



**EXAMINATION REPORT
OF
Sunshine Health Community Solutions, Inc.**

NAIC Company Code: 15927

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

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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June 7, 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

Sunshine Health Community Solutions, Inc.

8715 Henderson Road
Tampa, Florida 33634

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, 2020, through December 31, 2022, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on September 20, 2023. The fieldwork concluded as of June 7, 2024. The Company’s last full scope exam by representatives of OIR covered the period of January 1, 2018, through December 31, 2019.

The examination was a multi-state/coordinated 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. States that participated in this exam are as follows: Alabama, Arkansas, Arizona, California, Connecticut, Florida, Hawaii, Iowa, Illinois, Kansas, Kentucky, Louisiana, Maine, Michigan, Missouri, Mississippi, North Carolina, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Virginia, Vermont, Washington, 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

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, 2019.

COMPANY HISTORY

General

The Company was incorporated in Florida on November 4, 2015, and commenced business on January 1, 2017. It was licensed by the OIR as a Health Maintenance Organization (“HMO”) in accordance with Part 1 of Chapter 641, Florida Statutes, on April 8, 2016.

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
Par value per share	\$0.001

The Company received capital contributions of \$2,500,000 in 2020.

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 shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Nathan Thomas Landsbaum	Tampa, Florida	President & Chief Executive Officer, Sunshine Health
Joel Benjamin Samson	St. Louis, Missouri	Deputy General Counsel, Centene Corporation

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

Senior Officers		
Name	City, State	Title
Ray Bautista ^(a)	Sunrise, Florida	Chief Financial Officer of Plan
Tricia Lynn Dinkelman	Waterloo, Illinois	Vice President of Tax
Nathan Thomas Landsbaum	Tampa, Florida	President & Chief Executive Officer
Joel Benjamin Samson	St. Louis, Missouri	Secretary

(a) Removed and replaced by Traci Lynn Fabrizi effective July 21, 2023.

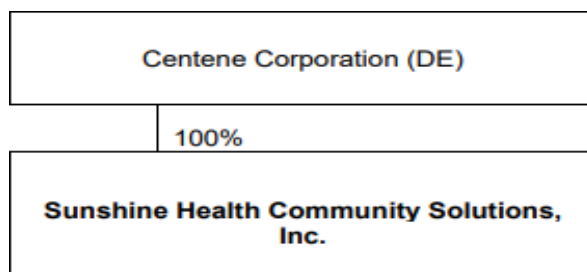
The Centene Corporation (“Centene”) Board of Directors has several internal committees that also serve at the entity level. The Audit and Compliance Committee is the principal internal Board committee and the members as of December 31, 2022.

Audit and Compliance Committee		
Name	City, State	Title, Company Name
William Lewis Trubeck, Chair	Durango, Colorado	Retired Executive Vice President and Chief Financial Officer, H&R Block, Inc.
Jessica Landrus Blume	Sarasota, Florida	Retired Vice Chairman of Deloitte LLP
Christopher Jerome Coughlin	Bonita Springs, Florida	Retired Executive Vice President and Chief Financial Officer, Tyco International, Ltd.
Wayne Scott DeVeydt	Fishers, Indiana	Managing Director Bain Capital
Orlando Ayala-Lozano	Medina, Washington	Retired Chairman and Corporate Vice President of Emerging Business for Microsoft Corporation

Holding Company System

A simplified organizational chart as of December 31, 2022, reflecting the holding company system is shown below. Schedule Y of the Company’s 2022 Annual Statement provided a list of all related companies of the holding company group.

**Sunshine Health Community Solutions, Inc.
Simplified Organizational Chart
December 31, 2022**



AFFILIATED AGREEMENTS

The following agreements were in effect between the Company and its affiliates at December 31, 2022:

Tax Sharing Agreement

The Company is party to a Tax Sharing Agreement with Centene. The agreement was initially effective on December 31, 2002 by Centene and ratified by the Company when operations began on November 4, 2015. The method of allocation among companies is subject to a written agreement whereby allocation is made primarily on a separate company basis using the percentage method pursuant to provisions of IRC Sections §1502 and §1552 and Treasury Regulations §1.1502 and §1.1552. In accordance with the tax sharing agreement, each member shall pay to Centene or receive from Centene the amount of tax liability or benefit reported on each member's pro forma federal income tax return within 90 days of the date Centene files its consolidated federal income tax return.

Management Agreement

Effective March 1, 2016, the Company entered into a Management Agreement with Centene Management Company, LLC ("CMC"), a Wisconsin limited partnership and a wholly-owned subsidiary of Centene. Under the agreement, the Company pays CMC a fee based on a percentage of its monthly revenue, for which CMC provides the services necessary to manage the business operations of the Company and assumes responsibility for all associated costs. CMC assumes responsibility for program planning and development, management information systems, financial systems and services, facilities arrangement, claims administration, provider and enrollee services and records, case management, care coordination, utilization and peer review, and quality assurance/quality improvement. In addition, under the agreement, the Company pays other direct costs associated with the business not covered by the management service agreement. Fees incurred under this agreement for years ended 2020 through 2022 amounted to \$835,963, \$52,565, and \$0, respectively.

Master Services Agreement

Effective January 1, 2017, the Company entered into a Master Services Agreement with Envolve PeopleCare, Inc., where Envolve PeopleCare, Inc. provided nurse-line triage, and life and health management services to the Company. The Company reported the following medical expenses for 2020 through 2022: \$41,658, \$(66), and \$0, respectively. This agreement was terminated effective January 1, 2022.

Pharmacy Benefits Management Agreement

Effective February 1, 2020, Envolve Pharmacy Solutions, Inc. provided pharmacy benefit management services to the Company. Two of the amendments to this agreement during the exam period are trade secret. The Company has filed with OIR, pursuant to Section 624.4213, Florida Statutes, the trade secret notice for the amendments. The Company reported the following medical expenses for 2020 through 2022: \$2,508,176, \$58,078, and \$(11,574), respectively.

Vision Management Services Agreement

The Company entered into an agreement with Envolve Vision of Florida, Inc., effective January 1, 2017 for vision benefits management services to the Company. The Company reported the following medical expenses for 2020 through 2022: \$127,453, \$(1,008), and \$7,068, respectively.

Dental Services Agreement

The Company entered Envolve Dental, Inc., effective January 1, 2017 for dental services to the Company. The Company reported the following medical expenses for 2020 through 2022: \$64,493, \$2,347, and \$(488), respectively.

Services Agreement

The Company entered into a Services Agreement with RMED, LLC dba Visiting Physician Association, a wholly owned subsidiary of U.S. Medical Management LLC on January 6, 2020. Services provided under the agreement included in-home health services. No fees were incurred under this agreement during the examination period.

Radiology Services Management Agreement

The Company entered into a Radiology Services Management Agreement with National Imaging Associates, Inc. on January 1, 2018, to provide radiology services. One of the amendments to this agreement during the exam period is trade secret. The Company has filed with OIR, pursuant to Section 624.4213, Florida Statutes, the trade secret notice for the amendment. The Company had no expense under this agreement during the exam period.

Master Services Agreement

The Company entered into a Master Services Agreement, effective November 18, 2016, with Interpreta, Inc., where Interpreta, Inc. provides data analytical services to the Company. The Company reported the following general and administrative expenses through 2020 to 2022: \$1,036, \$29, and \$0, respectively.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in St. Louis, Missouri.

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

Custodial Agreement

The Company maintained a custodial agreement with The Northern Trust Company executed on July 20, 2022. The agreement complied with Rule 69O-191.090, Florida Administrative Code.

Independent Auditor Agreement

An independent CPA, KPMG, audited the Company's statutory basis financial statements for the years under examination (2020 – 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 of Directors 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 offer services as an HMO only in the State of Florida. The Company provided health care services under contracts with the State of Florida Agency for the Centers for Medicare & Medicaid Services (“CMS”) in 2021. The Company’s one year Medicare contract expired December 31, 2022, and was not renewed.

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

Effective January 1, 2018, the Company entered into an HMO Specific Excess of Loss Reinsurance Agreement with PartnerRe America Insurance Company, renewable annually for 2019, 2020 and 2021. The agreement expired January 1, 2022 and was not renewed. The specific deductible in 2021 was \$3,000,000 per covered person, up to a maximum payable amount of \$5,000,000 per covered person. The Company did not have any ceded reinsurance agreements at December 31, 2022.

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.

Sunshine Community Health Solutions, Inc
Assets
December 31, 2022

	Per Company
Bonds	7,452,347
Cash, cash equivalents and short-term investments	2,028,767
Subtotal cash and invested assets	9,481,114
Investment income due and accrued	71,288
Premiums and considerations	
Uncollected premiums and agents' balances	13,802
Accrued retrospective premiums and contracts subject to redetermination	24,260
Amounts recoverable from reinsurer	115
Amounts receivable relating to uninsured plans	82,607
Current federal and foreign income taxes recoverable	88,941
Net deferred tax asset	215
Totals	9,762,342

Sunshine Health Community Solutions, Inc
Liabilities, Capital and Surplus
December 31, 2022

	Per Company
Claims unpaid	6,381
Aggregate health policy reserves	165,934
General expenses due or accrued	25,423
Amounts due to parent, subsidiaries and affiliates	4,229,941
Liability amounts held under uninsured plans	5,626
Aggregate write-ins for other liabilities	27,926
Total liabilities	4,461,231
Common capital stock	1
Gross paid-in and contributed surplus	23,499,999
Unassigned funds (surplus)	(18,198,889)
Total capital and surplus	5,301,111
Total liabilities, capital and surplus	9,762,342

Sunshine Health Community Solutions, Inc
Statement of Revenue and Expenses
December 31, 2022

	Per Company
Net premium income	(19,547)
Total revenues	(19,547)
Hospital and Medical:	
Hospital/medical benefits	379,258
Other professional services	6,601
Emergency room and out-of-area	(256)
Prescription drugs	(8,901)
Incentive pool, withhold adjustments and bonus amounts	(3,650)
Subtotal	373,052
Total hospital and medical	373,052
Claims adjustment expenses	(1,000)
General administrative expenses	(5,670)
Total underwriting deductions	366,382
Net underwriting gain or (loss)	(385,929)
Net investment income earned	307,428
Net realized capital gains (losses) less capital gains tax	(14,496)
Net investment gains (losses)	292,932
Net gain or (loss) from agents' or premium balances charged off	108
Net income or (loss) after capital gains tax and before all other federal income taxes	(92,889)
Federal and foreign income taxes incurred	(27,127)
Net Income (loss)	(65,762)

Statement of Revenue and Expenses continued:

	Per Company
Capital and Surplus Account	
Capital and surplus, prior reporting year	5,092,185
Net Income	(65,762)
Change in net unrealized capital gains (losses) less capital gains tax	(4,002)
Change in net deferred income tax	(77,078)
Change in nonadmitted assets	355,768
Net change in capital and surplus	208,926
Capital and surplus, end of reporting year	5,301,111

Sunshine Health Community Solutions, Inc
Reconciliation of Capital and Surplus
December 31, 2022

Capital/Surplus Change during Examination Period			
Capital and Surplus at December 31, 2019, per Examination			3,956,992
	Increase	Decrease	
Net income		1,562,830	
Change in net unrealized capital gain (loss)		4,002	
Change in net deferred income tax		850	
Change in nonadmitted assets	411,801		
Surplus adjustments, paid in	2,500,000		
Net increase (or decrease)			1,344,119
Capital and Surplus at December 31, 2022, per Examination			5,301,111

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

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Tricia Dinkelman, Vice President of Tax, Sunshine Health Community Solutions, Inc., signed an affidavit noting approval by the OIR for an exemption from filing the December 31, 2022 Statement of Actuarial Opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$5,301,111 exceeded the minimum of \$1,500,000 required by Section 641.225, Florida Statutes.

SUBSEQUENT EVENTS

Subsequent to the examination date, the Company re-domesticated to the Commonwealth of Virginia, effective April 22, 2024.

CONCLUSION

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

The following individuals with the firm of The INS Companies participated in the examination: Renee Hanshaw, CPA, CFE, Examiner-in-Charge; Cecilee Houdek, CPA, CFE, MCM, Examination Manager; LeAnne West, Participating Examiner; and Margaret Hermann, FSA, MAAA, Examination Actuary. Members of the OIR who participated in the examination include Alicia Thompkins-Perryman, CFE(Fraud), APIR, Examination Manager, and Margaret McCrary, CFE, CPA, MBA, Chief Financial Examiner Life and Health Financial Oversight.

Respectfully submitted,



Renee Hanshaw, CPA, CFE
Examiner-in-Charge
The INS Companies
Representing the Florida Office of Insurance
Regulation



Carolyn M. Morgan, APIR
Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation
Date Signed: 7/3/24