

JUN 13 2025

FILED

CERTIFICATION

June 13, 2025

I, Eric Dunning, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of the Financial Examination Report of

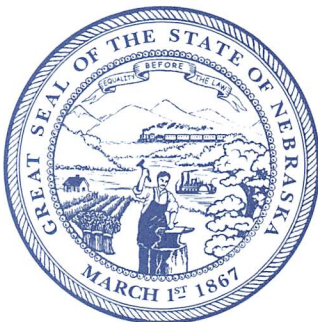
CARE IMPROVEMENT PLUS SOUTH CENTRAL INSURANCE COMPANY

AS OF

DECEMBER 31, 2023

The report is now on file and forming a part of the records of this Department.

I hereto subscribe my name under the seal of my office at Lincoln, Nebraska.



A handwritten signature in blue ink, appearing to read "Eric Dunning", is written over a horizontal line.

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

CARE IMPROVEMENT PLUS SOUTH CENTRAL INSURANCE COMPANY

9800 HEALTH CARE LANE MN006-W500

MINNETONKA, MN 55343

dated as of December 31, 2023, verified under oath by the examiner-in-charge on
May 29, 2025, and received by the company on May 30, 2025, has been adopted
without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 13th day of June 2025.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

A handwritten signature in black ink that reads "Tadd R. Wegner". The signature is written in a cursive style with a large, stylized 'W'.

Tadd Wegner, CFE
Chief Financial Regulator

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

CARE IMPROVEMENT PLUS SOUTH CENTRAL INSURANCE COMPANY

as of

December 31, 2023

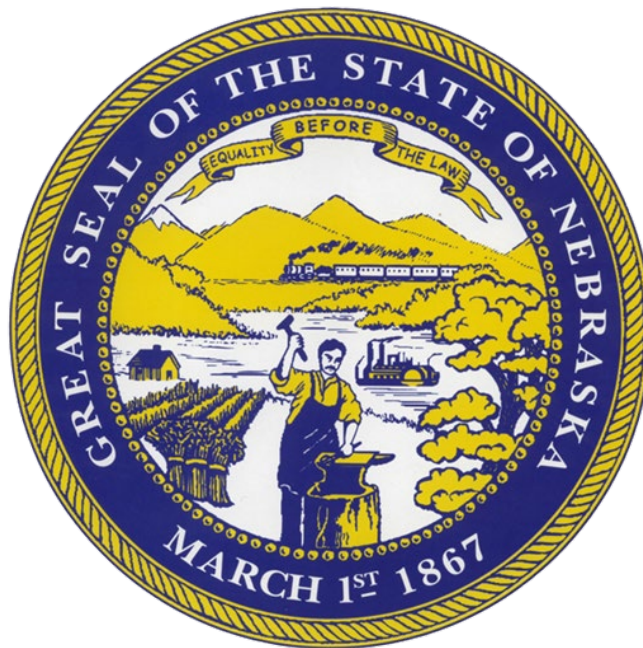


Table of Contents

<u>Item</u>	<u>Page</u>
Salutation	1
Introduction.....	1
Scope of Examination	2
Description of Company	5
History	5
Management and Control	5
Holding Company	5
Shareholder	6
Board of Directors	7
Officers	7
Committees.....	8
Transactions with Affiliates	9
Federal Income Tax Sharing Agreement.....	9
Short-Term Investment Pool	9
Asset Transfer Agreements	9
Promissory Note	10
Administrative/Management Service Agreements.....	11
General Agency Agreement	11
Various Medical and Drug Service Agreements	12
Territory and Plan of Operation	21
Body of Report.....	22
Growth.....	22
Financial Statements	22
Examination Changes in Financial Statements	26
Compliance with Previous Recommendations.....	26
Commentary on Current Examination Findings	27
Insurance Holding Company System Annual Registration Statement.....	27
Summary of Comments and Recommendations.....	27
Acknowledgment	28

Omaha, Nebraska
May 1, 2025

Honorable Eric Dunning
Director of Insurance
Nebraska Department of Insurance
1526 K Street, Suite 200
Lincoln, Nebraska 68508

Dear Sir:

Pursuant to your instruction and authorizations, and in accordance with statutory requirements, an examination has been conducted of the financial condition and business affairs of:

CARE IMPROVEMENT PLUS SOUTH CENTRAL INSURANCE COMPANY

which has its Statutory Home Office located at

**2717 North 118th Street, Suite 300
Omaha, Nebraska 68164**

with its Principal Executive Office located at

**9800 Health Care Lane MN006-W500
Minnetonka, MN 55343**

(hereinafter also referred to as the “Company”), and the report of such examination is respectfully presented herein.

INTRODUCTION

The State of Arkansas last examined the Company as of December 31, 2018. The current financial condition examination covers the intervening period to, and includes the close of business on December 31, 2023 and such subsequent events and transactions as were considered pertinent to this report. The States of Nebraska, Arizona, Colorado, Connecticut, New Jersey,

New York, Ohio, Rhode Island and Texas participated in this examination and preparation of this report.

The same examination staff conducted concurrent financial condition examinations of the Company's affiliates, UnitedHealthcare of the Midlands, Inc., Solstice Healthplans of Arizona, Inc., Rocky Mountain Health Maintenance Organization, Inc., International Healthcare Services, Inc., Healthplex of New Jersey, Inc., Optum Networks of New Jersey, Inc., AmeriChoice of New Jersey, Inc., UnitedHealthcare Insurance Company of New York, UnitedHealthcare of New York, Inc., UnitedHealthcare Community Plan of Ohio, Inc., UnitedHealthcare of New England, Inc., Solstice Healthplans of Texas, Inc. and Kelseycare Administrators LLC.

SCOPE OF EXAMINATION

The examination was conducted pursuant to and in accordance with both the NAIC Financial Condition Examiners Handbook (Handbook) and Section §44-5904(1) of the Nebraska Insurance Statutes. The Handbook requires that examiners plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including but not limited to: corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. The examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with Statutory Accounting Principles and Annual Statement Instructions when applicable to domestic state regulations.

The examination was completed under coordination of the holding company group approach with the Nebraska Department of Insurance as the coordinating state and the Arizona Insurance Department, Connecticut Insurance Department, New Jersey Department of Banking

and Insurance, New York Department of Financial Services, Ohio Department of Insurance, Rhode Island Department of Business Regulation – Insurance Division, Colorado Department of Insurance and Texas Department of Insurance as the participating states. The companies examined under this approach benefit to a large degree from common management, systems and processes, and internal control and risk management functions that are administered at the consolidated or business unit level.

The coordinated examination applies procedures sufficient to comprise a full scope financial examination of each of the companies in accordance with the examination procedures and standards promulgated by the NAIC and by the respective state insurance departments where the companies are domiciled. The objective is to enable each domestic state to report on their respective companies' financial condition and to summarize key results of examination procedures.

The Nebraska Department of Insurance made a general review of the Company's operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. The Company's history was traced and has been set out in this report under the caption "Description of Company." All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the Shareholders, Board of Directors, and committees held during the examination period were read and noted. Attendance at meetings, proxy information, election of Directors and Officers, and approval of investment transactions were also noted.

The fidelity bond and other insurance coverages protecting the Company's property and interests were reviewed. Certificates of Authority to conduct the business of insurance in the various states were inspected, and a survey was made of the Company's general plan of operation.

Data reflecting the Company's growth during the period under review, as developed from the Company's filed annual statements, is reflected in the financial section of this report under the caption "Body of Report."

Accounting records and procedures were tested to the extent deemed necessary through the risk-focused examination process. The Company's method of claims handling and procedures pertaining to the adjustment and payment of losses incurred were also noted.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included a review of workpapers prepared by Deloitte & Touche LLP, the Company's external auditors, during their audit of the Company's accounts for the years ended December 31, 2022 and 2023. Portions of the auditor's workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

Any failure of items to add to the totals shown in schedules and exhibits appearing throughout this report is due to rounding.

DESCRIPTION OF COMPANY

HISTORY

The Company was incorporated in Arkansas on January 13, 2006, as a life, accident and health insurer and operations commenced on January 1, 2007. Effective October 1, 2022, the Company re-domesticated from Arkansas to Nebraska.

The Company is a wholly-owned subsidiary of XL Health Corporation ("XL Health"). XL Health is a wholly-owned subsidiary of United Healthcare Services, Inc. ("UHS"), which is an HMO management corporation that provides services to the Company under the terms of a management agreement. UHS is a wholly-owned subsidiary of UnitedHealth Group, Inc. ("UHG"), a publicly held company. UHG acquired XL Health in a transaction that became effective February 8, 2012.

MANAGEMENT AND CONTROL

Holding Company

The Company is a member of an insurance holding company system as defined by Nebraska Statute. An organizational listing and flowing from the "Ultimate Controlling Person," as reported in the 2023 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned):

UnitedHealth Group, Inc.

United HealthCare Services, Inc.

Rocky Mountain Health Maintenance Organization, Inc.

UnitedHealthcare of New England, Inc.

XL Health Corporation

Care Improvement Plus South Central Insurance Company

Specialty Benefits, LLC

Solstice Benefits, Inc.

Solstice Administration Services, Inc.

Solstice Healthplans of Arizona, Inc.

Solstice Healthplans of Texas, Inc.
 UHIC Holdings, Inc.
 UnitedHealthcare Insurance Company
 UnitedHealthcare Insurance Company of New York
 UnitedHealthcare, Inc.
 UnitedHealthcare of the Midlands, Inc.
 Optum, Inc.
 Marlin Holding Company LLC
 Healthplex, Inc.
 Healthplex of NJ, Inc.
 International Healthcare Services, Inc.
 OptumInsight Holdings, LLC
 OptumInsight, Inc.
 OptumHealth Care Solutions, LLC
 OrthoNet Holdings, Inc.
 Optum Networks of NJ, Inc.
 OptumHealth Holdings, LLC
 Collaborative Care Holdings, LLC
 Transformer TX Holdings, LLC
 KSMS Holdings, LLC
 KSMS Holdings, LLC
 KSMS Intermediate Holdings I, LLC
 KSMS Intermediate Holdings II, LLC
 KS Management Services, LLC
 KelseyCare Administrators, LLC
 AmeriChoice Corporation
 AmeriChoice of New Jersey, Inc.
 UnitedHealthcare of New York, Inc.
 Three Rivers Holding, Inc.
 UnitedHealthcare Community Plan of Ohio

Shareholder

Article IV of the Company's Articles of Incorporation states that, "the total authorized number of shares of this Corporation shall be Two Hundred Thousand (200,000) Common Shares of the par value of Twenty dollars (\$20.00) per share." As of December 31, 2023, the Company had 200,000 shares authorized and 100,000 shares issued and outstanding of \$20 par value common stock. All issued and outstanding shares of common stock are held by the Company's parent, XL Health.

During the period under review, common capital stock remained at \$2,000,000 for years 2019 through 2023. Paid in surplus was \$181,562,960 from 2019 through 2021 and increased to \$281,562,960 for 2022 and 2023. The Company received a cash infusion of \$100,000,000 in 2022. The Company paid cash dividends of \$125,000,000 in 2019 and \$84,500,000 in 2020.

Board of Directors

Article III, Section 3.02 of the Company's By-Laws states that, "the number of Directors shall be determined from time to time by the Board of Directors but in no case shall the number of Directors be less than five, and one of them shall be a resident of the State of Nebraska."

The following persons were serving as Directors at December 31, 2023:

<u>Name and Residence</u>	<u>Principal Occupation</u>
Suha Haddad Assi Brentwood, TN	Health Plan Chief Executive Officer Management
Matthew Walker Milam Omaha, NE	SB KA VP Sales Account Manager
Jessica Arlette Schrofe Maple Grove, MN	VP Business Group Finance Leader Medicare & Retirement
Jeffrey Scott Stafford* Omaha, NE	Health Plan Chief Executive Officer
Craig Andrew Stillman Plymouth, MN	Health Plan Chief Executive Officer Region Management

* Replaced by James M. Parnell effective August 29, 2024

Officers

Article IV, Sections 4.01 of the Company's By-Laws states that, "the corporation shall have such Officers as the Board of Directors, the Chief Executive Officer, if any, or the President, if any, from time to time may elect; provided, however, that the Chief Executive Officer and the President shall be elected by the Board of Directors. Any number of Offices or

functions of those Offices may be held or exercised by the same person. The Board of Directors, the Chief Executive Officer or the President may elect Officers at any time.”

The following is a partial listing of Officers elected and serving the Company at December 31, 2023:

<u>Name</u>	<u>Office</u>
Suha Haddad Assi	President
Alexander McCarthy Miskella	Secretary
Peter Marshall Gill*	Treasurer
Jessica Arlette Schrofe	Chief Financial Officer
Heather Anastasia Lang	Assistant Secretary
Nyle Brent Cottingham	Vice President
Courtney O. Mattson	Assistant Treasurer
Paul T. Runice	Assistant Treasurer
Gretchen D. Brock**	Chief Information Security Officer
John E. Kelly	Vice President, Tax Services

*Was replaced by Marilyn V. Hirsch effective August 30, 2024

**Was replaced by Allison L. Miller effective March 29, 2024

Committees

The Articles of Incorporation do not enumerate specific committees required to be maintained by the Company.

As of January 1, 2022, the Company designated the UHS Medicare & Retirement Audit Committee of its indirect controlling party, UHS, to serve as the Audit Committee for the Company. Prior to January 1, 2022, the Company designated the Medicare Audit Committee of United Healthcare Services to serve as the Company’s Audit Committee.

The following persons were serving on the Medicare & Retirement Audit Committee at December 31, 2023:

Christopher Kreutzer, Chair	Marc Briggs
Mark Wentworth	

TRANSACTIONS WITH AFFILIATES

Federal Income Tax Sharing Agreement

Effective March 1, 2019, the Company entered into the First Amendment to the Intercompany Federal Income Tax Sharing Agreement with its ultimate parent, UHG, whereby the parties join in filing a consolidated federal tax return as members of an “affiliated group.” UHG coordinates the tax planning for the group, accumulates the information, prepares and files the required consolidated tax return and pays the taxes due or collects refunds from the IRS. Payment by a subsidiary to UHG is equal to its separate tax liability attributable to its net taxable income. This agreement establishes the method for reimbursing UHG for payment of such tax liability; for computation of any consolidated adjustments; for treatment of participant losses; and to provide for the allocation and payment of any refund or liability arising from a carryback.

Short-Term Investment Pool

UHS maintains a private short-term investment pool in which affiliated companies may participate. As of December 31, 2023, the Company’s portion was \$1,362 and is included in cash equivalents in the financial statements.

Asset Transfer Agreements

Effective January 1, 2022, the Company’s affiliates, Care Improvement Plus of Texas Insurance Company, Harken Health Insurance Company, MAMSI Life and Health Insurance Company, Oxford Health Insurance, Inc., PacifiCare Life Assurance Company, Sierra Health and Life Insurance Company, Inc., UnitedHealthcare Insurance Company, UnitedHealthcare Insurance Company of America (fka Symphonix Health Insurance, Inc.), UnitedHealthcare Insurance Company of Illinois, UnitedHealthcare Insurance company of New York, UnitedHealthcare Insurance Company of the River Valley, UnitedHealthcare of Florida, Inc.,

UnitedHealthcare of Georgia, Inc. and UnitedHealthcare of Oregon, Inc. novated Centers for Medicare & Medicaid Services (“CMS”) contracts to the Company. The novation agreements resulted in full control of the contracts being transferred to the Company at \$0 net book value for dates of service on or after January 1, 2022. Approvals for the asset transfers related to the novations were received from CMS and the Arkansas Department of Insurance.

Effective January 1, 2023, affiliates, Oxford Health Plans, Inc., Sierra Health and Life Insurance Company, Inc., and UnitedHealthcare Insurance Company of the River Valley novated their CMS contracts to the Company. The novation agreements resulted in full control of the contracts being transferred to the Company at \$0 net book value for dates of services on or after January 1, 2023. Approval of these novations were received from CMS. Approvals for the asset transfers related to the novations were received from the Arkansas Insurance Department. The 2023 agreements were filed with the Nebraska Department of Insurance for notification purposes following the redomestication.

Promissory Note

Effective January 1, 2023, the Company entered into a Promissory Note with UHS. The maximum amount that may be borrowed by the Company from UHS under this note will not exceed, in any year, the lesser of 3% of the Company’s admitted assets or 25% of surplus as regards policyholders each as of the prior year end as set forth in Nebraska Revised Statute (“Neb. Rev. Stat.”) § 44-2133. No balances were outstanding as of December 31, 2023.

Effective April 1, 2023, the Company entered into a Promissory Note with UHS. Pursuant to the April Note, UHS agrees to lend to the Company an aggregate principal amount of \$250,000,000, for an arm’s length interest charge. The April Note may be prepaid at any time in

the whole or in part. Payment of the principal and interest will be subordinated to the claims of non-affiliated creditors. No balances were outstanding as of December 31, 2023.

Administrative/Management Service Agreements

Effective January 1, 2014, the Company entered into the Management Services Agreement with UHS. Under the terms of the Agreement, UHS provides management and operational support to the Company. The Agreement includes additional services, such as disease management, health care decision support and wellness management. The Company paid \$2,325,239,292 related to this contract in 2023.

Effective May 1, 2014, the Company entered into the Services Agreement with OptumInsight, Inc. (“OptumInsight”). Under the terms of the Agreement, OptumInsight provides the Company with services related to claim analytics and recovery services, retrospective fraud, waste and abuse services, subrogation services and premium audit services. The Company paid \$79,551,620 related to this contract in 2023.

Effective September 1, 2015, the Company and OptumHealth Care Solutions, Inc. (“OHCS”) entered into the Administrative Services Agreement. Pursuant to the Agreement, OptumHealth is responsible for managing a network of therapy providers and other administrative functions in order to provide physical health solutions such as chiropractic and physical, occupation and speech therapy for the Company’s Medicare members. The Company is ultimately responsible for the delivery of therapy services to its members. The Company paid \$12,272,813 related to this contract in 2023.

General Agency Agreement

Effective July 1, 2018, the Company became a participant to the eAlliance General Agency Agreement with Golden Outlook, Inc. The Agreement is for payment of Agent

commissions for the sale of Medicare products made by licensed agents. The Company began participating in the agreement by signing a participating addendum effective July 1, 2018.

Effective April 10, 2023, the Agreement was terminated.

Various Medical and Drug Service Agreements

Effective January 1, 2014, the Company entered into a Behavioral Health Services Agreement with United Behavioral Health and its subsidiaries to provide mental health services for commercial and Medicare participants.

Effective January 1, 2015, the Company contracted with Dental Benefit Providers, Inc. (“DBP”) to provide dental services for the Company’s Members. Additionally, DBP provides claims administration services for the covered services.

Effective January 1, 2015, the Company entered into the Vision Services Agreement with Spectera, Inc. and Specialty Benefits, LLC. Under the terms of the Agreement, Spectera, Inc. is responsible for claims processing and other administrative function related to its vision services, as well as managing a network of vision providers to provide vision services to the Company’s Medicare members. Specialty Benefits, LLC provides optometric materials, such as eyeglasses and contact lenses prescribed by the network providers to the Company’s members.

Effective January 1, 2018, OptumRx Inc. (“OptumRx”) and United HealthCare Services, Inc. entered into the First Amended and Restated Prescription Drug Benefit Administration Agreement on behalf of its affiliates. Under the terms of the Agreement, OptumRx is the Pharmacy Benefit Manager for the Company’s Employer Group MA-PD Plans and PDP Plans for Individual Members.

Effective January 1, 2018, OptumRx and United HealthCare Services, Inc. entered into the First Amended and Restated Prescription Drug Benefit Administration Agreement on behalf

of its affiliates. Under the terms of the Agreement, OptumRx is the Pharmacy Benefit Manager for the Company's Employer Group MA-PD Plans and PDP Plans for Group Members.

Effective January 1, 2020, UnitedHealthcare Insurance Company and WellMed Networks, Inc. ("WMN") entered into a Health Services Agreement. Under the Agreement, WMN is responsible for the health care needs and arranges for medical services through a network of providers for the Company's Medicare Advantage members, for specific H-Plans in the state of Arkansas. The Company entered into the agreement via a participating addendum effective January 1, 2022.

Effective January 1, 2020, the Company entered into the First Amended and Restated Services Agreement with LifePrint Health ("LifePrint"). Pursuant to the Agreement, LifePrint provides the Company with services related to performing medical management services for their Dual Special Needs Plan ("DSNP") members including but not limited to care management services, referral services and out-of-area services.

Effective January 1, 2020, United HealthCare Services, Inc. entered into an Amended and Restated Master Ancillary Health Supplies Agreement with Optum Rx. The Company was added through a Participating Addendum. Pursuant to the Agreement, OptumRx provides a health supplies benefit via a retail debit card option to Medicare and Dual Eligible members to purchase health supplies and durable medical equipment items at retail pharmacies.

Effective March 1, 2020, Prospero Health Partners, P.C. ("PHPPC") and UnitedHealthcare Insurance Company entered into the Medical Group Participation Agreement. The Company participates through a participating addendum. Under the Agreement, PHPPC provides palliative care management and care services to the Company's Medicare Advantage members within the last 12 months of their lives.

Effective March 1, 2020, PHPPC and UnitedHealthcare Insurance Company entered into the Accountable Care Organization Agreement. The Company participates in the Agreement via a participating addendum. The purpose of the Agreement is to allow PHPPC to participate in certain incentive programs developed by UnitedHealthcare Insurance Company.

Effective February 1, 2021, the Company entered into an Agreement for Post-Acute Services with United HealthCare Services, Inc. and naviHealth, Inc. Pursuant to the Agreement, naviHealth, Inc. arranges for the delivery and provision of Post-Acute clinical services to the Company's members.

Effective January 1, 2022, the Company became a party to the Health Services Agreement between PacifiCare of Colorado, Inc. and Physician Alliance of the Rockies ("PAR"). Under the Agreement, PAR is responsible for the health care needs and arranges for medical services through their network of providers for the Company's Medicare Advantage members on a prepaid basis in coordination with its Participating Providers under the terms specified in the Agreement.

Effective January 1, 2022, Optum Care Networks, Inc. f/k/a LifePrint East, Inc. ("LifePrint East") and Oxford Health Plans, Inc. contracting on behalf of itself and the Company entered into the Sixth Amendment to the Health Services Agreement. Under the Agreement, LifePrint East provides services related to providing covered services as well as performing medical management services for the Company's Medicare Advantage members.

Effective January 1, 2022, the Company entered into a UnitedHealthcare Health Services Agreement with CareMount Value Partners, IPA, LLC ("CMVP"). CMVP and their Participating Providers participate in UnitedHealthcare's prepaid health service delivery system by providing or arranging for Covered Services to the Company's Medicare Advantage members

on a prepaid basis in coordination with UnitedHealthcare and its Participating Providers under the terms specified in this Agreement.

Effective January 1, 2022, the Company became a participant in the agreement with American Health Network of Indiana Care Organization (“AHNICO”) and Optum Care Networks, Inc (formerly Welled Medical Management, Inc.) (“WMM”). The Agreement notes that AHNICO and WMM will provide health care services using their network of providers to the Company’s Medicare Advantage members.

Effective January 1, 2022, the Company began to participate in the Accountable Care Organization Agreement with ArchWell Health Professional Services of North Carolina, P.C. (“ArchWell HPS of NC”). Pursuant to the Agreement ArchWell HPS of NC will participate in certain Incentive Programs related to ArchWell HPS of NC’s provision of care coordination and primary care services to the Company’s Medicare Advantage members in the State of North Carolina.

Effective January 1, 2022, the Company began to participate in the Accountable Care Organization Agreement with ArchWell Health Professional Services of Alabama, LLC. (“ArchWell HPS of AL”). Pursuant to the Agreement ArchWell HPS of AL will participate in certain Incentive Programs related to ArchWell HPS of AL’s provision of care coordination and primary care services to the Company’s Medicare Advantage members in the State of Alabama.

Effective January 1, 2022, the Company began to participate in the Accountable Care Organization Agreement with ArchWell Health Professional Services of Kansas, P.C. (“ArchWell HPS of KS”). Pursuant to the Agreement ArchWell HPS of KS will participate in certain Incentive Programs related to ArchWell HPS of KS’s provision of care coordination and

primary care services to the Company's Medicare Advantage members in the States of Kansas and Missouri.

Effective January 1, 2022, Optum Care Networks, Inc. d.b.a. Optum Care Network of Oregon and UnitedHealthcare Benefits of Texas, Inc. ("UHB of TX"), contracting on behalf of itself and the Company, entered into the UnitedHealthcare Health Services Agreement. Under the terms of the Agreement, UBH of TX and their Participating Providers desire to participate in the Company's prepaid health service delivery system by providing or arranging for Covered Services to the Company's Medicare Advantage members.

Effective January 1, 2022, the Company entered into the Fifth Amendment to the Health Services Agreement between Optum Health Networks, Inc. (fka LifePrint Health). Pursuant to the Agreement and subsequent amendments, Optum Health Networks and their Participating Providers participate in UnitedHealthcare's prepaid health service delivery system by providing or arranging for Covered Services to the Company's Medicare Advantage members on a prepaid basis.

Effective January 1, 2022, Optum Networks of New Jersey, Inc. ("ONNJ") and the Company entered into the Medical Services Agreement. Pursuant to the Agreement, ONNJ will provide medical management services for certain of the Company's Medicare Advantage members. ONNJ is responsible for the health care needs and arranges for medical services through a network of providers for their Medicare Advantage members, as defined in the Product Attachment Medicare Advantage Plan of the Agreement, on a prepaid basis in coordination with the Company and its Participating Providers under the terms specified in the Agreement.

Effective January 1, 2022, the Company was added to the Agreement via the First Amendment to the Health Services Agreement between OptumCare New Mexico, LLC d.b.a.

Optum Care Medical Network (“OCMN”) and UnitedHealthcare of New Mexico. This contract is a result of the Asset Transfer Agreement where the Company assumed CMS contract H2228 formerly held by UnitedHealthcare Insurance Company. Under the Agreement, OCMN is responsible for the health care needs and arranges for medical services through a network of providers for the Company’s Medicare Advantage plan members in New Mexico.

Effective January 1, 2022, the Company was added as a party to a Health Services Agreement by and between Optum Washington Network, LLC d.b.a. Optum Care Network (“OWN”) and UnitedHealthcare of Oregon, Inc. Under the terms of the Agreement, OWN and Optum Participating Providers desire to participate in UnitedHealthcare’s health service delivery system by providing or arranging for Covered Services to the Company’s Medicare Advantage Members in coordination with the Company and its Participating Providers under the terms specified in this Agreement.

Effective January 1, 2022, the Company was added as a party to an Accountable Care Organization Agreement by and between OWN and UnitedHealthcare of Oregon, Inc. The purpose of the Agreement is to allow OWN to participate in certain incentive programs developed by UnitedHealthcare Insurance Company. Under the Agreement, OWN is responsible for promoting quality and efficiency gains in the delivery of health care services to the Company’s Medicare Advantage DSNP members and rewarded for achieving specific objective measures related to such delivery.

Effective January 1, 2022, the Company became a party to a Health Services Agreement between WellMed Network of Florida, Inc. (“WMN of FL”), and Preferred Care Partners, Inc. contracting on behalf of itself and Medica Healthcare Plans, Inc. WMN of FL and their Participating Providers desire to participate in the Company’s prepaid health service delivery

system by providing or arranging for Covered Services to Medicare Advantage members on a prepaid basis in coordination with the Company and its Participating Providers under the terms specified in this Agreement.

Effective January 1, 2022, Preferred Care Partners, Inc., contracting on behalf of itself and the Company and WMN of FL entered into the Accountable Care Organization Agreement. Pursuant to the Agreement, WMN of FL will participate in certain Incentive Programs related to WMN of FL's provision of care coordination and primary care services to certain of the Company's Medicare Advantage members in the State of Florida.

Effective March 1, 2022, the Company entered into the Sixth Amendment to the Accountable Care Organization Agreement by and between UnitedHealthcare Insurance Company, contracting on behalf of itself and other affiliates including the Company and Reliant Medical Group, Inc. Under the Agreement and as subsequently amended, Reliant Medical Group, Inc. is responsible for the health care needs and arranges for medical services through a network of providers for the Company's Medicare Advantage members, for specific H-Plans in the Commonwealth of Massachusetts.

Effective May 1, 2022, the Company entered into the Landmark Program Services Agreement between the Company and Landmark MSO, LLC ("Landmark"). Pursuant to the Agreement, Landmark will make the Landmark Program available to the Company and provide and/or arrange for the provision of certain Landmark Program Services to the Company. Landmark will provide the Company with care management, administrative and technical components of the Landmark Program.

Effective May 1, 2022, the Company entered into the Landmark Medical Group Agreement with Landmark Medical of Arkansas PA, Landmark Medical of Kansas PA, and

Landmark Medical of Missouri PC (“Medical Group”). Pursuant to the Agreement, the Medical Group will provide health care services to individuals enrolled in the Company’s Medicare Advantage Plans.

Effective January 1, 2023, the Company began to participate in the Accountable Care Organization Agreement with ArchWell Health Professional Services of Oklahoma, LLC. (“ArchWell HPS of OK”). Pursuant to the Agreement, ArchWell HPS of OK will participate in certain Incentive Programs related to their provision of care coordination and primary care services to the Company’s Medicare Advantage members in the State of Oklahoma.

Effective January 1, 2023, the Company began to participate in the Accountable Care Organization Agreement with ArchWell Health Professional Services of Florida, LLC. (“ArchWell HPS of FL”). Pursuant to the Agreement, ArchWell HPS of FL will participate in certain Incentive Programs related to their provision of care coordination and primary care services to the Company’s Medicare Advantage members in the State of Florida.

Effective January 1, 2023, the Company, via a participating amendment, entered into the UnitedHealthcare Health Services Agreement between Optum Care Networks, Inc., d.b.a. Optum Care Network of Ohio (“OCNI”), Optum Care Networks of Kentucky, and UnitedHealthcare of Wisconsin, Inc., contracting on behalf of itself and the Company, assignee of UnitedHealthcare Insurance Co. of the River Valley (“UHICRV”). Under the terms of the Agreement, OCNI and its Participating Providers participate in UnitedHealthcare’s prepaid health service delivery system by providing or arranging for Covered Services to the Company’s Medicare Advantage Plan members on a prepaid basis. In this amendment the Company assumed all rights and responsibilities that were previously assigned to UHICRV.

Effective January 1, 2023, the Company entered into the United Healthcare Health Services Agreement with Optum Care Networks, Inc. d.b.a. Optum Care Network Georgia (“OCNG”). Pursuant to the Agreement and subsequent amendment OCNG and their Participating Providers continue to participate in the Company’s prepaid health service delivery system by providing or arranging for Covered Services to the Company’s Medicare Advantage members.

Effective January 1, 2023, the Company entered into the Fourth Amendment to the Health Services Agreement between ONNJ and the Company. Under the Agreement, ONNJ is responsible for the health care needs and arranges for medical services through a network of providers for the Company’s Medicare Advantage members.

Effective January 1, 2023, the Company entered into the Optum Health Network, Inc, d.b.a. Optum Care Network – Idaho (“OCN-ID”) Agreement. Pursuant to the Agreement, OCN-ID and their Participating Providers participate in the Company’s prepaid health service delivery system by providing or arranging for Covered Services to the Company’s Medicare Advantage members on a prepaid basis.

Effective January 1, 2023, the Company entered into the Health Services Agreement between Optum Health Networks, Inc. d.b.a. Optum Care Network- Kansas City (“OCN-KC”). Pursuant to the Agreement, OCN-KC and their Participating Providers participate in the Company’s prepaid health service delivery system by providing or arranging for Covered Services to the Company’s Medicare Advantage members on a prepaid basis.

Effective March 1, 2023, the Company entered into the Accountable Care Organization Agreement with UnitedHealthcare of Wisconsin, Inc. (“UHC-WI”) and Atrius Health, Inc. (“Atrius Health”). UnitedHealthcare Insurance Company, which was a party to the original

contract, through this amendment will no longer hold contract with the Centers for Medicare and Medicaid Services. UHC-WI and the Company will hold the CMS contract, which was previously held by United Healthcare Insurance Company, for Medicare Advantage business and service the members under this contract via the Atrius Health provider network.

Effective July 1, 2023, the Company and March Vision Care Group, Incorporated (“March Vision”) entered into the First Amendment to the Vision Services Agreement. Pursuant to the Agreement, March Vision is responsible for claims processing and other administrative function related to its vision services, as well as managing a network of vision providers to provide vision services to the Company’s Medicaid members.

The Company has various other immaterial Service agreements, Facility Participation Agreements, and Ancillary Provider Participation Agreements with affiliates.

TERRITORY AND PLAN OF OPERATION

As evidenced by current or continuous Certificates of Authority, the Company is licensed as a life, accident, and health insurer to transact business in forty-eight (48) states, and the District of Columbia. The Company is not licensed in the states of California and Wisconsin. The Company has contracts with physicians, hospitals, and other health care provider organizations to deliver health care services for all enrollees.

The Company offers Medicare plans, Medicaid contracts in the states of Florida and Texas, Medicaid Wellness Recovery Action Plan product in the state of Alabama, and an accident indemnity insurance policy in the State of Georgia. Effective January 1, 2023, the Company entered into new Dual Special Needs Plans capitation contracts in the states of Alabama, Louisiana, Mississippi and Washington. Benefit payments and administrative expenses are funded primarily by recurring monthly insurance premium collections.

This health delivery system is responsible for managing the health care of its approximately 3,177,030 members. Members are provided services by over 1,068,975 providers, (i.e., physicians, & hospitals), under contract with the Company. The Company also contracts with a significant number of pharmacies for services to its members.

BODY OF REPORT

GROWTH

The following comparative data reflects the growth of the Company during the period covered by this examination:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total admitted assets	\$ 924,457,147	\$1,165,297,125	\$ 6,067,278,143	\$ 9,259,654,456
Total liabilities	340,071,867	558,542,391	3,774,915,752	4,715,068,417
Total capital & surplus	584,385,280	606,754,734	2,292,362,391	4,544,586,039
Total revenues	1,901,245,150	2,568,861,727	33,691,213,059	51,329,588,026
Hospital/medical benefits	1,458,682,051	2,099,238,593	28,286,518,686	44,139,591,626
General administrative expenses	167,559,164	373,164,941	2,383,951,298	3,351,203,297
Net income before taxes	221,228,777	31,004,350	2,114,234,295	2,901,684,545
Federal income taxes	53,971,182	6,494,086	451,474,304	607,864,408
Net income (loss)	167,257,595	24,510,264	1,662,759,991	2,293,820,137
Membership	109,428	160,441	2,284,565	3,177,030

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the State of Nebraska Department of Insurance and present the financial condition of the Company for the period ending December 31, 2023. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statements and should be considered an integral part of the financial statements. A reconciliation of the capital and surplus account for the period under review is also included.

FINANCIAL STATEMENT
December 31, 2023

Assets

	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$3,391,669,049		\$3,391,669,049
Cash, cash equivalents, and short term investments	<u>781,476,978</u>		<u>781,476,978</u>
Subtotal, cash and invested assets	\$4,173,146,027		\$4,173,146,027
Investment income due and accrued	34,466,834		34,466,834
Uncollected premiums	82,092,989	\$ 6,754,469	75,338,520
Accrued retrospective premiums and contracts subject to redetermination	2,473,206,422		2,473,206,422
Amounts receivable relating to uninsured plans	335,825,334	893,520	334,931,814
Current federal income tax recoverable	43,413,831		43,413,831
Net deferred tax asset	47,007,734		47,007,734
Guaranty funds receivable or on deposit	37,639		37,639
Receivables from parent, subsidiaries and affiliates	90,897,344	1,271	90,896,073
Health care and other amounts receivable	2,135,134,840	157,431,281	1,977,703,559
State taxes recoverable	9,506,003		9,056,003
Miscellaneous receivables	<u>554,908</u>	<u>554,908</u>	<u>554,908</u>
Total assets	<u>\$9,425,289,905</u>	<u>\$165,635,449</u>	<u>\$9,259,654,456</u>

Liabilities, Surplus and Other Funds

Claims unpaid	\$3,772,252,588
Accrued medical incentive pool and bonus amounts	275,957,880
Unpaid claims adjustment expenses	32,511,841
Aggregate health policy reserves	155,594,805
Aggregate health claim reserves	5,356,304
Premiums received in advance	7,250,488
General expenses due or accrued	151,207,033
Remittances and items not allocated	1,255,405
Liability for amounts held under uninsured plans	313,667,619
Unclaimed property	<u>14,454</u>
 Total liabilities	 <u>\$4,715,068,417</u>
 Common capital stock	 \$ 2,000,000
Gross paid in and contributed surplus	281,562,960
Unassigned funds (surplus)	<u>4,261,023,079</u>
 Total capital and surplus	 <u>\$4,544,586,039</u>
 Total liabilities, capital and surplus	 <u>\$9,259,654,456</u>

STATEMENT OF REVENUE AND EXPENSES - 2023

Underwriting revenues:	
Net premium income	\$51,306,855,496
Change in unearned premium reserves and reserve for rate credits	<u>22,732,530</u>
Total underwriting revenues	<u>\$51,329,588,026</u>
Hospital and medical:	
Hospital/medical benefits	\$40,725,379,464
Other professional services	798,987,457
Prescription drugs	2,197,873,913
Incentive pool, withhold adjustments and bonus amounts	<u>417,350,792</u>
Total hospital and medical	\$44,139,591,626
Claims adjustment expenses	1,282,216,200
General administrative expenses	<u>3,351,203,297</u>
Total underwriting deductions	<u>\$48,773,011,123</u>
Net underwriting gain	<u>\$ 2,556,576,903</u>
Investments:	
Net investment income earned	\$ 332,550,084
Net realized capital (losses)	<u>21,261,389</u>
Net investment gains	<u>\$ 353,811,473</u>
Net (loss) from agents' or premium balances charged off	\$ (8,683,034)
Fines and penalties	<u>(20,797)</u>
Net income before federal income taxes	\$ 2,901,684,545
Federal income taxes incurred	<u>607,864,408</u>
Net income	<u>\$ 2,293,820,137</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Capital and surplus, beginning	<u>\$497,729,832</u>	<u>\$584,385,280</u>	<u>\$ 606,754,734</u>	<u>\$2,292,362,391</u>
Net income or (loss)	\$167,257,595	\$ 24,510,264	\$1,662,759,991	\$2,293,820,137
Change in net unrealized capital gains (losses) less capital gains tax	(1,119,224)	1,089,577		
Change in net deferred income tax	5,017,077	(3,230,387)	26,922,249	16,889,820
Change in nonadmitted assets			(95,899,355)	(58,486,309)
Surplus adjustments: paid in			100,000,000	
Dividends to Stock- holders	(84,500,000)			
2021 Correction of error			(8,266,375)	
Tax adjustment for 2021 correction of error			91,147	
Net change in capital and surplus	<u>\$ 86,655,448</u>	<u>\$ 22,369,454</u>	<u>\$1,685,607,657</u>	<u>\$2,252,223,648</u>
Capital and surplus, end of year	<u>\$584,385,280</u>	<u>\$606,754,734</u>	<u>\$2,292,362,391</u>	<u>\$4,544,586,039</u>

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$4,261,023,079, as reported in the Company's 2023 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Company's financial condition.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

No recommendations were made as a result of the previous examination.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

Insurance Holding Company System Annual Registration Statement

The Company was not in compliance with Neb. Rev. Stat. §44-2132 in that its 2023 Form B filing was not properly completed. Specifically, there were contracts with inaccurate amounts of fees paid, and some transactions/agreements were not disclosed. Additionally, information between the 2023 Form B filing and the 2023 Annual Statement did not reconcile.

It is recommended that the Company properly disclose intercompany agreements and amounts paid to various related parties in its Form B filing on a going forward basis, pursuant to Neb. Rev. Stat. §44-2132 and Title 210 (Nebraska Department of Insurance Rules and Regulations), Chapter 24.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

The following comments and recommendations have been made as a result of this examination:

Insurance Holding Company System Annual Registration System – It is recommended that the Company properly disclose intercompany agreements and amounts paid to various related parties in its Form B filing on a going forward basis, pursuant to Neb. Rev. Stat. §44-2132 and Title 210 (Nebraska Department of Insurance Rules and Regulations), Chapter 24.

ACKNOWLEDGMENT

The courteous cooperation extended by the Officers and employees of the Company during this examination is hereby acknowledged.

In addition to the undersigned, Adrienne Sulaiman, CFE, Derek Petersen, MCM, CFE, Debbie Fernatt, AFE, Tony Gilbert, CPA, CFE, Mario Ascic, CFE, Financial Examiners and Jason Dunavin, FSA, MAAA, Actuarial Examiner; all with Lewis & Ellis, LLC contracted by the Nebraska Department of Insurance and Financial Examiners, Information Systems Specialists, and Actuarial Examiners with or contracted by the California Department of Insurance, Colorado Division of Insurance, State of Connecticut Insurance Department, Iowa Insurance Division, and New York Department of Financial Services; participated in this examination and assisted in the preparation of this report.

Respectfully submitted,



Katerina Bolbas, EIC, CFE
Examiner-in Charge
Lewis & Ellis, LLC
Representing the Nebraska Department of Insurance



Skyler Lawyer, CFE
Assistant Chief Examiner -Field
Department of Insurance
State of Nebraska

State of Nebraska,

County of Garden,

Katerina Bolbas, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examinations of Care Improvement South Central Insurance Company and UnitedHealthcare of the Midlands, Inc.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination reports, and the examinations of Care Improvement South Central Insurance Company and UnitedHealthcare of the Midlands, Inc. were performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

The affiant says nothing further.

Katerina Bolbas

Examiner-in-Charge's Signature

Subscribed and sworn before me by KATERINA BOLBAS on this 29th day of MAY, 20 25.



Derek Petersen
Notary Public

My commission expires July 1, 2026