

FILED

APR 17 2020

INSURANCE REGULATION
Docketed by:



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 261838-20-CO

AMERICAN HEALTH PLAN OF FLORIDA, INC.
Application for a Certificate of Authority as a
Health Maintenance Organization

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing by AMERICAN HEALTH PLAN OF FLORIDA, INC. ("APPLICANT"), with the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") of an application for the issuance of a Certificate of Authority to operate as a Health Maintenance Organization pursuant to Part I of Chapter 641, Florida Statutes, ("Application"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter and the parties herein.
2. APPLICANT has applied for and, subject to the present and continuing satisfaction of the requirements, terms, and conditions established herein, has satisfactorily met all of the conditions precedent to the granting to it of a Certificate of Authority to operate as a Health Maintenance Organization pursuant to Part I of Chapter 641, Florida Statutes.
3. APPLICANT is a corporation that was organized under the laws of Florida on August 15, 2019. APPLICANT is wholly owned by AMERICAN HEALTH HOLDINGS OF FLORIDA, LLC ("AHHF"), which is owned 85% by AMERICAN HEALTH HOLDINGS, LLC

("AHH"), and 15% by ELPIS, LLC ("ELPIS"). ELPIS is owned 95.1% by Marilyn G. Wood. AHH is owned 93% by AMERICAN HEALTH COMPANIES, INC. ("AHC"), which is 99.9% owned by AHC EMPLOYEE STOCK OWNERSHIP TRUST ("TRUST"), Kenneth Lenoir is the sole trustee of TRUST. AHH is owned 7% by HEALTHCARE INVESTORS, LLC ("HCI"), which is wholly owned by Tommy Coble.

4. On December 4, 2019, Tommy Coble executed a Disclaimer of Control Affidavit certifying that he does not or will not exercise any control, either directly or indirectly, over the activities of APPLICANT, or any entity owned or controlled by APPLICANT and licensed by the OFFICE. Further, Tommy Coble will not attempt to exercise any control, either directly or indirectly, over the activities of APPLICANT, or any licensee without the advance written consent of the OFFICE.

5. APPLICANT, AHHF, AHH, AHC, ELPIS, and TRUST have made material representations that, except as disclosed in the Application, neither the officers, directors, or 5% or greater shareholders of APPLICANT, AHHF, AHH, AHC, or ELPIS, nor the sole trustee of TRUST, have been found guilty of, or pleaded guilty or nolo contendere to, a felony or a misdemeanor, other than a minor traffic violation.

6. APPLICANT, AHHF, AHH, AHC, ELPIS, and TRUST have further represented that they have submitted complete background information on each of the individuals referenced in paragraph 5 above. If said information has not been provided to the OFFICE, or if the sources utilized by the OFFICE in its investigation process reveal that the representations made in paragraph 5 above are inaccurate, any such individual shall be removed as officer, director, shareholder, or trustee of said entity within 30 days of receipt of notification from the OFFICE and replaced with a person or persons acceptable to the OFFICE.

7. If, upon receipt of notification from the OFFICE, pursuant to paragraph 6 above, APPLICANT, AHHF, AHH, AHC, ELPIS, or TRUST do not timely take the required corrective action, APPLICANT, AHHF, AHH, AHC, ELPIS, and TRUST agree that such failure to act would constitute an immediate serious danger to the public and the OFFICE may immediately suspend, revoke, or take other administrative action as the OFFICE deems appropriate upon the Certificate of Authority of APPLICANT without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

8. The OFFICE has relied upon the representations found in the Plan of Operations and supporting documents that APPLICANT has submitted with its Application. Written approval must be secured from the OFFICE prior to any material deviation from said Plan of Operations. A material deviation includes, but is not limited to, expansion into other service areas, expanding into business other than Medicare Advantage Institutional Special Needs Plans, or exceeding the financial projections filed with the Application.

9. APPLICANT represents that none of its funds or assets are currently pledged, committed, or encumbered and that said funds and assets shall remain free and clear of any and all liens and encumbrances unless prior written approval to pledge, commit, or encumber said funds or assets is obtained from the OFFICE. Additionally, APPLICANT shall not be included as a guarantor of any loan unless prior written approval is obtained from the OFFICE.

10. APPLICANT shall maintain at all times a ratio of premium and risk revenue to capital and surplus not greater than 10:1. APPLICANT, AHHF, AHH, AHC, ELPIS, and TRUST agree that APPLICANT's failure to maintain compliance at all times with this writing ratio requirement would constitute an immediate serious danger to the public and that the OFFICE may immediately suspend, revoke, or take other administrative action as the OFFICE deems

appropriate upon the Certificate of Authority of APPLICANT without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

11. APPLICANT has been capitalized with an initial contribution from AHH in the amount of \$2,000,000 United States Dollars ("USD"). Further, APPLICANT, AHH, and ELPIS represent that subsequent to the OFFICE's approval of this Application, ELPIS will provide additional capital of \$375,000 USD, and AHH will provide additional capital of \$125,000 USD.

12. The OFFICE has relied upon APPLICANT's projected financial statements filed with the Application. APPLICANT shall be required at all times to maintain capital and surplus as required by Section 641.225, Florida Statutes. APPLICANT, AHHF, AHH, AHC, ELPIS, and TRUST agree that failure to maintain compliance at all times with this capital and surplus requirement would constitute an immediate serious danger to the public and that the OFFICE may immediately suspend, revoke, or take other administrative action as it deems appropriate upon the Certificate of Authority of APPLICANT without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

13. APPLICANT shall file a Risk Based Capital Report with each annual filing beginning with the 2020 annual statement filing with the OFFICE and the National Association of Insurance Commissioners ("NAIC"). Notwithstanding other applicable surplus requirements, APPLICANT agrees that it shall comply with the Risk Based Capital requirements described in Section 624.4085, Florida Statutes.

14. Applicant shall file quarterly actuarial certifications with the OFFICE for 1 year, beginning in 2021. The OFFICE may, in its discretion, extend the period of time for which quarterly actuarial certifications must be filed. Each quarterly certification shall be due on the same day that the corresponding quarterly financial statement is due.

15. All quarterly and annual financial statements filed by APPLICANT with the OFFICE shall report all assets in accordance with the NAIC Accounting Practices and Procedures Manual, pursuant to Section 641.183, Florida Statutes.

16. APPLICANT agrees that all material contracts with any officer or director of APPLICANT or affiliates, as defined in Section 641.19(1), Florida Statutes, and all amendments to such contracts, written or oral, shall be submitted to the OFFICE for approval prior to execution or consummation.

17. APPLICANT represents that it has submitted all agreements related to the ownership or management of APPLICANT and there are no other agreements, written or oral, that have not been provided to the OFFICE.

18. APPLICANT agrees to notify the OFFICE in writing within 5 business days of any change in any agreement referenced in paragraphs 16 and 17 of this Consent Order or any agreement with a reinsurer or third-party administrator.

19. APPLICANT shall notify the OFFICE in writing of any dispute between APPLICANT and any reinsurer, hospital, or third-party administrator within 10 business days of notice of the dispute to or from the reinsurer, hospital, or third-party administrator.

20. Any amounts due to APPLICANT from a Medical Service Organization as part of a risk sharing agreement shall be non-admitted at all times on all financial statements filed by APPLICANT with the OFFICE.

21. For 3 years from the date of execution of this Consent Order, APPLICANT shall obtain prior written approval from the OFFICE of any plan to appoint or elect a person as an officer or director of APPLICANT who was not an officer or director of APPLICANT at the time this Consent Order is executed. This requirement may be extended by written notice from the OFFICE.

Additionally, APPLICANT shall notify the OFFICE within 10 days of any change, including termination or resignation, of any officer or director. APPLICANT agrees that failure to remedy any officer or director vacancy within a timeframe acceptable to the OFFICE would constitute an immediate serious danger to the public and that the OFFICE may immediately suspend, revoke, or take other administrative action as the OFFICE deems appropriate upon the Certificate of Authority of APPLICANT without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

22. APPLICANT shall be subject to a full financial examination each year for the first 3 years of operations.

23. APPLICANT agrees to comply with the provisions of Sections 624.318 and 641.27, Florida Statutes, regarding examinations.

24. APPLICANT has filed with the Department of Financial Services, Division of Insurance Fraud, its anti-fraud plan pursuant to Section 641.3915, Florida Statutes. APPLICANT shall continue to maintain an anti-fraud plan that complies with Section 641.3915, Florida Statutes.

25. APPLICANT shall notify the OFFICE within 10 business days of any breach, non-performance of, or default under, any servicing agreement with any reinsurer, affiliates, or third party vendors providing services, directly or indirectly, to APPLICANT that could result in or cause a material adverse change in the financial condition, business performance, operations, or property of APPLICANT.

26. APPLICANT has provided an acknowledgement as part of its Application that contains the provisions required by Section 641.215, Florida Statutes. In the acknowledgement, APPLICANT:

(a) Acknowledges that a delinquency proceeding pursuant to Part I of Chapter 631, Florida Statutes, or supervision by the OFFICE pursuant to Sections 624.80 through 624.87, Florida Statutes, constitutes the sole and exclusive method for the liquidation, rehabilitation, reorganization, or conservation of a Health Maintenance Organization;

(b) Waives any right to file or be subject to a bankruptcy proceeding; and

(c) Acknowledges that the commencement of a bankruptcy proceeding either by or against APPLICANT shall, by operation of law, terminate APPLICANT's Certificate of Authority and vest in the OFFICE, for the use and benefit of the subscribers of APPLICANT, the title to any deposits of APPLICANT held by the Department of Financial Services. The Affidavit and acknowledgments contained therein, are material to the issuance of this Consent Order.

27. APPLICANT shall, within 10 business days of the execution of this Consent Order, register with the NAIC.

28. APPLICANT shall file with the OFFICE, via the NAIC's electronic filing system, quarterly and financial statements in accordance with Section 641.26, Florida Statutes. All statements shall be in the current NAIC's Health Blank format.

29. APPLICANT shall not permit any entity to act on its behalf, either directly or indirectly, as an Administrator, as defined in Section 626.88, Florida Statutes, unless that entity is licensed as an Administrator by the OFFICE.

30. APPLICANT shall not enter into any reinsurance or brokerage agreement, whether affiliated or not affiliated, that requires approval from the reinsurance or broker regarding any potential sale of APPLICANT.

31. Beginning in January 2021, APPLICANT shall file with the OFFICE, via the OFFICE's Regulatory Electronic Filing System ("REFS"), monthly financial statements until such

time as APPLICANT has filed an annual statement demonstrating profitability. The monthly financial statements are due on or before the 25th day of the month following the period ending date. The monthly financial statements shall include the fully executed Jurat Page, Assets, Liabilities, Capital and Surplus, Statement of Revenues and Expenses, Cash Flow and Exhibit of Premiums, Enrollment and Utilization. The Statement of Revenues and Expenses and Cash Flow shall be filed on a cumulative year-to-date basis for monthly statements. All statements shall be in the current NAIC's Health Blank format.

32. APPLICANT, AHHF, AHH, AHC, ELPIS, and TRUST affirm that all information, explanations, representations, statements, and documents provided to the OFFICE in connection with this Application, including all attachments and supplements thereto, are true and correct and fully describe all transactions, agreements, ownership structures, understandings, and control with regard to the licensure and future operations of APPLICANT. APPLICANT, AHHF, AHH, AHC, ELPIS, and TRUST further agree and affirm that said information, explanations, representations, statements, and documents, including all attachments and supplements thereto, are material to the issuance of this Consent Order and have been relied upon by the OFFICE in its determination to enter into this Consent Order.

33. APPLICANT shall report to the OFFICE, Life and Health Financial Oversight, any time that APPLICANT is named as a party defendant in a class action lawsuit within 15 days after the class is certified. APPLICANT shall include a copy of the complaint at the time it reports the class action lawsuit to the OFFICE.

34. APPLICANT shall maintain an information security program for the security and protection of confidential and proprietary information under its control that complies with all applicable laws and regulations regarding information security. APPLICANT agrees that it shall

continually monitor and enhance its information security program in order to mitigate data security breaches. APPLICANT further agrees that it shall notify the OFFICE within 5 business days of identifying a data breach.

35. Executive Order 13224 prohibits any transactions by U.S. persons involving the blocked assets and interests of terrorists and terrorist support organizations. APPLICANT shall maintain and adhere to procedures necessary to detect and prevent prohibited transactions with those individuals and entities, which have been identified at the Treasury Department's Office of Foreign Assets Control website, <http://www.treas.gov/ofac>.

36. Within 60 days from the date of the execution of this Consent Order, APPLICANT shall submit, or cause to be submitted, to the OFFICE a certification evidencing compliance with all of the requirements of this Consent Order. Any exceptions shall be so noted and contained in the certification. Exceptions noted in the certification shall also include a timeline defining when the outstanding requirements of this Consent Order will be complete. Said certification shall be submitted to the OFFICE via electronic mail and directed to the attention of the Assistant General Counsel representing the OFFICE in this matter and as named in this Consent Order.

37. Any deadlines, reporting requirements, other provisions, or requirements set forth in this Consent Order may be altered or terminated by written approval of the OFFICE. Such written approval by the OFFICE is subject to statutory or administrative regulation limitations.

38. APPLICANT, AHHF, AHH, AHC, ELPIS, and TRUST expressly waive a hearing in this matter, the making of findings of fact and conclusions of law by the OFFICE, and all further and other proceedings to which they may be entitled by law or rules of the OFFICE. APPLICANT, AHHF, AHH, AHC, ELPIS, and TRUST hereby knowingly and voluntarily waive all rights to

challenge or to contest this Consent Order in any forum available to them, now or in the future, including the right to any administrative proceeding, state or federal court action, or any appeal.

39. APPLICANT, AHHF, AHH, AHC, ELPIS, and TRUST affirm that all requirements set forth herein are material to the issuance of this Consent Order.

40. APPLICANT, AHHF, AHH, AHC, ELPIS, and TRUST agree that, upon execution of this Consent Order, failure to adhere to one or more of the terms and conditions contained herein may result, without further proceedings, in the OFFICE suspending, revoking, or taking other administrative action as it deems appropriate upon APPLICANT's Certificate of Authority in this state in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

41. Each party to this action shall bear its own costs and fees.

42. The parties agree that this Consent Order shall be deemed to be executed when the OFFICE has signed and docketed a copy of this Consent Order bearing the signatures of the authorized representatives of APPLICANT, AHHF, AHH, AHC, ELPIS, and TRUST notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. Further, APPLICANT, AHHF, AHH, AHC, ELPIS, and TRUST agree that the signatures of their authorized representatives as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, subject to the terms and conditions set forth above, the OFFICE hereby approves the Application for issuance of a Certificate of Authority to AMERICAN HEALTH PLAN OF FLORIDA, INC., to transact insurance in Florida as a Health Maintenance Organization in accordance with Part I of Chapter 641, Florida Statutes.

FURTHER, all terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 17 day of April, 2020.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

By execution hereof, AMERICAN HEALTH PLAN OF FLORIDA, INC., consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind AMERICAN HEALTH PLAN OF FLORIDA, INC., to the terms and conditions of this Consent Order.

AMERICAN HEALTH PLAN OF FLORIDA, INC.

By: Michael Bailey

[Corporate Seal]

Print Name: Michael Bailey

Title: CEO

Date: 4-15-20

STATE OF Tennessee

COUNTY OF Williamson

The foregoing instrument was acknowledged before me by means of physical presence

or online notarization, this 15th day of April 2020, by Michael Bailey

as CEO for American Health Plan of Florida, Inc.
(type of authority; e.g., officer, trustee, attorney in fact) (name of person) (company name)



Rhondi M. Cissell
(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: My commission expires
Monday, June 22, 2020

By execution hereof, AMERICAN HEALTH HOLDINGS OF FLORIDA, LLC, consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind AMERICAN HEALTH HOLDINGS OF FLORIDA, LLC, to the terms and conditions of this Consent Order.

AMERICAN HEALTH HOLDINGS OF FLORIDA, LLC

By: Michael Bailey

[Corporate Seal]

Print Name: Michael Bailey

Title: CEO

Date: 4-15-20

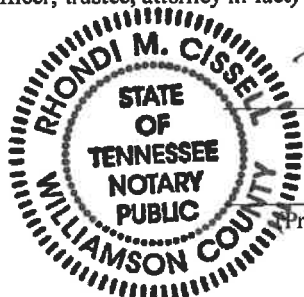
STATE OF Tennessee

COUNTY OF Williamson

The foregoing instrument was acknowledged before me by means of physical presence

or online notarization, this 15th day of April 2020, by Michael Bailey

as CEO for American Health Holdings of Florida, LLC
(type of authority; e.g., officer, trustee, attorney in fact) (name of person) (company name)



Rhondi M. Cissel
(Signature of the Notary)

Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: _____ My commission expires
Monday, June 22, 2020

By execution hereof, AMERICAN HEALTH HOLDINGS, LLC, consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind AMERICAN HEALTH HOLDINGS, LLC, to the terms and conditions of this Consent Order.

AMERICAN HEALTH HOLDINGS, LLC

By: Michael Bailey

[Corporate Seal]

Print Name: Michael Bailey

Title: CEO

Date: 4-15-20

STATE OF Tennessee

COUNTY OF Williamson

The foregoing instrument was acknowledged before me by means of physical presence

or online notarization, this 15th day of April 2020, by Michael Bailey

as CEO for American Health Holdings, LLC
(type of authority; e.g., officer, director, partner, attorney in fact) (name of person) (company name)



Rhondi M. Cissel
(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: My commission expires
Monday, June 22, 2020

By execution hereof, ELPIS, LLC, consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind ELPIS, LLC, to the terms and conditions of this Consent Order.

ELPIS, LLC

By:

Marilyn Wood

[Corporate Seal]

Print Name: Marilyn Wood

Title: President

Date: April 15, 2020

STATE OF Florida

COUNTY OF Hillsborough

The foregoing instrument was acknowledged before me by means of physical presence

or online notarization, this 15 day of April 2020, by Marilyn Wood

(name of person)

as President

for ELPIS, LLC

(type of authority; e.g., officer, trustee, attorney in fact)

(company name)

Gloria Caceres

(Signature of the Notary)



(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced _____

My Commission Expires: December 12, 2021

By execution hereof, AMERICAN HEALTH COMPANIES, INC., consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind AMERICAN HEALTH COMPANIES, INC., to the terms and conditions of this Consent Order.

AMERICAN HEALTH COMPANIES, INC.

By: Michael Bailey

[Corporate Seal]

Print Name: Michael Bailey

Title: CEO

Date: 4-15-20

STATE OF Tennessee

COUNTY OF Williamson

The foregoing instrument was acknowledged before me by means of physical presence

or online notarization, this 15th day of April 2020, by Michael Bailey

as CEO for American Health Companies, Inc.
(type of authority; e.g., officer, trustee, etc. in fact) (name of person) (company name)



Rhondi M. Cissell
(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: _____ My commission expires
Monday, June 22, 2020

By execution hereof, AHC EMPLOYEE STOCK OWNERSHIP TRUST consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind AHC EMPLOYEE STOCK OWNERSHIP TRUST to the terms and conditions of this Consent Order.

AHC EMPLOYEE STOCK OWNERSHIP TRUST

By: Kenneth B. Lenoir Trustee

[Corporate Seal]

Print Name: Kenneth Lenoir

Title: TRUSTEE

Date: April 16, 2020

STATE OF Tennessee

COUNTY OF Williamson

The foregoing instrument was acknowledged before me by means of physical presence

or online notarization, this 16th day of April 2020, by Kenneth B. Lenoir

as Trustee for American Health Companies, Inc. AHC Employee Stock Ownership Trust

(type of authority; e.g., officer, trustee, attorney in fact)

(company name)



Rhondi M. Cissell
(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification TN Drivers License

Type of Identification Produced 026453500 TN Drivers License

My Commission Expires: My commission expires Monday, June 22, 2020

COPIES FURNISHED TO:

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