

EXAMINATION REPORT
of
COVENTRY HEALTH CARE OF VIRGINIA, INC.
Richmond, Virginia
as of
December 31, 2020

COMMONWEALTH OF VIRGINIA



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

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RICHMOND, VIRGINIA 23219
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I, Scott A. White, Commissioner of Insurance of the Commonwealth of Virginia, do hereby certify that the annexed copy of the Examination Report of Coventry Health Care of Virginia, Inc. as of December 31, 2020, 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 15th day of June 2022

Scott A. White
Commissioner of Insurance



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Richmond, Virginia
April 28, 2022

Honorable Scott A. White
Commissioner of Insurance
Richmond, Virginia

Dear Sir:

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

COVENTRY HEALTH CARE OF VIRGINIA, INC.

Richmond, Virginia

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

SCOPE OF THE EXAMINATION

The last examination of the Corporation was made by representatives of the State Corporation Commission's Bureau of Insurance (Bureau) as of December 31, 2015. This examination covers the five-year period from January 1, 2016 through December 31, 2020.

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.

The coordinated examination of the CVS/Aetna Group, of which the Corporation is a member, was led by the Connecticut Insurance Department. The Bureau and twenty-six other State Insurance Departments participated in the group examination. (Group exam #1-2019-1)

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.

The 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

The Corporation became licensed in Virginia as a health maintenance organization (HMO) pursuant to Chapter 43 of Title 38.2 of the Code of Virginia on April 1, 1991.

Effective December 1, 1994, Coventry Corporation became the sole shareholder of Southern Health Management Corporation (SHMC), the Corporation's direct parent, pursuant to a merger approved by the Bureau. During 1996, SHMC changed its name to Coventry HealthCare Management Corporation (CHMC).

On January 27, 1998, Principal Health Care, Inc. merged with Coventry Corporation, forming a new company, Coventry Health Care, Inc. (Coventry). CHMC continued to be the immediate parent company of the Corporation and Coventry became the immediate parent company of CHMC.

Effective September 1, 2001, Coventry purchased 100% of the issued and outstanding capital stock of Blue Ridge Health Alliance, Inc. (BRHA), including its wholly owned subsidiary QualChoice of Virginia Health Plan, Inc. (QualChoice), a Virginia domiciled HMO. Upon acquisition, BRHA, QualChoice and the Corporation merged, with the Corporation remaining as the surviving entity.

Effective September 30, 2002, the Corporation merged with and into CHMC with the Corporation remaining as the surviving entity. As a result of the merger, all outstanding shares of the Corporation were transferred to Coventry.

On August 19, 2012, Aetna Inc. (Aetna), Coventry, and Jaguar Merger Subsidiary, Inc. (Merger Sub), a wholly owned subsidiary of Aetna, entered into an Agreement and Plan of Merger pursuant to which Merger Sub would be merged with and into Coventry, with Coventry surviving as a wholly owned subsidiary of Aetna. The Bureau approved the application for Aetna to acquire control of the Corporation on December 19, 2012.

On January 1, 2014, Coventry merged into Aetna Health Holdings, LLC (AHH), a wholly-owned subsidiary of Aetna, and as a result, Coventry was eliminated as a legal entity and AHH directly owns 100% of the outstanding common stock of Corporation.

On November 28, 2018, CVS Health Corporation (CVS Health) acquired Aetna and its subsidiaries including the Corporation. The acquisition was approved by the Bureau on June 7, 2018.

CAPITAL AND SURPLUS

At December 31, 2020, the Corporation's capital and surplus was \$266,751,452. According to the amended and restated Articles of Incorporation, the Corporation has the authority to issue 1,000 shares of common capital stock with a par value of \$.01 per share. As of December 31, 2020, 1,000 shares were issued and outstanding valued at \$10, with gross paid in and contributed surplus of \$266,211,202 and unassigned funds of \$540,240.

CAPITAL AND SURPLUS REQUIREMENT

Section 38.2-4302 B of the Code of Virginia states that an HMO licensed in Virginia shall maintain a minimum net worth in an amount at least equal to the sum of uncovered expenses, but not less than \$600,000, up to a maximum of \$4,000,000. 14 VAC 5-211-30 A requires that an HMO report the sum of its uncovered expenses for each three-month period ending December 31, March 31, June 30 or September 30. Section 38.2-4307.1 C states that a statement of covered and uncovered expenses shall not be required for any HMO that reports capital and surplus of at least \$4,500,000 on its most recent annual or quarterly financial statement. At December 31, 2020, the Corporation reported capital and surplus greater than \$4,500,000 and was not required to file a statement of covered and uncovered expenses.

MANAGEMENT AND CONTROL

The bylaws of the Corporation provide that the business and affairs of the Corporation shall be managed by the Board of Directors. The minimum number of Directors shall be three with the actual number fixed by the affirmative vote of a majority of the entire Board. Each director shall be elected for one year or until the next annual meeting of the Corporation's shareholders. A majority of the directors elected to hold office shall constitute a quorum for the transaction of business.

The officers of the Corporation shall consist of a President, a Treasurer and a Secretary. Additional officers, including a Chairman of the Board and assistant officers, may be elected or appointed by the Board. Any two or more offices may be held by the same person.

At December 31, 2020, the Board and Officers were as follows:

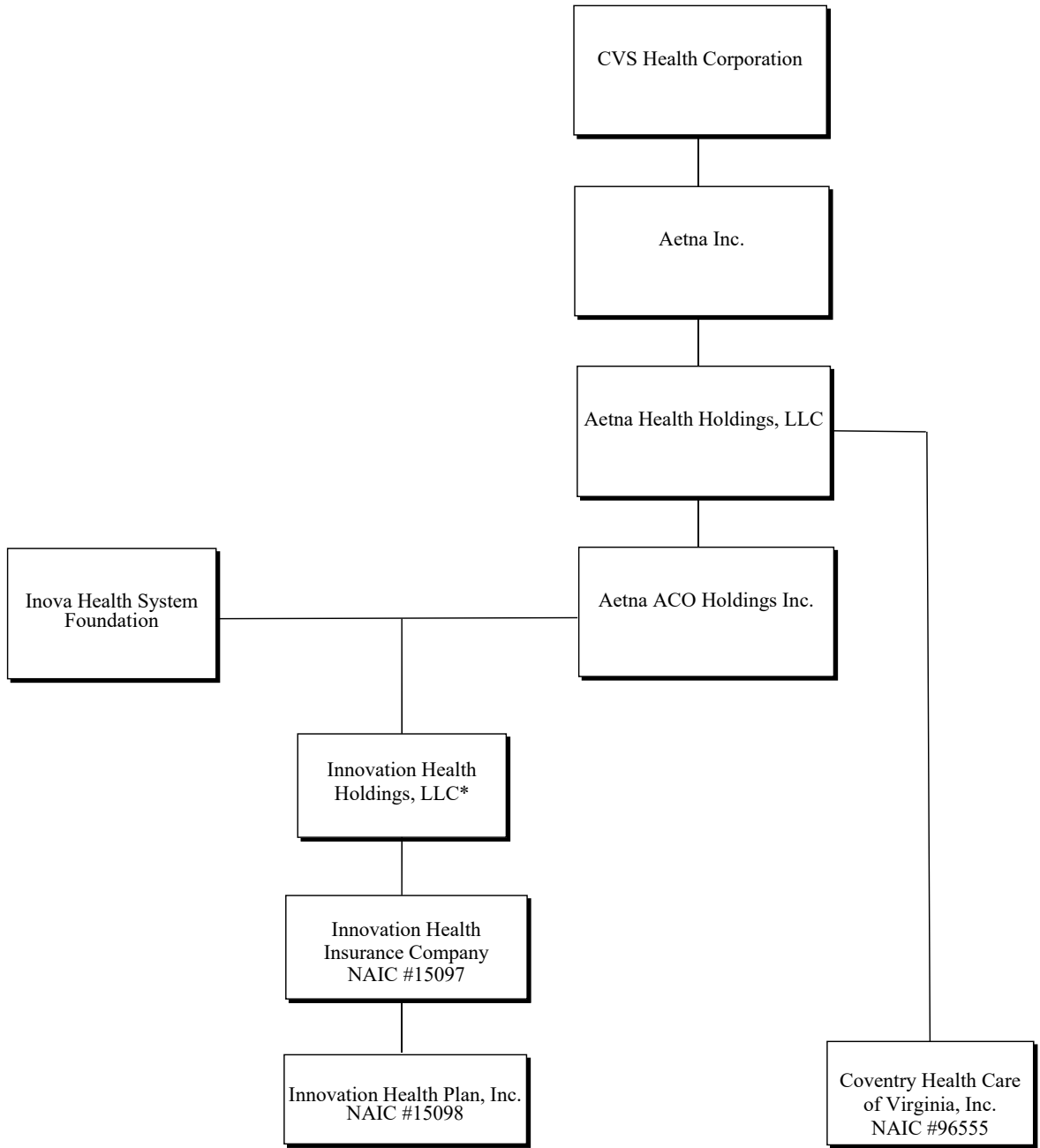
<u>Directors</u>	<u>Principal Occupation</u>
Michael J. Bucci	Vice President, Market President CVS Health Linthicum, Maryland
Maria R. Prince	Senior Medical Director CVS Health Linthicum, Maryland
Michael C. Yang	Chief Network and Operations Officer CVS Health Falls Church, Virginia

Officers

Michael J. Bucci	President and Chief Executive Officer
Amy E. Ovuka	Chief Financial Officer
Tracy L. Smith	Vice President and Treasurer
Edward C. Lee	Vice President and Secretary

AFFILIATED COMPANIES

The Corporation is a wholly owned subsidiary of AHH. CVS Health is AHH's ultimate parent. By virtue of this ownership, the Corporation is a member of an insurance holding company system as defined in Section 38.2-1322 of the Code of Virginia. The following chart summarizes the Corporation's relationship within the holding company system:



*Innovation Health Holdings, LLC is 50% owned by Aetna ACO Holdings, Inc. and 50% owned by Inova Health System Foundation

TRANSACTIONS WITH AFFILIATES

Administrative Services Agreements

Effective January 1, 2014, the Corporation entered into an Administrative Services Agreement with Aetna Health Management, LLC (AHM). According to the agreement, AHM shall provide administrative services including, but not limited to, finance, human resources, procurement, legal, patient/case management, customer service, provider network and credentialing, marketing, insurance and risk management, data processing, pharmacy benefit management, agent fees and commissions, cash and investment management, and premium and claim processing. As compensation, the Corporation pays AHM a percentage of its earned commercial, Medicaid and Medicare revenue. The Corporation was reimbursed \$2,623,335 and \$1,607,295 in fees pertaining to this agreement in 2020 and 2019, respectively.

Effective March 28, 2016, the Corporation entered into an Administrative Services Agreement with Aetna Medicaid Administrators LLC (AMA). According to the agreement, AMA will develop, operate, and market the Corporation's Medicaid business. Additionally, AMA will provide certain administrative services, including cash management, accounting, and processing of premiums and claims. As compensation, the Corporation pays a rate equal to the cost incurred by AMA. The Corporation incurred \$147,054,248 and \$145,251,119 in fees pertaining to this agreement in 2020 and 2019, respectively.

Sale and Purchase Agreement

On December 1, 2019, the Corporation entered into a Sale and Purchase Agreement with Coventry Health Care of Nebraska, Inc. (CHC NE), whereby the Company purchased a mortgage loan from CHC NE. In consideration, the Corporation paid cash of \$2,995,704.

Tax Sharing Agreement

Effective January 1, 2019, the Corporation entered into a Tax Sharing Agreement with CVS Health. In accordance with the agreement, the Corporation's current federal income tax liability is determined as if the Corporation were filing a separate Federal income tax return. Current income tax benefits, including those resulting from net operating losses, are recognized to the extent realized in the consolidated return.

Dividend and Capital Contributions

The Corporation paid an extraordinary cash dividend of \$15,000,000 to AHH in 2016 which was approved by the Bureau on December 5, 2016. In 2018, the Corporation received a capital contribution of \$40,000,000 from AHH. In 2019, the Corporation received capital contributions of \$30,000,000, \$35,000,000, and \$25,000,000 from AHH. In 2020, the Corporation received a capital contribution of \$10,000,000 from AHH.

TERRITORY AND PLAN OF OPERATION

At December 31, 2020, the Corporation's service area, as reported in its 2020 Annual Statement, included the Virginia counties of Accomack, Albemarle, Alleghany, Amelia, Appomattox, Arlington, Augusta, Bath, Bedford, Bland, Botetourt, Brunswick, Buckingham, Campbell, Caroline, Carroll, Charles City, Charlotte, Chesterfield, Clarke, Craig, Culpeper, Cumberland, Dinwiddie, Essex, Fairfax, Fauquier, Floyd, Fluvanna, Franklin, Frederick, Giles, Gloucester, Goochland, Grayson, Greene, Greensville, Halifax, Hanover, Henrico, Henry, Highland, Isle of Wight, James City, King and Queen, King George, King William, Lancaster, Loudoun, Louisa, Lunenburg, Madison, Mathews, Mecklenburg, Middlesex, Montgomery, Nelson, New Kent, Newport, Northampton, Northumberland, Nottoway, Orange, Page, Patrick, Pittsylvania, Powhatan, Prince Edward, Prince George, Prince William, Pulaski, Rappahannock, Richmond, Roanoke, Rockbridge, Rockingham, Russell, Shenandoah, Smyth, Spotsylvania, Stafford, Surry, Sussex, Tazewell, Warren, Washington, Westmoreland, Wise, Wythe and York. In addition, the service area included the Virginia cities of Alexandria, Bedford, Bristol, Buena Vista, Charlottesville, Chesapeake, Clifton Forge, Colonial Heights, Covington, Danville, Emporia, Fairfax, Falls Church, Fredericksburg, Galax, Hampton, Harrisonburg, Hopewell, Lexington, Lynchburg, Manassas Park, Martinsville, Norton, Petersburg, Poquoson, Radford, Richmond, Roanoke, Salem, Staunton, Suffolk, Waynesboro, Williamsburg and Winchester.

Medical services are provided by physicians in independent practice within the Corporation's service area. The Corporation markets an HMO plan, an In-Network Point-of-Service (POS) plan, an Out-of-Network POS plan and an Individual Health Care Exchange Plan. Each member selects a primary care physician (PCP) from a directory of the Corporation's primary providers. Members can go to a specialist physician without a referral, with the exception of the Exchange plan. Under the HMO and In-Network POS plans, the specialist physician must be a participating provider in order for services to be covered. Under the Exchange plan, the member must have an authorization from their tier 1 PCP for any service being performed by a provider other than the members' PCP. Members must receive prior authorization for inpatient hospital admissions and selected outpatient procedures.

During 2020, the Corporation contracted with the Virginia Department of Medical Assistance Services (DMAS) to administer coverage to Medicaid members, which comprised 95.5% of its total premium revenue.

HEALTH CARE SERVICES AGREEMENTS

At December 31, 2020, the Corporation had entered into a Medallion 4.0 Medicaid Managed Care Services Agreement and a Family Access to Medical Insurance Security (FAMIS) Agreement with DMAS. Pursuant to these agreements, the Corporation is responsible for directly providing, arranging, purchasing or otherwise making available the full scope of services to which enrollees are entitled under the respective programs. As compensation for these services, DMAS pays the Corporation a monthly capitation fee based on each enrollees number, age and sex.

Additionally, at December 31, 2020, the Corporation had an agreement with the Centers for Medicare and Medicaid Services and DMAS to provide services under the Commonwealth Coordinated Care Plus Program established by the Commonwealth of Virginia. The program pays capitated fees to the Corporation to provide managed care services to Virginia residents who are eligible for both Medicare and Medicaid services.

PROVIDER AGREEMENTS

Medical Services

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 either on a capitated basis or a fee-for-service arrangement. The fee-for-service arrangement is the lesser of billed charges or established fee schedules minus any applicable copayments.

Hospital Care

The Corporation has entered into agreements with a number of hospitals in its service area to provide covered hospital services to members. The Corporation compensates participating hospitals on either a fee-for-service basis, a fixed per-diem, or a per case basis. The amounts paid to each hospital are based on terms disclosed in each individual agreement.

Other Health Care Services

The Corporation has entered into various ancillary service agreements. These agreements provide mental health services, pharmacy services, laboratory services, home health care, physical therapy, durable medical equipment and other related covered health care services. Compensation is based on arrangements set forth in each agreement.

CONTRACT FORMS

Group Contracts

The group contract agreement generally covers the following services provided by PCPs, participating specialists and other participating providers:

1. Physician Services
2. Inpatient Hospital Care
3. Preventive Care
4. Maternity Services
5. Skilled Nursing Facility Confinement
6. Home Health Care Services
7. Ambulance Services
8. Emergency Benefits
9. Durable Medical Equipment
10. Short-Term Rehabilitative Therapy

Exclusions generally include any service or supply that is not medically necessary or any service or supply that is not a covered service; private duty nursing; cosmetic surgery; prescription drugs unless covered by a prescription drug rider; and experimental medical, surgical or other health care procedures, services or supplies. Other exclusions include routine eye exams and visual augmentation devices; contraceptive devices; routine footcare and foot orthotics; and programs for weight reduction or smoking cessation. 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 ten-year period ending December 31, 2020. The data is compiled from the Corporation's filed Annual Statements, previous examination reports and the current examination report.

<u>Year</u>	Total Admitted <u>Assets</u>	Total <u>Liabilities</u>	Total Capital & <u>Surplus</u>
2011	\$77,910,931	\$34,298,625	\$43,612,306
2012	76,001,748	37,475,576	38,526,172
2013	74,478,184	38,602,019	35,876,165
2014	125,715,368	66,274,725	59,440,643
2015	125,967,264	65,223,800	60,743,464
2016	109,462,755	69,403,837	40,058,918
2017	127,247,239	73,897,646	53,349,593
2018	231,713,789	153,005,032	78,708,757
2019	422,602,547	245,307,088	177,295,459
2020	642,980,296	376,228,844	266,751,452

<u>Year</u>	Total <u>Revenue</u>	Net Investment <u>Gain</u>	Medical & Hospital <u>Expenses</u>	Administrative <u>Expenses</u>	Pre-Tax <u>Income</u>
2011	\$222,011,858	\$2,649,764	\$187,964,164	\$18,560,006	\$18,137,452
2012	258,721,557	2,333,606	216,566,212	20,454,682	24,034,269
2013	315,385,489	1,729,402	267,035,470	29,862,613	20,216,808
2014	414,215,821	1,178,379	360,233,305	48,992,163	6,168,732
2015	463,011,779	1,553,066	379,710,287	63,869,616	20,984,942
2016	348,363,871	1,765,482	302,890,134	54,941,251	(7,702,032)
2017	277,455,374	692,505	230,190,793	26,679,687	21,277,399
2018	731,935,309	2,174,586	663,484,635	83,833,280	(13,208,020)
2019	1,362,568,011	6,302,482	1,214,751,696	148,113,426	6,005,371
2020	1,733,632,916	8,474,446	1,477,412,454	168,757,048	95,937,860

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

<u>Year</u>	<u>Number of Members</u>
2011	59,692
2012	71,228
2013	82,225
2014	120,554
2015	91,347
2016	79,378
2017	61,491
2018	93,024
2019	164,089
2020	216,729

SPECIAL RESERVES AND DEPOSITS

At December 31, 2020, the Bureau required the Corporation to maintain a minimum deposit of \$3,380,000 with the Treasurer of Virginia.

FINANCIAL STATEMENTS

The following financial statements present the financial condition of the Corporation for the period ending December 31, 2020. No examination adjustments were made to the statutory financial statements filed by the Corporation with the Bureau for the period ending December 31, 2020.

ASSETS

	<u>Assets</u>	Nonadmitted <u>Assets</u>	Net Admitted <u>Assets</u>
Bonds	\$399,910,760		\$399,910,760
Mortgage loans on real estate	2,515,500		2,515,500
Properties occupied by the company	1,482,755		1,482,755
Cash and cash equivalents	<u>51,109,678</u>		<u>51,109,678</u>
Subtotals, cash and invested assets	\$455,018,693	\$0	\$455,018,693
Investment income due and accrued	2,580,621		2,580,621
Uncollected premiums and agents' balances in the course of collection	178,414,538	1,161	178,413,377
Accrued retrospective premiums and contracts subject to redetermination	1,946,696		1,946,696
Amounts receivable relating to uninsured plans	159,743		159,743
Net deferred tax asset	3,375,438	99,378	3,276,060
Health care and other amounts receivable	5,328,193	3,743,087	1,585,106
Aggregate write-in for other than invested assets	<u>158,390</u>	<u>158,390</u>	<u>0</u>
Total assets	<u><u>\$646,982,312</u></u>	<u><u>\$4,002,016</u></u>	<u><u>\$642,980,296</u></u>

LIABILITIES, CAPITAL AND SURPLUS

	<u>Covered</u>	<u>Uncovered</u>	<u>Total</u>
Claims unpaid	\$152,322,444	\$17,301,658	\$169,624,102
Unpaid claims adjustment expenses	5,730,050		5,730,050
Aggregate health policy reserves	152,679,876		152,679,876
General expenses due or accrued	2,245,255		2,245,255
Current federal income tax payable and interest thereon	17,987,951		17,987,951
Amounts withheld or retained for the account of others	691		691
Remittances and items not allocated	1,774,675		1,774,675
Amounts due to parent, subsidiaries and affiliates	11,156,034		11,156,034
Payable for securities	11,007,446		11,007,446
Liability for amounts held under uninsured plans	2,395,661		2,395,661
Aggregate write-ins for other liabilities	<u>1,627,103</u>		<u>1,627,103</u>
Total liabilities	<u>\$358,927,186</u>	<u>\$17,301,658</u>	<u>\$376,228,844</u>
Common capital stock			\$10
Gross paid in and contributed surplus			266,211,202
Unassigned funds (surplus)			<u>540,240</u>
Total capital and surplus			<u>\$266,751,452</u>
Total liabilities, capital and surplus			<u><u>\$642,980,296</u></u>

STATEMENT OF REVENUE AND EXPENSES

	<u>Uncovered</u>	<u>Total</u>
Net premium income	XXX	\$1,850,522,510
Change in unearned premium reserves and reserve for rate credits	XXX	(116,889,594)
Total revenues	XXX	\$1,733,632,916
Hospital and Medical		
Hospital/medical benefits	\$93,431,665	\$915,996,720
Other professional services	20,330,685	199,320,437
Outside referrals	2,929,601	28,721,576
Emergency room and out-of-area	5,084,427	49,847,323
Prescription drugs	0	284,128,263
Incentive pool, withhold adjustments and bonus amounts	0	(601,865)
Subtotal	\$121,776,378	\$1,477,412,454
Total hospital and medical	\$121,776,378	\$1,477,412,454
Claims adjustment expenses	71,008,899	71,008,899
General administrative expenses	97,748,144	97,748,144
Total underwriting deductions	\$290,533,421	\$1,646,169,497
Net underwriting gain	XXX	\$87,463,419
Net investment income earned	\$0	\$8,778,618
Net realized capital (loss)	0	(304,172)
Net investment gains	\$0	\$8,474,446
Aggregate write-ins for other income or expenses	\$0	(\$5)
Net income before federal income taxes	XXX	\$95,937,860
Federal income taxes incurred	XXX	21,416,016
Net income	XXX	\$74,521,844

RECONCILIATION OF CAPITAL AND SURPLUS

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Capital and surplus prior reporting year	<u>\$60,743,464</u>	<u>\$40,058,918</u>	<u>\$53,349,593</u>	<u>\$78,708,757</u>	<u>\$177,295,459</u>
GAINS AND LOSSES TO CAPITAL AND SURPLUS					
Net income (loss)	(\$4,341,063)	\$15,360,797	(\$10,277,628)	\$8,557,194	\$74,521,844
Change in net unrealized capital gains (losses)	17,693	3,943	(6,875)	4,676	(178,858)
Change in net deferred income tax	(1,627,512)	672,099	(2,492,600)	(28,280)	3,327,893
Change in nonadmitted assets	266,336	(2,746,164)	(1,863,733)	53,112	1,785,114
Surplus adjustments:					
Paid in	0	0	40,000,000	90,000,000	10,000,000
Dividends to stockholders	<u>(15,000,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in capital and surplus	<u>(\$20,684,546)</u>	<u>\$13,290,675</u>	<u>\$25,359,164</u>	<u>\$98,586,702</u>	<u>\$89,455,993</u>
Capital and surplus end of reporting year	<u><u>\$40,058,918</u></u>	<u><u>\$53,349,593</u></u>	<u><u>\$78,708,757</u></u>	<u><u>\$177,295,459</u></u>	<u><u>\$266,751,452</u></u>

CASH FLOW**Cash from Operations**

Premiums collected net of reinsurance	\$1,787,604,061
Net investment income	9,527,743
Total	<u>\$1,797,131,804</u>
Benefit and loss related payments	\$1,464,851,808
Commissions, expenses paid and aggregate write-ins for deductions	158,997,274
Federal income taxes paid	5,380,044
Total	<u>\$1,629,229,126</u>
Net cash from operations	<u>\$167,902,678</u>

Cash from Investments

Proceeds from investments sold, matured or repaid:	
Bonds	\$70,084,082
Mortgage loans	2,836,013
Net gains on cash, cash equivalents and short-term investments investments	38,337
Miscellaneous proceeds	11,007,446
Total investment proceeds	<u>\$83,965,878</u>
Cost of investments acquired (long-term only):	
Bonds	\$245,844,065
Mortgage loans	2,515,500
Total investments acquired	<u>\$248,359,565</u>
Net cash from investments	<u>(\$164,393,687)</u>

Cash from Financing and Miscellaneous Sources

Cash provided (applied):	
Capital and paid in surplus, less treasury stock	\$10,000,000
Other cash (applied)	<u>(29,661,782)</u>
Net cash from financing and miscellaneous sources	<u>(\$19,661,782)</u>

Reconciliation of Cash, Cash Equivalents and Short-Term Investments

Net change in cash, cash equivalents and short-term investments	(\$16,152,791)
Cash, cash equivalents and short-term investments:	
Beginning of the year	<u>67,262,469</u>
End of the year	<u><u>\$51,109,678</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, Ken Campbell, CFE, Chris Collins, CFE, Kevin Knight, CFE, and Ben MacKercher, CFE, participated in the work of the examination.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gerald T. Hicks II", written in a cursive style.

Gerald T. Hicks II, AFE
Senior Insurance Examiner



June 13, 2022

Mr. David H. Smith, CFE, CPCU
Chief Examiner
Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
P.O. Box 1157
Richmond, VA 23218
RESPONSE MADE VIA EMAIL TO: David Smith <David.Smith@scc.virginia.gov>

**RE: Coventry Health Care of Virginia, Inc.
Draft Financial Examination Report as of December 31, 2020 ("the Report")**

Dear Mr. Smith:

This letter is to acknowledge receipt of the draft exam Report of Coventry Health Care of Virginia, Inc. for the five-year period ending December 31, 2020. We appreciate the opportunity to review the Report. As noted in your letter dated May 18, 2022, the Report contains no recommendations for corrective action.

When the report is certified as final, please confirm that the financial examination team, with whom your examiners have been communicating during the course of this examination, will receive the final report via email so they can continue to ensure all necessary communications are met timely.

As the final exam report is expected to be received electronically, we only need the electronic version and thus your request for the number of hard copies would be none as the electronic version is sufficient.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Bostian", written in a cursive style.

James M. Bostian
President and Chief Executive Officer
Coventry Health Care of Virginia, Inc.