



**EXAMINATION REPORT
OF
Simply Healthcare Plans, Inc.**

NAIC Company Code: 13726

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

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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June 3, 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 624.47, Florida Statutes, Rule 69O-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

Simply Healthcare Plans, Inc.
9250 W Flagler Street, Suite 600
Miami, FL 33174

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 (“the OIR”) on October 5, 2021. The fieldwork concluded as of June 3, 2022. The Company’s last full scope exam by representatives of the OIR covered the period of January 1, 2015 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 the Indiana Department of Insurance and the states that participated in this exam are as follows: Georgia, Florida, Nevada, and New Mexico.

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 noted during the examination that would warrant inclusion within the Report.

Previous Examination Findings

There were no significant findings in the previous examination.

COMPANY HISTORY

General

The Company was incorporated in Florida on September 10, 2009, and was licensed by the OIR as a for-profit health maintenance organization (“HMO”) on January 7, 2010. It was authorized by the State of Florida to operate as a for-profit HMO in accordance with Part I of Chapter 641, Florida Statutes.

Dividends

In accordance with Section 641.365, Florida Statutes, the Company declared and paid dividends to its stockholder(s) in 2020, 2019, and 2018 in the amounts of \$76.8 million, \$46.6 million, and \$115.4 million, respectively.

Capital Stock and Capital Contributions

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

Number of authorized common capital shares	10,000
Number of shares issued and outstanding	5,700
Total common capital stock	\$57
Par value per share	\$0.01

Surplus Notes

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

Acquisitions, Mergers, Disposals, Dissolutions

On October 26, 2017, the OIR approved the merger of Better Health, Inc., AMERIGROUP Florida, Inc. (“AGP FL”), and the Company; all Florida domiciled stock HMOs, whereby the Company is the surviving entity.

Prior to the ultimate merger, Simply Healthcare Holdings, Inc., a wholly-owned subsidiary of Anthem Holding Company, LLC (“ATH Holdings”) merged with and into the Company with the Company surviving the merger.

PHP Holdings, Inc., a wholly-owned subsidiary of AMERIGROUP Corporation (“AGP”), which is, in turn, a wholly-owned subsidiary of ATH Holdings, merged with and into AGP FL., with AGP FL becoming the surviving entity. Finally, ATH Holdings contributed the common stock of the Company to AGP, a Delaware Corporation, thereby making the Company a wholly-owned subsidiary of AGP. The transaction was accounted for as a statutory merger.

MANAGEMENT AND CONTROL

Corporate Governance

The annual shareholder meeting for the election of Directors was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2020, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Holly Jean Prince	South Miami, Florida	President/Chief Executive Officer, Simply Healthcare Plans, Inc.
Jack Louis Young	Virginia Beach, Virginia	Attorney and Managed Care Executive, Anthem, Inc.
Ronald William Penczek	Zionsville, Indiana	Senior Vice President, Chief Accounting Officer, Simply Healthcare Plans, Inc.

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

Senior Officers		
Name	City, State	Title
Holly Jean Prince	South Miami, Florida	President and Chief Executive Officer
Kathleen Susan Kiefer	Indianapolis, Indiana	Secretary
Vincent Edward Scher	Indianapolis, Indiana	Treasurer

Anthem, Inc. ("Anthem"), the ultimate parent company, maintains an Audit Committee which is used to oversee the subsidiary insurance companies, as well as the ultimate parent. Audit Committee directors serving as of December 31, 2020, are shown below.

Audit Committee		
Name	City, State	Title, Company Name
Lewis Hay, III	Palm Beach Gardens, FL	Retired Chairman and CEO, NextEra Energy, Inc.
Elizabeth Edith Tallett ^(a)	Moultonborough, NH	Former Principal and Joint Owner, Hunter Partners LLC
Antonio Fabio Neri	The Woodlands, Texas	President and Chief Executive Officer, Hewlett Packard Enterprise Company
R. Kerry Clark	Cincinnati, Ohio	Former Chief Executive Officer, Cardinal Health, Inc.
Robert Lee Dixon, Jr.	Atlanta, GA	Former Senior Vice President, PepsiCo, Inc.

(a) Replaced by Susan Dodson DeVore, Former Chief Executive Officer of Premier Inc., in 2022.

Additionally, there is a Statutory Audit Council comprised of subject matter experts in accounting, treasury, legal, compliance, and internal audit. The purpose of the Statutory Audit Council is to assist the Anthem Audit Committee and the Board of Directors of regulated insurance subsidiaries in fulfilling their responsibilities under state insurance laws and the NAIC Model Audit Rule. The Statutory Audit Council is led by Anthem's Chief Accounting Officer. The Chief Accounting Officer

updates the Anthem Audit Committee regarding the activities of the Statutory Audit Council at least annually.

Holding Company System

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

Master Administrative Services Agreement

The Company is a party to a Master Administrative Services Agreement between Anthem and Anthem subsidiaries, effective January 1, 2016. Under the agreement, Anthem subsidiaries may provide certain administrative, consulting, and other support services to one another from time to time. These services are intended to enhance the organizational and administrative capacity and augment the abilities of one another.

Managed Behavioral Health Administrative Services

The Company entered into a Managed Behavioral Health Administrative Services Agreement with Beacon Health Strategies, LLC (“Beacon”), effective August 17, 2018. The purpose of the agreement is for Beacon to provide certain administrative services, and arrange for certain mental health and substance abuse for the Company’s Medicaid and Medicare Advantage members in Florida. With the closing of the acquisition of the Beacon family of companies on February 28, 2020, the Companies became affiliates.

Consolidated Federal Income Tax Allocation Agreement

The Company is a party to a Consolidated Federal Income Tax Agreement between Anthem and substantially all of its subsidiary companies. The purpose of the Agreement is to establish a method for allocating the consolidated tax liability of the group among its members, for reimbursing Anthem for payment of such tax liability, for compensating any party for use of its tax losses or tax credits, and to provide for the allocation and payment of any refund arising from a carryback of losses or tax credits for subsequent taxable years. The Agreement applies to the Company’s taxable year ending December 31, 2015, and subsequent years until terminated.

ACCOUNTS AND RECORDS

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

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

Custodial Agreement

The Company maintained a custodial agreement with JP Morgan Chase Bank, N.A executed on March 14, 2019.

Pharmacy Benefit Manager Agreement

The Company utilized Express Scripts, a non-affiliated Pharmacy Benefit Manager, to manage pharmacy services and benefits on behalf of the Company's health plan members. Pharmacy services for Medicaid plans migrated to IngenioRx effective October 1, 2019. IngenioRx, an affiliated entity, began managing the pharmacy services and benefits on behalf of the Company's Medicare health plan members effective January 1, 2020. The services provided by IngenioRx are covered under the Master Administrative Services Agreement between Anthem and its subsidiaries as discussed above.

Independent Auditor Agreement

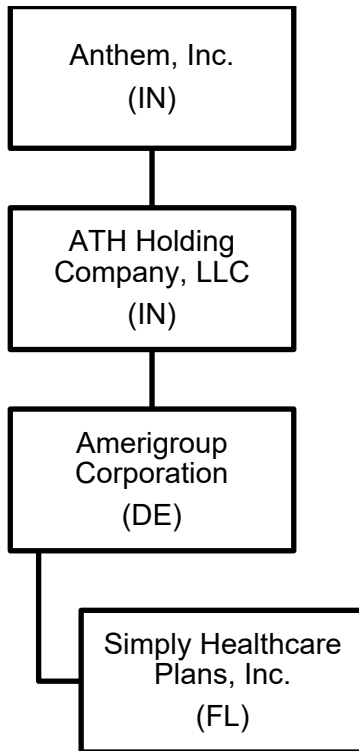
An independent CPA, Ernest and Young, audited the Company's statutory basis financial statements annually for all years under examination, in accordance with Section 641.26(1), Florida Statutes. Supporting work papers were prepared by the CPA firm as required.

Corporate Records Review

The recorded minutes of the Shareholder(s) and Board 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.

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.

Simply Healthcare Plans, Inc.
Simplified Organizational Chart
December 31, 2020



TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance in Florida on December 17, 2009, and is currently authorized to write Medicare and Medicaid policies as of December 31, 2020.

The Company primarily writes Medicaid and Medicare policies in the state of Florida. The Company maintains a Statewide Medicaid Managed Care contract that became effective December 1, 2018, as well as a Florida Healthy Kids Corporation contract that became effective January 1, 2020. As of December 31, 2020, the Company was licensed to operate in 67 Florida counties.

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

In 2016, the Company had stop loss reinsurance from various reinsurers to cover provider claims which exceed certain deductible amounts. Under the stop loss reinsurance treaties, the Company ceded amounts in excess of \$350,000 of claims for each Medicare and Medicaid standard plan member. There were no reinsurance contracts in effect at December 31, 2020.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Capital and Surplus, and statutory Statement of Revenue and Expenses 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. (Note: Due to rounding, column amounts may not add to the totals reflected in the Report.)

Simply Healthcare Plans, Inc.

Assets

December 31, 2020

	Per Company
Bonds	\$547,834,934
Cash, cash equivalents and short-term investments	107,865,176
Other invested assets	21,247,172
Securities lending reinvested collateral assets	18,815,978
Subtotal cash and invested assets	\$695,763,260
Investment income due and accrued	3,409,057
Uncollected premiums and agents' balances in the course of collection	22,243,201
Accrued retrospective premiums and contracts subject to redetermination	22,855,333
Amounts receivable relating to uninsured plans	5,105,758
Current federal and foreign income taxes recoverable	5,734,198
Net deferred tax asset	10,662,623
Health care and other amounts receivable	4,842,157
Totals	\$770,615,587

Simply Healthcare Plans, Inc.
Liabilities, Capital, and Surplus
December 31, 2020

	Per Company
Claims unpaid	\$306,254,209
Accrued medical incentive pool and bonus amounts	11,989,374
Unpaid claims adjustment expenses	7,379,130
Aggregate health policy reserves	35,075,000
Aggregate health claim reserves	333,247
Premiums received in advance	88
General expenses due or accrued	13,037,203
Amounts withheld or retained for the account of others	3,826
Remittances and items not allocated	10,546,581
Amounts due to parent, subsidiaries and affiliates	62,187,378
Payable for securities lending	18,815,978
Liability for amounts held under uninsured plans	8,500,596
Aggregate write-ins for other liabilities	31,580,699
Total liabilities	\$505,703,309
Common capital stock	57
Gross paid-in and contributed surplus	113,728,486
Unassigned funds (surplus)	151,183,735
Total capital and surplus	\$264,912,278
Total liabilities, capital and surplus	\$770,615,587

Simply Healthcare Plans, Inc.
Statement of Revenue and Expenses
December 31, 2020

	Per Company
Net premium income	\$3,737,172,966
Change in unearned premium reserves and reserve for rate credits	(1,835,801)
Total revenues	\$3,735,337,165
Hospital/medical benefits	1,490,503,288
Other professional services	472,188,071
Emergency room and out-of-area	384,232,557
Prescription drugs	720,556,549
Incentive pool, withhold adjustments and bonus amounts	104,676,022
Subtotal	\$3,172,156,487
Total hospital and medical	\$3,172,156,487
Claims adjustment expenses	194,823,150
General administrative expenses	257,501,242
Total underwriting deductions	\$3,624,480,879
Net underwriting gain or (loss)	\$110,856,286
Net investment income earned	13,109,161
Net realized capital gains (losses) less capital gains tax	2,224,861
Net investment gains (losses)	\$15,334,022
Net gain or (loss) from agents' or premium balances charged off	(260,968)
Aggregate write-ins for other income or expenses	1,330,687
Net income or (loss) after capital gains tax and before all other federal income taxes	\$127,260,027
Federal and foreign income taxes incurred	39,111,037
Net Income	\$88,148,990

Simply Healthcare Plans, Inc.
Capital and Surplus Account
December 31, 2020

	Per Company
Capital and Surplus Account	
Capital and surplus prior reporting year	\$268,149,525
Net Income	\$88,148,990
Change in net unrealized capital gains (losses) less capital gains tax	1,158,807
Change in net deferred income taxes	(2,225,027)
Change in nonadmitted assets	12,953,954
Dividends to stockholders	(76,800,000)
Correction of error for Medicare risk score premium adjustments	(26,473,971)
Net change in capital and surplus	\$(3,237,247)
Capital and surplus end of reporting year	\$264,912,278

Simply Healthcare Plans, Inc.
Reconciliation of Capital and Surplus
December 31, 2020

Capital/Surplus Change during Examination Period			
Capital and Surplus at December 31, 2015, per Examination			\$46,117,218
	Increase	Decrease	
Net income or (loss)	\$259,145,984		\$259,145,984
Change in net unrealized capital gain (loss)	127,587,948	\$(229,302)	127,358,646
Change in net deferred income tax	98,182	(10,557,001)	(10,458,819)
Change in non-admitted assets	28,311,115	(21,625,838)	6,685,277
Dividends to stockholders		(238,800,000)	(238,800,000)
Aggregate write-ins		(26,473,971)	(26,473,971)
Cumulative effect of 2017 merger	101,337,943		101,337,943
Net increase (or decrease)			\$218,795,060
Capital and Surplus at December 31, 2020 per Examination			\$264,912,278

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Mojisola Echo, FSA, MAAA, Actuarial Director, Anthem, Inc., 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, Kirk Braunius, ASA, MAAA, Merlinos and Associates, 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 \$264,912,278, exceeded the minimum of \$74,743,459 required by Section 641.225, Florida Statutes.

SUBSEQUENT EVENTS

Affordable Care Act (ACA)

The Company is subject to an annual fee under section 9010 of the ACA. A health insurance company's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. The annual fee under section 9010 of the ACA was repealed on December 20, 2019, with 2020 being the last fee year.

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 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.

CONCLUSION

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

In addition to the undersigned Examiner-in-Charge, Shelby Lambert, CFE, Participating Examiner, of Noble Consulting Services, Inc., also participated in the examination. Members of the OIR who participated in the examination include Shantia Simmons, APIR, Financial Examiner/Analyst Supervisor, Examination Manager. Additionally, actuarial specialist Kirk Braunius, ASA, MAAA, of Merlinos and Associates, and IT Specialist Stefan Obereichholz-Bangert, AES, CISA, CISM, CDPSE of Noble Consulting Services, Inc., are recognized for participation in the examination.

Respectfully submitted,



Lori Brock, CFE, ALMI
Examiner-in-Charge
Noble Consulting Services, Inc.



Margaret M. McCrary, CFE, CPA, MBA
Chief Financial Examiner
Life & Health Financial Oversight
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Carolyn M. Morgan, APIR
Director
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