

Report on Examination

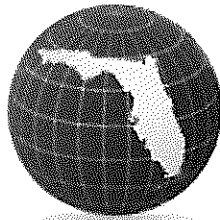
of

**The Public Health Trust of Miami-Dade County
d/b/a JMH Health Plan**

Miami, Florida

as of

December 31, 2014



**FLORIDA OFFICE OF
INSURANCE REGULATION**

David Altmaier, Commissioner
Florida Office of Insurance Regulation
200 E. Gaines Street
Tallahassee, Florida 32399-0305

Dear Sir:

In accordance with Sections 641.27, Florida Statutes, and the *Financial Condition Examiners Handbook* of the National Association of Insurance Commissioners, we have completed a limited-scope financial condition examination of The Public Health Trust of Miami-Dade County d/b/a JMH Health Plan as of December 31, 2014. Our report on the examination follows.

Florida Office of Insurance Regulation
March 25, 2016

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SCOPE OF EXAMINATION

We have completed a limited-scope financial condition examination as of December 31, 2014 of The Public Health Trust of Miami-Dade County d/b/a JHM Health Plan (the "Plan"), a single-state health maintenance organization (HMO) domiciled in Florida. The last financial examination of the Plan by the Florida Office of Insurance Regulation (the "Office") was as of December 31, 2009.

This examination covered the period of January 1, 2010 through December 31, 2014. It was conducted pursuant to Section 641.27 Florida Statutes (F.S.), which required at a minimum an examination no less than every five years, conducted in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook*. The objectives of the examination were solely to determine the extent to which the assets and liabilities reported by the Plan as of December 31, 2014 were in compliance with Florida Statutes, and Florida Administrative Code. The examination was conducted in the Office's location in Tallahassee, Florida.

This report is on a limited-scope examination. As such, it is not intended to communicate all matters of importance necessary for an understanding of the Plan's financial condition. The purposes of limited-scope examinations are to review specific aspects of financial or operational processes, perform specific procedures with respect to those aspects, and report the examiners' findings thereon. By definition, limited-scope examinations are less comprehensive than full-scope examinations.

BACKGROUND

The Public Health Trust of Miami-Dade County, Florida (the "Trust") was established in 1973 by the Board of County Commissioners of Miami-Dade County, Florida for the purpose of controlling through a board of trustees, the operation, maintenance and governance of the Jackson Health System, which includes the Plan, Jackson Memorial Hospital and other health care facilities. The Plan was licensed by the Office as an HMO on September 30, 1985. It was authorized by the State of Florida to operate as an HMO in accordance with Part I of Chapter 641, F.S.

On January 15, 2014, the Plan began a run-off process, where the Plan will remain active until all claims associated with the discontinued lines of business have been paid. Final determination of completed claims run out will be made based on an actuarial certification rendered to and accepted by the Office.

PROCEDURES, FINDINGS AND RECOMMENDATIONS

Cash Verification

Examination objectives included verifying the existence and valuation of the assets reported by the Plan as 'Cash' in the amount of \$5,723,798. Examination procedures included a review of relevant records, supporting documents and independent confirmations of deposits held by the financial institutions in order to determine whether the amount reported was accurate. No significant findings were identified.

Reserves

Examination objectives included determining the accuracy of the Plan's reserves reported by the Plan in the amount of \$163,606. No significant findings were identified.

Compliance with Chapter 641, Florida Statutes

Examination objectives included reviewing applicable sections of Chapter 641, F.S. to ensure that the Plan was in compliance with all applicable statutes and rules. No significant findings were identified.

MANAGEMENT AND CONTROL

The Jackson Health System and the Plan were governed by the Board of Trustees of the Trust. The Plan received significant administrative benefits from the Trust. The Plan's senior officers and trustees were as follows:

Senior Officers

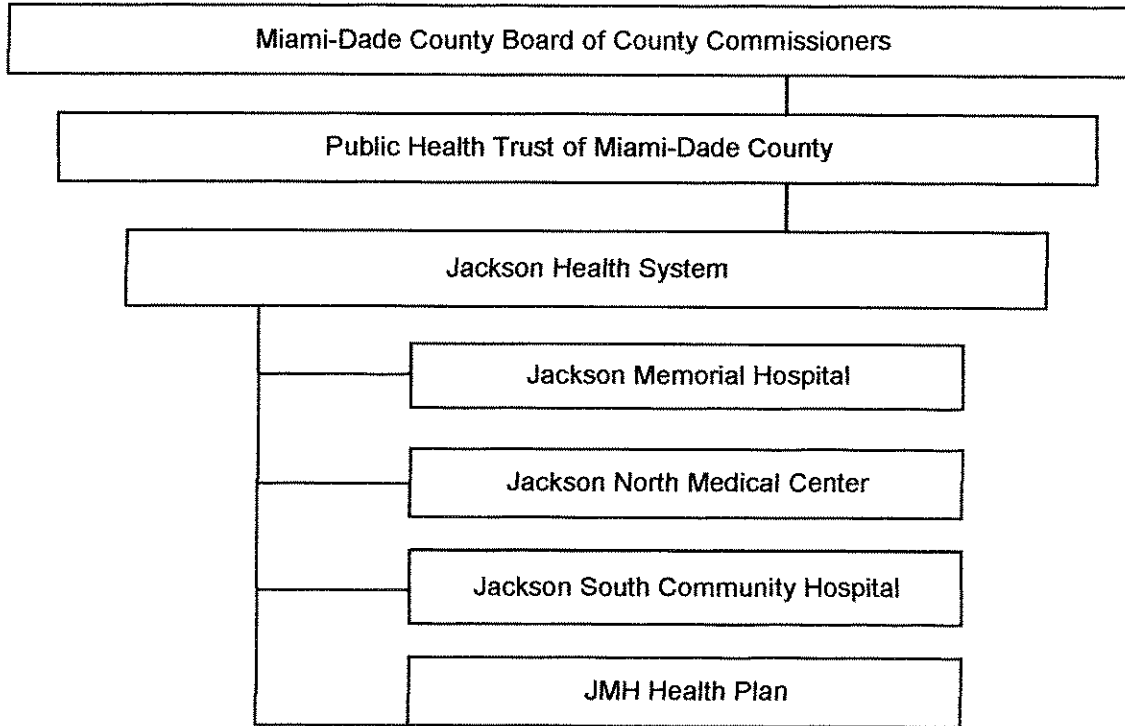
Name	Title
Paul Marineau	Chief Executive Officer
Mark Knight	Chief Financial Officer

Board of Trustees

Name	Location
Joe Arriola	Miami, Florida
William Heffernan	Miami, Florida
Mojdeh Khaghan	Miami Beach, Florida
Irene Lipof	Miami, Florida
Ralph Patino, Esq.	Coral Gables, Florida
Darryle Sharpton	Miami, Florida
Carlos Trujillo	Coral Gables, Florida

An abbreviated organizational chart is shown below.

**The Public Health Trust of Miami-Dade County
d/b/a JHM Health Plan
Abbreviated Organizational Chart
December 31, 2014**



FINANCIAL STATEMENTS

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.

The Public Health Trust of Miami-Dade County d/b/a JMH Health Plan Admitted Assets, Liabilities and Capital and Surplus December 31, 2014

	Per Plan	Examination Adjustments	Per Examination
Cash, cash equivalents and short-term investments	\$ 5,723,798	\$ -	\$ 5,723,798
Deferred premiums and agents' balances	180,733	-	180,733
Admitted Assets	\$ 5,904,531	\$ -	\$ 5,904,531
Liabilities			
Claims unpaid	\$ 25,224	\$ -	\$ 25,224
Unpaid claims adjustment expenses	15,000	-	15,000
Aggregate health claim reserves	163,606	-	163,606
Liability for amounts held under uninsured plans	143,357	-	143,357
Aggregate write-ins for other liabilities	535,000	-	535,000
Total liabilities	882,187	-	882,187
Surplus and Other Funds			
Gross paid in and contributed surplus	8,409,621	-	8,409,621
Unassigned funds (surplus)	(3,387,277)	-	(3,387,277)
Total surplus and other funds	5,022,344	-	5,022,344
Total liabilities, surplus and other funds	\$ 5,904,531	\$ -	\$ 5,904,531

**The Public Health Trust of Miami-Dade
d/b/a JMH Health Plan
Statement of Revenues and Expenses
(As reported by the Plan)
For The Year Ended December 31, 2014**

<u>Net premium income</u>	<u>\$ 11,382,450</u>
	11,382,450
Hospital and medical benefits	10,256,274
Emergency room and out-of-area	1,358
Prescription drugs	34,073
<u>Total hospital and medical</u>	<u>10,291,705</u>
Claims adjustment expenses	408
General administrative expenses	799,942
Increase in reserves	163,606
<u>Total underwriting deductions</u>	<u>11,255,661</u>
Net underwriting gain (loss)	126,789
Net investment income earned	11,765
<u>Net income (loss)</u>	<u>\$ 138,555</u>

**The Public Health Trust of Miami-Dade County
d/b/a/ JMH Health Plan
Comparative Analysis of Changes in Capital & Surplus
December 31, 2014**

The following is a reconciliation of capital and surplus between that reported by the Plan and as determined by the examination.

Capital & surplus, December 31, 2014 - per annual statement			\$ 5,022,344
	<u>Per Company</u>	<u>Per Examination</u>	<u>Increase (Decrease) In Capital & Surplus</u>
Total admitted assets	\$ 5,904,531	\$ 5,904,531	\$ -
Total liabilities	\$ 882,187	\$ 882,187	\$ -
Net change in capital and surplus			<u>\$ -</u>
Capital & surplus, December 31, 2014 - per examination			<u><u>\$ 5,022,344</u></u>

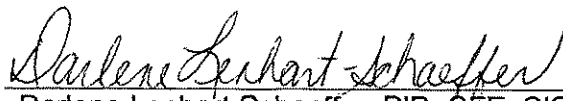
CONCLUSION

The customary insurance examination practices and procedures as promulgated by the NAIC have been applied to the specific areas described in this report of limited-scope examination on The Public Health Trust of Miami-Dade County d/b/a/ JMH Health Plan as of December 31, 2014 consistent with the insurance laws of the State of Florida.

The Company's total capital and surplus at December 31, 2014 was determined to be \$5,022,344, which was in compliance with Section 641.225, F.S. The Company's required minimum capital and surplus was \$1,500,000.

In addition to the undersigned, Luke Stavenau, Financial Specialist participated in this examination.

Respectfully submitted,



Darlene Lenhart-Schaeffer, PIR, CFE, CISA
Chief Examiner
Florida Office of Insurance Regulation