

# CERTIFICATION

October 14, 2014

I, Bruce R. Ramage, 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

**MAGELLAN COMPLETE CARE OF NEBRASKA, INC.**

as of

August 31, 2014

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.



STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

OCT 14 2014

FILED

STATE  
DEPARTMENT  
*Bruce R. Ramage*  
DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Take notice that the proposed report of the financial examination of

**MAGELLAN COMPLETE CARE OF NEBRASKA, INC.**

dated as of August 31, 2014, verified under oath by the examiner-in-charge on September 15, 2014, and received by the company on September 18, 2014, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3)(a).

Dated this 2 day of October, 2014.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

  
Justin Schrader  
Chief Financial Examiner

**QUALIFYING EXAMINATION**

**OF**

**MAGELLAN COMPLETE CARE OF NEBRASKA, INC.**

**COLUMBIA, MARYLAND**

**AS OF**

**AUGUST 31, 2014**



Columbia, MD  
September 16, 2014

Honorable Bruce R. Ramage  
Director of Insurance  
State of Nebraska  
Lincoln, Nebraska

Sir:

Pursuant to your instructions and statutory requirements, a qualifying examination has been made of the

**Magellan Complete Care of Nebraska, Inc.**  
6950 Columbia Gateway Drive  
Columbia, Maryland 21046

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

#### **SCOPE OF EXAMINATION**

The Company has made an application for a Certificate of Authority to transact the business of insurance as provided under Nebraska Revised Statute §44-32,115 (Health Maintenance Organization). In order to determine whether such authority should be granted, this examination has been conducted to ascertain if the Company has met the capital, surplus and organizational requirements set forth by Nebraska Law.

#### **HISTORY**

The Articles of Incorporation of Magellan Complete Care of Nebraska, Inc. were tentatively approved by the Nebraska Department of Insurance on May 13, 2014. The

Articles were filed with the Secretary of State of the State of Nebraska on May 30, 2014, and approved by the Department on August 13, 2014.

The Articles of Incorporation were executed by the following incorporators:

<u>Name</u>	<u>Address</u>
John J. DiBernardi, Jr.	6950 Columbia Gateway Drive Columbia, Maryland 21046

### **CAPITAL STOCK**

The Articles of Incorporation of the Company state that, “the number of shares the corporation is authorized to issue is 1,000 (One Thousand) shares, all of which are of a par value of \$0.01 dollars each and are of the same class and are Common shares.” At the date of this qualifying examination, the Company’s total issued and outstanding common stock consisted of 1,000 shares that had been subscribed to and purchased by Magellan Healthcare, Inc. for a total purchase price of \$10 (\$0.01 per share). The Company’s capital structure therefore consisted of \$10 in common stock and \$309,990 in paid-in capital.

### **MANAGEMENT**

#### **Stockholders**

The By-Laws of the Company state that, “the annual meeting of stockholders for the purpose of electing Directors and for the transaction of such other business as may come before the meeting, shall be held on the anniversary date of the Corporation’s incorporation, or at such other time as may be fixed by the Board of Directors.”

**Board of Directors**

Per the By-Laws, “the Board of Directors shall consist of three (3) persons.” The By-Laws also state that, “the Directors elected at the first annual meeting of stockholders and at each annual meeting thereafter shall hold office for one (1) year, and until their successors are elected and qualified.” For the transaction of business at any meeting of the Board of Directors, a quorum shall be constituted by a majority of the Directors.

In lieu of a meeting, an action of written consent was taken by the sole shareholder of the Company, dated May 30th, 2014, that the following persons be elected to the Board of Directors:

<b><u>Name</u></b>	<b><u>Address</u></b>
Daniel N. Gregoire	5 Squier Drive North Hampton, NH 03862
Jonathan N. Rubin	108 West Mountain Road West Simsbury, CT 06092
Barry M. Smith	9625 North 55 <sup>th</sup> Street Paradise Valley, AZ 85253

**Officers**

According to the By-Laws, “at its regular meeting following the annual meeting of stockholders, the Board of Directors shall elect a President, a Treasurer, a Secretary, and such other Officers or agents as it shall deem necessary or desirable. One person may hold two or more offices. Any Officer may be removed by the Board of Directors with or without cause at any time.”

In lieu of the first meeting of the Board of Directors of the Company, an action of unanimous written consent was taken by the Board, dated May 30th, 2014, that the following persons be elected for the positions indicated:

<u>Name</u>	<u>Position</u>
Scott Markovich	Chief Executive Officer
Anne McCabe	Senior Vice President
Barry Smith	Vice President
Daniel N. Gregoire	Vice President and Secretary
Jonathan N. Rubin	Vice President and Treasurer
Linton C. Newlin	Vice President
Margie M. Smith	Assistant Secretary
Michael P. McQuillen	Assistant Secretary
John J. DiBernardi	Assistant Secretary

### **CORPORATE RECORDS**

The Articles of Incorporation have been properly filed with the Secretary of State of the State of Nebraska and with the Nebraska Department of Insurance. The original By-Laws and other pertinent documents pertaining to the incorporation of the Company have been filed with the Nebraska Department of Insurance. The written consents in lieu of the meetings of the Shareholder and the Board of Directors were reviewed and appeared to be in order.

The Articles state that, “the street address of the initial registered office of the corporation in the State of Nebraska is 233 South 13<sup>th</sup> Street, Suite 1900, Lincoln, Nebraska, 68508.” This is pursuant to Nebraska Revised Statute §44-205.01 (b) which requires that the Articles of Incorporation state the place in Nebraska where the registered office will be located.

### **FINANCIAL STATEMENT**

The following statements reflect the Company’s financial condition as of August 31, 2014:

**BALANCE SHEET**

**August 31, 2014**

**Assets**

Bonds	<u>\$310,000</u>
Total assets	<u>\$310,000</u>

**Liabilities, Capital and Surplus**

Common capital stock	\$ 10
Paid-in capital	<u>309,990</u>
Total equity	<u>\$310,000</u>
Total liabilities and equity	<u>\$310,000</u>

**ASSETS**

**Bonds** **\$310,000**

This asset consists of a United States Treasury Note with a fair value of \$311,145 and par value of \$310,000. This asset was purchased to satisfy Nebraska statutory requirements and was placed on deposit with the Nebraska Department of Insurance at Wells Fargo Bank NA in Minnesota. This was confirmed by obtaining the pledge receipt provided to the Company by Wells Fargo Bank NA.

**LIABILITIES, CAPITAL AND SURPLUS**

**Common Capital Stock, Issued and Outstanding** **\$ 10**

The Company's 1,000 outstanding shares were purchased by Magellan Healthcare, Inc. on August 13, 2014 for \$0.01 per share pursuant to the stock subscription agreement.

**Paid-in Capital**

**\$309,990**

Magellan Healthcare, Inc. made contributions to the Company in the amount of \$309,990.

**GENERAL COMMENTS**

In accordance with Nebraska Revised Statute §44-208, "no domestic insurance company shall issue, cause, or allow to be issued any stock or stock subscriptions at any time upon which all expenses of distribution and sale, including promotion, commissions, and underwriting fees, exceed ten percent of the amount paid in money upon such stock or stock subscriptions".

An affidavit signed by the Assistant Secretary of the Company stating that none of the assets of the Company have been pledged or in any manner impaired has been obtained. The signed affidavit also states that all of the known expenses unpaid are estimated to be zero and that all of the expenses of the organization of the Company will not exceed ten (10) percent of the initial paid-in capital stock and surplus of the Company.

**CONCLUSION**

Capital, surplus, and organizational expense limitations have been met by the Company as required by the Nebraska Insurance Statutes. All items reviewed appeared properly stated. It is recommended that a Certificate of Authority be granted to this Company to transact the business of insurance as provided under Nebraska Revised Statute §44-201(1).

Respectfully submitted

A handwritten signature in black ink that reads "Andrea Johnson". The signature is written in a cursive, flowing style.

Andrea Johnson, CFE  
Financial Examiner  
Nebraska Department of Insurance

State of Nebraska,

County of Lancaster,

Andrea D. Johnson, 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 Magellan Complete Care of Nebraska, Inc. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
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 Magellan Complete Care 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.

Andrea D. Johnson  
Examiner-in-Charge's Signature

Subscribed and sworn before me by Judy Meisner on this 15<sup>th</sup> day of September, ~~20~~ 2014

(SEAL)



Judy Meisner  
Notary Public

My commission expires 8/17/2018 [date].