



**EXAMINATION REPORT
OF
Align Senior Care Florida, Inc.**

NAIC Company Code: 16778

**Tampa, Florida
as of
December 31, 2022**

**BY THE
FLORIDA OFFICE OF INSURANCE REGULATION**

TABLE OF CONTENTS

LETTER OF TRANSMITTAL	-
SCOPE OF EXAMINATION	1
SUMMARY OF SIGNIFICANT FINDINGS	2
CURRENT EXAMINATION FINDINGS.....	2
PREVIOUS EXAMINATION FINDINGS.....	2
COMPANY HISTORY	2
GENERAL.....	2
DIVIDENDS.....	3
CAPITAL STOCK AND CAPITAL CONTRIBUTIONS.....	3
SURPLUS NOTES.....	3
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS.....	3
MANAGEMENT AND CONTROL	3
CORPORATE GOVERNANCE.....	3
HOLDING COMPANY SYSTEM.....	5
ORGANIZATIONAL CHART	5
AFFILIATED AGREEMENTS	5
MANAGEMENT SERVICES AGREEMENT.....	5
MEDICAL DIRECTOR AGREEMENT.....	6
ADVANCE PRACTICE PARTICIPATION AGREEMENT.....	6
ACCOUNTS AND RECORDS	7
INDEPENDENT AUDITOR AGREEMENT.....	6
CORPORATE RECORDS REVIEW.....	7
TERRITORY AND PLAN OF OPERATIONS	7
REINSURANCE	7
REINSURANCE ASSUMED.....	7
REINSURANCE CEDED.....	8
FINANCIAL STATEMENTS	8
ASSETS.....	9
LIABILITIES, CAPITAL AND SURPLUS.....	10
STATEMENT OF REVENUE AND EXPENSES.....	11
STATEMENT OF REVENUE AND EXPENSES CONTINUED.....	12
RECONCILIATION OF CAPITAL AND SURPLUS.....	13
COMMENTS ON FINANCIAL STATEMENT ITEMS	14
LIABILITIES.....	14
CAPITAL AND SURPLUS.....	14
CONCLUSION	15

May 10, 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 (“the NAIC”), we have conducted an examination as of December 31, 2022, of the financial condition and corporate affairs of

Align Senior Care Florida, Inc.

8270 Woodland Center Blvd
Tampa, FL 33614

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

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2022, through December 31, 2022, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on January 8, 2024, to January 12, 2024. The fieldwork concluded as of May 10, 2024. The Company’s last full scope exam covered the period from April 20, 2020, to December 31, 2021. This is the Company’s second consecutive, one-year full scope financial examination 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

There were no significant findings of fact as a result of the prior examination.

COMPANY HISTORY

General

ASCFL was licensed by the OIR as a Health Maintenance Organization (“HMO”) in accordance with Part 1 of Chapter 641, Florida Statutes, on April 20, 2020 following its incorporation in Florida on September 5, 2019. The Company formally commenced business on January 1, 2021.

ASCFL offered Medicare Advantage and Prescription Drug (“MAPD”) plans in 2022 in seven Florida counties. The plans offered are an Institutional Special Needs Plan (“I-SNP”) and a Chronic Condition Special Needs Plan (“C- SNP”). These plans are intended to serve Medicare beneficiaries residing in assisted living facilities or skilled nursing facilities. Members must be enrolled in both Medicare Part A and Medicare Part B and will continue to pay the Medicare Part B premiums directly to CMS.

ASCFL’s immediate parent, AllyAlign Health, Inc. (“AAH”), is a direct subsidiary of Innovative Long Term Care Management (“ILTCM”). ILTCM was acquired in June 2021 by New Enterprise Associations (“NEA”), thus NEA became the ultimate controlling person (“UCP”) of ASCFL. NEA owns Curana Health, Inc. (“Curana”). Curana was founded in 2021, to work with senior living communities, skilled nursing facilities, assisted living facilities, and life plan communities to offer innovative solutions for senior care delivery with a unique focus on prevention and care coordination.

ASCFL has no employees. Day to day management of the Company is performed through a Management Services Agreement executed with the Company's immediate parent, AAH. Following the acquisition of ILTCM by NEA, Curana and AAH leadership were charged with centralizing shared services functions to enhance overall organizational efficiencies. This effort was the focus of most of management throughout 2022 and 2023. As a result, while ASCFL is operated through the AAH Management Services Agreement, AAH is contracting with Curana for various shared services such as human resources, information technology, legal, and compliance.

Dividends

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

Capital Stock and Capital Contributions

The Company was capitalized through a surplus contribution in 2020 of \$2,508,487 by its immediate parent, ILTCM. In 2022, AAH infused an additional \$800,000 capital contribution.

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, 2022, are:

Directors		
Name	City, State	Principal Occupation, Company Name
Mark Francis Price	Houston, TX	Chief Executive Officer, Curana Health
Jeremy Stephen Dressen	Eden Prairie, MN	Chief Executive Officer, AAH
Amy Elizabeth Kaszak (a)	Houston, TX	President of Special Needs Plans, AAH
Cora Louise Case (b)	Reno, NV	Chief Financial Officer, Curana Health

(a) Ms. Kaszak was replaced by John Emami, Chief Operating Officer, AAH, effective September 22, 2023.

(b) Ms. Case was replaced by Rachel Martin, Chief Financial Officer, AAH, effective September 29, 2023.

In accordance with the Company's Bylaws, the Board of Directors ("Board") appointed the following Officers at December 31, 2022:

Officers		
Name	City, State	Principal Occupation, Company Name
Jeremy Stephen Dressen	Eden Prairie, MN	Chief Executive Officer
Robert Grayson Ragland (a)	Goochland, VA	Chief Financial Officer & Treasurer
Amy Elizabeth Kaszak (b)	Houston, TX	President of Special Needs Plans
Laura Manchester	Richmond, VA	Secretary

(a) Mr. Ragland was replaced by Rachel Martin, Chief Financial Officer, AAH, effective September 29, 2023.

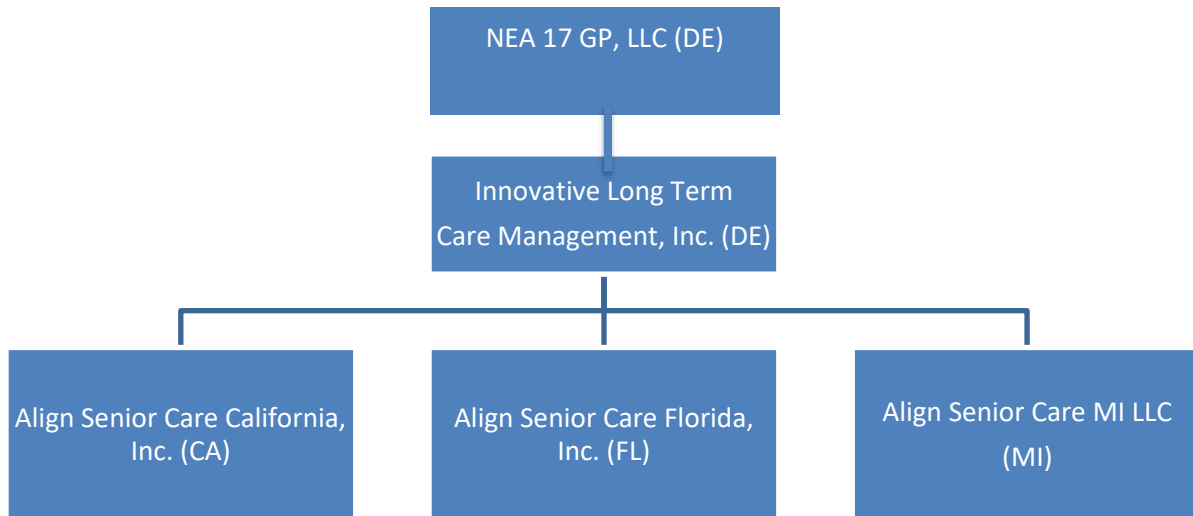
(b) Ms. Kaszak was replaced by John Emami, Chief Operating Officer, AAH, effective September 22, 2023.

The Company's Board did not formally appoint any principal internal Board committees over the exam period.

Holding Company System

A simplified organizational chart as of December 31, 2022, reflecting the holding company system, follows. Schedule Y of the Company's 2022 annual statement provided a list of all related companies of the holding company group.

Align Senior Care Florida, Inc. Organizational Chart December 31, 2022



AFFILIATED AGREEMENTS

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

Management Services Agreement

AAH is responsible for providing all day-to-day management services, including plan management, utilization management and nurses, finance and accounting, business analysis, compliance support and reporting, pharmacy, network development and contracting, and human

resources. These services are provided under a formally executed Management Services Agreement which became effective on February 10, 2020. Beginning on January 1, 2021, ASCFL compensates AAH through a service fee of 11% of its revenues for Part C coverages written. ASCFL also pays AAH a fee of \$25.00 per member per month for administration of the Part D Prescription Drug Benefit. Total fees paid under the terms of this agreement by ASCFL for 2022 were \$583,021.

Medical Director Agreement

ASCFL is a party to a Medical Director Agreement executed with AAH, effective March 15, 2021. Under the terms of this agreement AAH provides the Company with medical director services through a physician duly licensed to practice medicine in Florida. Services under this agreement include oversight of the clinical direction of medical services and quality improvement functions, and provision of medical management leadership, as well as management of all major clinical and quality program components under the Company's operations. Compensation under this agreement is calculated based on the medical director's time spent administering services specific to ASCFL. Total fees paid under the terms of this agreement by ASCFL for 2022 were \$28,998.

Advance Practice Participation Agreement

Sunshine Health Partners, LLC ("Sunshine") is responsible for providing the Company with nurse practitioner healthcare services through one or more nurse practitioners duly licensed and qualified to render services as a nurse practitioner in Florida. Services under this agreement include diagnosis, management and treatment, quality improvement activities, interpretation of laboratory data, reconciling medications, and evaluating each members' care plan. The Company formally executed the supporting Advanced Practice Participation Agreement with Sunshine effective March 12, 2021. Compensation for services rendered under this agreement are \$225 per member managed by Sunshine. Additionally, Sunshine may earn up to an additional \$20 per member per month through participation in the quality incentive program offered within the terms of the agreement. Total fees paid under the terms of this agreement by ASCFL for 2022 were \$378,225.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Glen Allen, Virginia.

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

Independent Auditor Agreement

An independent CPA, LBMC PA, audited the Company's statutory basis financial statements annually for the years 2021 and 2022 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 and Board were reviewed for the period under examination. Recommendations regarding the documentation of these meetings, due to their confidential nature, were conveyed separately to the Company and other regulators.

TERRITORY AND PLAN OF OPERATIONS

For 2022, benefits were targeted to meet the specific needs of Assisted Living and Skilled Nursing facility residents in Alachua, Hillsborough, Lee, Miami-Dade, Orange, Pinellas, and Sumter counties. The Company did not begin enrolling members until May, 2021. As of December 31, 2022, the Company reported only 133 enrolled members and \$5,115,484 of premium income for 2022. Membership enrollment was affected by the COVID-19 pandemic and its overall impact in general on assisted living and skilled nursing facilities.

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

Partner Re XOL Reinsurance Agreement: Effective January 1, 2022, to January 1, 2023, the Company entered into an Excess of Loss reinsurance agreement with PartnerRe America Insurance Company covering the Medicare Advantage members. Under the terms of the agreement, the maximum payable per covered person is unlimited excess of the Specific Deductible per covered person of \$225,000. There is no Maximum Aggregate Limit of the Company's liability. The premium payable per covered member is \$11.79 with premium due to the reinsurer on the first day of each month. Total reinsurance premium paid under the terms of this reinsurance agreement by ASCFL for 2022 was \$18,947.

Reinsurance Broker Agreement: Epic Reinsurance served as the Company's intermediary for the agreements executed with Partner Re.

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, 2022. 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, 2022. 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.

Align Senior Care Florida, Inc.
Assets
December 31, 2022

	Per Company
Bonds	351,714
Cash, cash equivalents and short-term investments	3,109,980
Subtotal cash and invested assets	3,461,694
Investment income due and accrued	1,832
Premiums and considerations:	
Uncollected premiums and agents' balances	95
Accrued retrospective premiums	124,660
Amounts receivable relating to uninsured plans	65,118
Receivables from parent, subsidiaries and affiliates	1,794
Health care and other amounts receivable	114,763
Aggregate write-ins for other than invested assets	19,146
Totals	3,789,102

**Align Senior Care Florida, Inc.
Liabilities, Capital and Surplus
December 31, 2022**

	Per Company
Claims unpaid	1,536,769
Accrued medical incentive pool and bonus amounts	36,125
Unpaid claims adjustment expenses	52,685
Aggregate health policy reserves	68,780
Premiums received in advance	57,866
General expenses due or accrued	1,957
Liability for amounts held under uninsured plans	148,370
Total liabilities	1,902,552
Gross paid-in and contributed surplus	3,308,487
Unassigned funds (surplus)	(1,493,380)
Total capital and surplus	1,815,107
Total liabilities, capital and surplus	3,717,659

Align Senior Care Florida, Inc.
Statement of Revenue and Expenses
December 31, 2022

	Per Company
Net premium income	5,115,484
Change in unearned premium reserves and reserve for rate credits	0
Aggregate write-ins for other health care related revenues	0
Total revenues	5,115,484
Hospital and Medical:	
Hospital/medical benefits	3,475,922
Other professional services	842,599
Emergency room and out-of-area	48,591
Prescription drugs	297,603
Aggregate write-ins for other hospital and medical	1,475
Incentive pool, withhold adjustments and bonus amounts	78,912
Subtotal	4,745,102
Less:	
Claims adjustment expenses	380,052
General administrative expenses	822,224
Total underwriting deductions	5,947,378
Net underwriting gain or (loss)	(831,894)
Net investment income earned	1,143
Net investment gains (losses)	1,143
Net income or (loss) after capital gains tax and before all other federal income taxes	(830,751)
Federal and foreign income taxes incurred	0
Net Income	(830,751)

Align Senior Care Florida, Inc.
Statement of Revenue and Expenses continued
December 31, 2022

	Per Company
Capital and Surplus Account	
Capital and surplus, prior reporting year	1,916,725
Net Income	(830,751)
Change in nonadmitted assets	(70,867)
Surplus paid in	800,000
Net change in capital and surplus	(101,618)
Capital and surplus, end of reporting year	1,815,107

Align Senior Care Florida, Inc.
Reconciliation of Capital and Surplus
December 31, 2022

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

Capital/Surplus Change during Examination Period			
Capital and Surplus beginning balance, per Examination			1,916,725
	Increase	Decrease	
Net loss		(830,751)	
Change in net unrealized capital gain (loss)			
Change in net deferred income tax			
Change in nonadmitted assets		(70,867)	
Change in paid in surplus	800,000		
Transferred to surplus			
Net increase (or decrease)			(101,618)
Capital and Surplus at December 31, 2022, per Examination			<u>1,815,107</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Rachel Stewart, ASA, MAAA, Consulting Actuary of Wakely Consulting Group, LLC, as appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2022, 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, Jason Dunavin, FSA, MAAA, Vice President of Lewis & Ellis, Inc., 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 \$1,815,107 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 Align Senior Care Florida, Inc. as of December 31, 2022, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of Lewis & Ellis, Inc. participated in the examination: Lindsey Pittman, CFE, AES, Examiner-in-Charge and IT Specialist; David Palmer, CFE, Exam Supervisor; Jason Dunavin, FSA, MAAA, Exam Actuary. Members of OIR who participated in the examination include Margaret McCrary, CFE, CPA, MBA, Examination Manager.

Respectfully submitted,



Lindsey Pittman, CFE, AES
Examiner-in-Charge
Lewis & Ellis, Inc.



Carolyn M. Morgan, APIR
Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation
Date Signed: 6/17/24