



**EXAMINATION REPORT  
OF  
SUNSHINE STATE HEALTH PLAN, INC.**

**NAIC Company Code: 13148**

**Plantation, 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 State Health Plan, Inc.**

1700 N. University Drive  
Plantation, Florida, US 33322

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 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, 2013, through December 31, 2017.

The examination was a multi-state/coordinated holding company group 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, 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 April 3, 2007, and commenced business on February 1, 2009. It was licensed by OIR as a Health Maintenance Organization (“HMO”) on May 7, 2008, in accordance with Part 1 of Chapter 641, Florida Statutes.

### **Dividends**

In accordance with Section 641.365, Florida Statutes, the Company declared and paid dividends to its stockholders in 2021 in the amount of \$335,000,000.

### **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	\$10
Par value per share	\$0.01

The Company did not receive capital contributions in 2022.

### **Surplus Notes**

The Company did not have or issue any surplus notes during the period under examination.

### **Acquisitions, Mergers, Disposals, Dissolutions**

The Company entered into a merger agreement with an affiliate, WellCare of Florida, Inc. ("WCFL"), on September 30, 2021. The Company assumed responsibility for all liabilities and obligations, the title to all real estate and other property, and related interest owned by WCFL.

## **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:

<b>Directors</b>		
<b>Name</b>	<b>City, State</b>	<b>Principal Occupation, Company Name</b>
Nelson Leon Adams, MD, Chair	North Miami Beach, Florida	Physician, Metro-Miami OB/GYN Associates
Joseph William Gardam	Bartow, Florida	Retired Chief Executive Officer, Peace River Center for Personal Development, Inc.
Dr. Lanetta Bronte-Hall	Hollywood, Florida	President & Chief Executive Officer, Foundation For Sickle Cell Disease Research (FSCDR)
Nathan Thomas Landsbaum	Des Peres, Missouri	President & Chief Executive Officer, Sunshine Health
Rajiv Nanu Patel, MD <sup>(a)</sup>	Troy, Michigan	Chief Executive Officer, Physician, US Medical Management LLC
John Michael Prpich, MD	Tampa, Florida	Physician, Pediatric Pulmonary Specialists
Justin Michael Senior	Tallahassee, Florida	Chief Executive Officer, Lawyer, Safety Net Hospital Alliance of Florida
Charlene Gerring Zein	Plantation, Florida	Senior Vice President, Plan Product

(a) Resigned effective April 10, 2023.

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

<b>Senior Officers</b>		
<b>Name</b>	<b>City, State</b>	<b>Title</b>
Ray Bautista <sup>(a)</sup>	Miami Lakes, Florida	Treasurer
Tricia Lynn Dinkelman	Waterloo, Illinois	Vice President of Tax
Christopher Andrew Koster	St. Louis, Missouri	Secretary
Nathan Thomas Landsbaum	Des Peres, Missouri	President & Chief Executive Officer
Tamela Ivey Perdue	Tallahassee, Florida	Vice President

(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 are:

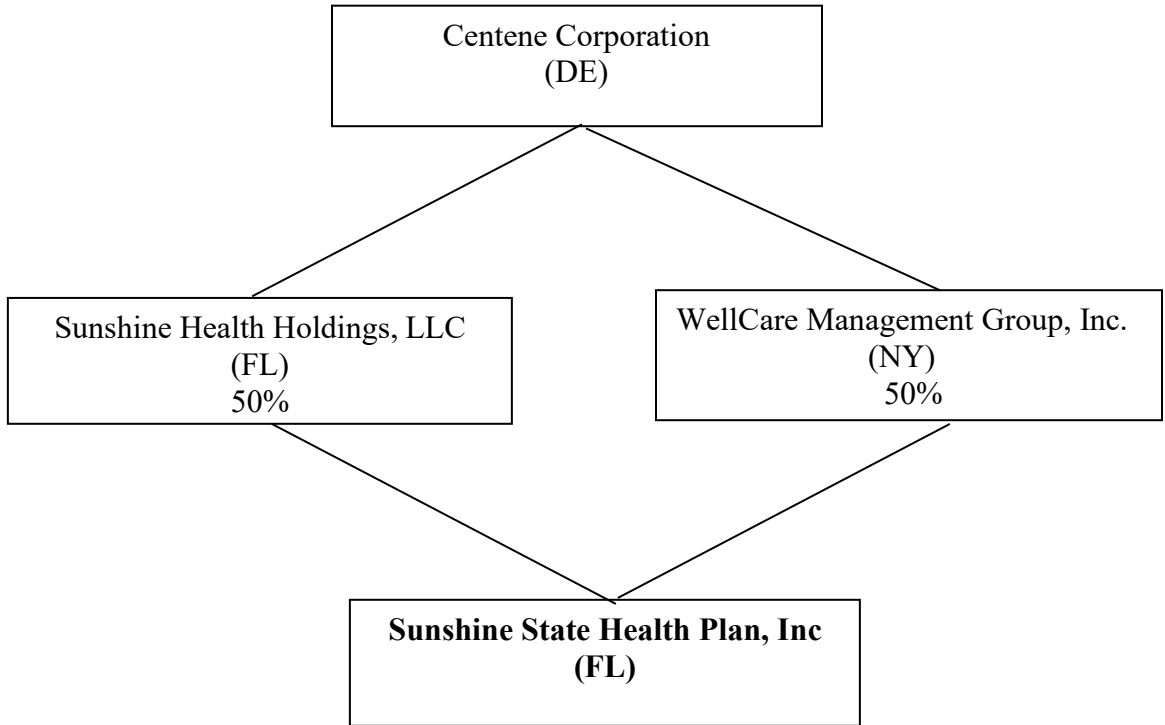
<b>Audit and Compliance Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
William Lewis Trubeck, Chair	Durango, Colorado	Retired Executive Vice President and Chief Financial Officer, H&R Block, Inc.
Jessica Landrus Blume	Sarasota, Florida	Retired Vice Chairman of Deloitte LLP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

### **Holding Company System**

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

**Sunshine State Health Plan, Inc.  
Simplified Organizational Chart**

**December 31, 2022**



## **AFFILIATED AGREEMENTS**

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

### **Tax Sharing Agreement**

The Company is party to a tax sharing agreement, with an effective date of December 31, 2002. An addendum adding the Company to the agreement was executed on April 9, 2009. The results of the Company's operations were included in the consolidated federal income tax return of Centene. Income taxes were allocated to the Company in accordance with the tax sharing agreement. The allocation was primarily on a separate company basis using a percentage method to allocate a tax asset for any benefit derived by the consolidated group for the member's losses or credits that offset consolidated taxable income. Each member shall pay to Centene, the Parent, the amount of tax liability or benefit within ninety (90) days of the date the Parent files its consolidated federal income tax return.

### **Management Agreement**

Effective September 1, 2008, the Company entered into a Management Agreement with Centene Management Company, LLC ("CMC"). Under the agreement, CMC provides program planning and development, management information systems, financial systems and services, claims administration, utilization review, and other important functions. The agreement continued through December 31, 2008, and extended automatically for an additional year through December 31, 2009, and shall continue to extend automatically for additional one (1) calendar year periods, unless otherwise terminated within the guidelines of the agreement. CMC management fees for 2022 were \$1,234,583,948.

### **Services Agreement**

Effective April 1, 2014, the Company entered into an agreement with U.S. Medical Management, LLC, ("USMM") to provide in-home health services. Effective January 6, 2020, the Company entered into an agreement with RMED, LLC dba Visiting Physician Association, a wholly owned subsidiary of U.S. Medical Management LLC. This agreement supersedes the April 1, 2014 agreement. There were no fees paid under this agreement for 2022.

## **Management Services Agreement**

The Company became a party to a Management Services Agreement between WCFL and Comprehensive Health Management, Inc. effective January 1, 2019. The Company assumed the agreement as a result of the merger with WCFL. Comprehensive Health Management, Inc. provides administrative and management services. There were no fees paid under this agreement for 2022.

## **Master Services and Disease Management Services Agreement**

The Company entered into a Master Services Agreement with Envolve PeopleCare, Inc. (formally NurseWise, LP) on September 1, 2008, to provide nurse-line triage and calling services. The Company also entered into a Disease Management Services Agreement with Envolve PeopleCare, Inc. (formally Nurtur Health, Inc.) on August 1, 2009, to provide Disease Management Services. In 2016, Nurtur Health, Inc. and NurseWise, LP merged and changed their name to Envolve PeopleCare, Inc. These two agreements were terminated effective January 1, 2022. There were no fees paid for 2022.

## **Pharmacy Benefit Management Services Agreement**

The Company entered into a Pharmacy Benefit Services Management Agreement with Envolve Pharmacy Solutions, Inc. on February 1, 2020, superseding any prior agreements, to provide pharmacy benefits management 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 incurred expenses in the amount of \$2,036,852,418 for 2022.

## **Vision Services Agreement**

The Company entered into a Vision Services Agreement with Envolve Vision of Florida, Inc. (formally known as OcuCare Systems, Inc.) on December 1, 2007, to provide vision management services. The term of this agreement shall be one (1) year and will be automatically renewed for successive one (1) year periods, unless either party notifies the other of its intent not to renew the Agreement. The Company reported medical expenses for 2022 in the amount of \$83,637,491.

### **Dental Services Agreement**

The Company entered into a Dental Services Agreement with Envolve Dental of Florida, Inc. (formally known as Envolve Dental, Inc.) on January 1, 2015, to provide dental services. The term of this agreement shall be one (1) year and will be automatically renewed for successive one (1) year periods, unless either party notifies the other in writing of its intent not to renew the Agreement. The latest amendment 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. The Company reported incurred medical expenses for 2022 in the amount of \$94,390,954.

### **Managed Care Agreement**

The Company entered into a Participating Provider Agreement with Access Medical Acquisitions, Inc. on April 1, 2017, to provide physician services. The term of this agreement shall be three (3) years and will automatically renew for successive one (1) year periods unless this Agreement is sooner terminated within the guidelines of this agreement. The latest amendment 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. The Company reported medical expenses for 2022 in the amount of \$30,772,760.

### **Master Services Agreement**

The Company entered into a Master Services Agreement with Interpreta, Inc. on November 18, 2016, to provide data analytics services. There were no fees paid under this agreement for 2022.

### **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 reported expenses of \$8,999,865 in 2022.

## **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 U.S. Bank National Association, Northern Trust, and Wells Fargo Advisors, executed on December 2, 2020, July 20, 2022, and June 1, 2015, respectively. The agreements 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 (2018 – 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 and Compliance 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 only operates in Florida offering Medicaid, Medicare Advantage health plans and prescription drug benefits to Medicare beneficiaries through the Medicare Part D Program. The Company participates in Florida Medicare programs under contracts with the State of Florida Agency for Health Care Administration, offers Special Needs Plan programs under a contract with Children's Medical Services, and offers Medicare Advantage under a contract with the Centers for Medicare and Medicaid Services ("CMS"). Effective January 1, 2022, the Company operates under a federally facilitated Marketplace contract with CMS. As of December 31, 2022, the Company reported 2,124,270 members.

## **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**

The Company had an excess of loss reinsurance agreement with PartnerRe America Insurance Company, effective January 1, 2022. The agreement has been in effect since January 1, 2017, and is renewable annually. The 2022 reinsurance agreement covers specified healthcare services in excess of \$5,000,000 per covered person, with a maximum limit of \$5,000,000.

## 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, 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 State Health Plan, Inc.

#### Assets

**December 31, 2022**

	Per Company
Bonds	1,779,975,678
Cash, cash equivalents and short-term investments	1,038,115,483
Other invested assets	34,497,204
Receivables for securities	13,740
Subtotal cash and invested assets	2,852,602,106
Investment income due and accrued	13,458,554
Premiums and considerations	
Uncollected premiums and agents' balances	523,516,083
Accrued retrospective premiums and contracts subject to redetermination	69,702,075
Other amounts receivable under reinsurance contracts	157
Amounts receivable relating to uninsured plans	21,117,226
Net deferred tax asset	14,344,007
Health care and other amounts receivable	69,963,385
FFE user fee receivable	191,870
<b>Totals</b>	<b>3,564,885,463</b>

**Sunshine State Health Plan, Inc.**  
**Liabilities, Capital and Surplus**  
**December 31, 2022**

	Per Company
Claims unpaid	1,595,826,361
Accrued medical incentive pool and bonus amounts	225,093,489
Unpaid claims adjustment expenses	19,246,580
Aggregate health policy reserves	204,888,970
Premiums received in advance	5,399,733
General expenses due or accrued	54,354,120
Current federal and foreign income tax payable	5,142,525
Ceded reinsurance premiums payable	803,726
Amounts due to parent, subsidiaries and affiliates	28,515,536
Liability for amounts held under uninsured plans	51,141,686
Aggregate write-ins for other liabilities	9,544,111
<b>Total liabilities</b>	<b>2,199,956,837</b>
Common capital stock	10
Gross paid-in and contributed surplus	546,519,888
Unassigned funds (surplus)	818,408,731
<b>Total capital and surplus</b>	<b>1,364,928,629</b>
<b>Total liabilities, capital and surplus</b>	<b>3,564,885,466</b>

**Sunshine State Health Plan, Inc.**  
**Statement of Revenue and Expenses**  
**December 31, 2022**

	Per Company
Net premium income	14,265,802,528
Total revenues	14,265,802,528
Hospital and Medical:	
Hospital/medical benefits	8,257,421,054
Other professional services	312,714,833
Emergency room and out-of-area	608,205,955
Prescription drugs	2,114,303,560
Incentive pool, withhold adjustments and bonus amounts	368,955,170
Subtotal	11,661,600,572
Less:	
Net reinsurance recoveries	-
Total hospital and medical	11,661,600,572
Claims adjustment expenses	107,609,166
General administrative expenses	2,181,835,805
Total underwriting deductions	13,951,045,543
Net underwriting gain or (loss)	314,756,985
Net investment income earned	59,529,279
Net realized capital gains (losses) less capital gains tax	(950,122)
Net investment gains (losses)	58,579,157
Net gain or (loss) from agents or premium balances charged off	(910,751)
Aggregate write-ins for other income or expenses	(20,493,514)
Net income or (loss) after capital gains tax and before all other federal income taxes	351,931,877
Federal and foreign income taxes incurred	74,665,849
Net Income (loss)	277,266,028

**Statement of Revenue and Expenses (continued):**

	Per Company
<b>Capital and Surplus Account</b>	
Capital and surplus, prior reporting year	1,074,579,699
Net Income	277,266,028
Change in net unrealized capital gains (losses) less capital gains tax	(2,246,600)
Change in net deferred income tax	(4,825,027)
Change in nonadmitted assets	20,154,529
Net change in capital and surplus	290,348,930
Capital and surplus, end of reporting year	1,364,928,629

**Sunshine State Health Plan, Inc.**  
**Reconciliation of Capital and Surplus**  
**December 31, 2022**

<b>Capital/Surplus Change during Examination Period</b>			
Capital and Surplus at December 31, 2017, per Examination			368,532,037
	Increase	Decrease	
Net income (loss)	954,681,233		
Change in net unrealized capital gain (loss)		2,962,250	
Change in net deferred income tax		16,584,690	
Change in nonadmitted assets	69,279,306		
Paid in surplus	6,500,000		
Dividends to stockholders		335,000,000	
Transferred to surplus, merger with WCFL	320,482,992		
Net increase (or decrease)			996,396,592
Capital and Surplus at December 31, 2022, per Examination			1,364,928,629

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**

Xiaoe (Linda) Liu, Senior Director, Reserve Review Team, Actuarial Services, Centene Corporation 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, Margaret Hermann, FSA, MAAA of INS Consultants, Inc., reviewed the loss and loss adjustment expense work papers provided by the Company. She is in concurrence with this opinion.

#### **Capital and Surplus**

The amount of capital and surplus reported by the Company of \$ 1,364,928,629 exceeded the minimum of \$ 427,974,076 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 Centene Venture Company Florida 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, Margaret McCrary, CFE, CPA, MBA, Chief Financial Examiner Life and Health Financial Oversight, and Mary Gitari, APIR, MBA, Participating Examiner.

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