



**EXAMINATION REPORT
OF
HPMP of Florida, Inc.**

NAIC Company Code: 16982

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

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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May 2, 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, 2022, of the financial condition and corporate affairs of

HPMP of Florida, Inc.
4601 NW 77th Avenue
Miami, Florida 3316

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

SCOPE OF EXAMINATION

This examination covered the period of March 3, 2021, through December 31, 2022, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on October 2, 2023. The fieldwork concluded as of May 2, 2024. This is the Company’s first full scope 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

This is the first examination of the Company.

COMPANY HISTORY

General

The Company, also known as Florida Complete Care (“FC2”), is a Florida domestic health maintenance organization (“HMO”), wholly owned by Independent Living Systems, LLC (“ILS”), a Florida limited liability company. ILS is wholly owned by IndLivSys Holding Company, LLC, a Florida limited liability.

The Company was incorporated on September 11, 2020 as a Florida Corporation and is headquartered in Miami, Florida. The Company was licensed on March 3, 2021 to operate as a Health Maintenance Organization (“HMO”) and began writing Medicare Advantage business in 2022.

On October 29, 2020, ILS contributed \$3,300,000 to the Company in exchange for 1,000 shares of HPMP. On December 22, 2020, ILS contributed \$7,000,000 in additional capital to the Company. During 2022, ILS also contributed an additional \$12,600,000 in capital to the Company, of which \$7,100,000 was collected in 2022 and \$5,500,000 was collected on February 28, 2023. ILS is the sole shareholder of the Company.

Dividends

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

Capital Stock and Capital Contributions

As of December 31, 2022, the Company's capitalization was as follows:

Number of authorized common capital shares	1,000
Number of authorized preferred stock	0
Number of shares issued and outstanding	1,000
Total common capital stock	\$1.00
Par value per share	\$.001

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 the Board of Directors ("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
Nestor J. Plana, Chair	Miami, Florida	Chief Executive Officer Independent Living Systems, LLC
Mark S. DiSalvo	North Andover, Massachusetts	President and CEO Semiphore
Jacqueline B. Kosecoff	Long Beach, California	Managing Partner Moriah Partners
Michael O. Leavitt	Salt Lake City, Utah	Chairman, Board of Managers Leavitt Partners
Jay A. Rosen	Lansing, Michigan	President and Chairman Health Management Associates

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

Senior Officers		
Name	City, State	Title
Nestor J. Plana	Miami, Florida	Chief Executive Officer
Abby Riddle	Tallahassee, Florida	President
Leo Tarlton Thomas III	Miami, Florida	Chief Financial Officer
Stuart F. Williams ^(a)	Tallahassee, Florida	Secretary, General Counsel

(a) Stuart F. Williams resigned March 5, 2024 and the position remains vacant.

The Company's Board appointed several internal committees. The following were the principal internal Board committees and their members as of December 31, 2022.

Compensation Committee		
Name	City, State	Title, Company Name
Nestor J. Plana, Chair	Miami, Florida	Chief Executive Officer Independent Living Systems, LLC
Michael O. Leavitt	Salt Lake City, Utah	Chairman, Board of Managers Leavitt Partners

Audit Committee		
Name	City, State	Title, Company Name
Nestor J. Plana, Chair	Miami, Florida	Chief Executive Officer Independent Living Systems, LLC
Michael O. Leavitt	Salt Lake City, Utah	Chairman, Board of Managers Leavitt Partners

Compliance Committee		
Name	City, State	Title, Company Name
Jay A. Rosen, Chair	Lansing, Michigan	President and Chairman Health Management Associates
Jacqueline B. Kosecoff	Long Beach, California	Managing Partner

Holding Company System

The Company has filed with OIR, pursuant to Section 624.4213, Florida Statutes, a notice that their organizational chart is trade secret. Therefore, no organizational chart is included in this report.

AFFILIATED AGREEMENTS

The following agreement was in effect between the Company and its affiliates:

Management Services Agreement

On November 11, 2020, the Company entered into a Management Services Agreement (“Agreement”) with ILS acting on behalf of itself and its wholly owned subsidiary, Royal Health Care of Long Island, LLC, a New York limited liability company (“Royal”). ILS and Royal are collectively referred to as (“Manager”). The Purpose is to provide management and administrative services to the Company. In addition, Royal holds a general Third-Party Administrator (“TPA”) License with OIR and shall serve as the TPA for all actions, duties, and activities delegated by the Company.

The Agreement was amended on January 1, 2022 and January 1, 2023 to adjust fees. Fees are based on Per Member Per Month as compensation for services provided. The Manager shall prepare monthly statements to the Company detailing all transactions and amounts subject to this Agreement. The Company shall promptly pay such compensation to the Manager on a monthly basis. The compensation to Manager shall be due and payable within fifteen (15) days after receipt by the Company of an invoice from Manager. Fees paid during 2022 were \$412,017 and \$473,130 for ILS and Royal, respectively.

ACCOUNTS AND RECORDS

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

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

Independent Auditor Agreement

An independent CPA, Marcum, LLP audited the Company's statutory basis financial statements annually for the years 2022 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 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 in the State of Florida. In August 2021, the Company was awarded a Medicare Advantage contract with the Center for Medicare and Medicaid Services ("CMS") to operate as a Medicare Special Needs Plan ("SNP") in Florida. During 2022, the Company offered Part A, Part B, and Part D benefits with annual renewals thereafter. As of December 31, 2022, the Company served approximately 900 members all of which are enrolled in Medicare plans. Their service area includes 15 counties across Florida, which are: Alachua, Brevard, Broward, Duval, Hillsborough, Lee, Miami-Dade, Palm Beach, Pasco, Pinellas, Polk, Orange, Osceola, Seminole, and Volusia.

REINSURANCE

The reinsurance agreement 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 entered into an Excess of Loss reinsurance agreement (Agreement) with PartnerRe America Insurance Company effective January 1, 2022.

By this Agreement the reinsurer agrees to reinsure the excess liability of the Company under its policies in force at January 1, 2022 to January 1, 2023, and classified by the Company as Medicare Advantage business. Coverage for Medicare Advantage risk included a \$150,000 deductible. The reimbursement percentage is 90% of covered expenses above the specific deductible if the complete claim is received by the Company by October 1, 2023. If the Agreement terminates prior to the expiration date, the complete claim must be received by the Company within 6 months after the date of Agreement termination.

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.

HPMP of Florida, Inc.
Assets
December 31, 2022

	Per Company
Cash, cash equivalents and short-term investments	14,090,970
Subtotal cash and invested assets	14,090,970
Premiums and considerations	
Accrued retrospective premiums	125,050
Amounts recoverable from reinsurer	527,512
Receivables from parent, subsidiaries and affiliates	5,500,000
Health care and other amounts receivable	495,999
Totals	20,739,531

HPMP of Florida, Inc.
Liabilities, Capital and Surplus
December 31, 2022

	Per Company
Claims unpaid	7,658,823
Unpaid claims adjustment expenses	156,303
Aggregate health policy reserves	13,315,393
Premiums received in advance	155,243
General expenses due or accrued	170,056
Current federal and foreign income tax payable	
Ceded reinsurance premiums payable	
Amounts withheld or retained for the account of others	
Amounts due to parent, subsidiaries and affiliates	503,044
Funds held under reinsurance treaties	
Aggregate write-ins for other liabilities	
Total liabilities	11,958,862
Gross paid-in and contributed surplus	22,900,000
Unassigned funds (surplus)	(14,119,331)
Total capital and surplus	8,780,669
Total liabilities, capital and surplus	20,739,531

HPMP of Florida, Inc.
Statement of Revenue and Expenses
December 31, 2022

	Per Company
Net premium income	17,755,697
Total revenues	17,755,697
Hospital and Medical:	
Hospital/medical benefits	11,082,740
Other professional services	1,759,669
Emergency room and out-of-area	788,304
Prescription drugs	3,438,823
Aggregate write-ins for other hospital and medical	7,658,823
Subtotal	24,728,294
Less:	
Net reinsurance recoveries	104,008
Total hospital and medical	24,624,286
Claims adjustment expenses	156,303
General administrative expenses	3,410,163
Increase in reserves for life and accident and health contracts	3,315,393
Total underwriting deductions	31,506,145
Net investment income earned	302
Net income or (loss) after capital gains tax and before all other federal income taxes	(13,750,146)
Net Income (loss)	(13,750,146)

Capital and Surplus Account	
Capital and surplus, prior reporting year	9,900,094
Net Income	(13,750,146)
Change in nonadmitted assets	30,720
Surplus adjustments:	12,600,000
Net change in capital and surplus	(1,119,426)
Capital and surplus, end of reporting year	8,780,668

HPMP of 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 at March 3, 2021			9,900,093
	Increase	Decrease	
Change in surplus		(13,750,146)	
Change in nonadmitted assets	30,720		
Change in paid in surplus	12,600,000		
Transferred to surplus			(1,119,426)
Net increase (or decrease)			
Capital and Surplus at December 31, 2022, per Examination			8,780,669

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Jackie Walker, ASA, MAAA, Consulting Actuary, Wakely Consulting Group, LLC, 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, Scott Garduno, FSA, MAAA, Managing Member of Taylor-Walker Consulting, 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 \$22,900,000 exceeded the minimum of \$1,195,886 required by Section 641.225, Florida Statutes.

SUBSEQUENT EVENTS

Of the \$12,600,000 additional capital contributed by ILS during 2022, the remainder of \$5,500,000 was collected on February 28, 2023.

The Agreement with ILS was amended on January 1, 2023 to adjust fees.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of HPMP of Florida, Inc. as of December 31, 2022, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of The NOVO Consulting Group, LLC participated in the examination: Lori Ruggiero, CFE, CIE, MCM, Examiner-in-Charge; Jeff Good, CFE, CIE, MCM, Supervisor; Ray Conover, MCM, AIE, Are, FLMI, Participating Examiner; and Cliff Day, MPA, MCM, CPM, CSM, Participating Examiner. Members of OIR who participated in the examination include Margaret McCrary, CFE, CPA, MBA, Chief Financial Examiner, and Alicia Thompkins-Perryman, CFE (Fraud), Examination Manager. Additionally, Scott Garduno, FSA, MAAA of Taylor-Walker Consulting Group, LLC and Robert Ficken, CPA, CISA, CFE, AES, CRISC, CISSP, IT Specialist of The NOVO Consulting Group, LLC are recognized for participation in the examination.

Respectfully submitted,



Lori Ruggiero, CFE, CIE, MCM
Examiner-in-Charge
The NOVO Consulting Group, LLC



Carolyn M. Morgan, APIR
Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation
Date Signed: 6/18/24