

Report on Limited Scope Examination

of

HEALTH FIRST COMMERCIAL PLANS, INC.

Rockledge, Florida

as of

December 31, 2017



**FLORIDA OFFICE OF
INSURANCE REGULATION**



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

David Altmaier, Commissioner
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399

Dear Sir:

In accordance with Section 624.316, Florida Statutes, and the *Financial Condition Examiners Handbook* of the National Association of Insurance Commissioners, we have conducted a limited-scope examination of Health First Commercial Plans, Inc. as of December 31, 2017. Our report on the examination follows.

Florida Office of Insurance Regulation
May 17, 2019

FINANCIAL SERVICES

COMMISSION

RON DESANTIS
GOVERNOR

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER

ASHLEY MOODY
ATTORNEY GENERAL

NICOLE "NIKKI" FRIED
COMMISSIONER OF
AGRICULTURE

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SCOPE OF EXAMINATION

We have completed a limited-scope examination as of December 31, 2017 of Health First Commercial Plans, Inc. (Company), a Florida Health Maintenance Organization (HMO). The examination covered the Corporate Governance process and the Information Technology environment from January 1, 2017 through December 31, 2017 and took place in Tallahassee, Florida and at the Company's Rockledge, Florida Office. This was the first limited-scope examination of the Company by the Florida Office of Insurance Regulation (Office) and was conducted as a coordinated group exam with Health First Group.

We conducted our limited-scope examination in accordance with the guidance of the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook* (Handbook). Our limited-scope examination focused on the areas of Corporate Governance and the Information Technology environment.

This examination report includes significant findings of fact, as mentioned in Section 624.319, Florida Statute (F.S.). 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 were separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings to include in this report.

COMPANY HISTORY

The Company was incorporated in Florida on January 20, 2015 and licensed by the Office as a Health Maintenance Organization (HMO) on December 29, 2015. It was authorized by the State of Florida to operate as an HMO in accordance with Part I of Chapter 641, F.S.

Pursuant to Consent Order 184261-15-CO, Health First Health Plans, Inc. (NAIC # 95019) merged with and into Health First Government Plans, Inc. (NAIC # 15880) on January 1, 2016. Health First Health Plans, Inc. was dissolved and Health First Government Plans, Inc. was the surviving entity. Subsequently, Health First Government Plans, Inc. was renamed Health First Health Plans, Inc. Subsequent to this merger, Health First Health Plans, Inc. transferred all of its non-Marketplace commercial business to the Company through an Assignment and Assumption Agreement and by causing an extraordinary dividend to Health First Holding Corp., effective January 1, 2016. Upon receipt of the distribution, Health First Holding Corporation immediately sent the distribution to the Company.

In accordance with Consent Order Case No. 218365-17-CO, the Company merged with Newco Health First Commercial Plans, Inc. pursuant to Sections 628.451 and 641.255, F.S. Newco Health First Commercial Plans, Inc. was a newly formed not-for-profit corporation organized in Florida on June 9, 2017. Simultaneously, Health First Administrative Plans, Inc., an affiliate, merged with Newco Health First Administrative Plans, Inc. Newco Health First Administrative Plans, Inc. was a newly formed not-for-profit corporation organized in Florida on June 9, 2017. The ultimate owner, Health First, Inc., contributed 100% of the stock of the Company and Health First Health Plans, Inc., to Health First Administrative Plans, Inc. An abbreviated organizational chart reflecting the holding company system after these changes is shown on page 5 of this report. Refer to Subsequent Events for further discussion.

TERRITORY AND PLAN OF OPERATION

The Company held a current health care provider certificate issued by the Florida Agency for Health Care Administration pursuant to Part III of Chapter 641, F.S., valid until December 31, 2017. It provided health care services to comprehensive and Medicare members. The Company operated in Florida counties of Brevard, Flagler, Indian River, and Volusia.

CORPORATE GOVERNANCE

The Company is a not-for-profit corporation wholly owned by Health First, Inc. Refer to Subsequent Events for further discussion. The Company was affiliated with various other entities through common ownership including Health First Commercial Plan, Inc. and Health First Insurance, Inc., both Florida health insurance companies. We conducted examination procedures that included inquiry and interviews of selected senior management personnel. The Board is comprised of both Officers and individuals that are independent from management.

The annual shareholder meeting for the election of directors was held in accordance with Sections 607.1601 and 628.231, F.S. The Company's senior officers and directors as of December 31, 2017 were:

Senior Officers	
Name	Title
Drew A. Rector	President, Chief Executive Officer
Alan P. Fehlner	Vice President, Chief Financial Officer
Joseph G. Felkner	Secretary, Treasurer
Nicholas W. Romanello	Assistant Secretary

Board of Directors

Name	Location
Cathy K. Eddy	Colleyville, Texas
Joseph G. Felkner	Melbourne, Florida
Dale A. Dettmer	Melbourne, Florida
Steven P. Johnson	Indianapolis, Florida
Drew A. Rector	Indian Harbour Beach, Florida
Jeffrey C. Stalnaker, MD	Merritt Island, Florida

Audit Committee

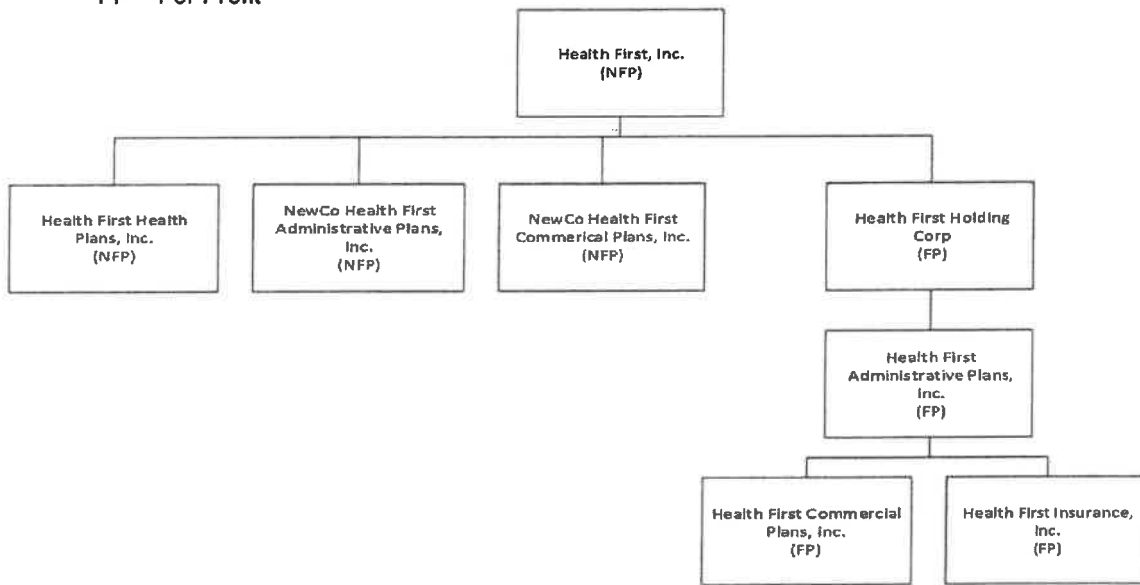
William Potter, Esq., Chairperson
John F. Breitfeller
Eugene S. Cavallucci, Esq.
Dale A. Dettmer, Esq.
Pamela A. Gatto
Robert K. Henry
James C. Shaw

The Company was a member of an insurance holding company system as defined by Rule 690-143.045(3), Florida Administrative Code (F.A.C.). The Holding Company Registration Statement for 2017 was filed timely with the State of Florida as required by Section 628.801, F.S., and Rule 690-143.046, F.A.C.

An abbreviated organizational chart reflecting the holding company system as of December 31, 2017 is shown below.

**Abbreviated Organization Chart*
December 31, 2017**

*Abbreviated Organization Chart Legend
NFP = Not For Profit
FP = For Profit



INFORMATION TECHNOLOGY REPORT

An evaluation was performed of the information technology and computer systems of the Company. Results of the evaluation were reported and discussed separately with the Company.

SUMMARY OF RECOMMENDATIONS

There were no recommendations to include in this report.

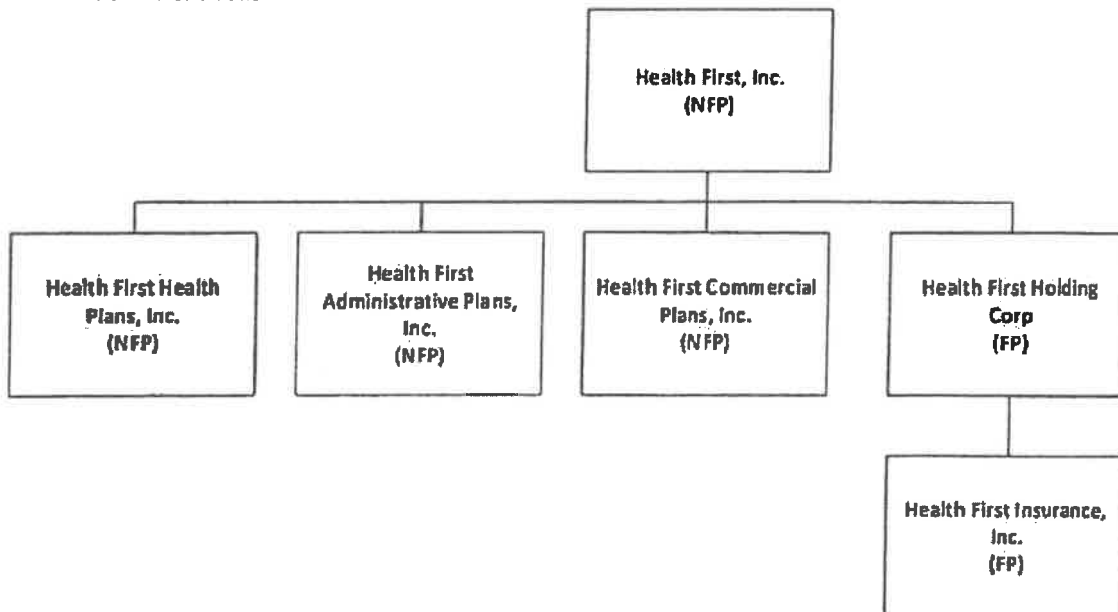
SUBSEQUENT EVENTS

The examination also considered notable subsequent events occurring after the December 31, 2017 examination date.

On January 1, 2018, the for-profit Health First Administrative Plans and Health First Commercial Plans were eliminated by merger into respective "NewCo" not-for-profit entities. Simultaneously, the surviving entities were renamed Health First Administrative Plans, Inc. and Health First Commercial Plans, Inc. The for-profit Health First Holding Corp. remained a direct subsidiary of not-for-profit Health First, Inc. For-profit Health First Insurance, Inc. changed from an indirect subsidiary to a direct subsidiary of for-profit Health First Holding Corp. An abbreviated organizational chart reflecting the new holding company system is shown below.

Abbreviated Organization Chart*
January 1, 2018

*Abbreviated Organization Chart Legend
NFP = Not For Profit
FP = For Profit



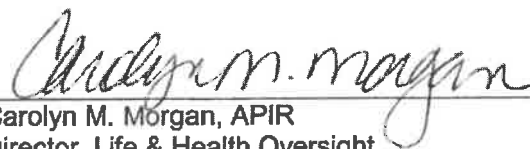
CONCLUSION

The customary insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining findings about Corporate Governance and the Information Technology environment of Health First Commercial Plans, Inc. consistent with the insurance laws of the State of Florida.

The following individuals participated in the examination: Thomas Mayberry, CFE, CPA, Exam Manager; Philip Engelhart, CFE, CPA, AIAF, Examiner-in-Charge; Francis Laurence Lindberg, CFE, CPA, Participating Examiner and Paul Sliwinski, CPA, ARe, Participating Examiner of EWM Group, PC., as well as, Jenny Jeffers, AES, CISA and Joanna Latham, CPA, CFE, AES, CISA, Information Technology Specialist of Jennan Enterprises.

The following individual from the Florida Office of Insurance Regulation also participated in the examination: Marshay Spencer, APIR, Financial Examiner/ Analyst Supervisor.

Respectfully submitted,



Carolyn M. Morgan, APIR
Director, Life & Health Oversight
Florida Office of Insurance Regulation