

**EXAMINATION REPORT
OF
WELLCARE OF VIRGINIA, INC.
ST. LOUIS, MISSOURI
as of
DECEMBER 31, 2022**

COMMONWEALTH OF VIRGINIA



SCOTT A. WHITE
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

P.O. BOX 1157
RICHMOND, VIRGINIA 23218
1300 E. MAIN STREET
RICHMOND, VIRGINIA 23219
TELEPHONE: (804) 371-9741
www.scc.virginia.gov/boi

I, Scott A. White, Commissioner of Insurance of the Commonwealth of Virginia, do hereby certify that the annexed copy of the Examination Report of WellCare of Virginia, Incorporated as of December 31, 2022, is a true copy of the original report on file with this Bureau.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed to the original the seal of the Bureau at the City
of Richmond, Virginia this 26th day of June 2024

A handwritten signature in black ink, appearing to read 'Scott A. White', written over a horizontal line.

Scott A. White
Commissioner of Insurance



TABLE OF CONTENTS

	<u>Page</u>
Scope of the Examination.....	1
History.....	2
Capital and Surplus.....	2
Capital and Surplus Requirement.....	2
Management and Control.....	2
Affiliated Companies.....	3
Transactions with Affiliates.....	5
Territory and Plan of Operation.....	5
Provider Agreements.....	5
Contract Forms.....	6
Growth of the Corporation	7
Special Reserves and Deposits.....	7
Financial Statements	8
Acknowledgement	14

Richmond, Virginia
May 30, 2024

Honorable Scott A. White
Commissioner of Insurance
Commonwealth of Virginia
Richmond, Virginia

Dear Sir:

Pursuant to your instructions and by authority of Section 38.2-4315 of the Code of Virginia, an examination of the records and affairs of

WELLCARE OF VIRGINIA, INC.

St. Louis, Missouri

hereinafter referred to as the Corporation, has been completed. The report thereon is submitted for your consideration.

SCOPE OF THE EXAMINATION

This is the first examination of the Corporation by representatives of the State Corporation Commission's Bureau of Insurance (Bureau). This examination covers the period from the date of initial licensing through December 31, 2022.

This examination was conducted in accordance with the *NAIC Financial Condition Examiners' Handbook* (Handbook). The Handbook requires that the Bureau plan and perform the examination to evaluate the Corporation's financial condition, assess corporate governance, identify current and prospective risks of the Corporation, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Corporation were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein.

This examination report includes significant findings of fact and general information about the insurer and its financial condition. 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 separately communicated to other regulators and/or the Corporation.

HISTORY

WellCare of Virginia (WCVA or the Corporation) was licensed in Virginia as a health maintenance organization on April 9, 2020. According to the WCVA's initial business plan, the Corporation was formed with the intention of providing Medicare Advantage plans in the state of Virginia. However, as of December 31, 2022, the Corporation has not enrolled any members.

CAPITAL AND SURPLUS

At December 31, 2022, the Corporation's capital and surplus was \$3,218,875. Capital and surplus was comprised of Gross paid in and contributed surplus of \$3,232,820 and Unassigned funds of (\$14,045).

CAPITAL AND SURPLUS REQUIREMENT

The Code of Virginia Section 38.2-4302 requires that an HMO licensed in Virginia shall have and maintain a minimum net worth at least equal to the sum of uncovered expenses, but not less than \$600,000, up to a maximum of \$4 million. The calculated regulatory capital and surplus is \$600,000. The initial capitalization required for licensing was determined to be \$2.9 million. The capital and surplus for the year ended December 31, 2022 was \$3,218,875 and the Corporation reported \$0 uncovered expenses in 2022.

MANAGEMENT AND CONTROL

The bylaws of the Corporation provide that the Board of Directors shall control and manage the affairs and business of the Corporation. The Board shall consist of between one and five directors. Directors shall be elected by unanimous written consent of the Shareholders in lieu of Annual Meeting or at an annual meeting of the Board of Directors. and shall serve for one year or until his or her successor has been elected and qualified.

The officers of the Corporation may consist of one or more Presidents, a Treasurer, a Secretary, and such other officers as the Board may elect. Officers shall be elected at an annual Board meeting and shall serve until his or her successor has been elected and qualified. Any two or more offices may be held by the same person. Additional officers may be elected by the Board according to its needs.

At December 31, 2022, the Board and Officers were as follows:

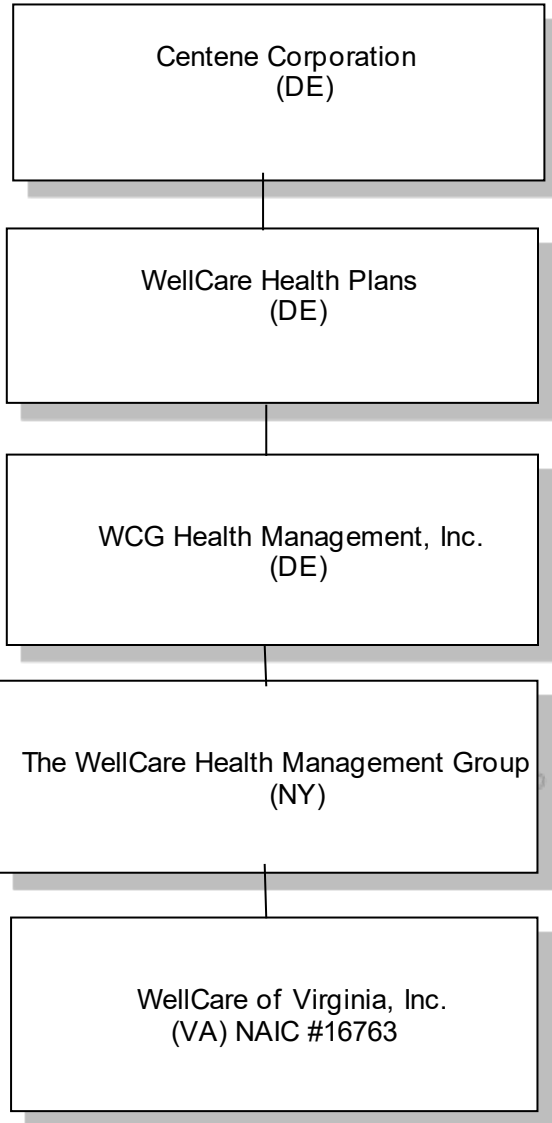
<u>Directors</u>	<u>Principal Occupation</u>
Ryan D. Voisey	President WellCare of Virginia St. Louis, Missouri

Officers

Ryan D. Voisey	President
Janey R. Alonzo	Secretary and Vice President
James E. Snyder III	Treasurer and Vice President
Tricia L. Dinkleman	Vice President of Tax

AFFILIATED COMPANIES

At December 31, 2022, the Corporation was an indirect wholly owned subsidiary of Centene Corporation. The chart on the following page illustrates the organizational structure of the Corporation and affiliated entities at December 31, 2022:



TRANSACTIONS WITH AFFILIATES

Administrative Service and Claims Processing Agreement

Effective January 1, 2022, the Corporation has a contract with Centene Management Company, LLC. ("CMC"), a wholly owned subsidiary of Centene, to provide certain management, administrative services and claims processing utilization review, payroll services and the majority of the administrative functions for the Corporation, excluding certain sales and marketing functions and other professional consulting expenses. Additionally, CMC is responsible for maintaining the claims related to data processing equipment and software.

Tax Sharing Agreement

The Corporation is party to a tax sharing agreement with Centene Corporation wherein the Corporation's income is included in the consolidated federal income tax return of Centene Corporation.

TERRITORY AND PLAN OF OPERATION

At December 31, 2022, the Corporation does not have any members or service areas, as reported in its 2022 Annual Statement.

PROVIDER AGREEMENTS

Medical Services and Hospital Care

The Corporation has entered into agreements with numerous PCPs and specialist physicians to render, provide or arrange for the provision of covered health care services to members. The Corporation compensates participating physicians in accordance with current Medicare fee-for-service rates. Nurse practitioners are compensated through a capitated rate. Additionally, the Corporation has entered into agreements with a number of hospitals in its service area to provide covered hospital services to its members. The Corporation compensates these hospitals in accordance with current Medicare fee-for-service rates.

Other Health Care Services

The Corporation has entered into various ancillary service agreements to address the health needs of a nursing facility population. These agreements include cardiology, pulmonology, endocrinology, neurology, nephrology, ophthalmology, urology, and gastroenterology.

CONTRACT FORMS

General benefits available to the Corporation's Medicare Advantage members when provided by PCPs, specialist physicians and other professional providers and approved by the Corporation are as follows:

1. Physician Services
2. Preventive Care and Screening Tests
3. Hospital Services
4. Hospice Care
5. Vision and Hearing Services
6. Skilled Nursing Facility Services
7. Home Health Care Skilled Services
8. Orthopedic and Prosthetic Devices
9. Ambulance Services
10. Emergency Services
11. Mental Health Services
12. Durable Medical Equipment

Exclusions generally include any services considered not reasonable and necessary according to the standards of original Medicare; experimental medical and surgical procedures, equipment, and medications; private hospital rooms; private duty nurses; cosmetic surgery; non-routine dental care; eyeglasses and routine eye examinations; chiropractic care; and routine foot care. The above are general summaries of coverages and exclusions and are not intended to be all inclusive.

GROWTH OF THE CORPORATION

The following data is representative of the growth of the Corporation for the three-year period ending December 31, 2022. The data is compiled from the Corporation filed Annual Statements and the current examination report.

<u>Year</u>	<u>Total Admitted Assets</u>	<u>Total Liabilities</u>	<u>Total Capital & Surplus</u>
2020	\$3,233,176	\$68	\$3,233,108
2021	3,233,569	2,413	3,231,156
2022	3,571,690	352,815	3,218,875

<u>Year</u>	<u>Total Revenue</u>	<u>Net Investment Gains</u>	<u>Medical & Hospital Expenses</u>	<u>Administrative Expenses</u>	<u>Pre-Tax Income (Loss)</u>
2020	\$0	\$256	\$0	\$18	\$238
2021	0	4,968	0	7,401	(2,464)
2022	0	37,691	0	53,235	(15,544)

The Corporation's enrollment data at year-end is illustrated as follows:

<u>Year</u>	<u>Number of Members</u>
2020	0
2021	0
2022	0

SPECIAL RESERVES AND DEPOSITS

At December 31, 2022, the Bureau required the Corporation to maintain a \$300,000 minimum deposit with the Treasurer of Virginia.

FINANCIAL STATEMENTS

The following statutory financial statements present the financial condition of the Corporation for the period ending December 31, 2022. No examination adjustments were made to the statutory financial statements filed by the Corporation with the Bureau for the period ending December 31, 2022.

ASSETS

	<u>Assets</u>	Nonadmitted <u>Assets</u>	Net Admitted <u>Assets</u>
Bonds	\$326,618		\$326,618
Cash and short-term investments	<u>3,244,167</u>	<u> </u>	<u>3,244,167</u>
Subtotals, cash and invested assets	\$3,570,785	\$0	\$3,570,785
Investment income due and accrued	<u>905</u>	<u> </u>	<u>905</u>
Total assets	<u><u>\$3,571,690</u></u>	<u><u>\$0</u></u>	<u><u>\$3,571,690</u></u>

LIABILITIES, CAPITAL AND SURPLUS

	<u>Covered</u>	<u>Uncovered</u>	<u>Total</u>
Current federal and foreign income tax payable and interest thereon	\$2,687	\$0	\$2,687
Net deferred tax liability	39		39
Amounts due to parent, subsidiaries and affiliates	350,039		350,039
Aggregate write-ins for other liabilities	<u>50</u>		<u>50</u>
Total liabilities	<u>\$352,815</u>	<u>\$0</u>	<u>\$352,815</u>
Common capital stock			\$100
Gross paid in and contributed surplus			3,232,820
Unassigned funds (surplus)			<u>(14,045)</u>
Total capital and surplus			<u>\$3,218,875</u>
Total liabilities, capital and surplus			<u><u>\$3,571,690</u></u>

STATEMENT OF REVENUE AND EXPENSES

	<u>Uncovered</u>	<u>Total</u>
Net premium income	<u>XXX</u>	<u>\$0</u>
Total revenues	<u>XXX</u>	<u>\$0</u>
General administrative expenses	<u>\$53,235</u>	<u>\$53,235</u>
Total underwriting deductions	<u>\$53,235</u>	<u>\$53,235</u>
Net underwriting loss	<u>XXX</u>	<u>(\$53,235)</u>
Net investment income earned		<u>\$37,691</u>
Net investment gains		<u>\$37,691</u>
Net income before federal income taxes	XXX	(\$15,544)
Federal income taxes incurred	<u>XXX</u>	<u>(3,295)</u>
Net income	<u>XXX</u>	<u>(\$12,249)</u>

RECONCILIATION OF CAPITAL AND SURPLUS

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Capital and surplus prior reporting year	<u>\$0</u>	<u>\$3,233,108</u>	<u>\$3,231,156</u>
GAINS AND LOSSES TO CAPITAL AND SURPLUS			
Net income or (loss)	\$188	(\$1,945)	(\$12,249)
Change in net deferred income tax		(7)	(32)
Capital changes: Paid in	100		
Surplus adjustment Paid in	<u>3,232,820</u>		
Net change in capital and surplus	<u>\$3,233,108</u>	<u>(\$1,952)</u>	<u>(\$12,281)</u>
Capital and surplus end of reporting year	<u><u>\$3,233,108</u></u>	<u><u>\$3,231,156</u></u>	<u><u>\$3,218,875</u></u>

CASH FLOW**Cash from Operations**

Net investment income	\$42,609
Total	<u>\$42,609</u>
Commissions, expenses paid and aggregate write-ins for deductions	\$53,232
Federal income taxes paid	<u>(6,146)</u>
Total	<u>\$47,086</u>
Net cash from operations	<u>(\$4,477)</u>

Cash from Financing and Miscellaneous Sources

Cash provided (applied):	
Other cash provided	<u>\$347,832</u>
Net cash from financing and miscellaneous sources	<u>\$347,832</u>

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Net change in cash and short-term investments	\$343,355
Cash and short-term investments:	
Beginning of the year	<u>2,900,812</u>
End of the year	<u><u>\$3,244,167</u></u>

ACKNOWLEDGEMENT

The courteous cooperation extended by the Corporation's officers and employees during the course of the examination is gratefully acknowledged.

In addition to the undersigned, Kevin Knight, CFE, and Chamelle Macon, APIR, participated in the work of the examination.

Respectfully submitted,

Chris Collins

Chris Collins, CFE
Senior Insurance Financial Analyst

June 26, 2024

AFFIDAVIT

Ryan D. Voisey being first duly sworn, deposes and states:

1. I am a duly elected member of the Board of Directors of WellCare of Virginia, Inc., a Virginia corporation.
2. That I have personal knowledge of the statement made herein.
3. That I have received and read a copy of the Report on Examination of WellCare of Virginia, Inc. as of December 31, 2022.

Further, affiant saith not.

Ryan D. Voisey
Ryan D. Voisey (Jun 26, 2024 15:47 EDT)

Ryan D. Voisey
Director

Subscribed and sworn to before me this 26th day of June 2024



Betsy Rosa
Notary Public