



**EXAMINATION REPORT
OF
COVENTRY HEALTH PLAN OF FLORIDA, INC.**

NAIC Company Code: 95266

**Plantation, Florida
as of
December 31, 2020**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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April 28, 2022

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, Rule 690-138.005, Florida Administrative Code, 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, 2020, of the financial condition and corporate affairs of

Coventry Health Plan of Florida, Inc.

261 N University Drive
Plantation, Florida 33324

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

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2016, through December 31, 2020, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on September 10, 2021. The fieldwork concluded as of April 28, 2022. The Company’s last full scope exam by representatives of OIR covered the period of January 1, 2011, through December 31, 2015.

The examination was a multi-state/coordinated holding company group 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. The lead state for this exam was Connecticut, and states that participated in this exam are as follows: Arizona, Florida, Georgia, Illinois, Iowa, Kansas, Louisiana, Maine, Michigan, Minnesota, Missouri, Nebraska, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, Utah, Vermont, Virginia, Washington, and West Virginia.

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, 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 significant findings as a result of this examination.

Previous Examination Findings

There were no significant findings in the previous examination.

COMPANY HISTORY

General

The Company was incorporated in Florida as Careflorida Health Plan, Inc. on September 9, 1993, and commenced business on November 1, 1994. The Company's name was changed to Foundation Health, A Florida Health Plan, Inc. on June 27, 1996, Vista Healthplan of South Florida, Inc. on January 1, 2003, and Coventry Health Plan of Florida, Inc. on February 3, 2010.

Effective November 28, 2018, the Company became part of the insurance holding company system currently controlled by CVS Health Corporation ("CVS Health") as a result of the acquisition of Aetna Inc. by CVS Health.

Dividends

In accordance with Section 641.365, Florida Statutes, the Company declared and paid dividends to its stockholders in 2016, 2017, and 2018 in the amounts of \$72,000,000, \$33,000,000, and \$5,000,000, respectively.

Capital Stock and Capital Contributions

As of December 31, 2020, the Company's capitalization was as follows:

Number of authorized common capital shares	50,000,000
Number of authorized preferred stock	25,000,000
Number of shares issued and outstanding	2,001
Total common capital stock	\$2
Par value per share	\$0.001

The Company did not receive any capital contributions during the period under examination.

Surplus Notes

The Company did not have or issue any surplus notes during the period under examination.

Acquisitions, Mergers, Disposals, Dissolutions

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

MANAGEMENT AND CONTROL

Corporate Governance

According to the Company's Bylaws, an annual shareholder meeting for the election of Directors shall be held each calendar year. Directors serving as of December 31, 2020, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Robert Jay Finkelman	Coral Springs, FL	Chief Financial Officer, Coventry Health Plan of Florida, Inc.
Richard Bryan Weiss	Southwest Ranches, FL	President and Chief Executive Officer, Coventry Health Plan of Florida, Inc.
William Stuart Wood ^(a)	Odessa, FL	Physician, Coventry Health Plan of Florida, Inc.

(a) Resigned on January 29, 2021, and was replaced by Amelia Shaw Lee, VP Chief Network and Operating Officer.

In accordance with the Company's Bylaws, the Board of Directors ("Board") appointed the following Senior Officers:

Senior Officers		
Name	City, State	Title
Richard Bryan Weiss	Southwest Ranches, FL	President and Chief Executive Officer
Robert Jay Finkelman	Coral Springs, FL	Chief Financial Officer
Tracy Louise Smith	Cumberland, RI	Vice President and Treasurer
Edward Chung-I Lee	Riverside, CT	Vice President and Secretary
Kevin James Casey ^(a)	East Longmeadow, MA	Senior Investment Officer
Robert Joseph Parslow	Danbury, CT	Corporate Controller
Bryan James Lane ^(b)	Bloomfield, CT	Assistant Controller
Whitney Dorothy Lavoie	Wethersfield, CT	Assistant Controller
Peter Keller	Simsbury, CT	Assistant Controller
Timothy James Olson	Aurora, IL	Assistant Controller
Nancy Daigle Perrone ^(c)	West Hartford, CT	Assistant Controller
Scott Michael Blum ^(d)	Sarasota, FL	Assistant Vice President
Jennifer Lynn Pomponi	Madison, CT	Assistant Vice President
Marc Armand Parr	Simsbury, CT	Assistant Treasurer
Diane Elizabeth Steponaitis	Coventry, CT	Assistant Treasurer
Sheelagh Mary Beaulieu	Fairhaven, MA	Assistant Secretary
Wendy Ann Marie Cianci	Killingworth, CT	Assistant Secretary
Jeffrey Edward Clark	Hingham, MA	Assistant Secretary
Caitlin Michelle Gould	East Hampton, CT	Assistant Secretary
Theresa Marie Hurd	Meriden, CT	Assistant Secretary
Gwendolyn Ann Wahl	Westport, CT	Assistant Secretary

(a) Resigned on November 15, 2021, and was replaced by Derek Blunt.

(b) Resigned on November 15, 2021.

(c) Resigned on December 9, 2021.

(d) Officer was not reappointed during the annual appointment of officers on May 1, 2021.

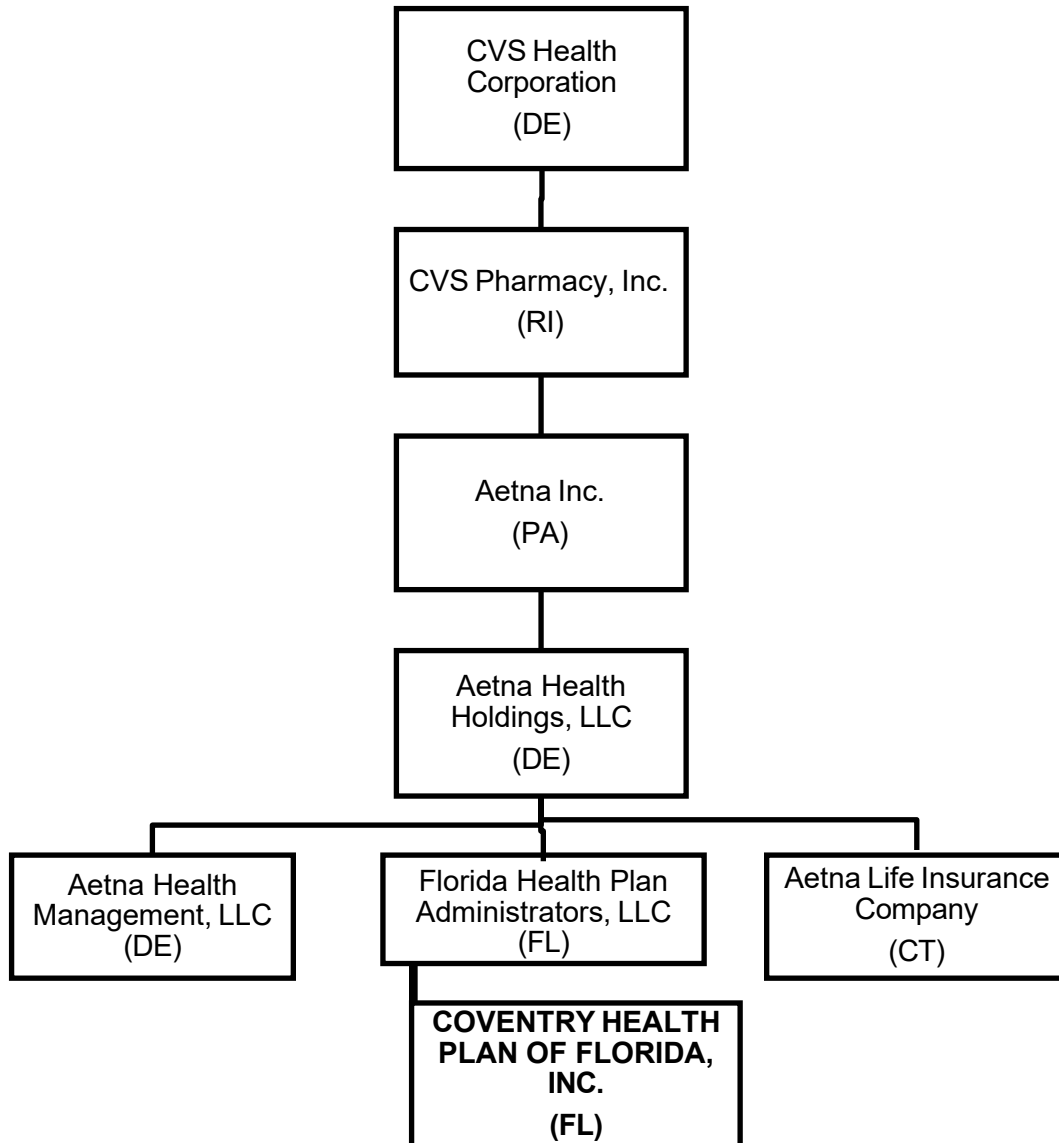
The Company's Board maintained an audit committee. The first person listed is the chairman.

Audit Committee		
Name	City, State	Title, Company Name
John Paul Maroney	Orange, CT	VP Enterprise Risk Management CVS Health Corporation
Robert Sean Healey	West Hartford, CT	VP, Insurance Capital Management CVS Health Corporation

Holding Company System

A simplified organizational chart as of December 31, 2020, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2020 annual statement provided a list of all related companies of the holding company group.

**Coventry Health Plan of Florida, Inc.
Simplified Organizational Chart
December 31, 2020**



AFFILIATED AND OTHER AGREEMENTS

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

Tax Sharing Agreement

Effective January 1, 2019, the Company was included in a Tax Sharing Agreement with its ultimate controlling parent, CVS Health and affiliates which was later amended. The agreement provided for the allocation of consolidated income tax liability based upon separate taxable income of included companies, and that an included company with a net operating loss would be reimbursed for the tax benefit with the loss. The agreement provided for amounts due to or from CVS to be settled within 90 days of filing of the income tax return. The agreement may also be applied to a return of a state franchise or income tax or other tax based on income that is filed on behalf of more than one party to the agreement.

Administrative Services Agreement

The Company entered into an Administrative Services Agreement with Aetna Health Management, LLC ("AHM") on January 1, 2014, and later amended. AHM provides certain administrative services, including accounting and processing of premiums and claims. The agreement was amended to allow other Aetna and CVS Health affiliates to provide services to the Company in accordance with the schedule in the amendment. Under the terms of the agreement, the Company remits a percentage of its earned premium revenue, as applicable to AHM as a fee, subject to an annual true-up mechanism as defined in the agreement. The administrative rate for Commercial, Medicaid, Medicare, and Self-Insured business is twelve percent (12%), eleven percent (11%), eight percent (8%), and sixty-eight percent (68%), respectively. Fees incurred for administrative services under this agreement during 2020 amounted to \$16,459.

The agreement also allows AHM to provide pharmaceutical rebate services to the Company which may include the negotiation, arrangement, and administration of the manufacturers' rebate arrangements. The Company remits ten percent (10%) of all earned pharmaceutical rebates to AHM as a fee. No fees were incurred for pharmaceutical rebate services in 2020.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Plantation, Florida.

The Company and non-affiliates had the following material agreements:

Custodial Agreement

Effective May 17, 2013, the Company was included in a custodial agreement with State Street Bank and Trust Company with Aetna Life Insurance Company and other affiliates.

Independent Auditor Agreement

An independent CPA, Ernst & Young, LLP audited the Company's statutory basis financial statements annually for the years 2019 and 2020, 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.

An independent CPA, KPMG, LLP, audited the Company's statutory basis financial statements annually for the years 2016, 2017, and 2018, in accordance with Section 641.26(5), Florida Statutes.

Corporate Records Review

The recorded minutes of the Shareholder, Board, and the Audit Committee were reviewed for the period under examination. The recorded minutes of the Board documented its meetings and approval of Company transactions and events, including the authorization of investments, as required by Section 641.35(7), Florida Statutes.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to provide managed care services in Florida on February 28, 1995, as a Health Maintenance Organization. The Company had no active members since January 1, 2016.

REINSURANCE

Reinsurance Assumed

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

Reinsurance Ceded

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

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Capital and Surplus; statutory Statement of Revenue and Expenses; and the statutory Analysis of Changes in Surplus for the year ended December 31, 2020. The financial statements are based on the statutory financial statements filed by the Company with OIR and present the financial condition of the Company for the period ending December 31, 2020. Due to rounding, column amounts may not add to the totals reflected in the Report. There were no examination adjustments to the amounts reported by the Company.

Coventry Health Plan of Florida, Inc.
Assets
December 31, 2020

	Per Company
Bonds	\$2,491,625
Cash, cash equivalents and short-term investments	2,596,648
Subtotals, cash and invested assets	\$5,088,273
Investment income due and accrued	13,033
Current federal and foreign income taxes recoverable	53,111
Aggregate write-ins for other than invested assets	24,370
Total	\$5,178,787

Coventry Health Plan of Florida, Inc.
Liabilities, Capital and Surplus
December 31, 2020

	Per Company
Claims unpaid	\$120,996
Aggregate health claim reserves	341,162
Net deferred tax liability	230,760
Remittances and items not allocated	2,408
Aggregate write-ins for other liabilities	45,503
Total liabilities	\$740,829
Gross paid in and contributed surplus	90,135,162
Unassigned funds (surplus)	(85,697,206)
Total capital and surplus	\$4,437,958
Total liabilities, capital and surplus	\$5,178,787

**Coventry Health Plan of Florida, Inc.
Statement of Revenue and Expenses
December 31, 2020**

	Per Company
Net premium income	\$192,356
Total revenues	\$192,356
Hospital and Medical:	
Hospital/medical benefits	114,487
Subtotal	\$114,487
Less:	
Total hospital and medical	\$114,487
Claims adjustment expenses	2,839
General administrative expenses	12,682
Total underwriting deductions	\$130,008
Net underwriting gain or (loss)	\$62,348
Net investment income earned	104,298
Net realized capital gains (losses) less capital gains tax	(22,117)
Net investment gains (losses)	\$82,181
Net income or (loss) after capital gains tax and before all other federal income taxes	\$144,529
Federal and foreign income taxes incurred	(13,717)
Net Income	\$158,246

	Per Company
Capital and Surplus Account	
Capital and surplus, prior reporting year	\$4,312,327
Net income or (loss)	\$158,246
Change in net deferred income tax	(15,479)
Change in nonadmitted assets	(17,136)
Net change in capital and surplus	\$125,631
Capital and surplus, end of reporting period	\$4,437,958

**Coventry Health Plan of Florida, Inc.
Reconciliation of Capital and Surplus
December 31, 2020**

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

Capital/Surplus Change during Examination Period			
Capital and Surplus at December 31, 2015, per Examination			\$71,612,637
	Increase	Decrease	
Increase in surplus	\$2,073,330		\$2,073,330
Change in net deferred income tax		(\$19,021,208)	(\$19,021,208)
Change in non-admitted assets	\$59,774,409		\$59,774,409
Dividends to stockholders		(\$110,000,000)	(\$110,000,000)
Aggregate write-in for loss in surplus		(\$1,210)	(\$1,210)
Net increase (or decrease)			(\$67,174,679)
Capital and Surplus at December 31, 2020, per Examination			\$4,437,958

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Paul Conlin, F.S.A., M.A.A.A., Senior Actuarial Director, an employee of Aetna Resources LLC, appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2020, made a good and sufficient provision for all unpaid claims and other actuarial liabilities of the Company under the terms of its contracts and agreements.

The OIR consulting actuary, Karen Elsom, Vice President, Lewis & Ellis, Inc., reviewed the loss and loss adjustment expense work papers provided by the Company and she was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$4,437,958, exceeded the minimum of \$1,500,000 required by Section 641.225, Florida Statutes.

SUBSEQUENT EVENTS

COVID-19

The COVID-19 pandemic has continued to develop throughout 2021 and 2022, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. OIR has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. OIR continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

Individual Health Market

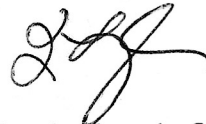
The Company entered the individual public health insurance exchange established pursuant to the ACA (Public Exchanges) in the State of Florida effective for the 2022 plan year.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Coventry Health Plan of Florida, Inc. as of December 31, 2020, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of Lewis & Ellis, Inc. participated in the examination: Jessica Lynch, CFE, MCM, Examiner-in-Charge; David Palmer, CFE, MCM, Examination Supervisor; and Mel Heaps, CFE, Participating Examiner. Members of OIR who participated in the examination include Marshay Spencer, APIR, Examination Manager; and Glenn Coats, CFE (Fraud), APIR, Participating Examiner. Additionally, Karen Elsom, FSA, MAAA, of Lewis & Ellis, Inc. and Philip McMurray, IT Specialist of Risk & Regulatory LLC, are recognized for participation in the examination.

Respectfully submitted,



Jessica Lynch, CFE, MCM
Examiner-in-Charge
Lewis & Ellis, Inc.



Margaret M. McCrary, CFE, CPA, MBA
Chief Financial Examiner
Life & Health Financial Oversight
Florida Office of Insurance Regulation



Carolyn M. Morgan, APIR
Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation