

MAY 20 2022

FILED

# CERTIFICATION

May 20, 2022

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

**GOOD SAMARITAN INSURANCE PLAN OF NEBRASKA, INC.**

**AS OF**

**DECEMBER 31, 2020**

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".

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

**GOOD SAMARITAN INSURANCE PLAN OF NEBRASKA, INC.**

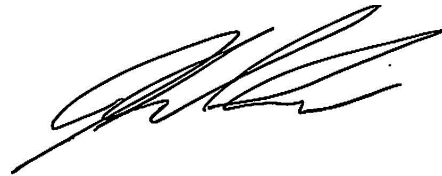
**10900 NUCKOLS ROAD, SUITE 110**

**GLEN ALLEN, VIRGINIA 23060**

dated as of December 31, 2020, verified under oath by the examiner-in-charge on April 27, 2022, and received by the company on April 27, 2022, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 10<sup>th</sup> day of May 2022.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

A handwritten signature in black ink, appearing to read 'Justin C. Schrader', written in a cursive style.

Justin C. Schrader, CFE  
Chief Financial Examiner

**STATE OF NEBRASKA**

**Department of Insurance**

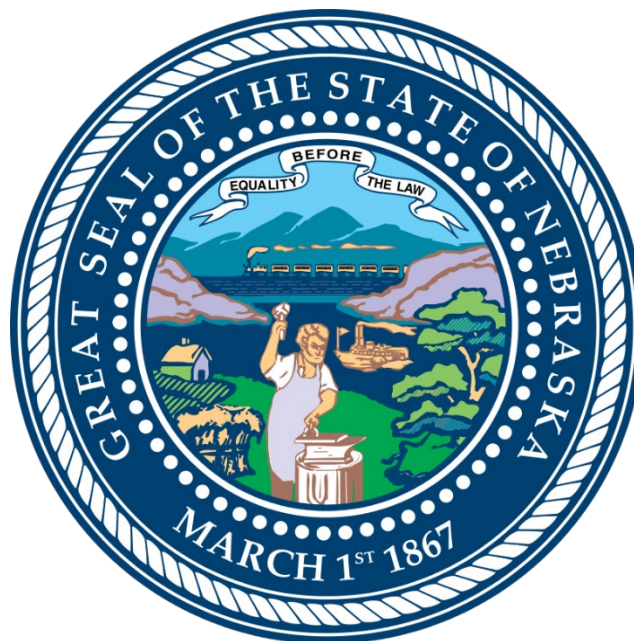
**EXAMINATION REPORT**

**OF**

**GOOD SAMARITAN INSURANCE PLAN OF NEBRASKA, INC.**

**as of**

**December 31, 2020**



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Lincoln, Nebraska  
April 20, 2022

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:

**GOOD SAMARITAN INSURANCE PLAN OF NEBRASKA, INC.**

which has its Statutory Home Office located at

**12856 Deauville Drive  
Omaha, Nebraska 68137**

with its Principal Executive Office Located at

**10900 Nuckols Road, Suite 110  
Glen Allen, Virginia 23060**

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

**INTRODUCTION**

This is the first full-scope examination of the Company. A qualifying examination was conducted as of April 11, 2017. The current financial condition examination covers the intervening period to and includes the close of business on December 31, 2020 and such subsequent events and transactions as were considered pertinent to this report. The States of

Nebraska and South Dakota participated in this examination and assisted in the preparation of this report.

The same examination staff conducted a concurrent financial condition examination of the Company's affiliate, Sanford Health Plan.

### **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 South Dakota Department of Labor and Regulation, Division of Insurance as the coordinating state and the Nebraska Department of Insurance. 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 Stockholder, 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."

The Company's reinsurance facilities were ascertained and noted and have been commented upon in this report under the caption "Reinsurance." 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 incurred losses 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, 2019 and 2020. 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 Articles of Incorporation of the Company were originally filed with the Secretary of State of the State of Nebraska on November 1, 2016, and were subsequently amended and filed on December 13, 2016. The Company commenced business on January 1, 2018 in the state of Nebraska.



## **MANAGEMENT AND CONTROL**

### **Holding Company**

The Company is a member of an insurance holding company system as defined by Nebraska Statute. An organizational listing flowing from the “Ultimate Controlling Person,” as reported in the 2020 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and, unless otherwise indicated, all subsidiaries are 100% owned):

- Sanford Health
  - Sanford Health Plan
    - Sanford Health Plan of Minnesota
    - Good Samaritan Insurance Plan, LLC (85%)
      - Good Samaritan Insurance Plan of North Dakota, Inc.
      - Good Samaritan Insurance Plan of South Dakota, Inc.
      - Good Samaritan Insurance Plan of Nebraska, Inc.(65%)

### **Stockholders**

Article 2, Section 2.2 of the Company’s By-Laws states, “unless Directors are elected by written consent in lieu of an annual meeting as provided in these By-Laws, an annual meeting of the Stockholders will be held on the second Tuesday in May of each year, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00am (Eastern Standard Time), or at such other date and time as may be designated from time to time by the Board and stated in the notice of the meeting or in a duly executed waiver of notice thereof. At the annual meeting, the Stockholders entitled to vote will elect Directors and may also transact such other business as may be desired.”

Directors were not elected in a written consent in lieu of meeting nor an annual meeting of the Stockholder held for election of Directors as required in Article 2, Section 2.2 of the

Company By-Laws. It is recommended that the Company elect Directors in the annual meeting of the stockholders or through a written consent in lieu of meeting.

The Company received surplus contributions in the following amounts during the current period under examination:

<u>Year</u>	<u>Amount</u>
2020	\$ 0
2019	1,995,000
2018	290,863
2017	2,940,817

### **Board of Directors**

Article 4, Section 4.1 of the Company's By-Laws states, that the affairs of the Company shall be managed by a Board of Directors consisting of, "...not less than two (2) and no more than twelve (12). The initial Board shall consist of three (3) Directors. The number of Directors constituting the Board may be changed from time to time and at any time by a resolution adopted by a majority of the whole Board. Directors, each of whom must be a natural person, need not be Stockholders. Each Director will hold office until a successor is elected and qualified or until such Director's earlier resignation or removal." Section 4.5 of the By-Laws go on state, "...a majority of the total number of Directors will constitute a quorum for the transaction of business and the vote of the majority of the Directors present at a meeting at which a quorum is present will be the valid corporate act of the Board."

The following persons were serving as Directors at December 31, 2020:

<b><u>Name and Residence</u></b>	<b><u>Principal Occupation</u></b>
Aaron Dunlap Wahoo, Nebraska	Chief Financial Officer, Vetter Health Services
Rochelle Myers Sioux Falls, South Dakota	Treasurer, Good Samaritan Insurance Plan of Nebraska, Inc.

<u>Name and Residence</u>	<u>Principal Occupation</u>
Will Saunders Henrico, Virginia	Vice President, Good Samaritan Insurance Plan of Nebraska, Inc.
John Snyder Sioux Falls, South Dakota	President, Good Samaritan Insurance Plan of Nebraska, Inc.
Dale Thompson Edina, Minnesota	Retired President and Chief Financial Officer, Benedictine Health System

**Officers**

According to the Article 5, Section 5.1 of the By-Laws, the Company “will have a President and a Secretary and may also have the following Officers: a Chairman of the Board, one or more Vice Presidents, a Treasurer, one or more Assistant Secretaries and one or more Assistant Treasurers, each with such duties as are stated in this Article... The Board will elect a President and a Secretary at its annual meeting. The Board then, or from time to time, may elect one or more of the other Officers as it may deem advisable, and may further identify or describe the duties of any one or more of the Officers of the Company. Officers of the Company need not be members of the Board. Any number of offices may be held by the same person.” In addition, the By-Laws state, “each Officer will hold office at the pleasure of the Board or for such other period as the Board may specify at the time of such Officer’s election or appointment, or until the death, resignation or removal of such Officer, whichever first occurs.”

The following is a listing of Officers elected and serving the Company at December 31, 2020:

<u>Name</u>	<u>Office</u>
John Snyder	President
Will Saunders	Vice President
Rochelle Myers	Treasurer
Robb Sclingen	Secretary

## **TRANSACTIONS WITH AFFILIATES**

### **Management Services Agreement**

Effective January 1, 2018, the Company entered into a management services agreement with AllyAlign Health, Inc. (AllyAlign) to provide management and administrative services. Services provided under this agreement include: information systems, financial systems and services, claims administration, premium collection, enrollment and eligibility, utilization review and management, quality assurance/quality improvement, development and management of provider network, credentialing/recredentialing, health plan development and administration, reporting, personnel, compliance, administration of payments to network providers and other network administration, health plan leadership, eligibility, and enrollment and disenrollment.

The Company provided notice to AllyAlign during 2021 to terminate their agreement effective December 31, 2021.

### **Management Services and Medical Director Agreements**

Effective January 1, 2018, the Company entered into a management services agreement and a medical director agreement with The Evangelical Lutheran Good Samaritan Society (the Society). The management services agreement provides various administrative services to the Company including an executive director, corporate secretary, and compliance officer. The medical director agreement makes the Society responsible for providing a licensed physician to perform medical director services. The Company reimburses the Society monthly for the direct and allocated expenses.

## **TERRITORY AND PLAN OF OPERATION**

As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact business in Nebraska only and is licensed to transact business as a Health Maintenance Organization (HMO) as prescribed by Chapter 44 of the Nebraska Revised Statutes.

The Company is a Nebraska-based Medicare Advantage (MA) Organization operating a full-service Institutional Special Needs Plans (I-SNP) in a limited geographic region in Nebraska. The I-SNP contract between the Company and the Centers for Medicare and Medicaid Services (CMS) became effective January 1, 2018, at which time the first members were enrolled into the HMO.

The Company's service area includes participating long-term care (LTC) facilities located in 29 counties in Nebraska. The Company's target population includes institutionalized Medicare beneficiaries who reside in or are expected to reside in one of the Company's contracted LTC facility for 90 days or longer.

The Company is paid a monthly capitation for I-SNP members based upon actuarially determined premium rates filed with CMS during the prior year. As of December 31, 2020 and 2019, the Company served approximately 525 and 641 members, respectively. The Company has contracts with physicians, and other health care providers pursuant to which such providers deliver medical care to its enrollees.

## **REINSURANCE**

### **Ceded**

The Company entered into a stop-loss reinsurance agreement with PartnerRe America Insurance Company for both 2019 and 2020 to limit losses on individual claims. The policy covers 100% of eligible medical and hospital expenses which exceed \$200,000 during each

contract year. During 2020 and 2019, no individuals exceeded the aggregate claims level which would require reimbursement under the reinsurance agreement. Total reinsurance premiums paid by the Company were \$58,320 and \$79,585 for 2019 and 2020, respectively.

### **General**

The contract reviewed contained a standard insolvency, arbitration, errors and omissions, and termination clause where applicable. The contract contained the clauses necessary to assure reinsurance credits could be taken.

## **BODY OF REPORT**

### **GROWTH**

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

	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Bonds	\$ 313,679	\$ 312,943	\$ 312,207	\$ 311,471
Cash	1,815,366	1,325,015	2,434,464	3,503,447
Accrued retrospective premiums		90,750	635,543	915,978
Admitted assets	2,132,338	2,309,227	4,414,493	5,067,937
Claims unpaid		748,406	1,684,529	1,479,220
Liability for amounts held under uninsured plans		191,923	575,034	66,419
Total liabilities	56,866	1,197,221	2,586,301	2,384,276
Capital and surplus	2,075,472	1,112,006	1,828,192	2,683,661
Net premium income		2,985,990	12,203,166	14,303,449
Hospital/medical benefits		6,393,242	8,674,761	8,236,148
Net income	(865,345)	(1,247,962)	(1,304,615)	1,069,083
Member months		5,012	7,087	7,217

## **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, 2020. 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, 2020**

<b><u>Assets</u></b>	<b><u>Assets</u></b>	<b><u>Assets Not Admitted</u></b>	<b><u>Net Admitted Assets</u></b>
Bonds	\$ 311,471		\$ 311,471
Cash	<u>3,503,447</u>		<u>3,503,447</u>
Subtotal, cash and invested assets	\$3,814,918		\$3,814,918
Uncollected premium	2,887		2,887
Accrued retrospective premiums	915,978		915,978
Amounts receivable relating to uninsured plans	194,159		194,159
Healthcare and other amounts receivable	458,237	\$318,242	139,995
Other receivables	<u>55,938</u>	<u>55,938</u>	<u>          </u>
Totals	<u>\$5,442,117</u>	<u>\$374,180</u>	<u>\$5,067,937</u>

**Liabilities, Capital and Surplus**

Claims unpaid	\$1,479,220
Accrued medical incentive pool and bonus amounts	267,878
Unpaid claims adjustment expenses	52,813
Aggregate health policy reserves	262,000
Premiums received in advance	130,780
General expenses due or accrued	25,205
Amounts due to parent, subsidiaries and affiliates	99,961
Liability for amounts held under uninsured plans	<u>66,419</u>
Total liabilities	<u>\$2,384,276</u>
Gross paid in and contributed surplus	\$5,406,680
Unassigned funds (surplus)	<u>(2,723,019)</u>
Total capital and surplus	<u>\$2,683,661</u>
Totals	<u>\$5,067,937</u>



**STATEMENT OF REVENUE AND EXPENSES**

Net premium income	\$14,303,449
Change in unearned premium reserves and reserve for rate credits	<u>(262,000)</u>
Total revenue	\$14,041,449
Hospital/medical benefits	\$ 8,236,148
Other professional services	1,038,860
Emergency room and out-of-area	270,559
Prescription drugs	850,939
Durable medical equipment	167,572
Incentive pool, withhold adjustments and bonus amounts	277,308
Net reinsurance recoveries	<u>(68,451)</u>
Subtotal	\$10,909,837
Claims adjustment expense	\$497,715
General administrative expense	<u>1,580,293</u>
Total underwriting deductions	\$12,987,845
Net underwriting gain	\$ 1,053,604
Net investment gain	15,479
Net income	<u>\$ 1,069,083</u>

**CAPITAL AND SURPLUS ACCOUNT**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Capital and surplus, beginning	\$ <u>0</u>	\$ <u>2,075,472</u>	\$ <u>1,112,006</u>	\$ <u>1,828,192</u>
Net income	\$ (865,345)	\$(1,247,962)	\$(1,304,615)	\$1,069,083
Change in nonadmitted assets		(6,367)	(154,199)	(213,614)
Paid in surplus	<u>2,940,817</u>	<u>290,863</u>	<u>2,175,000</u>	<u>                    </u>
Net change for the year	<u>\$2,075,472</u>	<u>\$ (963,466)</u>	<u>\$ 716,186</u>	<u>\$ 855,469</u>
Capital and surplus, ending	<u>\$2,075,472</u>	<u>\$ 1,112,006</u>	<u>\$ 1,828,192</u>	<u>\$2,683,661</u>

## **EXAMINATION CHANGES IN FINANCIAL STATEMENTS**

Unassigned funds (surplus) in the amount of \$(2,723,019), as reported in the Company's 2020 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 qualifying examination.

## **COMMENTARY ON CURRENT EXAMINATION FINDINGS**

### **Actuarial Opinion**

The examination noted that the Appointed Actuary was not presenting to the Board of Directors or the Audit Committee annually. The Annual Statement instructions state that, "the Appointed Actuary must report to the Board of Directors or the Audit committee each year on the items within the scope of the Actuarial Opinion. The minutes of the Board of Directors shall indicate that the Appointed Actuary has presented such information to the Board of Directors or the Audit Committee." It is recommended that the Company document the presentation of the Appointed Actuary in the appropriate meeting minutes.

## **SUMMARY OF COMMENTS AND RECOMMENDATIONS**

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

**Actuarial Opinion** - It is recommended that the Company document the presentation of the Appointed Actuary in the appropriate meeting minutes.

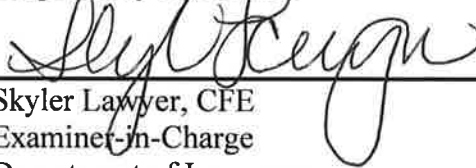
**Election of Directors** – It is recommended that the Company elect Directors in the annual meeting of the Stockholders or through a written consent in lieu of meeting.

**ACKNOWLEDGMENT**

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

In addition to the undersigned, Financial Examiners, Information Systems Specialists, and Actuarial Examiners with or contracted by the South Dakota Department of Labor and Regulation Division of Insurance participated in this examination and assisted in the preparation of this report.

Respectfully submitted,



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Skyler Lawyer, CFE  
Examiner-in-Charge  
Department of Insurance  
State of Nebraska

State of Nebraska,

County of Lancaster,


Skyler Lawyer, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of Good Samaritan Insurance Plan of Nebraska, 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 report, and the examination of Good Samaritan Insurance Plan of Nebraska, Inc. was 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.

  
Examiner-in-Charge's Signature

Subscribed and sworn before me by Skyler Lawyer on this 27<sup>th</sup> day of April, 2022.

(SEAL) 

  
Notary Public

My commission expires 8-8-23 [date].