



**EXAMINATION REPORT
OF
BAYCARE SELECT HEALTH PLANS, INC.**

NAIC Company Code: 16282

**Clearwater, Florida
as of
December 31, 2020**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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May 16, 2022

David Altmaier
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 ("the NAIC"), we have conducted an examination as of December 31, 2020, of the financial condition and corporate affairs of

BayCare Select Health Plans, Inc.

300 Park Place, Suite 170
Clearwater, Florida 33759

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, 2020 and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the OIR”) on October 6, 2021 . The fieldwork concluded as of May 16, 2022. The Company’s last full scope exam by representatives of the OIR covered the period of December 26, 2017, through December 31, 2019.

The examination was a single state 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.

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 Sections 624.319 and 641.27(1), 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 as a result of this examination.

Previous Examination Findings

The following is an update on other significant regulatory information disclosed in the previous examination.

Management and Control

The annual member meeting for the election of Directors was not held in accordance with Article IV, Section 4.1 of the Company's Bylaws.

Resolution: This finding has been resolved, since the annual member meeting was held during the examination period.

Accounts and Records

The Company's Appointed Actuary did not file a report substantially in compliance with Section 641.26(1)(f), Florida Statutes. The report did not include an actuarial certification that the health maintenance organization is actuarially sound and that the rates are actuarially adequate to the end of the period for which rates have been guaranteed.

Resolution: This finding has been resolved, since the Appointed Actuary filed a report in compliance with Section 641.26(1)(f), Florida Statutes.

COMPANY HISTORY

General

The Company was incorporated in Florida on December 7, 2015 and commenced business on January 1, 2019.

Dividends

The Company did not declare or pay any dividends during the period under examination.

Capital Stock and Capital Contributions

The Company was incorporated as a nonprofit, nonstock corporation. BayCare Health System, Inc. ("BCHS"), a separate tax-exempt corporation, is the parent holding company and "sole member" of the Company. The Company received from BCHS capital contributions in the amounts of \$31,000,000 in 2020, \$54,000,000⁽¹⁾ in 2021, and \$14,000,000⁽¹⁾ to date in 2022.

⁽¹⁾ - See Subsequent Events section of this report

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 member meeting for the election of Directors was held in accordance with Article IV, Section 4.1 of the Company's Bylaws. Directors serving as of December 31, 2020, are shown on the next page:

Directors		
Name	City, State	Principal Occupation, Company Name
Thomas William Cardy	Largo, Florida	Consultant
Ravi Sanavedab Chari	Tampa, Florida	Executive, HCA Healthcare
David Wesley Hillis	Worcester, Massachusetts	Retired
Thomas Philip Inzina	Largo, Florida	CEO BayCare Health Systems, Inc.
Victor Paul Krauze ^(a)	Treasure Island, Florida	Retired
Robert Buist McGivney	Palm Harbor, Florida	Executive, Flagship Bank
Randall Dean Zomermaand ^(b)	Tampa, Florida	Retired

(a) Chairman

(b) Ceased being a Director after December 31, 2020.

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

Senior Officers		
Name	City, State	Title
Larry Julius Costello ^(a)	Clearwater, Florida	President
Robert Buist McGivney	Palm Harbor, Florida	Secretary
Janice Sue Polo	Tampa, Florida	Treasurer
Patrick Thomas Cimino ^(b)	Tampa, Florida	Chief Medical Officer

(a) Ceased being President on August 31, 2021, and Nancy Trevor Horstmann was appointed Interim President effective September 5, 2021.

(b) Ceased being the Chief Medical Officer on December 31, 2020, and was replaced by Kristyn Michelle Greifer.

The Company's Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2020. The first person listed for each committee is the chairperson.

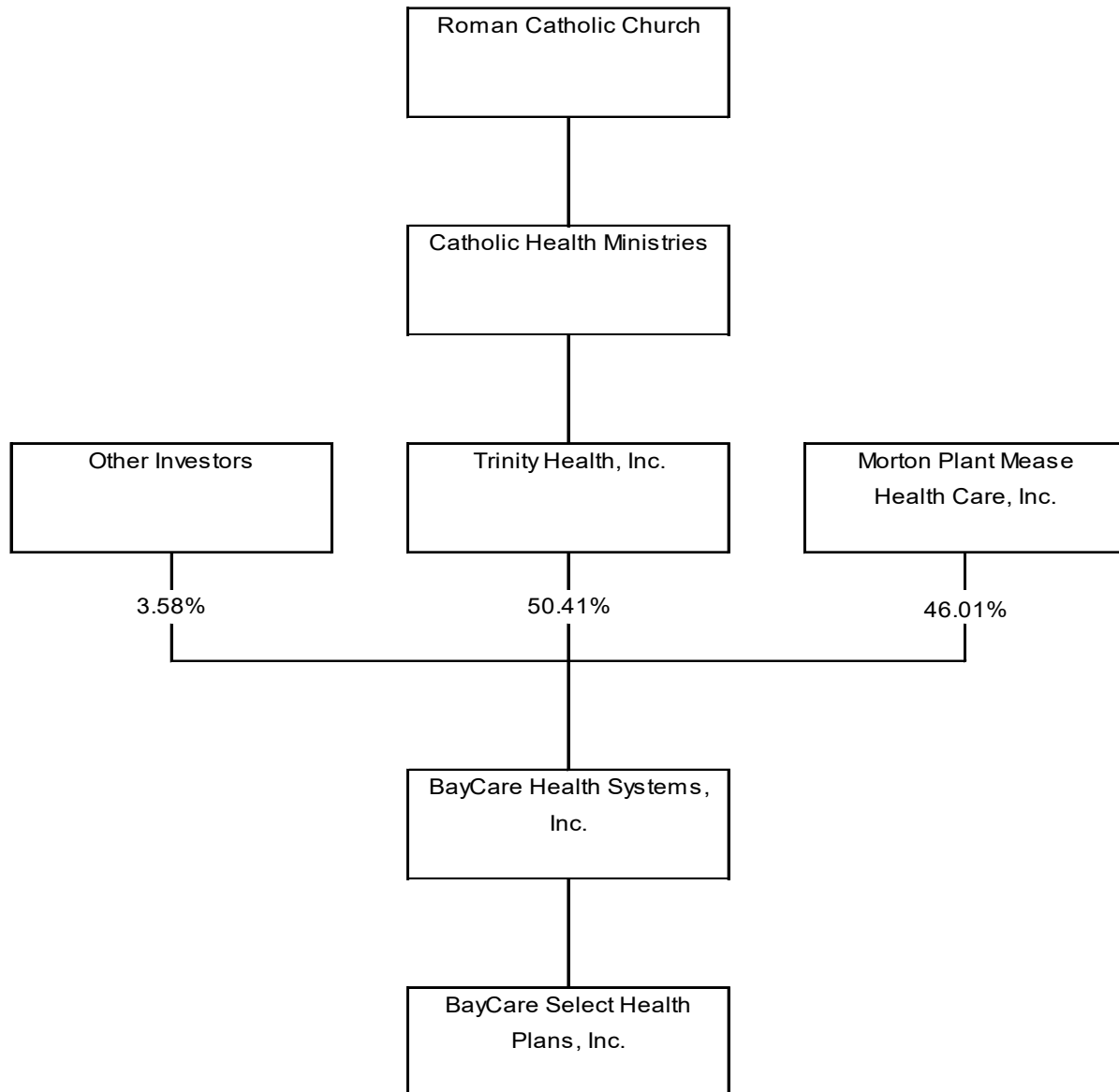
Compliance Committee		
Name	City, State	Title, Company Name
Joanna Marie Tofani	Land O' Lakes, Florida	Chief Compliance Officer, BayCare Select Health Plans, Inc.
Melissa Ann Blas	Land O' Lakes, Florida	Director, Finance, BayCare Select Health Plans, Inc.
Patrick Thomas Cimino	Tampa, Florida	Chief Medical Officer, BayCare Select Health Plans, Inc.
Larry Julius Costello	Clearwater, Florida	President, BayCare Select Health Plans, Inc.
Jeffrey E. Durham	Clearwater, Florida	VP Audit Services and Corp. Responsibility, BayCare Health Systems, Inc.
Kristy Nicole Croom Tucker	Palm Harbor, Florida	Director, Member Experience & Acquisition, BayCare Select Health Plans, Inc.

Quality Improvement Committee		
Name	City, State	Title, Company Name
Dr. Patrick Thomas Cimino	Tampa, Florida	Chief Medical Officer, BayCare Select Health Plans, Inc.
Dr. Jay Kumar Amin	Belleair Beach, Florida	Cardiologist
Dr. Percy Renato Bracamonte	Palm Harbor, Florida	Geriatrics and Internal Medicine
Larry Julis Costello	Clearwater, Florida	President, BayCare Select Health Plans, Inc.
Dr. Robert Scott Davidson	Palm Harbor, Florida	General and Oncologic Surgeon
Tracey Carroll Kaly	Palm Harbor, Florida	LCSW, Behavioral Health
Dr. Mairaj Uddin	Belleair Beach, Florida	Internal Medicine
Dr. Anthony Rocco Zappia	Lakeland, Florida	General Surgeon

Holding Company System

A simplified organizational chart as of December 31, 2020, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2020 annual statement provided a list of all related companies of the holding company group.

BayCare Select Health Plans, Inc.
Simplified Organizational Chart
December 31, 2020



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

Purchased Services Agreement

The Company participated in a Purchased Services Agreement with BayCare Health Solutions, LLC ("BHS"), whereby BHS provides the Company with administrative support, acquisition of equipment and supplies, consulting and regulatory support, management of filings, and marketing. The agreement was originally entered April 1, 2017, and filed with its application for a Certificate of Authority that was approved by a Consent Order dated December 26, 2017 (Case No. 219356-17-CO).

Facility Services Agreement

The Company had a Facility Services Agreement with BCHS, whereby BCHS provided access to hospitals and other health care facilities, and provided or arranged for medically necessary covered services to insureds of the Company. The agreement was originally entered October 1, 2017, and filed with its application for a Certificate of Authority that was approved by a Consent Order dated December 26, 2017 (Case No. 219356-17-CO). The agreement was amended May 1, 2020, to increase the rates for Ancillary Services. See the Subsequent Events section of this Report.

Physician Services Agreement

The Company had a Physician Services Agreement with BCHS, whereby BCHS provided access to participating physician groups to provide and/or arrange for covered services to insureds of the Company. The agreement was originally entered October 1, 2017, and filed with its application for a Certificate of Authority that was approved by a Consent Order dated December 26, 2017 (Case No. 219356-17-CO).

Physician Services Agreement

The Company had a Physician Services Agreement with BayCare Physician Partners, LLC ("BPP"), whereby BPP provided access to participating physician groups to provide and/or arrange for covered services to insureds of the Company. The agreement was originally entered October 1, 2017, and filed with its application for a Certificate of Authority that was approved by a Consent Order dated December 26, 2017 (Case No. 219356-17-CO). The agreement was subsequently amended on January 1, 2019, to add telemedicine services and to amend and

supplement the terms and conditions of the agreement. The agreement was amended again effective January 1, 2020, to update the lines-of-business for which physicians provide medical services, update the compensation for primary care physician services, and to update the terminology and terms in the agreement. -See the Subsequent Events section of this Report.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Clearwater, Florida.

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

Managed Services Agreement

The Company had a Managed Services Agreement with Lumeris Healthcare Outcomes, LLC ("Lumeris"), whereby Lumeris provides management and administrative services to the Company including health plan management and operation services, population health management services, and access to software to enable such services. The agreement was originally entered on September 1, 2017. See Subsequent Events section of this Report.

Independent Auditor Agreement

An independent CPA, KPMG, LLP, audited the Company's statutory basis financial statements for the year 2020, 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 Shareholder, Board and the Compliance and Quality Improvement Committees 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, including the authorization of investments, as required by Section 641.35(7), Florida Statutes.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance only in the State of Florida.

The Company was authorized to transact insurance on December 26, 2017, and is currently authorized to operate as a Health Maintenance Organization as of December 31, 2020.

The Company only writes Medicare policies.

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, 2020, the Company entered into an excess of loss reinsurance agreement with Ironshore Indemnity, Inc. ("Ironshore"), whereby Ironshore agreed to reimburse ninety percent of eligible expenses in excess of \$150,000 per member per agreement year up to an unlimited amount per member per agreement year.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus and Other Funds and statutory Statement of Income for the year ended December 31, 2020. 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, 2020. 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.

BayCare Select Health Plans, Inc.**Assets****December 31, 2020**

	Per Company
Cash and short-term investments	\$24,548,162
Subtotal cash and invested assets	\$24,548,162
Interest income due and accrued	1,500
Premiums and considerations:	
Accrued retrospective premiums	441,585
Reinsurance:	
Amounts recoverable from reinsurers	410,769
Other amounts receivable under reinsurance contracts	92,423
Amounts receivable relating to uninsured plans	692,906
Health care and other amounts receivable	673,480
Aggregate write-in for other than invested assets	10,000,000
Total	\$36,860,825

BayCare Select Health Plans, Inc.
Liabilities, Capital and Surplus
December 31, 2020

	Per Company
Claims unpaid	\$6,871,508
Accrued medical incentive pool and bonus amounts	35,248
Unpaid claims adjustment expenses	158,880
Aggregate health policy reserves	17,726,582
Premiums received in advance	21,330
General expenses due or accrued	174,757
Amounts due to parent, and affiliates	211,529
Liability for amounts held under uninsured plans	1,358,118
Aggregate write-in for liabilities	9,853
Total liabilities	\$26,567,805
Gross paid-in and contributed surplus	75,001,520
Unassigned funds (surplus)	(64,708,501)
Capital and Surplus	\$10,293,019
Total Liabilities, Capital and Surplus	\$36,860,824

BayCare Select Health Plans, Inc.
Statement of Revenue and Expenses
December 31, 2020

	Per Company
Underwriting Income	
Net premium income	\$61,591,744
Deductions	
Hospital and medical benefits	\$56,107,559
Other professional services	903,974
Emergency room and out-of-area	590,913
Prescription drugs	7,776,922
Incentive pool, withhold adjustments and bonus amounts	140,147
Subtotal	\$65,519,515
Net reinsurance recoveries	672,202
Total Hospital and Medical	\$64,847,313
Claims adjustment expenses	69,100
General administrative expenses	17,162,546
Increase in reserves for life and accident and health contracts	6,154,582
Total Underwriting Deductions	\$88,233,541
Net underwriting gain or (loss)	(\$26,641,797)
Investment Income	
Net investment gain	\$70,569
Net income or (loss) after capital gains tax and before all other federal income taxes	(\$26,571,228)
Federal & foreign income taxes incurred	
Net income (loss)	(\$26,571,228)

	Per Company
Capital and Surplus Account	
Capital and surplus prior reporting year	\$10,120,380
Net income or (loss)	(\$26,571,228)
Change in non-admitted assets	743,867
Surplus adjustments: Paid in	26,000,000
Aggregate write-ins for gains or (losses) in surplus	
Net change in capital and surplus	\$172,639
Capital and surplus end of reporting year	\$10,293,019

BayCare Select Health Plans, Inc.
Reconciliation of Capital and Surplus
December 31, 2020

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

	Per Company
Capital and Surplus Account	
Capital and surplus prior reporting year	\$10,120,380
Net income or (loss)	(\$26,571,228)
Change in non-admitted assets	743,867
Surplus adjustments: Paid in	26,000,000
Aggregate write-ins for gains or (losses) in surplus	
Net change in capital and surplus	\$172,639
Capital and surplus end of reporting year	\$10,293,019

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Daniel S. Pribe, FSA, MAAA, of Lumeris, appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2020, 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, Edward F. McKernan, FSA, MAAA of Capstan Actuarial Solutions, LLC, reviewed the loss and loss adjustment expense work papers provided by the Company and he was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$10,293,019, exceeded the minimum of \$2,656,781 required by Section 641.225, Florida Statutes.

SUBSEQUENT EVENTS

1. Throughout 2021 and 2022, the Company received capital contributions from BCHS. The Company received permission from the OIR to admit these as a gross paid-in and contributed surplus and a corresponding receivable as of December 31st, in accordance with SSAP No. 72 – *Surplus and Quasi-Reorganizations*.
2. The Facility Services Agreement with BCHS was amended May 1, 2021 to increase the rates for Ancillary Services, and amended again on June 1, 2021 to allow the Company to review, audit and duplicate data and other records held by BCHS.
3. The Physician Services Agreement with BPP was amended effective January 1, 2021 to update the terminology and terms in the agreement.
4. In December 2021, the Company and Lumeris agreed to a change order effective July 1, 2021 for the Managed Services Agreement, whereby the Company would begin paying Lumeris a monthly fee for the management and administrative services based on a per member per month rate instead of a percentage of premiums.
5. The COVID-19 pandemic has continued to develop throughout 2021 and 2022, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. The OIR has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The OIR continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

CONCLUSION

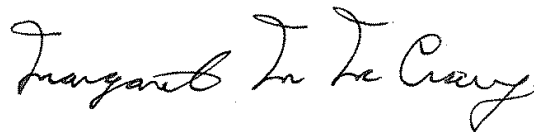
The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of BayCare Select Health Plans, Inc. as of December 31, 2020, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, Thomas Mayberry, CPA, CFE, Examiner-in-Charge, Philip Engelhart, CPA, AIAF, CFE, Supervising Examiner, and Paul Sliwinski, CPA, ARe, Chris Davis, CPA, and Koye Arulogun, CPA, CFE Participating Examiners, of EWM Group, PC, also participated in the examination. Members of the OIR who participated in the examination include Shantia Simmons, APIR, Examination Oversight Supervisor, and Alicia Thompkins-Perryman, APIR, CFE (Fraud), Participating Examiner. Additionally, Edward F. McKernan, FSA, MAAA of Capstan Actuarial Solutions, LLC, and Joanna Latham, CPA, CFE, AES, CISA, CRISC and Jenny Jeffers, AES, CISA, CFE (Fraud), IT Specialist of Jennan Enterprises, LLC, are recognized for participation in the examination.

Respectfully submitted,



Philip D. Engelhart, CFE
Supervising Examiner
EWM Group, PC



Margaret M. McCrary, CFE, CPA, MBA
Chief Financial Examiner
Life & Health Financial Oversight
Florida Office of Insurance Regulation



Carolyn M. Morgan, APIR
Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation