



**EXAMINATION REPORT
OF
Solis Health Plans, Inc.**

NAIC Company Code: 16313

**Doral, Florida
as of
December 31, 2019**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

TABLE OF CONTENTS

LETTER OF TRANSMITTAL	0
SCOPE OF EXAMINATION	1
SUMMARY OF SIGNIFICANT FINDINGS	2
CURRENT EXAMINATION FINDINGS	2
PREVIOUS EXAMINATION FINDINGS.....	2
COMPANY HISTORY.....	2
GENERAL	2
DIVIDENDS.....	2
CAPITAL STOCK AND CAPITAL CONTRIBUTIONS.....	2
SURPLUS NOTES	3
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS	3
MANAGEMENT AND CONTROL	4
CORPORATE GOVERNANCE.....	4
HOLDING COMPANY SYSTEM.....	6
ORGANIZATIONAL CHART.....	6
OVER THE COUNTER (OTC) FULFILLMENT AND CALL CENTER AGREEMENT	7
ACCOUNTS AND RECORDS.....	7
INDEPENDENT AUDITOR AGREEMENT	8
CORPORATE RECORDS REVIEW	8
TERRITORY AND PLAN OF OPERATIONS.....	8
REINSURANCE.....	8
REINSURANCE ASSUMED	8
REINSURANCE CEDED.....	9
FINANCIAL STATEMENTS	10
ASSETS	11
LIABILITIES, CAPITAL AND SURPLUS.....	12
STATEMENT OF REVENUE AND EXPENSES	13
ANALYSIS OF CHANGES IN FINANCIAL STATEMENT RESULTING FROM THE EXAMINATION.....	15
COMMENTS ON FINANCIAL STATEMENT ITEMS	15
LIABILITIES.....	15
CAPITAL AND SURPLUS	15
SUBSEQUENT EVENTS.....	15
CONCLUSION.....	16

May 3, 2021

David Altmaier
Commissioner
Office of Insurance Regulation
State of Florida
Tallahassee, Florida 32399-0326

Dear Commissioner:

Pursuant to your instructions, in compliance with Section 641.27, Florida Statutes, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (“the NAIC”), we have conducted an examination as of December 31, 2019, of the financial condition and corporate affairs of

Solis Health Plans, Inc.
9250 NW 36th Street, Suite 400
Doral, Florida, 33178

hereinafter referred to as “the Company.” Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period of February 7, 2018 through December 31, 2019 and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on July 23, 2020. The fieldwork concluded as of May 3, 2021. This exam constitutes the first full scope exam by representatives of the Office.

The examination was a single state examination conducted in accordance with the NAIC Financial Condition Examiners Handbook (“the Handbook”). The Handbook requires that the examination be planned and performed to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, 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 Company 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 the NAIC Statements of Statutory Accounting Principles (“SSAP”). The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company’s financial statements.

This examination report includes information obtained from the examination of the records, accounts, files and documents of or relative to the Company and other information as permitted by Section 624.319 and 641.27(1), Florida Statutes. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

Current Examination Findings

There were no material findings or exceptions noted during the examination as of December 31, 2019.

Previous Examination Findings

There were no findings, exceptions or corrective action to be taken by the Company. This is the first full-scope examination.

COMPANY HISTORY

General

The Company was incorporated in Florida on November 23, 2015 and obtained its Certificate of Authority from the Office on February 7, 2018 as a Health Maintenance Organization (HMO). Solis is a wholly owned subsidiary of Athena Health Care Holdings, LLC (Athena). On December 31, 2017, the Company received its health care provider certificate from the Florida Agency for Health Care Administration (AHCA), and on August 28, 2018, the Company received approval from the Centers for Medicare and Medicaid Services (CMS) to operate a Medicare Advantage Plan. Solis had no membership as of December 31, 2018 and commenced business January 1, 2019. Solis plans to operate in Miami-Dade, Broward, Orange, Palm Beach, and the Hillsborough counties service area based on the applicable CMS and AHCA renewal letters. The Company enrolled a total of 1,047 members as of 12/31/2019.

Dividends

The Company did not declare or pay any dividends during the period under examination.

Capital Stock and Capital Contributions

As of December 31, 2019, the Company's capitalization was as follows:

Number of authorized common capital shares	1,000,000
Number of shares issued and outstanding	0
Total common capital stock	\$0.00
Par value per share	\$0.00

Athena made a surplus contribution of \$4,100,000 and a capital contribution of \$26,567,997 during 2019 and 2018, respectively.

Surplus Notes

On April 30, 2020, the Company issued a qualified surplus note to Athena in exchange for \$9,000,000 that was received in cash on April 30, 2020. The Company is prohibited from making any principal or interest payments on the surplus note without the advanced approval of the Office. The Company is also prohibited from making any principal and interest payments except out of surplus, excluding paid in capital, and only if the Company is in compliance with the Florida Insurance Code applicable to this transaction. Interest accrues from the date of issuance at an annual rate of 6% on the unpaid balance. Accrued interest is payable beginning April 30, 2023, and monthly thereafter upon approval by the Office. Accrued interest will be expensed in the period approved for payment. In accordance with Statements of Statutory Accounting Principles (SSAP) No. 72 - Surplus and Quasi-Reorganizations, the surplus note, with approval from the Office, was recorded as a surplus note receivable at December 31, 2019, on the statements of admitted assets, liabilities, and capital and surplus - statutory basis.

Acquisitions, Mergers, Disposals, Dissolutions

The Company had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

MANAGEMENT AND CONTROL

Corporate Governance

Directors serving as of December 31, 2019, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Robert Stroud, Chairman	Sarasota, Florida	Equity Attorney Partner, Black Waters, PA.
Daniel Hernandez	Miami, Florida	President and Chief Executive Officer, Solis Health Plans, Inc.
Daniel Echavarria	Miami, Florida	Managing Director, Ganolian Investments.
Mace Wolf	Tucson, Arizona	President, Cognify, Inc.
Scott Smith	Sarasota, Florida	Investment Banker, Cain Brothers (Retired).
Rafael Villoldo	Miami, Florida	President, Professional Products Group, LLC.

In accordance with the Company's Bylaws, the Board appointed the following Senior Officers:

Senior Officers		
Name	City, State	Title
Daniel Hernandez	Miami, Florida	President and Chief Executive Officer, Solis Health Plans, Inc.
Juan de Cardenas	Miami, Florida	Chief Financial Officer, Solis Health plans, Inc.
Jordi Cuervo	Miami, Florida	Vice President Network/Chief Operating Officer, Solis Health Plans, Inc.
Tayron Perez	Hialeah, FL	Chief Technology Officer, Solis Health Plans, Inc.

The Company's Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2019.

The Company maintained an audit committee which was responsible for providing active oversight of the Corporate Compliance and Anti-Fraud Program, operational audit activities and risk activities.

Compliance, Audit & Risk Committee		
Name	City, State	Title, Company Name
Marie Biehler, Chairwoman	Pembroke Pines, FL	Assistant Vice President, Solis Health Plans, Inc. (Interim Compliance Officer)
Milagros Yzquierdo	Miami, Florida	Vice President Compliance, Solis Health Plans, Inc.
Daniel Hernandez	Miami, Florida	President and Chief Executive Officer, Solis Health Plans, Inc.
Jordi A. Cuervo	Miami, Florida	Vice President Network/Chief Operating Officer, Solis Health Plans, Inc.
Juan de Cardenas	Miami, Florida	Chief Financial Officer, Solis Health plans, Inc.
Tayron Perez	Hialeah, FL	Chief Technology Officer, Solis Health Plans, Inc.
Mace Wolf	Tucson, Arizona	President, Cognify, Inc.
Jose Armas, MD	Miami, Florida	Medical Director, Solis Health Plans, Inc.
Barbara Roqueta	Miami, Florida	Director of Delegation Oversight Vice President of Sales, Solis Health Plans, Inc

The Finance Audit Committee provides oversight of the financial reporting process, the disclosure process, the system of internal controls and external auditors, among other things, for the Company. Members are listed in the chart that follows.

Finance Audit Committee		
Name	City, State	Title, Company Name
Rafael Villoldo, Chairman	Miami, Florida	Board Member, Solis Health Plans, Inc. President, Professional Products Group, LLC.

Daniel Hernandez	Miami, Florida	President and Chief Executive Officer, Solis Health Plans, Inc.
Robert Stroud	Sarasota, Florida	Board Member, Solis Health Plans, Inc. Equity Attorney Partner, Black Waters, PA.
Juan de Cardenas	Miami, Florida	Chief Financial Officer, Solis Health plans, Inc.

Holding Company System

As previously indicated, Solis is a wholly-owned subsidiary of Athena. An organization chart showing all companies within this holding system is presented below.

A simplified organizational chart as of December 31, 2019, reflecting the holding company system, is shown below. Schedule Y of the Company’s 2019 annual statement provided a list of all related companies of the holding company group.

**Solis Health Plans
Organizational Chart
December 31, 2019**



The following agreements were in effect between the Company and its affiliates:

Over the Counter (OTC) Fulfillment and Call Center Agreement

The Company entered into an Over the Counter (OTC) Fulfillment and Call Center Agreement with SunScripts OTC, LLC on October 19, 2018 for the affiliate to provide certain services relating to over the counter (OTC) medications to Medicare and dual eligible beneficiaries enrolled in Solis Medicare Advantage Prescription Drug Plans. The agreement continues in force for a term of three (3) years and will automatically renew for successive two (2) year periods, unless otherwise terminated within the guidelines of the agreement. Company fees due under this agreement were the SunScripts Reimbursement Rate of the retail price of the OTC benefit ordered per member/per month, plus a ten-dollar (\$10) delivery fee per order. Fees incurred under this agreement during 2019 amounted to \$288,157.

Network Provider Agreement

The Company entered into a Network Provider Agreement with Aegis Health Networks, LLC on March 1, 2018 for the affiliate to provide access to the affiliate's provider network in order to provide Contract Covered Services to Members, in accordance with the terms and conditions set forth in this Agreement. On December 16, 2019, Aegis name was changed to Solis Health Partners (Partners). The agreement continues in force for a term of one (1) year and will automatically renew for successive one (1) year periods, unless otherwise terminated within the guidelines of the agreement. Company fees due affiliate under Agreement are a monthly capitation fee of \$75 to \$160, depending upon Florida County, plus a \$25 base administrative fee. Fees incurred under this agreement during 2019 amounted to \$60,865.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Doral, FL.

Independent Auditor Agreement

An independent CPA, Thomas Howell Ferguson, P.A., audited the Company's statutory basis financial statements annually for the years 2018 and 2019, in accordance with Section 641.26(5), Florida Statutes. Supporting work papers were prepared by the CPA firm as required by Section 641.26(5), Florida Statutes.

Corporate Records Review

The recorded minutes of the Shareholder(s), Board of Directors (Board) and the Compliance, Audit and Risk Committee were reviewed for the period under examination. The recorded minutes of the Board documented its meetings and approval of Company transactions and events, in compliance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code, including the authorization of investments, as required by Section 641.35(7), Florida Statutes.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance only in the State of Florida. The Company was authorized to transact insurance in Florida on February 7, 2018, and is currently authorized to write the Health Maintenance Organization ("HMO") line of business as of December 31, 2019.

REINSURANCE

The reinsurance agreements reviewed complied with NAIC standards with respect to the standard insolvency clause, arbitration clause, intermediary clause, transfer of risk, reporting and settlement information deadlines.

Reinsurance Assumed

The Company did not assume any reinsurance during the period of this examination.

Reinsurance Ceded

Effective January 1, 2019, the Company entered into an HMO specific excess of loss reinsurance agreement with Partner Re that generally provides coverage on 90% of ultimate net claims if received by the reinsurer on or before January 1, 2021 (50% of ultimate net claims if received after January 1, 2021) of approximately \$5,000,000 in excess of \$150,000 of claims related to covered members.

For the year ended December 31, 2019 total reinsurance premiums ceded were approximately \$245,000 (none in 2018) and are recorded as a reduction of premiums earned on the accompanying statement of operations - statutory basis. For the year ended December 31, 2019 total reinsurance recoveries were approximately \$361,000 (none in 2018) and have been recorded as a reduction of hospital and medical benefits on the accompanying statement of operations - statutory basis.

At December 31, 2019 there were no recoveries due from reinsurers relating to paid and unpaid claims under the agreement.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus and Other Funds and statutory Statement of Revenues and Expenses for the year ended December 31, 2019. The financial statements are based on the statutory financial statements filed by the Company with the Florida Office of Insurance Regulation and present the financial condition of the Company for the period ending December 31, 2019. (Note: Due to rounding, column amounts may not add to the totals reflected in this Report).

Solis Health Plan, Inc.
Assets
December 31, 2019

	Per Company	Examination Adjustments	Per Examination
Bonds			
Stocks			
Common			
Real Estate			
Properties Occupied by the Company			
Other Properties			
Cash, cash equivalents and short-term investments	\$7,438,351		\$7,483,351
Other invested assets			
Aggregate write-ins for invested assets			
Receivables for securities			
Subtotal cash and invested assets	\$7,438,351		\$7,438,351
Investment income due and accrued			
Premiums and considerations			
Uncollected premiums and agents' balances			
Accrued retrospective premiums	149,845		149,845
Amounts recoverable from reinsurer	11,133		11,133
Current federal and foreign income taxes recoverable			
Net deferred tax asset			
Electronic data processing equipment and software			
Receivables from parent, subsidiaries and affiliates			
Health care and other amounts receivable	375,560		375,560
Aggregate write-ins for other than invested assets	9,000,000		9,000,000
Totals	\$16,974,889		\$16,974,889

Solis Health Plans, Inc.
Liabilities, Capital and Surplus
December 31, 2019

	Per Company	Examination Adjustments	Per Examination
Claims unpaid	\$3,066,356		\$3,066,356
Unpaid claims adjustment expenses	43,188		43,188
Aggregate health claim reserves	7,079,681		7,079,681
Premiums received in advance	106,743		106,743
General expenses due or accrued	1,600,345		1,600,345
Current federal and foreign income tax payable			
Ceded reinsurance premiums payable	120,842		120,842
Amounts withheld or retained for the account of others			
Amounts due to parent, subsidiaries and affiliates	79,648		79,648
Liabilities for amounts for uninsured plans	528,978		528,978
Aggregate write-ins for other liabilities			
Total liabilities	\$12,625,781		\$12,625,781
Aggregate write-ins for special surplus funds			
Common capital stock			
Gross paid-in and contributed surplus	30,667,997		30,667,997
Surplus notes	9,000,000		9,000,000
Unassigned funds (surplus)	(35,318,889)		(35,318,889)
Total capital and surplus	\$4,349,108		\$4,349,108
Total liabilities, capital and surplus	\$16,974,889		\$16,974,889

Solis Health Plans, Inc.
Statement of Revenue and Expenses
December 31, 2019

	Per Company	Examination Adjustments	Per Examination
Net premium income	\$11,240,960		\$11,240,960
Change in unearned premium reserves and reserve for rate credits			
Aggregate write-ins for other health care related revenues			
Total revenues	\$11,240,960		\$11,240,960
Hospital and Medical:			
Hospital/medical benefits	8,355,328		8,355,328
Other professional services	1,269,745		1,269,745
Emergency room and out-of-area	48,007		48,007
Prescription drugs	976,860		976,860
Aggregate write-ins for other hospital and medical			
Incentive pool, withhold adjustments and bonus amounts			
Subtotal	\$10,649,940		\$10,649,940
Less:			
Net reinsurance recoveries	360,972		360,972
Total hospital and medical	\$10,288,968		\$10,288,868
Claims adjustment expenses	43,188		43,188
General administrative expenses	14,743,628		14,743,628
Increase in reserves for life and accident and health contracts	7,068,273		7,068,273
Total underwriting deductions	\$32,044,157		\$32,044,157
Net underwriting gain or (loss)	\$(20,903,097)		\$(20,903,097)
Net investment income earned	8,533		8,533
Net realized capital gains (losses) less capital gains tax	0		0
Net investment gains ((losses)	\$8,533		\$8,533
Aggregate write-ins for other income or expenses	0		0
Net income or (loss) after capital gains tax and before all other federal income taxes	\$(20,894,564)		\$(20,894,564)
Federal and foreign income taxes incurred	0		0
Net Income	\$(20,894,564)		\$(20,894,564)

	Per Company	Examination Adjustments	Per Examination
Capital and Surplus Account			
Capital and surplus prior reporting year	\$12,148,095		\$12,148,095
Net Income	\$(20,894,564)		\$(20,894,564)
Change in net unrealized capital gains (losses) less capital gains tax			
Change in net deferred income taxes			
Change in nonadmitted assets	(4,424)		(4,424)
Change in surplus notes	9,000,000		9,000,000
Capital Changes:			
Paid in			
Transferred to surplus			
Surplus adjustments:			
Paid in	4,100,000		4,100,000
Transferred from capital			
Dividends to stockholders			
Aggregate write-ins for gains or(losses) in surplus			
Net change in capital and surplus	\$(7,798,988)		\$(7,798,988)
Capital and surplus end of reporting year	\$4,349,108		\$4,349,108

Solis Health Plans, Inc.
Analysis of Changes in Financial Statement Resulting from the Examination
December 31, 2019

No adjustments were made to surplus as regards policyholders as a result of this examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Thomas Howell Ferguson, P.A, appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2019, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The Office consulting actuary, Scott Garduno, FSA, MAAA, Managing Member and Senior Health and Life Consulting Actuary, Taylor-Walker Consulting, LLC, reviewed the loss and loss adjustment expense work papers provided by the Company and he was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$4,349,108 exceeded the minimum of \$1,500,000 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

COVID-19

The COVID-19 pandemic has continued to develop throughout 2020, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. The Florida Office of Insurance Regulation has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Office continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

CONCLUSION

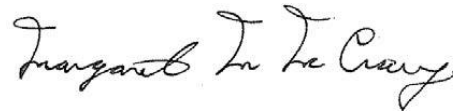
The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Solis Health Plans, Inc., as of December 31, 2019, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, Lori Ruggiero, CFE, CIE, MCM, Supervising Examiner, John Sinkiewicz, CISA, GCFA, LEH, GREM, CHFI, IT Specialist, Mike Masuen, CFE, CISA, AES, Raymond Conover, AIE, ARe, FLMI, MCM, and Clifton Day, MPA, CPM, CSM, MCM, Participating Examiners, of The NOVO Consulting Group, LLC, also participated in the examination. Members of the Office who participated in the examination include Margaret McCrary, CFE, CPA, MBA, Chief Financial Examiner. Additionally, Scott Garduno, FSA, MAAA, Managing Member of Taylor-Walker Consulting, LLC, is recognized for participation in the examination.

Respectfully submitted,



Jeffrey Good, CFE, CIE, CPCU, AIAF, ARC,
MCM
Examiner-in-Charge
The NOVO Consulting Group, LLC



Margaret M. McCrary, CFE, CPA, MBA
Chief Financial Examiner – Life & Health
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