



**EXAMINATION REPORT
OF
Doctors HealthCare Plans, Inc.**

NAIC Company Code: 16271

**Coral Gables, Florida
as of
December 31, 2020**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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May 23, 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:

DOCTORS HEALTHCARE PLANS, INC.

2020 Ponce de Leon Blvd, Suite PH-1
Coral Gables, FL 33134

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 (“OIR”) on September 20, 2021. The fieldwork concluded as of May 23, 2022. The Company’s last full scope exam by representatives of the OIR covered the period of December 14, 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 to be included within this examination report.

Previous Examination Findings

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

Schedule Y Part 2 – Summary of Insurer’s Transactions with Affiliates

The Company did not complete Schedule Y Part 2 – Summary of Insurer’s Transactions with Affiliates in the 2019 Annual Statement. The prior report recommended that the Company disclose amounts for surplus notes and management agreements and service contracts in accordance with Health Annual Statement Instructions for the 2019 Reporting Year. The Company has not resolved this finding since it did not complete Schedule Y Part 2 for the 2020 and 2021 Annual Statements.

COMPANY HISTORY

General

The Company was incorporated in Florida on January 25, 2017, and commenced business on January 1, 2019. The Company was granted a Health Maintenance Organization (“HMO”) license from the OIR in December 2017 and obtained a Medicare Advantage Plan contract with the Centers for Medicare and Medicaid Services with a member enrollment effective date of January 1, 2019.

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	100,000,000
Number of shares issued and outstanding	712,500
Total common capital stock	\$7,125
Par value per share	\$0.01

Number of authorized preferred capital shares	20,000,000
Number of shares issued and outstanding	20,000,000
Total preferred capital stock	\$200,000
Par value per share	\$0.01

Surplus Notes

The Company issued the following surplus notes during the examination period:

Surplus Note No.	Date Issued	Note Holder	Interest Rate	Par Value (Face Amount of the Notes)
8	2/26/2020	Rafael P. Perez	5.50%	\$2,500,000
9	2/26/2020	Martin J. Perez	5.50%	\$2,500,000
10	4/15/2020	Rafael P. Perez	5.50%	\$2,500,000
11	4/15/2020	Martin J. Perez	5.50%	\$1,500,000
			Total:	\$9,000,000

In accordance with SSAP No. 41R, interest payments and principal repayments require prior approval from the OIR.

Acquisitions, Mergers, Disposals, Dissolutions

The Company had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

MANAGEMENT AND CONTROL

Corporate Governance

According to the Company's Bylaws, an annual shareholder meeting for the election of the Board of Directors ("Board") shall be held each calendar year. Directors serving as of December 31, 2020, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Rafael P. Perez ⁽¹⁾	Coral Gables, FL	Chief Executive Officer Doctors HealthCare Plans, Inc.
Martiniano J. Perez	Coral Gables, FL	President Doctors HealthCare Plans, Inc.
Adolfo Henriques	Miami, FL	Vice Chairman Related Group
Valentin Lopez	Coral Gables, FL	Managing Member (CPA) Lopez & Partners, LLC
Andres Prieto, MD	Coral Gables, FL	Medical Director Doctors HealthCare Plans, Inc.

⁽¹⁾ Chairperson of the Board

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

Senior Officers		
Name	City, State	Title
Rafael P. Perez	Coral Gables, FL	Chief Executive Officer
Martiniano J. Perez	Coral Gables, FL	President
Ivonne A. Garrote-Torra	Coral Gables, FL	Chief Financial Officer
Francisco O. Hernandez ^(a)	Coral Gables, FL	Medical Director and Risk Manager
Susan E. Griffin	Coral Gables, FL	Vice President Administration
Maria E. Duran	Coral Gables, FL	Vice President Network Development
Mayra R. Campuzano	Coral Gables, FL	Vice President Compliance

^(a) Francisco O. Hernandez separated from the Company effective July 2, 2021. Subsequently, Andres A. Prieto, MD was appointed by the Board as Risk Manager.

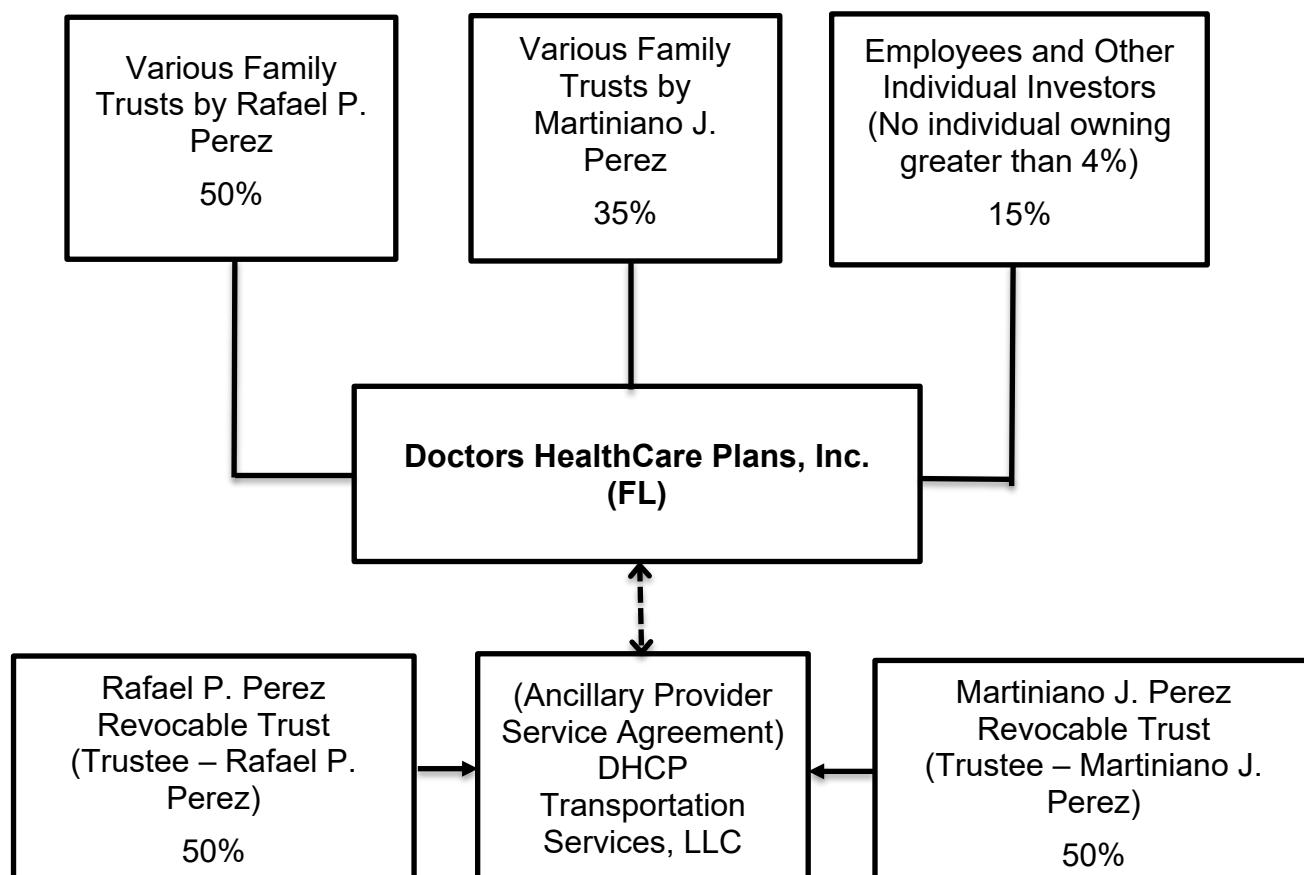
The Company maintained an audit committee.

Audit Committee		
Name	City, State	Title, Company Name
Martiniano J. Perez	Coral Gables, FL	President Doctors HealthCare Plans, Inc.
Valentin Lopez	Coral Gables, FL	Managing Member (CPA) Lopez & Partners, LLC
Adolfo Henriques	Miami, FL	Vice Chairman Related Group

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.

**Doctors HealthCare Plans, Inc.
Simplified Organization Chart
December 31, 2020**



AFFILIATED AND OTHER AGREEMENTS

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

Ancillary Services Provider Agreement

The Company entered into an Ancillary Services Provider Agreement with DHCP Transportation Services, LLC ("DHCP Transportation"), on January 1, 2019. DHCP Transportation provides transportation services to DHCP's members. Fees incurred under this agreement during 2020 amounted to \$2,551,074.

Network Primary Care Provider Agreement

The Company entered into a Network Primary Care Provider Agreement with DHCP-PCP Investments, LLC on April 1, 2019, to provide health care services to members. The agreement was terminated on July 1, 2020. Fees incurred under this agreement through June 30, 2020, amounted to \$282,540.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Coral Gables, Florida.

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

Independent Auditor Agreement

An independent CPA, Morrison, Brown, Argiz & Farra, LLC, audited the Company's statutory basis financial statements annually for the years 2017, 2018, and 2019, in accordance with Section 641.26(5), Florida Statutes. On January 16, 2021, Morrison, Brown, Argiz & Farra, LLC merged and was acquired by BDO USA, LLP, and the 2020 independent audit was audited by this CPA firm in accordance with Section 641.26(5), Florida Statutes. Supporting workpapers were prepared by BDO USA, LLP as required by Section 641.26(5), Florida Statutes.

Corporate Records Review

The recorded minutes of the Shareholders and 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 adopted by Rule 69O-138.001, Florida Administrative Code, including the authorization of investments, as required by Section 641.35(7), Florida Statutes.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to provide managed care services only in the State of Florida. The Company only writes Medicare Advantage policies in Florida where it is licensed or eligible.

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 Center for Medicare & Medicaid Services covers 80% of allowed claim costs above the defined standard true out-of-pocket threshold of \$6,350 for Part D enrollees. The Company also ceded risk on an excess of loss basis to RGA Reinsurance Company pursuant to an agreement effective January 1, 2020. The reinsurance covered 90% of the cost of eligible services in excess of \$250,000 subject to a limit of \$5,000,000 per member per agreement period.

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 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 the Report. There were no examination adjustments to the amounts reported by the Company.

Doctors HealthCare Plans, Inc.

Assets

December 31, 2020

	Per Company
Cash, cash equivalents and short-term investments	\$14,018,880
Subtotal cash and invested assets	\$14,018,880
Investment income due and accrued	1,340
Premiums and considerations:	
Accrued retrospective premiums and contracts	4,452,087
Reinsurance:	
Amounts recoverable from reinsurers	536,569
Amounts receivable relating to uninsured plans	1,714,266
Health care and other amounts receivable	4,974,526
Aggregate write-ins for other than invested assets	7,300,000
Totals	\$32,997,668

Doctors HealthCare Plans, Inc.
Liabilities, Capital and Surplus
December 31, 2020

	Per Company
Claims unpaid	\$13,201,625
Accrued medical incentive pool and bonus amounts	661,976
Unpaid claims adjustment expenses	274,446
Aggregate health policy reserves	325,384
Premiums received in advance	1,036,875
General expenses due or accrued	1,043,349
Borrowed money and interest thereon	2,034,600
Liability for amounts held under uninsured plans	1,706,640
Total liabilities	\$20,284,895
Common capital stock	7,125
Preferred capital stock	200,000
Gross paid in and contributed surplus	19,349,950
Surplus notes	29,250,000
Unassigned funds (surplus)	(36,094,303)
Total Capital and surplus	\$12,712,772
Total liabilities, capital and surplus	\$32,997,668

Doctors HealthCare Plans, Inc.
Statement of Revenue and Expenses
December 31, 2020

	Per Company
Net premium income	\$166,678,112
Total revenues	\$166,678,112
Hospital and Medical:	
Hospital/medical benefits	104,442,867
Other professional services	6,650,563
Prescription drugs	36,603,046
Aggregate write-ins for other hospital and medical	2,470,260
Incentive pool, withhold adjustments and bonus amounts	961,092
Subtotal	\$151,127,828
Less:	
Net reinsurance recoveries	1,631,060
Total hospital and medical	\$149,496,768
Claims adjustment expenses	55,707
General administrative expenses	21,187,006
Total underwriting deductions	\$170,739,481
Net underwriting gain or (loss)	(\$4,061,369)
Net investment income earned	11,369
Net investment gains (losses)	\$11,369
Net income or (loss) after capital gains tax and before all other federal income taxes	(\$4,050,000)
Net income (loss)	(\$4,050,000)

Statement of Revenues and Expenses (continued)	Per Company
Capital and Surplus Account	
Capital and surplus prior reporting year	\$8,715,979
Net Income or (loss)	(\$4,050,000)
Change in nonadmitted assets	617,544
Change in surplus notes	7,300,000
Capital Changes:	
Paid in	11,950
Surplus adjustments:	
Paid in	117,300
Net change in capital and surplus	\$3,996,794
Capital and surplus end of reporting year	\$12,712,772

Doctors HealthCare Plans, Inc.
Reconciliation of Capital and Surplus
December 31, 2020

Capital/Surplus Change during Examination Period			
Capital and Surplus at December 31, 2019, per Examination			\$8,715,979
	Increase	Decrease	
Net income (loss)		\$4,050,000	
Change in nonadmitted assets	\$617,544		
Change in surplus notes	\$7,300,000		
Change in paid in capital	\$11,950		
Change in paid in surplus	\$117,300		
Net increase (or decrease)			\$3,996,794
Surplus at December 31, 2020 per Examination			\$12,712,772

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 McStanley, FSA, MAAA, Director & Senior Consulting Actuary, Wakely Consulting Group, LLC, 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, Scott Garduno, FSA, MAAA, Managing Member of Taylor-Walker Consulting, LLC, reviewed the loss and loss adjustment expense workpapers provided by the Company.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$12,712,772 exceeded the minimum of \$3,333,562 required by Section 641.225, Florida Statutes.

SUBSEQUENT EVENTS

On March 23, 2021, the Company issued surplus notes #12 and #13 and requested the treatment of the additional capital as a Type 1 Subsequent Event pursuant to SSAP No. 9 from the OIR. On March 29, 2021, the OIR approved the surplus notes as well as the Type I Subsequent Event and instructed the Company to record the additional capital contribution as “Contributed capital – Surplus Notes, received with SSAP No. 72 Approval” on its December 31, 2020 balance sheet.

The Company issued the following surplus notes subsequent to the exam period:

Surplus Note No.	Date Issued	Note Holder	Interest Rate	Par Value (Face Amount of the Notes)
12	3/23/2021	Rafael P. Perez	5.50%	\$3,650,000
13	3/23/2021	Martin J. Perez	5.50%	\$3,650,000
14	11/12/2021	Rafael P. Perez	5.50%	\$2,900,000
15	11/12/2021	Martin J. Perez	5.50%	\$1,000,000
16	3/24/2022	Rafael P. Perez	5.50%	\$9,000,000
17	3/24/2022	Martin J. Perez	5.50%	\$9,500,000
			Total:	\$29,700,000

The COVID-19 pandemic has continued to develop throughout 2020 and 2021, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. The OIR Regulation 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

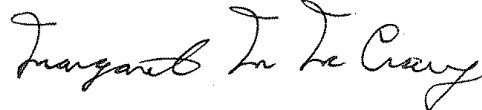
The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Doctors HealthCare Plans, Inc. as of December 31, 2020, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of Examination Resources, LLC, participated in the examination: Susan Carroll, CFE, CPA, Examiner-in-Charge; Rachelle Gowins, CFE, MCM, Exam Manager; Steven Sigler, CFE, AES, CISA, AMCM, and Denise Mainquist, CISA, CPHIMS, PCIP, IT Specialists. Members of the OIR who participated in the examination include Margaret McCrary, CFE, CPA, MBA, Chief Financial Examiner; Marshay Spencer, APIR, Financial Examiner/Analyst Supervisor, Examination Manager; and Glenn Coats, CFE (Fraud), AIPR, Financial Control Analyst, Participating Examiner. Additionally, Solomon Frazier, FSA, FCAS, MAAA, and Scott Garduno, FSA, MAAA, of Taylor-Walker Consulting, LLC, are recognized for participation in the examination.

Respectfully submitted,



Susan Carroll, CFE, CPA
Contract Examiner-in-Charge
Examination Resources, 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