



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

ORDER ADOPTING REPORT OF EXAMINATION

I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of WellCare Health Insurance of Connecticut, Inc. (the "Company") as of December 31, 2022, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions.

TO WIT:

1. I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes ("C.G.S.").
2. The Company is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.
3. On June 7, 2024, the verified Report of the Company was filed with the Connecticut Insurance Department (the "Department").
4. In accordance with C.G.S. §38a-14(e)(3), the Company was afforded a period of thirty (30) days within which to submit to the Department a written submission or rebuttal with respect to any matters contained in the Report.
5. On June 11, 2024, the Company filed a written submission indicating that they were in agreement with all of the recommendations contained in the Report. A copy of the Report is attached hereto and incorporated herein as Exhibit A.

NOW, THEREFORE, it is ordered as follows:

1. That the Report of the Company is hereby adopted as filed with the Department.
2. That the Company shall comply with the recommendations set forth in the Report, and that failure by the Company to so comply shall result in sanctions or administrative action as provided by Title 38a of the C.G.S.
3. Section 38a-14(e)(4)(A) of the CGS requires that:

"The secretary of the Board of Directors or similar governing body of the entity shall provide a copy of the report or summary to each director and shall certify to the Commissioner, in writing, that a copy of the report or summary has been provided to each director."

Please address the certification to the Commissioner but send said certification to the care/attention of Michael Shanahan, Supervising Examiner, of the Financial Regulation Division.

4. Section 38a-14(e)(4)(B) of the CGS requires that:

"Not later than one hundred twenty days after receiving the report or summary the chief executive officer or the chief financial officer of the entity examined shall present the report of summary to the entity's Board of Directors or similar governing body at a regular or special meeting."

This will be verified by the Insurance Department either through analysis or examination follow-up.

Dated at Hartford, Connecticut, this 13th day of June, 2024.



Andrew N. Mais
Insurance Commissioner



Exhibit A

EXAMINATION REPORT

OF

WELLCARE HEALTH INSURANCE OF CONNECTICUT, INC.
(NAIC #16513)

AS OF

DECEMBER 31, 2022

BY THE

CONNECTICUT INSURANCE DEPARTMENT



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WELLCARE HEALTH INSURANCE OF CONNECTICUT, INC.

June 7, 2024

The Honorable Andrew N. Mais
Insurance Commissioner
State of Connecticut Insurance Department
153 Market Street, 6th Floor
Hartford, Connecticut 06103

Dear Commissioner Mais:

In compliance with your instructions and pursuant to the requirements of Section 38a-14 of the Connecticut General Statutes (CGS), the undersigned has made an examination of the conditions and affairs of:

WELLCARE HEALTH INSURANCE OF CONNECTICUT, INC.

(hereinafter referred to as the (Company or WHCCT), a corporation with capital stock, incorporated under the laws of the State of Connecticut and having its statutory home office and main administrative office located at 7700 Forsyth Boulevard, St. Louis, Missouri. The report of such examination is submitted herewith.

SCOPE OF EXAMINATION

The Company incorporated on October 2, 2018 and this is the first examination conducted by the Financial Regulation Division of the Connecticut Insurance Department (Department). The current examination covers the period from incorporation to December 31, 2022.

The current examination was conducted as part of a multi-state examination (the Coordinated Examination) of the Centene Corporation (Centene) holding company, in which the Department served as a participating state and assisted the Texas Department of Insurance (TDI), in the simultaneous examination of eighty-five (85) regulated entities domiciled in thirty-four (34) states, including Connecticut and its regulated entities. The Coordinated Examination not only provided information on each insurer individually but also provided a structure for regulators to understand and evaluate risks of the companies within the holding company as a whole.

As part of the examination planning procedures, the Department reviewed the following materials submitted by the Company from 2018 through 2022:

- statutory audit reports completed by the Company's independent certified public accountant, KPMG, LLP (KPMG);
- Board of Director (Board) and Committee minutes (through the latest 2023 minutes available);
- Management's Discussion and Analysis;
- Statements of Actuarial Opinion;

WELLCARE HEALTH INSURANCE OF CONNECTICUT, INC.

- reports of the Company's internal audit department;
- documentation supporting Section 404 of the Sarbanes Oxley Act (SOX);
- 8-K and 10-K reports filed with the Securities and Exchange Commission (SEC); and
- Annual statements filed with the Department.

A comprehensive review was made of the financial analysis files and documents submitted to the Financial Analysis Unit of the Department and reports from the National Association of Insurance Commissioners (NAIC) database, all of which indicated no material concerns with respect to financial condition or regulatory compliance.

Work papers prepared by the Company's independent certified public accountants KPMG were reviewed and relied upon to the extent deemed appropriate.

Risk & Regulatory Consulting, LLC (RRC) was engaged by the Illinois Department of Insurance to assist in the review of the Company's pricing/underwriting risks for the coordinated examination.

The examination was conducted on a full scope, comprehensive basis in accordance with the procedures outlined in the NAIC Financial Condition Examiners Handbook (the Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest 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.

This examination report includes significant findings of fact and general information about the insurer 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 separately communicated to other regulators and/or the Company.

Failure of items in this report to add to totals, or for totals to agree with captioned amounts is due to rounding.

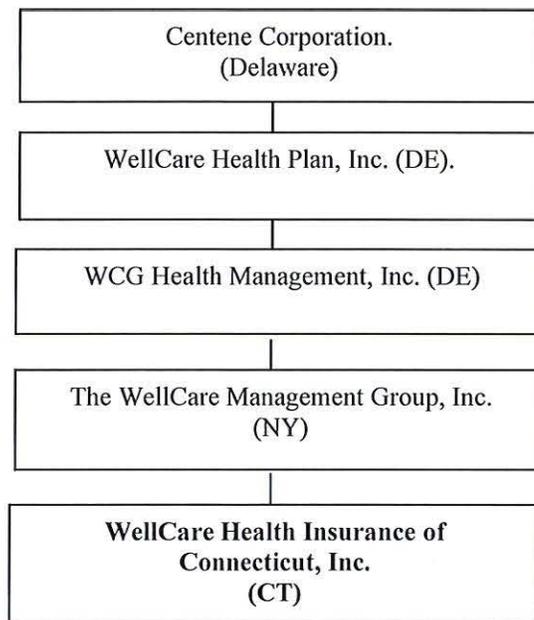
WELLCARE HEALTH INSURANCE OF CONNECTICUT, INC.

HISTORY

The Company is licensed as a domestic life and accident and health insurance company and was incorporated on October 2, 2018. WellCare Health is wholly owned subsidiary of the WellCare Management Group, Inc., which is a wholly owned subsidiary of WCG Health Management, Inc., which in turn is the wholly owned subsidiary of WellCare Health Plans, Inc (WHP) which is in turn a direct, wholly owned subsidiary of Centene. Effective January 23, 2020, via an acquisition, WHP became a wholly owned subsidiary of Centene, a publicly traded managed care service company.

ORGANIZATIONAL CHART

The following is a portion of the Company’s organizational chart as of December 31, 2022:



MANAGEMENT AND CONTROL

According to the bylaws, the annual meeting of the shareholders shall be held annually. Failure to hold the Annual Meeting shall not work a forfeiture or dissolution of the Company nor shall such failure to affect otherwise valid corporate acts. The holders of a majority of the stock issued and outstanding and entitled to vote at a meeting that are represented shall constitute a quorum and shall be requisite for the transaction of business.

The Board must consist of between one and five individuals. The precise number of Directors shall be fixed in accordance with either the certificate of incorporation or the bylaws, and increased or decreased from time to time.

WELLCARE HEALTH INSURANCE OF CONNECTICUT, INC.

Regular meetings of the Board of Directors may be held without notice of the date, time, place or purpose of the meeting. Special Meetings of the Board may be called by the Chair of the Board, the President or the Secretary.

A quorum of the Board shall be a majority of the number of Directors in office immediately before the meeting begins. If a quorum is present when a vote is taken, the affirmative vote of a majority of the Directors present is the act of the Board.

The members of the Board serving the Company on December 31, 2022, were as follows:

<u>Name</u>	<u>Title</u>
Benjamin Mark Craig	President, Medicare Markets at Centene Corporation
Judi Ellen Neveux	Assistant Secretary, Medicare Market Maine at Centene Corporation
Richard St. Patrick Parnell	Vice President & Treasurer, Operations at Centene Corporation

Committees

The Board may create one or more committees and appoint one or more members of the Board to serve on such committee. Each committee shall have one or more members, who shall serve at the pleasure of the Board. The Board shall have the power at any time to fill vacancies in, change the membership of, or discharge any committee.

The Company's Audit Committee as of December 31, 2022, was the Audit Committee of the Board of Directors of Centene Corporation. It consisted of the following members:

<u>Name</u>	<u>Title</u>
Orlando, Ayala	Retired Chairman Emerging Markets, Microsoft Corporation
Jessica L. Blume	Retired Vice Chairman of Deloitte, LLP
Christopher J. Coughlin	Former Executive VP and CFO of Tyco, International, Ltd.
Wayne S. DeVeydt	Executive Chairman of Surgery Partners, Inc.
William L. Trubeck, Chair	Business and Financial Consulting – Retired Financial Executive

Officers

According to the bylaws, the officers of the Company shall be designated and appointed by the Board with such responsibilities and duties as may be designated by the Board. The officers of the Company may consist of one or more Presidents, a Secretary, a Treasurer, and such other officers with such other titles as the Board may determine. Any two or more offices may be held by the same person. The officers shall be elected by the Board or a duly appointed officer. The officers shall be appointed by unanimous written consent of the Board in lieu of Annual Meeting or during the Annual Meeting of the Board and shall hold office until the next Annual Meeting of the Board is held (or until a written consent in lieu thereof is effective) after his or her initial election, and thereafter until his or her successor shall have been duly elected and qualified or until his or her earlier death, resignation, removal, retirement, disqualification, or expiration of term.

WELLCARE HEALTH INSURANCE OF CONNECTICUT, INC.

Officers serving the Company on December 31, 2022, were as follows:

<u>Name</u>	<u>Title</u>
Benjamin M. Craig	President
Traci Lynn Dinkelman	Vice President of Tax
James E. Snyder, III	Treasurer
Janet Robey Alonzo	Secretary and Vice President
Judi Ellen Neveux	Assistant Secretary

RELATED PARTY TRANSACTIONS

Management Services Agreement with Centene Management Company, LLC.

Effective January 1, 2022, the Company has a contract with Centene Management Company, LLC., (CMC) a wholly-owned subsidiary of Centene, to provide certain management, administrative services and claims processing utilization review, payroll services and the majority of the administrative functions for the Company, excluding certain sales and marketing functions and other professional consulting expenses.

CMC also provides accounting, legal and financial services, management of information and computer systems, data processing, administration of benefits, adjudication and processing of claims, customer service, network credentialing services and coordination of communications to members and providers.

Management Services Agreement with Comprehensive Health Management, Inc.

The Company contracted with Comprehensive Health Management, Inc., an affiliate, to manage the day-to-day affairs of the Company. This agreement was replaced by the Management Services Agreement with Centene Management Company LLC effective January 1, 2022, and remained active for run-out purposes only.

Consolidated Federal Tax Allocation Agreement

The Company's federal income tax return is filed on a consolidated basis with its ultimate parent company, Centene. Allocation of federal income taxes with affiliates subject to the tax sharing agreement is based upon separate income tax return calculations with credit for net losses that can be used on a consolidated basis.

Management Services Agreement with National Imaging Associates, Inc.

The Company has a Management Services Agreement with National Imaging Associates, Inc. (Radiology Services). to provide covered radiology services to its members. In January 2023, Centene divested its controlling interest in National Imaging Associates, Inc. and it is no longer an affiliate.

Pharmacy Benefits Agreement with Centene Pharmacy Solutions, Inc.

Centene Pharmacy Solutions provides administrative services in conjunction with Pharmacy Benefits Manager services provided by an unrelated party.

WELLCARE HEALTH INSURANCE OF CONNECTICUT, INC.

Administrative Services Agreement with Envolve PeopleCare, Inc.

The Company had an agreement with Envolve PeopleCare, Inc. effective July 1, 2021 for the provision of nurse advice line and triage services. The agreement terminated effective January 1, 2022.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2022, the Company was licensed only in the state of Connecticut. The Company is a PPO that currently writes Title XVIII Medicare government sponsored insurance programs. The Company offers Medicare Advantage health plans and prescription drug benefits to Medicare beneficiaries through the Medicare Part D Program under a contract with the Centers for Medicare & Medicaid Services.

REINSURANCE

The Company had an excess of loss reinsurance agreement with PartnerRe America Insurance Company, to provide coverage equal to 80% of claims per covered person in excess of \$5,000,000. The Company did not renew this agreement for 2023 and beyond.

INFORMATION TECHNOLOGY CONTROLS

TDI performed a risk-based assessment and review of the Company's Information Technology General Controls (ITGCs) in accordance with NAIC requirements as outlined in the Handbook. The guidance and direction used to perform the review of the Group's ITGCs was derived from Exhibit C Part 1 – Information Technology Planning Questionnaire (ITPQ) and Exhibit C Part 2 – Information Technology Work Program. The Company's responses to the ITPQ were evaluated, and certain controls within the Information Technology control environment were tested to assess whether the selected controls were designed effectively and were functioning properly. Based upon the risk-based assessment and review, the Company's ITGCs were determined to be effective.

ACCOUNTS AND RECORDS

The Company uses PeopleSoft for the general ledger accounting system, nVision and One Stream for financial reporting and eFreedom for statutory financial reporting.

WELLCARE HEALTH INSURANCE OF CONNECTICUT, INC.

FINANCIAL STATEMENTS

The following statements represent the Company's financial position, as filed by the Company as of December 31, 2022. No adjustments were made to surplus as a result of the examination.

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$48,581,939		\$48,581,939
Cash, cash equivalents and short-term investments	16,738,940		16,738,940
Investment income due and accrued	300,628		300,628
Accrued retrospective premiums	3,919,850		3,919,850
Amounts receivable relating to uninsured plans	1,223,212		1,223,212
Current federal and foreign income tax recoverable and interest thereon	968,142		968,142
Receivables from parent, subsidiaries and affiliates	2,015,466		2,015,466
Health care and other amounts receivable	3,344,504	\$31,204	3,313,300
Aggregate write-ins for other than invested assets	3,309	3,309	0
Total	<u>\$77,095,990</u>	<u>\$34,513</u>	<u>\$77,061,477</u>

WELLCARE HEALTH INSURANCE OF CONNECTICUT, INC.

LIABILITIES, CAPITAL AND SURPLUS

	1	2	3
	Covered	Uncovered	Total
Claims unpaid	\$9,707,404		\$9,707,404
Accrued medical incentive pool and bonus amounts	1,321,163		1,321,163
Unpaid claims adjustment expenses	112,659		112,659
Aggregate health policy reserves	7,240,892		7,240,892
Premiums received in advance	1,932		1,932
General expenses due or accrued	181,212		181,212
Amounts due to parent, subsidiaries and affiliates	484,358		484,358
Liability for amounts held under uninsured plans	4,435,770		4,435,770
Aggregate write-in for other liabilities	10,685		10,685
Total liabilities	\$23,496,075		\$23,496,075
Common capital stock	XXX	XXX	500,000
Gross paid in and contributed surplus	XXX	XXX	77,600,000
Unassigned funds (surplus)	XXX	XXX	(24,534,598)
Total capital and surplus	XXX	XXX	\$53,565,402
Total liabilities, capital and surplus	<u>XXX</u>	<u>XXX</u>	<u>\$77,061,477</u>

WELLCARE HEALTH INSURANCE OF CONNECTICUT, INC.

STATEMENT OF REVENUE AND EXPENSES

	Uncovered	Total
Net premium income	XXX	\$82,480,072
Total revenues	XXX	\$82,480,072
Hospital and Medical:		
Hospital/medical benefits		65,351,891
Other professional services		1,983,856
Emergency room and out-of-area		4,738,236
Prescription drugs		5,600,932
Incentive pool, withhold adjustments and bonus amount		2,323,833
Subtotal		79,998,748
Less:		
Total hospital and medical		79,998,748
Claims adjustment expenses		913,129
General administrative expenses		8,343,414
Increase in reserves for life accident and health contracts		5,348,484
Total underwriting deductions		94,603,775
Net underwriting gain or (loss)	XXX	(12,123,703)
Net investment income earned		1,227,592
Net investment gains or (losses)		1,227,592
Net gain or (loss) from agents' or premium balances		(57,310)
Net income or (loss), after capital gains tax and before all other federal income taxes		(10,953,421)
Federal and foreign income taxes incurred		(1,175,244)
Net income (loss)	XXX	<u>(\$ 9,778,177)</u>
CAPITAL AND SURPLUS ACCOUNT		
Capital and surplus prior reporting period		49,618,404
Net income (loss)		(9,778,177)
Change in nonadmitted assets		325,175
Surplus adjustments: paid in		13,400,000
Net change in capital and surplus		3,946,998
Capital and surplus end of reporting period		<u>\$53,565,402</u>

WELLCARE HEALTH INSURANCE OF CONNECTICUT, INC.

CAPITAL AND SURPLUS \$53,565,402

The following is a reconciliation of capital and surplus for the period under examination:

Beginning of the Examination Period, October 2, 2018	\$0
Net income	(24,400,085)
Change in nonadmitted assets	(34,513)
Paid in (surplus adjustments)	77,600,000
Transferred to capital (stock dividend) (surplus adjustments)	500,000
Net Change in Capital and Surplus for the Examination Period	<u>53,565,402</u>
Capital and Surplus, December 31, 2022	<u>\$53,565,402</u>

<u>CLAIMS UNPAID</u>	<u>\$9,707,404</u>
<u>ACCRUED MEDICAL INCENTIVE POOL AND BONUS AMOUNTS</u>	<u>\$1,321,163</u>
<u>UNPAID CLAIMS ADJUSTMENT EXPENSES</u>	<u>\$112,659</u>
<u>AGGREGATE HEALTH POLICY RESERVES</u>	<u>\$7,240,892</u>

The TDI actuary performed a risk-based actuarial review of reserving and RRC performed a review the pricing/underwriting risks for the Company. Based upon the review, no material findings were noted which affected the Company's reserving or pricing/underwriting risk.

SUMMARY OF RECOMMENDATIONS

None noted.

SUBSEQUENT EVENT

In 2023, The Company received capital contribution of \$12,000,000 from its parent WellCare Management Group, Inc.

CONCLUSION

As of December 31, 2022, the Company reported admitted assets of \$77,061,477 liabilities of \$23,496,075, and capital and surplus of \$53,565,402.

WELLCARE HEALTH INSURANCE OF CONNECTICUT, INC.

SIGNATURE

In addition to the undersigned, the following members of the Department participated in the examination: Mike Shanahan, CFE; Keith Kleindienst, CFE; and the professional services firms of RRC.

I, Wayne Shepherd, CFE, solemnly swear that the foregoing report on examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2022, to the best of my information, knowledge and belief.

Respectfully submitted,

Wayne Shepherd

Wayne Shepherd, CFE
Examiner-In-Charge
State of Connecticut
Insurance Department

State of Connecticut

ss. Hartford

County of Hartford

Subscribed and sworn to before me, *[Signature]*
Notary Public on this 7 day of June, 2024.

[Signature]
Notary Public

My Commission Expires June 30, 2026

