

ORGANIZATIONAL EXAMINATION
OF
AMERIHEALTH CARITAS VIP NEXT, INC.
AS OF
MARCH 31, 2022

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON ORGANIZATIONAL EXAMINATION
OF
AMERIHEALTH CARITAS VIP NEXT, INC.
AS OF
MARCH 31, 2022

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

Trinidad Navarro
Insurance Commissioner

Dated this 12th day of May, 2022

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April 11, 2022

Honorable Trinidad Navarro
Insurance Commissioner
State of Delaware
1351 West North Street, Suite 201
Dover, DE 19904

Dear Commissioner:

In accordance with instructions and pursuant to statutory provisions contained in examination Certification No. 22.908, dated March 30, 2022, an Organizational Examination has been conducted of

AmeriHealth Caritas VIP Next, Inc.

hereinafter referred to as ACVN or the Company. The Company was incorporated under the laws of the State of Delaware as a stock health insurance company.

The Company's registered agent is The Corporation Trust Company with its registered office located at The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801. The Company's administrative office address is located at 200 Stevens Drive, Suite 100, Philadelphia, Pennsylvania, 19113.

The report of such examination is respectfully submitted herewith.

SCOPE OF EXAMINATION

This organizational examination was conducted in conjunction with the Company's application for a health insurer Certificate of Authority in the State of Delaware. The Company's

corporate records, records applicable to and attendant with its application, as well as financial data as of March 31, 2022, have been reviewed.

HISTORY

The Company was incorporated on December 16, 2021, under the laws of the State of Delaware and is authorized to issue five thousand (5,000) common shares with \$60 par value per share. The Company issued the following common stock certificate to AMHP Holdings Corp. (AMHP), a Pennsylvania holding company:

<u>Certificate</u>	<u>Shares</u>	<u>Date</u>	<u>Capital</u>	<u>Gross Paid In and Contributed Surplus</u>	<u>Total</u>
#1	5,000	03/23/2022	\$300,000	\$13,000,000	\$13,300,000

MANAGEMENT AND CONTROL

Board of Directors

In accordance with its bylaws, adopted December 23, 2022, the business and affairs of the Company shall be managed by a Board of Directors (Board). The number of directors shall be at least one and may be fixed or changed from time to time by resolution of the Board. The directors are to be elected at the annual meeting of the Company's stockholder and shall hold office until his successor shall be elected and qualified.

The director serving as of the examination date were as follows:

Michael J. Burgoyne
Marylin L. Eckley
Rebecca J. Engelman

Committees of the Board of Directors

No committees of the Board have been constituted as of the examination date.

Officers

In accordance with its bylaws, the officers of the Company shall be a President, a Treasurer and a Secretary. The Board may also choose a Chairman of the Board and a Vice Chairman of the Board from among the Board members. The Board may also elect other officers as deemed necessary, who shall hold office until their successors are elected and qualified. The officers serving as of the examination date were as follows:

<u>Officer</u>	<u>Office</u>
Robert J. Smith	President
Michael J. Burgoyne	Treasurer
Robert E. Tootle	Secretary

The Company completed the National Association of Insurance Commissioners (NAIC) Form 11 - Biographical Affidavit for the director and officer noted above.

The Company completed the NAIC Form 12 - Uniform Consent to Service of Process (Power of Attorney), dated and effective January 24, 2022.

A conflict of interest statement was completed by each of the directors and executive officers noted above. There was no disclosed conflict of interest at the present time.

HOLDING COMPANY SYSTEM

At formation, the Company became a member of an Insurance Holding Company System. 18 *Del. C.* §5001(3) states that “control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing 10% or more of the voting securities of any other person.”

The Company is a wholly-owned subsidiary of AMHP, which is a wholly-owned subsidiary of AmeriHealth Caritas Health Plan (ACHP). ACHP is owned 50% by BMH Subco I, LLC (BMH Subco I) and 50% by BMH Subco II, LLC (BMH Subco 2). BMH Subco I and BMH

AmeriHealth Caritas VIP Next, Inc.

Subco II are wholly-owned subsidiaries of BMH LLC (BMH). BMH is a Delaware limited liability company established in 2011 that serves as the entity through which Independence Health Group, Inc. (IHG) and Blue Cross Blue Shield of Michigan Mutual Insurance Company (BCBSMMIC) jointly own and invest in the managed care business conducted by ACHP and Keystone Family Health Plan, which are also subsidiaries of BMH.

BMH is owned 61.3% by IBC MH LLC (IBC MH) and owned 38.7% by BCBSMMIC. IBC MH is owned 95% by AmeriHealth, Inc. (AmeriHealth) and owned 5% by Keystone Health Plan East, Inc. AmeriHealth is a wholly-owned subsidiary of IHG.

The Department has determined that BCBSMMIC and IHG are the ultimate controlling entities of the Company.

FIDELITY BOND

The Company is covered by a financial institution bond with an aggregate liability limit of \$10,000,000 and a single loss deductible of \$100,000. Based on the Company's pro forma information submitted by management, the minimum suggested coverage per the NAIC *Financial Condition Examiners Handbook – Exhibit R* is \$300,000 at year-end 2023, \$500,000 at year-end 2024, and \$700,000 at year-end 2025.

AGREEMENTS

Affiliated

As of the examination date, the Company is not a party to an intercompany tax allocation agreement. However, upon licensure, management has proposed that the Company will become a party to the BMH Amended and Restated Tax Allocation Agreement, which was effective December 24, 2019. This transaction will require a Form D filing with and approval by the Delaware Department of Insurance (Department).

As of the examination date, the Company is not a party to any intercompany service agreements. However, upon licensure, management has proposed the Company will become a party to a Management and Administrative Services Agreement with affiliate AmeriHealth Caritas Services, LLC as well as a proposed Pharmacy Benefit Management Services Agreement with affiliate PerformRX, LLC. These transactions will require a Form D filing with and approval by the Department.

Unaffiliated

As of the examination date, the Company is not a party to a custodial agreement.

PLAN OF OPERATION

The Company has filed an application with the Department to serve as a health maintenance organization that will service Dual Eligible Special Needs and Medicare Advantage members in Delaware.

The Company intends to operate in Delaware primarily as a Dual Eligible Special Needs plan to beneficiaries who are eligible for full Medicaid benefits in the approved service areas. The intent is to offer this plan statewide. The products will be structured to offer supplemental benefits in the areas of dental, vision, hearing, fitness, smoking cessation, over-the-counter allowance, meals, tele-medicine and non-emergency transportation. The Company anticipates that Delaware enrollment in the Dual Eligible Special Needs line of business will be approximately 500 members in 2023 and 1,856 members by 2028.

In addition, the Company also intends to enter the Delaware Exchange with on-exchange individual offerings using a Health Maintenance Organization model. Any plans offered will provide all Essential Health Benefits (EHBs) as established with the Delaware EHB benchmark plan. In 2023, the Company anticipates serving 1,000 members in the state of Delaware.

REINSURANCE

As of the examination date, the Company is not a party to any reinsurance agreements, affiliated or unaffiliated. The Company is not currently negotiating any reinsurance agreements but may do so upon licensure.

CAPITAL AND SURPLUS REQUIREMENTS

18 *Del. C.* §511(a) requires \$300,000 as the minimum common capital stock and \$150,000 as the minimum gross paid in and contributed surplus for a stock health insurance company. Consequently, the minimum required amounts for this examination are as follows:

Common Capital Stock	\$300,000
Gross Paid-in and Contributed Surplus	<u>150,000</u>
Capital and Surplus as Regards Policyholders	<u>\$450,000</u>

FINANCIAL DATA

The financial position of the Company as of March 31, 2022, as determined by this organizational examination, was as follows:

	<u>Assets</u>	<u>Note</u>
Cash, Cash Equivalents and Short-term Investments	\$13,300,328	1
Total Admitted Assets	<u>\$13,300,328</u>	
 <u>Liabilities, Capital and Surplus</u> 		
General Expenses Due and Accrued	\$ 0	
Total Liabilities	<u>\$ 0</u>	
Common Capital Stock	\$ 300,000	
Gross Paid In and Contributed Surplus	13,000,000	
Unassigned Funds	<u>328</u>	
Capital and Surplus as Regards Policyholders	<u>\$13,300,328</u>	
Total Liabilities, Capital and Surplus	<u>\$13,300,328</u>	

AmeriHealth Caritas VIP Next, Inc.

I, Andrew E. Chiodini, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to examination authority 22.908.

A handwritten signature in black ink, appearing to read "Andrew E. Chiodini". The signature is fluid and cursive, with a prominent initial "A" and "E".

Andrew E. Chiodini, CFE