



FILED

MAR 02 2023

INSURANCE REGULATION
Docketed by: CE

OFFICE OF INSURANCE REGULATION

MICHAEL YAWORSKY
INTERIM COMMISSIONER

IN THE MATTER OF:

CASE NO.: 306826-23-CO

Application for the Issuance of a
Certificate of Authority
as a Health Maintenance Organization to
CARESOURCE FLORIDA CO.

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing by CARESOURCE FLORIDA CO. ("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 ("HMO") 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 HMO pursuant to Part I of Chapter 641, Florida Statutes.
3. APPLICANT is an IPA Model for-profit organization which is a wholly owned subsidiary of CARESOURCE MANAGEMENT SERVICES HOLDING LLC ("CSMSH"), a limited liability company which is a wholly owned subsidiary of CARESOURCE HOLDING LLC

(“CSH”), a limited liability company which is wholly owned by CARESOURCE (“CS”), a non-profit Ohio organization.

4. If the OFFICE determines that any individual for whom APPLICANT is required to submit background information as part of this Application is unacceptable under the Florida Insurance Code, APPLICANT, CSMSH, CSH, or CS shall cause the removal of said person within 30 days of notice from the OFFICE and replace them with a person or persons acceptable to the OFFICE or shall undertake such other corrective action as directed by the OFFICE. Failure to act would constitute an immediate serious danger to the public and the OFFICE may take 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.

5. 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 Statewide Medicaid Managed Care, or exceeding the financial projections filed with the Application.

6. 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.

7. APPLICANT shall maintain at all times a ratio of premium and risk revenue to capital and surplus not greater than 10:1. APPLICANT, CSMSH, CSH, and CS 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.

8. APPLICANT has been capitalized with an initial contribution from CSMSH in the amount of \$6,700,000 United States Dollars ("USD"). APPLICANT and CSMSH represent that subsequent to the OFFICE's approval of this Application, CSMSH will provide additional capital to APPLICANT, if needed, to maintain compliance with surplus requirements of Sections 641.225 and 624.4085, Florida Statutes.

9. 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, CSMSH, CSH, and CS 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.

10. APPLICANT shall file a Risk Based Capital Report with each annual filing beginning with the 2023 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.

11. APPLICANT shall file quarterly actuarial certifications with the OFFICE for 1 year, beginning in 2024. 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.

12. 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.

13. APPLICANT agrees that all material contracts with any affiliates or officer or director of APPLICANT, 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.

14. 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.

15. APPLICANT agrees to notify the OFFICE in writing within 5 business days of any change in any agreement referenced in paragraphs 13 and 14 of this Consent Order or any agreement with a reinsurer or third-party administrator.

16. 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.

17. 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.

18. 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.

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

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

21. APPLICANT will file 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.

22. 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.

23. 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 HMO;

(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.

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

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

26. 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.

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

28. Beginning in January 2024, 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 Health Blank format.

29. APPLICANT, CSMSH, CSH, and CS 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, CSMSH, CSH, and CS 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.

30. 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

approval must be requested in writing prior to any proposed deviation from the terms of this Consent Order.

31. APPLICANT, CSMSH, CSH, and CS affirm that all requirements set forth herein are material to the issuance of this Consent Order.

32. APPLICANT, CSMSH, CSH, and CS 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 herein to which they may be entitled by law or rules of the OFFICE. APPLICANT, CSMSH, CSH, and CS 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.

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

34. APPLICANT, CSMSH, CSH, and CS 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.


35. 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, CSMSH, CSH, and CS.

WHEREFORE, subject to the terms and conditions which are set forth above, the Application for issuance of a Certificate of Authority to CARESOURCE FLORIDA CO., to transact insurance in Florida as a Health Maintenance Organization, pursuant to Part I of Chapter 641, Florida Statutes, is APPROVED.

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

DONE and ORDERED this 2nd day of March, 2023.




Michael Yaworksy, Interim Commissioner
Office of Insurance Regulation

By execution hereof, CARESOURCE FLORIDA CO., 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 CARESOURCE FLORIDA CO., to the terms and conditions of this Consent Order.



CARESOURCE FLORIDA CO.

By: Jason Bearden  03/01/2023 03:07 PM EST

Print Name: Jason Bearden

Title: President

Date: March 1, 2023

STATE OF Ohio

COUNTY OF Montgomery

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

or online notarization, this 1st day of March 2023, by Jason Bearden
(name of person)

as President for CareSource Florida Co.
(type of authority: e.g., officer, trustee, attorney-in-fact) (company name)



CONNIE MCFARREN
Notary Public, State of Ohio
My Commission Expires:
August 09, 2025

Connie McFarren  03/01/2023 03:10 PM EST
(Signature of the Notary)

Connie McFarren
(Print, Type or Stamp Commissioned Name of Notary)

Online Notary Public. This notarial act involved the use of online audio/video communication technology.

Personally Known X OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: August 9, 2025

By execution hereof, CARESOURCE MANAGEMENT SERVICES HOLDING 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 CARESOURCE MANAGEMENT SERVICES HOLDING LLC to the terms and conditions of this Consent Order.

CARESOURCE MANAGEMENT SERVICES HOLDING LLC



By: Lawrence Smart  03/01/2023 03:08 PM EST

Print Name: Lawrence Smart

Title: Chief Financial Officer

Date: March 1, 2023

STATE OF Ohio

COUNTY OF Montgomery


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

or online notarization, this 1st day of March 2023, by Lawrence Smart
(name of person)

as Chief Financial Officer for CareSource Management Services Holding LLC
(type of authority; e.g., officer, trustee, attorney-in-fact) (company name)



CONNIE MCFARREN
Notary Public, State of Ohio
My Commission Expires:
August 09, 2025

Connie McFarren  03/01/2023 03:10 PM EST
(Signature of the Notary)

Connie McFarren
(Print, Type or Stamp Commissioned Name of Notary)

Online Notary Public. This notarial act involved the use of online audio/video communication technology.

Personally Known X OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: August 9, 2025

By execution hereof, CARESOURCE HOLDING 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 CARESOURCE HOLDING LLC to the terms and conditions of this Consent Order.



CARESOURCE HOLDING LLC

By: Lawrence Smart  03/01/2023 03:08 PM EST

Print Name: Lawrence Smart

Title: Chief Financial Officer

Date: March 1, 2023

STATE OF Ohio

COUNTY OF Montgomery


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

or online notarization, this 1st day of March 2023, by Lawrence Smart
(name of person)

as Chief Financial Officer for Caresouce Holding LLC
(type of authority; e.g., officer, trustee, attorney-in-fact) (company name)



CONNIE MCFARREN
Notary Public, State of Ohio
My Commission Expires:
August 09, 2025

Connie McFarren  03/01/2023 03:10 PM EST
(Signature of the Notary)

Connie McFarren
(Print, Type or Stamp Commissioned Name of Notary)

Online Notary Public. This notarial act involved the use of online audio/video communication technology.

Personally Known X OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: August 9, 2025

By execution hereof, CARESOURCE 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 CARESOURCE to the terms and conditions of this Consent Order.

CARESOURCE



By: Lawrence Smart  03/01/2023 03:08 PM EST

Print Name: Lawrence Smart

Title: Chief Financial Officer

Date: March 1, 2023

STATE OF Ohio

COUNTY OF Montgomery

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

or online notarization, this 1st day of March 2023, by Lawrence Smart
(name of person)

as Chief Financial Officer for CareSource.
(type of authority; e.g., officer, trustee, attorney-in-fact) (company name)



CONNIE MCFARREN
Notary Public, State of Ohio
My Commission Expires:
August 09, 2025

Connie McFarren  03/01/2023 03:10 PM EST
(Signature of the Notary)

Connie McFarren
(Print, Type or Stamp Commissioned Name of Notary)

Online Notary Public. This notarial act involved the use of online audio/video communication technology.

Personally Known X OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: August 9, 2025

COPIES FURNISHED TO:

LOUISE WILHITE-ST. LAURENT,
PAID REPRESENTATIVE
Panza, Maurer & Maynard
201 East Park Ave., Suite 200A
Tallahassee, FL 32301
Email: LStLaurent@panzamaurer.com

JENNIFER A. MILAM,
ASSISTANT GENERAL COUNSEL
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399
Telephone: (850) 413-4281
Email: jennifer.milam@flor.com

JASON BEARDEN, PRESIDENT
CareSource Florida Co.
Bank of America Tower
50 N. Laura St., Suite 2500
Jacksonville, FL 32202
Email: jason.bearden@caresource.com

ERHARDT PREITAUER,
PRESIDENT, CEO
CareSource Management Services Holding LLC
CareSource Holding LLC
CareSource
230 N. Main St.
Dayton, OH 45402
Email: erhardt.preitauer@caresource.com

CAROLYN MORGAN, DIRECTOR
Life & Health Financial Oversight
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399

ALEX KITSOS,
FINANCIAL CONTROL ANALYST
Life & Health Financial Oversight
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399

JASON REYNOLDS,
FINANCIAL ADMINISTRATOR
Life & Health Financial Oversight
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399