



**EXAMINATION REPORT
OF
CENTENE VENTURE COMPANY FLORIDA**

NAIC Company Code: 16499

**Sunrise, Florida
as of
December 31, 2021**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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June 15, 2023

Michael Yaworsky
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, 2021, of the financial condition and corporate affairs of

Centene Venture Company Florida
1301 International Parkway
Sunrise, Florida 33323

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, 2021, through December 31, 2021, and the fieldwork commenced with a planning meeting with the Florida Office of Insurance Regulation (“OIR”) on December 21, 2022. The fieldwork concluded as of June 29, 2023. The Company’s last full scope exam by representatives of the Office covered the period of February 12, 2019, through December 31, 2020.

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 Texas, and states that participated in this exam are as follows: Florida and Indiana.

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 of fact as a result of this examination.

Previous Examination Findings

There were no significant findings of fact for the prior examination as of December 31, 2020.

COMPANY HISTORY

General

The Company was incorporated in Florida on November 7, 2018, and commenced business on January 1, 2020. The Company was licensed by OIR as a Health Maintenance Organization (“HMO”) on February 12, 2019, in accordance with Part 1 of Chapter 641, Florida Statutes.

Dividends

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

Capital Stock and Capital Contributions

As of December 31, 2021, the Company’s capitalization was as follows:

Number of authorized common capital shares	1,000
Number of shares issued and outstanding	1,000
Total common capital stock	\$1,000
Par value per share	\$1.00

The Company received a capital contribution of \$4,000,000 in 2021.

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 Directors was held in accordance with the Company's Bylaws. Directors serving as of December 31, 2021, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Timothy Warren Moorhead, Chair	Cary, North Carolina	Senior Vice President, Ascension Health Alliance
Kate Nicole Casso	St. Louis, Missouri	Senior Vice President, Corporate Controller & Chief Accounting Officer, Centene Corporation
Richard Jong Youl Chong	Edwardsville, Illinois	Senior Vice President, Business Operations, Centene Corporation
Adam Scott Durall	Florissant, Missouri	Senior Director, Compliance, Ascension Health Alliance
Kirk David Fischer	Atlantic Beach, Florida	Senior Vice President, Network Development and Provider Experience, Centene Corporation
Estrellita Howard Redmon, MD	Jacksonville, Florida	Chief Clinical Officer, Ascension Florida & Gulf Coast
Alan Richard Smith, MD	Lutz, Florida	Interim Chief Medical Officer and Vice President Medical Affairs, Integrated Wellcare/Centene/Staywell/Sunshine Florida Plans

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

Senior Officers		
Name	City, State	Title
Thomas Lindquist	Stillwater, Minnesota	President
Penny Joan Boyle	Lemont, Illinois	Vice President
Tricia Lynn Dinkelman	Waterloo, Illinois	Vice President of Tax
James Edward Snyder, III	St. Louis, Missouri	Treasurer
Janet Robey Alonzo	Creve Coeur, Missouri	Secretary
Charlie Willie Fields, Jr.	Chicago, Illinois	Assistant Secretary

The Company's Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2021.

The Company maintained an Audit Committee, which is also the Audit Committee of its ultimate parent, Centene Corporation.

Audit Committee		
Name	City, State	Title, Company Name
Jessica Landrus Blume	Sarasota, Florida	Retired
Frederick Henry Eppinger	Grafton, Massachusetts	Retired
John Rumley Roberts	St. Louis, Missouri	Retired
Tommy George Thompson	Madison, Wisconsin	Former President of University of Wisconsin System

Compliance Committee

The Compliance Committee consisted of twenty-one members representing various departments including Sales, Operations, Customer Service, and Quality Improvement. Membership included the following officers of the Company: Thomas Lindquist, President; Penny Joan Boyle, Vice President; and Charlie Willie Fields, Jr., Assistant Secretary, who was serving as the Chair of the Compliance Committee.

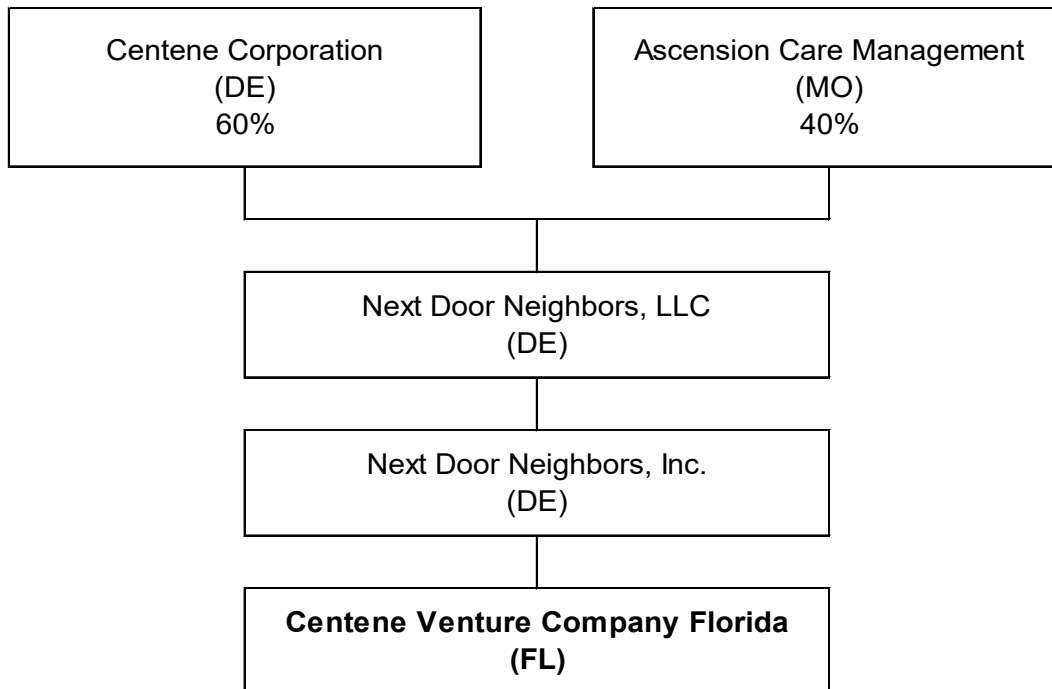
Quality Improvement Committee

The Quality Improvement Committee consisted of twenty-six members representing various departments including Compliance, Sales, Operations, and Quality Improvement. Membership included the following officers of the Company: Thomas Lindquist, President; Penny Joan Boyle, Vice President; and Charlie Willie Fields, Jr.

Holding Company System

An organizational chart as of December 31, 2021, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2021 annual statement provided a list of all related companies of the holding company group.

Centene Venture Company Florida Simplified Organizational Chart December 31, 2021



AFFILIATED AGREEMENTS

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

Management Services Agreement

The Company entered into a Management Services Agreement with Centene Management Company, LLC (“CMC”) and Next Door Neighbors, LLC (“NDNL”) on January 1, 2020. Administrative services provided under the agreement include program planning and development, management information systems, financial systems and services, claims administration, utilization review, and other important functions. The agreement continues in force for a term of five (5) years and will automatically renew for successive one (1) year periods unless otherwise terminated within the guidelines of the agreement. Fees for services under the agreement during 2021 shall be charged at actual cost. Fees incurred under this agreement during 2021 amounted to \$1,882,866 to CMC and \$4,378,822 to NDNL.

Master Services Agreement

The Company entered into a Master Services Agreement with Envolve PeopleCare, Inc. on January 1, 2020. Services provided under the agreement include nurse-line triage, and life and health management services. Fees incurred under this agreement during 2021 amounted to \$469.

Pharmacy Benefit Management Services Agreement

The Company entered into a Pharmacy Benefit Management Services Agreement with Envolve Pharmacy Solutions on January 1, 2020. Fees incurred under this agreement during 2021 amounted to \$2,355,716.

Vision Management Services Agreement

The Company entered into a Vision Management Services Agreement with Envolve Vision of Florida, Inc. on January 1, 2020. Fees incurred under this agreement during 2021 amounted to \$71,806.

Dental Benefits Management Services

The Company entered into a Dental Benefits Management Services Agreement with Envolve Dental of Florida, Inc. Fees incurred under this agreement during 2021 amounted to \$238,364.

Services Agreement

The Company entered into a Services Agreement with U.S. Medical Management LLC on January 1, 2020. Services provided under the agreement included in-home health services. Fees incurred under this agreement during 2021 amounted to \$45,825.

Tax Allocation Agreement

The Company's income is included in the consolidated federal income tax return of Next Door Neighbors, Inc. ("NDNI"), Centene Venture Company Alabama Health Plan, Inc., Centene Venture Company Florida, Centene Venture Company Illinois, Centene Venture Company Indiana, Inc., Centene Venture Company Kansas, and Centene Venture Company Tennessee. The method allocates a tax asset (i.e., inter-company receivable) for any benefit derived by the consolidated group for the member's losses or credits that offset consolidated taxable income. Each member shall pay to NDNI or receive from the NDNI the amount of tax liability or benefit within 90 days of the date NDNI files its consolidated federal income tax return.

ACCOUNTS AND RECORDS

The Company maintained its principal operational office in Saint Louis, Missouri.

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

Custodial Agreement

The Company maintained a custodial agreement with U.S. Bank National Association executed on September 30, 2020. The agreement complied with Rule 69O-191.090, Florida Administrative Code.

Independent Auditor Agreement

An independent CPA, KPMG LLP, audited the Company's statutory basis financial statements for 2021 and 2020, in accordance with Section 641.26(5), Florida Statutes. Supporting workpapers were prepared by the CPA firm as required by Section 641.26(5), Florida Statutes.

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 641.35(7), 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 and Medicare Advantage Part D plans. These plans were offered in Baker, Clay, Duval, Escambia, Nassau, Santa Rosa, St. Johns, and Walton 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

The Company had one excess of loss reinsurance agreement with an affiliated reinsurer, Bankers Reserve Life Insurance Company of Wisconsin. The agreement covers the Medicare Advantage members at a rate of \$0.99 per member per month. After the Company's retention (deductible) of \$250,000 per member, the reinsurer reimburses 90 percent of covered expenses up to their maximum limit of \$3,000,000. For 2021, the Company ceded \$15,497 in premium and reported \$1,277 in ceded premium payable under the terms of the agreement.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Capital and Surplus, and statutory Statement of Revenue and Expenses, which includes an analysis of changes in the Capital and Surplus Account for the year ended December 31, 2021. 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, 2021. 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.

Centene Venture Company Florida
Assets
December 31, 2021

	Per Company
Bonds	12,316,992
Cash, cash equivalents and short-term investments	5,229,973
Subtotals, cash and invested assets	17,546,964
Investment income due and accrued	43,637
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	2,887
Accrued retrospective premiums and contracts subject to redetermination	530,899
Amounts receivable relating to uninsured plans	207,775
Current federal and foreign income tax recoverable and interest thereon	439
Aggregate write-ins for other-than-invested assets	173,546
Total assets	18,506,147

**Centene Venture Company Florida
Liabilities, Surplus, and Other Funds
December 31, 2021**

	Per Company
Claims unpaid	2,378,078
Accrued medical incentive pool and bonus amounts	156,383
Unpaid claims adjustment expenses	23,694
Aggregate health policy reserves	5,582,417
Premiums received in advance	450
General expenses due or accrued	126,988
Ceded reinsurance premiums payable	1,277
Amounts due to parent, subsidiaries, and affiliates	5,540,199
Liability for amounts held under uninsured plans	693,309
Total liabilities	14,502,795
Common capital stock	1,000
Gross paid-in and contributed surplus	27,299,000
Unassigned funds (surplus)	(23,296,648)
Total capital and surplus	4,003,352
Total liabilities, capital and surplus	18,506,147

**Centene Venture Company Florida
Statement of Revenue and Expense
December 31, 2021**

	Per Company
Net premium income	13,933,254
Total revenues	13,933,254
Hospital/medical benefits	10,623,737
Other professional services	771,691
Emergency room and out-of-area	393,718
Prescription drugs	866,213
Incentive pool, withhold adjustments and bonus amounts	312,481
Subtotal	12,967,840
Less:	
Total hospital and medical	12,967,840
Claims adjustment expenses, including cost containment expenses	148,209
General administrative expenses	6,944,490
Increase in reserves for life and accident and health contracts	(3,751,457)
Total underwriting deductions	16,309,082
Net underwriting gain or (loss)	(2,375,828)
Net investment income earned	86,022
Net realized capital gains (losses) less capital gains tax	45
Net investment gains (losses)	86,067
Net gain or (loss) from agents' or premium balances charged off	(6,166)
Net income or (loss) after capital gains tax and before all other federal income taxes	(2,295,927)
Federal and foreign income taxes incurred	(13)
Net income (loss)	(2,295,914)

	Per Company
Capital and Surplus Account	
Capital and surplus prior reporting year	2,349,800
Net Income or (loss)	(2,295,914)
Change in nonadmitted assets	(50,534)
Surplus adjustments:	
Paid in	4,000,000
Net change in capital and surplus	1,653,552
Capital and surplus end of reporting year	4,003,352

**Centene Venture Company Florida
Reconciliation of Capital and Surplus
December 31, 2021**

Capital/Surplus Change during Examination Period			
Surplus at December 31, 2020, per Examination			2,349,800
	Increase	Decrease	
Net Income or (loss)		2,295,914	
Change in non-admitted assets		50,534	
Change in paid in surplus	4,000,000		
Net increase (or decrease)			1,653,552
Surplus at December 31, 2021, per Examination			4,003,352

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Keith Herbig, FSA, MAAA, Consulting Actuary with the firm Milliman, Inc., appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2021, 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, Scott Garduno, FSA, MAAA, of 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 \$4,003,352, exceeded the minimum of \$1,500,000 required by Section 641.225, Florida Statutes.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Centene Venture Company Florida as of December 31, 2021, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of Examination Resources, LLC participated in the examination: Rachelle Gowins, CFE, MCM, Examiner-in-Charge; Natalie Howe, CFE, CFE (Fraud), ACI, Examination Manager; Sigurd Proudfit, CFE, AMCM, Participating Examiner. Members of OIR who participated in the examination include Alicia Thompkins-Perryman, CFE (Fraud), APIR, Examination Manager. Additionally, Scott Garduno, FSA, MAAA, of Actuarial Firm Taylor-Walker Consulting, LLC is recognized for participation in the examination.

Respectfully submitted,



Rachelle Gowins, CFE, MCM
Examiner-in-Charge
Examination Resources, LLC



Carolyn M. Morgan, APIR
Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation
Date Signed: 7/18/23