MCTHP is licensed in the State of Missouri under Chapter 354, RSMo. (Health Service Corporations, Health Maintenance Organizations (HMOs), Prepaid Dental Plans, etc.) as a health maintenance organization. The Company is also licensed in Illinois and Oklahoma. The Company's service area is concentrated in the St. Louis metropolitan area in Missouri and Illinois.

The Company offers Medicare Advantage Prescription Drug coverage (MAPD program) under a contract with Center for Medicare and Medicaid Services (CMS) in Missouri and Illinois and coverage through the Missouri individual marketplace on- and off-exchange in Illinois. The Company's products are offered under the WellFirst Health plan brand.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The Company incurred startup costs resulting in a reported net loss for years 2018 through 2020. After commencing business in 2021, the Company continued to report a net loss, but growth in premium earned and a decrease in administrative expenses for 2022 resulted in improved performance.

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
2018	\$ 6,634	\$ 0	\$ (242)	\$ (239)	\$ 6,392	0.0
2019	4,200	0	(3,305)	(3,222)	4,170	0.0
2020	6,908	0	(11,679)	(11,664)	5,306	0.0
2021	8,647	9,176	(6,589)	(6,629)	6,139	1.5
2022	9,724	13,180	(4,370)	(4,318)	6,659	2.0

The Company's capitates all risk, except Medicare Part D, to its provider owned risk pools through a capitation service agreement that fixes the medical loss ratio on the covered business.

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
2021	\$ 9,176	\$ 7,517	82%
2022	13,180	10,626	81%

REINSURANCE

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

ACCOUNTS AND RECORDS

Independent Auditor

The certified public accounting (CPA) firm, RSM US LLP, in Minneapolis, Minnesota, performed the statutory audit of the Company for 2022. The CPA firm, Deloitte and Touche LLP, in Minneapolis, Minnesota, performed the statutory audit of the Company for 2021. Reliance was placed upon the CPA workpapers as deemed appropriate.

For years 2018, 2019, and 2020, the Department approved an exemption for Company from filing an audited financial report.

Actuarial Opinion

The Company's actuarial opinion regarding reserves and other actuarial items was issued by Mathew Capps, FSA, MAAA, CERA, for 2021 and 2022. Mr. Capps is employed by Dean Health Service Company, LLC in Madison, Wisconsin.

For years 2018, 2019, and 2020, the Department approved an exemption for Company from filing an actuarial opinion.

Information Systems

In conjunction with this examination, Alicia Galm, CFE, Information Systems Financial Examiner, and Kimberly Dobbs, CFE, AES, CISA, Information Systems Financial 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 Medica Central Health Plan for the period ending December 31, 2022. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the financial statements and should be considered an integral part of the financial statements. The failure of any column of numbers to add to its respective total is due to rounding or truncation.

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

ASSETS

As of December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Cash, Cash Equivalents, and Short-Term Investments	\$ 9,363,776	\$ 0	\$ 9,363,776
Investment Income Due and Accrued Premiums and Considerations:	71,250	0	71,250
Uncollected Premiums and Agents' Balances in the Course of Collection	152,938	0	152,938
Accrued Retrospective Premiums	60,750	0	60,750
Amounts Receivable Relating to Uninsured Plans	75,405	0	75,405
Receivables from Parent, Subsidiaries, and Affiliates	206	0	206
Health Care and Other Amounts Receivable	200,348	200,348	0
TOTAL ASSETS	\$ 9,924,673	\$ 200,348	\$ 9,724,325

LIABILITIES, CAPITAL AND SURPLUS

As of December 31, 2022

Claims Unpaid	\$ 432,150
Aggregate Health Policy Reserves	1,796,808
Premiums Received in Advance	87,124
General Expenses Due or Accrued	59,827
Remittances and Items Not Allocated	11,280
Amounts Due to Parent, Subsidiaries, and Affiliates	678,290
Aggregate Write-Ins for Other Liabilities	236
TOTAL LIABILITIES	\$ 3,065,715
Gross Paid-In and Contributed Surplus	32,931,200
Unassigned Funds (Surplus)	(26,272,590)
TOTAL CAPITAL AND SURPLUS	\$ 6,658,610
TOTAL LIABILITIES AND SURPLUS	\$ 9,724,325

STATEMENT OF REVENUE AND EXPENSES

For the Year Ended December 31, 2022

Net Premium Income	\$ 13,179,565
Total Revenue	\$ 13,179,565
Hospital/Medical Benefits	6,927,945
Other Professional Services	254,589
Outside Referrals	501,167
Emergency Room and Out-of-Area	1,492,605
Prescription Drugs	1,449,697
Claims Adjustment Expenses	1,315,163
General Administrative Expenses	5,608,841
Total Underwriting Deductions	\$ 17,550,007
Net Underwriting Gain (Loss)	\$ (4,370,442)
Net Investment Income Earned	44,173
Net Investment Gain (Loss)	\$ 44,173
Net Gain (Loss) from Agents' or Premium Balances Charged Off	(721)
Aggregate Write-Ins for Other Income or Expenses	9,271
Net Income (Loss) After Capital Gains Tax and Before All Other Federal Income Taxes	\$ (4,317,719)
Federal and Foreign Income Taxes Incurred	0
NET INCOME (LOSS)	\$ (4,317,719)

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from January 1, 2018 to December 31, 2022

(\$000's omitted)

	2018	2019	2020	2021	2022
Capital and Surplus, Beginning of Year	\$ 0	\$ 6,392	\$ 4,170	\$ 5,306	\$ 6,139
Net Income (Loss)	(239)	(3,222)	(11,664)	(6,629)	(4,318)
Change in Nonadmitted Assets	0	0	0	(38)	(163)
Capital Changes: Paid In	6,631	1,000	12,800	7,500	5,000
Net Change in Capital and Surplus	6,392	(2,222)	1,136	834	520
Capital and Surplus, End of Year	\$ 6,392	\$ 4,170	\$ 5,306	\$ 6,139	\$ 6,659

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

Effective August 1, 2023, the name of the Company was changed to Medica Central Health Plan. The Company's Articles were amended and the Bylaws were amended and restated to reflect the name change.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Medica Central Health Plan during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Rebecca Edwards, APIR, examiner for the Missouri Department of Commerce and Insurance, also participated in this examination.

VERIFICATION

State of Missouri)
) ss
County of Cole)

I, Brian D. Hammann, CPA, 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 Medica Central Health Plan, 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.

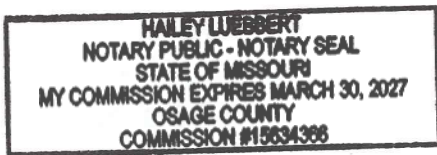
Brian D. Hammann

Brian D. Hammann, CPA, CFE
Examiner-In-Charge
Missouri Department of Commerce and Insurance

Sworn to and subscribed before me this 13th day of May, 2024.

My commission expires: March 30, 2027
Hailey Luebbert

Notary Public



SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the *Financial Condition Examiners Handbook* has been confirmed, except where practices, procedures, and applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri prevailed.

Michael R. Shadowens

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