



**EXAMINATION REPORT
OF
MMM of Florida, Inc.**

NAIC Company Code: 16177

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

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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May 24, 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 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

MMM of Florida, Inc.
5775 Blue Lagoon Drive, Suite 190
Miami, FL 33126

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

SCOPE OF EXAMINATION

This examination covered the period of June 1, 2017 through December 31, 2019 and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on October 29, 2020. The fieldwork concluded as of May 24, 2021. This is the Company’s first full scope examination by representatives of the Office.

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 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

There were no prior examination findings as this is the Company's first full scope examination.

COMPANY HISTORY

General

The Company was incorporated as a Health Maintenance Organization under the name Health Advantage Florida, Inc. on November 10, 2016 and a Certificate of Authority was issued by the Florida Office of Insurance Regulation on June 1, 2017. The Company changed its name in 2018 to MMM of Florida, Inc. and was acquired by InnovaCare Health, L.P. on December 26, 2019. The Company signed a contract with the Centers for Medicare and Medicaid Services (CMS) on January 1, 2019 and did not have written premium prior to the inception of the contract.

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	900,000
Total common capital stock	\$900
Par value per share	\$0.001

The Company received capital contributions of \$15,000,000 and \$15,040,879 in 2017 and 2019 respectively.

Surplus Notes

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

Acquisitions, Mergers, Disposals, Dissolutions

The Company was acquired by InnovaCare Health L.P. on December 26, 2019.

MANAGEMENT AND CONTROL

Corporate Governance

The annual shareholder meeting for the election of Directors was held in accordance with its Bylaws. Directors serving as of December 31, 2019, are shown below:

Information to Complete the tables

Directors		
Name	City, State	Principal Occupation, Company Name
Richard Shinto ⁽¹⁾	San Juan, Puerto Rico	President & Chief Executive Officer, InnovaCare Services Company, LLC
Douglas Malton	Ridgefield, Connecticut	Chief Financial Officer, InnovaCare Services Company, LLC
Penelope Kokkinides	Orlando, Florida	Chief Administrative Officer, InnovaCare Services Company, LLC

⁽¹⁾ Chairperson

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

Senior Officers		
Name	City, State	Title
Richard Shinto	San Juan, Puerto Rico	Chief Executive Officer (CEO) InnovaCare Services Company, LLC
Rosa Cozad ^(a)	Miami, Florida	President MMM of Florida, Inc.
Carlos Vivaldi ^(b)	San Juan, Puerto Rico	Chief Financial Officer (CFO) MMM Holdings, LLC
Myra Plumey Rivera	Toa Baja, Puerto Rico	Chief Compliance Officer

		MMM Holdings, LLC
Michael Sortino	New Jersey	Chief Accounting Officer InnovaCare Services Company, LLC
Douglas Malton	Ridgefield, Connecticut	Treasurer InnovaCare Services Company, LLC
Francisco Izquierdo ^(c)	Miami, Florida	Vice President of Networking and Contracting
S Bhasker ^(d)	Greenwich, Connecticut	Chief Information and Security Officer InnovaCare Services Company, LLC
Paul Klausner	New York, New York	Secretary InnovaCare Services Company, LLC
Penelope Kokkinides	Orlando, Florida	Chief Administrative Officer InnovaCare Services Company, LLC
Waldemar Rios	San Juan, Puerto Rico	Chief Medical Officer MMM Holdings, LLC

^(a) Ron Schutzen was appointed by the Board as President and CEO on January 9, 2020.

^(b) Arnaldo Paniagua was appointed as CFO on January 9, 2020.

^(c) Replaced by Alexander Wilder, Sunny Isles, Florida for the same position.

^(d) Replaced by Alexander McNab of Coral Springs, Florida as Vice President of Information Technology, MMM of Florida, Inc.

The Company's Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2019. The first person listed for each committee is the chairperson.

The Audit Committee of the Company's parent, InnovaCare Health L.P. serves at the Audit Committee as it does for other plan subsidiaries. Members of the Audit Committee of InnovaCare Health, L.P. are listed below.

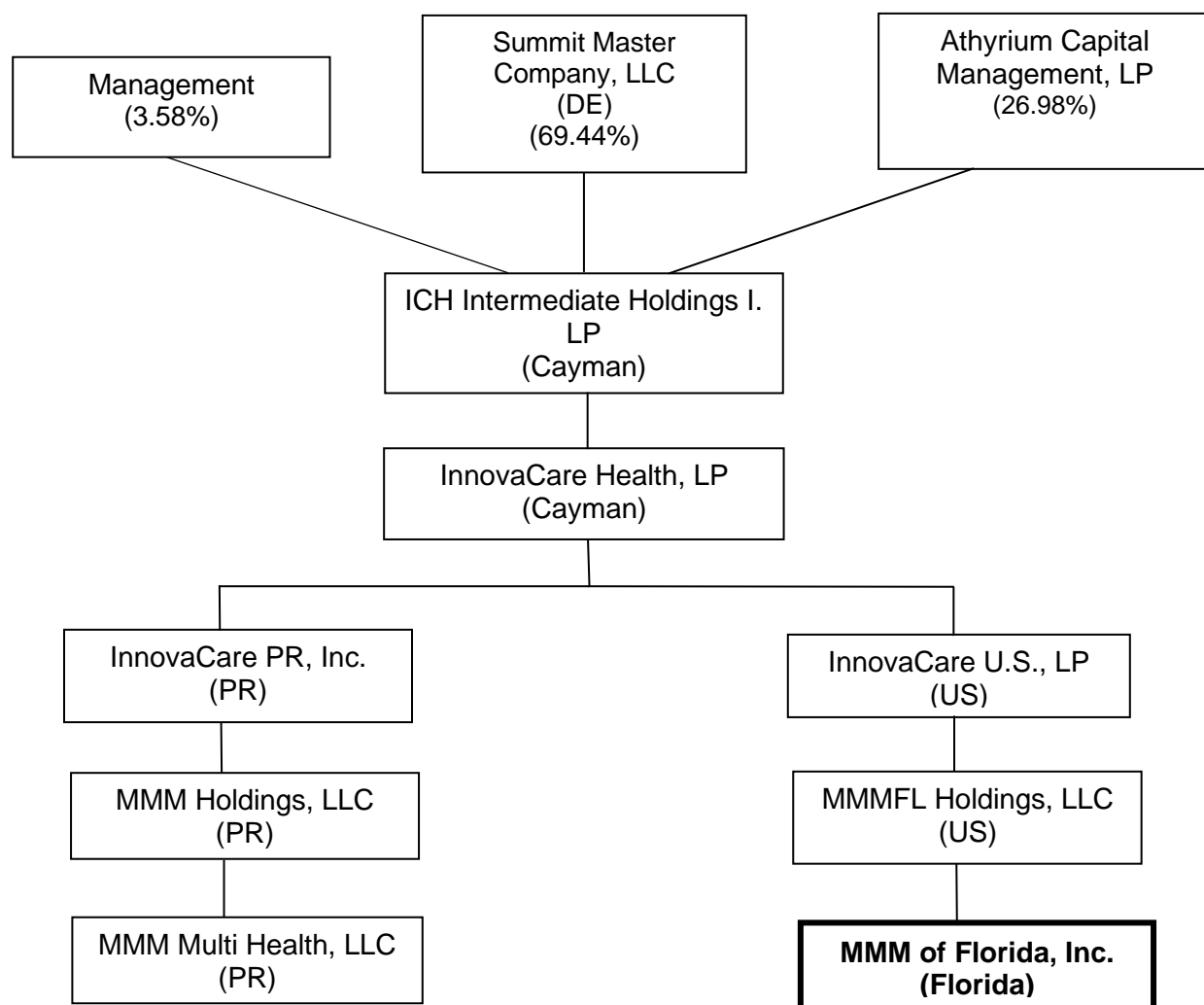
Audit Committee		
Name	City, State	Title, Company Name
Peter Francis	Miami, FL	Summit Master Company, LLC Board of Directors
Hondo Sen	Summit, New Jersey	Summit Master Company, LLC Board of Directors

The Company maintains a Compliance Committee to provide oversight of compliance with laws regulations and standards of conduct by applicable regulatory agencies.

Compliance Committee		
Name	City, State	Title, Company Name
Angel Tirado	Miami, Florida	Compliance Officer MMM of Florida, Inc.
Rosa Cozad	Miami, Florida	President MMM of Florida, Inc.
Carlos Vivaldi	San Juan, Puerto Rico	Chief Financial Officer MMM Holdings, LLC
Myra Plumey Rivera	Toa Baja, Puerto Rico	Chief Compliance Officer MMM Holdings, LLC
Darwin Caraballo-Burgos	Miami, Florida	Chief Medical Officer MMM of Florida, Inc.
Paul Klausner	New York, New York	General Counsel InnovaCare Services Company, LLC
Alfred Roday	Miami, Florida	Pharmacy Director MMM of Florida, Inc.

In addition to the Committees noted above, the Company also has a Delegation Oversight Committee and a Fraud, Waste and Abuse Committee.

Holding Company System



The Company is a member of a holding company system, as shown in the above simplified organization chart. The following agreements were in effect between the Company and its affiliates:

Management Services Agreement

The Company entered into a Management Services Agreement with MMM Holdings, LLC on March 1, 2017, to provide certain management and administrative services. The agreement continues in force for a term of five (5) years and will automatically renew for successive one (1) year periods, unless otherwise terminated within the guidelines of the agreement. The management fee paid by the Company each month was equal to fifteen dollars (\$15.00) per

member per month. The rate of compensation shall commence on January 1, 2018 and increase by two and one-half percent (2.5%) on January 1, 2019. Intercompany management services provided totaled \$11,700,493 during 2019.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Miami, Florida. The Company and non-affiliates had the following material agreements:

Independent Auditor Agreement

An independent CPA, Compton & Lee, CPAs, PA, audited the Company's statutory basis financial statements annually for 2017 and 2018 in accordance with Section 641.26(5), Florida Statutes. The Company changed independent auditors during 2019 and the 2019 statutory basis financial statements were audited by KPMG LLP.

Prescription Benefit Services Agreement

The Company entered into a Prescription Benefits Services Agreement for Medicare Part D with CVS Caremark Part D Services, LLC. effective January 1, 2018. Under the terms of the agreement CVS will supply the Company with the claims processing and pharmacy related services for enrolled members. The agreement was amended on January 1, 2019 to adjust the fee schedules.

OTC Services Agreement

The Company entered into an OTC Services Agreement on January 1, 2019 with CVS Pharmacy, Inc. to provide members with a value added quarterly or monthly benefit to use towards over-the-counter medication.

Corporate Records Review

The recorded minutes of the Shareholder(s), Board of Directors (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.

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 June 1, 2017, and is currently authorized as a Health Maintenance Organization offering Medicare Advantage Plans as of December 31, 2019:

REINSURANCE

The reinsurance agreement 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, 2019, the Company entered into a 90% excess of loss agreement with Ironshore Indemnity, Inc. The Company retains the first \$200,000 per member and has coverage up to \$1,000,000 per member.

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 year 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 this Report).

MMM of Florida, Inc.
Assets
December 31, 2019

	Per Company	Examination Adjustments	Per Examination
Cash, cash equivalents and short-term investments	\$10,860,069		\$10,860,069
Subtotal cash and invested assets	10,869,069		10,860,069
Premiums and considerations			
Uncollected premiums and agents' balances	682,879		682,879
Amounts receivable relating to uninsured plans	35,315		35,315
Health care and other amounts receivable	1,011,206		1,011,206
Aggregate write-ins for other than invested assets	310,000		310,000
Totals	\$12,899,469		\$12,899,469

MMM of Florida, Inc.
Liabilities, Capital and Surplus
December 31, 2019

	Per Company	Examination Adjustments	Per Examination
Claims unpaid	\$5,177,252		\$5,177,252
Accrued medical incentive pool and bonus amounts	100,000		100,000
Unpaid claims adjustment expenses	45,302		45,302
Premiums received in advance	410		410
General expenses due or accrued	728,715		728,715
Amounts due to parent, subsidiaries and affiliates	101,678		101,678
Aggregate write-ins for other liabilities	81,495		81,495
Total liabilities	\$6,234,852		\$6,234,852
Aggregate write-ins for special surplus funds	51,000		51,000
Common capital stock	900		900
Gross paid-in and contributed surplus	30,039,979		30,039,979
Unassigned funds (surplus)	(23,427,262)		(23,427,262)
Total capital and surplus	\$6,664,617		\$6,664,617
Total liabilities, capital and surplus	\$12,899,469		\$12,899,469

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

	Per Company	Examination Adjustments	Per Examination
Net premium income	\$30,415,151		\$30,415,151
Total revenues	\$30,415,151		\$30,415,151
Hospital and Medical:			
Hospital/medical benefits	13,697,701		13,697,701
Other professional services	10,050,638		10,050,638
Emergency room and out-of-area	1,152,199		1,152,199
Prescription drugs	2,809,895		2,809,995
Aggregate write-ins for other hospital and medical			
Incentive pool, withhold adjustments and bonus amounts	479,030		479,030
Subtotal	\$28,189,463		\$28,189,463
Less:			
Net reinsurance recoveries	360,000		360,000
Total hospital and medical	27,829,463		27,829,463
General administrative expenses	13,921,178		13,921,178
Total underwriting deductions	\$41,750,641		\$41,750,641
Net underwriting gain or (loss)	\$(11,335,490)		\$(11,335,490)
Net investment income earned	218,650		218,650
Net investment gains ((losses)	\$218,650		\$218,650
Net income or (loss) after capital gains tax and before all other federal income taxes	\$(11,116,840)		\$(11,116,840)
Net Income	\$(11,116,840)		\$(11,116,840)

	Per Company	Examination Adjustments	Per Examination
Capital and Surplus Account			
Capital and surplus prior reporting year	\$3,350,934		\$3,350,934
Net Income	(11,116,840)		(11,116,840)
Change in net unrealized capital gains (losses) less capital gains tax			
Change in net deferred income taxes			
Change in nonadmitted assets	(610,357)		(610,357)
Change in surplus notes			
Capital Changes:			
Paid in	15,040,879		15,040,879
Transferred to surplus			
Surplus adjustments:			
Paid in			
Transferred from capital			
Dividends to stockholders			
Aggregate write-ins for gains or(losses) in surplus			
Net change in capital and surplus	\$3,313,682		\$3,313,682
Capital and surplus end of reporting year	\$6,664,616		\$6,664,616

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

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, 2017, per Examination			\$13,148,317
	Increase	Decrease	
Net income		\$20,242,084	\$(20,242,084)
Change in non-admitted assets		\$1,282,496	\$(1,282,496)
Change in paid in surplus	\$15,040,879		\$15,040,879
Net increase (or decrease)			\$(6,483,701)
Capital and Surplus at December 31, 2019 per Examination			\$6,664,616

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Timothy Dickson, ASA, MAAA, Assistant Vice President of Actuarial Services with InnovaCare Services Company, LLC, 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, Steven Mahan, FSA, of Eide Bailly LLP, reviewed the loss and loss adjustment expense work papers provided by the Company and he was in concurrence with this opinion.

Capital and Surplus

Example: The amount of capital and surplus reported by the Company of \$6,664,616, exceeded the minimum of \$1,500,000 required by Section 641.225, Florida Statutes.

SUBSEQUENT EVENTS

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.

Leon Health I, LLC, a Delaware Limited Liability Company, recently filed an application for indirect acquisition of the Company. The application was approved by the Office, via Consent Order #27847-21-CO, on May 24, 2021, subject to the transaction closing within 120 days.

CONCLUSION

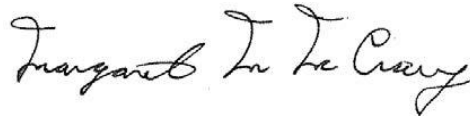
The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of MMM of Florida, Inc. as of December 31, 2019, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, Michael Nadeau, CFE, CPA, CISA, AES, IT Examiner James Menck, CFE, CPA, Examination Manager, and Steven Mahan, FSA, all with Eide Bailly LLP also participated in the examination.

Respectfully submitted,



Joseph Hofmeister, CFE
Examiner-in-Charge
Eide Bailly LLP



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



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