



**EXAMINATION REPORT
OF
Humana Medical Plan, Inc.**

NAIC Company Code: 95270

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

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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April 4, 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 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

Humana Medical Plan, Inc.
3501 SW 160th Avenue
Miramar, Florida 33027

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, 2016, through December 31, 2020, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on April 28, 2021. The fieldwork concluded as of April 4, 2022. The Company’s last full scope exam by representatives of OIR covered the period of January 1, 2011, through December 31, 2015.

The examination was a multi-state/coordinated 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. The lead state for this exam was Wisconsin, and states that participated in this exam are as follows: Arkansas, Florida, Georgia, Illinois, Louisiana, Michigan, Ohio, Pennsylvania, Tennessee, Texas, Utah, and Washington.

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

There were no significant findings in the previous examination.

COMPANY HISTORY

General

The Company was incorporated in Florida on August 12, 1986, and commenced business on June 1, 1987. The State of Florida authorized the Company to operate as a Health Maintenance Organization ("HMO") in accordance with Part I of Chapter 641, Florida Statutes.

Dividends

In accordance with Section 641.365, Florida Statutes, the Company declared and paid dividends to its stockholder(s) in 2020, 2019, 2018, 2017, and 2016 in the amounts of \$100.0 million, \$260.0 million, \$300.0 million, \$100.0 million, and \$100.0 million, respectively.

Capital Stock and Capital Contributions

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

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

There were no capital contributions during the period under examination.

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 shareholder meeting for the election of Board of Directors (“the 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
Bruce Dale Broussard	Louisville, Kentucky	President and Chief Executive Officer Humana Medical Plan, Inc.
Brian Andrew Kane (a)	Louisville, Kentucky	Chief Financial Officer Humana Medical Plan, Inc.
Timothy Alan Wheatley	Louisville, Kentucky	Segment President, Retail Humana Medical Plan, Inc.

(a) Effective June 1, 2021, Brian Andrew Kane retired as a Director and was replaced by Joseph Matthew Ruschell.

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

Senior Officers		
Name	City, State	Title
Bruce Dale Broussard	Louisville, Kentucky	President and Chief Executive Officer
Brian Andrew Kane (a)	Louisville, Kentucky	Chief Financial Officer
Joseph Matthew Ruschell	Louisville, Kentucky	Associate Vice President, Assistant General Counsel and Corporate Secretary
Vanessa Marie Olson	Louisville, Kentucky	Senior Vice President, Chief Actuary
Beatriz Maria Assapimonwait	Louisville, Kentucky	Regional President
Alan James Bailey	Louisville, Kentucky	Vice President and Treasurer

John Edward Barger III	Louisville, Kentucky	Medicaid President
Andrew Joseph Besendorf III (e)	Louisville, Kentucky	Appointed Actuary
Courtney Danielle Durall	Louisville, Kentucky	Assistant Corporate Secretary and Legal Advisor
Douglas Allen Edwards	Louisville, Kentucky	Senior Vice President, Workplace Experience
Jeffrey Carl Fernandez	Louisville, Kentucky	Senior Vice President, Medicare West and MarketPOINT
William Kevin Fleming (d)	Louisville, Kentucky	Segment President, Clinical and Pharmacy Solutions
Deborah Maureen Galloway	Louisville, Kentucky	Regional President
Christopher Howal Hunter (b)	Louisville, Kentucky	Segment President, Group and Military Business
Steven Edward McCulley	Louisville, Kentucky	Senior Vice President, Medicare
Matthew George Moore	Louisville, Kentucky	Regional President
Sean Joseph O'Reilly	Louisville, Kentucky	Enterprise Compliance and Chief Compliance Officer
William Mark Preston	Louisville, Kentucky	Vice President, Investments
Richard Donald Remmers	Louisville, Kentucky	Senior Vice President, Employer Group Sales
George Renaudin II	Louisville, Kentucky	Senior Vice President, Medicare East and Provider
Donald Hank Robinson	Louisville, Kentucky	Senior Vice President, Tax
Susan Draney Schick (b)	Louisville, Kentucky	Senior Vice President, Employer Group
Gilbert Alan Stewart	Louisville, Kentucky	Senior Vice President, Senior Vice President, Medicare Divisional Leader
Richard Andrew Vollmer Jr.	Louisville, Kentucky	Senior Vice President, Medicare Divisional Leader
Timothy Alan Wheatley	Louisville, Kentucky	Segment President, Retail
Ralph Martin Wilson	Louisville, Kentucky	Vice President
Cynthia Hillebrand Zipperle	Louisville, Kentucky	Senior Vice President, Chief Accounting Officer and Controller

- (a) Effective June 1, 2021, Brian A. Kane resigned. Susan Marie Diamond was elected on June 1, 2021, as the Interim Chief Financial Officer. Effective June 28, 2021, the Board elected Susan Marie Diamond as the Chief Financial Officer.
- (b) Effective August 31, 2021, Christopher Howal Hunter resigned as Segment President, Group and Military Business. Effective September 1, 2021, the Board elected Susan Draney Schick as Segment President, Group and Military Business.
- (c) Effective September 15, 2021, the Board elected Michael P. Tilton as Vice President, Employer Group Regional President.

- (d) Effective November 30, 2021, William Kevin Fleming resigned as Segment President, Clinical and Pharmacy Solutions.
- (e) Effective December 15, 2021, Andrew Joseph Besendorf, III resigned as the Appointed Actuary. The Board appointed Vanessa Marie Olson as Appointed Actuary effective December 15, 2021.

The Board of the Company's ultimate parent, Humana Inc., has appointed its Audit and Investment committees (collectively, the "Committees") to serve as the Audit and Investment Committees of the Company. Individuals appointed and serving on the Committees as of December 31, 2020, are indicated below.

Audit Committee		
Name	City, State	Title, Company Name
Frank A. D'Amelio, Chair	Louisville, Kentucky	Former Executive Officer, Pfizer Inc.
Raquel C. Bono, M.D.	Louisville, Kentucky	Principal, RCB Consulting and Chief Health Officer, Viking
John W. Garratt	Louisville, Kentucky	Executive Vice President and Chief Financial Officer, Dollar General Corporation
William J. McDonald	Louisville, Kentucky	Managing Partner, Wild Irishman Advisory, LLC

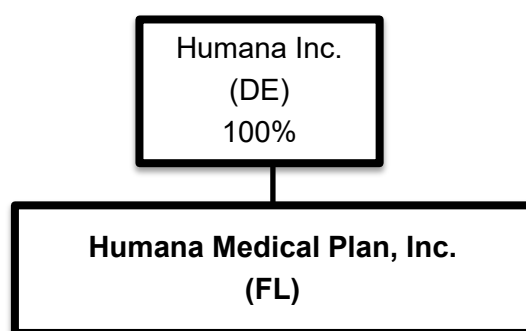
Investment Committee		
Name	City, State	Title, Company Name
John W. Garratt, Chair	Louisville, Kentucky	Executive Vice President and Chief Financial Officer, Dollar General Corporation
William J. McDonald	Louisville, Kentucky	Managing Partner, Wild Irishman Advisory, LLC
James J. O'Brien	Louisville, Kentucky	Retired Chairman of the Board and Chief Executive Officer of Ashland Inc.
Marissa T. Peterson	Louisville, Kentucky	President and CEO, Mission Peak Executive Consulting

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.

Humana Medical Plan, Inc. Simplified Organizational Chart

December 31, 2020



AFFILIATED AGREEMENTS

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

Tax Allocation Agreement

The Company, along with Humana Inc., filed a consolidated federal income tax return pursuant to a Tax Allocation Agreement effective January 1, 2016. Consolidated tax liability was allocated among members of the consolidated group on a pro rata basis according to the separate return tax liabilities of included members. The agreement required that intercompany balances be settled within 30 days after the calculation of income tax attributable to the Company. In the event of a refund, the agreement required settlement within 30 days after receipt of the refund. The Company's balance under the Tax Allocation Agreement was \$187,965,089.

Corporate Service Agreement

The Company entered into a Corporate Service Agreement with Humana Inc. on June 16, 2003, to provide medical and executive management, information systems, claims processing, billing and enrollment, telemarketing, and other services to the Company. The agreement renews automatically unless otherwise terminated within the guidelines of the agreement. Fees incurred under this agreement during 2020 amounted to \$633,868,974.

Amended and Restated Service Center Service Agreement

Effective January 1, 2018, the Company entered into an Amended and Restated Service Center Service Agreement with Humana Insurance Company ("HIC") and Humana Inc. where HIC provides claims processing, customer service, front-end operations, billing and enrollment, utilization review, and other support services including senior leadership, systems and related support to process member billing, collections, and enrollment. Humana Inc. collects monies due to the Company and HIC. The agreement renews automatically unless otherwise terminated within the guidelines of the agreement. Fees incurred under the Amended and Restated Service Center Service Agreement and the Service Agreement contracts during 2020, were \$132,758,666.

Service Agreement

Effective December 1, 2020, the Company entered into a Service Agreement with Humana Management Services of Puerto Rico, Inc. ("HMSPR") and Humana Inc. where the HMSPR provides clinical management, provider network, provider communications, and other support services including senior leadership, education and development, financial and operational support, as well as other administrative functions. Humana Inc. collects monies due to the Company and HMSPR and disperses such monies and performs banking and accounting administrative duties. The agreement renews automatically unless otherwise terminated within the guidelines of the agreement. Fees incurred under the Service Agreement during 2020 were \$132,758,666

Marketing Service Agreement

The Company entered into a Marketing Service Agreement with Humana MarketPOINT, Inc. and Humana Inc. on June 16, 2003, to provide marketing services including the provision of staff, systems, and related support to the Company in order to market Humana Medicare and

commercial Risk Products. The agreement renews automatically unless otherwise terminated within the guidelines of the agreement. Fees incurred under this agreement during 2020 amounted to \$58,232,962.

Payor Agreement

The Company entered into a Payor Agreement with Health Value Management, Inc. on July 31, 2007, under which the Company utilizes the health care provider networks developed by Health Value Management, Inc. Fees incurred under this agreement during 2020 amounted to \$0.

Indemnity Agreement

Pursuant to a June 30, 1995, agreement, the Company is indemnified by Humana Inc. in the event of the Company's insolvency or inability to provide health care services for which it is contractually obligated. Fees incurred under this agreement during 2020 amounted to \$863,257.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Miramar, Florida; however, the Company maintained its primary books and records in Louisville, Kentucky.

Independent Auditor Agreement

An independent CPA, PricewaterhouseCoopers LLP, audited the Company's statutory basis financial statements annually for the years 2016, 2017, 2018, 2019 and 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, the Board, and the following committees: Audit and Investment, 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 in the following states as of December 31, 2020:

State	Premiums Written
Florida	\$10,201,518,343
Kentucky	\$118,768,075
Mississippi	\$338,160,683
North Carolina	\$1,138,231,110
Oregon	\$77,698,655
Virginia	\$0

The Company was authorized to provide management care services in Florida on June 1, 1987, and is currently authorized to offer coordinated health and pharmacy insurance coverage, and related medical services through Medicare Parts A, B, and D. The Company offers services under a Medicare Advantage contract with the Centers for Medicare & Medicaid Services and to Medicaid-eligible individuals under a Medicaid HMO contract with the Florida Agency for Health Care Administration.

The Company offers commercial HMO services that provide prepaid health insurance coverage to members through a network of independent primary care physicians, and other health care providers who contract with the Company to furnish such services.

REINSURANCE

Reinsurance Assumed

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

Reinsurance Ceded

Effective October 1, 2015, Humana, Inc. entered into a Medical Excess of Loss Reinsurance Agreement with Axis Insurance Company ("Axis"), in which the Company was a participating subsidiary of the agreement. Under the terms of the agreement, Axis reinsures the excess liability of the fully insured medical business, including group, individual, and conversion policies.

Axis is liable for 100% of the Ultimate Net Loss in excess of the Company's retention of \$3,000,000 as a result of any one member. The liability in respect to any one member shall not exceed 100% of \$9,000,000 during the term of the agreement. The agreement was subsequently terminated on October 1, 2016.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Capital and Surplus; and 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 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.

Humana Medical Plan, Inc.
Assets
December 31, 2020

	Per Company
Bonds	\$1,993,580,084
Real Estate	
Properties held for the production of income	19,206
Cash, cash equivalents and short-term investments	752,008,935
Other invested assets	40,000
Subtotal cash and invested assets	\$2,745,648,225
Investment income due and accrued	8,318,806
Premiums and considerations	
Uncollected premiums and agents' balances in the course of collection	40,538,873
Accrued retrospective premiums and contracts subject to redetermination	92,495,400
Amounts receivable relating to uninsured plans	28,898,481
Net deferred tax asset	28,158,073
Electronic data processing equipment and software	140,659
Furniture and equipment, including health care delivery assets	0
Health care and other amounts receivable	96,302,184
Aggregate write-ins for other than invested assets	243,654
Totals	\$3,040,744,355

Humana Medical Plan, Inc.
Liabilities, Capital and Surplus
December 31, 2020

	Per Company
Claims unpaid	\$1,473,343,570
Accrued medical incentive pool and bonus amounts	46,386,699
Unpaid claims adjustment expenses	6,797,017
Aggregate health policy reserves	179,403,354
Aggregate health claim reserves	836,740
Premiums received in advance	28,289,406
General expenses due or accrued	21,308,394
Current federal and foreign income tax payable and interest thereon	15,451,182
Amounts withheld or retained for the account of others	154
Remittances and items not allocated	1,666,640
Amounts due to parent, subsidiaries and affiliates	47,550,831
Payable for securities	5,120,975
Liability for amounts held under uninsured plans	13,920,067
Aggregate write-ins for other liabilities	9,672,757
Total liabilities	\$1,849,747,786
Common capital stock	1,000
Gross paid-in and contributed surplus	306,014,568
Unassigned funds (surplus)	884,981,002
Total capital and surplus	\$1,190,996,569
Total liabilities, capital and surplus	\$3,040,744,355

Humana Medical Plan, Inc.
Statement of Revenue and Expenses
December 31, 2020

	Per Company
Net premium income	\$11,997,963,152
Hospital and Medical:	
Hospital/medical benefits	8,398,430,630
Other professional services	255,749,521
Emergency room and out-of-area	240,020,779
Prescription drugs	1,028,758,034
Incentive pool, withhold adjustments and bonus amounts	44,907,588
Subtotal	\$9,967,866,552
Less:	
Claims adjustment expenses	373,559,034
General administrative expenses	1,037,882,324
Increase in reserves for life and accident and health contracts	18,753,741
Total underwriting deductions	\$11,398,061,651
Net underwriting gain or (loss)	\$599,901,501
Net investment income earned	42,501,414
Net realized capital gains (losses) less capital gains tax	6,122,465
Net investment gains ((losses)	\$48,623,879
Aggregate write-ins for other income or expenses	(781,133)
Net income or (loss) after capital gains tax and before all other federal income taxes	\$647,744,247
Federal and foreign income taxes incurred	173,478,498
Net Income	\$474,265,748

	Per Company
Capital and Surplus Account	
Capital and surplus prior reporting year	\$827,200,288
Net Income	\$474,265,748
Change in net unrealized capital gains (losses) less capital gains tax	6,208
Change in net deferred income taxes	7,110,874
Change in nonadmitted assets	(17,586,550)
Dividends to stockholders	(100,000,000)
Net change in capital and surplus	\$363,796,281
Capital and surplus end of reporting year	\$1,190,996,569

Humana Medical Plan, Inc.
Reconciliation of Capital and Surplus
December 31, 2020

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

Capital/Surplus Change during Examination Period			
Capital and Surplus at December 31, 2015, per Examination			\$683,071,190
	Increase	Decrease	
Net income	\$1,389,267,298		
Change in net unrealized capital gains (loss)	\$14,269		
Change in net deferred income tax		\$48,316,073	
Change in non-admitted assets	\$34,403,798		
Dividends to stockholders		\$860,000,000	
Aggregate write-ins for gains or (losses) in surplus		\$9,562,273	
Change in paid in surplus	\$2,118,359		
Net increase (or decrease)			\$507,925,378
Capital and Surplus at December 31, 2020, per Examination			\$1,190,996,568

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Andrew J. Besendorf III, FSA, MAAA, Associate Vice President and Appointed Actuary, 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.

OIR consulting actuary, Margaret Hermann, FSA, MAAA, INS Consultants, Inc., reviewed the loss and loss adjustment expense work papers provided by the Company and she was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$1,190,996,568 exceeded the minimum of \$540,957,008 required by Section 641.225, Florida Statutes.

SUBSEQUENT EVENTS

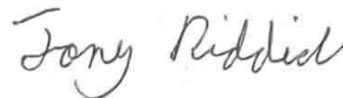
The COVID-19 pandemic has continued to develop throughout 2021 and 2022, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. OIR has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. OIR continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

CONCLUSION

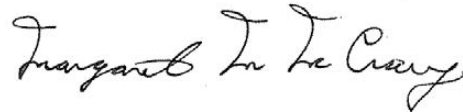
The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Humana Medical Plan, Inc. as of December 31, 2020, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of The INS Companies participated in the examination: Tony Riddick, CFE, Examiner-in-Charge; Kelly Willison, CFE, Examination Manager. Members of OIR who participated in the examination include Shantia Simmons, APIR, Examination Supervisor. Additionally, Peggy Hermann, FSA, MAAA of The INS Companies and Dave Gordon, CISA, IT Specialist of The INS Companies, are recognized for participation in the examination.

Respectfully submitted,



Tony Riddick, CFE
Examiner-in-Charge
The INS Companies



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