



**EXAMINATION REPORT
OF**

Centene Venture Company Florida

NAIC Company Code: 16499

Sunrise, Florida

as of

December 31, 2020

BY THE

FLORIDA

OFFICE OF INSURANCE REGULATION

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May 17, 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

Centene Venture Company Florida
1301 International Parkway
Sunrise, Florida 33323

hereinafter referred to as the "the Company." Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period of February 12, 2019 through December 31, 2020 and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on September 23, 2021. The fieldwork concluded as of May 17, 2022. This was the first financial condition examination of the Company by the OIR.

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. 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 material findings or exceptions noted during the examination as of December 31, 2020.

Previous Examination Findings

There were no prior findings as this was the first financial condition examination of the Company by the OIR.

COMPANY HISTORY

General

The Company was formed on November 7, 2018, as a for profit Florida Corporation and licensed to provide managed care services to residents in certain counties through the State of Florida pursuant to Part I, Chapter 641, Florida Statutes.

The Company obtained its Certificate of Authority on February 2, 2019, organized as an Independent Practice Arrangement ("IPA") Model, single-state Health Maintenance Organization ("HMO"). Membership operations began January 1, 2020.

Dividends

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

Capital Stock and Capital Contributions

As of December 31, 2020, the Company's capitalization was as follows:

Number of authorized common capital shares	1,000
Number of shares issued and outstanding	1,000
Total common capital stock	\$1,000
Par value per share	\$1.00

The Company received a capital contribution of \$2,300,000 in 2020.

Surplus Notes

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

Acquisitions, Mergers, Disposals, Dissolutions

The Company is a wholly owned subsidiary of Next Door Neighbors, Inc. ("Parent"). Next Door Neighbors, Inc. is wholly owned by Next Door Neighbors, LLC, a joint venture with Centene Corporation as a 60% member and Ascension Care Management as a 40% member. The Parent owns all of the issued and outstanding shares of the Company's stock.

MANAGEMENT AND CONTROL

Corporate Governance

The annual shareholder meeting for the election of Board of Directors ("Board") was held in accordance with the Company's Bylaws. Directors serving as of December 31, 2020, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Claudio Franco Abreu ^(a)	Frontenac, Missouri	Executive Vice President, Centene
Brandy Lynn Burkhalter ^(a)	St. Louis, Missouri	Executive Vice President of Operations, Centene
Katherine A. Friedebach, MD ^(a)	Kansas City, Missouri	Chief Medical Officer, Centene
Thomas R. Graf, MD ^(a)	St. Augustine, Florida	Senior Vice President CNS, President AMG, Ascension
Timothy Warren Moorhead	Cary, North Carolina	Senior Vice President Ascension Insurance, Ascension
Estrellita Howard Redmon, MD	Jacksonville, Florida	Chief Clinical Officer, Ascension
Jeffrey Alan Schwaneke ^(a)	St. Louis, Missouri	Executive Vice President, Chief Financial Officer, Treasurer, Centene

(a) Thomas Graf and Katherine Friedebach resigned on February 19, 2021, and February 28, 2021, respectively. Jeffrey Alan Schwaneke and Brandy Lynn Burkhalter resigned on May 29, 2021, and Claudio Franco Abreu resigned on October 15, 2021.

Adam Scott Durall was appointed on February 23, 2021. Kate Nicole Casso, Richard Jong Youl Chong, and Alan Richard Smith, MD were appointed on May 29, 2021. Kirk David Fischer was appointed on October 15, 2021.

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

Senior Officers		
Name	City, State	Title
Albert Kenneth Petronis ^(a)	Charlotte, North Carolina	President
Joseph Gerald Cacchione ^(a)	Copley, Ohio	Secretary
Jeffrey Alan Schwaneke ^(a)	St. Louis, Missouri	Treasurer
Penny Joan Boyle	Lemont, Illinois	Vice President
Tricia Lynn Dinkelman	Waterloo, Illinois	Vice President of Tax

(a) Effective January 22, 2021, Joseph Gerald Cacchione resigned as Secretary, replaced by Janet Robey Alonzo as Secretary and Charlie Willie Fields Jr. was appointed as Assistant Secretary.

Effective May 29, 2021, Jeffrey Alan Schwaneke resigned as Treasurer, and was replaced by James Edward Snyder.

Effective October 15, 2021, Albert Kenneth Petronis resigned as President and was replaced by Thomas Robert Lindquist on December 15, 2021.

The Company maintained an Audit Committee, which is also the Audit Committee of its ultimate parent, Centene Corporation.

Audit Committee		
Name	City, State	Title, Company Name
Jessica Landrus Blume	Sarasota, Florida	Retired
Frederick Henry Eppinger	Grafton, Massachusetts	Retired
John Rumley Roberts	St. Louis, Missouri,	Retired
Tommy George Thompson	Madison, Wisconsin	Former President of University of Wisconsin System

The Company's Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2020.

Compliance Committee

The Compliance Committee consisted of twenty-one members representing various departments including Sales, Operations, Customer Service, and Quality. Membership also included Albert Kenneth Petronis, President at Ascension Complete, and Penny Joan Boyle, Vice President of Medical Management at Ascension Complete.

Quality Improvement Committee

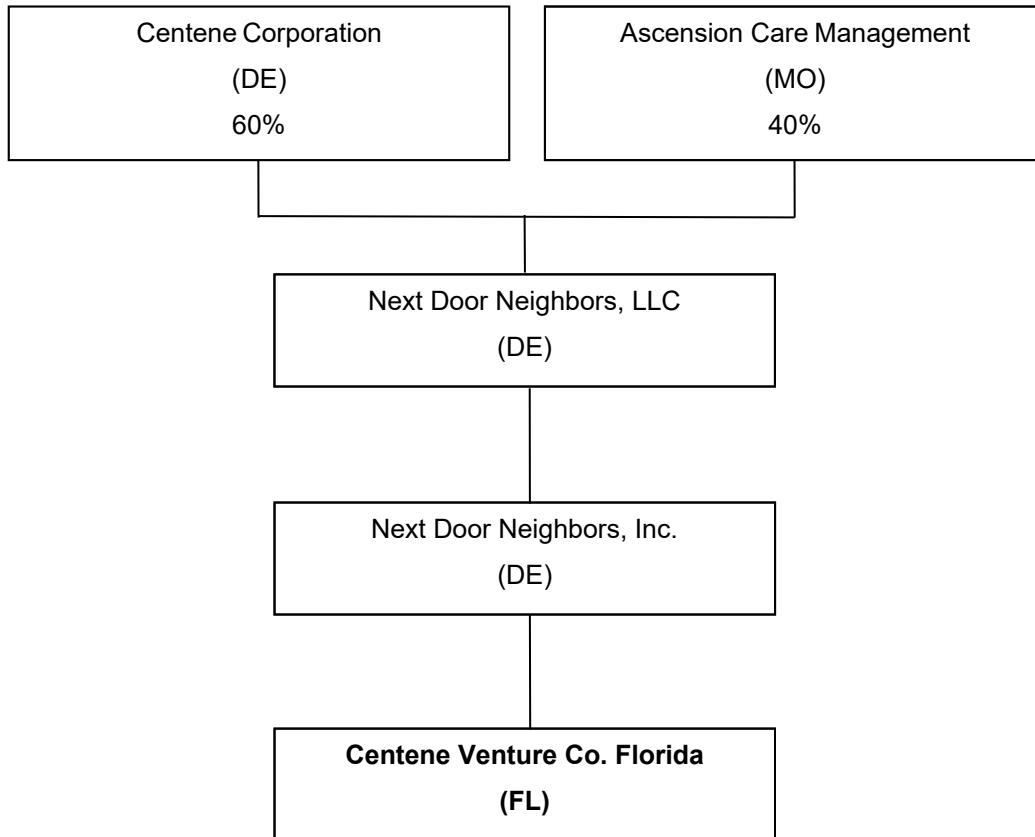
The Quality Improvement Committee consisted of twenty-six members representing various departments including Compliance, Sales, Operations, and Quality. Membership also included Penny Joan Boyle, Vice President of Medical Management at Ascension Complete.

The Company maintained an Audit Committee, which is also the Audit Committee of its ultimate parent, Centene Corporation.

Holding Company System

An 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.

**Centene Venture Company Florida
Simplified Organizational Chart
December 31, 2020**



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

Centene Management Company, LLC

Expenses for services incurred by Centene Management Company (CMC) are allocated and paid on behalf of the Company. The Company then reimburses CMC. For 2020, the Company incurred \$4,200,000, and reported \$443,476 in expenses due under the terms of this agreement.

Next Door Neighbors, LLC

Expenses for services incurred by Next Door Neighbors (NDN), are allocated and paid on behalf of the Company. The Company then reimburses NDN. For 2020, the Company incurred \$6,568,000 and reported \$3,222,767 in expenses due under the terms of this agreement.

Envolve PeopleCare, Inc.

Envolve PeopleCare provided triage services to the Company. For 2020, the Company incurred \$359 and reported \$359 in expenses due under the terms of this agreement.

Envolve Pharmacy Solutions, Inc.

Envolve Pharmacy Solutions provided pharmacy benefit management services to the Company. For 2020, the Company incurred \$1,584,619 and reported \$179,881 in expenses due under the terms of this agreement.

Envolve Vision of Florida, Inc.

Envolve Vision provided vision management services to the Company. For 2020, the Company incurred \$43,533 and reported \$9,436 in expenses due under the terms of this agreement.

Envolve Dental of Florida, Inc.

Envolve Dental, Inc. provided dental management services to the Company. For 2020, the Company incurred \$53,529 and reported \$10,178 in expenses due under the terms of this agreement.

Tax Allocation Agreement

The Company's income is included in the consolidated federal income tax return of Next Door Neighbors, Inc., Centene Venture Company Alabama Health Plan, Inc., Centene Venture Company Florida, Centene Venture Company Illinois, Centene Venture Company Indiana, Inc., Centene Venture Company Kansas, and Centene Venture Company Tennessee. The method allocates a tax asset (i.e. inter-company receivable) for any benefit derived by the consolidated group for the member's losses or credits that offset consolidated taxable income. Each member shall pay to Parent or receive from the Parent the amount of tax liability or benefit within 90 days of the date Parent files its consolidated federal income tax return.

ACCOUNTS AND RECORDS

The Company maintained its principal operational office in Saint Louis, MO.

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

Custodial Agreement

The Company maintained a custodial agreement with U.S. Bank National Association executed on September 30, 2020. The agreement complied with Rule 69O-143.042, Florida Administrative Code.

Independent Auditor Agreement

An independent CPA, KPMG LLP, audited the Company's statutory basis financial statements for 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 Shareholders, Board, Audit Committee and Compliance Committee 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 adopted by Rule 69O-138.001, Florida Administrative Code, including the authorization of investments, as required by Section 641.26, Florida Statutes.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to provide managed care services only in the State of Florida and wrote Medicare Advantage and Medicare Advantage Part D plans. These plans were offered in Baker, Clay, Escambia, Nassau, Santa Rosa, and St. John's counties.

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

The Company had one Excess of Loss Reinsurance agreement with affiliate reinsurer, Bankers Reserve Life Insurance Company of Wisconsin. The agreement covers the Medicare Advantage members at a rate of \$0.64 per member per month. After the Company's retention (deductible) of \$350,000 per member, the reinsurer reimburses 90% of covered expenses up to their maximum limit of \$3,000,000. For 2020, the Company ceded \$7,655 in premium and reported \$630 in ceded premium payable under the terms of this agreement.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Capital and Surplus; statutory Statement of Revenue and Expenses, which includes an analysis of changes in the Capital and Surplus Account for the year ended December 31, 2020. 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, 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.

Centene Venture Company Florida
Assets
December 31, 2020

	Per Company
Bonds	\$6,073,517
Cash, cash equivalents and short-term investments	10,823,798
Subtotals, cash and invested assets	\$16,897,315
Investment income due and accrued	25,391
Uncollected premiums and agents' balances	5,523
Current federal and foreign income tax recoverable and interest thereon	439
Aggregate write-in for other-than-invested assets	355,527
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	\$17,284,195

Centene Venture Company Florida
Liabilities, Capital and Surplus
December 31, 2020

	Per Company
Claims unpaid	\$1,283,293
Accrued medical incentive pool & bonus amounts	164,022
Unpaid claims adjustment expenses	15,000
Aggregate health claim reserves	8,942,528
General expenses due or accrued	372,099
Ceded reinsurance premiums payable	630
Amounts due to parent, subsidiaries and affiliates	3,666,243
Liability for amounts held under uninsured plans	490,580
Total liabilities	\$14,934,395
Common capital stock	1,000
Gross paid-in and contributed surplus	23,299,000
Unassigned funds (surplus)	(20,950,200)
Total capital and surplus	\$2,349,800
Total liabilities, capital and surplus	\$17,284,195

Centene Venture Company Florida
Statement of Revenue and Expenses
December 31, 2020

	Per Company
Net premium income	\$10,406,494
Total revenues	\$10,406,494
Hospital/medical benefits	7,883,610
Other professional services	631,475
Emergency room and out-of-area	282,357
Prescription drugs	820,103
Incentive pool withhold adjustments and bonus amounts	208,322
Subtotal	\$9,825,867
Total hospital and medical	\$9,825,867
Claims adjustment expenses	15,000
General administrative expenses	12,532,402
Increase in reserves for life and accident and health contracts	8,852,393
Total underwriting deductions	\$31,225,662
Net underwriting gain or (loss)	\$(20,819,168)
Net investment income earned	97,838
Net investment gains ((losses)	\$97,838
Net gain or (loss) from agents' or premium balances charged off	(3,989)
Net income or (loss) after capital gains tax and before all other federal income taxes	\$(20,725,319)
Federal and foreign income taxes incurred	5,537
Net Income	\$(20,730,856)
Capital and Surplus Account	
Capital and surplus prior reporting year	\$21,206,318
Net Income	\$(20,730,856)
Change in nonadmitted assets	(425,662)
Capital Changes:	
Paid in	2,300,000
Net change in capital and surplus	\$(18,856,518)
Capital and surplus end of reporting year	\$2,349,800

**Centene Venture Company Florida
Reconciliation of Capital and Surplus
December 31, 2020**

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

Capital/Surplus Change during Examination Period			
Capital and Surplus at February 12, 2019, per Examination			\$21,000,000
	Increase	Decrease	
Loss in surplus		\$20,489,627	
Change in net deferred income tax			
Change in non-admitted assets		\$460,573	
Change in surplus notes			
Change in paid in surplus	\$2,300,000		
Net increase (or decrease)			\$18,650,200
Capital and Surplus at December 31, 2020 per Examination			\$2,349,800

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Michael Schooley, ASA, MAAA, an employee of Comprehensive Health Management, Inc., a wholly owned subsidiary of Centene Corporation and 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, Jay C. Miniati, FSA, MAAA of Jay Miniati Actuarial Services, reviewed the loss and loss adjustment expense work papers provided by the Company and was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$2,349,800, exceeded the minimum of \$1,500,000 required by Section 641.225, Florida Statutes.

SUBSEQUENT EVENTS

In 2021, the Company received \$4,000,000 in capital contributions.


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 Centene Venture Company Florida as of December 31, 2020, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of Highland Clark, LLC participated in the examination: Tracy D. Gates CISA, CFE, Examiner-in-Charge and IT Specialist; Sheri L. Kenney CFE, MCM, Examination Supervisor; Lori G. Lewter, CISA, Participating Examiner and IT Specialist; Aleksandreja H. Kulits, Participating Examiner; and Travis. R. Harrison, CPA, CPCU, Participating Examiner. Members of the OIR who participated in the examination include Marshay L. Spencer APIR, Examination Manager and Mary Gitari, Participating Examiner. Additionally, Jay C. Miniati, FSA, MAAA of Jay Miniati Actuarial Services is also recognized for participation in the examination.

Respectfully submitted,



Tracy D. Gates, CISA, CFE
Examiner-in-Charge

Highland Clark, LLC



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