

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, 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.

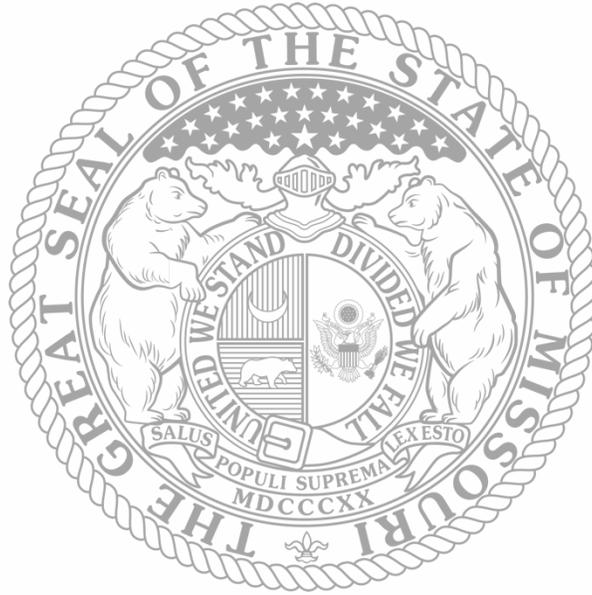
Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Medica Central Health Plan as of December 31, 2023, be and is hereby ADOPTED as filed and for Medica Central Health Plan to take the following action or actions, which I consider necessary to cure any 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 14th day of April, 2025.



A handwritten signature in blue ink that reads "Angela L. Nelson".

Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

MEDICA CENTRAL HEALTH PLAN

AS OF
DECEMBER 31, 2023

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Jefferson City, MO
January 31, 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

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, WI 53717, telephone number (608) 836-1400. The fieldwork for this examination began on June 18, 2024, 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 Medica Central Health Plan. The last examination of the Company by the Department covered the period of December 6, 2018, through December 31, 2022. The current examination covers the period of January 1, 2023, 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. Those activities considered in the examination as key to MCTHP included Investments, Related Party, Reinsurance, Reserves and Claims Handling; Capital and Surplus, and Underwriting and Premium. 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 Medica Insurance Group, which consists of eight insurance companies domiciled in various states. The Minnesota Department of Commerce is the lead state regulator for the group. Along with Missouri, Wisconsin and Nebraska participated in the coordinated examination. The examination was also conducted concurrently with the examinations of the Company's Missouri-domiciled affiliate, Medica Central Insurance Company.

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 a 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

There were no mergers, acquisitions or major corporate events during the current examination period.

Dividends and Capital Contributions

There were no dividends paid or capital contributions received during the examination period.

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, 2023, were as follows:

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
Matthew N. Kinsella St. Louis, Missouri	Chief Financial Officer SSM Health, Inc.
Timothy A. Johnson, MD St. Louis, Missouri	Physician, Healthcare Administration SSM Health, Inc.
Randall J. Combs St. Louis, Missouri	Chief Financial Officer SSM Health, Inc.
Karen D. Rewerts St. Louis, Missouri	System Vice President – Financial Operations SSM Health, Inc.
David H. Ellenbogen Minnetonka, Minnesota	Senior Vice President and General Counsel Medica Services Company, LLC
David S. Docherty Minnetonka, Minnesota	Dean Health Plan President and Market Leader Medica Services Company, LLC
David S. Webster, MD Minnetonka, Minnesota	Chief Clinical and Provider Strategy Officer Medica Services Company, LLC
Elizabeth F. Erickson Minnetonka, Minnesota	Chief Executive Officer Medica Services Company, LLC
Mary P. Quist Minnetonka, Minnesota	Senior Vice President – Finance Medica Services Company, LLC

Senior Officers

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

<u>Name</u>	<u>Office</u>
David S. Docherty	President, MCTIC
Dean A. Sutton	Secretary, MCTIC
Elizabeth F. Erickson	Chief Executive Officer, Medica

Principal Committees

The Company does not have any committees and 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

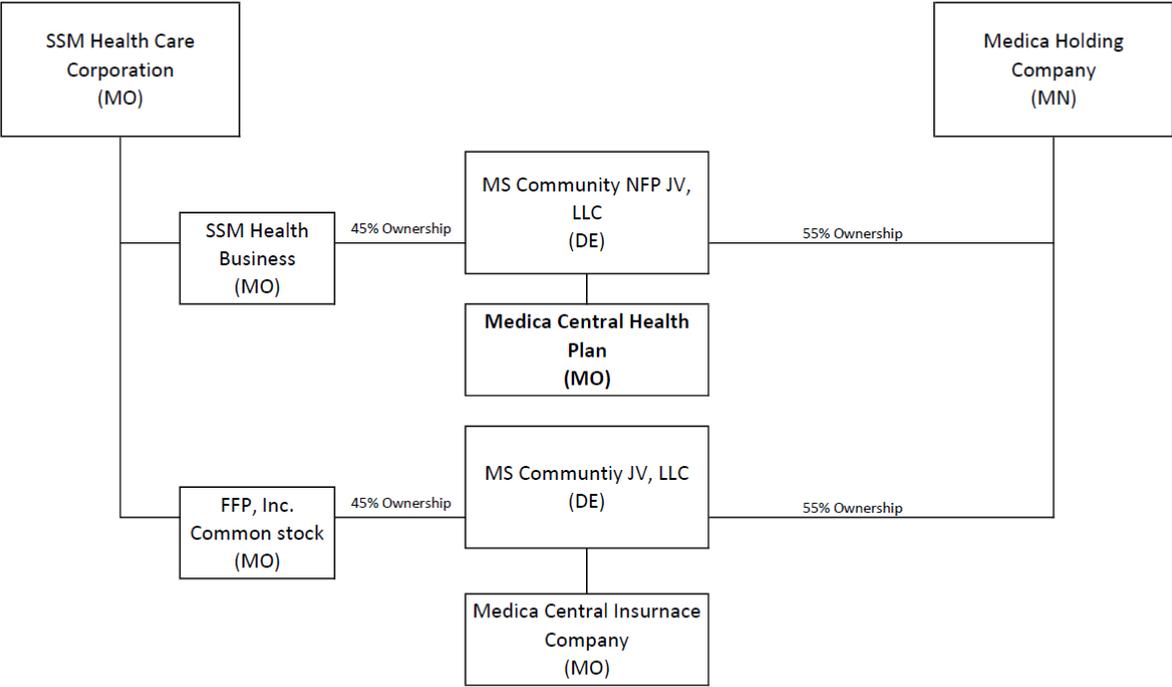
The Company's Articles of Incorporation (Articles) and Bylaws were reviewed. In 2023, the Articles and Bylaws were amended to change the name of the Company. The minutes of the Board and the Board Audit Committee meetings were reviewed for the period under examination.

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 wholly 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, 2023.



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:

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) under which 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 under which 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 underwriting 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 deficits or surplus in these funds is 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 Service 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

After experiencing losses for the first two years of writing business, the Company reported underwriting gain and net income for 2023.

The table below summarizes the Company's growth since it started writing business in 2021:

(\$000s omitted)

Year	Total Assets	Net Premiums Earned	Underwriting Gain (Loss)	Net Income (Loss)	Capital and Surplus	Ratio of Net Premiums to Surplus
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
2023	8,973	13,375	276	512	6,920	1.9

The Company 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 since it started writing business in 2021:

(\$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%
2023	13,375	11,408	85%

REINSURANCE

The Company did not assume or cede any premium for the period under examination.

ACCOUNTS AND RECORDS

Independent Auditor

The certified public accounting (CPA) firm, RSM US LLP, in Minneapolis, MN, performed the statutory audit of the Company for 2023. 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 Mathew Capps, FSA, MAAA, CERA, for the examination period. Mr. Capps is employed by Medica Services Company, LCC in Madison, WI.

Consulting Actuary

Pursuant to a contract with the Minnesota Department of Commerce, Peggy Hermann, FSA, MAAA of The INS Companies, reviewed the underlying actuarial assumptions and methodologies used by MCTHP to determine the adequacy of reserves and other actuarial items. Ms. Hermann 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

Pursuant to a contract with the Minnesota Department of Commerce, Lisa Bringman and Dave Gordon, CISA, CIA, CFE (Fraud), CDFE, MBA, of The INS Companies, conducted a review of the Company's information systems. Kimberly Dobbs, CFE, AES, CISA, Information Systems Financial Examiner-in-Charge with the Department, reviewed the work performed by ER.

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, 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
Cash, Cash Equivalents, and Short-Term Investments	\$ 8,412,227	\$ 0	\$ 8,412,227
Investment Income Due and Accrued Premiums and Considerations:	72,787	60,837	11,950
Uncollected Premiums and Agents' Balances in the Course of Collection	122,430	0	122,430
Accrued Retrospective Premiums	52,411	0	52,411
Amounts Receivable Relating to Uninsured Plans	315,730	0	315,730
Receivables from Parent, Subsidiaries, and Affiliates	58,390	0	58,390
Health Care and Other Amounts Receivable	390,181	390,181	0
TOTAL ASSETS	\$ 9,424,156	\$ 451,018	\$ 8,973,138

LIABILITIES, CAPITAL AND SURPLUS

As of December 31, 2023

Claims Unpaid	\$ 354,103
Aggregate Health Policy Reserves	1,448,463
Premiums Received in Advance	1,746
General Expenses Due or Accrued	44,564
Remittances and Items Not Allocated	12,047
Amounts Due to Parent, Subsidiaries, and Affiliates	130,168
Liability for Amounts Held Under Uninsured Plans	61,613
Aggregate Write-Ins for Other Liabilities	399
TOTAL LIABILITIES	\$ 2,053,103
Gross Paid-In and Contributed Surplus	32,931,200
Unassigned Funds (Surplus)	(26,011,165)
TOTAL CAPITAL AND SURPLUS	\$ 6,920,035
TOTAL LIABILITIES AND SURPLUS	\$ 8,973,138

STATEMENT OF REVENUE AND EXPENSES

For the Year Ended December 31, 2023

Net Premium Income	\$ 13,374,747
Total Revenue	\$ 13,374,747
Hospital/Medical Benefits	8,151,689
Other Professional Services	283,559
Outside Referrals	538,882
Emergency Room and Out-of-Area	1,013,579
Prescription Drugs	1,420,721
Claims Adjustment Expenses	207,564
General Administrative Expenses	1,482,860
Total Underwriting Deductions	\$ 13,098,854
Net Underwriting Gain (Loss)	\$ 275,893
Net Investment Income Earned	250,280
Net Investment Gain (Loss)	\$ 250,280
Net Gain (Loss) from Agents' or Premium Balances Charged Off	(14,078)
Net Income (Loss) After Capital Gains Tax and Before All Other Federal Income Taxes	\$ 512,095
Federal and Foreign Income Taxes Incurred	0
NET INCOME (LOSS)	\$ 512,095

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from January 1, 2023 to December 31, 2023

(\$000's omitted)

	2023
Capital and Surplus, Beginning of Year	\$ 6,659
Net Income (Loss)	512
Change in Nonadmitted Assets	(251)
Net Change in Capital and Surplus	261
Capital and Surplus, End of Year	\$ 6,920

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

Effective January 1, 2024, MCTHP entered into an agreement with affiliated insurer, Medica Insurance Company (MIC), whereby MCTHP cedes to MIC 100% of the Medicare Advantage Part D (pharmacy benefit) and 1% of the Medicare Advantage Part C premiums in DeWitt, Marshall, McLean, Peoria, Stark, Tazewell, and Woodford counties in Illinois.

Effective January 1, 2024, MCTHP entered into an agreement with affiliated insurer, MIC, whereby MCTHP cedes to MIC 100% of the Medicare Advantage premiums and 100% of individual premiums in the Illinois counties surrounding St. Louis, MO.

Effective January 1, 2024, the Capitation Service agreement with SSM HCC was discontinued.

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, Ethan Adrian, 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.

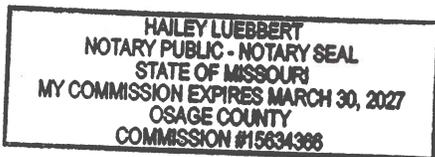
Brian D. Hammann

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

Sworn to and subscribed before me this 26th day of February, 2025.

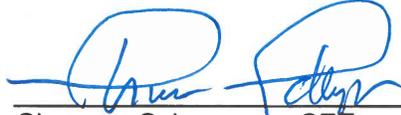
My commission expires: March 30, 2027 *(Hailey Luebbert)*

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.



Shannon Schmoeger, CFE
Chief Financial Examiner
Missouri Department of Commerce and
Insurance