STATE OF TENNESSEE

DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION

OF

CIGNA HEALTHCARE OF TENNESSEE, INC.

(NAIC # 95606)
FRANKLIN, TENNESSEE

AS OF

DECEMBER 31, 2018

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Franklin, Tennessee
May 15, 2020

Honorable Hodgen M. Mainda
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, 2018, has been made of the conditions and affairs of:

CIGNA HEALTHCARE OF TENNESSEE, INC.
NAIC # 95606
1000 Corporate Centre Drive
Franklin, TN 37067

hereinafter referred to as the "Company" or "CHCTN" 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 TDCI. This examination was coordinated with other states pursuant to National Association of Insurance Commissioners (NAIC) guidelines. Further description of the coordination effort between the states is discussed below under the heading "Scope of Examination."

SCOPE OF EXAMINATION

The last examination of the Company was made as of December 31, 2013. This examination covers the period January 1, 2014, through December 31, 2018, and includes any material transactions and/or events occurring subsequent to the examination date which were noted during the course of examination.

This examination was coordinated with the Connecticut Insurance Department (CID), with Connecticut serving as the Lead State. The examination was conducted as part of the

Cigna Corporation group coordinated examination led by the CID. The various insurance entities were divided into subgroups based upon lines of business, common systems, and management. Other participating states included in the coordination were: Arizona, Colorado, Delaware, Florida, Georgia, Illinois, Maryland, Missouri, Montana, North Carolina, New Jersey, Ohio, Pennsylvania, Texas, and Virginia.

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 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 annual statement instructions.

All significant risks were considered when planning which key activities and accounts would be examined. The key activities included: Financial Reporting; Investments; Reinsurance; Pricing/Underwriting; Reserving/Claims; Related Party; and Capital and Surplus.

The Company's 2018 annual statement was compared with or reconciled to the corresponding general ledger account balances.

The CID conducted examinations of several of the Company's affiliates, as of December 31, 2018. Reliance was placed on the work performed by the CID to assess common areas, such as Corporate Governance and Information Technology General Controls (ITGC).

Independent information technology specialist services, provided by Noble Consulting Services, Inc., were utilized in the examination review of the Company's ITGC.

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

The actuarial firm of Lewis & Ellis, Inc. was utilized in the examination review of the Company's claims unpaid and aggregate health policy reserves.

The Company's Certified Public Accountant (CPA) workpapers were reviewed for the 2018 audit and copies were incorporated into the examination, as deemed appropriate.

COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS

There were no comments or recommendations in the prior report.

COMPANY HISTORY

The Company was incorporated under the laws of Tennessee on September 10, 1984, as a for-profit corporation under the provisions of the Tennessee General Corporation Act, with the name HCA Care, Inc. Effective September 13, 1984, the Company became a wholly-owned subsidiary of Hospital Corporation of America, a Tennessee for-profit corporation. The Company changed its name to HCA Care of Tennessee, Inc. on September 10, 1985, and commenced business on November 1, 1985. On October 1, 1987, the Company amended its charter to change its name to EQUICOR Health Plans, Inc.

At its incorporation, the Company was authorized to issue 1,000 (one thousand) shares of common stock with a par value of $1.00 per share. The Company was organized to provide or arrange to provide healthcare services on a fixed fee or capitation basis to employers, groups of employers, or trade associations, for the benefit of their employees. The Company's principal line of business is comprehensive hospital and medical coverage. The Company was acquired by Cigna Corporation ("Cigna") pursuant to a stock purchase agreement dated January 12, 1990, with The Equitable Life Assurance Society of the United States and Hospital Corporation of America. This acquisition was approved by order of the TDCI Commissioner on March 21, 1990. On July 1, 1991, the name of the Company was changed to Cigna Healthplan of Tennessee, Inc. The most recent name change took place on September 1, 1993, when the Company adopted its current name.

The Company is the survivor of a merger with Healthsource Tennessee, Inc. (formerly Tennessee 1st, Inc.), with an effective date of October 30, 1998. All outstanding shares of Healthsource Tennessee, Inc. were cancelled following the merger. At the time of the merger, both companies were wholly-owned by Healthsource Management, Inc.

MANAGEMENT AND CONTROL

MANAGEMENT

Directors

The Company's Bylaws provide for an annual meeting of the shareholder(s) at which time a Board of Directors ("Board") is elected. The Board shall have the responsibility and the authority to conduct, manage, and control the property, business, and affairs of the Company, including the provisions or arrangement of health care services. The number of directors shall be not less than three (3) or more than twelve (12) directors. A majority of the directors constitutes a quorum. Directors shall hold office until the next annual election.

The Bylaws allow any action required or permitted to be taken at a meeting of the Board, or of any committee thereof, to be taken without a meeting, if, prior to such action, a written consent thereto is signed by all Board or committee members and such written consent is filed with the minutes of proceedings. Such consent shall have the same force and effect as a vote at a meeting. Any or all of the directors, or committee members, may participate in meetings by means of conference telephone, or similar communication equipment.

The following persons were duly elected by the Shareholder and serving as members of the Board, as of December 31, 2018:

Name	Principal Occupation
Michael Todd Crompton	Accounting Managing Director, Cigna
Scott Tracy Josephs M.D.	Senior Vice President, Total Medical, Cigna
Renee Haley McLaughlin M.D.	Medical Senior Director, Cigna

Officers

The Bylaws provide that the officers of the corporation shall consist of a President, Vice President, Secretary, Treasurer, and such other officers as the Board may determine. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation, or the Bylaws.

The following officers were duly elected by the Board and were serving as officers of the Company as of December 31, 2018:

Name	Title
Gregory Allen	President
Scott Ronald Lambert	Treasurer
Anna Kristhtul	Secretary
Glenn Michael Gerhard	Vice President
Maureen Hardiman Ryan	Vice President
Mark Paul Fleming	Vice President
Timothy Sheridan	Vice President
Michael Todd Crompton	Vice President
Edward Vincent Stacey, Jr.	Vice President
Joanne Ruth Hart	Vice President
Scott Tracy Josephs, M.D.	Vice President
Renee Haley McLaughlin, M.D.	Vice President
Kathleen O'Neil	Vice President

Committees

The Bylaws allow the Board to create one (1) or more committees which may consist of two (2) or more members. The Bylaws state that all committees so created shall have such powers as the Board may delegate to such committee.

Effective December 23, 2009, the Board appointed the Audit Committee of Connecticut General Corporation (CGC) to act as the Audit Committee of the Company for the purposes of complying with the NAIC Financial Reporting Model Regulation.

The following persons were duly elected and serving as members of the Audit Committee of CGC, as of December 31, 2018:

Name
Mary Agoglia Hoeltzel (Chair)
David Bourdon
Ryan Lyod
Mark Parsons
Jeff Rigg
Neil Tanner
Jonathan Winderman
James Yablecki

At December 31, 2018, there were no other established committees.

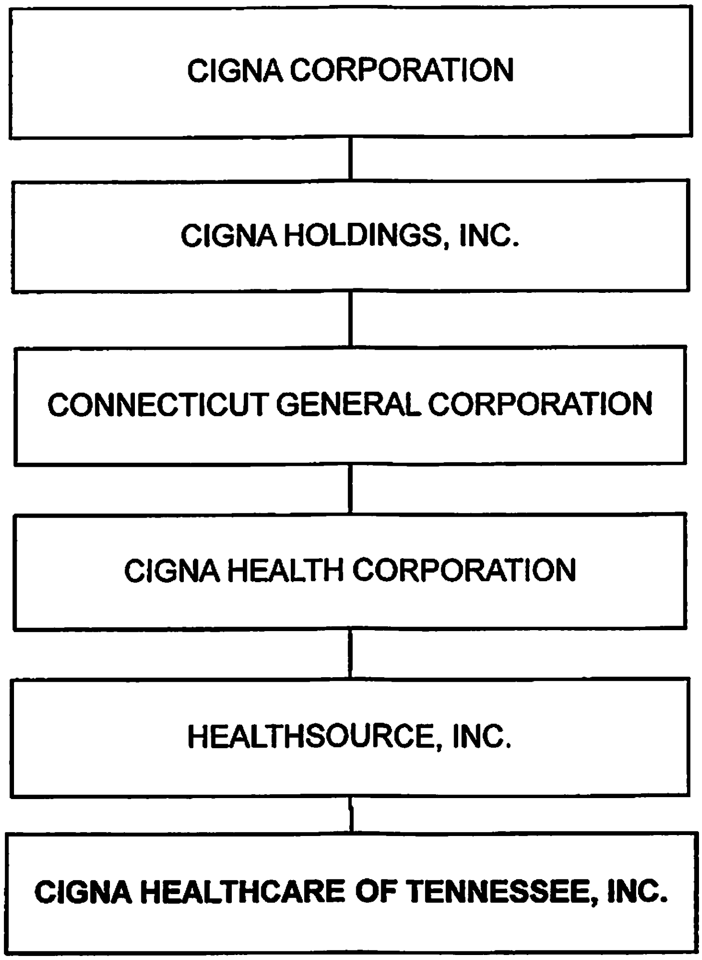
CONTROL

The Company is a member of an insurance holding company system, as defined by Tenn. Code Ann. §§ 56-11-101, *et seq.* "Insurance Company Holding Act of 1986". The Company files a Holding Company Registration Statement annually, as required by Tenn. Code Ann. § 56-11-105. The required Forms B and C were filed by the Company on April 29, 2019.

At December 31, 2018, all 1,000 (one thousand) shares of the Company's common stock were owned by Healthsource, Inc., a wholly-owned subsidiary of Cigna Health Corporation (CHC). Cigna Health Corporation is a wholly-owned subsidiary of CGC, a subsidiary of Cigna Holdings, Inc. Cigna Holdings, Inc. is ultimately controlled by Cigna Corporation.

ABBREVIATED ORGANIZATIONAL CHART

The following is an abbreviated organizational chart reflecting ownership and control of the Company, as of December 31, 2018:



DIVIDENDS

On December 23, 2014, the Company paid an extraordinary cash dividend of $2,000,000 to its Parent, Healthsource, Inc. The transaction was approved by the TDCI on December 12, 2014.

CORPORATE RECORDS

The minutes of meetings of the Board and Shareholder were reviewed for the period under examination. They were complete as to necessary detail and appear to adequately reflect the acts of the respective bodies. The review of the minutes indicates all investment transactions were approved by the Board. In addition, the minutes of the meeting of the Cigna Investment Committee at the Corporate level, and the Cigna Audit Committee were reviewed for the period under examination.

The Charter of the Company, in effect at December 31, 2018, is the Company's Amended and Restated Charter, which was approved by the TDCI on October 29, 1998. The Charter states the Company is a health maintenance organization (HMO). No amendments or restatements were made to the Company's Charter during the period of examination.

The Bylaws of the Company, in effect at December 31, 2018, are the Company's Amended Bylaws, which were adopted by the Board on December 17, 2009. No amendments or restatements were made to the Company's Bylaws during the period of examination.

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

AGREEMENTS WITH PARENT AND AFFILIATES

The Company was a party to the following intercompany agreements, at December 31, 2018:

Line of Credit Agreement

Effective October 1, 2005, the Company entered into a Line of Credit Agreement with CHC. Under this agreement, CHC will loan funds to the Company from time to time to ensure that the Company will be able to continue to meet its operational cash obligations, while earning additional investment income.

Management Services Agreement

Effective January 1, 1994, and as amended July 1, 2012, the Company entered into a Management Services Agreement by and between CHC and each of its subsidiaries or affiliates which are signatories thereto. Under this agreement, CHC and certain affiliates provide Management Services (as defined and described in the agreement) to the Company and its affiliated health maintenance organizations (collectively, "HMOs").

Network Access Agreement

Effective November 27, 2001, the Company entered into a Network Access Agreement with Connecticut General Life Insurance Company (CGLIC) and certain subsidiaries of Cigna Corporation, including the HMOs. This agreement allows CGLIC and each of the

HMOs to utilize the participating provider networks maintained by its affiliated HMOs. Under this agreement, an HMO may also provide to, or receive from, other participants certain administrative services associated with network access.

Mental Health Agreement

Effective January 1, 1990, and as amended November 18, 1999, the Company entered into a Mental Health Agreement with Cigna Behavioral Health, Inc. (CBH) and CHC on behalf of their respective subsidiaries and affiliates, including the HMOs. Under this agreement, CBH provides mental health and substance abuse services to the enrollees of the HMOs.

Intercompany Disease Management and Other Services Agreement

Effective January 1, 2011, and as amended March 1, 2017, the Company entered into an Intercompany Disease Management and Other Services Agreement with CBH and CHC on behalf of their respective subsidiaries and affiliates, including the HMOs. Under this agreement CBH provides the Your Health First telephonic disease management service to Cigna's Medicare Advantage eligible members as a pilot program.

Tel-Drug Agreement

Effective January 1, 2005, the Company entered into a Participating Mail Order Pharmacy Agreement with Tel-Drug, Inc., Tel-Drug of Pennsylvania, LLC, its affiliates, and certain subsidiaries of CHC, including the Company. Under this agreement, Tel-Drug, Inc. and Tel-Drug of Pennsylvania, LLC, provide mail order pharmaceutical services.

Dental Consultation Agreement

Effective October 1, 2000, the Company entered into a Dental Consultation Agreement with Cigna Dental Health, Inc. and the HMOs. Pursuant to this agreement, Cigna Dental Health, Inc. provides dental consultations at the request of the Company with respect to selected dental cases.

Cigna Health Access Premium Billing Authorization Agreement

Effective June 1, 1996, the Company participates in the Cigna Health Access Agreement, which is by and between CGLIC and the HMOs. The HMOs offer group and individual standard service agreements providing coverage of "in-network" health care services; and CGLIC supplements the HMOs' service agreements by providing group insurance coverage of "out-of-network" health care services. Customers purchasing this product receive a single premium bill.

Investment Advisory Agreement

Effective September 28, 2009, the Company participates in an Investment Advisory Agreement, with its affiliate Cigna Investments, Inc., pursuant to which Cigna

Investments, Inc. acts as the Company's investment adviser. This replaces a previous agreement with another affiliated investment advisor, then known as Cigna Investments, Inc. and now known as "Former Cigna Investments, Inc.", or "former CII." There are no substantive changes between the two agreements, and no change in the manner by which fees are assessed.

Cigna Health Management, Inc. (f/k/a INTRACORP) Agreement

Effective January 1, 2001, the Company entered into The Cigna Health Management, Inc. Agreement, as amended January 1, 2004, with Cigna Health Management, Inc. (f/k/a Intracorp), CGLIC, and CHC on behalf of certain of its subsidiaries that are also parties to the agreement, including the Company. Pursuant to the Agreement, Cigna Health Management, Inc. provides consultative services with respect to utilization management, case management, demand management, disease management, care management, and any other consultative services in conjunction with the administration of such plans to the enrollees of participating plans. The Agreement was amended effective January 1, 2012, to record Intracorp's name change to Cigna Health Management, Inc., and to add another affiliate as a party.

Fee Sharing Agreement

Effective August 1, 2014, and as amended May 10, 2016, the Company entered into a Fee Sharing Agreement with Cigna. Pursuant to the agreement, the Company and all Cigna subsidiaries pay their proportionate share of the ACA fee to Cigna in order for Cigna to remit a single payment to the Department of the Treasury on behalf of all covered entities in the Cigna group. Cigna does not charge a fee to its subsidiaries for performing this service.

TERRITORY AND PLAN OF OPERATION

TERRITORY

The Company is an HMO licensed to provide health insurance services in Tennessee and Mississippi. Principal products and services include managed care products and services. Certificates of Authority granted by the licensed states were reviewed and found to be in force at year-end 2018.

State	Direct Premiums Written
Mississippi	$5,242,076
Tennessee	15,196,503
Totals	$20,438,579

PLAN OF OPERATION

The Company arranges for a variety of health care services including basic physician and hospital services, outpatient services, emergency room treatment, preventive health, and well-baby care, as well as mental health and substance abuse treatments through Cigna Behavioral Health.

The Company contracts with physicians, group practices, skilled care facilities, hospitals, health care practitioners, and other ancillary providers to furnish health care services to its members.

The Company continues to renew existing policyholders while writing only minimal new business. Management noted that there is still a need in the market for an HMO product, but acknowledges that need is declining. While the HMO product portfolio will remain available, it is not expected to grow in the coming years, as the commercial market is not robustly embracing of the HMO program. The Company has no immediate plans to make changes to the current products, offer new products, or increase marketing efforts on existing products. The Company will make the HMO product available if requested, but as previously noted, the Company is not actively marketing it due to changes in market preference for open access-oriented products. The Company has the support of Cigna to maintain solvency should capital be needed in the future. There are currently no plans to dissolve or merge the legal entity.

GROWTH OF COMPANY

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

Year	Members	Direct Written Premium	Net Admitted Assets	Liabilities	Capital & Surplus	Net Income (Loss)
2018	3,583	$20,438,579	$8,663,565	$2,958,138	$5,705,427	($1,169,323)
2017	4,731	$22,459,017	$8,923,914	$4,089,485	$4,834,429	($1,118,786)
2016	4,018	$16,527,625	$7,049,093	$3,098,434	$3,950,659	($1,229,657)
2015	3,495	$19,118,191	$7,790,260	$3,146,775	$4,643,485	$188,718
2014	4,129	$17,539,565	$8,665,165	$3,436,316	$5,228,849	($1,350,468)

LOSS EXPERIENCE

As developed from applicable amounts included in the Company's annual statements filed with the TDCI, the ratios of claims and claims adjustment expenses (CAE) incurred to net earned premiums for the period subject to this examination were as follows:

Year	Net Earned Premiums	Claims & CAE Incurred	Percent
2018	$21,345,140	$17,465,409	81.8%
2017	$22,023,918	$17,822,353	80.9%
2016	$16,484,184	$13,395,356	81.3%
2015	$19,003,729	$14,874,595	78.3%
2014	$17,690,390	$13,836,121	78.2%

REINSURANCE AGREEMENTS

Assumed Reinsurance

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

Ceded Reinsurance

The Company routinely cedes premiums to other insurance companies. All material reinsurance agreements were reviewed and contained all of the standard clauses and were found to contain such language as recommended by the NAIC with respect to the standard clauses. There were no treaties with any unusual provisions and all treaties provided for transfer of risk. The following is a summary of the current reinsurance agreements at December 31, 2018:

Quota Share Reinsurance Agreement

Effective January 1, 1994, the Company entered into a reinsurance agreement ("Agreement') with CGLIC. The Agreement is administered by CHC. Under the provisions of the Agreement, the Company pays a monthly premium based on an established rate per member. In return for premiums paid, the Company is reimbursed eighty percent (80%) of the costs in excess of a deductible for hospital and related services provided to individual members. At December 31, 2018, the deductible per individual member per calendar year was $150,000.

Effective January 1, 2012, the Agreement was amended to revise Schedule C and Section IX (2). The revised Schedule C modifies the maximum allowable premium due to CGLIC and the maximum allowable bank account funding obligation. The revision to Section IX (2) of the Agreement modified the process by which future amendments become effective. Effective January 1, 2013, the Agreement was amended to change the reinsurer to Cigna Health and Life Insurance Company (CHLIC) for claims incurred January 1, 2013, onwards.

ACCOUNTS AND RECORDS

During the examination, certain balances were tested, and amounts were traced from the Company's trial balance to the annual statement. All the Company's investment securities were confirmed with the custodian of such securities as of the date of this examination. All 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, except for the items discussed below.

Within the "aggregate health policy reserves" liability, the Company reported $160,330 for its estimated statutory Medical Loss Ratio (MLR) rebate liability. The ACA requires insurers to spend a minimum percentage of premium dollars on medical services and activities designed to improve health care quality. Risk and Regulatory Consulting, which was engaged by the State of Connecticut, reviewed and tested the Cigna Group's ("Group") processes and controls designed to mitigate specific risks associated with the determination of the Group's actual MLR rebate amount distributed. The following were noted during this review:

- Connecticut Health and Life Insurance Company (CHLIC) did not properly allocate to certain of its affiliated entities a pro rata share of the prescription drug rebates it received from pharmaceutical manufacturers. NAIC Statement of Statutory Accounting Principles (SSAP) No. 84 states that "pharmaceutical rebates are arrangements between pharmaceutical companies and reporting entities in which the reporting entities receive rebates based upon the drug utilization of its subscribers at participating pharmacies." SSAP No. 84 further states that "income from pharmaceutical rebates of insured plans shall be reported as a reduction of claims expense on the summary of operations."

  In addition, SSAP No. 25 states "transactions involving services provided between related parties shall be recorded at the amount charged. Regulatory scrutiny of related party transactions where amounts charged for services do not meet the fair and reasonable standard established by Appendix A-440 of the Accounting Practices and Procedures Manual (APPM), may result in (a) amounts charged being recharacterized as dividends or capital contributions, (b) transactions being reversed, (c) receivable balances being non-admitted, or (d) other regulatory action." Tenn. Code Ann. § 56-11-106 also describes that transactions within an insurance holding company system are subject to requirements including that the "terms shall be fair and reasonable".

It is noted that commencing in 2019, CHLIC reported pharmacy rebates related to the pharmacy claims which pertains to the applicable legal entity.

- U.S. Code of Federal Regulations (CFR) Title 45 Section 158.240 requires an issuer to provide a rebate to an enrollee on a pro rata basis, based on premium, as defined in Section 158.130 of the CFR. The Company did not utilize the earned premium on Part 3 of the MLR filing in allocating rebates to each enrollee. The regulations do not explicitly require this, and the Company's total rebates were correct. It is noted that the Company has commenced using earned premium reported on Part 3 of the MLR filing, with regards to premium allocation, prospectively.

- The Company should also ensure that county, municipal, property and real estate taxes should be excluded from the MLR Form since they are not specifically business state taxes as outlined in the MLR Instructions.

See "Comments and Recommendations" section in this report.

The Company's books and records are located in Bloomfield, Connecticut.

MARKET CONDUCT ACTIVITIES

In conjunction with this examination, a market conduct review was performed. The following areas were reviewed:

Operations and Management Standards

Company antifraud initiatives were examined to determine if they are reasonably calculated to prevent, detect, or mitigate fraudulent insurance acts. Company procedures and policies relating to privacy were reviewed to determine compliance with Tenn. Code Ann. § 56-8-104(19). No issues were noted.

Complaint Handling Standards

Company complaint data for the period under examination was examined for compliance. The Company maintains complaint files in compliance with Tenn. Code Ann. § 56-8-104(11). The Company's complaint handling manual was reviewed and determined to be appropriate for the type of coverage and in compliance with applicable statutes.

Producer Licensing Standards

Tenn. Code Ann. §§ 56-6-101, *et seq.*, requires the Company to sell their products and services through producers who are properly licensed and appointed by the Company. In the examination of producer licensing, a random sample of producers was selected, and their state issued licensure and appointment by the Company were verified. No issues were noted.

Marketing and Sales

Due to the decline in members, direct written premium, limited production of new business, and the fact that all marketing, advertising, and sales are handled by Cigna Corporation, marketing and sales market conduct procedures were not performed.

Policyholder Services Standards

The Company's timeliness of response to policyholder requests, provision of adequate disclosures, and compliance with applicable statutes and rules were examined. The Company was found to be in compliance with the relevant market conduct standards.

Underwriting and Rating Standards

In the examination of the Company's underwriting procedures and policy administration, policy files for open and closed policies were reviewed in accordance with established Company guidelines. During the examination of these contracts, there were no instances of unfair methods of competition or unfair or deceptive acts found. Underwriting procedures and policy administration conducted by the Company appear to be in compliance with established Company guidelines.

Claims Handling Standards

The Company's claim forms and claims manual were reviewed and determined to be appropriate for the type of coverage provided and in compliance with applicable statutes. Control testing for claims handling procedures determined that controls were adequately designed, appropriately implemented, and functioning properly.

SUBSEQUENT EVENTS

The Company received a $2,000,000 capital infusion from its parent, Healthsource, Inc. which was paid on February 17, 2020. The capital contribution was approved by the TDCI on February 17, 2020.

Effective April 1, 2020, the Company and its affiliates entered into a Master Health System Agreement with eviCore healthcare MSI, LLC and its affiliates to provide or arrange for the provision of certain covered services and to provide certain utilization management and administrative services to participants and clients. The Agreement was approved by the TDCI on April 20, 2020.

On April 27, 2020, the U.S. Supreme Court ruled that the U.S. government must pay health insurers who absorbed excessive early losses from their ACA marketplace plan offerings. Under the ACA's risk corridors program, insurers were promised that the federal government would help cover the excessive costs from the individual plan claims for three (3) years as a way to encourage insurers to offer plans. The three-year risk corridors program closed in 2016 with an approximate $12 billion shortfall. The amount of reimbursement to individual insurers has yet to be determined.

FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, and a statement of revenue and expenses, as of December 31, 2018, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2018 Annual Statement.

ASSETS

	Assets	Non-Admitted Assets	Net Admitted Assets
Bonds	$4,180,607		$4,180,607
Cash and short-term investments	713,829		713,829
Investment income due or accrued	15,394		15,394
Premiums and considerations:			
Uncollected premiums and agent's balances in the course of collection	1,421,865	4,316	1,417,549
Current federal and foreign income tax recoverable and interest thereon	336,186		336,186
Receivables from parent, subsidiaries, and affiliates	2,000,000		2,000,000
Totals	$8,667,881	$4,316	$8,663,565

LIABILITIES, CAPITAL AND SURPLUS

Claims unpaid		$1,743,550
Unpaid claims adjustment expenses		19,497
Aggregate health policy reserves		174,780
Premiums received in advance		241,002
Net deferred tax liability		7,711
Ceded reinsurance premiums payable		28,282
Amounts withheld or retained for the account of others		63,084
Amounts due to parent, subsidiaries and affiliates		146,740
Aggregate write-ins for liabilities		533,492
Total Liabilities		$2,958,138
Common capital stock	$1,000	
Gross paid in and contributed surplus	32,234,100	
Unassigned funds (surplus)	(26,529,673)	
Total Capital and Surplus		5,705,427
Totals		$8,663,565

STATEMENT OF REVENUE AND EXPENSES

Member Months		50,670
Net premium income		$20,438,579
Change in unearned premium reserves		906,561
Total Revenues		$21,345,140
HOSPITAL AND MEDICAL		
Hospital/medical benefits	$10,047,098	
Other professional services	1,312,734	
Outside referrals	564,169	
Emergency room and out-of-area	1,012,365	
Prescription drugs	4,001,552	
Incentive pool, withhold adjustments and bonus amounts	15,930	
Total Hospital and Medical		$16,953,848
Claims adjustment expenses, including cost containment	$511,561	
General administrative expenses	5,375,486	
Increase in reserves for life and A&H contracts	4,210	
Total Underwriting Deductions		$22,845,105
Net Underwriting Gain		($1,499,965)
INVESTMENT INCOME		
Net investment income earned	$124,954	
Net realized capital gains (losses)	(522)	
Net Investment Gain		$124,432
OTHER INCOME		
Net loss from agents' or premium balances charged off	$39,493	
Total Other Income		$39,493
Net income after capital gains tax and before all other federal income taxes		(1,336,040)
Federal and foreign income taxes incurred		(166,717)
Net Income (loss)		($1,169,323)

CAPITAL AND SURPLUS ACCOUNT

	2018	2017	2016	2015	2014
Capital and Surplus					
December 31, previous year	$4,834,429	$3,950,659	$4,643,485	$5,228,849	$8,185,153
Net income or (loss)	(1,169,323)	(1,118,786)	(1,229,657)	188,718	(1,350,468)
Change in net deferred income tax	(7,711)	24,368	(249,127)	(151,529)	410,359
Change in non-admitted assets	48,032	(21,812)	785,958	(622,555)	(16,195)
Surplus adjustments: Paid in	2,000,000	2,000,000	0	0	(30,000)
Dividends to stockholders	0	0	0	0	(2,000,000)
Net change in capital and surplus for the year	870,998	883,770	(692,826)	(585,364)	(2,956,304)
Capital and Surplus					
December 31, current year	$5,705,427	$4,834,429	$3,950,659	$4,643,485	$5,228,849

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Total Capital and Surplus $5,705,427

Total capital and surplus, as established by this examination, is the same as what was reported by the Company in its 2018 Annual Statement. There were no changes made to any asset or liability items as a result of our examination performed, as of December 31, 2018.

COMMENTS AND RECOMMENDATIONS

Comments

1. As noted in "Accounts and Records", the Company should also ensure that county, municipal, property and real estate taxes should be excluded from the MLR Form since they are not specifically business state taxes as outlined in the MLR Instructions.

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 Cigna Healthcare of Tennessee, Inc.

In such manner, it was found that as of December 31, 2018, the Company had admitted assets of $8,663,565 and liabilities, exclusive of capital and surplus, of $2,958,138. Thus, there existed for the additional protection of the policyholders, the amount of $5,705,427 in the form of common capital stock, 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, 2018, the Company maintains a net worth sufficient to satisfy those requirements.

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, David Palmer, CFE, Administrative Examiner from Lewis & Ellis, Inc. participated in the work of this examination.

Respectfully submitted,

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

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

AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of Cigna Healthcare of Tennessee, Inc. located in Franklin, Tennessee, dated May 15, 2020, and made as of December 31, 2018, 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.

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

State Mississippi

County Madison

Subscribed to and sworn before me

this 26th day of June, 2020

Teresa M. Semore
(NOTARY)

My Commission Expires: 5-5-2023

STATE OF MISSISSIPPI
NOTARY PUBLIC
ID # 127703
TERESA M. SEMORE
Commission Expires
May 5, 2023
MADISON COUNTY

AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of Cigna Healthcare of Tennessee, Inc. located in Franklin, Tennessee, dated May 15, 2020, and made as of December 31, 2018, 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.

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

State Tennessee

County Davidson

Subscribed to and sworn before me

this 26th day of June, 2020

Mindy C. Walker
(NOTARY)

My Commission Expires: 7·6·2020

MINDY C WALKER
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
MY COMMISSION EXPIRES 7-6-2020

EXHIBIT B

Karen Fogarty
Exam Coordination Manager
Financial Examinations
Karen.Fogarty@Cigna.com

Cigna.

June 29, 2020

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

RE: Report of Examination – Cigna HealthCare of Tennessee, Inc.

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination of Cigna HealthCare of Tennessee, Inc., made as of December 31, 2018. Following is the Company's response to the Comments and Recommendations section of the report.

Report Comment
As noted in "Accounts and Records", the Company should ensure that county, municipal, property and real estate taxes should be excluded from the MLR Form since they are not specifically business state taxes as outlined in the MLR Instructions.

Company Response
The Company, in good faith, had evaluated the regulations and concluded that Part 1, Line 3.2a was the most appropriate line to report these non-premium and non-federal related taxes. We will take the Comment under advisement and further review the MLR Instructions to ensure appropriate reporting.

By signing below, we indicate acceptance of the report, as transmitted, and without rebuttal.

Sincerely,

Karen J. S. Fogarty

Karen J. S. Fogarty
Exam Coordination Manager