



**EXAMINATION REPORT
OF**

MMM of Florida, Inc.

NAIC Company Code: 16177

Miami, Florida

as of

December 31, 2020

BY THE

FLORIDA

OFFICE OF INSURANCE REGULATION

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May 17, 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 and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC), we have conducted an examination as of December 31, 2020, of the financial condition and corporate affairs of

MMM of Florida, Inc.
5775 Blue Lagoon Drive, Suite 190
Miami, Florida 33126

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, 2020 through December 31, 2020 and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on October 5, 2021. The fieldwork concluded as of May 17, 2022. The Company’s last full scope exam by representatives of the OIR covered the period of June 1, 2017 through December 31, 2019.

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. 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 Sections 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, 2020.

Previous Examination Findings

There were no findings, exceptions, or corrective action to be taken by the Company for the examination as of December 31, 2019.

COMPANY HISTORY

General

The Company was incorporated as a Health Maintenance Organization (HMO) under the name Health Advantage Florida, Inc. on November 10, 2016 and a Certificate of Authority was issued by the OIR on June 1, 2017. The Company changed its name to MMM of Florida, Inc. in 2018 and was acquired by InnovaCare Health, L.P. on December 26, 2019. The Company signed a contract with the Centers for Medicare and Medicaid Services (CMS) on January 1, 2019 and did not have written premium prior to the inception of the contract.

As of December 31, 2020, the Company was a wholly-owned subsidiary of MMMFL Holdings LLC (MMMFL Holdings) a Delaware limited liability company. MMMFL Holdings is owned by InnovaCare Health Plans, LLC (InnovaCare), a Delaware limited liability company, which in turn is a wholly owned subsidiary of ICH MMM of Florida Holdings, LLC (ICH Holdings), also a Delaware limited liability company.

ICH Holdings is a wholly owned subsidiary of ICH Intermediate Holdings I, L.P., a Cayman Islands limited partnership, and a wholly owned subsidiary of ICH Investment Holdings, L.P., also a Cayman Islands limited partnership. ICH Investment Holdings is majority owned by various Investment Funds Advised by Summit Partners, L.P. (69.44%), Minority Investors (26.98%), and management personnel within the organization (3.58%). The ultimate controlling entity is Summit Master Company, LLC.

Dividends

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

Capital Stock and Capital Contributions

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

Number of authorized common capital shares	900,000
Number of shares issued and outstanding	900,000
Total common capital stock	\$900
Par value per share	\$0.001

The Company recognized capital changes of \$30,895,275 in 2020 consisting of capital contributions of \$18,600,000 and \$12,295,275.

The CPA traced the non-cash capital contributions to the reduction in the intercompany balances due to MMMFL Holdings without exceptions.

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

The annual shareholder meeting for the election of Board of Directors (“Board”) was held in accordance with the Company’s Bylaws. Directors serving as of December 31, 2020, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Richard Shinto, M.D.	Orlando, Florida	President and Chief Executive Officer, InnovaCare Health, L.P.
Douglas Malton	Orlando, Florida	Vice President and Treasurer of MMM of Florida, Inc. and Chief Financial Officer and Senior Vice President of InnovaCare Health, L.P.
Penelope Kokkinides	Orlando, Florida	Chief Administrative Officer, MMM of Florida, Inc. and InnovaCare Health, L.P.
Ron Schutzen	Miami, Florida	President, MMM Florida

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

Senior Officers		
Name	City, State	Title
Ron Schutzen	Miami, Florida	President, Chief Executive Officer
Darwin Caraballo	Miami, Florida	Chief Medical Officer
Arnoldo Paniagua	Miami, Florida	Chief Financial Officer (1)
Luis Alberto Sobrado	Miami, Florida	Chief Marketing Officer
Tony Mazzorana	Miami, Florida	Chief Operating Officer
Angel Rafael Tirado	Miami, Florida	Compliance Officer
Alfred Romay	Miami, Florida	Vice President and Pharmacy Director
Marietta Goldman	Miami, Florida	Vice President of Human Resources

(1) Mr. Paniagua resigned on November 12, 2021 and was replaced by Claude Chevance on November 15, 2021.

The Company's Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2020.

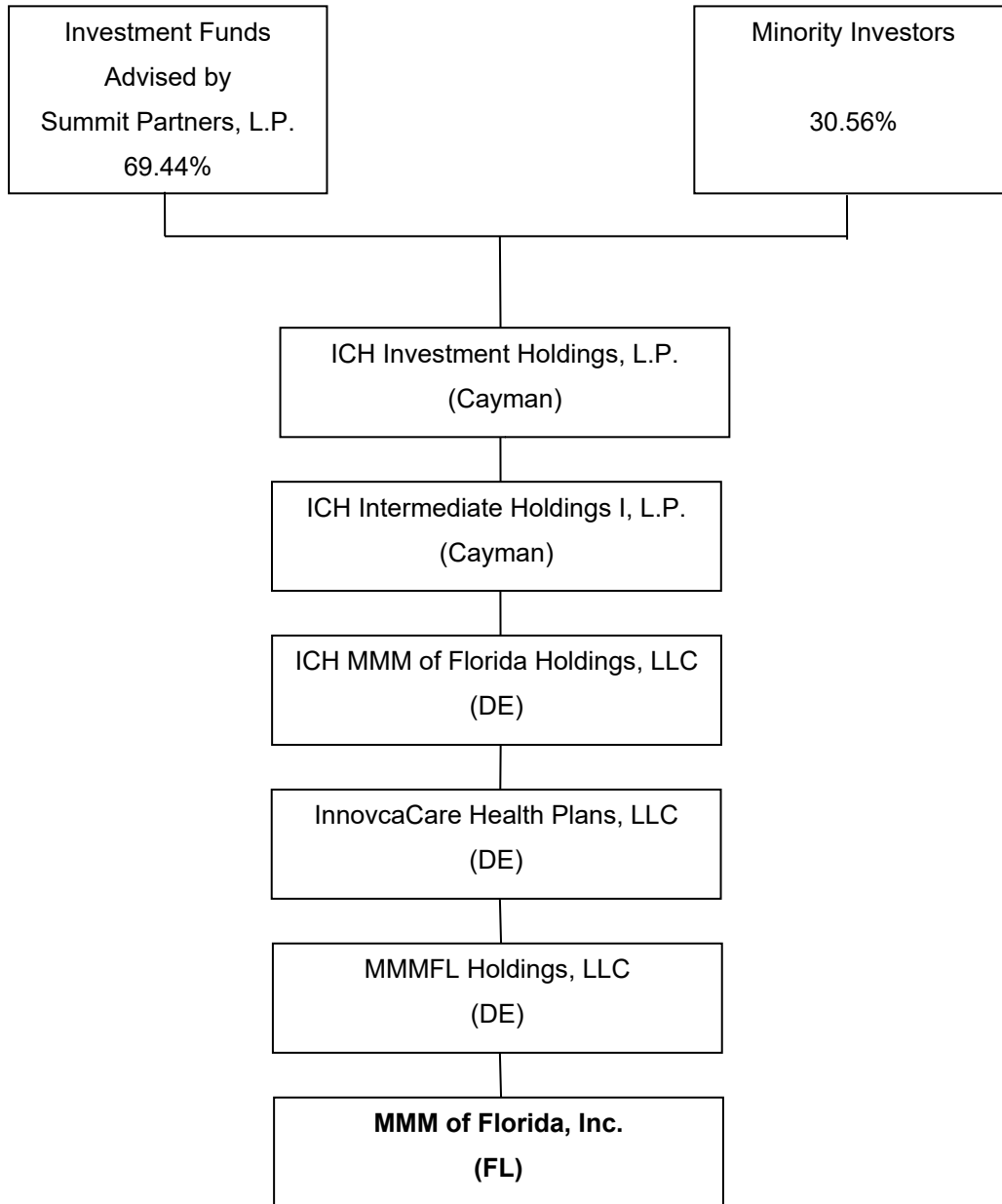
Compliance Committee		
Name	City, State	Title, Company Name
Ron Schutzen	Miami, Florida	President and Chief Executive Officer, MMM Florida
Arnoldo Paniagua	Miami, Florida	Chief Financial Officer, MMM Florida (1)
Angel Rafael Tirado	Miami, Florida	Compliance Officer, MMM Florida
Tony Mazzorana	Miami, Florida	Chief Operating Officer, MMM Florida
Darwin Caraballo	Miami, Florida	Chief Medical Officer, MMM Florida
Alfred Romay	Miami, Florida	Pharmacy Director, MMM Florida
Leslie Prizant	Orlando, Florida	General Counsel

(1) Mr. Paniagua resigned on November 12, 2021 and was replaced by Claude Chevance on November 15, 2021.

Holding Company System

An 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.

**MMM of Florida, Inc.
Simplified Organization Chart
December 31, 2020**



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

Management Services Agreement

On March 1, 2017, the Company entered into a Management Services Agreement with MMM Holdings, LLC (Puerto Rico), for the administrative services in connection with the Medicare managed care plan. Management fees paid during 2020 were \$12,429,500.

ACCOUNTS AND RECORDS

The Company maintained its principal operational office in Miami, Florida.

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

Independent Auditor Agreement

An independent CPA, KPMG LLP, audited the Company's statutory basis financial statements for 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.

Prescription Benefit Services Agreement

The Company entered into a Prescription Benefits Services Agreement for Medicare Part D with CVS Caremark Part D Services, LLC. effective January 1, 2018. Under the terms of the agreement, CVS will supply the Company with the claims processing and pharmacy related services for enrolled members. The agreement was amended on January 1, 2019 to adjust the fee schedules.

OTC Services Agreement

The Company entered into an OTC Services Agreement on January 1, 2019 with CVS Pharmacy, Inc. to provide members with a value added quarterly or monthly benefit to use towards over-the-counter medication.

Corporate Records Review

The recorded minutes of the Shareholders, Board, Audit Committee, and Compliance 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 641.26(5), Florida Statutes.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to provide managed care services only in the State of Florida and wrote Medicare Advantage plans (“MA Plans”).

The Company is licensed under Chapter 641 of the Florida Statutes and operates as an HMO providing MA Plans within approved service areas in Miami-Dade, Broward, and Palm Beach counties. The Company’s primary business is the provision of prepaid health care services to members residing in its service areas. The MA Plans offered by the Company provided plan members with full Medicare Part A and Plan B benefits, coverage of Medicare deductibles and copayment amounts, and additional benefits that traditional fee-for-service Medicare does not provide. The MA Plans also provided Medicare Part D drug coverage (“MA-PD”).

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

The Company has one Excess of Loss Reinsurance agreement with non-affiliate reinsurer, Ironshore Indemnity, Inc. The agreement covers the Medicare Advantage, Special Needs, and

Dual Eligible members. The agreement in effect from January 1, 2020 to January 1, 2021 provided coverage for 2,129 members at a rate of \$16.99 per member per month with a minimum annual premium of \$250,000. After the Company's retention (deductible) of \$250,000 per member, the reinsurer reimburses 90% of covered expenses up to their maximum limit of \$1,000,000. For 2020, the Company reported \$191,053 in ceded premium and \$290,000 in ceded losses recoverable.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Capital, and Surplus; statutory Statement of Revenue and Expenses, which includes an analysis of changes in the Capital and Surplus Account for the year ended December 31, 2020. The financial statements are based on the statutory financial statements filed by the Company with the 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 this Report. There were no examination adjustments to the amounts reported by the Company.

MMM of Florida, Inc.
Assets
December 31, 2020

	Per Company
Cash, cash equivalents and short-term investments	\$24,846,822
Subtotal cash and invested assets	\$24,846,822
Uncollected premiums and agents' balances	1,579,922
Health care and other amounts receivable	1,447,690
Aggregate write-in for other than invested assets	310,000
Totals	\$28,184,434

MMM of Florida, Inc.
Liabilities, Capital and Surplus
December 31, 2020

	Per Company
Claims unpaid	\$5,476,574
Accrued medical incentive pool and bonus amounts	1,779,886
Unpaid claims adjustment expenses	45,628
Aggregate health claim reserves	7,500,000
Premiums received in advance	230
General expenses due or accrued	2,722,513
Amounts due to parent, subsidiaries, and affiliates	5,451
Liability for amounts held under uninsured plans	289,982
Aggregate write-ins for other liabilities	71,906
Total liabilities	\$17,892,170
Common capital stock	900
Gross paid-in and contributed surplus	60,935,257
Unassigned funds (surplus)	(50,643,893)
Total capital and surplus	\$10,292,264
Total liabilities, capital and surplus	\$28,184,434

MMM of Florida, Inc.
Statement of Revenue and Expenses
December 31, 2020

	Per Company
Net premium income	\$48,871,340
Total revenues	\$48,871,340
Hospital/medical benefits	22,819,489
Other professional services	12,829,457
Emergency room and out-of-area	1,826,243
Prescription drugs	5,297,698
Incentive pool, withhold adjustments and bonus amounts	2,751,973
Subtotal	\$45,524,860
Total hospital and medical	\$45,524,860
General administrative expenses	22,294,557
Increase in reserves for life and accident and health contracts	7,500,000
Total underwriting deductions	\$75,319,417
Net underwriting gain or (loss)	\$(26,448,077)
Net investment income earned	\$129,938
Net investment gains ((losses)	\$129,938
Net income or (loss) after capital gains tax and before all other federal income taxes	\$(26,318,139)
Net Income	\$(26,318,139)

(Statement of Revenues continued)	Per Company
Capital and Surplus Account	
Capital and surplus prior reporting year	\$6,664,616
Net Income	\$(26,318,139)
Change in nonadmitted assets	(949,489)
Capital Changes:	
Paid in	18,600,000
Transferred to surplus	12,295,275
Net change in capital and surplus	\$3,627,648
Capital and surplus end of reporting year	\$10,292,264

**MMM of Florida, Inc.
Reconciliation of Capital and Surplus
December 31, 2020**

Capital/Surplus Change during Examination Period			
Capital and Surplus at December 31, 2019, per Examination			\$6,664,616
	Increase	Decrease	
Loss in surplus		\$(26,318,139)	
Change in nonadmitted assets		\$(949,488)	
Change in paid in capital	\$18,600,000		
Change in paid in surplus	\$12,295,275		
Net increase (or decrease)			\$3,627,648
Capital and Surplus at December 31, 2020 per Examination			\$10,292,264

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Timothy Dickson, MAAA, an employee of InnovaCare Services Company, LLC and appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2020, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The OIR consulting actuary, Jay C. Miniati, FSA, MAAA of Jay Miniati Actuarial Services, reviewed the loss and loss adjustment expense work papers provided by the Company and was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$10,292,264 exceeded the minimum of \$1,789,217 required by Section 641.225, Florida Statutes.

SUBSEQUENT EVENTS

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. The OIR has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The OIR continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

In July 2021, Anthem purchased InnovaCare's Puerto Rico subsidiaries, which included the Company's affiliated service provider, MMM Holdings, LLC. As a result of the sale, MMM Holdings, LLC is no longer affiliated with the Company. A Transition Services Agreement was executed to allow MMM Holdings, LLC to continue support through June 30, 2022.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of MMM 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 Highland Clark, LLC participated in the examination: Tracy D. Gates CISA, CFE, Examiner-in-Charge and IT Specialist; Sheri L. Kenney CFE, MCM, Examination Supervisor; Lori G. Lewter, CISA, Participating Examiner and IT Specialist; Aleksandreja H. Kulits, Participating Examiner; and Travis. R. Harrison, CPA, CPCU, Participating Examiner. Members of the OIR who participated in the examination include Margaret M. McCrary, CPA, CFE, MBA, Chief Financial Examiner and Examination Manager. Additionally, Jay C. Miniati, FSA, MAAA of Jay Miniati Actuarial Services is also recognized for participation in the examination.

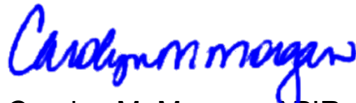
Respectfully submitted,



Tracy D. Gates, CISA, CFE
Examiner-in-Charge
Highland Clark, LLC



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