



**EXAMINATION REPORT  
OF  
AmeriHealth Caritas Florida, Inc.**

**NAIC Company Code: 14378**

**Palm Beach Gardens, Florida  
as of  
December 31, 2021**

**BY THE  
FLORIDA  
OFFICE OF INSURANCE REGULATION**

## TABLE OF CONTENTS

<b>LETTER OF TRANSMITTAL .....</b>	<b>-</b>
<b>SCOPE OF EXAMINATION.....</b>	<b>1</b>
<b>SUMMARY OF SIGNIFICANT FINDINGS .....</b>	<b>2</b>
CURRENT EXAMINATION FINDINGS .....	2
PREVIOUS EXAMINATION FINDINGS .....	2
<b>COMPANY HISTORY.....</b>	<b>2</b>
GENERAL .....	2
DIVIDENDS .....	3
CAPITAL STOCK AND CAPITAL CONTRIBUTIONS.....	3
SURPLUS NOTES .....	3
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS .....	3
<b>MANAGEMENT AND CONTROL.....</b>	<b>3</b>
CORPORATE GOVERNANCE .....	3
HOLDING COMPANY SYSTEM .....	6
<b>ORGANIZATIONAL CHART .....</b>	<b>7</b>
<b>AFFILIATED AGREEMENTS .....</b>	<b>9</b>
MANAGEMENT SERVICES AGREEMENT .....	9
PHARMACY BENEFIT MANAGEMENT SERVICES AGREEMENT .....	9
ANCILLARY SERVICES AGREEMENT.....	9
TAX ALLOCATION AGREEMENT.....	9
<b>ACCOUNTS AND RECORDS .....</b>	<b>11</b>
CUSTODIAL AGREEMENT .....	11
INDEPENDENT AUDITOR AGREEMENT .....	11
CORPORATE RECORDS REVIEW.....	11
<b>TERRITORY AND PLAN OF OPERATIONS.....</b>	<b>11</b>
<b>REINSURANCE.....</b>	<b>12</b>
REINSURANCE ASSUMED.....	12
REINSURANCE CEDED.....	12
<b>FINANCIAL STATEMENTS.....</b>	<b>12</b>
ASSETS.....	13
LIABILITIES, CAPITAL AND SURPLUS .....	14
STATEMENT OF REVENUE AND EXPENSES .....	15
STATEMENT OF REVENUE AND EXPENSES (CONTINUED).....	16
RECONCILIATION OF CAPITAL AND SURPLUS.....	17
<b>COMMENTS ON FINANCIAL STATEMENT ITEMS .....</b>	<b>18</b>
LIABILITIES .....	18
CAPITAL AND SURPLUS .....	18
<b>SUBSEQUENT EVENTS.....</b>	<b>19</b>



May 17, 2023

Michael Yaworsky  
Commissioner  
Office of Insurance Regulation  
State of Florida  
Tallahassee, Florida 32399-0326

Dear Commissioner:

Pursuant to your instructions, in compliance with Section 641.27, Florida Statutes, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (“the NAIC”), we have conducted an examination as of December 31, 2021, of the financial condition and corporate affairs of

**AmeriHealth Caritas Florida, Inc.**

11631 Kew Gardens Ave, #200

Palm Beach Gardens FL 33410

hereinafter referred to as “the Company.” Such report of examination is herewith respectfully submitted.

## SCOPE OF EXAMINATION

This examination covered the period of January 1, 2017, through December 31, 2021, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on November 14, 2022. The fieldwork concluded as of May 17, 2023. The Company’s last full scope exam by representatives of OIR covered the period of January 1, 2012, through December 31, 2016.

The examination was a multi-state/coordinated holding company group examination conducted in accordance with the NAIC Financial Condition Examiners Handbook (“the Handbook”). The Handbook requires that the examination be planned and performed 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 identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively. The lead state for this exam was Pennsylvania, and states that participated in this exam are as follows: Delaware, District of Columbia, Florida, Louisiana, Michigan, North Carolina, New Hampshire, New Jersey, North Carolina, Ohio, and Texas.

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 the NAIC Statements of Statutory Accounting Principles (“SSAP”). 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.

This examination report includes information obtained from the examination of the records, accounts, files, and documents of or relative to the Company and other information as permitted by Section 624.319, Florida Statutes. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but separately communicated to other regulators and/or the Company.

## **SUMMARY OF SIGNIFICANT FINDINGS**

### **Current Examination Findings**

There were no significant findings of fact as a result of this examination.

### **Previous Examination Findings**

There were no significant findings of fact for the prior examination as of December 31, 2016.

## **COMPANY HISTORY**

### **General**

The Company was incorporated in Florida on December 19, 2011, and commenced business on July 9, 2012. It was licensed by OIR as a Health Maintenance Organization (“HMO”) on July 9, 2012, in accordance with Part 1 of Chapter 641, Florida Statutes.

The Company was recently approved for a name change from Florida True Health, Inc. to AmeriHealth Caritas Florida, Inc. effective July 1st, 2021. The Company writes Medicaid managed care services to enrollees in the State of Florida, pursuant to a contract with the Florida Agency for Health Care Administration (“AHCA”). As of August 1, 2018, AmeriHealth Caritas Health Plan (“ACHP”) entered into a Stock Purchase Agreement with Diversified Health Services, Inc. (“DHSI”) through which ACHP acquired DHSI’s 50% ownership interest in the Company, effective December 31, 2018. As a result, the Company, formerly known as Florida True Health, Inc., became a wholly owned subsidiary of ACHP.

ACHP is a Pennsylvania general partnership owned by subsidiaries of BMH, LLC (“BMH”). BMH is owned 61.3% by IBC MH LLC, a Delaware limited liability company and 38.7% by Blue Cross Blue Shield of Michigan Mutual Insurance Company (“BCBSMI”).

The Company is required to obtain capital infusions from ACHP in the event the Company is not compliant with the required 125% of capital and surplus requirement, per Consent Order 126072-12-CO.

## **Dividends**

In accordance with Section 628.371, Florida Statutes, the Company declared and paid dividends to its stockholder in 2021 in the amount of \$6,000,000. There were no other dividends declared or paid during the period under examination.

## **Capital Stock and Capital Contributions**

As of December 31, 2021, the Company's capitalization was as follows:

Number of authorized common capital shares	10,000
Number of authorized preferred stock	0
Number of shares issued and outstanding	5,000
Total common capital stock	\$50
Par value per share	\$.01

## **Surplus Notes**

The Company did not have any surplus notes during the period under examination.

## **Acquisitions, Mergers, Disposals, Dissolutions**

The Company had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

## **MANAGEMENT AND CONTROL**

### **Corporate Governance**

The annual shareholder meeting for the election of Directors was held in accordance with the Company's Bylaws. Directors serving as of December 31, 2021, are shown on the next page.

<b>Directors</b>		
<b>Name</b>	<b>City, State</b>	<b>Principal Occupation, Company Name</b>
Steven Harvey Bohner, Chair <sup>(a)</sup>	Garnet Valley, PA	Executive Vice President, Health Markets, AmeriHealth Caritas
Michael John Burgoyne <sup>(a)</sup>	Bethesda, MD	Senior Vice President and Chief Financial Officer, Subsidiary Operations, AmeriHealth Caritas
Marilyn Lee Eckley	Boalsburg, PA	Executive Vice President, Health Services, AmeriHealth Caritas
James Michael Jernigan	Charleston, SC	Retired employee of AmeriHealth Caritas

(a) Resigned effective January 1, 2022, and both were replaced by Rebecca Jane Engelman and Robert James Kolodgy, respectively.

In accordance with the Company's Bylaws, the Board of Directors ("Board") appointed the following Senior Officers:

<b>Senior Officers</b>		
<b>Name</b>	<b>City, State</b>	<b>Title</b>
Michael John Burgoyne	Bethesda, MD	Treasurer
Robert Edward Tootle, Esq.	Philadelphia, PA	Secretary
Kathy Combs Warner	Charleston, SC	President

BMH's Board appointed the Audit and Compliance committee as listed below with members as of December 31, 2021. The first person listed is the Chair.

<b>Audit and Compliance Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Gregory E. Deavens	Philadelphia, PA	President and Chief Executive Officer, Independence Blue Cross, LLC
Tricia A. Keith	Southfield, MI	Executive Vice President and President of Emerging Muskets, Blue Cross Blue Shield of Michigan



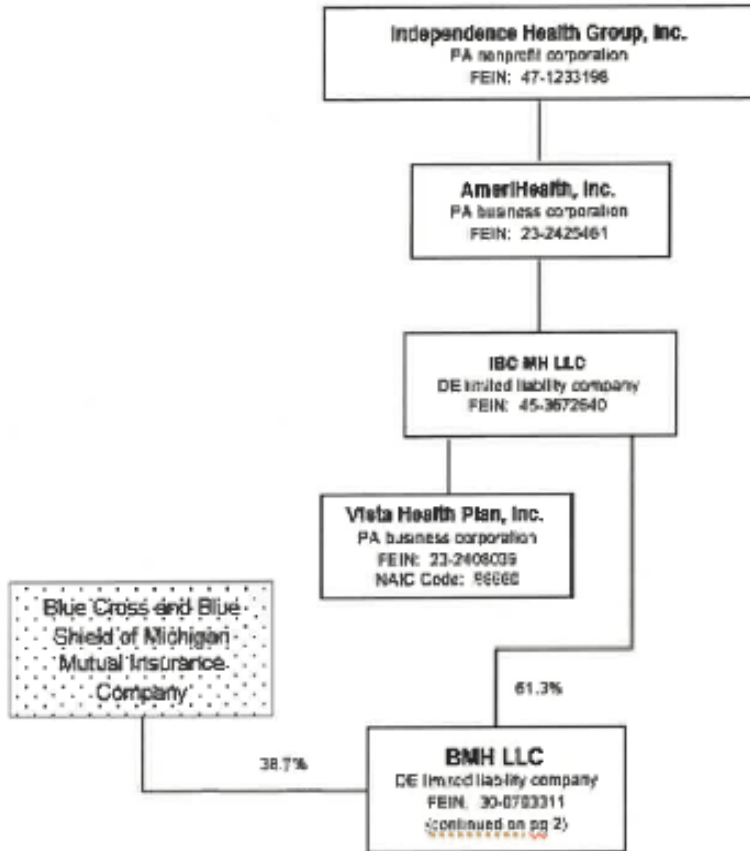
Effective February 13, 2023, the Audit and Compliance Committee was renamed and reconstituted. The Committee is now named "Audit, Risk and Compliance Committee". The members as of February 13, 2023, are:

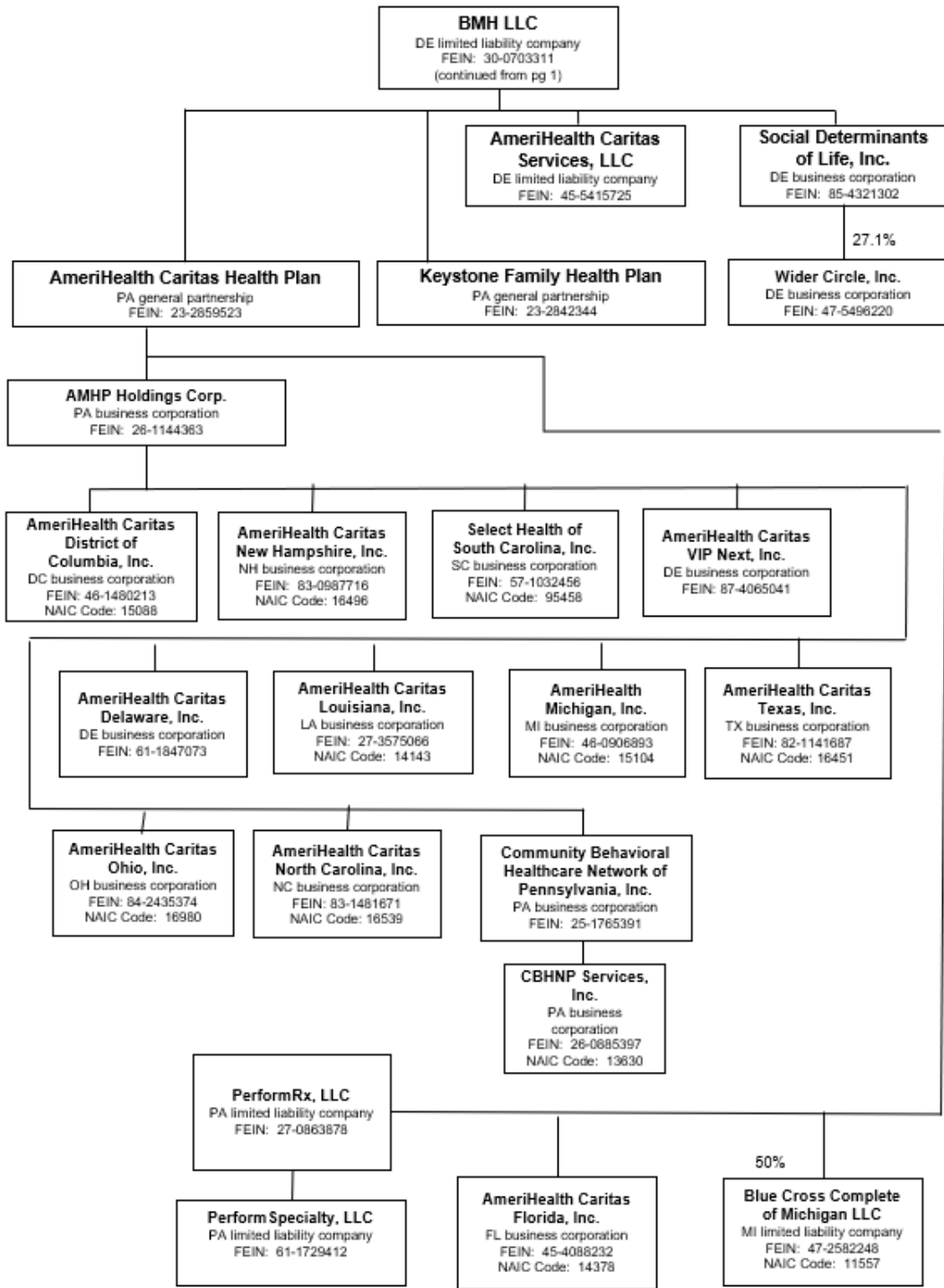
- Juan Lopez, Chairman,  
Executive Vice President, Chief Financial Officer and Treasurer,  
Independence Blue Cross, LLC
- Thomas A. Hutton,  
Executive Vice President, General Counsel and Corporate Secretary,  
Independence Blue Cross, LLC
- Tricia A. Keith,  
Executive Vice President and President of Emerging Markets,  
Blue Cross Blue Shield of Michigan
- Paul L. Mozak  
Executive Vice President and Chief Financial Officer,  
Blue Cross Blue Shield of Michigan
- Paul Tufano,  
Chief Executive Officer,  
AmeriHealth Caritas

## **Holding Company System**

An organizational chart as of December 31, 2021, reflecting the holding company system, is shown on the following page. The organizational chart below depicts the direct and indirect ownership of companies within Independence Health Group's holding company system as of December 31, 2021. The organizational chart does not depict all entities contained within the holding company system due to the size and complexity of the business operations within the holding company system. The holding company system consists of various insurance and non-insurance entities. Schedule Y of the Company's 2021 annual statement provided a list of all related companies of the holding company group.

**AmeriHealth Caritas Florida, Inc.**  
**Organizational Chart**  
**December 31, 2021**





## **AFFILIATED AGREEMENTS**

The following agreements were in effect between the Company and its affiliates:

### **Management Services Agreement**

The Company is a party to a Management Services Agreement with AmeriHealth Caritas Services, LLC (“ACS”) effective as of January 1, 2020. The agreement provides for corporate and operational administrative and support services provided by ACS to the Company. The cost incurred during 2021 were \$44,484,000.

### **Pharmacy Benefit Management Services Agreement**

The Company is a party to a Pharmacy Benefit Management Services Agreement effective December 1, 2016, with an affiliated company, PerformRx, LLC, a Pennsylvania limited liability company (“Perform Rx”). Perform Rx is a wholly owned subsidiary of ACHP. Under the agreement, PerformRx is responsible for arranging for or providing certain pharmacy benefit management services for and on behalf of the health plan administered by the Company. Pharmacy costs incurred during 2021 related to drugs purchased from PerformSpecialty were \$17,365,000. The total fees incurred during 2021 were \$2,762,000.

### **Ancillary Services Agreement**

The Company, effective June 5, 2018, is party to an ancillary service agreement with PerformSpecialty, LLC (“PerformSpecialty”), a wholly-owned subsidiary of PerformRx and an affiliated company. PerformSpecialty supplies specialty pharmacy drugs to members enrolled with the Company through a pharmacy provider contract between PerformRx and PerformSpecialty.

### **Tax Allocation Agreement**

The Company is party to an amended and restated tax allocation agreement, effective December 24, 2019, with BMH and various subsidiaries of BMH. BMH files a consolidated federal income tax return, where the subsidiaries will each calculate its portion of the tax liability

on an entity stand-alone basis. The total amounts due under this agreement for 2021 was \$3,059.

## **ACCOUNTS AND RECORDS**

The Company maintained its principal operational offices in Palm Beach Gardens, Florida. The Company and non-affiliates had the following material agreements:

### **Custodial Agreement**

The Company maintained a custodial agreement with PNC Institutional Asset Management executed on February 4, 2012. The agreement complied with Rule 69O-191.090, Florida Administrative Code.

### **Independent Auditor Agreement**

An independent Certified Public Accountant (“CPA”), Deloitte & Touché, LLP, audited the Company’s statutory basis financial statements for the year 2021, in accordance with Section 641.26(5), Florida Statutes. For 2017 through 2020, KPMG was the Company’s external auditor. Supporting work papers were prepared by the CPA firm as required by Section 641.26(5), Florida Statutes.

### **Corporate Records Review**

The recorded minutes of the Shareholders, Board, and Audit and Compliance Committee were reviewed for the period under examination. The recorded minutes of the Board documented its meetings and approval of Company transactions and events, in compliance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code, including the authorization of investments, as required by Section 641.35(7), Florida Statutes.

## **TERRITORY AND PLAN OF OPERATIONS**

The Company was authorized to provide managed care services only in the State of Florida. The Company was authorized to provide managed care services in Florida on July 9, 2012, and is currently authorized for Medicaid business as of December 31, 2021.

## **REINSURANCE**

### **Reinsurance Assumed**

The Company did not assume any reinsurance during the period of this examination.

### **Reinsurance Ceded**

The Company did not cede any reinsurance during the period of this examination.

## **FINANCIAL STATEMENTS**

The following includes the Company's statutory Statement of Assets, Liabilities, Capital and Surplus, and statutory Statement of Revenue and Expenses, which includes an analysis of changes in the Capital and Surplus Account for the year ended December 31, 2021. The financial statements are based on the statutory financial statements filed by the Company with the OIR, and present the financial condition of the Company for the period ending December 31, 2021. Due to rounding, column amounts may not add to the totals reflected in this Report. There were no examination adjustments to the amounts reported by the Company.



**AmeriHealth Caritas Florida, Inc.**  
**Assets**  
**December 31, 2021**

	Per Company
Cash, cash equivalents and short-term investments	130,274,052
Aggregate write-ins for invested assets	300,000
Subtotals, cash and invested assets	130,574,052
Investment income due and accrued	5,722
Premiums and considerations	
Uncollected premiums and agents' balances	57,799,477
Current federal and foreign income taxes recoverable	3,059,002
Net deferred tax asset	5,498,850
Health care and other amounts receivable	1,662,679
Totals	198,599,782

**AmeriHealth Caritas Florida, Inc.**  
**Liabilities, Capital and Surplus**  
**December 31, 2021**

	Per Company
Claims unpaid	106,306,625
Unpaid claims adjustment expenses	668,833
General expenses due or accrued	714,297
Amounts withheld or retained for the account of others	40,386
Amounts due to parent, subsidiaries and affiliates	4,468,580
Aggregate write-ins for other liabilities	1,273,466
<b>Total liabilities</b>	<b>113,472,187</b>
Common capital stock	50
Gross paid-in and contributed surplus	449,035,585
Unassigned funds (surplus)	(363,908,040)
<b>Total capital and surplus</b>	<b>85,127,595</b>
<b>Total liabilities, capital and surplus</b>	<b>198,599,782</b>

**AmeriHealth Caritas Florida, Inc.**  
**Statement of Revenue and Expenses**  
**December 31, 2021**

	Per Company
Net premium income	428,007,647
Total revenues	428,007,647
Hospital and Medical:	
Hospital/medical benefits	116,169,292
Other professional services	95,438,153
Emergency room and out-of-area	7,154,131
Prescription drugs	57,048,868
Aggregate write-ins for other hospital and medical	78,127,365
Total hospital and medical	353,937,809
Claims adjustment expenses	16,136,485
General administrative expenses	34,281,269
Increase in reserves for life and accident and health contracts	(8,743,117)
Total underwriting deductions	395,612,446
Net underwriting gain or (loss)	32,395,201
Net investment income earned	470,455
Net investment gains (losses)	470,455
Net income or (loss) after capital gains tax and before all other federal income taxes	32,865,656
Net Income	32,865,656

**AmeriHealth Caritas Florida, Inc.**  
**Statement of Revenue and Expenses (continued)**  
**December 31, 2021**

Statement of Revenue and Expenses continued:

<b>Capital and Surplus Account</b>	
Capital and surplus, prior reporting year	54,847,915
Net Income	32,865,656
Change in net deferred income tax	15,683,965
Change in nonadmitted assets	(12,269,941)
Dividends to stockholders	(6,000,000)
Net change in capital and surplus	30,279,680
Capital and surplus, end of reporting year	85,127,595

**AmeriHealth Caritas Florida, Inc.**  
**Reconciliation of Capital and Surplus**  
**December 31, 2021**

No adjustments were made to surplus as regards policyholders as a result of this examination.

<b>Capital/Surplus Change during Examination Period</b>			
Capital and Surplus at December 31, 2016, per Examination			95,189,433
	Increase	Decrease	
Loss in surplus		222,095,922	
Change in net unrealized capital gain (loss)		1,745,064	
Change in net deferred income tax		29,687,638	
Change in nonadmitted assets	222,286,151		
Change in surplus notes			
Change in paid in surplus	27,180,635		
Dividends to stockholders		6,000,000	
Net increase (or decrease)			(10,061,838)
Capital and Surplus at December 31, 2021, per Examination			85,127,595

## COMMENTS ON FINANCIAL STATEMENT ITEMS

### **Liabilities**

#### **Losses and Loss Adjustment Expenses**

Rejean Boivin, Vice President and Chief Actuary, AmeriHealth Caritas Family of Companies, appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2021, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The OIR consulting actuary, Margaret Hermann, FSA, MAAA of INS Consultants, Inc., reviewed the loss and loss adjustment expense work papers provided by the Company and she was in concurrence with this opinion.

#### **Capital and Surplus**

The amount of capital and surplus reported by the Company of \$85,127,595 exceeded the minimum of \$11,347,219 required by Section 641.225, Florida Statutes.

## **SUBSEQUENT EVENTS**

On November 8, 2022, the OIR approved a request submitted by the Company to offer Medicaid and Long-Term Care managed care coverage beginning in 2025 in all counties.

On April 4, 2022, the OIR approved a request submitted by the Company to offer Commercial Lines for eight counties (Broward, Indian River, Martin, Miami-Dade, Monroe, Okeechobee, Palm Beach, St. Lucie).

On February 16, 2022, OIR approved a request submitted to provide Medicare Advantage in Miami-Dade, Broward, and Palm Beach counties.

## CONCLUSION

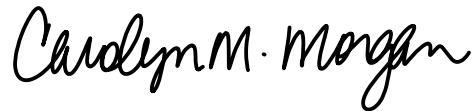
The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of AmeriHealth Caritas Florida, Inc. as of December 31, 2021, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of INS Regulatory Insurance Services, Inc. participated in the examination: Renee Hanshaw, CPA, CFE, Examiner-in-Charge; Mark Wiedeman, CFE, Examiner; and Kelly Willison, CPA, CFE, CFE (Fraud), Examination Manager. Members of OIR who participated in the examination include Alicia Thompkins-Perryman, CFE (Fraud), APIR, Examination Oversight Supervisor. Additionally, Margaret Hermann, FSA, MAAA of INS Consultants, Inc. are recognized for participation in the examination.

Respectfully submitted,



Renee Hanshaw, CPA, CFE  
Examiner-in-Charge  
INS Regulatory Insurance Services, Inc.  
Representing the Florida Office of Insurance  
Regulation



Carolyn M. Morgan, APIR  
Director  
Life & Health Financial Oversight  
Florida Office of Insurance Regulation  
Date Signed: 6/30/2023