



**STATE OF TENNESSEE**  
**DEPARTMENT OF COMMERCE AND INSURANCE**

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**REPORT ON EXAMINATION**  
**OF**  
**CENTENE VENTURE COMPANY TENNESSEE**  
**ST. LOUIS, MISSOURI**

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**AS OF**  
**DECEMBER 31, 2022**

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St. Louis, Missouri  
June 7, 2024

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 and 56-32-115, a full-scope financial examination and market conduct review, as of December 31, 2022, has been made of the condition and affairs of:

**CENTENE VENTURE COMPANY TENNESSEE**

NAIC # 16770  
NAIC Group # 1295  
7700 Forsyth Boulevard  
St. Louis, Missouri 63105

hereinafter referred to as “CVCTN” 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”) and was conducted by duly authorized representatives of the Department. The examination was called through the National Association of Insurance Commissioners (NAIC) Financial Examination Electronic Tracking System (FEETS).

The examination was performed as part of the full-scope coordinated examination of health insurance companies and Health Maintenance Organizations (HMO) in the Centene Corporation (“Centene”) group. The TDCI served as a participating state within the coordinated group examination. The Texas Department of Insurance (TDI) was the lead state for the group examination.

This examination was conducted concurrently with the statutory financial condition examinations of the following companies:

<b>COMPANY</b>	<b>NAIC CoCode</b>
WellCare of Alabama, Inc. (AL)	16239
Centene Venture Co Alabama Health Plan, Inc. (AL)	16771
WellCare of Alabama, Inc. (AL)	16239
Arkansas Health & Wellness Health Plan, Inc. (AR)	16130
Arkansas Total Care, Inc. (AR)	16256
QCA Health Plan, Inc. (AR)	95448
QualChoice Life & Health Insurance Company, Inc. (AR)	70998
WellCare Health Insurance Company of America (AR)	16343
Bridgeway Health Solutions of Arizona, Inc. (AZ)	16310
Hallmark Life Insurance Company (AZ)	60078
Health Net Community Solutions of Arizona (AZ)	15895
Health Net of Arizona, Inc. (AZ)	95206
WellCare Health Insurance of Arizona, Inc. (AZ)	83445
WellCare Health Insurance of the Southwest, Inc. (AZ)	16692
WellCare Prescription Insurance, Inc. (AZ)	10155
Health Net Life Insurance Company (CA)	66141
WellCare Health Insurance of Connecticut, Inc. (CT)	16513
WellCare of Connecticut, Inc. (CT)	95310
Centene Venture Company Florida (FL)	16499
Sunshine Health Community Solutions, Inc. (FL)	15927
Sunshine State Health Plan, Inc. (FL)	13148
WellCare Health Insurance of Hawaii, Inc. (HI)	17002
Iowa Total Care, Inc. (IA)	15713
Celtic Insurance Company (IL)	80799
Centene Venture Company Illinois (IL)	16505
Harmony Health Plan, Inc. (IL)	11229
Meridian Health Plan of Illinois, Inc. (IL)	13189
WellCare of Illinois, Inc. (IL)	16765
Centene Venture Company Kansas (KS)	16528
Sunflower State Health Plan, Inc. (KS)	14345
WellCare Health Insurance of Kentucky, Inc. (KY)	64467
WellCare Health Plans of Kentucky, Inc. (KY)	15510
Louisiana Healthcare Connections, Inc. (LA)	13970
Magellan Complete Care of Louisiana, Inc. (LA)	15550
WellCare Health Insurance Company of Louisiana, Inc. (LA)	16788
WellCare of Maine, Inc. (ME)	16344
Centene Venture Company Michigan (MI)	16613
Meridian Health Plan of Michigan, Inc. (MI)	52563

Home State Health Plan, Inc. (MO)	14218
WellCare Health Plans of Missouri, Inc. (MO)	16753
WellCare of Missouri Health Insurance Company, Inc. (MO)	16512
Ambetter of Magnolia, Inc. (MS)	15762
Magnolia Health Plan, Inc. (MS)	13923
WellCare of Mississippi, Inc. (MS)	16329
Ambetter of North Carolina, Inc. (NC)	16395
Carolina Complete Health, Inc. (NC)	16526
WellCare Health Insurance of North Carolina, Inc. (NC)	16548
WellCare of North Carolina, Inc. (NC)	16547
Nebraska Total Care, Inc. (NE)	15902
Granite State Health Plan, Inc. (NH)	14226
WellCare Health Insurance Company of New Hampshire, Inc. (NH)	16516
WellCare of New Hampshire, Inc. (NH)	16515
Magellan Behavioral Health of New Jersey, LLC (NJ)	12632
WellCare Health Insurance Company of New Jersey, Inc. (NJ)	16789
WellCare Health Plans of New Jersey, Inc. (NJ)	13020
Western Sky Community Care, Inc. (NM)	16351
American Progressive Life & Health Insurance Of New York (NY)	80624
Buckeye Community Health Plan, Inc. (OH)	11834
Buckeye Health Plan Community Solutions, Inc. (OH)	16112
Oklahoma Complete Health, Inc. (OK)	16904
WellCare Health Insurance Company of Oklahoma, Inc. (OK)	16752
WellCare of Oklahoma, Inc. (OK)	16117
Health Net Health Plan of Oregon, Inc. (OR)	95800
Trillium Community Health Plan, Inc. (OR)	12559
Magellan Behavioral Health of Pennsylvania, Inc. (PA)	47019
Magellan Complete Care of Pennsylvania, Inc. (PA)	15924
Pennsylvania Health & Wellness, Inc. (PA)	16041
WellCare Health Plans of Rhode Island, Inc. (RI)	16766
Centene Venture Company Tennessee (TN)	16770
Rhythm Health Tennessee, Inc. (TN)	16533
WellCare Health Insurance of Tennessee, Inc. (TN)	16532
Centene Venture Company Texas (TX)	16990
Envolve Dental of Texas (TX)	16106
Envolve Vision of Texas (TX)	95302
SelectCare of Texas, Inc. (TX)	10096
Superior HealthPlan, Inc. (TX)	95647
WellCare National Health Insurance Company (TX)	16342
WellCare of Texas, Inc. (TX)	12964

WellCare of Virginia, Inc. (VA)F	16763
WellCare Health Plans of Vermont, Inc. (VT)	16514
Coordinated Care of Washington, Inc. (WA)	15352
WellCare Health Insurance Company of Washington, Inc. (WA)	16570
WellCare of Washington, Inc. (WA)	16571
Bankers Reserve Life Insurance Company of Wisconsin (WI)	71013
Managed Health Service Insurance Corporation (WI)	96822

## SCOPE OF EXAMINATION

This is the first full-scope examination of the Company. This examination covers the period April 10, 2020, through December 31, 2022, and includes any material transactions and/or events occurring subsequent to the examination date, which were noted during the course of the 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 the *NAIC 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, 2022. 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 NAIC annual statement instructions.

All significant risks were considered when planning which key activities and accounts would be examined. The key activities included: Investments; Premiums; Claims Handling; Pricing (Actuarial); Reserves (Actuarial); Capital and Surplus; Reinsurance Ceding; and Related Parties.

The Company’s 2022 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.

TDI information technology specialists were utilized in the examination review of the Company’s information technology general controls.

TDI actuaries were 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 workpapers were reviewed for the 2022 audit and copies were incorporated into the examination, as deemed appropriate.

## **COMPANY HISTORY**

The Company was incorporated on November 18, 2019, under the laws of the State of Tennessee. On April 20, 2020, CVCTN received its Certificate of Authority (COA) as a Health Maintenance Organization. This COA 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. The Company offers a Medicare Advantage (MA) product.

The Company is a wholly-owned subsidiary of Next Door Neighbors, Inc (NDN Inc.), which is a wholly-owned subsidiary of Next Door Neighbors, LLC (NDN LLC). NDN LLC is sixty percent (60%) owned by Centene Corporation ("Centene") and forty percent (40%) owned by Ascension Care Management ("Ascension").

Subsequent to the examination date, on February 21, 2023, Ascension filed a notice of Divestiture of Control to sell NDN LLC to Centene. The TDCI approved the transaction on April 21, 2023. See "Subsequent Events" section later in this report.

On December 31, 2022, the Company had three thousand (3,000) shares of common stock authorized with a par value of one dollar (\$1.00). Three thousand (3,000) shares were issued and outstanding. All shares are owned by NDN Inc.

## **MANAGEMENT AND CONTROL**

### **MANAGEMENT**

#### **Directors**

The business and affairs of the Company are 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 until the next annual shareholder's meeting following his or her election or until his or her successor is elected. In accordance with the Bylaws, the Board shall consist of not less than one (1) nor more than twenty-one (21) members.

The following persons were serving as members of the Board, as of December 31, 2022:

<b><u>Name</u></b>	<b><u>Principal Occupation</u></b>
Kirk Fischer	Senior Vice President, Network Development & Contracting, Centene
Richard Jong Youl Chong	Senior Vice President, Business Operations, Centene
Kate Nicole Casso	Senior Vice President, Corporate Controller & Chief Accounting Officer, Centene
Ajay Gupta	Chief Medical Director (Marketplace), Centene
Adam Scott Durall	Assistant Vice President, Finance, Ascension
Fahad Tahir	Chief Strategy Officer, Centene

### **Officers**

The Bylaws of the Company provide that the Board shall annually elect and appoint a President and a Secretary, and may appoint a Chairman of the Board, one (1) or more Vice Presidents, one (1) or more Assistant Secretaries, one (1) or more Assistant Treasurers, and any other officers and agents it shall deem necessary. Any two (2) offices may be held by the same person.

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

<b><u>Name</u></b>	<b><u>Title</u></b>
Thomas Robert Lindquist	President
Janet Robey Alonzo	Secretary and Vice President
James Edward Snyder III	Treasurer and Vice President
Tricia Lynn Dinkelman	Vice President of Tax
Charlie Willie Fields, Jr.	Assistant Secretary

### **CONTROL**

The Company is a member of an insurance holding company system as defined by Tenn. Code Ann. § 56-11-101(b)(8), 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, NDN Inc., a Delaware domiciled corporation, which is wholly-owned by NDN LLC, a Delaware limited liability company. NDN LLC is owned by Centene sixty percent (60%) and Ascension forty percent (40%). Together, both Centene and Ascension constitute an “Ultimate Controlling Person” (UCP), as shown in the following organizational chart.



## **ORGANIZATIONAL CHART**

An organizational listing flowing from the UCP, as reported in the Company's 2022 Annual Statement, is represented below. Subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are one hundred percent (100%) owned:

Centene Corporation (Centene) (DE)

- Next Door Neighbors, LLC (NDN LLC) (DE) (60%)
  - Next Door Neighbors, Inc. (NDN Inc.) (DE)
    - **Centene Venture Company Tennessee (CVCTN) (TN)**
- Centene Management Company, Inc. (CMC) (WI)
  - Envolve Holdings, LLC (DE)
  - Envolve PeopleCare, Inc. (EPC) (DE)
  - Envolve Benefits Options, Inc. (DE)
    - Envolve Vision Benefits, Inc. (DE)
      - Envolve Vision, Inc. (EVI) (DE)
    - Envolve Dental, Inc. (EDI) (DE)
    - Envolve Pharmacy Solutions, Inc. (EPS) (now Centene Pharmacy Services, Inc.) (DE)
- Magellan Health, Inc. (Magellan) (DE)
  - Magellan Healthcare, Inc. (DE)
    - National Imaging Association, Inc. (NIA) (DE)

Ascension Care Management (Ascension)

- Next Door Neighbors, LLC (NDN LLC) (DE) (40%)

## **DIVIDENDS**

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

## **CORPORATE RECORDS**

The minutes of meetings of the Company's shareholders and Board 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.

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 Charter with the Tennessee Secretary of State in November 2019. The Charter was approved by the TDCI on November 15, 2019. In July 2020, the Company filed an application for Registration of Assumed Name to use Ascension Complete to transact business.

The Charter authorizes a maximum number of three thousand (3,000) shares of common stock, with a one dollar (\$1.00) par value per share.

## **Bylaws**

The Company's Bylaws were signed on December 5, 2019. The Bylaws are such as generally are 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 is a party to a number of agreements with its parent and related parties. During the period under examination, the TDCI received transaction agreement and amendment filings for CVCTN with less than the required thirty (30) days' prior notice required by Tenn. Code Ann. § 56-11-106. The Company may not enter into a transaction or amendment and modification to transactions involving any person in its holding company system unless it notifies the Commissioner in writing of its intention to enter into the transaction at least thirty (30) days prior to the effective date. See "Comments and Recommendations" section later in this report.

The following significant agreements with its parent and related parties were in effect, as of December 31, 2022.

### **Tax Sharing Agreement**

Effective December 31, 2019, the Company became an included subsidiary to a Tax Sharing Agreement with Centene, originally dated December 31, 2002. Pursuant to the agreement, the tax liability shall be allocated to each party to the agreement based on the party's contribution to the consolidated taxable income. The agreement was filed with the TDCI on November 30, 2022. The TDCI non-disapproved this agreement on September 18, 2023. See "Comments and Recommendations" section later in this report.

### **Management Services Agreement**

Effective October 1, 2020, the Company became a party to a Management Services Agreement with CMC and NDN LLC. The original agreement between CMC and NDN

LLC was entered into on January 1, 2020. Pursuant to the agreement, CMC agrees to provide the Company with certain administrative functions, activities, and/or services in connection with certain Medicare products. The Company submitted the agreement on May 5, 2020. The TDCI non-disapproved this agreement on October 12, 2020.

### **Pharmacy Benefit Management Services Agreement**

Effective January 1, 2021, the Company entered into a Pharmacy Benefit Management (PBM) Services Agreement with EPS. Pursuant to the agreement, EPS provides and/or subcontracts to deliver pharmacy services through retail, mail order, specialty pharmacies, and claims adjudication services. The agreement was submitted to the TDCI on September 15, 2020. The TDCI non-disapproved the agreement on October 25, 2021.

The Company submitted two (2) amendments to this agreement to the TDCI on November 2, 2021. The amendments were effective on October 15, 2021. The TDCI non-disapproved the amendments on April 14, 2022. See “Comments and Recommendations” section later in this report.

On November 30, 2022, the Company filed an amendment and restatement with the TDCI for the Pharmacy Benefit Management Services Agreement. The agreement became the Administrative Pharmacy Services Agreement with Centene Pharmacy Services, Inc. (formerly known as EPS) and provides certain services such as formulary management and utilization management for prescription drug services. The effective date of the amendment and restatement was January 1, 2023. The TDCI non-disapproved the amendment and restatement on March 6, 2023.

### **Vision Services Agreement**

Effective January 1, 2021, the Company entered into a Vision Services Agreement with Envolve Vision, Inc. (EVI). EVI provides or arranges covered vision services to covered persons. The agreement was filed with the TDCI on September 16, 2020. The TDCI non-disapproved on April 29, 2021.

On February 10, 2022, the Company filed an amendment to the agreement with the TDCI, with an effective date of January 1, 2022. The TDCI non-disapproved the amendment on June 27, 2022. See “Comments and Recommendations” section later in this report.

### **Dental Services Agreement**

Effective January 1, 2021, the Company entered into a Dental Services Agreement with Envolve Dental, Inc. (EDI). Pursuant to the agreement, EDI provides or arranges covered dental services to covered persons. The agreement was submitted to the TDCI on September 16, 2020. The TDCI approved the filing on April 29, 2021.

On February 10, 2022, the Company filed an amendment to the agreement with the TDCI, with an effective date of January 1, 2022. The amendment was non-disapproved by the TDCI on June 17, 2022. See “Comments and Recommendations” section later in this report.

### **Participating Provider Letter of Agreement**

Effective January 1, 2021, the Company entered into a Participating Provider Letter of Agreement with Ascension Care Management Health Partners Tennessee (ACMHPT). Pursuant to the agreement, ACMHPT provides covered services to covered persons in their participating network. Network providers include hospital and ancillary services and physician services. The Company filed the agreement on December 3, 2020. The TDCI non-disapproved this agreement on March 11, 2022.

### **Participating Provider Agreement**

Effective January 1, 2021, the Company became a party to a Participating Provider Agreement with St. Thomas Health, an Ascension subsidiary. The TDCI non-disapproved the agreement on April 11, 2022.

### **Master Services Agreement (Clinical and Network Support)**

Effective January 1, 2021, the Company became a party to a Master Services Agreement with NDN LLC and ACM. This original agreement was entered into on January 1, 2020. Pursuant to the agreement, ACM provides the Company with certain clinical and network support services. The Company submitted the filing on December 11, 2020. The TDCI non-disapproved this agreement on December 10, 2021. See “Comments and Recommendations” section later in this report.

### **Radiology Services Management Agreement**

Effective March 8, 2021, the Company became a party to a Radiology Services Management Agreement with NIA and other Centene owned health plans, dated January 1, 2019. Radiology services are provided by NIA to the Company. The agreement was entered into when the parties were not affiliates and did not need TDCI approval. NIA became an affiliate in January 2022 when Centene completed its acquisition of Magellan, NIA’s parent company.

## TERRITORY AND PLAN OF OPERATION

### Territory

As of December 31, 2022, the Company was licensed to transact business in the State of Tennessee. The COA was reviewed and found to be in order.

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

### Plan of Operation

The Company was licensed as a Health Maintenance Organization (HMO) in the State of Tennessee on April 10, 2020. The Company offered Medicare and prescription drug benefits in sixteen (16) counties in Tennessee pursuant to a contract with the Centers for Medicare and Medicaid Services (CMS). Products include local Preferred Provider Organization (PPO) plans, contracted directly with healthcare providers on fee-for-service, per diem diagnostic rate grouping, and capitation bases.

## 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 and Medical Benefits Paid</u>	<u>Net Income (Loss)</u>
2022	\$11,281,270	\$17,079,113	\$3,889,041	\$15,772,973	(\$3,303,866)
2021	\$6,795,980	\$3,286,053	\$2,718,505	\$3,054,124	(\$4,571,761)
2020	\$1,558,559	\$0	\$1,554,655	\$0	(\$6,842)

## LOSS EXPERIENCE

The table below shows the loss experience as of December 31, 2022, 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 Hospital and Medical Expenses</u>	<u>Medical Loss Ratio</u>
2022	\$17,079,113	\$17,823,330	104.36%
2021	3,286,053	3,550,026	108.03%
2020	0	0	0.00%

The Company's premiums and revenues increased mainly from an increase in membership. Hospital and medical benefits expenses increased mainly from an increase in member months and increasing medical expenses per member.

## REINSURANCE AGREEMENTS

### Assumed Reinsurance

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

### Ceded Reinsurance

During the period under examination, the Company had an excess of loss agreement with Bankers Reserve Life Insurance Company of Wisconsin, an affiliate, in effect as of October 1, 2021. As of year-end 2022, the agreement covered hospital losses in excess of \$250,000 and no more than \$3,000,000 per member with respect to covered MA recipients.

## 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 2022 NAIC Annual Statement. All the Company's investment securities were confirmed with the custodian of such securities as of the date of this examination. The NAIC annual statements for the period under examination were reviewed for completeness and adequacy of disclosure. These test checks and reviews revealed no material discrepancies.

The Company's books and records are located in St. Louis, Missouri.

## MARKET CONDUCT ACTIVITIES

The Company exclusively writes MA 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, 2022:

### **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 appointments 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 to be filed with the Commissioner within fifteen (15) days from the date the agency contract is executed, or the first insurance application is submitted.
- Tenn. Code Ann. § 56-6-117 requires the insurer to notify the Commissioner within thirty (30) days following the effective date of the termination of a producer, and the insurer shall mail a copy of the notification to the producer at the producer's last known address.

In the sample of producers examined, there were instances found where the Company appointed a producer without filing a notice to the Commissioner of the appointment in a timely manner. There were also instances found where the Company terminated a producer and the Company failed to notify the Commissioner within thirty (30) days following the effective date of the termination. See "Comments and Recommendations" section later in this report.

## **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, 2022, that could have a material effect on the Company's financial condition. Our review confirmed the Company's disclosures in its 2022 Annual Statement and in its Letter of Representation.

### **Material Adverse Finding**

During the second quarter of 2023, it was noted the Company was not in compliance with multiple standards in Tenn. Comp. R. & Regs. 0780-01-66-.03. Subsequently, the Company added a capital infusion of \$1,500,000. In 2024, the Company ceased writing business and is in runoff.

### **Ascension Health Alliance**

On February 21, 2023, Ascension filed a notice of Divestiture of Control ("Divestiture") as it sought to sell its ownership in NDN LLC to Centene Corporation. On March 14, 2023, Ascension submitted a Form A Exemption letter for this transaction, per Tenn. Code Ann. § 56-11-103(e)(2)(A). The Form A Exemption was approved on April 21, 2023. The Divestiture was completed on May 1, 2023.



## FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, surplus, and other funds, and a statement of revenue and expenses, as of December 31, 2022, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2022 Annual Statement. *(Note: Immaterial differences in totals are due to rounding.)*

### ASSETS

	<u>Assets</u>	<u>Non-Admitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$923,801		\$923,801
Cash, cash equivalents, and short-term investments	7,628,714		7,628,714
Investment income due or accrued	3,565		3,565
Premiums and considerations: Uncollected premiums and agents' balances in the course of collection	23,557		23,557
Accrued retrospective premiums and contracts subject to redetermination	723,787		723,787
Amounts receivable relating to uninsured plans	154,509		154,509
Current federal and foreign income tax recoverable and interest thereon	1,309,182		1,309,182
Healthcare and other amounts receivable	575,636	257,915	317,721
State and other tax recoverable	<u>275,191</u>	<u>78,758</u>	<u>196,433</u>
<b>Totals</b>	<b><u>\$11,617,943</u></b>	<b><u>\$336,673</u></b>	<b><u>\$11,281,270</u></b>

**LIABILITIES, SURPLUS, AND OTHER FUNDS**

Claims unpaid		\$3,256,280
Accrued medical incentive pool and bonus amounts		26,790
Unpaid claims adjustment expense		33,352
Aggregate health policy reserves		1,867,819
Premiums received in advance		355
General expenses due and accrued		152,698
Ceded reinsurance premiums payable		1,275
Amounts due from parent, subsidiaries, and affiliates		1,233,571
Liability for amounts held under uninsured plans		<u>820,089</u>
Total Liabilities		7,392,229
Common capital stock	\$3,000	
Gross paid in and contributed surplus	12,083,497	
Unassigned funds (surplus)	<u>(8,197,456)</u>	
Total Capital and Surplus		<u>3,889,041</u>
<b>Total Liabilities, Capital, and Surplus</b>		<b><u>\$11,281,270</u></b>

## STATEMENT OF REVENUE AND EXPENSES

Member Months		<u>18,753</u>
Net premium income	\$17,079,113	
<b>Total Revenues</b>		<b>\$17,079,113</b>
Hospital/medical benefits	15,772,973	
Other professional services	667,818	
Emergency room and out-of-area	350,034	
Prescription drugs	993,175	
Incentive pool, withhold adjustments and bonus amounts	<u>39,330</u>	
 Total Hospital and Medical	 17,823,330	
Claims adjustment expenses, including cost containment expenses	235,487	
General administrative expenses	2,960,828	
Increase in reserves for life and accident and health contracts	<u>(529,676)</u>	
<b>Total Underwriting Deductions</b>		<b><u>20,489,969</u></b>
Net underwriting gain (loss)		(3,410,856)
Net investment income earned		119,490
Federal and foreign income taxes incurred		<u>(12,500)</u>
<b>Net Income (loss)</b>		<b><u>(\$3,303,866)</u></b>

**CAPITAL AND SURPLUS ACCOUNT**

	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Capital and Surplus			
December 31, previous year	<u>\$2,718,505</u>	<u>\$1,554,655</u>	<u>                    </u>
Net income or (loss)	(3,303,866)	(4,571,761)	(\$6,842)
Change in non-admitted assets	(247,284)	(89,389)	
Capital changes: Paid in			3,000
Surplus adjustments: Paid in	4,700,000	5,825,000	1,558,497
Aggregate write-ins for gains or (losses) in surplus	<u>21,686</u>	<u>                    </u>	<u>                    </u>
Net change in capital and surplus for the year	<u>1,170,536</u>	<u>1,163,850</u>	<u>1,554,655</u>
Capital and Surplus			
December 31, current year	<u>\$3,889,041</u>	<u>\$2,718,505</u>	<u>\$1,554,655</u>

## ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Total Capital and Surplus

\$3,889,041

Total capital and surplus, as established by this examination, is the same as reported by the Company in its 2022 Annual Statement. There were no changes made to any asset or liability items as a result of our examination performed as of December 31, 2022.

## COMMENTS AND RECOMMENDATIONS

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

### Comments

No comments were noted for this report.

### Recommendations

1. During the examination period, the Company submitted transaction agreement and amendment filings to the TDCI less than the thirty (30) days required prior to the effective date of the transaction. This is in violation of Tenn. Code Ann. §-56-11-106(a)(2).

It is recommended that the Company notify the Commissioner in writing at least thirty (30) days prior to its intention to enter into any transactions involving domestic insurers, health maintenance organizations, or persons within an insurance or health maintenance organization holding company system as required by Tenn. Code Ann. § 56-11-106(a)(2).

2. Tenn. Code Ann. § 56-6-115(c) requires a notice of appointment be filed with the Commissioner within fifteen (15) days from the date the agency contract is executed, or the first insurance application is submitted, in a format approved by the Commissioner. In the sample of producers examined, there were instances found where the Company appointed a producer without filing a notice of appointment in a timely manner. In accordance with Tenn. Code Ann. § 56-6-115, the Company should provide a notice of appointment.

It is recommended that the Company comply with Tenn. Code Ann. § 56-6-115, and any other applicable standards, rules, and regulations for the appointment of producers.,

3. Tenn. Code Ann. § 56-6-117 requires the insurer to notify the Commissioner within thirty (30) days following the effective date of the termination of a producer. In the sample of producers examined, there were instances found where the Company terminated a producer, but the Commissioner was not notified in a timely manner.

It is recommended that the Company notify the Commissioner of all producer terminations in accordance with Tenn. Code Ann. § 56-6-117.

## 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 Centene Venture Company Tennessee.

In such manner, it was found that as of December 31, 2022, the Company had admitted assets of \$11,281,270 and liabilities, exclusive of capital and surplus, of \$7,392,229. Thus, there existed for the additional protection of the policyholders, the amount of \$3,889,041 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, 2022, 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, James Menck, CFE participated in the work of this examination.

Respectfully submitted,

*Brian H. Sewell*

Brian H. Sewell (Jul 23, 2024 13:34 EDT)

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Brian H. Sewell, CFE  
Examiner-in-Charge  
Noble Consulting Services, Inc.  
Representing the State of Tennessee

*Don Karnes*

Don Karnes (Jul 23, 2024 12:40 CDT)

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Don Karnes, CFE  
Department Designee  
State of Tennessee

## CERTIFICATION

The undersigned certifies and says that he has duly executed the attached examination report of Centene Venture Company Tennessee located in St. Louis, Missouri, dated June 7, 2024, and made as of December 31, 2022, on behalf of the Tennessee Department of Commerce and Insurance. The undersigned 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.

*Brian H. Sewell*

Brian H. Sewell (Jul 23, 2024 13:34 EDT)

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Brian H. Sewell, CFE  
Examiner-in-Charge  
Noble Consulting Services, Inc.  
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*Don Karnes*

Don Karnes (Jul 23, 2024 12:40 CDT)

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Don Karnes, CFE  
Department Designee  
State of Tennessee