



**EXAMINATION REPORT
OF
Oscar Managed Care of South Florida, Inc.**

NAIC Company Code: 16854

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

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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February 29, 2024

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 ("NAIC"), we have conducted an examination as of December 31, 2021, of the financial condition and corporate affairs of

Oscar Managed Care of South Florida, Inc.
1200 South Pine Island Road
Plantation, FL 33324

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

SCOPE OF EXAMINATION

This examination covered the period of August 31, 2020, through December 31, 2021, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on April 21, 2023. The fieldwork concluded as of February 29, 2024. This is the Company’s first exam by representatives of OIR.

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, 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

As this is the Company's first examination, there were no prior examinations.

COMPANY HISTORY

General

The Company was incorporated in Florida on September 25, 2019, and commenced business on January 1, 2021. It was licensed by OIR as a Health Maintenance Organization ("HMO") on August 31, 2020, 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	100,000
Number of shares issued and outstanding	100,000
Total common capital stock	\$100,000
Par value per share	\$1

The Company received capital contributions from upstream affiliate Oscar Health, Inc. ("OHI") during the period under examination as follows:

Date	Amount	Balance
11/25/2020	\$1,300,000	\$4,600,000
12/31/2020	\$1,260,000	\$5,860,000
01/29/2021	\$ 750,000	\$6,610,000
02/25/2021	\$ 400,000	\$7,010,000
03/31/2021	\$ 450,000	\$7,460,000
04/29/2021	\$2,000,000	\$9,460,000
06/30/2021	\$5,000,000	\$14,460,000
12/30/2021	\$ 500,000	\$14,960,000

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 ^(a)		
Name	City, State	Principal Occupation, Company Name
Alessandra Corinne Quane, Chair	Short Hills, NJ	Executive Vice President and Chief Insurance Officer, Oscar Management Corporation
Sameer Tariq Amin ^(b)	Rancho Palos Verdes, CA	Chief Medical Officer, Oscar Management Corporation
Dennis Charles Hillen	Ft. Lauderdale, FL	Vice President, Southeast P&L, Oscar Management Corporation
Jing Huang ^(c)	Mount Kisco, NY	Senior Vice President, Individual Business, Oscar Management Corporation
Fausto Palazzetti	Brooklyn, NY	Vice President, Actuary, Oscar Management Corporation

(a) Directors Harpreet Singh Cheema, Mark Edmund Doyle, Matthew James Muhart, Paul Henry Sallwasser, and Dennis Dean Weaver, were elected as Directors on September 1, 2022. Dennis Dean Weaver was replaced by Sean Keith Martin, MD effective September 1, 2023.

(b) Resigned on December 1, 2022.

(c) Resigned on October 1, 2022.

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

Senior Officers		
Name	City, State	Title
Alessandra Corinne Quane, Chair	Short Hills, NJ	President
Jing Huang ^(a)	Mount Kisco, NY	Senior Vice President
Ari Jeffery Fischel ^(b)	New Rochelle, NY	Treasurer
Melissa Cynthia Curtin	Dobbs Ferry, NY	Secretary

(a) Resigned on October 21, 2022.

(b) Replaced by Victoria Lynn Baltrus as Treasurer on February 3, 2022.

The Company's Board designated the Audit Committee of OHI as the Company's Audit Committee. The following were members of the Audit Committee as of December 31, 2021.

Audit Committee		
Name	City, State	Title, Company Name
Teri Lynn List, Chair ^(a)	Traverse City, NJ	Director, OHI
Jeffery Hawthorne Boyd	Riverside, CT	Director, OHI
Elbert O'Neal Robinson, Jr.	Beverly Hills, CA	Director, OHI
David Alexander Plouffe	Woods Hole, MA	Director, OHI

(a) On April 8, 2022, Teri List resigned and the Board appointed Vanessa A. Wittman, a current independent member of the Board, to serve on the OHI Audit Committee to replace Teri List as Chairperson.

The Company also has two management level committees that provide reporting to the Company's Board of Directors: the Compliance Committee and the Quality Improvement Committee. The following were members as of December 31, 2021.

Compliance Committee		
Name	City, State	Title, Company Name
Dorian Meyer Needham, Chair	Jersey City, NJ	Vice President, Compliance & Regulatory Affairs

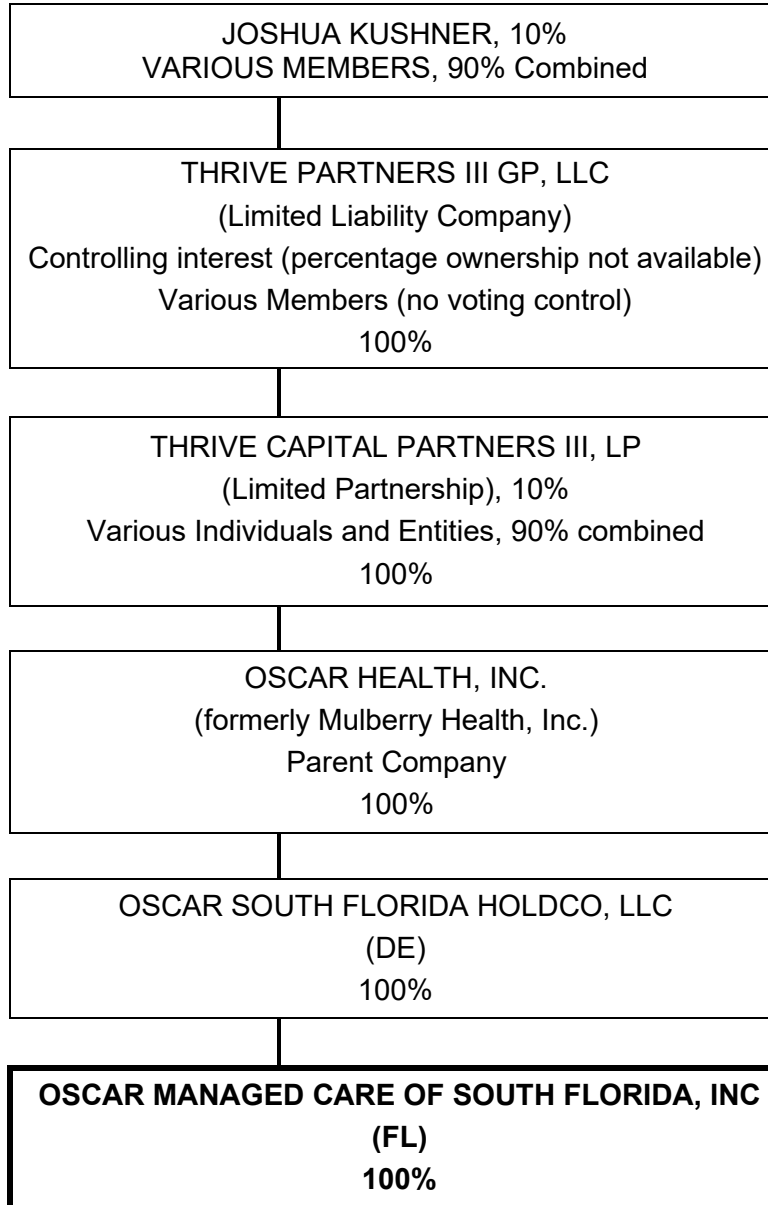
Quality Improvement Committee ^(a)		
Name	City, State	Title, Company Name
Sameer Tariq Amin, MD, Chair	Rancho Palos Verdes, CA	Chief Medical Officer
Laura A. Breisch	Melbourne, FL	Vice President, Value Capture
Sebastian Anthony Burzacchi	Scottsdale, AZ	Senior Vice President, Operations
Monica Chopra	Pompano Beach, FL	Senior Director, Northeast Market, P&L
Dennis Charles Hillen	Prospect, KY	Senior Vice President, P&L
Bryan Clifton Jones	Satellite Beach, FL	Senior Director, Strategic Planning
Patricia A. Juliano	Wyckoff, NY	Quality Improvement Director
Joyce R. Nuesca, MD	San Francisco, CA	Regional Medical Director, West Region
Phillip K. Smith, MD	Germantown, TN	Market Medical Officer
Tamara Renae Ward	Little Elm, TX	Vice President, Central Market, P&L
Steven Michael Wolin	Sudbury, MA	Chief Operating Officer

(a) Appointment of the following members to the Quality Improvement Committee effective May 25, 2023: Sean Martin (Chair), Aaron Davidson, Bryan Jones, Peter Nakhla, Stephanie Schreiber, Bahar Sedarti, Marianna Spanos, Jessica White, Matt Chofin, Tamara Ward, and Phillip Smith. Appointment of the following members to the Quality Improvement Committee effective August 23, 2023: Duncan Greenberg; and Wendy Carver.

Holding Company System

A simplified 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.

Oscar Managed Care of South Florida, Inc.
Simplified Organizational Chart
December 31, 2021



AFFILIATED AND OTHER AGREEMENTS

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

Amended and Restated Tax Allocation Agreement

The Company, along with its parent, OHI, filed a consolidated federal income tax return. On October 31, 2021, OHI sold 50% of its interest in the Company. Beginning on November 1, 2021, the Company filed a separate federal tax return and was not part of tax sharing. On December 31, 2021, the method of allocation between the Company and Holding Company was on a separate-entity basis. Each member of the group recorded an inter-company income tax receivable or payable with OHI. Within ten (10) days of the remittance by Holding Company of any income tax payment to the taxing authorities, all inter-company tax receivables/payables were settled.

Administrative Services Agreement

The Company entered into an Administrative Services Agreement with Oscar Management Corporation on February 10, 2020. The Agreement was effective February 10, 2020, and was most recently amended January 19, 2022. The agreement allocated cost based upon the scope of work and responsibilities performed for the benefit of the affiliated company. Fees incurred under this agreement during 2021 amounted to \$4,960,059.

ACCOUNTS AND RECORDS

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

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

Independent Auditor Agreement

An independent CPA, PricewaterhouseCoopers, LLP audited the Company's statutory basis financial statements annually for the years 2020 and 2021, 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 Shareholders, Board, and the Audit Committee, Compliance Committee, and the Quality Improvement 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 on January 1, 2021. The Company is currently authorized to write Medicare business as of December 31, 2021.

The Company writes Medicare policies in the State of Florida. The Company reported \$4,401,450 of written premiums in Florida for the year ended December 31, 2021.

REINSURANCE

The Company did not actively participate in reinsurance during the period under examination.

Reinsurance Assumed

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

Reinsurance Ceded

The Company is party to a Medical per Person Excess of Loss Reinsurance agreement with Odyssey Reinsurance Company. The policy covers aggregate losses for any individual member above the attachment point of \$750,000.

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.

Oscar Managed Care of South Florida, Inc.
Assets
December 31, 2021

	Per Company
Cash, cash equivalents and short-term investments	\$8,314,090
Premiums and considerations	
Uncollected premiums and agents' balances	6,743
Accrued retrospective premiums and contracts subject to redetermination	140,395
Reinsurance	
Other amounts receivable under reinsurance contracts	198
Amounts receivable relating to uninsured plans	367,684
Receivables from parent, subsidiaries and affiliates	13,537
Health care and other amounts receivable	3,586,063
Totals	\$12,455,710

Oscar Managed Care of South Florida, Inc.
Liabilities, Capital and Surplus
December 31, 2021

	Per Company
Claims unpaid	\$1,093,316
Unpaid claims adjustment expenses	19,878
Aggregate health claim reserves	73,251
General expenses due or accrued	294,424
Ceded reinsurance premiums payable	214
Total liabilities	\$1,481,083
Common capital stock	\$100,000
Gross paid-in and contributed surplus	14,860,000
Unassigned funds (surplus)	(3,985,373)
Total capital and surplus	\$10,974,627
Total liabilities, capital and surplus	\$12,455,710

Oscar Managed Care of South Florida, Inc.
Statement of Revenue and Expenses
December 31, 2021

	Per Company
Net premium income	\$4,400,577
Hospital and Medical:	
Hospital/medical benefits	\$4,467,128
Other professional services	568,235
Emergency room and out-of-area	93,709
Prescription drugs	884,229
Incentive pool, withhold adjustments and bonus amounts	(2,639,301)
Subtotal	\$3,374,000
Less:	
Net reinsurance recoveries	\$0
Total hospital and medical	\$3,374,000
Claims adjustment expenses	\$867,070
General administrative expenses	1,857,422
Increase in reserves for life and accident and health contracts	(1,182,861)
Total underwriting deductions	\$4,915,631
Net underwriting gain or (loss)	(\$515,054)
Net investment income earned	(592)
Net realized capital gains (losses) less capital gains tax	
Net investment gains (losses)	(\$592)
Aggregate write-ins for other income or expenses	
Net income or (loss) after capital gains tax and before all other federal income taxes	(\$515,646)
Federal and foreign income taxes incurred	(22,251)
Net income (loss)	(\$493,395)

Oscar Managed Care of South Florida, Inc.
Statement of Revenue and Expenses continued
December 31, 2021

	Per Company
Capital and Surplus Account	
Capital and surplus, prior reporting year	\$2,500,655
Net Income	(493,395)
Change in nonadmitted assets	(132,633)
Paid in	9,100,000
Net change in capital and surplus	\$8,473,972
Capital and surplus, end of reporting year	\$10,974,627

Oscar Managed Care of South Florida, Inc.
Reconciliation of Capital and Surplus
December 31, 2021

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, 2018 (Note: This is the Company's first examination)			\$0
	Increase	Decrease	
Net income or (loss)		\$5,084,451	
Change in nonadmitted assets		132,633	
Change in paid in capital	\$100,000		
Change in paid in surplus	14,860,000		
Net increase (or decrease)			9,724,916
Capital and Surplus at December 31, 2021, per Examination			\$9,742,916

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Fausto Palazzetti, Chief Actuary and an employee of Oscar Management Corporation, 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 actuaries, Scott Garduno, FSA, MAAA, and Solomon Frazier, FSA, FCAS, MAA, of Examination Resources, LLC, reviewed the loss and loss adjustment expense work papers provided by the Company and they were in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$10,974,627 exceeded the minimum of \$1,500,000 required by Section 641.225, Florida Statutes.

SUBSEQUENT EVENTS

The Company received capital contributions of \$2,000,000 and \$1,988,778 on July 21, 2023, and August 31, 2023, respectively, from OHI.

The Company recognized its first net underwriting gain and first net income during 2023. The net underwriting gain was \$215,674, and net income was \$327,690.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Oscar Managed Care of South Florida, Inc. 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: Scott R. Kalna, CFE, AMCM, Examiner-in-Charge; Rachelle Gowins, CFE, MCM, Managing Director; and Steve Szypula, CPCU, AIE, ARe, CGFM, CPM, Reinsurance Specialist. Members of OIR who participated in the examination include Shantia Simmons, APIR, Financial Examiner/Analyst Supervisor, Examination Manager. Additionally, Solomon Frazier, FSA, FCAS, MAAA, and Scott Garduno, FSA, MAAA, both of Examination Resources, LLC and James Gowins CISA, AES, AFE, MCM, IT Senior Manager, and Steven Sigler, CFE, AES, CISA, AMCM, Director of IT Consulting, both IT Specialists of Examination Resources, LLC, are recognized for participation in the examination.

Respectfully submitted,



Scott R. Kalna, CFE, AMCM
Examiner-in-Charge
Examination Resources, LLC



Carolyn M. Morgan, APIR
Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation
Date Signed: 12/3/24