



**EXAMINATION REPORT
OF
Preferred Care Network of Florida, Inc.**

NAIC Company Code: 12756

**Miami, 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	2
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
SIMPLIFIED ORGANIZATIONAL CHART.....	5
AFFILIATED AGREEMENTS	6
ANCILLARY SERVICES AGREEMENT	6
ANCILLARY SERVICES AGREEMENT	6
AMENDED AND RESTATED TAX SHARING AGREEMENT	6
DENTAL SERVICES AGREEMENT.....	7
MANAGEMENT SERVICES AGREEMENT	7
OPTUMINSIGHT SERVICES AGREEMENT	7
SUBORDINATED REVOLVING CREDIT AGREEMENT.....	8
VISION SERVICES AGREEMENT.....	8
ACCOUNTS AND RECORDS	9
INDEPENDENT AUDITOR AGREEMENT.....	9
CORPORATE RECORDS REVIEW.....	9
TERRITORY AND PLAN OF OPERATIONS.....	9
REINSURANCE.....	10
REINSURANCE ASSUMED	10
REINSURANCE CEDED.....	10
FINANCIAL STATEMENTS.....	11
ASSETS.....	12
LIABILITIES, CAPITAL AND SURPLUS.....	12
STATEMENT OF REVENUE AND EXPENSES	13
RECONCILIATION OF CAPITAL AND SURPLUS.....	14
COMMENTS ON FINANCIAL STATEMENT ITEMS	14
LIABILITIES.....	14
CAPITAL AND SURPLUS.....	14

SUBSEQUENT EVENTS.....15
CONCLUSION.....16

April 25, 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

Preferred Care Network of Florida, Inc.

9100 South Dadeland Blvd.

Miami, FL, US 33156

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, 2018, through December 31, 2022, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on June 28, 2023, to October 24, 2023. The fieldwork concluded as of April 25, 2024. The Company’s last full scope exam by representatives of OIR covered the period of January 1, 2013, through December 31, 2017.

The examination was a multi-state/coordinated holding company subgroup 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 Connecticut, and states that participated in this exam are as follows: Alabama, California, Colorado, Florida, Indiana, Kentucky, Minnesota, Nebraska, Nevada, New Hampshire, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Texas, and Wisconsin.

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

The following is a summary of significant findings of fact.

The Company was not compliant with the requirements to maintain its eligibility for a Certificate of Authority during the scope period of this examination. It was not actively engaged in managed care as required by Section 641.221(2), Florida Statutes. The Company's pre-tax operating income was below the required 2% of total revenue, and the Company did not provide a corrective action plan as required by Rule 69O-191.076, Florida Administrative Code. There was no business plan to address these requirements. Since the Company surrendered its Certificate of Authority January 26, 2024, there are no recommendations regarding this finding.

Previous Examination Findings

There were no significant findings of fact for the prior examination as of December 31, 2017.

COMPANY HISTORY

General

The Company was incorporated on August 25, 2005, and licensed by the OIR as a Health Maintenance Organization ("HMO") in accordance with Part I of Chapter 641, Florida Statutes. The Company changed its name from Medica Health Care Plans of Florida, Inc., effective July 1, 2021.

Effective June 30, 2014, the Company elected not to participate in the State of Florida Medicaid Managed Care Medical Assistance Program. Additionally, the Company withdrew from the commercial market by not renewing members as of the September 2013 renewal date. The Company had no membership as of September 30, 2014.

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	100,000,000
Number of authorized preferred stock	-
Number of shares issued and outstanding	12,355,625
Total common capital stock	\$1,235
Par value per share	\$0.0001

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, were:

Directors		
Name	City, State	Principal Occupation, Company Name
Warren Paul Murrell III	New Orleans, Louisiana	Health Plan CEO – Medicare & Retirement Employer: United HealthCare Services, Inc.
Jennifer Denise Prieto	Doral, Florida	Director, General Management – Medicare & Retirement Employer: United HealthCare Services, Inc.
Brian Howard St. Martin	Shorewood, Minnesota	Business Segment Controller Employer: United HealthCare Services, Inc.
Jose Luis Velasco Jr.	Coral Gables, Florida	Director of Marketing & Business Development Employer: United HealthCare Services, Inc.
Jonathon Keith Zitur	Odessa, Florida	Vice President, Finance Employer: United HealthCare Services, Inc.

In accordance with the Company’s Bylaws, the Board of Directors (“Board”) appointed the following Senior Officers:

Senior Officers		
Name	City, State	Title
Warren Paul Murrell III	New Orleans, Louisiana	Chief Executive Officer & President
Peter Marshall Gill	Eden Prairie, Minnesota	Treasurer
Jessica Leigh Zuba	Sonoma, California	Secretary
Jonathon Keith Zitur	Odessa, Florida	Chief Financial Officer
Nyle Brent Cottington	St. Michael, Minnesota	Vice President
Heather Anastasia Lang	Bloomington, Minnesota	Assistant Secretary

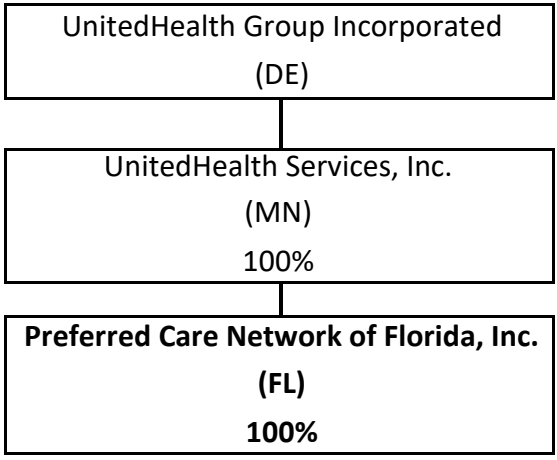
The Company’s Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2022. The first person listed for each committee is the chair.

Audit Committee		
Name	City, State	Title, Company Name
Thomas Edward Roo	St. Michael, Minnesota	Senior Vice President, Chief Accounting Officer Employer: United HealthCare Services, Inc.
Eric Harvey Johnson	Lutz, Florida	Vice President, Finance – Employer & Individual Employer: United HealthCare Services, Inc.
John Brian Murray	Fairfield, Connecticut	Vice President, Finance – Employer & Individual Employer: United HealthCare Services, Inc.
Kevin Patrick Delaney	Denver, Colorado	Vice President Finance Leader Employer: United HealthCare Services, Inc.
John Mario Tenaglia	Germantown, Wisconsin	Senior Director, Finance Employer: United HealthCare Services, Inc.

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.

**Preferred Care Network of Florida, Inc.
Simplified Organizational Chart
December 31, 2022**



AFFILIATED AGREEMENTS

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

Ancillary Services Agreement

The Company entered into an Ancillary Services Agreement with Medical Transportation Services, LLC on August 7, 2008, to provide transportation services. The term of this Agreement shall be for an initial period of one (1) year and shall thereafter automatically renew for subsequent one (1) year terms, unless either party notifies the other of its intent not to renew the Agreement. Reimbursement, claims processing, and other financial matters under this Agreement shall be conducted in accordance with the policies and procedures of the Company and the Company's fee schedule. No fees were incurred under this Agreement during 2022.

Effective December 31, 2022, the Agreement was terminated.

Ancillary Services Agreement

The Company entered into an Ancillary Services Agreement with Ultima Rx, LLC ("Ultima") on January 1, 2013, to arrange for Medicaid members under the Company to have the opportunity to order Ultima's over-the-counter products monthly by mail, fax, telephone, or internet. The term of this Agreement shall be for an initial period of one (1) year and shall thereafter automatically renew for subsequent one (1) year terms unless either party notifies the other of its intent not to renew the Agreement. Reimbursement, claims processing, and other financial matters under this Agreement shall be conducted in accordance with the policies and procedures of the Company and the Company's fee schedule. No fees were incurred under this Agreement during 2022.

Effective December 31, 2022, the Agreement was terminated.

Amended and Restated Tax Sharing Agreement

The Company, along with its parent, UnitedHealth Group Incorporated ("UHG"), filed a consolidated federal income tax return. On December 31, 2022, the method of allocation between the Company and UHG was on a separate-entity basis. To the extent the Company's net operating loss or capital loss, or loss carried forward or a loss carried back, or credit, is utilized

on a consolidated return, such “loss corporation” shall be entitled to receive from UHG the amount of tax savings the group realize in that year for the use of the loss or credit. Within sixty (60) days of the remittance by UHG of any income tax payment to the taxing authorities, all intercompany tax receivables/payables were settled.

Dental Services Agreement

The Company entered into a Dental Services Agreement with UHG and Dental Benefit Providers, Inc. (“DBP”) on January 1, 2014, to provide services including managing a network of dental providers, claims processing and other administrative functions in order to provide dental services for Commercial members. The Agreement shall continue until terminated. UHG shall pay DBP a monthly services fee per member per month. No fees were incurred under this Agreement during 2022.

Effective December 31, 2022, the Agreement was terminated.

Management Services Agreement

The Company entered into a Management Services Agreement with United HealthCare Services, Inc. (“UHS”) on December 14, 2012, to provide certain management services. Effective March 1, 2023, the Company entered into the First Amendment to the Agreement to replace the new name and replace appendices. This Agreement shall continue until terminated. The Company paid fees to UHS equal to UHS’ expenses for services or use of assets provided solely to the Company, and the Company’s allocated portion of UHS’ expenses where the services or use of assets are shared among the Company and other Health Plans. No fees were incurred under this Agreement during 2022.

OptumInsight Services Agreement

The Company entered into a Management Agreement with OptumInsight, Inc. (“OptumInsight”) on February 1, 2013, to provide certain services related to claim analytics and recovery services, retrospective fraud, waste and abuse services and subrogation services. This Agreement shall continue until terminated. For claim analytics and recovery services, the Company shall pay OptumInsight a 13.5% contingency fee or such lesser rate as mutually agreed to by the parties or certain services from time to time. For retrospective fraud, waste & abuse services, the

Company shall pay OptumInsight a 32.5% contingency or such lesser rate as mutually agreed to by parties for certain services from time to time. No fees were incurred under this Agreement during 2022.

Effective December 31, 2022, the Agreement and subsequent amendment were terminated.

Subordinated Revolving Credit Agreement

The Company entered into a Subordinated Revolving Credit Agreement with UHG on January 1, 2013. The Agreement provides the Company with short-term borrowing up to a maximum amount of \$1,000,000 to be repaid in one (1) year of the date on which the loan was initially made, at an interest rate of London InterBank Offered Rate plus 50 basis points in effect on the last business day of the month prior to the month for which interest is being calculated and shall reset each month. This Agreement shall continue until terminated. No advances were made under the Agreement in 2022 and there was no outstanding balance under the Agreement as of December 31, 2022.

Effective December 31, 2022, the Agreement was terminated.

Vision Services Agreement

The Company entered into a Vision Services Agreement with Spectera, Inc. on January 1, 2014, to provide certain vision services and products, claims processing and other administrative functions for commercial members. Effective April 1, 2014, the Company entered into the First Amendment to the Agreement. The First Amendment added Specialty Benefits, LLC to the Agreement and deleted and replaced Exhibit A "Compensation for Services Addendum" and Exhibit B "Services Addendum". This Agreement shall continue until terminated. The Company shall pay Spectra, Inc. a services fee per member per month. No fees were incurred under this Agreement during 2022.

Effective December 31, 2022, the Agreement and subsequent amendment were terminated.

ACCOUNTS AND RECORDS

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

The Company and non-affiliates had no material agreements.

Independent Auditor Agreement

An independent CPA, Baker Tilly US, LLP audited the Company's statutory basis financial statements annually for the years 2018, 2019, 2020, 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, 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 on September 29, 2006, and is currently authorized for the Health Maintenance Organization line of business as of December 31, 2022.

The Company withdrew from the commercial market by not renewing members beginning with September 2013 renewal dates. Effective June 30, 2014, the Company elected to not participate in the Florida Statewide Medicaid Managed Care Medical Assistance Program. At the end of 2022, the Company had no membership.

REINSURANCE

Reinsurance Assumed

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

Reinsurance Ceded

The Company did not cede any reinsurance during the period of this examination.

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.

Preferred Care Network of Florida, Inc.
Assets
December 31, 2022

	Per Company
Bonds	-
Cash, cash equivalents and short-term investments	4,406,066
Subtotal cash and invested assets	4,406,066
Aggregate write-ins for other-than-invested assets	2,111
Totals	4,408,177

Preferred Care Network of Florida, Inc.
Liabilities, Capital and Surplus
December 31, 2022

	Per Company
Claims unpaid	-
Current federal and foreign income tax payable	385
Amounts due to parent, subsidiaries and affiliates	43,000
Aggregate write-ins for other liabilities	79
Total liabilities	43,464
Common capital stock	1,235
Gross paid-in and contributed surplus	13,135,634
Unassigned funds (surplus)	(8,772,156)
Total capital and surplus	4,364,713
Total liabilities, capital and surplus	4,408,177

Preferred Care Network of Florida, Inc.
Statement of Revenue and Expenses
December 31, 2022

	Per Company
Net premium income	-
Total revenues	-
Hospital and Medical:	
Subtotal	-
Less:	
Net reinsurance recoveries	-
Total hospital and medical	-
General administrative expenses	41,398
Total underwriting deductions	41,398
Net underwriting gain or (loss)	(41,398)
Net investment income earned	5,130
Net investment gains (losses)	5,130
Net income or (loss) after capital gains tax and before all other federal income taxes	(36,268)
Federal and foreign income taxes incurred	(7,616)
Net Income	(28,652)

	Per Company
Capital and Surplus Account	
Capital and surplus, prior reporting year	4,393,365
Net Income	(28,652)
Net change in capital and surplus	(28,652)
Capital and surplus, end of reporting year	4,364,713

**Preferred Care Network 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 December 31, 2017, per Examination			4,396,250
	Increase	Decrease	
Net income		80,652	
Change in nonadmitted assets	49,115		
Net increase (or decrease)			(31,537)
Capital and Surplus at December 31, 2022, per Examination			4,364,713

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Kevin P. Donnelly, MAAA, Vice President of Actuarial Services, United HealthCare Services, Inc., 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 Actuarial Specialist of Lewis and 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 \$ 4,364,713 exceeded the minimum of \$ 1,500,000 required by Section 641.225, Florida Statutes.

SUBSEQUENT EVENTS

The Company filed with the OIR a Notice of Surrender of Certificate of Authority and related documents in accordance with Rule 69O-141.020, Florida Administrative Code, on December 14, 2023. The OIR approved the Company's request to surrender its Certificate of Authority on January 26, 2024.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Preferred Care Network 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 Noble Consulting Services, Inc. participated in the examination: Pyongyong Landoll, CFE, Examiner-in-Charge, Michelle Scaccia, Participating Examiner, and Bill O'Connell, CFE, CFE (Fraud), CPA, Exam Supervisor. Members of OIR who participated in the examination include Alicia Thompkins-Perryman CFE (Fraud), APIR, Examination Manager and Mary Gitari, APIR, MBA, Participating Examiner. Additionally, Jason Dunavin, FSA, MAAA Actuarial Specialist of Lewis and Ellis, Inc. and Phil McMurry, CFE, AES, IT Specialist of Risk & Regulatory Consulting LLC, are recognized for participation in the examination.

Respectfully submitted,



Pyongyong Landoll, CFE,
Examiner-in-Charge
Noble Consulting Services, Inc.



Carolyn M. Morgan, APIR
Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation
Date Signed: 6/13/24