



MISSISSIPPI INSURANCE DEPARTMENT

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

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JACKSON, MISSISSIPPI 39201
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DAVID BROWNING
Deputy Commissioner of Insurance

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August 27, 2024

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

**Mr. Aaron Sisk, President
Ambetter of Magnolia, Inc.
1020 Highland Colony Parkway
Ridgeland, MS 39157**

RE: Report of Examination as of December 31, 2022

Dear Mr. Sisk:

In accordance with Miss. Code Ann. §§ 83-5-201 et seq. and 83-41-337(1) (Rev. 2011), an examination of your Company has been completed. Enclosed herewith is the Order adopting the report and a copy of the final report as adopted.


Pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011), the Mississippi Department of Insurance shall continue to hold the content of said report as private and confidential for a period of ten (10) days from the date of the Order. After the expiration of the aforementioned 10-day period, the Department of Insurance will open the report for public inspection.

If you have any questions or comments, please feel free to contact me.

Sincerely,

MIKE CHANEY
COMMISSIONER OF INSURANCE

BY


Christina J. Kelsey
General Counsel

MC/CK/de
Encls. Order w/exhibit

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF MISSISSIPPI**

**RE: REPORT OF EXAMINATION OF
 AMBETTER OF MAGNOLIA, INC.**

CAUSE NO. 24-7918

ORDER

THIS CAUSE came on for consideration before the Commissioner of Insurance of the State of Mississippi ("Commissioner"), or his designated appointee, in the Offices of the Commissioner, 1001 Woolfolk Building, 501 North West Street, 10th Floor, Jackson, Hinds County, Mississippi, pursuant to Miss. Code Ann. §§ 83-5-201 et seq. and 83-41-337(1) (Rev. 2011). The Commissioner, having fully considered and reviewed the Report of Examination together with any submissions or rebuttals and any relevant portions of the examiner's work papers, makes the following findings of fact and conclusions of law, to-wit:

JURISDICTION

I.

That the Commissioner has jurisdiction over this matter pursuant to the provisions of Miss. Code Ann. §§ 83-5-201 et seq. and 83-41-337(1) (Rev. 2011).

II.

That Ambetter of Magnolia, Inc. is a Mississippi-domiciled health maintenance organization ("HMO") which was initially certified as an HMO by the Mississippi State Department of Health on May 13, 2015.

FINDINGS OF FACT

III.

That the Commissioner, or his appointee, pursuant to Miss. Code Ann. §§ 83-5-201 et seq. and 83-41-337(1) (Rev. 2011), called for an examination of Ambetter of Magnolia, Inc. and appointed Ryne Davison, Examiner-In-Charge, to conduct said examination.

IV.

That on or about June 11, 2024, the draft Report of Examination concerning Ambetter of Magnolia, Inc. for the period of January 1, 2018 through December 31, 2022, was submitted to the Mississippi Department of Insurance by Examiner-In-Charge, Ryne Davison.

V.

That on or about August 7, 2024, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 2011), the Department forwarded to the Company a copy of the draft report and allowed the Company a 15-day period to submit any rebuttal to said draft. On or about August 16, 2024, the Company responded by email.

CONCLUSIONS OF LAW

VII.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 2011), must consider and review the report along with any submissions or rebuttals and all relevant portions of examiner work papers and enter an Order: (1) adopting the Report of Examination as final or with modifications or corrections; (2) rejecting the Report of Examination with directions to reopen; or (3) calling for an investigatory hearing.

IT IS, THEREFORE, ORDERED, after reviewing the draft Report of Examination and all relevant examiner work papers, that the draft Report of Examination of Ambetter of Magnolia, Inc., attached hereto as Exhibit "A", should be and same is hereby adopted as final.

IT IS FURTHER ORDERED that a copy of the adopted Report of Examination, accompanied with this Order, shall be served upon the Company by certified mail, postage prepaid, return receipt requested.

IT IS FURTHER ORDERED that the Mississippi Department of Insurance shall continue to hold the content of this report as private and confidential information for a period of ten (10) days from the date of this Order, pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 2011), that within thirty (30) days of the issuance of the adopted report, Ambetter of Magnolia, Inc. shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

IT IS FURTHER ORDERED that Ambetter of Magnolia, Inc. take the necessary actions and implement the necessary procedures to ensure that all recommendations contained in the Report of Examination are properly and promptly complied with.

SO ORDERED, this the 27th day of August 2024.



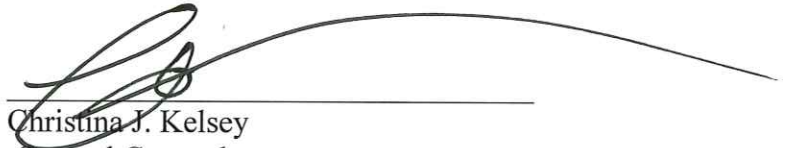


DAVID BROWNING
DEPUTY COMMISSIONER OF INSURANCE

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above and foregoing Order and a copy of the final Report of Examination, as adopted by the Mississippi Department of Insurance, was sent by certified mail, postage pre-paid, return receipt requested, on this the 27th day of August 2024, to:

**Mr. Aaron Sisk, President
Ambetter of Magnolia, Inc.
1020 Highland Colony Parkway
Ridgeland, MS 39157**



Christina J. Kelsey
General Counsel

Christina J. Kelsey
General Counsel
Counsel for the Mississippi Department of Insurance
Post Office Box 79
Jackson, MS 39205-0079
(601) 359-3577
Miss. Bar No. 9853



Mississippi Insurance Department

Report of Examination

of

AMBETTER OF MAGNOLIA, INC.

as of

December 31, 2022

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


State of NEBRASKA,

County of GARDEN,

RYNE DAVISON, being duly sworn, states as follows:

1. I have authority to represent the Mississippi Insurance Department in the examination of Ambetter of Magnolia, Inc. as of December 31, 2022.
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 Ambetter of Magnolia, 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.

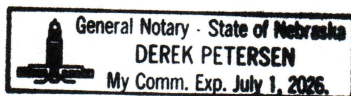
The affiant says nothing further.




Examiner's Signature

Subscribed and sworn before me by RYNE DAVISON on this 23rd day of August, 2024.

(SEAL)





Notary Public

My commission expires July 1, 2026 [date].



MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

DAVID BROWNING
Deputy Commissioner of
Insurance

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July 19, 2024

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, 2022, of the affairs and financial condition of:

AMBETTER OF MAGNOLIA, INC.

1020 Highland Colony Parkway
Ridgeland, MS 39157

License #	NAIC Group #	NAIC #	FEETS#	MATS#
1400016	1295	15762	15762-MS-2022-12	MS-MS099-56

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, MS, at the main administrative home office of the Company. The report of examination is herewith submitted.

SCOPE OF EXAMINATION

We have performed a full scope, single state risk-focused financial examination of Ambetter of Magnolia, Inc. (“Company”) as part of a coordinated examination on the part of the lead state of Texas. The last examination covered the period May 13, 2015 through December 31, 2017. This examination covers the period January 1, 2018 through December 31, 2022.

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 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

There were no comments and/or recommendations deemed necessary for purposes of the 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 a HMO on May 13, 2015 and commenced business on May 13, 2015 under the laws of the State of Mississippi. The Company was formed for purposes of providing individual health plans to enrollees in the individual commercial market on the Health Insurance Marketplace in Mississippi.

The authorized stock of the Company at the time of incorporation was 3,000 shares of common

stock; par value \$1 per share. At December 31, 2022, the Company had 1,000 shares issued and outstanding to its immediate parent, Celtic Insurance Company.

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, and principal occupation, at December 31, 2022, were as follows:

Name and Residence	Principal Occupation
Aaron Riley Sisk, Chairman Madison, Mississippi	President & Chief Executive Officer Ambetter of Magnolia, Inc.
William Michael Simpson Ridgeland, MS	Vice President, Government Relations and Communications
Mark David Sanders Austin, TX	SVP Markets, Centene

Committees

Pursuant to Section 14 of the Model Audit Rule, the Company designated the Centene’s Audit Committee to be the Audit Committee for the Company. The following members served on the Audit Committee at December 31, 2022:

Audit Committee
William L. Trubeck, Chair
Orlando Ayala
Jessica L. Blume
Christopher J. Coughlin
Wayne S. DeVeydt

Theodore Samuels

Officers

The following officers were duly elected by the Board and were serving as officers of the Company, as of December 31, 2022:

Name	Title
Aaron Sisk	President & Chief Executive Officer
Lauren Niebruegge	Vice President and Treasurer
Chirstopher Andrew Koster	Secretary
Tricia Lynn Dinkelman	Vice President of Tax

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, 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.

	<u>Domiciliary State/Country</u>
Centene Corporation	DE
Envolve Holdings, Inc.	DE

Cenpatico Behavioral Health, LLC	CA
Envolve PeopleCare, Inc.	DE
Centene Pharmacy Services, Inc.	DE
Envolve Benefit Options	DE
Envolve Vision Benefits, Inc.	DE
Envolve Dental, Inc.	DE
Magellan Health, Inc.	DE
Magellan Healthcare, Inc.	DE
National Imaging Associates, Inc.	DE
Centene Management Company, LLC	WI
Celtic Group, Inc.	DE
Celtic Insurance Company	IL
Ambetter of Magnolia	MS

Parent and Affiliated Companies

The following is information concerning the Company's affiliates and subsidiary:

Centene Corporation: This is a Delaware stock corporation, and is the ultimate controlling company of the insurance holding company group. Centene Corporation is a multi-line healthcare enterprise that serves as a major intermediary for both government-sponsored and privately insured health care programs. The main lines of Centene include Medicare, Medicaid, The Health Insurance Marketplace System, Tricare, as well as traditional commercial insurance. Centene also contracts with other healthcare and commercial organizations to provide specialty services, including behavioral health care services, case management software, correctional insurance, in-home health services, life and health management, vision, pharmacy benefits management, and telehealth services.

Envolve PeopleCare, Inc.: This company, a subsidiary of Envolve Holdings LLC, and a wholly owned subsidiary of Centene Corporation, provided certain administrative support services to and on behalf of health maintenance organizations and other health care providers.

Envolve Vision, Inc.: This company, a subsidiary of Envolve Benefits Options, Inc., and a wholly owned subsidiary of Centene Corporation, provides covered vision care services through participating providers.

Centene Management Company LLC: This company, a wholly owned subsidiary of Centene Corporation, provides certain administrative and management services to and on behalf of health maintenance organizations and other health care providers.

Centene Pharmacy Services, Inc.: This company, a subsidiary of Envolve Holdings LLC, and a wholly owned subsidiary of Centene Corporation, provides administrative services for the delivery of pharmacy benefits.

Cenpatco Behavioral Health, LLC: This company, a subsidiary of Envolve Holdings, LLC and a wholly owned subsidiary of Centene Corporation, coordinates covered behavioral health and home behavioral health services through participating providers.

Envolve Dental Inc.: This company, a subsidiary of Envolve Benefits Options, Inc., and a wholly owned subsidiary of Centene Corporation, provides and coordinates covered dental care services through participating providers.

National Imaging Associates, Inc.: This company, formerly a subsidiary of Magellan Health, Inc., and a wholly owned subsidiary of Centene Corporation, provides radiology management services to the Company. Effective January 2023, Centene Corporation divested its controlling interest in this company.

Affiliated and Related Party Transactions

Management Agreement

Effective January 1, 2015, the Company entered into a Management Agreement with Centene Management Company, LLC (CMC) whereby CMC provided program planning and development services, a management information system, financial systems and services, claims administration, provider and enrollee services and records, utilization review, and quality assurance. The Company paid 14.5% of its revenues to CMC for the above referenced services. In addition to above noted expenses, the Company was liable for other expenses incurred by the Company or on its behalf including, but not limited to travel, payment to providers and suppliers, fees and expenses associated with audits, including external audits, preparation of the Company's tax returns, expenses for legal, actuarial and other consulting services, advertising, and all licensing and certification fees. Effective January 1, 2023, the agreement was amended and restated.

Pharmacy Benefit Management Agreement

Effective January 1, 2022, the Company became a party to a Pharmacy Benefit Management agreement with Centene Pharmacy Services, Inc. (f/k/a Envolve Pharmacy Solutions, Inc.), in which Centene Pharmacy Services, Inc. provided the management and delivery of pharmacy benefits to the Company eligible enrollees. Services included, but were not limited to claims processing, eligibility management, benefits management, utilization management, pharmacy network management, and call center services. Duration of the agreement was for one year, and shall be automatically renewed for successive one year periods. This agreement was amended and restated as an Administrative Pharmacy Services Agreement effective January 1, 2023.

Disease Management Program Services Agreement

Effective January 1, 2014, the Company entered into a Disease Management Program Services Agreement with Envolve PeopleCare, Inc. These services included individualized education programs and member interactions, which were conducted through a combination of telephonic, in-home and printed materials. The programs varied based on disease state and level of acuity of

the members' illness or risk status. The agreement shall renew automatically for successive one-year renewal terms. The agreement terminated as of January 1, 2022.

Services Agreement

Effective January 1, 2011 the Company entered into Services Agreement with Envolve PeopleCare, Inc. The services primarily consisted of utilizing professional registered nurses to provide health information and advice to enrolled members during designated hours of operation. Initial term of the agreement was one year, and shall automatically renew for additional terms of one year unless terminated. The agreement terminated as of January 1, 2022.

Vision Services Agreement and Delegated Services Agreement

Effective July 1, 2015, the Company entered into a Vision Services Agreement with Envolve Vision, Inc. Under the terms of this agreement, Envolve Vision, Inc. agreed to provide or arrange for the provision of covered vision care services to the Company's enrolled members. The same parties also entered into a Delegated Services Agreement under the Original Agreement, under which OptiCare Vision Company, Inc. agreed to provide quality improvement, utilization management, case management, benefit administration, claims adjudication and provider payment, network development and maintenance, and provider credentialing with respect to Vision care covered by the Company. Initial term of this agreement was one year, and shall be automatically renewed for successive one year periods.

Dental Services Agreement

Effective January 1, 2016, the Company entered into a Dental Services Agreement with Envolve Dental, Inc. The services primarily consisted of providing dental benefit services eligible Medicare Advantage – Part D enrollees. Initial term of the agreement was one year, and shall automatically renew for additional terms of one year unless terminated.

Radiology Services Agreement

Effective January 1, 2018, the Company entered into a Radiology Services Agreement with National Imaging Associates, Inc. The services primarily consisted of providing management and administrative services in support of the Company's radiology benefits management. Initial term of the agreement was one year, and shall automatically renew for additional terms of one year unless terminated. National Imaging Associates, Inc. became an affiliate in January 2022 after the acquisition of its parent company by Centene Corporation, ultimate parent of the Company. Centene divested its controlling interest in National Imaging Associates in January 2023.

Tax Allocation Agreement

The Company was also a party to a Tax Sharing Agreement with Centene Corporation and its subsidiaries. Tax liability was allocated to each subsidiary based on the subsidiary's contribution to consolidated taxable income. Within 90 days of the return filing date, a subsidiary shall pay to Parent, or Parent to a subsidiary, an amount equal to the difference between consolidated tax reflected on the pro-forma Federal tax return and the aggregate amount of the estimated installments of the respective consolidated tax.

FIDELITY BOND AND OTHER INSURANCE

The Company's parent company, Centene Corporation, 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. Centene Corporation 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

The Company was licensed in the State of Mississippi to provide individual health plans to enrollees in the individual commercial market on the Health Insurance Marketplace. The Company is required to provide such services to residents throughout the State of Mississippi.

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.

	2022	2021	2020	2019	2018
Total admitted assets	\$199,539,682	\$172,719,880	\$162,910,897	\$154,240,386	\$136,872,489
Total liabilities	\$88,773,748	\$82,203,350	\$88,949,716	\$87,942,120	\$78,110,657
Total capital and surplus	\$110,765,933	\$90,516,530	\$73,961,180	\$66,298,266	\$58,761,833
Members enrolled	107,210	77,166	78,612	68,543	59,438
Total revenues	\$757,038,524	\$568,986,317	\$592,038,098	\$527,996,695	\$493,782,322
Net underwriting gain (loss)	\$32,758,402	\$20,269,901	\$18,181,337	\$6,927,662	\$51,941,147
Net investment income	\$2,141,265	\$1,868,784	\$1,809,264	\$3,283,068	\$1,534,813
Net Income	\$26,823,412	\$17,188,072	\$10,991,623	\$7,550,566	\$40,337,717

REINSURANCE

Assumed

The Company did not assume any business during the examination period.

Ceded

Effective January 1, 2022, the Company had a reinsurance agreement with PartnerRe America Insurance Company, for the calendar year 2022, to reinsure on an excess of loss basis of \$5,000,000 up to \$5,000,000 maximum per covered person. Covered expenses for hospital inpatient services included acute care services, long-term acute care hospital and sub-acute care services (extended care services, skilled nursing, rehabilitation).

ACCOUNTS AND RECORDS

The 2022 trial balance of the Company's accounts was traced to the balance sheet of the Company's statutory annual statement filed with the MID, with no exceptions noted. The Company was audited annually by an independent CPA firm.

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 total statutory deposits as held at December 31, 2022:

<u>Description of Security</u>	<u>Par Value</u>	<u>Fair Value</u>
Certificate of Deposit	\$500,000	\$517,946
Total	\$500,000	\$517,946

FINANCIAL STATEMENTS

Introduction

The financial statements consist of a Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2022, a Statement of Revenue and Expenses for the year ended December 31, 2022, and a Reconciliation of Capital and Surplus for the examination period ended December 31, 2022.

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, 2022.

**STATEMENT OF ASSETS, LIABILITIES, SURPLUS AND OTHER FUNDS
DECEMBER 31, 2022**

ASSETS

Bonds	\$71,072,508
Cash and cash equivalents	90,641,046
Investment income due and accrued	588,990
Uncollected premiums and agents balances	314,859
Accrued retrospective premiums	17,215,569
Net deferred tax asset	3,879,213
Receivable from parent, subsidiaries, and affiliates	2,330,959
Health care and other amounts receivable	13,114,235
Aggregate write-ins for other-than-invested assets	382,302
Total Assets	<u>\$199,539,682</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Claims unpaid	\$58,009,319
Accrued medical incentive pool and bonus amounts	301,749
Unpaid claims adjustment expenses	643,029
Aggregate health policy reserves	4,840,200
Premiums received in advance	3,877,404
General expenses due or accrued	12,263,700
Current federal and foreign income tax payable	2,667,807
Amounts due to parent, subsidiaries, and affiliates	4,577,854
Liability for amounts held under uninsured plans	1,592,686
Total Liabilities	<u>\$88,773,748</u>
Common capital stock	\$1,000
Gross paid in and contributed surplus	10,099,000
Unassigned funds (surplus)	100,665,933
Surplus as regards policyholders	<u>\$110,765,933</u>
Total liabilities and surplus	\$199,539,682

**SUMMARY OF OPERATIONS
FOR YEAR ENDED DECEMBER 31, 2022**

Member months	1,215,899
Revenues	
Net premium income	\$757,038,524
Total Revenue	<u>\$757,038,524</u>
Expenses	
Hospital/medical benefits	\$392,940,294
Other professional services	10,525,303
Emergency room and out-of-area	33,896,621
Prescription drugs	129,649,453
Incentive pool, withhold adjustments and bonus amounts	548,329
Net reinsurance recoveries	294,391
Total hospital and medical	<u>\$567,265,610</u>
Claims adjustment expenses	\$5,512,178
General administrative expenses	151,502,334
Total underwriting deductions	<u>\$724,280,122</u>
Net underwriting gain or (loss)	\$32,758,402
Net investment income earned	\$2,144,103
Net realized capital gains (losses)	(2,837)
Net investment gain (losses)	<u>\$2,141,265</u>
Net gain or (loss) from agents' or premium balances charged off	(\$1,056,942)
Net income or (loss) after capital gains and before income tax	33,842,726
Federal and foreign income taxes incurred	7,019,314
Net Income (loss)	<u>\$26,823,412</u>

**RECONCILIATION OF CAPITAL AND SURPLUS
FOR EXAMINATION PERIOD ENDED DECEMBER 31, 2022**

	2022	2021	2020	2019	2018
Capital and Surplus, December 31, prior year	\$90,516,533	\$73,961,181	\$66,298,265	\$58,761,832	\$17,638,156
Net Income	26,823,412	17,188,072	10,991,623	7,550,566	40,337,717
Change in net unrealized capital gains (losses)	(17,824)	65,550	(59,473)	9,726	(15,793)
Change in net deferred income tax	1,684,285	(306,831)	1,042,600	122,485	(96,221)
Change in non-admitted assets	(8,240,472)	(391,438)	(4,311,834)	(146,344)	897,973
Capital and Surplus, December 31, current year	\$110,765,934	\$90,516,533	\$73,961,181	\$66,298,265	\$58,761,832

**RECONCILIATION OF EXAMINATION ADJUSTMENTS TO SURPLUS
DECEMBER 31, 2022**

As a result of this examination, there have been no changes affecting surplus, as regards to policyholders, made to the admitted assets, liabilities, and surplus balance reported by the Company in the December 31, 2022 annual statement as filed with the MID. The capital and surplus reported by the Company as of December 31, 2022 in the amount of \$110,765,934 is accepted as reasonably stated for purposes of the balance sheet per the examination.

MARKET CONDUCT ACTIVITIES

A full scope market conduct examination was not performed, however, specific areas of the Company's market conduct activities were reviewed. The specific areas reviewed included those items indicated below.

Privacy

As part of our testing, the Company's policies, practices and procedures regarding protection and disclosure of nonpublic personal information were reviewed to verify compliance with applicable state laws regarding privacy. The Company had a privacy policy in place for the protection of its policyholders. No material concerns were noted during the course of our testing regarding the Company's privacy policy.

Producer Appointment & Licensing

Based upon procedures performed during the course of the examination, the company appeared to have the appropriate producer licensing process in place and no material exceptions were noted.

Claims Handling

It was determined that a limited claims review was not necessary due to the fact that the coordinated financial examination covered claims handling for all lines of business. No issues were noted related to the Company's policies, practices and procedures regarding claims administration.

Complaint Handling

No issues were noted related to the Company's policies, practices and procedures regarding complaint handling.

Network Adequacy

As part of our testing, the network adequacy policies and procedures that apply to the Company were reviewed. Performance against the established standards is measured and evaluated by the Company on an annual basis. No issues were noted related to the Company's policies, practices and procedures regarding network adequacy.

Grievances

As part of our testing, the Company's policies and procedures for handling first-level review of grievances involving an adverse determination, grievances not involving an adverse determination, and grievances from covered persons, or authorized representatives, were reviewed pursuant to applicable state statutes, rules and regulations. No issues were noted related to the Company's policies, practices and procedures regarding grievances.

Provider Credentialing

Based upon procedures performed during the course of the examination, the Company appeared to have the appropriate provider credentialing process. No exceptions were noted during the course of our testing regarding the Company's provider credentialing.

COMMITMENTS AND CONTINGENT LIABILITIES

At December 31, 2022, the Company was not a party to any legal proceedings. Procedures performed during the course of the examination revealed no pending litigation, commitments, or other contingent liabilities to which the Company was a party as of the examination date.

SUBSEQUENT EVENTS

In the third quarter of 2023, Centene identified an issue where members enrolled in both Centene Medicaid and Marketplace plans were not being identified in Centene's third-party liability (TPL) process. This resulted in the claims being processed under the member's Medicaid coverage rather than Marketplace. The Coordination of Benefits (COB) should have occurred to ensure that Medicaid was the payor of last resort. As such, historical claims submitted under Medicaid by the provider were not identified and subsequently cost-avoided prior to adjudication, resulting in the claims paying under the member's Medicaid coverage rather than Marketplace.

Upon identifying this issue, Centene took immediate steps to rectify the issue on a go-forward basis. In December 2023, Centene implemented a solution to ensure it was capturing the members with overlapping coverage as having TPL and subsequently coordinating benefits.

To mitigate member impact and abrasion, Centene waived any cost share the member would have experienced had the claim been adjudicated under Marketplace. Similarly, to mitigate the potential provider abrasion, Centene adjudicates the reprocessed claim and paid the provider for the member's cost sharing. Centene worked directly with the providers on the reprocessed claims and ensured that the providers received updated explanations of payment if the providers received additional payments based on the Marketplace contract in place. This resulted in additional claim cost to the Company.

Due to the claims reprocessing, Centene transferred funds between legal entities in those situations where the Medicaid and Marketplace plans were operated by different legal entities rather than requesting refunds from the providers for the reprocessed Medicaid claims. Centene completed the reprocessing of all claims prior to June 30, 2024.

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:

Supervising Examiner: Neeraj Gupta, CFE

Examiner-in-charge: Ryne Davison, CFE

Participating Examiner: Noah Taylor, AFE

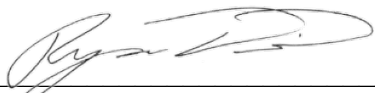
Participating Examiner: Sarah Mayberry

Actuary: Mike Mayberry, FSA, MAAA

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,



Examiner-in-charge



Department Designee