



**EXAMINATION REPORT
OF
BEHEALTHY FLORIDA, INC.**

NAIC Company Code: 15118

**Jacksonville, Florida
as of
December 31, 2019**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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May 28, 2021

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, Rule 69O-138.005, Florida Administrative Code, 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, 2019, of the financial condition and corporate affairs of

BeHealthy Florida, Inc.
4800 Deerwood Campus Parkway
Jacksonville, FL 32246

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, 2015 through December 31, 2019 and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on October 5, 2020. The fieldwork concluded as of May 28, 2021. The Company’s last full scope exam by representatives of the Office covered the period of April 25, 2013 through December 31, 2014.

The examination was a single state 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. Florida is the lead state and all seven (7) companies are domiciled in Florida.

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 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 previous examination found that affiliated agreements were not disclosed and submitted to the Office for approval as required by Consent Order 133678-13-CO. **Update: The current examination noted that the Company did not file with the Office the amendment to Administrative Service Agreement, effective October 24, 2018, in accordance with Consent Order 133678-13-CO.**

COMPANY HISTORY

General

The Company was incorporated in Florida on July 18, 2012 and commenced business on May 31, 2013.

Dividends

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

Capital Stock and Capital Contributions

As of December 31, 2019, the Company's capitalization was as follows:

Number of authorized common capital shares	1,000,000
Number of shares issued and outstanding	1,000,000
Total common capital stock	\$0.00
Par value per share	\$0.00

The Company received capital contributions of \$8,900,000, \$7,000,000 and \$7,000,000 in 2015, 2016, and 2017, respectively.

Surplus Notes

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

Acquisitions, Mergers, Disposals, Dissolutions

In July 2015, the Company was acquired by Diversified Health Services, Inc. (DHS). DHS is a wholly owned subsidiary of GuideWell Group, Inc. (GGI), and GGI was 100% owned by GuideWell Mutual Holding Corporation. Its 2019 holding company registration statement was filed timely with the State of Florida as required by Section 628.801, F.S., and Rule 690-143.046, Florida Administrative Code (F.A.C.).

MANAGEMENT AND CONTROL

Corporate Governance

According to the Company's Bylaws, an annual shareholder meeting for the election of Directors shall be held each calendar year. Directors serving as of December 31, 2019, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Charles Divita, III	Jacksonville, Florida	Chief Executive Officer, BeHealthy Florida
Rachel Bechtel	Jacksonville, Florida	Vice President of Product Solutions, Florida Blue
Shawn Trotter-Mitchell	St. Augustine, Florida	Vice President Network Strategy & Operations, Florida Blue
Sondra Tucker	Jacksonville, Florida	Chief Operating Officer, BeHealthy Florida

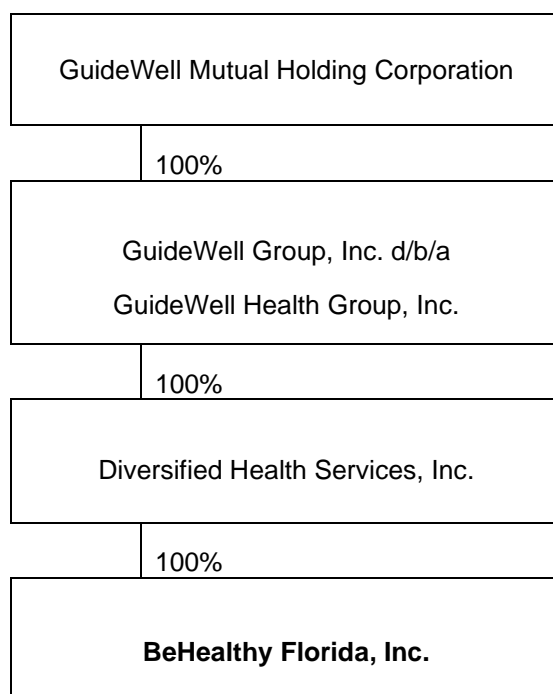
In accordance with the Company's Bylaws, the Board appointed the following Senior Officers:

Senior Officers		
Name	City, State	Title
Charles Divita, III	Jacksonville, Florida	Chief Executive Officer
Vito Anthony Marino	Jacksonville, Florida	President
Sondra Marie Tucker	Jacksonville, Florida	Chief Operating Officer
Thurman Rae Justice	Jacksonville, Florida	Chief Financial Officer
Carl James Bailey	St. Augustine, Florida	Treasurer
Kimberly Williams Read	Jacksonville, Florida	Assistant Treasurer
Arezou Clegg Jolly	Jacksonville, Florida	Secretary
Andrew Edson France	Jacksonville, Florida	Chief Actuary

Holding Company System

A simplified organizational chart as of December 31, 2019, reflecting the holding company system, is shown below.

BeHealthy Florida, Inc.
Simplified Organizational Chart
December 31, 2019



AFFILIATED AND OTHER AGREEMENTS

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

Administrative Services Agreement

Effective October 24, 2018, the Company entered into an Administrative Services Agreement with Blue Cross Blue Shield of Florida, Inc. (BCBSF) whereby BCBSF employees provide certain services, including but not limited to administrative, managerial, professional and technical services. Amounts, which include direct and indirect charges for these services and facilities, are billed monthly to the Company and are settled monthly.

Tax Allocation Agreement

Effective January 1, 2019, the Company was included in the consolidated federal income tax return of its ultimate parent company, GuideWell Mutual. The Agreement provided for the allocation of consolidated income tax liability based upon separate taxable incomes of included companies and provided for annual settlement of amounts due under the agreement. It also provided that an included company with a net operating loss would be reimbursed for the tax benefit associated with the loss in the year used in the group's consolidated return.

Guarantee Agreement

Effective October 6, 2017, BCBSFL guaranteed that it would provide sufficient funds to assure payment of all liabilities including covered subscriber claims of the Company. In addition, it guaranteed the continuation of benefits to enrollees for the duration of any contract period for which payment has been made and to enrollees confined in an inpatient facility on the date of any insolvency of the Company until its discharge, and payment to unaffiliated providers for services to covered enrollees.

ACCOUNTS AND RECORDS

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

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

Independent Auditor Agreement

An independent CPA, PricewaterhouseCoopers LLP, audited the Company's statutory basis financial statements annually for the years 2015, 2016, 2017, 2018 and 2019 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.

Global Risk Sharing Agreement

Effective May 26, 2015, the Company entered into a Global Risk Services Agreement with Alignment Healthcare Florida, LLC ("AHCFL") whereby the Company paid AHCFL a global capitation payment, and AHC was responsible for provider networking, medical, and pharmacy claim payments, customer service, and other functions. The GRSA was terminated effective December 31, 2019. On January 1, 2020, the Company ceased operations as a Medicare Advantage HMO.

Corporate Records Review

The recorded minutes of the Shareholder, Board of Directors (Board) 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. The Company only maintained Cash and Cash Equivalents.

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 in Florida on April 25, 2013, and is currently authorized as a Health Maintenance Organization as of December 31, 2019.

REINSURANCE

Reinsurance Assumed

The Company did not assume any reinsurance during the period of this examination.

Reinsurance Ceded

The Company did not cede any reinsurance during the period of this examination.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Capital and Surplus and statutory Statement of Revenue and Expenses for the period ended December 31, 2019. The financial statements are based on the statutory financial statements filed by the Company with the Florida Office of Insurance Regulation and present the financial condition of the Company for the period ending December 31, 2019.

(Note: Due to rounding, column amounts may not add to the totals reflected in the Report.)

BeHealthy Florida, Inc.
Assets
December 31, 2019

	Per Company	Examination Adjustments	Per Examination
Cash, cash equivalents and short-term investments	\$29,189,419		\$29,189,419
Subtotals, cash and invested assets	\$29,189,419		\$29,189,419
Investment income due and accrued	2,805		2,805
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	2,771,663		2,771,663
Current federal and foreign income tax recoverable and interest thereon	442,672		442,672
Net deferred tax asset	622,861		622,861
Health care and other amounts receivable	890,267		890,267
Totals	\$33,919,687		\$33,919,687

BeHealthy Florida, Inc.
Liabilities, Capital and Surplus
December 31, 2019

	Per Company	Examination Adjustments	Per Examination
Amounts due to parent, subsidiaries and affiliates	\$6,344,841		\$6,344,841
Liability for amounts held under uninsured plans	613		613
Aggregate write-ins for other liabilities	5,557,336		5,557,336
Total liabilities	\$11,902,790		\$11,902,790
Gross paid in and contributed surplus	28,712,500		28,712,500
Unassigned funds (surplus)	(6,695,603)		(6,695,603)
Total capital and surplus	\$22,016,897		\$22,016,897
Total liabilities, capital and surplus	\$33,919,687		\$33,919,687

BeHealthy Florida, Inc.
Statement of Revenue and Expenses
December 31, 2019

	Per Company	Examination Adjustments	Per Examination
Net premium income	\$56,349,173		\$56,349,173
Total revenues	\$56,349,173		\$56,349,173
Hospital and Medical:			
Hospital/medical benefits	49,696,586		49,696,586
Subtotal	\$49,696,586		\$49,696,586
Less			
Total hospital and medical	\$49,696,586		\$49,696,586
General administrative expenses	5,920,598		5,920,598
Total underwriting deductions	\$55,617,184		\$55,617,184
Net underwriting gain or (loss)	\$731,989		\$731,989
Net investment income earned	593,922		593,922
Net investment gains or (losses)	\$593,922		\$593,922
Aggregate write-ins for other income or expenses	2,003,643		2,003,643
Net income or (loss) after capital gains tax and before All other federal income taxes	\$3,329,554		\$3,329,554
Federal and foreign income taxes incurred	138,695		138,695
Net income	\$3,190,859		\$3,190,859

	Per Company	Examination Adjustments	Per Examination
Capital and Surplus Account			
Capital and surplus prior reporting period	\$19,302,489		\$19,302,489
Net Income	3,190,859		3,190,859
Change in net deferred income tax	(528,848)		(528,848)
Change in nonadmitted assets	52,397		52,397
Net change in capital and surplus	\$2,714,408		\$2,714,408
Capital and surplus end of reporting period	\$22,016,897		\$22,016,897

BeHealthy Florida, Inc.
Reconciliation of Capital and Surplus
December 31, 2019

Capital/Surplus Change during Examination Period			
Capital and Surplus at December 31, 2014, per Examination			\$2,179,993
	Increase	Decrease	
Net Income (loss)		(\$1,737,235)	(\$1,737,235)
Change in net deferred income tax	\$1,179,561		\$1,179,561
Change in non-admitted assets		(\$455,423)	(\$455,423)
Change in surplus notes		(\$2,050,000)	(\$2,050,000)
Change in paid in capital	\$22,900,000		\$22,900,000
Net increase/(Decrease)			\$19,836,903
Capital and Surplus at December 31, 2019 per Examination			\$22,016,897

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

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Andrew France, F.S.A., Vice President and Chief Actuary of GuideWell Care Solutions, Inc. acting on behalf of BeHealthy Florida Inc., and appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2019, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The Office consulting actuary, Mike Mayberry, FSA, MAAA of Lewis & Ellis, Inc., 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 \$22,016,897, exceeded the minimum of \$1,500,000 required by Section 641.225, Florida Statutes.

SUBSEQUENT EVENTS

COVID – 19

The COVID-19 pandemic has continued to develop throughout 2020, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. The Florida Office of Insurance Regulation has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Office continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

Intercompany Administrative Services Agreement

Effective February 10, 2020, the Company entered into an Intercompany Administrative Services Agreement with GuideWell Health Plans, Inc. (GWHP). The Company will compensate GWHP for various services, including but not limited to: IT, actuarial and underwriting, claims processing, marketing and advertising, other ("Covered Services") by reimbursing GWHP with nine and one-half percent (9.5%) of statutory total revenues, or the Company will reimburse GWHP by compensating Blue Cross and Blue Shield of Florida, Inc., on a direct cost allocation method.

Dividends

Effective October 2020, the Company declared and paid cash dividends of \$3,100,000 to its parent company, DHS.

Commercial Operations

The Company started writing commercial group business during 2020.

CONCLUSION


The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of BeHealthy Florida, Inc. as of December 31, 2019, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, Omar Akel, CFE, Mario Ascic, CFE, Amy Carter, CFE, CPA, Ryne Davison, CFE, Novalene Forbes, CFE, Charles Kreske, CFE, MCM, David Palmer, CFE, MCM, Jessica Lynch, CFE, Derek Petersen, CFE, MCM, and Adrienne Sulaiman, CFE, CPA, Participating Examiners of Lewis & Ellis, Inc. also participated in the examination. Members of the Office who participated in the examination include Marshay Spencer, APIR, Examination Manager and Glenn Coats, CFE (Fraud), APIR, Participating Examiner. Additionally, Mike Mayberry, FSA, MAAA of Lewis & Ellis, Inc. and Lindsey Pitman, CISA, CFE, CPA, AES, MCM, IT Specialist of Lewis & Ellis, Inc. are recognized for participation in the examination.

Respectfully submitted,



Katerina Bolbas, CFE, CIA, MCM
Examiner-in-Charge
Lewis & Ellis, Inc.



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