



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION
OF
AMERICAN HEALTH PLAN, INC.
FRANKLIN, TENNESSEE

AS OF
DECEMBER 31, 2021

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Franklin, Tennessee
May 19, 2023

Honorable Carter Lawrence
Commissioner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, Tennessee 37243

Dear Commissioner:

In accordance with your instructions and pursuant to Tennessee Code Annotated (“Tenn. Code Ann.”) § 56-1-408, a full-scope financial examination and market conduct review, as of December 31, 2021, has been made of the condition and affairs of:

AMERICAN HEALTH PLAN, INC.

NAIC # 16196
NAIC Group # 4916
201 Jordan Road, Suite 200
Franklin, TN 37067

hereinafter referred to as “AHP” or the “Company” and a report thereon is submitted as follows:

INTRODUCTION

This examination was arranged by the Tennessee Department of Commerce and Insurance (TDCI or “Department”). The examination was conducted by duly authorized representatives of the Department. This examination was called through the National Association of Insurance Commissioners (NAIC) Financial Examination Electronic Tracking System (FEETS). The examination was performed as a full-scope coordinated group examination and was conducted concurrently with the statutory financial condition examinations of the following companies:

American Health Plan of Mississippi, Inc. (MS)	NAIC # 16602
American Health Plan of Missouri, Inc. (MO)	NAIC # 15757
American Health Plan of Texas, Inc. (TX)	NAIC # 16761
American Health Plan of Utah, Inc. (UT)	NAIC # 16741
Georgia Assurance, Inc. (GA)	NAIC # 16565
Kansas Superior Select, Inc. (KS)	NAIC # 16159
Oklahoma Superior Select, Inc. (OK)	NAIC # 12284

The TDCI served as lead state for the coordinated group examination.

SCOPE OF EXAMINATION

This is the first full-scope examination of the Company. This examination covers the period April 25, 2017, through December 31, 2021, and includes any material transactions and/or events occurring subsequent to the examination date, which were noted during the course of examination.

The examination was conducted in accordance with rules and procedures as prescribed by the statutes of the State of Tennessee, and in accordance with practices and procedures promulgated by the NAIC in the *Financial Condition Examiners Handbook* (“Handbook”), as deemed appropriate. The examination was planned and performed to evaluate the financial condition of the Company, as of December 31, 2021. The examination sought to identify prospective risks by obtaining information about the Company, including its corporate governance, by identifying and assessing inherent risks within the Company, and by evaluating system controls and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management’s compliance with statutory accounting principles and the NAIC *Instructions for Completing Life and Accident and Health Annual Statement Blank* (“Instructions”).

All significant risks were considered when planning which key activities and accounts would be examined. The key activities included: Investments; Reserves/Claims Handling; Capital and Surplus; Reinsurance; Pricing & Revenue; and Related Party.

The Company’s 2021 NAIC Annual Statement was compared with or reconciled to the corresponding general ledger account balances.

A separate market conduct review was performed concurrently with the financial examination. See the “Market Conduct Activities” section of this report.

Independent information technology specialist services, provided by Lewis & Ellis, Inc., were utilized in the examination review of the Company’s information technology general controls (ITGC).

The actuarial firm of Lewis & Ellis, Inc. was utilized in the examination review of the Company’s statutory reserves, as well as the risk assessment and review of controls for reserving, pricing, and reinsurance risks.

The Company's certified public accountant (CPA) workpapers were reviewed for the 2021 audit and copies were incorporated into the examination, as deemed appropriate.

COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS

The Company was incorporated on May 19, 2016, and applied for a Certificate of Authority (COA) from the Department to conduct business in the State of Tennessee during the previous examination. Therefore, the previous examination was conducted as an organizational examination, prior to receiving the COA on April 25, 2017.

This examination, as of December 31, 2021, included a review to determine the current status of the comments and recommendations noted in the previous report on examination, dated April 25, 2017. A summary of the Commissioner's directives and the corrective actions taken by the Company are discussed below:

Recommendations

1. It was found that the Company does not have a fidelity bond and other insurance coverage in effect at the date of the examination. It was recommended that the Company obtain and maintain fidelity bond coverage in accordance with Tenn. Code Ann. § 56-32-106. The Company is required to obtain coverage acceptable to the Department prior to their offering the sale of insurance plans.

Corrective Action

The Company complied with this recommendation by obtaining and maintaining fidelity bond coverage in accordance with Tenn. Code Ann. § 56-32-106.

COMPANY HISTORY

The Company was incorporated on May 19, 2016, under the laws of the State of Tennessee, under the name Transition Health Partners, Inc. The Company was a wholly-owned subsidiary of American Health Companies, LLC, a Tennessee limited liability company, formerly American Health Companies, Inc., a for-profit Tennessee corporation (AHC). AHC, through its subsidiaries, owns various skilled nursing facilities, behavioral health facilities, as well as rehabilitation, nurse practitioner, home health and hospice providers, and a pharmacy.

Effective April 6, 2021, Mark Mitchell acquired one hundred percent (100%) of the outstanding equity interest of AHC, including the Company. Form A was filed with the TDCI and approved on March 31, 2021.

As of December 31, 2021, the Company is a wholly-owned subsidiary of American Health Advantage of Tennessee, LLC (AHATN). AHATN is a joint venture organization whose majority owner is American Health Holdings, LLC (AHH). AHH is a subsidiary of AHC, which is wholly-owned by FLP, Limited Partnership, which in turn is majority owned by MFO AHP, LLC. The two (2) minority owners of AHATN are Harber Laman, LLC and CIKY Holdings, LLC. The two (2) minority stockholders operate long term care facilities in Tennessee, as described in the “Agreements with Parent and Affiliates” section of this report.

The Company amended its Articles of Incorporation (“Articles”) on February 3, 2017, to change its name from “Transition Health Partners, Inc.” to “American Health Plan, Inc.”. In June 2018, the Company changed its name to “American Health Plans, Inc.”, and in November 2018, it changed its name back to “American Health Plan, Inc.”. Effective April 25, 2017, the Company was issued a Certificate of Authority by the TDCI to transact the business of a Health Maintenance Organization (HMO) as defined by Tenn. Code Ann. § 56-32-102. This Certificate was in force for the period under examination and is perpetual until it is surrendered by the Company or subjected to regulatory action by the TDCI.

On December 31, 2021, the Company has one hundred thousand (100,000) shares of common stock authorized with a par value of \$0.0001. Fifty thousand (50,000) shares were issued and outstanding. All shares are owned by AHATN.

MANAGEMENT AND CONTROL

MANAGEMENT

Directors

The business and affairs of the Company shall be managed and controlled by a Board of Directors (“Board”). The Board members are elected by the shareholders at each annual meeting of the shareholders, to serve for a term of one (1) year or until his or her successor is elected. In accordance with the Bylaws, the Board shall initially consist of three (3) members. The exact number of directors may be fixed, changed, or determined from time to time by the Board.

There were no records of the Company’s shareholders electing the Board during the examination period. Section 2.02 of Bylaws requires the shareholders “to hold an annual meeting... to elect the Directors...”

See “Corporate Records” and See “Comments and Recommendations” sections in this report for additional information.

The following individuals were listed as members of the Board, according to the annual statement jurat pages for the period under the examination:

<u>Name</u>	<u>Principal Occupation</u>
Michael D. Bailey	Chief Executive Officer (CEO) and President
Jeffrey A. Bogle	Chief Financial Officer (CFO) and Treasurer
Robin F. Bradley	Chief Operating Officer (COO) and Secretary
Craig Laman	Retired

Officers

The Bylaws of the Company provide that the Board shall annually elect a President, a Secretary, and a Treasurer, and such other officers as may from time to time be elected or appointed to the Board. Except for the offices of President and Secretary, the same individual may simultaneously hold more than one (1) but not more than two (2) offices in the Company.

There were no records of the Board electing the Company’s officers, as required by Section 4.02 and 4.03 of the Bylaws. See “Corporate Records” and See “Comments and Recommendations” sections in this report for additional information.

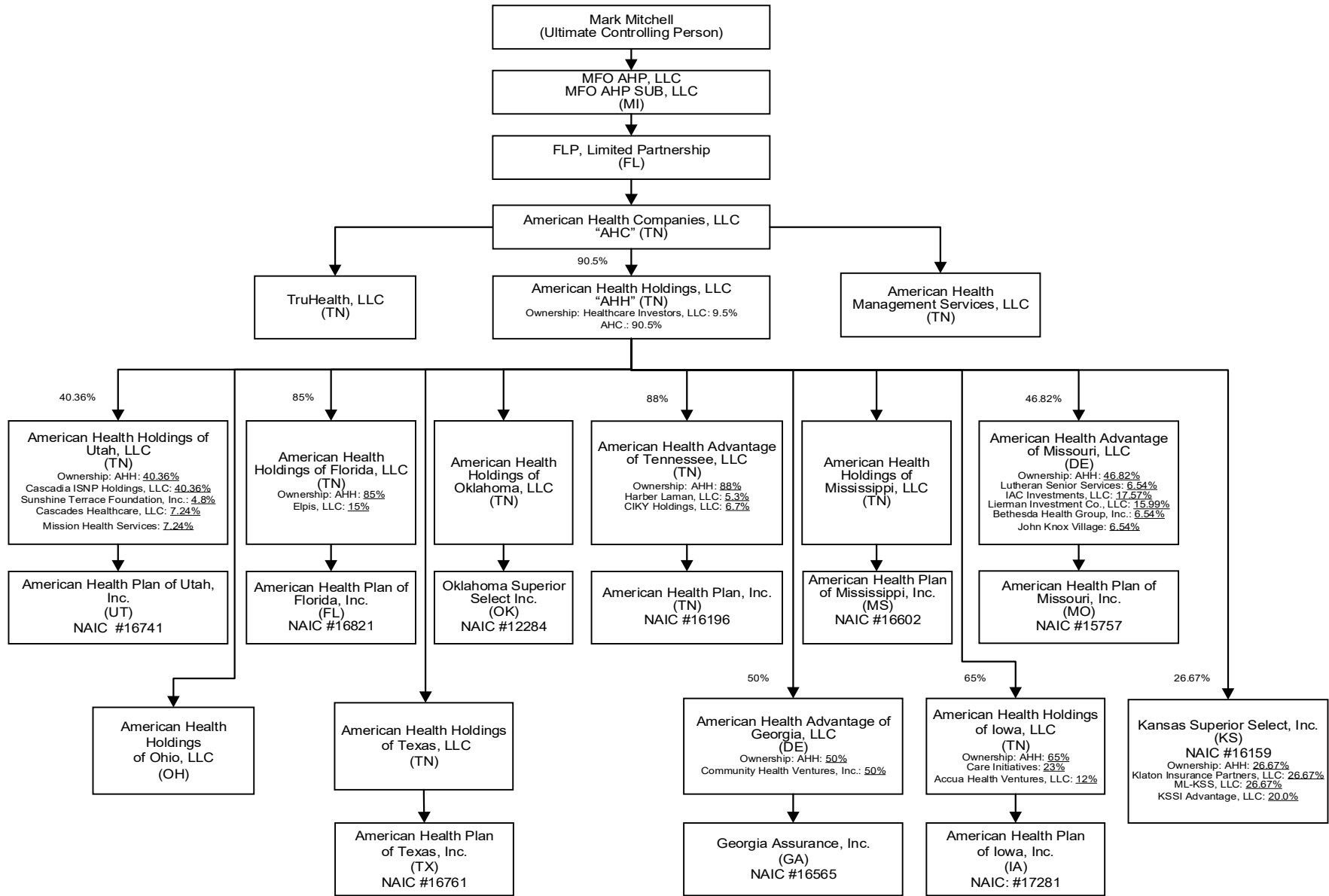
The following individuals were listed as officers of the Company, according to its annual statement jurat pages for the period under the examination:

<u>Name</u>	<u>Title</u>
Michael D. Bailey	Director, President, and CEO
Jeffrey A. Bogle	Director, Treasurer, CFO
Robin F. Bradley	Director, Secretary, COO

CONTROL

The Company is a member of an insurance holding company system as defined by Tenn. Code Ann. § 56-11-101(b)(7), and as such, is subject to the Insurance Holding Company System Act of 1986, set forth in Tenn. Code Ann. §§ 56-11-101, *et seq.* All outstanding shares of the Company are owned by the holding company, AHATN, a Tennessee domiciled limited liability company. The Ultimate Controlling Person (UCP) is Mark Mitchell, as shown in the following organizational chart.

ORGANIZATIONAL CHART



DIVIDENDS

The Company did not pay cash dividends to shareholders during the examination period.

CONFLICTS OF INTEREST AND PECUNIARY INTEREST

The Company is required to comply with Tenn. Code Ann. § 56-3-103 prohibiting officers and directors of insurance companies from having a pecuniary interest in the investment or disposition of funds of a domestic insurance company. The Company did not require annual acknowledgement of conflict of interest, nor did the Company have conflict of interest disclosure forms completed for 2017 through 2021. Requiring annual acknowledgements, maintaining conflict of interest disclosure forms, and requiring annual disclosures of officers and directors is considered a best practice as it documents the Company's compliance with Tenn. Code Ann. § 56-3-103. A review of the Company's compliance with Tenn. Code Ann. § 56-3-103 found no director or officer of the Company had a pecuniary interest in the investment or disposition of Company funds. See "Comments and Recommendations" section of this report.

CORPORATE RECORDS

The minutes of meetings of the Company's shareholders, Board, and committees were reviewed for the period under examination. The minutes were complete as to necessary detail and appear to adequately reflect the acts of the respective bodies, except for election of directors, and appointments of officers, as noted above under "Management." There were no records of the Company's shareholders electing the Board during the examination period, as required by Section 2.02 of the Company's Bylaws "to hold an annual meeting... to elect the Directors..." Additionally, Section 4.02 and 4.03 of the Bylaws require the Board "to elect the officers of the Corporation..." There also were no records of the Board electing the Company's officers. See "Comments and Recommendations" section of this report.

The review of the minutes indicated that investment transactions were approved by the Board pursuant to Tenn. Code Ann. § 56-3-408(b)(1).

Charter

The Company filed its original Articles with the Tennessee Secretary of State in May 2016. In 2017, the Company changed its Articles to reflect the change to the Company's name, and also adopted changes in the nature of the business to engage and operate as an HMO. The amended and restated Charter of the Company was approved by the sole shareholder on February 3, 2017, and was filed and recorded with the Tennessee Secretary of State on February 13, 2017. The Charter was approved by the TDCI on February 8, 2017. In June 2018, the Company recorded a change to its Charter to change

the name of the Company to “American Health Plans, Inc.”, and subsequently changed it back to its current name in November 2018.

The Charter states that the purpose of the Company is “to engage in the business of operating a health maintenance organization or similar organization by providing for, arranging for, paying for and reimbursing of health care services...” In addition, the Charter recites other general and specific powers in detail. The powers are usual in nature and consistent with corporations of this type.

The Charter authorizes a maximum number of one hundred thousand (100,000) share of common stock, with a \$.0001 par value per share.

Bylaws

The Company’s original Bylaws were signed on September 7, 2016. The Amended and Restated Bylaws of the Company were adopted by the Board on February 10, 2017.

The current Bylaws are such as generally found in corporations of this type and contain no unusual provisions. The Bylaws provide for the regulation of the business and for the conduct of the affairs of the Company, the Board, and its shareholders.

AGREEMENTS WITH PARENT AND AFFILIATES

The Company had the following significant agreements with its parent and related parties in effect, as of December 31, 2021:

Management Services Agreement

The Company has a Management Services Agreement with American Health Management Services, Inc. (AHMS). This agreement was entered into on February 10, 2017. AHMS agrees to provide the Company with management services, administrative duties, and all related functions as are reasonably necessary for the effective management of the Medicare Advantage operations of the Company. Such services include executive management, financial management, enrollment, eligibility, grievance and appeals, delegated entity oversight, and quality improvement staff and services. As part of the agreement, AHMS will contract with and incur the expenses for a Third-Party Administrator (TPA) (Beacon Health Solutions, LLC) and a third-party Pharmacy Benefit Manager (ElixirRx Solutions, LLC). See “Subsequent Events” later in this report. The agreement is effective for a period of five (5) years and is additionally renewed for an additional five-year term, unless written notice of termination by either party is delivered no later than one hundred twenty (120) days prior to the agreement’s renewal date. The agreement was not disapproved by the TDCI.

The Company pays a monthly management fee to AHMS equal to a specific percentage of the aggregate monthly premiums paid to the Company by the Centers for Medicare and Medicaid Services (CMS) under the Company's Medicare Advantage contract.

The Agreement was determined to satisfy the requirements of Tenn. Code Ann. § 56-11-106(a)(1).

Care Management Services Agreement

The Company entered into a Care Management Services Agreement with TruHealth, Inc. (TruHealth). TruHealth provides care management services to the Company via mid-level practitioners and case managers/care coordination, which includes provider services, provider credentialing, and maintenance of records. The Company pays TruHealth a predetermined per member per month fee based on the type of services provided. The agreement was not disapproved by the TDCI on December 10, 2020.

The Agreement was determined to satisfy the requirements of Tenn. Code Ann. § 56-11-106(a)(1).

Skilled Nursing Facility Agreement

Effective August 27, 2019, the Company entered into a Participating Skilled Nursing Facility Agreement with Tennessee Health Management, Inc. (THM) on behalf of each facility managed by THM. The Agreement was initially effective until December 31, 2019, with automatic renewals from year to year thereafter. The Company contracts with THM to provide healthcare services for its members in facilities managed by THM. THM provides facility services, quality improvement, credentialing, utilization management, prior authorization, and concurrent review. The Company provides member identification and a network directory. This agreement was not disapproved by the TDCI on August 15, 2019.

Skilled Nursing Facility Agreements

Effective January 1, 2021, the Company entered into nine (9) separate Participating Skilled Nursing Facility Agreements with nine (9) different facilities that are owned by Doug Wright, Jr, who is the sole owner of CIKY Holdings, LLC ("the CIKY Holdings Facilities"). The Company contracts with the CIKY Holdings Facilities to provide healthcare services for its members in their facilities. The CIKY Holdings Facilities provide facility services, quality improvement, credentialing, utilization management, prior authorization, and concurrent review. AHP provides member identification and a network directory. The agreements were not disapproved by the TDCI.

Effective October 1, 2019, the Company entered into a Participating Skilled Nursing Facility Agreement with Harber Laman, LLC ("Harber Laman") on behalf of each facility

managed by Harber Laman. The Agreement was initially effective until December 31, 2019, with annual renewal terms. The Company contracts with Harber Laman to provide healthcare services for its members in their facilities. Harber Laman provides facility services, quality improvement, credentialing, utilization management, prior authorization, and concurrent review. The Company provides member identification and a network directory. This agreement was not disapproved by the TDCI on August 15, 2019.

Effective January 1, 2021, the Company entered into a new Participating Skilled Nursing Facility Agreement with Harber Laman, which agreement terms were identical to the Participating Skilled Nursing Facility Agreements with the CIKY Holdings Facilities made effective January 1, 2021. The agreement was not disapproved by the TDCI.

TERRITORY AND PLAN OF OPERATION

TERRITORY

As of December 31, 2021, the Company was licensed to transact business in the State of Tennessee. The Certificate of Authority was reviewed and found to be in order.

The Company currently has no applications pending for admission to any other states or territories.

Schedule T - Premiums

<u>State</u>	<u>Licensed (Yes or No)</u>	<u>Medicare Title XVIII</u>	<u>Total Premiums</u>
TN	Yes	\$17,166,077	\$17,166,077

PLAN OF OPERATION

The Company was licensed as an HMO in the State of Tennessee on April 25, 2017. The Company's main purpose is to sponsor a Medicare Advantage Institutional Special Needs Plan (I-SNP) in the State of Tennessee within a managed care framework authorized by the CMS. The Company's I-SNP will limit enrollment to Medicare patients who live or are expected to live in a long-term care facility for ninety (90) days or longer and who meet an institutional level of care. The Company began operations on January 1, 2019.

GROWTH OF COMPANY

The table below depicts certain aspects of the growth and financial history of the Company for the period subject to this examination, according to its annual statements filed with the TDCI:

<u>Year</u>	<u>Admitted Assets</u>	<u>Net Premium Written</u>	<u>Capital and Surplus</u>	<u>Hospital Medical Benefits Paid</u>	<u>Net Income (Loss)</u>
2021	\$6,769,278	\$17,116,068	\$3,771,929	\$11,345,562	\$520,494
2020	\$6,503,519	\$16,848,341	\$3,262,449	\$11,974,696	\$685,389
2019	\$4,799,461	\$10,849,712	\$2,637,833	\$7,623,219	\$807,278
2018	\$1,843,860	\$0	\$1,843,860	\$0	(\$59,828)
2017	\$1,576,423	\$0	\$1,573,164	\$0	(\$201,570)

LOSS EXPERIENCE

The table below shows the loss experience as of December 31, 2021, for each year under examination, developed from applicable amounts included in the Company's annual statements:

<u>Year</u>	<u>Total Revenues</u>	<u>Total Medical and Hospital Expenses</u>	<u>Medical Loss Ratio</u>
2021	\$17,116,068	\$13,732,700	80.2%
2020	16,848,341	13,456,175	79.9%
2019	10,849,712	8,372,132	77.2%
2018	0	0	0.0%
2017	0	0	0.0%
Total	<u>\$44,814,121</u>	<u>\$35,561,007</u>	<u>79.3%</u>

REINSURANCE AGREEMENTS

Assumed Reinsurance

During the period under examination, the Company did not assume any reinsurance.

Ceded Reinsurance

During the period under examination, the Company had a stop loss agreement with PartnerRe America Insurance Company in effect. The specific stop loss level as of year-end 2021 was \$175,000 of covered expenses. The maximum benefit per covered person is \$2,000,000. Payments in excess of the specific deductible (\$175,000) are reinsured at ninety percent (90%), with the exception of transplant services, as these are covered at fifty percent (50%), if performed by a non-approved transplant network provider. There were no other ceded reinsurance agreements.

ACCOUNTS AND RECORDS

During the course of the examination, certain balances were tested, and amounts were traced from the Company's trial balance to the NAIC annual statement. All of the Company's investment securities were confirmed with the custodian of such securities as of the date of this examination. All NAIC annual statements for the period under examination were reviewed for completeness and adequacy of disclosure. The Company's risk-based capital filings were reviewed. These test checks and reviews revealed no material discrepancies.

The Company's books and records are located in Franklin, Tennessee.

MARKET CONDUCT ACTIVITIES

The Company exclusively writes Medicare Advantage coverage, which is a federal program regulated by CMS. Many CMS standards supersede any state law or regulation. As a result, the Company was not examined for compliance with state requirements in the following areas:

- Operations and Management Standards
- Complaint Handling Standards
- Marketing and Sales Standards
- Policyholder Service Standards
- Underwriting and Rating Standards
- Claims Handling Standards

The following market conduct area of the Company was reviewed in conjunction with this examination as of December 31, 2021:

Producer Licensing Standards

Tenn. Code Ann. §§ 56-6-101, *et seq.*, requires the Company to sell its products and services through producers who are properly licensed and appointed by the Company. In the examination of producer licensing, the producers' state issued licensure and appointment were verified. Tenn. Code Ann. § 56-6-115(a) states that the insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. Tenn. Code Ann. § 56-6-115(c) requires a notice of appointment within fifteen (15) days from the date the agency contract is executed, or the first insurance application is submitted. The Company was found to be in compliance with the relevant market conduct standards.

SUBSEQUENT EVENTS

During the examination, a review of subsequent events was performed. Management stated in its Letter of Representation that they were not aware of any events subsequent to December 31, 2021, that could have a material effect on the Company's financial condition. Our review confirmed the Company's disclosures in its 2021 Annual Statement and in its Letter of Representation.

Change of TPA

Subsequent to the examination date, the Company replaced its main TPA, Beacon Health Solutions, LLC. Ram Technologies, Inc. was contracted by AHMS to perform services for the Company, primarily claims adjudication, provider and member services, member enrollment and disenrollment, premium billing, and for use of its software to assist the Company with utilization management and provider administration. The agreement was effective May 18, 2022; however, most services began January 1, 2023, while enrollments and disenrollments began in October, 2022.

Change Healthcare Solutions LLC was contracted by AHMS to perform services for the Company, primarily relating to claims payments. The agreement with Change Healthcare Solutions LLC was effective August 26, 2022, while most services commenced January 1, 2023.

American Health Plan of Indiana, Inc.

American Health Plan of Indiana, Inc. (NAIC # 17462), domiciled in the State of Indiana, became a new entity of the group. A Certificate of Authority was issued on March 16, 2023, for American Health Plan of Indiana, Inc. to operate as an HMO, and it plans to start offering business effective January 1, 2024.

FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, surplus, and other funds, and a statement of revenue and expenses, as of December 31, 2021, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2021 Annual Statement. *(Note: Immaterial differences in totals are due to rounding.)*

	<u>ASSETS</u>		
	<u>Assets</u>	Non- Admitted <u>Assets</u>	Net Admitted <u>Assets</u>
Bonds	\$1,544,019		\$1,544,019
Cash, cash equivalents, and short-term investments	4,402,577		4,402,577
Investment income due or accrued	3,860		3,860
Premiums and considerations: Accrued retrospective premiums and contracts subject to redetermination	46,130		46,130
Amounts receivable relating to uninsured plans	712,534		712,534
Net deferred tax asset	42,102		42,102
Healthcare and other amounts receivable	<u>145,250</u>	<u>127,194</u>	<u>18,056</u>
Totals	<u>\$6,896,472</u>	<u>\$127,194</u>	<u>\$6,769,278</u>

LIABILITIES, SURPLUS, AND OTHER FUNDS

Claims unpaid		\$1,786,649
Accrued medical incentive pool and bonus amounts		728,095
Unpaid claims adjustment expenses		29,453
Premiums received in advance		266,589
General expenses due and accrued		43,300
Current federal and foreign income tax payable and interest thereon		11,609
Amounts due to parent, subsidiaries, and affiliates		<u>131,654</u>
Total Liabilities		2,997,349
Gross paid in and contributed surplus	\$2,157,838	
Unassigned funds (surplus)		<u>1,614,091</u>
Total Capital and Surplus		<u>3,771,929</u>
Total Liabilities, Capital, and Surplus		<u>\$6,769,278</u>

STATEMENT OF REVENUE AND EXPENSES

Member Months		<u>8,066</u>
Net premium income	\$17,116,068	
Total Revenues		\$17,116,068
Hospital/medical benefits	11,345,562	
Prescription drugs	1,250,677	
Incentive pool, withhold adjustments and bonus amounts	<u>1,136,461</u>	
Total Hospital and Medical	13,732,700	
Claims adjustment expenses, including cost containment expenses	923,116	
General administrative expenses	<u>1,830,348</u>	
Total Underwriting Deductions		<u>16,486,164</u>
Net underwriting gain (loss)		629,904
Net investment income earned		14,211
Federal and foreign income taxes incurred		<u>123,621</u>
Net Income (Loss)		<u>\$520,494</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Capital and Surplus December 31, previous year	<u>\$3,262,449</u>	<u>\$2,637,833</u>	<u>\$1,843,860</u>	<u>\$1,573,164</u>	<u>(\$53,173)</u>
Net income or (loss)	520,494	685,389	807,278	(59,828)	(201,570)
Change in net deferred income tax	(1,176)	12,995	30,283	0	0
Change in non-admitted assets	(9,838)	(73,768)	(43,588)	524	69
Surplus adjustments: Paid in	<u>0</u>	<u>0</u>	<u>0</u>	<u>330,000</u>	<u>1,827,838</u>
Net change in capital and surplus for the year	<u>509,480</u>	<u>624,616</u>	<u>793,973</u>	<u>270,696</u>	<u>1,626,337</u>
Capital and Surplus December 31, current year	<u>\$3,771,929</u>	<u>\$3,262,449</u>	<u>\$2,637,833</u>	<u>\$1,843,860</u>	<u>\$1,573,164</u>

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Total Capital and Surplus

\$3,771,929

Total capital and surplus, as established by this examination, is the same as reported by the Company in its 2021 Annual Statement. There were no changes made to any asset or liability items as a result of our examination performed as of December 31, 2021.

COMMENTS AND RECOMMENDATIONS

The following list presents a summary of comments and recommendations noted in this report:

Comments

1. As noted in the "Management" and "Corporate Records" sections of the report, there were no records of the Company's shareholders electing the Board during the examination period. In addition, there were no records of the Board electing the Company's officers, as required by the Bylaws.

The Company should comply with its Bylaws and elect its Board members annually. The Board shall formally elect the Company's officers annually.

2. As noted in the "Conflicts of Interest and Pecuniary Interests" section of the report, the Company did not require an annual acknowledgement of the conflicts of interest, nor did the Company have conflict of interest disclosure forms completed for 2017 through 2021.

In order to evidence compliance with Tenn. Code Ann. § 56-3-103, prohibiting officers and directors of insurance companies from having a pecuniary interest in the investment or disposition of funds of a domestic insurance company, the Company should consider implementing disclosure forms and require annual acknowledgements regarding conflicts of interest.

Recommendations

There were no recommendations noted during the completion of this examination.

CONCLUSION

Rules and procedures as prescribed by the statutes of the State of Tennessee and guidance from the NAIC Handbook, as deemed appropriate, have been followed in connection with the verification and valuation of assets and the determination of liabilities of American Health Plan, Inc.

In such manner, it was found that as of December 31, 2021, the Company had admitted assets of \$6,769,278 and liabilities, exclusive of capital and surplus, of \$2,997,349. Thus, there existed for the additional protection of the policyholders, the amount of \$3,771,929 in the form of gross paid in and contributed surplus, and unassigned funds. Tenn. Code Ann. § 56-32-112(a)(2) requires an insurer of this Company's type and premium volume to maintain a minimum net worth of \$1,500,000. For this examination, as of December 31, 2021, the Company maintains net worth sufficient to satisfy this requirement.


The courteous cooperation of the officers and employees of the Company, extended during the course of the examination, is hereby acknowledged.

In addition to the undersigned, Dustin Rice, Insurance Examiner; Rhonda Bowling-Black, CFE, ARe, MCM; Market Conduct Examiner from the State of Tennessee; Mike Mayberry, FSA, MAAA; Lindsey Pittman, CFE, CISA, AES; Adrienne Sulaiman, CFE of the actuarial and consulting firm Lewis & Ellis, Inc., Allen, Texas; participated in the work of this examination.

Respectfully submitted,




Katerina Bolbas, CFE
Examiner-in-Charge
Lewis & Ellis, Inc.
Representing the State of Tennessee



A. Jay Uselton, CFE
Department Designee
Tennessee Department of Commerce and Insurance

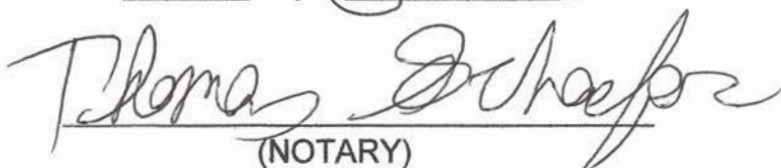
AFFIDAVIT

The undersigned deposes and says that she has duly executed the attached examination report of American Health Plan, Inc. located in Franklin, Tennessee, dated May 19, 2023, and made as of December 31, 2021, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says she is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of her knowledge, information, and belief.


Katerina Bolbas, CFE
Examiner-in-Charge
Lewis & Ellis, Inc.
Representing the State of Tennessee

State Illinois
County Cook

Subscribed to and sworn before me
this 13 day of June, 2023


(NOTARY)

My Commission Expires: 7/30/24



AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of American Health Plan, Inc. located in Franklin, Tennessee, dated May 19, 2023, and made as of December 31, 2021, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says he is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of his knowledge, information, and belief.



A. Jay Uselton, CFE
Department Designee
State of Tennessee

State of Tennessee _____

County of Davidson _____

Subscribed to and sworn before me

this 13th day of June, 2023

Mandy Johnson

(NOTARY)



My Commission Expires: 7-7-2025

EXHIBIT B

AMERICAN HEALTH PLAN Inc.

June 15, 2023

Via Email: joy.little@tn.gov

E. Joy Little
Director of Financial Examinations/Chief Examiner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, TN 37243-1135

RE: Report of Examination – American Health Plan, Inc.

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for American Health Plan, Inc., made as of December 31, 2021 from the State of Tennessee Department of Commerce and Insurance (the “Report”).

By signing below, we indicate acceptance of the Report, as transmitted on June 13, 2023, via email, and without rebuttal.

Sincerely,



Michael D. Bailey,
Chief Executed Officer and President

cc: American Health Partners
Britta Becker (Via Email: Britta.Becker@tn.gov)
Jay Uselton (Via Email: jay.uselton@tn.gov)