



Mississippi Insurance Department

Report of Examination

of

WELLCARE OF MISSISSIPPI, INC.

as of

December 31, 2018

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EXAMINER'S AFFIDAVIT AS TO STANDARDS AND PROCEDURES USED IN AN EXAMINATION

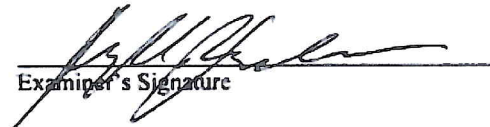
State of Illinois,

County of Cook,

Katerina Bolbas, being duly sworn, states as follows:

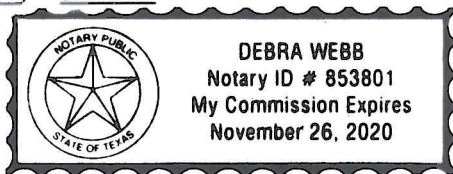
1. I have authority to represent the Mississippi Insurance Department in the examination of WellCare of Mississippi, Inc. as of December 31, 2018.
2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of WellCare of Mississippi, Inc. was performed in a manner consistent with the standards and procedures required by the National Association of Insurance Commissioners and the Mississippi Insurance Department.

The affiant says nothing further.


Examiner's Signature

Subscribed and sworn before me by Katerina Bolbas on this 1st day of June, 2020.

(SEAL)



Debra Webb
Notary Public

My commission expires 11-26-2020 [date].



MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of
Insurance

MISSISSIPPI INSURANCE DEPARTMENT

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May 1, 2020

Honorable Mike Chaney
Commissioner of Insurance
Mississippi Insurance Department
1001 Woolfolk Building
501 North West Street
Jackson, Mississippi 39201

Dear Commissioner Chaney:

Pursuant to your instructions and authorization and in compliance with statutory provisions, an examination has been conducted, as of December 31, 2018, of the affairs and financial condition of:

WELLCARE OF MISSISSIPPI, INC.

4780 I-55 North, Suite 450
Jackson, MS 39211

License #	NAIC Group #	NAIC #	FEETS#	MATS#
1700016	1199	16329	16329-MS-2018-4	N/A

This examination was commenced in accordance with Miss. Code Ann. § 83-5-201 *et seq.* and § 83-41-337. The examination was performed in Jackson, Mississippi, at the main administrative home office of the Company. The report of examination is herewith submitted.

SCOPE OF EXAMINATION

We have performed our full-scope, single state examination of WellCare of Mississippi, Inc. (“Company”). This is the first examination of the Company. This examination covers the period February 21, 2017, through December 31, 2018.

We conducted our examination in accordance with the NAIC *Financial Condition Examiners Handbook*. The Handbook requires that we plan and perform the examination 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 Statutory Accounting Principles. 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 significant findings of fact, in accordance with Miss. Code Ann. § 83-5-209 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

COMMENTS AND RECOMMENDATIONS OF PREVIOUS EXAMINATION

This is the first examination of the Company and therefore, there was no previous examination report.

HISTORY OF THE COMPANY

The Company is a Mississippi domestic stock Health Maintenance Organization (HMO) insurance company. The Company was licensed as an HMO on January 30, 2018 under the laws of the State of Mississippi. The Company was formed for purposes of contracting with the Mississippi Division of Medicaid as a participating insurer providing services to the Mississippi Medicaid beneficiaries who participate in the MississippiCAN program.

The authorized stock of the Company at the time of incorporation was 1,000 shares of common stock; par value \$1 per share. At December 31, 2018, the Company had 100 shares issued and

outstanding to its immediate parent, The WellCare Management Group, Inc.

CORPORATE RECORDS

The minutes of the meetings of Stockholders and Board of Directors (“Board”), regarding the Company’s business affairs as recorded during the period covered by the examination, were reviewed and appeared to be complete and in order with regard to recording action on matters brought up at the meetings for deliberation.

MANAGEMENT AND CONTROL

Board of Directors

The Articles of Incorporation and Bylaws vest the management and control of the Company’s business affairs with the Board. The members of the duly elected Board, along with their place of residence, number of years as Director, and principal occupation, at December 31, 2018, were as follows:

Name and Residence	Year Elected/Appointed	Principal Occupation
Andrew Lynn Asher Tampa, Florida	2017	Executive Vice President and Chief Financial Officer of WellCare Health Plans, Inc.
Michael Troy Meyer Lutz, Florida	2017	Vice President and Chief Accounting Officer of WellCare Health Plans, Inc.
Mark Leenay St. Petersburg, Florida	2017	Executive Vice President and Chief Medical Officer of WellCare Health Plans, Inc.

Committees

Pursuant to Section 14 of the Model Audit Rule, the Company designated the WellCare’s Audit Committee to be the Audit Committee for the Company. The following directors served on the Audit Committee at December 31, 2018:

Name and Residence	Year Elected/Appointed	Principal Occupation
Andrew Lynn Asher Tampa, Florida	2017	Executive Vice President and Chief Financial Officer of WellCare Health Plans, Inc.

Michael Troy Meyer Lutz, Florida	2017	Vice President and Chief Accounting Officer of WellCare Health Plans Inc.
Bobby Jindal Baton Rouge, Louisiana	2018	Former Governor of Louisiana
Christian P. Michalik Riverside, Connecticut	2002	Managing Director, Kinderhook Industries
William L. Trubeck Durango, Colorado	2010	Former CFO of H&R Block, Inc.
Kathleen Walsh Boston, Massachusetts	2018	President and CEO of Boston Medical Center
Paul E. Weaver Naples, Florida	2010	Former Vice Chairman, PricewaterhouseCoopers, LLP

Officers

Name	Year Elected/Appointed	Title
Frederic Joseph McGrath	2018	President
Michael Troy Meyer	2018	Vice President, Chief Financial Officer, Corporate Controller and Treasurer
Mark Leenay	2018	Vice President, Chief Medical Officer
Michael W. Haber	2018	Vice President, Secretary

Conflict of Interest

The Company has formal procedures whereby disclosure was made to the Board of any material interest or affiliation on the part of any officer or director that is, or would likely be, a conflict with their official duties. These procedures were reviewed, and no conflicts or exceptions to the Company's policies were noted.

HOLDING COMPANY STRUCTURE

The Company is a member of an insurance holding company system as defined in Miss. Code Ann. § 83-6-1. Holding Company Registration Statements were filed during the examination period with the MID in accordance with Miss. Code Ann. § 83-6-5 and § 83-6-9. The statements and applicable amendments that were filed with the MID during the examination period were reviewed and it appeared that any changes and material transactions by and between the Company and its affiliates were appropriately disclosed.

Organizational Chart

A simplified organizational chart as of December 31, 2018, reflecting the holding company system, is shown below. Schedule Y of the Company's 2018 annual statement provided a list of all related companies of the holding company group.

	<u>Domiciliary State/Country</u>
WellCare Health Plans, Inc.	DE
WCG Health Management, Inc.	DE
The WellCare Management Group, Inc.	NY
WellCare of Mississippi, Inc.	MS

Parent and Affiliated Companies

The ultimate controlling person in the insurance holding company system is WellCare Health Plans, Inc. ("WHP"), a Delaware publicly-traded company. The Company was wholly owned by The WellCare Management Group, Inc., which was an indirect subsidiary of WHP. WHP was a leading provider of managed care services to government-sponsored health care programs, focusing on Medicaid and Medicare. Headquartered in Tampa, Florida, WHP provided a variety of health plans for families, children, and the aged, blind, and disabled, as well as prescription drug plans.

Affiliated and Related Party Transactions

Financial Guaranty

Effective March 29, 2017, the Company entered into a Parental Guaranty with WHP that guarantees that the Company will maintain net worth at or above the Mississippi statutory minimum levels of \$1,500,000 or risk-based capital, whichever is greater as required by Miss. Code Ann. § 83-41-325.

Tax Allocation Agreement

The Company was party to a consolidated tax returns with WHP and each of its subsidiaries pursuant to a Tax Allocation Agreement, dated as of August 1, 2002 and amended November 18, 2004, August 21, 2006, October 12, 2010, January 1, 2014, August 1, 2015, and January 1, 2017 (the "Tax Allocation Agreement"). While the Company was in the licensure process, WHP entered into a sixth amendment to the Tax Allocation Agreement, effective January 1, 2017 (the "Sixth Amendment"). Subsequent to the Sixth Amendment, the organization decided to amend and restate the Tax Allocation Agreement to include the Company with an effective date of January 1, 2018.

FIDELITY BOND AND OTHER INSURANCE

The Company's parent company, WellCare Health Plans, Inc., maintained a fidelity bond in the amount of \$10 million single loss limit of liability, which met the NAIC's suggested minimum amount for fidelity coverage. WellCare Health Plans, Inc. had additional coverage, including general liability, auto, umbrella and workers' compensation.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company did not have any direct employees, nor did it provide any benefits or welfare programs for its officers or directors.

TERRITORY AND PLAN OF OPERATION

During 2018, the Company had no operations. The Company applied to pursue contracts with the Mississippi Division of Medicaid relating to the state-sponsored programs such as Medicaid, CHIP, and MississippiCAN program. The Company was not awarded a contract, which resulted in the Company not being operational at December 31, 2018. The Company anticipates additional opportunities will develop over the next year and is also considering opportunities in the state to offer a Medicare Advantage product in either 2020 or 2021.

GROWTH OF COMPANY

The review of the growth of the Company was performed based on balances reported in the annual statements filed with the MID during the period under examination.

	2018	2017
Total admitted assets	\$2,014,592	\$2,004,998
Total liabilities	\$1,373	\$488
Total capital and surplus	\$2,013,219	\$2,004,510
Members enrolled	0	0
Total revenues	\$0	\$0
Net underwriting gain (loss)	(\$611)	(\$251)
Net investment income	\$13,196	\$8,048
Net Income	\$9,944	\$5,071

REINSURANCE

The Company did not have any ceded or assumed reinsurance contracts during the examination period.

ACCOUNTS AND RECORDS

The 2018 trial balance of the Company's accounts were traced to the balance sheet of the Company's statutory annual statement filed with the MID, with no exceptions noted. For the year ended December 31, 2018, the Company received exemption from the Commissioner of Insurance for the filing of the 2018 Audited Annual Financial Statements, per the Miss. Code Ann. § 83-5-104.

The Company utilized a blended platform of its operating system for the processing of its records. The Company maintained supporting documentation that was reviewed during the examination as applicable.

STATUTORY DEPOSITS

The Company's statutory deposits with the state of Mississippi complied with Miss. Code Ann. § 83-41-325(5). The following chart displays the Company's statutory deposits held at December 31, 2018:

<u>Description of Security</u>	<u>Par Value</u>	<u>Fair Value</u>
Cash Equivalent	\$2,833	\$2,833
US Treasury Note, 1.0%, 11/15/2019	\$525,000	\$517,617
Total	<u>\$527,833</u>	<u>\$520,450</u>

FINANCIAL STATEMENTS

Introduction

The financial statements consist of a Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2018, a Statement of Revenue and Expenses for the year ended December 31, 2018, and a Reconciliation of Capital and Surplus for the examination period ended December 31, 2018.

The following financial statements are based on the statutory financial statements filed by the Company with the Mississippi Insurance Department and present the financial condition of the Company for the period ending December 31, 2018.

**STATEMENT OF ASSETS, LIABILITIES, SURPLUS AND OTHER FUNDS
DECEMBER 31, 2018**

ASSETS

Bonds	\$517,292
Cash, cash equivalents, and short-term investments	1,496,400
Investment income due and accrued	687
Net deferred tax asset	213
Total Assets	\$2,014,592

LIABILITIES, CAPITAL AND SURPLUS

General expenses due or accrued	\$362
Current federal and foreign income tax payable and interest thereon	1,011
Total Liabilities	\$1,373
Common capital stock	\$100
Gross paid in and contributed surplus	1,998,906
Unassigned funds (surplus)	14,213
Surplus as regards policyholders	\$2,013,219
Total liabilities and surplus	\$2,014,592

**STATEMENT OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2018**

Member months	0
Revenues	
Net premium income	\$0
Total Revenue	\$0
Expenses	
Hospital/medical benefits	\$0
Other professional services	0
Emergency room and out-of-area	0
Prescription drugs	0
Net reinsurance recoveries	0
Total hospital and medical	\$0
Claims adjustment expenses	\$0
General administrative expenses	611
Total underwriting deductions	\$611
Net underwriting gain or (loss)	(\$611)
Net investment income earned	\$13,196
Net investment gain (losses)	\$13,196
Net income or (loss) after capital gains and before income tax	\$12,585
Federal and foreign income taxes incurred	2,641
Net Income (loss)	\$9,944

**RECONCILIATION OF CAPITAL AND SURPLUS
FOR EXAMINATION PERIOD ENDED DECEMBER 31, 2018**

	2018	2017
Capital and Surplus, December 31, prior year	\$2,004,510	\$0
Net Income	9,944	5,071
Change in net deferred income tax	(220)	433
Change in non-admitted assets	(1,015)	-
Capital Changes: Paid in	-	100
Surplus Adjustments: Paid in	-	1,998,906
Capital and Surplus, December 31, current year	\$2,013,219	\$2,004,510

**RECONCILIATION OF EXAMINATION ADJUSTMENTS TO SURPLUS
DECEMBER 31, 2018**

As a result of this examination, there have been no changes made to the admitted assets, liabilities, and surplus balance reported by the Company in the December 31, 2018 annual statement as filed with the MID. The capital and surplus reported by the Company of \$2,013,219 is accepted as reasonably stated for purposes of the balance sheet per the examination. The Company's net worth, as determined by the examination, was in compliance with Miss. Code Ann. § 83-41-325(2).

COMMITMENTS AND CONTINGENT LIABILITIES

At December 31, 2018, the Company was involved, through its Parent, as a defendant in various litigation matters arising during normal business activities. Although the outcome of such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions should not have a material adverse effect on the surplus of the Company.

SUBSEQUENT EVENTS

Effective January 23, 2020, Mark Leenay resigned as a Director and was replaced by Sean P. Kendall.

On March 26, 2019, WellCare Health Plans, Inc. (“WHP”) entered into an Agreement and Plan of Merger (Merger Agreement) with Centene Corporation (“Centene”), Wellington Merger Sub I, Inc. (Merger Sub I) and Wellington Merger Sub II, Inc. (Merger Sub II). Pursuant to the Merger Agreement, and subject to the terms and conditions thereof, Centene will acquire all of the outstanding shares of WHP through a series of transactions in which (i) Merger Sub I will merge with and into WHP (First Merger), with WHP surviving as a direct, wholly owned subsidiary of Centene and (ii) immediately after the effective time of the First Merger, WHP will merge with and into Merger Sub II continuing as the surviving corporation. Subject to the terms and conditions set forth in the Merger Agreement, WHP’s stockholders will receive cash and shares of Centene. Effective January 23, 2020, Centene completed the acquisition of WHP.

Effective June 21, 2019, Frederic Joseph McGrath resigned as President and was replaced by Michael Warren Haber as Interim President and Secretary.

Beginning in December, 2019 in China and progressing to the United States in March, 2020, the coronavirus (SARS-CoV-2) also known as COVID-19 reached pandemic status on March 11, 2020 per the World Health Organization (WHO). In efforts to slow the spread of COVID-19, the Federal Government along with various state governments and local municipalities have strongly encouraged and/or mandated work, school and travel restrictions along with mass “non-essential” business shutdowns. These actions have brought the US economy to at or near a grinding halt. As a result, the US Stock Market has experienced significant deterioration. At the exam report date, the extent of short and long term detrimental impact upon insurers, particularly life and health insurers, as well as the US and global economy as a whole, remains unknown

COMMENTS AND RECOMMENDATIONS

The examination did not identify any material comments and/or recommendations deemed appropriate for inclusion in the examination report.

ACKNOWLEDGMENT

The examiners representing the Mississippi Insurance Department and participating in this examination were:

Examiner-in-charge: Kate Bolbas, CFE

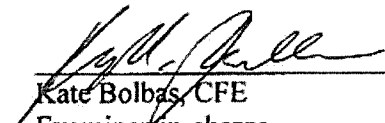
Examiner: Ryne Davison, CFE

Supervising Examiner: Neeraj Gupta, CFE


Department Designee: Mark Cooley, CFE

The courteous cooperation of the officers and employees responsible for assisting in the examination is hereby acknowledged and appreciated.

Respectfully submitted,



Kate Bolbas, CFE
Examiner-in-charge



Mark Cooley, CFE
Mississippi Insurance Department Designee