

**STATE OF ALABAMA  
DEPARTMENT OF INSURANCE  
MONTGOMERY, ALABAMA**

REPORT OF EXAMINATION

OF

**UNITEDHEALTHCARE OF ALABAMA, INC.**

**Hoover, Alabama**

AS OF

DECEMBER 31, 2019

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**EXAMINER'S AFFIDAVIT**

**STATE OF ALABAMA  
COUNTY OF SHELBY**

Rhonda B. Ball, being duly sworn, states as follows:

1. I have authority to represent Alabama in the examination of UnitedHealthcare of Alabama, Inc.
2. Alabama is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination workpapers and examination report, and the examination of UnitedHealthcare of Alabama, Inc. was performed in a manner consistent with the standards and procedures required by the State of Alabama.

The affiant says nothing further.



Rhonda B. Ball, CFE  
Examiner-in-Charge

Subscribed and sworn before me by Rhonda B. Ball on this 18th day of June, 2021.

(SEAL)



(Signature of Notary Public)

My commission expires 08/17/2022



KAY IVEY  
GOVERNOR

JIM L. RIDLING  
COMMISSIONER

STATE OF ALABAMA  
DEPARTMENT OF INSURANCE  
201 Monroe Street, Suite 502  
Post Office Box 303351  
Montgomery, Alabama 36130-3351  
Telephone: (334) 269-3550  
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DEPUTY COMMISSIONER  
MARK FOWLER  
JIMMY GUNN  
CHIEF EXAMINER  
RICHARD L. FORD  
STATE FIRE MARSHAL  
SCOTT F. PILGREEN  
GENERAL COUNSEL  
REYN NORMAN

June 18, 2021

Honorable Jim L. Ridling  
Commissioner of Insurance  
State of Alabama  
Department of Insurance  
Post Office Box 303350  
Montgomery, Alabama 36130-3350

Dear Commissioner Ridling:

Pursuant to your instructions and in compliance with the statutory requirements of the State of Alabama and the resolutions adopted by the National Association of Insurance Commissioners, a full scope financial and market conduct examination as of December 31, 2019, has been made of

**UnitedHealthcare of Alabama, Inc.**

virtually at the Alabama Department of Insurance office located at 100 Concourse Parkway, Hoover, Alabama 35244. The report of examination is submitted herewith.

Where the description "the Company" appears herein, without qualification, it will be understood to indicate **UnitedHealthcare of Alabama, Inc.**

EQUAL OPPORTUNITY EMPLOYER

## SCOPE OF EXAMINATION

We have performed an examination of UnitedHealthcare of Alabama, Inc., a single state company. The last examination covered the period of January 1, 2014 through December 31, 2016. The current examination covers the period of January 1, 2017 through December 31, 2019.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook*. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

The examination was conducted in accordance with applicable statutory requirements of the *Code of Alabama 1975*, as amended, the Alabama Insurance Department regulations, bulletins and directives, and in accordance with the procedures and guidelines promulgated by the NAIC, as deemed appropriate, and in accordance with generally accepted examination standards and practices.

Concurrent examinations of the Company's affiliates, PacifiCare of Arizona, Inc. (PacifiCare AZ), Arizona; PacifiCare Life Assurance Company (PacifiCare Life), Colorado; PacifiCare of Colorado, Inc. (PacifiCare CO), Colorado; Neighborhood Health Partner, Inc. (Neighborhood Health), Florida; Symphonix Health Insurance, Inc. (Symphonix Health), Illinois; PacifiCare Life and Health Insurance Company (PacifiCare Life & Health), Indiana; UnitedHealthcare of North Carolina, Inc. (UnitedHealthcare NC), North Carolina; UnitedHealthcare of New Mexico, Inc. (UnitedHealthcare NM), New Mexico; UnitedHealthcare of the Midwest, Inc. (UnitedHealthcare Midwest), Missouri; UnitedHealthcare of Oklahoma, Inc. (UnitedHealthcare OK), Oklahoma; UnitedHealthcare of Oregon, Inc. (UnitedHealthcare OR), Oregon; Care Improvement Plus of Texas Insurance Company (Care Improvement TX), Texas; UnitedHealthcare Benefits of Texas, Inc. (UnitedHealthcare Benefits), Texas; UnitedHealthcare of Washington, Inc. (UnitedHealthcare WA), Washington; and Care Improvement Plus Wisconsin Insurance Company (Care Improvement WI), Wisconsin; were conducted by Arizona Department of Insurance, Alabama Department of Insurance, Colorado Division of Insurance (Colorado), Florida Office of Insurance Regulation, Illinois Department of Insurance, Indiana Department of Insurance (Indiana), North Carolina Department of Insurance, New Mexico Department of Insurance (New Mexico), Missouri Department of Commerce and Insurance (Missouri), Oklahoma Insurance

Department, Oregon Division of Financial Regulation, Texas Department of Insurance, Washington State Office of the Insurance Commissioner and Wisconsin Office of the Commissioner of Insurance, respectively.

Connecticut was the lead state with Missouri as the examination facilitator of this coordinated examination.

The Alabama Department of Insurance relied on the examination work performed in the coordinated examination to complete much of the financial examination. Work completed on key activities of the Company by Washington on Investments; Indiana on Related Parties/Expenses; Colorado on Medicare Claims/Reserving; Missouri on Medicare and Medicaid Underwriting/Premiums and Medicaid Claims/Reserving; Oklahoma on Commercial Claims/Reserving and Underwriting/Premiums; and New Mexico on Healthcare Receivable/Uninsured Plans and Financial Reporting were accepted to support conclusions in the respective areas of work. In addition, reviews related to corporate governance, audit function assessment, IT general control assessment and prospective risks by Connecticut Department of Insurance and reviews related to fraud assessment by Missouri were utilized. Procedures specific to the Alabama Company were performed and the Company's compliance with Alabama Laws and Regulations was determined. Market Conduct procedures included a review of Territory, Plan of Operation, Policy Forms, Rates and Underwriting Practices, Advertising and Marketing, Claims Payment Practices, Policyholder Complaints, Compliance With Producers' Licensing Requirements and Privacy Policy.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in the *Code of Alabama 1975*, as amended, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

The Company's annual statements for each year under examination were compared with or reconciled to the corresponding general ledger account balances.

Deloitte & Touche, LLP was the Company's certified public accountants (CPAs) for the years under examination. The examiners reviewed the CPAs' workpapers, copies of which were incorporated into the examination as deemed appropriate. Work completed by the Company's independent auditor supporting its 2019 audit of the Company was accepted to support conclusions in certain areas of the examination. In particular, control and substantive tests in the examination of the key activities were utilized.

A signed certificate of representation for the Company was obtained during the course of the examination. In this certificate, management attested to having valid title to all assets and to the nonexistence of unrecorded liabilities as of December 31, 2019.

## **ORGANIZATION AND HISTORY**

The information contained in this section of the examination report was excerpted from the prior examination report as of December 31, 2016 and was updated as appropriate.

The Company was founded in April 1985 as a joint venture between the Medical Advancement Foundation, an affiliate of the University of Alabama Health Sciences Foundation, and certain individual businessmen. The Company was incorporated as a Health Maintenance Organization (HMO), as defined in ALA. CODE § 27-21A-1(7) (1975), on April 5, 1985, as "Complete Health, Inc.," a for-profit Company.

On November 15, 1989, with the approval of the Alabama Department of Insurance, the shareholders of the Company transferred their stock to United HealthCare South, Inc. (formerly known as Complete Health Services, Inc.), thereby making the Company a wholly-owned subsidiary of United HealthCare South, Inc. (UHC-South).

A change in the ultimate control of the Company occurred in May of 1994, when UHC-South, the parent, merged with United HealthCare Corporation (UHC Corp). On April 30, 1996, United HealthCare Services, Inc. (UHS), an HMO management corporation and a wholly-owned subsidiary of UHC Corp, purchased UHC-South for its net book value from UHC Corp. UHS became the sole shareholder of UHC-South.

Effective May 1, 1996, the name of the Company was changed from "Complete Health, Inc." to "United HealthCare of Alabama, Inc." Also on that date, the Company's wholly-owned subsidiary, Complete Health of Alabama, Inc., changed its name to "United HealthCare of Alabama-FQ, Inc." (UHC AL-FQ).



On January 2, 1998, UHC-South merged into UHS, whereby UHS became the sole shareholder of the Company. On December 31, 1998, UHC AL-FQ merged into the Company, with the Company being the surviving entity. Since the Company and UHC AL-FQ were under common control, the transaction was accounted for as a "pooling of interest." As of June 30, 2000, UHS contributed its common stock of the Company to UnitedHealthcare, Inc.

On May 9, 2005, the Alabama Insurance Commissioner granted approval, retroactive to January 1, 2004, to maintain the Company's executive and principal operations offices and its usual operations records in the State of Minnesota through December 31, 2006. An amendment to the agreement was filed by the Company and approved by the Alabama Insurance Commissioner on October 29, 2008, so that the Company could continue to maintain its office and records in Minnesota through December 31, 2011. Beginning January 1, 2012, the Company was granted approval to maintain its executive office, books and records at the Company's corporate headquarters located at 9700 Health Care Lane MN017-E900, Minnetonka, MN 55433, on a permanent basis.

At December 31, 2019, the Company's Annual Statement reflected the following:

Description	Shares Issued	Outstanding	Amount
Common Capital Stock @ \$.011 per share	927,074	912,074	\$100,328
Preferred Stock @ \$.01 per share	2,000,000	2,000,000	\$ 20,000

In addition to the capital stock, the Company reported \$17,507,270 of Gross paid in and contributed surplus, and (\$4,564,970) in Unassigned funds (surplus).

#### Line of Business/Operations

At December 31, 2019, the Company's Annual Statement reflected the following:

Line	Premiums Written	Percent of Business
Title XVIII Medicare	\$118,991,133	90.32%
Medicare Supplement	883,679	0.67%
Title XIX Medicaid	4,526,136	3.43%
Comprehensive (Hospital & Medical)	7,347,810	5.58%
Total	\$131,748,758	100.00%

As noted above, 90.32% of the 2019 premiums written was from the Title XVIII Medicare program. The Company serves as a plan sponsor offering Medicare Advantage and Medicare Part D prescription drug insurance coverage (Medicare Part D program) under a contract with the Centers for Medicare and Medicaid Services (CMS). Medicare Supplement represented 0.67% of the 2019 written premiums and Comprehensive (commercial business) represented 5.58% of the written premiums.

**MANAGEMENT AND CONTROL**

**Stockholders**

At December 31, 2019, the Company was wholly-owned by UnitedHealthcare, Inc., a Delaware corporation and a wholly-owned subsidiary of United HealthCare Services, Inc. (UHS). UHS is a Minnesota corporation and a wholly owned subsidiary of UnitedHealth Group Incorporated (UHG). UHG is a Minnesota corporation and the ultimate parent corporation in the insurance holding company system.

**Board of Directors**

The following directors were elected by the sole shareholder and were serving on the Board of Directors on December 31, 2019:

<b><u>Name and Residence</u></b>	<b><u>Principal Occupation</u></b>
Gregg James Kunemund Alpharetta, Georgia	President and Chief Executive Officer of the Company.
Nicholas Jeffrey Zaffiris Sandy Springs, Georgia	Chief Financial Officer of the Company
Tonya Lynn State Rosemount, Minnesota	Vice President Finance – M&R Finance
Linda Jane Britton, M.D. Atlanta, Georgia	Senior Medical Director – North East and South East Regions

**Officers**

The following officers were appointed by the Board and were serving as officers of the Company on December 31, 2019:

<b><u>Name</u></b>	<b><u>Title</u></b>
Gregg James Kunemund	President and Chief Executive Officer
Tonya Lynn State	Treasurer

Peter Marshall Gill	Secretary
John Joseph Matthews	Chief Financial Officer
Steven M. Burstein	Assistant Secretary
Heather Anastasia Lang Jacobsen	Assistant Secretary
Jessica L. Zuba	Assistant Secretary
Thomas S. McGlinch	Assistant Treasurer
Paul T. Runice	Assistant Treasurer
Thomas Clifton Choate	Vice President
Nyle Brent Cottingham	Vice President
Joseph Anthony Ochipinti	Vice President, Commercial Services Group
John W. Kelly	Vice President, Tax Services

### **Committees**

The Company's Board did not appoint any committees of the Board of Directors during the examination period. The Company designated the Southeast Region Audit Committee of United HealthCare Services, Inc. as its Audit Committee.

### **Conflict of Interest**

The conflict of interest policy used by the Company was established by UnitedHealth Group, Incorporated, a publicly traded Minnesota holding company. The policy required that employees avoid conflicts of interest and outlines the process and requirements for disclosing and addressing potential conflicts. At the time of hire, employees must disclose any real or potential conflict of interest to the Compliance and Ethics Officer. If during the course of employment, a conflict of interest situation arises, employees are required to disclose the real or potential conflict to their supervisor and the Compliance and Ethics Office. In addition, certain employees are required to participate in an annual survey addressing conflicts of interest conducted by the Compliance and Ethics Office.

The Conflict of Interest Statements signed by the directors and officers for the years 2017 through 2019 were reviewed by the examiners. The disclosures made by the officers and directors of the Company appeared not to be in conflict with Alabama laws and regulations.

## **CORPORATE RECORDS**

The Company's Articles of Incorporation, related amendments and By-laws were inspected and found to provide for the operation of the Company in accordance with usual corporate and applicable statutes and regulations. There were no changes to the Articles of Incorporation or By-laws during the period under examination.

Minutes of meetings of the Stockholders, Board of Directors and UnitedHealth Group, Inc.'s Audit Committee were reviewed for the period under examination. The minutes appeared to be complete with regard to recorded actions taken on matters before the respective bodies for deliberation and action.

## **HOLDING COMPANY AND AFFILIATE MATTERS**

The Company is a wholly-owned subsidiary of UnitedHealthcare, Inc., a Delaware holding company. The Company is also an indirect wholly-owned subsidiary of United HealthCare Services, Inc., a Minnesota healthcare management company that is wholly-owned by UnitedHealth Group Incorporated, a publicly traded (NYSE: UNH) Minnesota holding company.

### **Holding Company Registration**

Effective January 1, 2016, the Company became subject to the Alabama Insurance Holding Company Regulatory Act as defined in ALA. CODE § 27-29-1 (1975), as amended. The appropriate filings for the years under examination were reviewed. The filings included the appropriate disclosures.

### **Dividends to Stockholders**

The Company paid the following cash dividends to UnitedHealthcare, Inc., during the period covered by the examination:

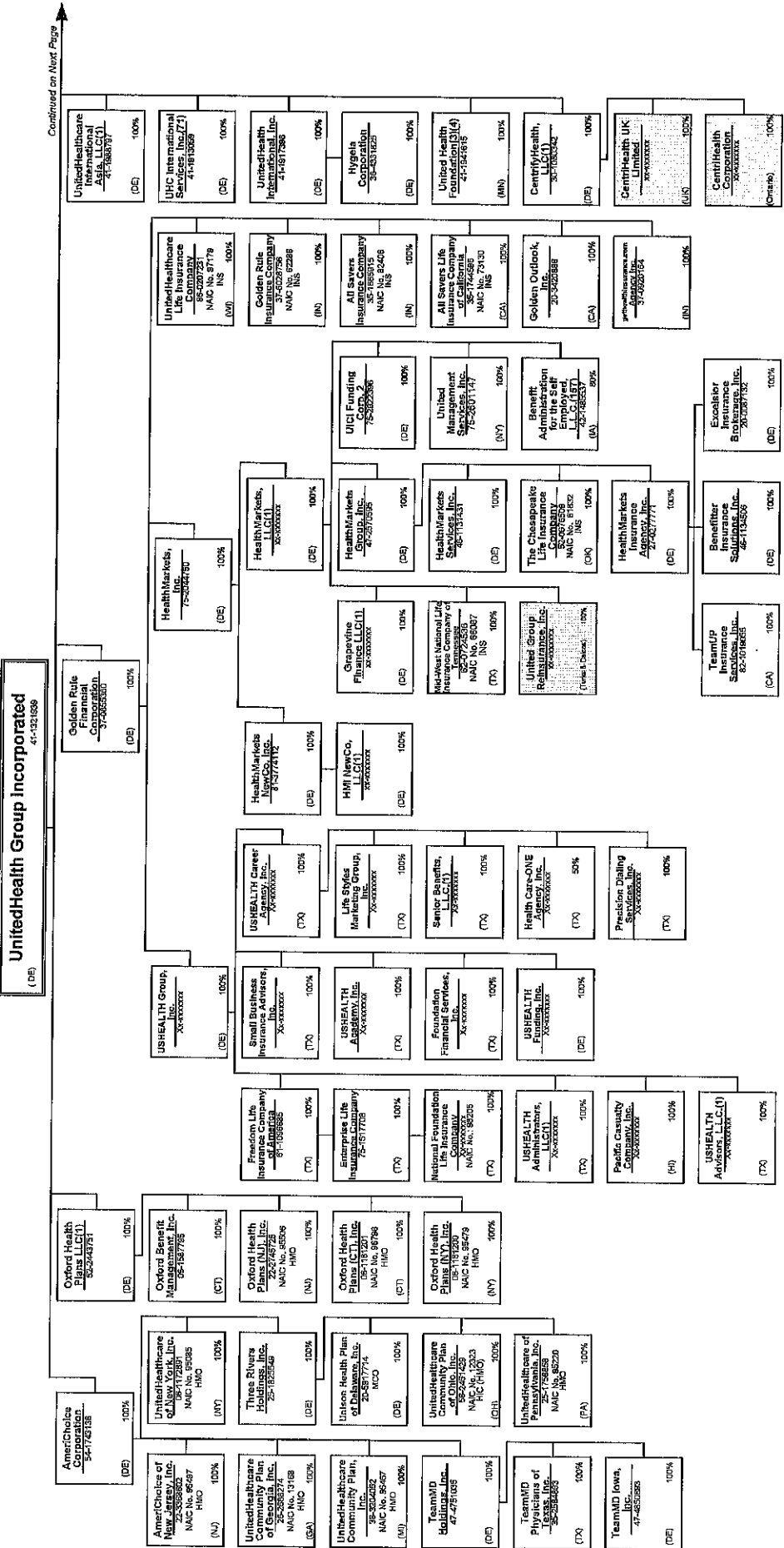
<b><u>Year</u></b>	<b><u>Amount</u></b>
2017	\$ 22,000,000
2018	5,000,000
2019	<u>20,000,000</u>
<b>Total</b>	<b>\$ <u>47,000,000</u></b>

## **Organizational Chart**

The following chart presents the identities of and interrelationships among all affiliated persons within the UnitedHealth Group Incorporated holding company system at December 31, 2019:

# UnitedHealth Group Incorporated Organizational Chart

As of December 31, 2019

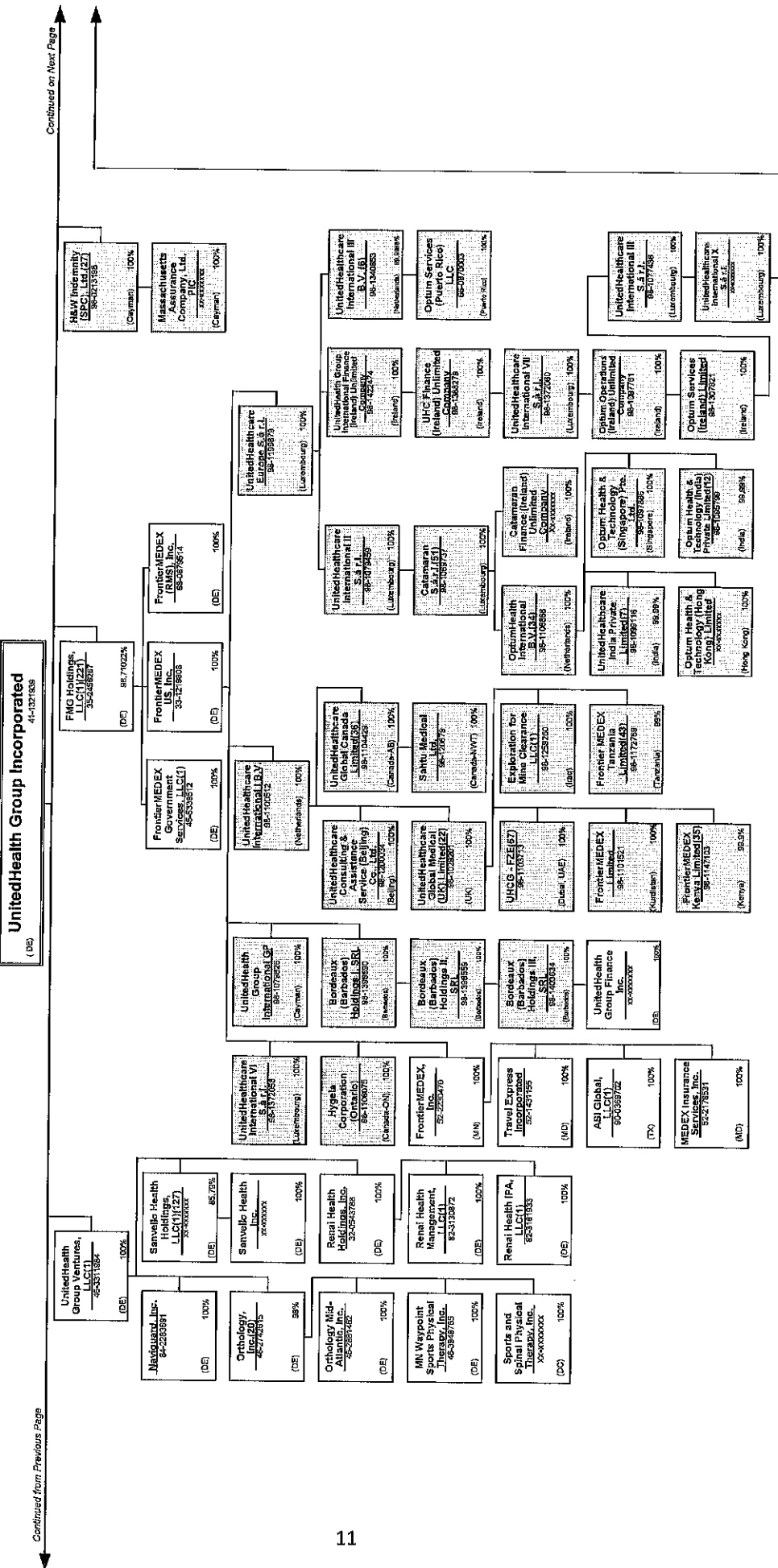


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Yellow shading indicates international entity.

# UnitedHealth Group Incorporated Organizational Chart

As of December 31, 2019



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Yellow shading indicates international entity.





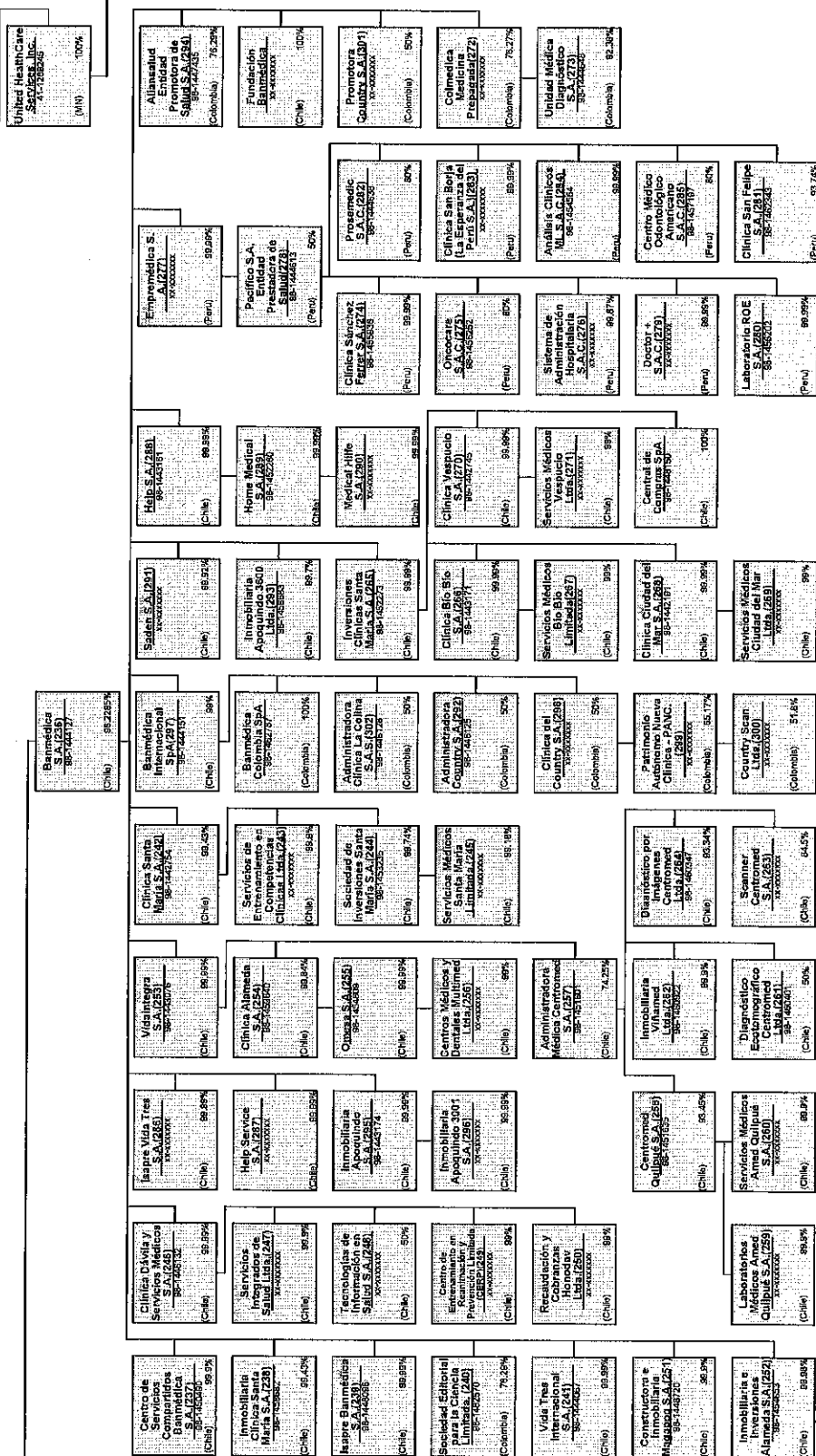
# UnitedHealth Group Incorporated Organizational Chart

As of December 31, 2019

**UnitedHealth Group Incorporated**  
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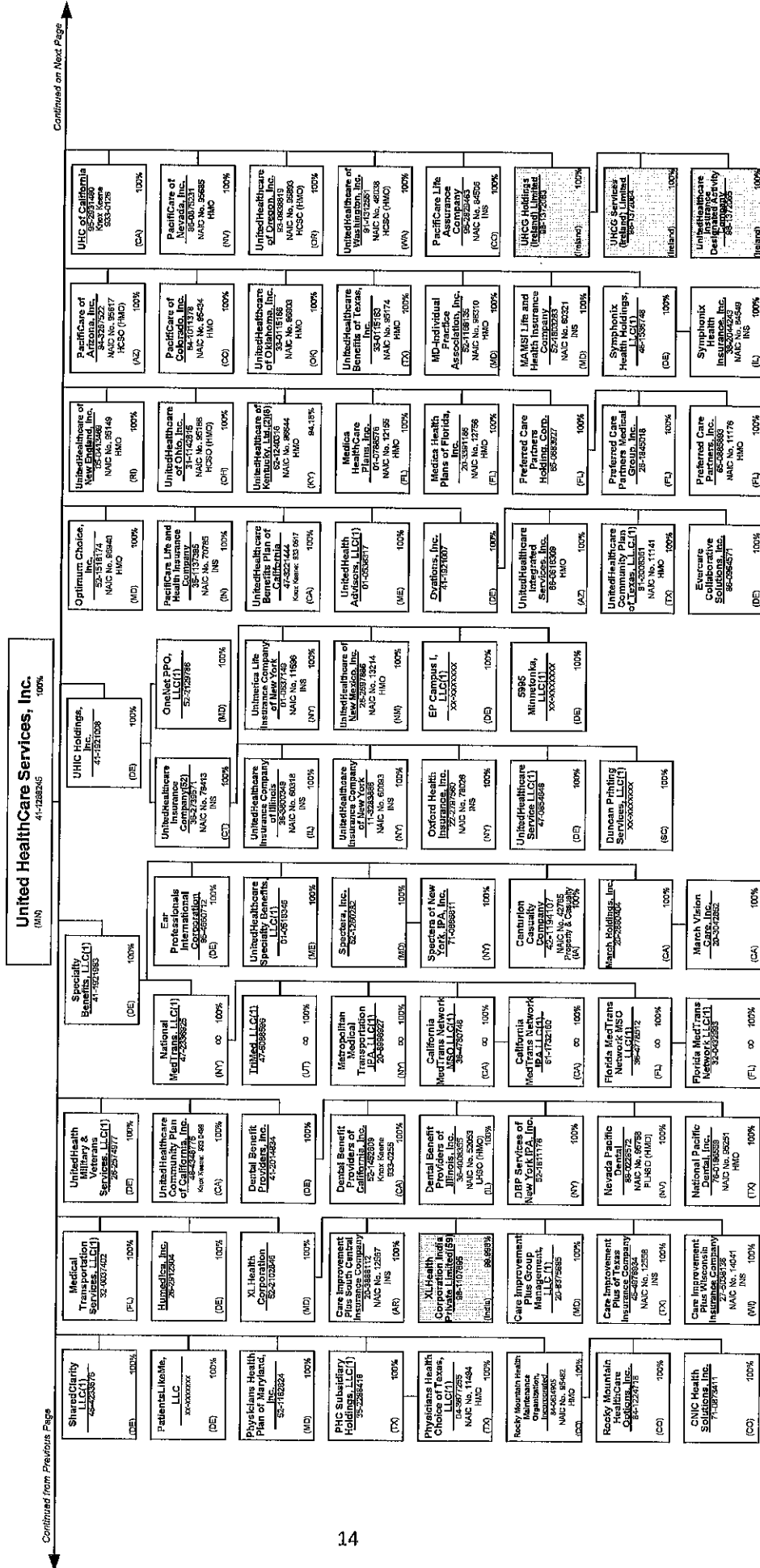
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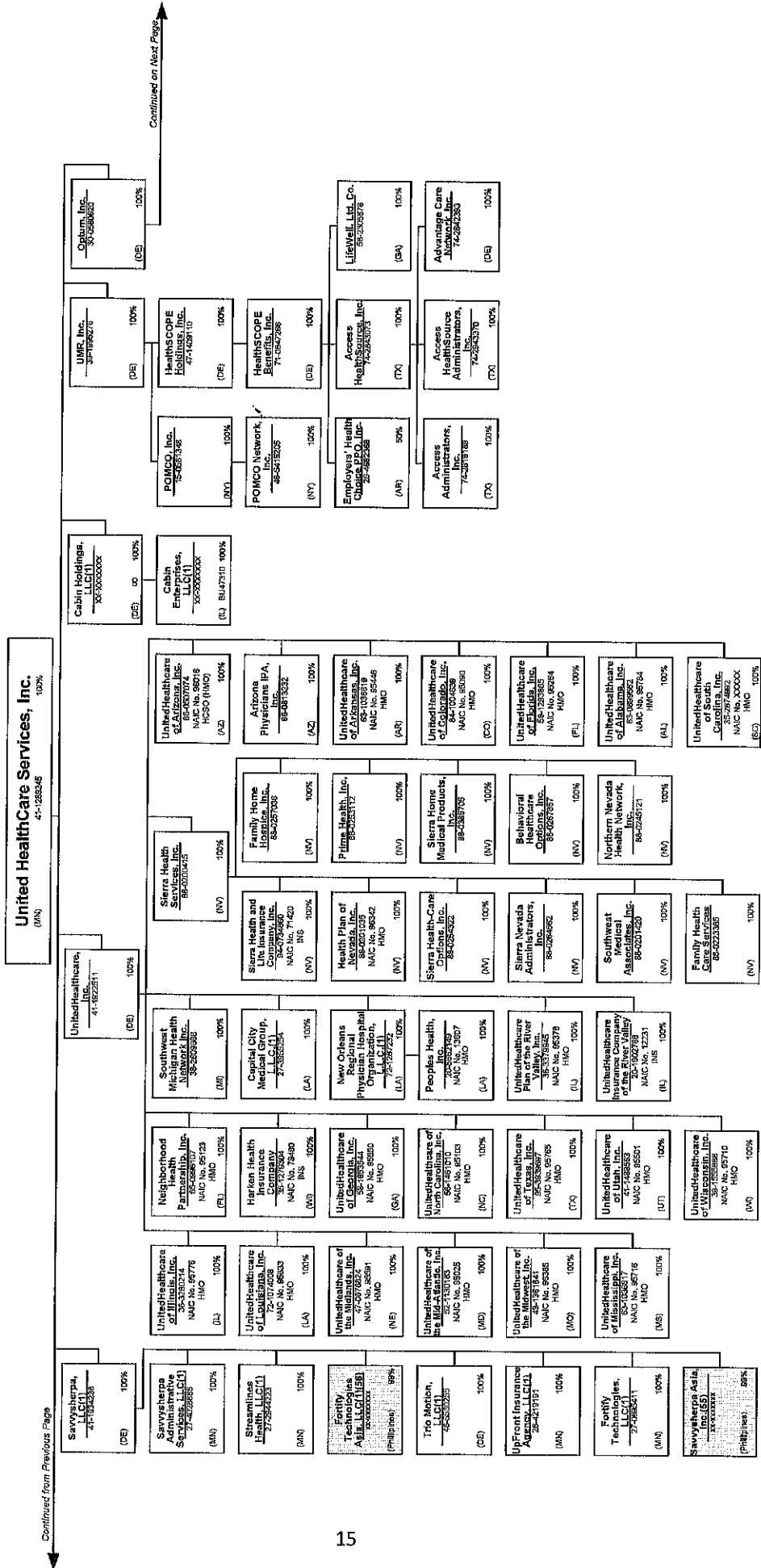
# UnitedHealth Group Incorporated Organizational Chart

As of December 31, 2019



Yellow shading indicates international entity.

**UnitedHealth Group Incorporated Organizational Chart**  
As of December 31, 2019

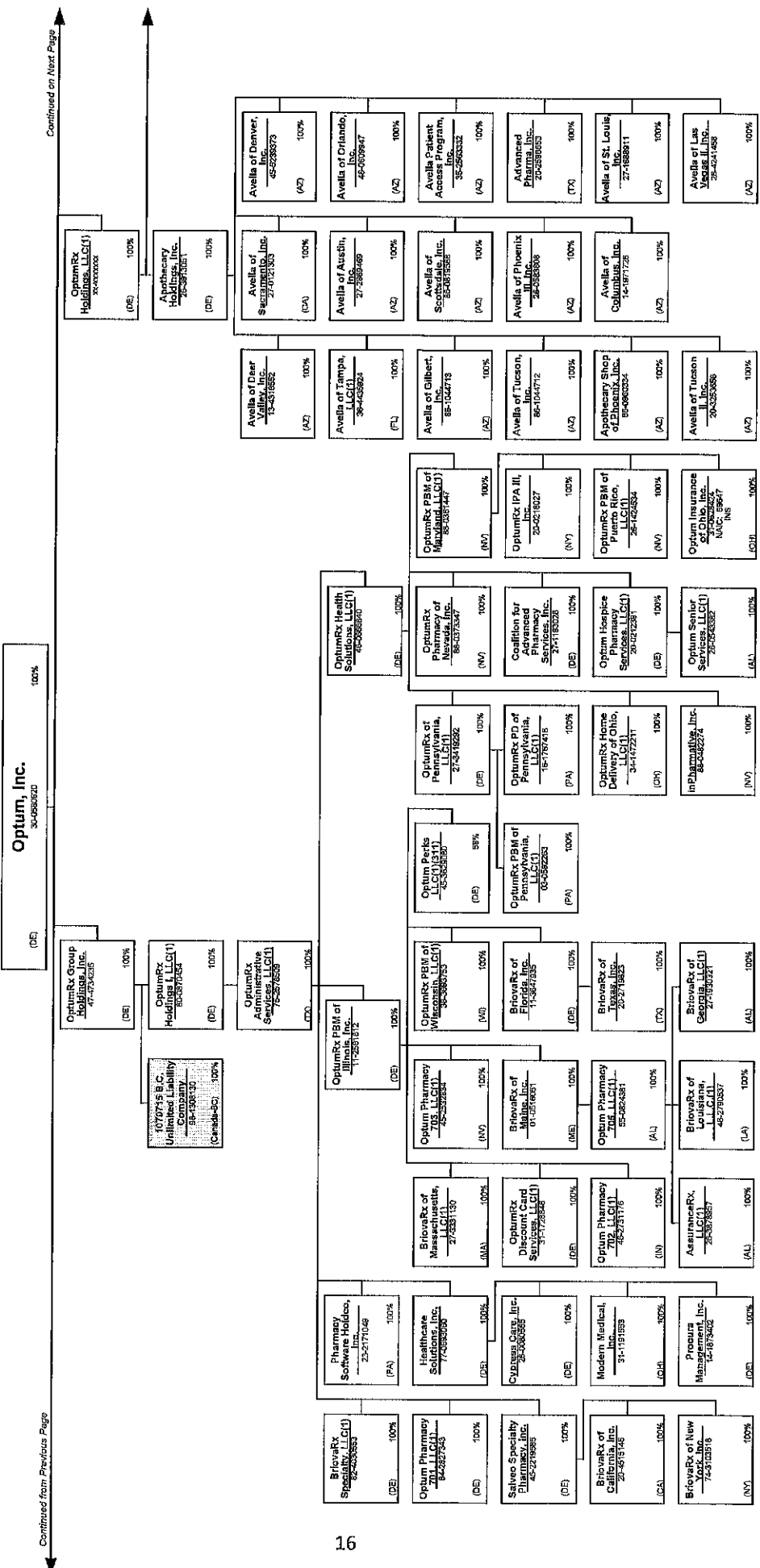


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# UnitedHealth Group Incorporated Organizational Chart

As of December 31, 2019



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# UnitedHealth Group Incorporated Organizational Chart

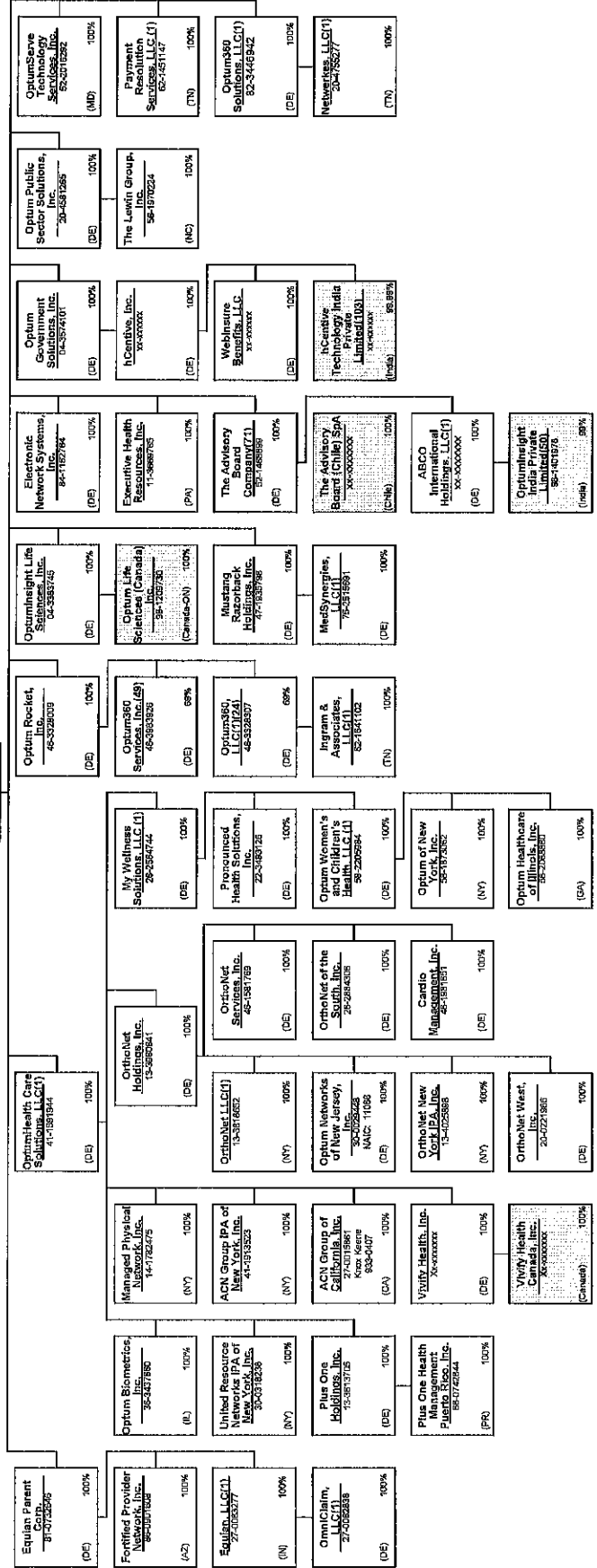
As of December 31, 2019

Optum, Inc.  
30-0560520 100%

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OptumHealth Holdings, LLC(1)  
X-xxxxxx 100%

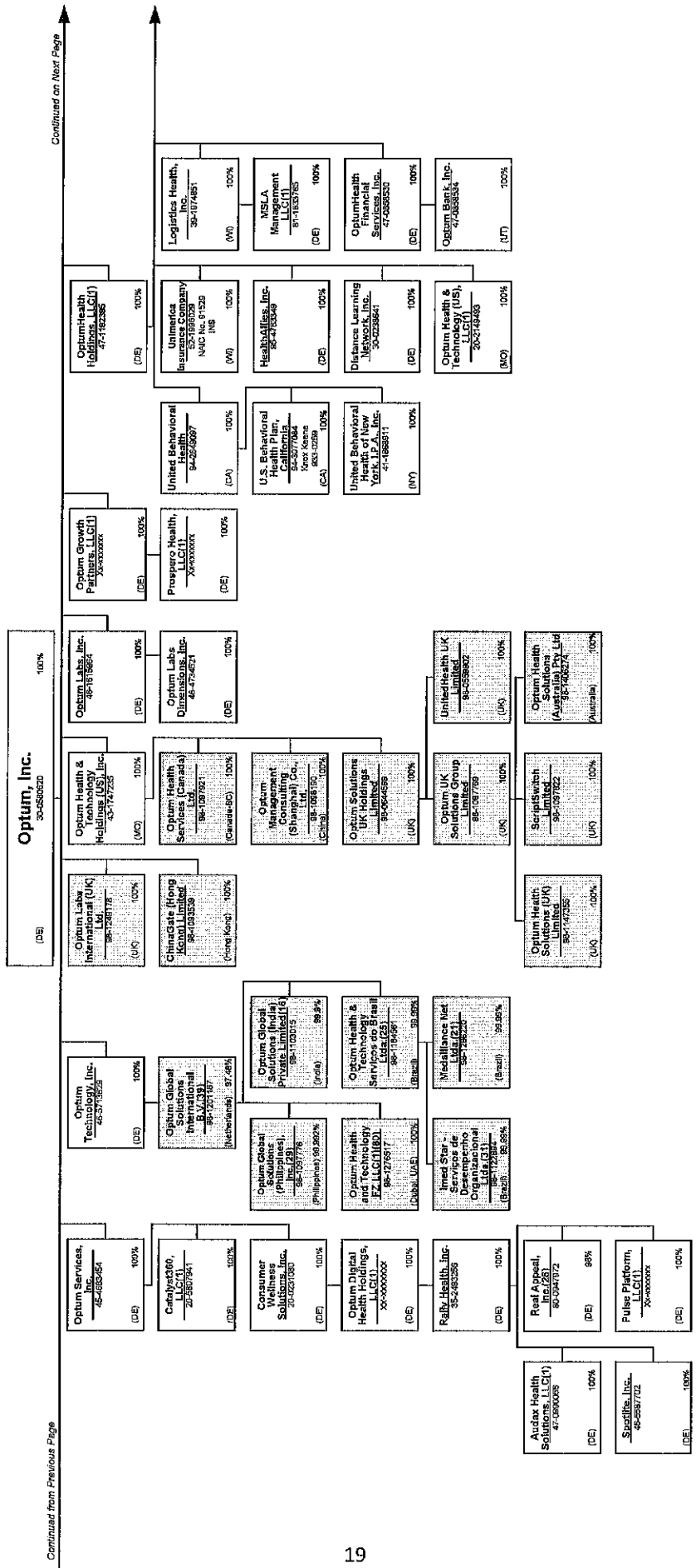
OptumInsight, Inc.  
41-1632248 100%



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# UnitedHealth Group Incorporated Organizational Chart

As of December 31, 2019



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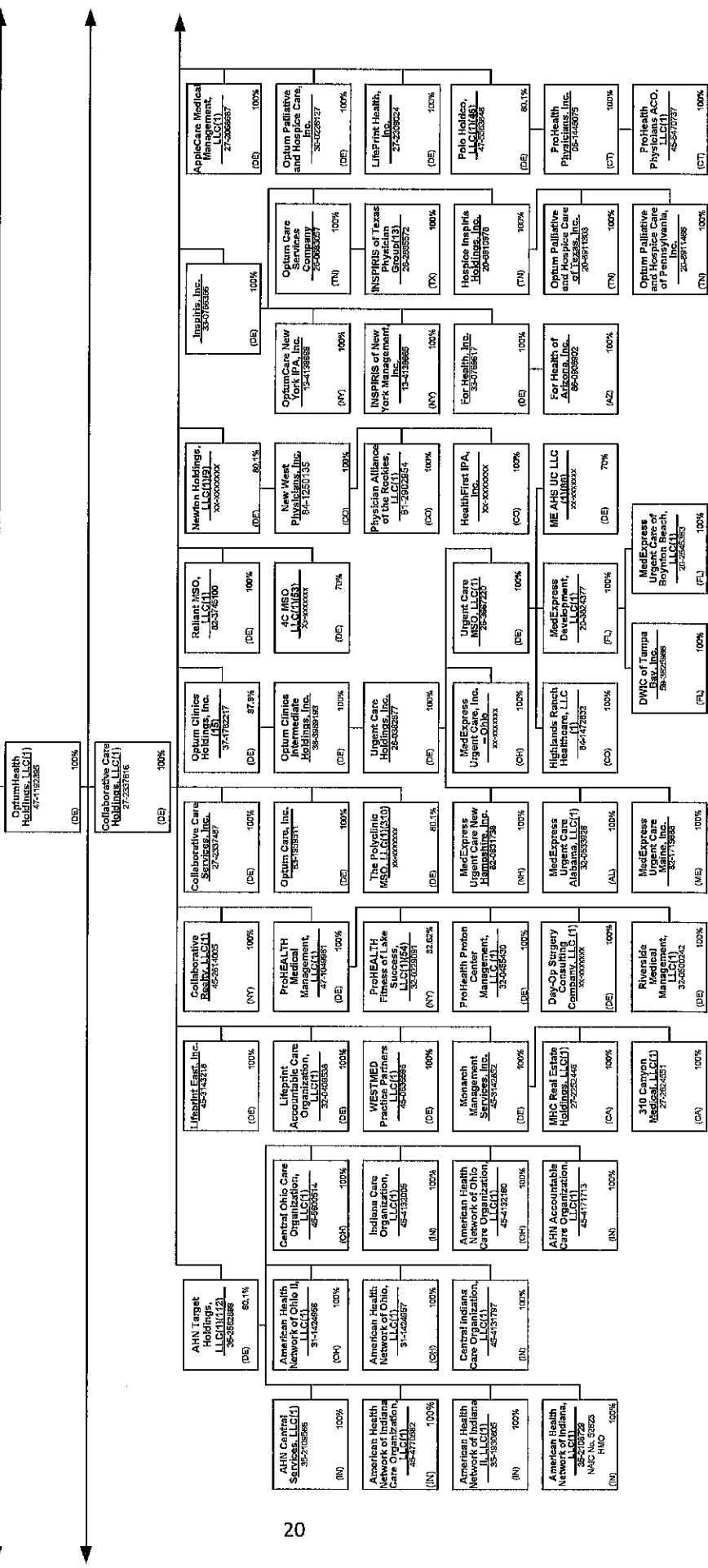
# UnitedHealth Group Incorporated Organizational Chart

As of December 31, 2019



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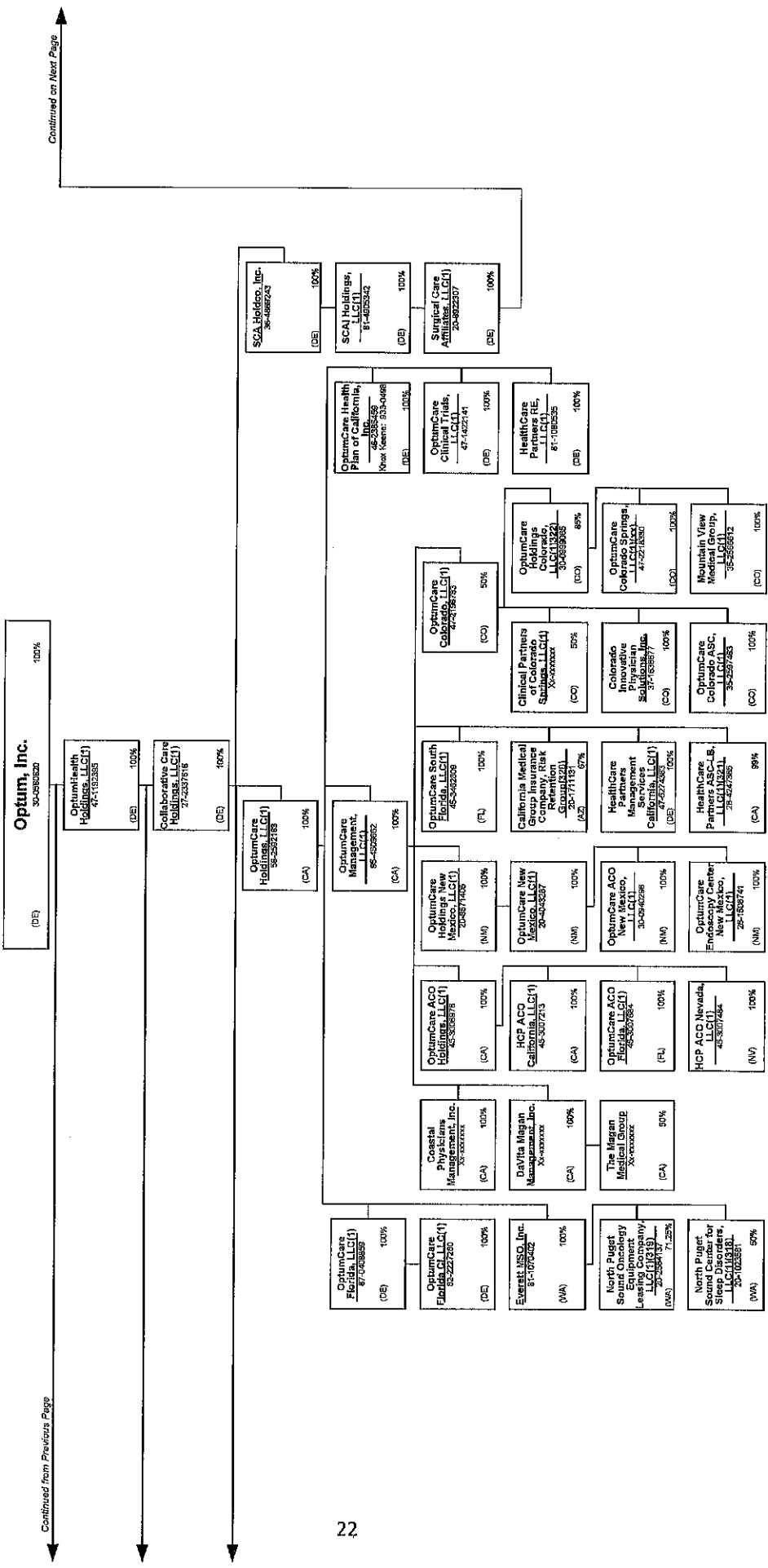
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# UnitedHealth Group Incorporated Organizational Chart

As of December 31, 2019



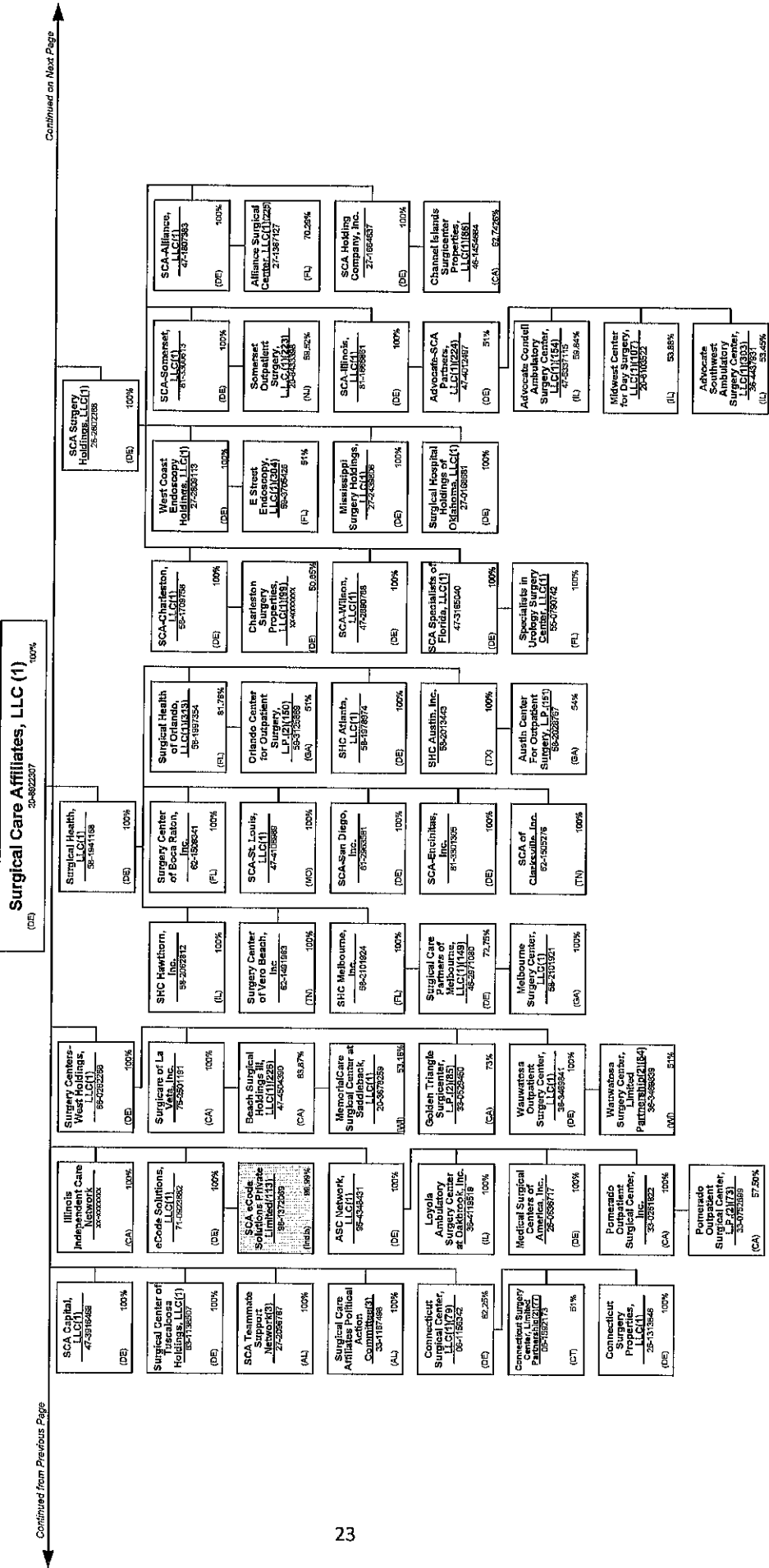
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# UnitedHealth Group Incorporated Organizational Chart

As of December 31, 2019



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# UnitedHealth Group Incorporated Organizational Chart

As of December 31, 2019

## Surgical Care Affiliates, LLC (1)

100%

20-892237

(DE)

SC Affiliates, LLC (1)

62-1148228

(DE)

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# UnitedHealth Group Incorporated Organizational Chart

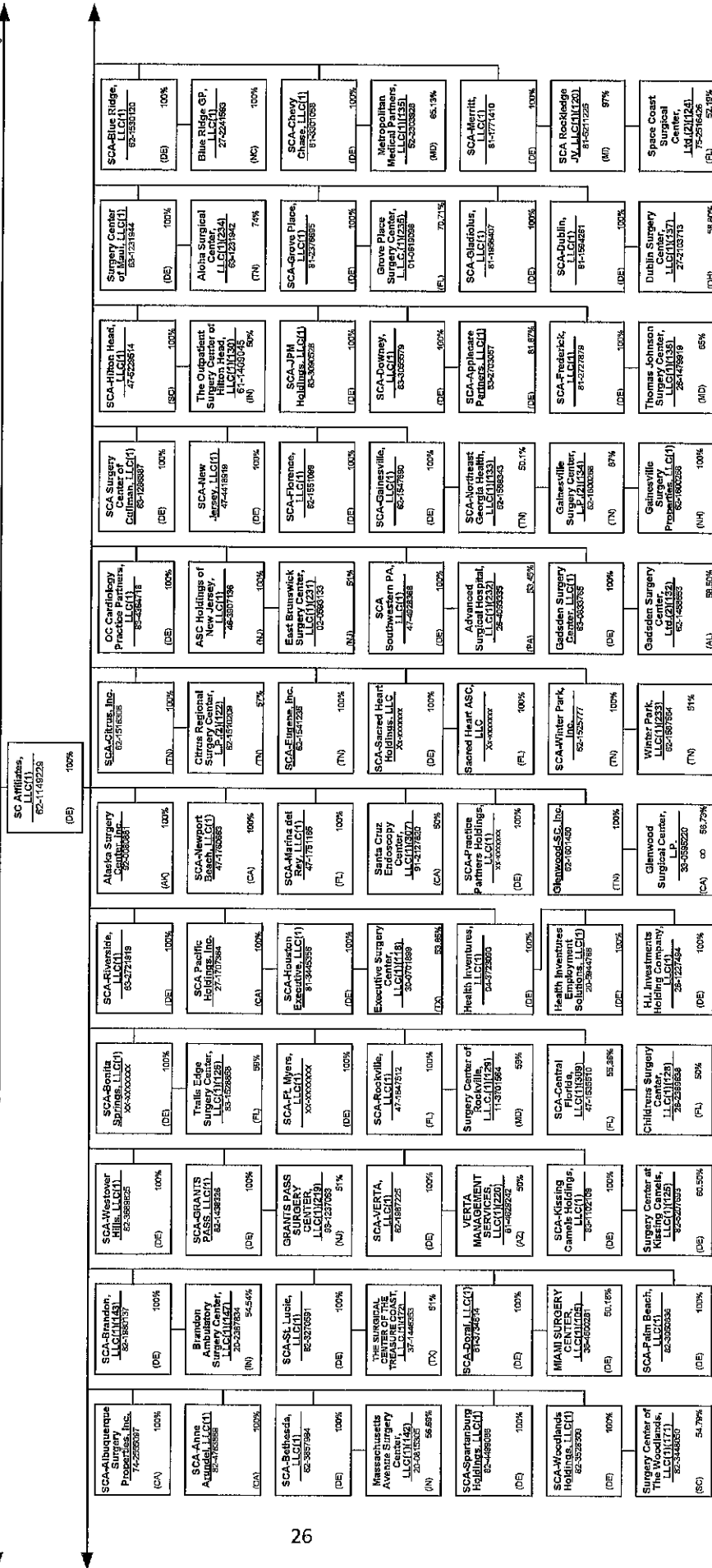
As of December 31, 2019

Surgical Care Affiliates, LLC (1)

30-892337 100%

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Yellow shading indicates international entity.



## Transactions and Agreements with Affiliates

### *United HealthCare Services, Inc. - Management Services Agreement*

Effective January 1, 2011, UHCAL entered into the Management Services Agreement (the “Agreement”) with United HealthCare Services, Inc. (“UHS”). Pursuant to the Agreement, UHS provides management and operational support to UHCAL including but not limited to those services described in Exhibit A of the Management Services Agreement. The Agreement includes additional services as compared to the previous Amended and Restated Management Agreement, such as disease management, health care decision support and wellness management. The Management Services Agreement was submitted to the Department for review and approval on November 30, 2010, and was approved by the Department on January 5, 2011.

Effective January 1, 2015, UHCAL entered into the First Amendment to the Agreement (the “First Amendment”). The Amendment reflected modifications to the Third Party Administrator and Other Services Provisions and the Medicare Provisions. The Medicaid – Other State Program Provisions, the Exchange Regulatory Appendix Provisions and Other Provisions may not apply to UHCAL but were included as a placeholder as United uses standard templates in agreement drafting. The updates to the Agreement were being made to comply with UHCAL regulatory requirements. The First Amendment was submitted to the Department for review and approval on October 29, 2014, and was approved by the Department on November 12, 2014.

Effective March 1, 2017, UHCAL entered into the Second Amendment to the Agreement (the “Second Amendment”). The Amendment deleted in its entirety and replaced from the Agreement Section 2.3, “Monthly Payments,” Exhibit A, Exhibit B, the cover page, and Addendum B-5, “Other Provisions.” The Second Amendment was submitted to the Department for review and approval on January 25, 2017 and was approved by the Department on February 8, 2017.

### *UnitedHealthcare Insurance Company, Inc. - Premium Allocation Agreement*

Effective January 1, 1998, UHCAL entered into an addendum to a Premium Allocation Agreement dated January 1, 1998, by and between UnitedHealthcare Insurance Company, Inc. (“UHIC”) and United HealthCare Services, Inc. This Premium Allocation Agreement (the “Agreement”) provides how premiums will be allocated for products marketed jointly by UHIC and UHCAL. The Agreement was



filed with the Department in 2001, but approval was not required as UHCAL is not a direct contractor under the Agreement.

**UnitedHealth Group Incorporated – Tax Sharing Agreement**

UHCAL entered into an Amended and Restated Tax Sharing Agreement (the “Agreement”) effective March 1, 2019 with UnitedHealth Group Incorporated (“UHG”). The agreement is a restatement of the First Restated Tax Sharing Agreement effective January 1, 1997. The agreement establishes a formal method for the allocation and payment of federal, state and local income tax liabilities related to the consolidated federal tax returns of United and its subsidiaries filed each year. The Agreement was submitted to the Department for review and approval on January 29, 2019 and was approved on February 26, 2019.

**UnitedHealth Group Incorporated - Amended and Restated Subordinated Revolving Credit Agreement**

Effective September 1, 2012, the UHCAL entered into the Amended and Restated Revolving Credit Agreement (the “Agreement”) with United. Under the terms of the Agreement, United is providing a short-term borrowing facility for the UHCAL which shall be repaid within one year of the date on which the loan was initially made. The UHCAL is able to borrow upon demand from United up to a maximum amount of \$35,000,000.00 outstanding at any time. The Agreement was submitted to the Department for review and approval on July 13, 2012, and was approved by the Department on August 8, 2012.

**AxelaCare Intermediate Holdings, LLC – Facility Participation Agreement**

Effective February 1, 2016, UHCAL entered into the Facility Participation Agreement (the “Agreement”) with AxelaCare Intermediate Holdings, LLC. (“AxelaCare”). Under the terms of the Agreement, AxelaCare provides home infusion therapy services, including per diem nursing services and the cost of drugs. The Agreement is to be made available to be used by all products, Commercial, Medicare and Medicaid that UHCAL may offer. The Agreement was submitted for review and approval to the Alabama Department of Insurance (the “Department”) on December 17, 2015 and was approved on January 14, 2016.

Effective January 1, 2019, the UHCAL entered into the First Amendment to the Agreement (the “First Amendment”). The First Amendment deleted and replaced

Appendix 3, "Home Infusion Therapy Payment Appendix" and Appendix 4, "State Regulatory Requirements Appendix" in their entirety. The First Amendment deleted and replaced Appendix 7, "HMO or Insurance Regulatory Requirements Appendix" in its entirety with Appendix 7 "Holding Company Regulatory Requirements Appendix." The First Amendment was filed with the Department on November 14, 2018 and was approved by the Department on January 2, 2019.

**Dental Benefit Providers, Inc. – Dental Services Agreement**

Effective January 1, 2014, UHCAL entered into the Dental Services Agreement (the "Agreement") with Dental Benefit Providers, Inc. ("DBP"). Pursuant to the Agreement, DBP is responsible for managing a network of dental providers, claims processing and other administrative functions in order to provide dental services for UHCAL's Commercial and Medicare members. UHCAL remains ultimately responsible for the delivery of dental health care to its members. The Agreement was submitted to the Department for review and approval on November 8, 2013, and was approved by the Department on November 22, 2013.

Effective January 1, 2015, UHCAL entered into the First Amendment to the Agreement (the "First Amendment"). The First Amendment deleted and replaced Exhibit A, "Compensation for Services Addendum," and added the "Exchange Regulatory Appendix" and "X Exhibit G: Exchange Regulatory Appendix." The First Amendment was submitted to the Department for review and approval on October 13, 2014, and was approved by the Department on October 22, 2014.

Effective January 1, 2016, UHCAL entered into the Second Amendment to the Agreement (the "Second Amendment"). The Second Amendment deleted and replaced Exhibit A, "Compensation for Services Addendum," and Exhibit F, "Delegated Credentialing Addendum," and added Exhibit H, "Third Party Administrator and Other Services Provisions." In addition, the Exhibit List was amended to add "X" in Exhibit H, "Third Party Administrator Requirements Appendix." The Second amendment to the Agreement was submitted to the Department for review and approval on November 3, 2015, and was approved by the Department on November 23, 2015.

Effective April 1, 2018, UHCAL entered into the Third Amendment to the Agreement (the "Third Amendment"). The Third Amendment deleted and replaced Exhibit A, "Compensation for Services Addendum" and added Exhibit D "HMO or Insurance Specific Regulatory Requirements Appendix." The Exhibit List is amended to add an "X" on the row for Exhibit D: HMO or Insurance Specific Regulatory

Requirements Appendix. The Third Amendment to the Agreement was submitted to the Department for review and approval on February 26, 2018 and was approved by the Department on February 28, 2018.

Effective July 1, 2019, UHCAL entered into the Fourth Amendment to the Agreement (the "Fourth Amendment"). The Fourth Amendment deleted and replaced Exhibit A, "Compensation for Services Addendum", Exhibit C, "Medicare Advantage Regulatory Requirements," and Exhibit D, "Alabama Regulatory Requirements Appendix." The Fourth Amendment to the Agreement was submitted to the Department for review and approval on May 2, 2019, and was approved by the Department on May 21, 2019.

**Optum Palliative and Hospice Care, Inc. formerly, Evercare Hospice, Inc. – Facility Participation Agreement**

Effective January 1, 2013, UHCAL entered into the Facility Participation Agreement (the "Agreement") with Evercare Hospice, Inc. ("EVC Hospice"). Under the terms of the Agreement, EVC Hospice is a provider of Hospice Services for UHCAL's Commercial members. The Agreement was submitted to the Department for review and approval on November 20, 2012, and was approved by the Department on December 10, 2012. The business was transferred to a non-affiliated party and the Termination of Agreement was executed on December 5, 2019.

**OptumInsight, Inc. f/k/a Ingenix, Inc. – OptumInsight Services Agreement**

Effective July 1, 2011 UHCAL entered into the Ingenix Services Agreement (the "Agreement") with Ingenix, Inc. ("Ingenix"). Pursuant to the Agreement, Ingenix provides services related to claim analytics and recovery services, retrospective fraud, waste and abuse services and subrogation services. The Agreement replaced the Retrospective Fraud and Abuse Services Agreement effective February 1, 2009 and the Subrogation Agreement effective January 1, 2009. The Agreement was submitted for review and approval to the Department on May 31, 2011, and was approved by the Department on June 17, 2011.

Effective July 1, 2012, UHCAL entered into the First Amendment to the Agreement. The Amendment modified the Agreement to be known now as the OptumInsight Services Agreement and changed the address for all notices and official communication. In addition Exhibit A-1, A-2 and A-3, to the extent applicable, were amended by the pricing terms. The First Amendment was submitted to the Department for review and approval on May 3, 2012 and was approved by the Department on May, 23, 2012.

Effective September 1, 2013, UHCAL entered into the Second Amendment to the Agreement (the "Second Amendment"). The Second Amendment amended applicable compensation sections in Exhibit A-1 and/or A-2 and/or A-3 and amended the description of 'Legal Action' in Exhibit A-1 and Exhibit A-2. The Second Amendment was submitted to the Department on July 9, 2013, and was approved by the Department on July 19, 2013.

Effective May 1, 2014, UHCAL entered into the Third Amendment to the Agreement (the "Third Amendment"). The Third Amendment eliminated and replaced Exhibits A-1 and/or A-2 and/or A-3 to the original Agreement and added Exhibit A-4 to the Agreement. The Third Amendment was submitted to the Department for review and approval on March 18, 2014, and was approved by the Department on April 9, 2014.

Effective December 31, 2014, UHCAL entered into the Fourth Amendment to the Agreement (the "Fourth Amendment"). The Fourth Amendment deleted and replaced Exhibits A-1 through A-4 and added Exhibit E, "Exchange Regulatory Appendix." The Fourth Amendment was submitted to the Department for review and approval on November 5, 2014, and was approved by the Department on November 17, 2015.

Effective August 1, 2015, UHCAL entered into the Fifth Amendment to the Agreement (the "Fifth Amendment"). The Fifth Amendment deleted and replaced Exhibit A-1, "Claim Analytics and Recovery Services," Exhibit A-2, "Retrospective Fraud, Waste & Abuse Services," Exhibit A-3, "Subrogation Services," and Exhibit A-4, "Premium Audit Services." The Fifth Amendment was submitted to the Department for review and approval on May 22, 2015, and was approved by the Department on June 2, 2015.

Effective March 1, 2017, UHCAL entered into the Sixth Amendment to the Agreement (the "Sixth Amendment"). The Sixth Amendment deleted and replaced Exhibit A-1, "Claim Analytics and Recovery Services," Exhibit A-2, "Retrospective Fraud, Waste & Abuse Services," Exhibit A-3, "Subrogation Services," Exhibit A-4, "Premium Audit Services," and Exhibit D, "HMO or Insurance Specific Regulatory Requirements Appendix." The Sixth Amendment was submitted to the Department for review and approval on January 26, 2017 and was approved by the Department on February 8, 2017.

Effective December 1, 2017, UHCAL entered into the Seventh Amendment to the Agreement (the "Seventh Amendment"). The Seventh Amendment deleted and replaced Exhibit A-1, "Claim Analytics and Recovery Services," Exhibit A-2,

“Retrospective Fraud, Waste & Abuse Services,” 16 Exhibit A-3, “Subrogation Services” and Exhibit A-4, “Premium Audit Services.” The Seventh Amendment was submitted to the Department for review and approval on October 27, 2017 and was approved by the Department on November 6, 2017.

Effective July 1, 2019, UHCAL entered into the Eighth Amendment to the Agreement (the “Eighth Amendment”). The Eighth Amendment deleted and replaced Exhibit A-1, “Claim Analytics and Recovery Services,” Exhibit A-2, “Retrospective Fraud, Waste & Abuse Services,” Exhibit A-3, “Subrogation Services,” Exhibit A-4, “Premium Audit Services,” Exhibit B, “Medicare Advantage Regulatory Requirements Appendix,” and Exhibit D, “Alabama Regulatory Requirements Appendix.” The Eighth Amendment was submitted to the Department for review and approval on May 15, 2019, and was approved by the Department on June 11, 2019.

**OptumRx, Inc. (f/k/a/ RxSolutions, Inc.) - Health Supplies Agreement for Medicare/Medicaid Members**

Effective February 25, 2009, UHCAL entered into a Health Supplies Agreement (the “Agreement”) between United HealthCare Products, LLC (“Products”), a Delaware limited liability company, and United HealthCare Services, Inc. (“UHS”) by way of the First Amendment to the Agreement. UHCAL and other affiliates began taking advantage of the services offered under this Agreement during the course of the 2008 calendar year. The Agreement is applicable to Medicare Advantage and dual eligible Medicare-Medicaid business. Under the terms of the Agreement, Products provides catalogues to UHCAL members. These members receive points for each quarter they are insured by UHCAL. The points accumulate for individual plan years only. The points can be used to “purchase” items from the catalogue or items may also be purchased outright. Items include over-the-counter drugs, canes, and other durable medical equipment. UHCAL pays a base amount, which increases depending on the amount purchased. The Agreement and the First Amendment to the Agreement were provided to the Department for information only on January 23, 2009.

Effective January 1, 2011, UHCAL entered into a Second and Third Amendment to the Agreement. The Second and Third Amendment to the Agreement were provided to the Department for information only on December 23, 2010.

Effective February 1, 2012, UHCAL entered into Amendment IV to the Agreement by way of a Participating Addendum. Amendment III only amended Exhibit D, Legal Entities, which continued to include UHCAL and Amendment IV also only amended Exhibit D, Legal Entities, which continued to include UHCAL and reflected

the name change from RxSolutions, Inc. to OptumRx, Inc. Amendment IV was provided to the Department for information only on December 9, 2011.

Effective January 1, 2013, UHCAL entered into Amendment V to the Agreement (the "Amendment V") by way of a Participating Addendum. Amendment V deleted and replaced Exhibit B, Compensation, added Exhibit B-1, Compensation for Monthly Credit Expiration Plans, deleted and replaced Exhibit D Legal Entities, and modified the Agreement by adding the "2013 Health Products Benefit Product Assortment" as Appendix 1 as set forth in Attachment IV. The Amendment V was filed with the Department for review and approval on November 19, 2012 and was approved by the Department on December 10, 2012.

Effective January 1, 2014, UHCAL entered into Amendment VI to the Agreement (the "Amendment VI") by way of a Participating Addendum. Amendment VI deleted and replaced Section 3.2, Year-End Reconciliation, Exhibit B, Compensation, deleted B-1 Compensation for Monthly Credit Expiration, deleted and replaced Exhibit D, Legal Entities, and deleted Appendix 1, "2013 Health Products Benefit Product Assortment." The Amendment VI was filed with the Department for review and approval on September 30, 2013 and was approved on October 28, 2013.

Effective January 1, 2016, the UHCAL entered into Amendment VII to the Agreement ("Amendment VII") by way of a Participating Addendum. Amendment VII deleted and replaced Exhibit B, Compensation, Exhibit C, Supplier's Services, Exhibit D, Legal Entities, and the Medicare Advantage Regulatory Requirements. The Amendment VII was filed with the Department for review and approval on October 7, 2015, and was approved the Department on October 19, 2015.

Effective January 1, 2017, the UHCAL entered into Amendment VIII to the Agreement ("Amendment VIII") by way of a Participating Addendum. Amendment VIII deleted and replaced Exhibit B, Compensation, and Exhibit D, Legal Entities. The Amendment VIII was filed with the Department for review and approval on November 29, 2017 and was approved the Department.

Effective January 1, 2018, the UHCAL entered into Amendment IX to the Agreement ("Amendment IX") by way of a Participating Addendum. Amendment IX deleted and replaced Exhibit B, Compensation and Exhibit D, Legal Entities. The Amendment IX was filed with the Department for review and approval on November 29, 2017 and was approved the Department on January 3, 2018.

On January 1, 2019, Amendment X was entered into between UHS and OptumRx. Amendment X deletes and replaces Exhibit B, Compensation and Exhibit D, Legal

Entities. The Amendment X and Participating Addendum were both submitted for review and approval to the Department on November 30, 2018 and were approved on January 4, 2019.

On March 1, 2019, Amendment XI was entered into between UHS and OptumRx. Amendment XI deletes and replaces Exhibit B, Compensation, and adds language for clarification surrounding the discount correlating with the Health Products Benefit Debit Card. The amendment also revised the definition of “Covered Supplies” and removed language regarding a Year – End reconciliation. The Amendment XI and Participating Addendum were both submitted for review and approval to the Department on January 30, 2019 and were approved on February 22, 2019.

**OptumRx, Inc. f/k/a/ RxSolutions, Inc. - Medicare Advantage Durable Medical Equipment and Supplies Mail Order Network Agreement**

Effective January 1, 2009, UHCAL became a party to the Medicare Advantage Durable Medical Equipment and Supplies Mail Order Network Agreement between RxSolutions, Inc. doing business as Prescription Solutions® (“RxSolutions”) and United HealthCare Services, Inc. on behalf of itself and its affiliates including UHCAL (collectively referred to as “United”) (the “Agreement”). Pursuant to the Agreement, RxSolutions provides durable medical equipment and supplies to Medicare Advantage members in connection with United’s Medicare Advantage operations. The Agreement was provided to the Department for information only on January 22, 2009.

**Spectera, Inc. – Vision Services Agreement**

Effective January 1, 2012, UHCAL entered into the Vision Services Agreement (the “Agreement”) with Spectera, Inc. (“Spectera”). Pursuant to the Agreement Spectera is responsible for managing a network of vision providers to provide vision services and or products (frames and contact lenses), claims processing and other administrative functions in order to provide vision services to UHCAL Commercial and Medicare members. The Agreement was submitted to the Department for review and approval on November 21, 2011 and was approved by the Department on December 21, 2011.

Effective May 1, 2013, UHCAL entered into the First Amendment to the Agreement (the “First Amendment”). The First Amendment deleted and replaced Exhibit A “Compensation for Services Addendum” in its entirety. The First Amendment was submitted to the Department for review and approval on March 22, 2013, and was approved by the Department on April 9, 2013.

Effective January 1, 2014, UHCAL entered into the Second Amendment to the Agreement (the "Second Amendment"). The Second Amendment deleted and replaced Exhibit A, "Compensation for Services Addendum" and deleted Exhibit C, "Medicare Advantage Regulatory Requirements Appendix" and Exhibit E, "State Regulatory Requirements Appendix." The Second Amendment was submitted to the Department for review and approval on November 4, 2013, and was approved by the Department on November 18, 2013.

Effective April 1, 2014, UHCAL entered into the Third Amendment to the Agreement (the "Third Amendment"). The Third Amendment added Specialty Benefits, LLC to the Agreement and deleted and replaced Exhibit A, "Compensation for Services Addendum," and Exhibit B, "Services Addendum." The Third Amendment was submitted for review and approval to the Department on February 24, 2014, and was approved by the Department on March 17, 2014.

Effective January 1, 2015, UHCAL entered into the Fourth Amendment to the Agreement (the "Fourth Amendment"). The Fourth Amendment deleted and replaced Exhibit A, "Compensation for Services Addendum" and added Exhibit G, "Exchange Regulatory Appendix." The Fourth Amendment was submitted for review and approval to the Department on October 13, 2014, and was approved by the Department on October 22, 2014.

Effective January 1, 2016, UHCAL entered into the Fifth Amendment to the Agreement (the "Fifth Amendment"). The Fifth Amendment deleted and replaced Exhibit A, "Compensation for Services Addendum," and Exhibit F, "Delegated Credentialing Addendum," and Exhibit H, "Third Party Administrator and Other Services Provisions," was added. The Fifth Amendment was submitted for review and approval to the Department on November 3, 2015, and was approved by the Department on November 23, 2016.

Effective February 1, 2017, UHCAL entered into the Sixth Amendment to the Agreement (the "Sixth Amendment"). The Sixth Amendment deleted and replaced Exhibit A, "Compensation for Services Addendum," and added Exhibit D, "HMO or Insurance Specific Regulatory Requirements Appendix." The Sixth Amendment was submitted for review and approval to the Department on December 21, 2016, and was approved by the Department on January 9, 2017.

Effective February 1, 2018, UHCAL entered into the Seventh Amendment to the Agreement (the "Seventh Amendment"). The Seventh Amendment deleted and replaced Exhibit A, "Compensation for Services Addendum." The Seventh



Amendment was submitted for review and approval to the Department on December 12, 2017, and was approved by the Department on January 4, 2018.

Effective September 1, 2019, UHCAL entered into the Eighth Amendment to the Agreement (the "Eighth Amendment"). The Eighth Amendment deleted and replaced Exhibit A, "Compensation for Services Addendum," Exhibit C, "Medicare Advantage Regulatory Requirements Appendix," and Exhibit D, "Alabama Regulatory Requirements Appendix." The Eighth Amendment was submitted for review and approval to the Department on July 10, 2019, and was approved by the Department on July 25, 2019.

### **United Behavioral Health – Behavioral Health Services Agreement**

Effective March 1, 2012, UHCAL entered into the Behavioral Health Services Agreement (the "Agreement") with United Behavioral Health ("UBH"). Pursuant to the Agreement, UBH is responsible for arranging for the provision of certain mental health and substance abuse treatment services to UHCAL Commercial and Medicare members. The Agreement was submitted to the Department for review and approval on January 23, 2012, and was approved by the Department on March 19, 2012.

Effective March 1, 2013, UHCAL entered into the Amendment No. 1 to the Agreement (the "Amendment One"). Amendment One deleted and replaced the rate chart in Section 1 of Exhibit A in its entirety. The Amendment One was submitted to the Department for review and approval on January 15, 2013, and was approved by the Department on January 29, 2013.

Effective January 1, 2014, UHCAL entered into the Amendment No. 2 to the Agreement (the "Amendment Two"). Amendment Two deleted and replaced the rate chart in Section 1 of Exhibit A in its entirety and Exhibit C, "Medicare Advantage Regulatory Requirement Appendix." The Amendment Two was submitted to the Department for review and approval on November 7, 2013 and was approved by the Department on November 22, 2013.

Effective January 1, 2015, UHCAL entered into the Third Amendment to the Agreement (the "Third Amendment"). The Third Amendment added Exhibit G "Exchange Regulatory Appendix" and the Exhibit list was amended to add "X Exhibit G: Exchange Regulatory Appendix." The Third Amendment was submitted to the Department for review and approval on November 11, 2014, and was approved by the Department on November 17, 2014.

Effective April 1, 2015, UHCAL entered into the Fourth Amendment to the Agreement (the "Fourth Amendment"). The Fourth Amendment deleted and replaced Exhibit A "Compensation for Services Addendum." The Fourth Amendment was submitted to the Department for review and approval on February 11, 2015, and was approved by the Department on February 18, 2015.

Effective March 1, 2016, UHCAL entered into the Fifth Amendment to the Agreement (the "Fifth Amendment"). The Fifth Amendment deleted and replaced the first sentence of the Agreement from "This Administrative Services Agreement" to "This Behavioral Health Services Agreement." Exhibit A, "Compensation for Services Addendum," Exhibit F, "Delegated Credentialing Addendum" and the Exhibit List of the Agreement was amended to delete X Exhibit F: Delegation of Credentialing Addendum and replaced it with X Exhibit F: Delegated Credentialing Addendum, added the "Third Party Administrator and Other Services Provisions" and the Exhibit List was amended to add X Exhibit H: Third Party Administrator Appendix. The Fifth Amendment was submitted to the Department for review and approval on January 14, 2016, and was approved by the Department on January 29, 2016.

Effective May 1, 2017, UHCAL entered into the Sixth Amendment to the Agreement (the "Sixth Amendment"). The Sixth Amendment deleted and replaced the first sentence of the Agreement from "This Administrative Services Agreement" to "This Behavioral Health Services Agreement," Exhibit A, "Compensation for Services Addendum" Exhibit F, "Delegated Credentialing Addendum" and the Exhibit List of the Agreement was amended to delete X Exhibit F: Delegation of Credentialing Addendum and replaced it with X Exhibit F: Delegated Credentialing Addendum, added the "Third Party Administrator and Other Services Provisions" and the Exhibit List was amended to add X Exhibit H: Third Party Administrator Appendix. The Sixth Amendment was submitted to the Department for review and approval on March 8, 2017, and was approved by the Department on March 23, 2017.

Effective September 1, 2018, the Registrant entered into the Seventh Amendment to the Agreement (the "Seventh Amendment"). The Seventh Amendment deleted and replaced "Administrative Services Agreement" with "Behavioral Health Services Agreement," and deleted and replaced in its entirety Exhibit A, "Compensation for Services Addendum." The Seventh Amendment was submitted for review and approval to the Department on July 20, 2018 and was approved on August 24, 2018.

Effective December 1, 2019, the Registrant entered into the Eighth Amendment to the Agreement (the "Eighth Amendment"). The Eighth Amendment deleted and

replaced Exhibit A, “Compensation for Services Addendum” and Exhibit C, “Medicare Advantage Regulatory Requirements Appendix” in their entirety. The Eighth Amendment was submitted for review and approval to the Department on October 10, 2019 and was approved on November 12, 2019.

**Optum Biometrics f/k/a Wellness, Inc. - Facility Provider Agreement**

Effective October 1, 2010, UHCAL began participating in the Facility Participation Agreement (the “Agreement”) by and between Wellness, Inc. (“Wellness”) and UnitedHealthcare Insurance Company (“UHIC”). The purpose of the Agreement is to provide influenza and pneumococcal vaccination services to UHCAL Commercial and Medicare members. The fees are charged per vaccination given and are the same for all Wellness customers. The Agreement was submitted to the Department for review and approval on August 19, 2010 and was approved by the Department on September 13, 2010.

**OptumRx, Inc. – Facility Participation Agreement – Specialty Pharmacy for the Medical Benefit**

Effective December 1, 2015, UHCAL entered into the Facility Participation Agreement (the “Agreement”). Pursuant to the Agreement, OptumRx is acting as a specialty pharmacy provider. OptumRx is providing the specialty pharmacy medications covered under the member’s medical benefits. In addition to dispensing and delivering the specialty pharmacy medications, OptumRx is providing information, including side effect management, storage of the medication, missed dose management, and disease state information, to UHCAL members or their caregivers. OptumRx is also providing access to customer service representatives and pharmacists to provide support and guidance to UHCAL members and family members. The Agreement was submitted for review and approval to the Department on October 21, 2015, and was approved by the Department on November 13, 2015.

Effective July 1, 2018, UHCAL entered into the First Amendment to the Agreement (the “First Amendment”). The First Amendment deleted and replaced Appendix 4, “State Regulatory Requirements Appendix,” and deleted and replaced Appendix 3, “Specialty Pharmacy Services and Compensation,” with Appendix 3, “Payment Appendix Specialty Pharmacy Services Year 1 Effective 7/1/2018 - 6/30/2019,” and Appendix 3, “Payment Appendix Specialty Pharmacy Services Year 2 Effective 7/1/2019 - 7/20/2020,” and added Appendix 6, “Medicare Advantage Regulatory Requirements Appendix.” The First Amendment was filed with the Department on May 29, 2018 and was approved by the Department on June 14, 2018.

**OptumRx, Inc. – Facility Participation Agreement – Specialty Pharmacy for the Pharmacy Benefit**

Effective July 1, 2018, UHCAL entered into the Facility Participation Agreement (the “Agreement”). Pursuant to the Agreement, OptumRx is acting as a specialty pharmacy provider. OptumRx is providing the specialty pharmacy medications covered under the member’s pharmacy benefits. In addition to dispensing and delivering the specialty pharmacy medications, OptumRx is providing information, including side effect management, storage of the medication, missed dose management, and disease state information, to UHCAL’s members or their caregivers. OptumRx is also providing access to customer service representatives and pharmacists to provide support and guidance to UHCAL’s members and family members. The Facility Participation Agreement was submitted to the Department for review and approval on May 30, 2018 and was approved on June 21, 2018.

**OptumRx, Inc. – Facility Participation Agreement – Hearing Aids**

Effective January 1, 2012, the UHCAL entered into the Facility Participation Agreement (the “Agreement”) with OptumRx, Inc. (“OptumRx”). Under the terms of the Agreement, OptumRx is a provider of Durable Medical Equipment Services and Hearing Aids for UHCAL’s members. The Agreement is available to be used by all products, Commercial, Medicare and Medicaid that UHCAL may offer. The Agreement was submitted to the Department for review and approval on November 11, 2011, and was approved by the Department on December 13, 2011.

Effective January 1, 2013, UHCAL entered into an Amendment One to the Facility Participation Agreement (the “Amendment One”). Amendment One updated the rates to add additional hearing aids and deleted the durable medical equipment fee schedule that was attached to the Facility Participation Agreement as they are no longer being utilized. OptumRx continues to provide hearing aids to UHCAL’s Commercial and Medicare members. The Amendment One was submitted to the Department for review and approval on November 14, 2012 and was approved by the Department on December 13, 2012.

Effective January 1, 2014, UHCAL entered into an Amendment Two to the Agreement (the “Amendment Two”). The Amendment Two modified the Agreement and the Amendment One by deleting and replacing Appendix 3A-2 “DME/Hearing Aid Services Fee Schedule” in its entirety. The Amendment Two was submitted to the Department for review and approval on August 6, 2013 and was approved by the Department on August 16, 2013.

Effective September 1, 2018, the UHCAL entered into the Third Amendment to the Agreement, “the Third Amendment.” The Third Amendment deleted and replaced in their entirety, Appendix 2, “Benefit Plan Descriptions,” Appendix 3A-2, “DME/Hearing Aid Services Schedule,” and Appendix 5A, “Medicare Advantage Regulatory Requirements Appendix.” The Third Amendment was submitted for review and approval to the Department on July 25, 2018 and was approved on August 24, 2018.

Effective April 1, 2019, the UHCAL entered into the Fourth Amendment to the Agreement, “the Third Amendment.” The Fourth Amendment deleted and replaced in their entirety, Appendix 2, “Benefit Plan Descriptions,” Appendix 3A-2, “DME/Hearing Aid Services Schedule,” and deleted and replaced Appendix 5A, “Medicare Advantage Regulatory Requirements Appendix,” with Exhibit 5A. The Third Amendment was submitted for review and approval to the Department on February 28, 2019 and was approved on March 26, 2019.

**OptumRx, Inc. – Prescription Drug Benefit Administration Agreement for Commercial Members**

Effective January 1, 2013, OptumRx, Inc. (“OptumRx”) and UnitedHealth Care Services, Inc. entered into the Prescription Drug Benefit Administration Agreement (the “Agreement”). UHCAL was added to the Agreement as a participant through signing a Participating Addendum effective January 1, 2013. This Agreement covers UHCAL’s commercial members only.

Under the terms of the Agreement, OptumRx is providing UHCAL with Core Prescription Drug Benefit Services and Mail Order Pharmacy Services. Under the Core Prescription Drug Benefit Services, OptumRx established and maintain a network of pharmacies to service the benefit plans, provide claims processing services, benefits administration and support, marketing and sales support, account management services, rebate administration, clinical services and finance and analytical support services. Under the Mail Order Pharmacy Services, OptumRx provides UHCAL with mail order network prescription services. UHCAL remains ultimately responsible for the pharmacy benefit administration services provided to its members. The Agreement was submitted to the Department for review and approval on September 21, 2012 and was approved by the Department on October 9, 2012.

Effective January 1, 2015, UHS and OptumRx entered into the First Amendment to the Agreement (the “First Amendment”). The First Amendment added Exhibit D, “Exchange Regulatory Appendix,” and the Exhibit E, “Third Party Administrator and Other Services Provisions.”

Effective September 1, 2015, OptumRx and UHS entered into the Second Amendment to the Agreement (the "Second Amendment"). The Second Amendment updated rates and other definitions. The First and Second Amendment were submitted to the Department for review and approval, and were approved by the Department on August 31, 2015.

Effective January 1, 2018, OptumRx and UHS entered into the Third Amendment to the Agreement (the "Third Amendment"). The Third Amendment revised Section 7, Notices, If to Client, which deleted "5901 Lincoln Drive, Edina, MN 55436" and was replaced with "9700 Healthcare Lane, Minnetonka, MN 55343." Exhibit 1.6(a) is the RxLink Point of Prescribing Program Statement of Work, and Exhibit 1.6(b) is the 2018 Pharmacy Network Audit Enhanced Services Statement of Work. Exhibit B was deleted in its entirety and was replaced with Exhibit B-1. Exhibit B-1(a), Compensation for Core Prescription Drug Benefit and Mail Order Services addressed in the Agreement and Exhibit B-1 and Exhibit B-2, Administrator Mail Service, for Brand: deleted "AWP – 20.8%" and replaced with "a minimum of AWP – 22%"; for Generic: "AWP-83.0%" was deleted and was replaced with "AWP-84.84%." Exhibit B-3, Service Level Standards and Performance Guarantees, was deleted in its entirety and replaced with the attached Exhibit B-3. The Third Amendment was submitted to the Department for review and approval on November 29, 2017 and was approved by the Department on January 3, 2018.

### **OptumHealth Care Solutions, Inc. - Administrative Services Agreement**

Effective April 1, 2012, UHCAL entered into the Administrative Services (the "Agreement") with OptumHealth Care Solutions, Inc. ("OptumHealth"). Pursuant to the Agreement, OptumHealth is responsible for managing a network of therapy providers and other administrative functions in order to provide physical health solutions such as chiropractic and physical, occupation and speech therapy for UHCAL's Commercial and Medicare members. UHCAL remains ultimately responsible for the delivery of therapy services to its members. The Agreement was submitted to the Department for review and approval on February 14, 2012, and was approved by the Department on March 8, 2012.

Effective March 1, 2013, UHCAL entered into the First Amendment to the Agreement (the "First Amendment"). The First Amendment deleted and replaced Exhibit A Compensation for Services Addendum and Exhibit C Medicare Advantage Regulatory Requirements Appendix. The First Amendment was submitted to the Department for review and approval on January 14, 2013, and was approved by the Department on January, 25, 2013.

Effective January 1, 2015, UHCAL entered into the Second Amendment to the Agreement (the “Second Amendment”). The Second Amendment deleted and replaced Exhibit A “Compensation for Services Addendum” Exhibit C “Medicare Advantage Regulatory Requirements Appendix” and incorporated Exhibit G “Exchange Regulatory Addendum.” The Second Amendment was submitted to the Department for review and approval on November 11, 2014, and was approved by the Department on December 3, 2014.

Effective February 1, 2016, UHCAL entered into the Third Amendment to the Agreement (the “Third Amendment”). The Third Amendment deleted and replaced Exhibit A, “Compensation for Services Addendum,” Exhibit F, “Delegated Credentialing Addendum,” the Exhibit List was amended X Exhibit F: Delegated Credentialing Addendum and the “Third Party Administrator and Other Services Provisions” was added and The Exhibit List is amended to add X Exhibit H: Third Party Administrator Requirements Appendix. The Third Amendment was submitted to the Department for review and approval on December 10, 2015 and was approved by the Department on December 26, 2015.

**OptumRx, Inc. - First Amended and Restated Medicare Prescription Drug Benefit Administration Agreement**

Effective January 1, 2018, OptumRx, Inc. (“OptumRx”) Inc. (“UHS”) entered into a First Amended Medicare Prescription Drug Benefit Administration Agreement (the “Agreement”) with OptumRx, Inc. (“OptumRx”). OptumRx is the Pharmacy Benefit Manager for UHCAL’s MA-PD and PDP plans. The Agreement is a full restatement of the previous Medicare Prescription Drug Benefit Administration Agreement, effective January 1, 2017, and has been updated to reflect current processes and procedures, the service being provided, the applicable regulatory requirements and the 2018 pricing. UHCAL began offering Medicare benefits effective January 1, 2018, therefore did not participate in the 2017 Medicare Prescription Drug Benefit Administration Agreement. The Mail Order Agreement effective January 1, 2013 along with all its three amendments remains in full effect.

Effective August 1, 2018, OptumRx and UHS entered into a First Amendment to the First Amended Medicare Prescription Drug Benefit Administration Agreement (the “Amendment”). The amendment updates Section 3.8 of Exhibit C to reflect the inclusion of real time audits and fax audits in the desktop audit recovery work performed by Administrator and amends Exhibit C-1 to clarify the amount of the Network Pharmacy Audit Recovery Incentive payment for real-time audits. The Amendment and Participating Addendum were submitted to the Department for

review and approval on a Form D dated June 29, 2018, and was approved Department on July 18, 2018. Due to necessary additional language added to the amendment after the filing was approved, the Amendment was re-filed on October 12, 2018 and approved on October 30, 2018.

Effective January 1, 2019, OptumRx and UHS entered into a Second Amendment to the First Amended Medicare Prescription Drug Benefit Administration Agreement (the "Amendment"). The amendment updates various sections of the agreement, Exhibit C-1, Exhibit F, Exhibit H and the Fourth Amendment to the Mail Order Agreement. The Agreement and Participating Addendum were submitted to the Department for review and approval on a Form D dated November 30, 2018, and was approved Department on January 4, 2019. UHCAL began offering Medicare benefits effective January 1, 2019. UHCAL was added to the Agreement as a participant through signing a Participating Addendum effective January 1, 2019. The Agreement and Participating Addendum were submitted to the Department for review and approval on a Form D dated November 30, 2018, and was approved Department on January 4, 2019.

#### **Real Appeal, Inc. National Ancillary Provider Participation Agreement**

Effective January 1, 2019, UnitedHealthcare Insurance Company ("UHIC") entered a National Provider Participation Agreement ("Agreement") with Real Appeal, Inc. ("Real Appeal"). Pursuant to the Agreement, Real Appeal will provide Obesity and Diabetes Prevention Services focusing on weight loss to commercial members for UHIC and its affiliates. The services include a customizable program delivered to eligible participants with a goal of preventing diabetes and other obesity related diseases. The program uses a 52-week approach with online technology and live audio/video capabilities. UHCAL signed a participating addendum effective January 1, 2019 to participate in the agreement. The National Ancillary Provider Participation Agreement was submitted to the Department for review and approval on June 28, 2018 and was approved on July 18, 2018. The effective dates of the Agreement and Participating Addendum were changed from August 1, 2018 to January 1, 2019, due to the timing of approval of the Agreement from the Connecticut Department of Insurance where UHIC is domiciled.

#### **United HealthCare Services, Inc. - Combined Billing and Disbursement Operations Agreement**

Effective June 1, 2010, UHCAL, United HealthCare Services, Inc. ("UHS") and UnitedHealthcare Insurance Company ("UHIC") entered in an agreement for the combined billing and disbursement operations (the "Agreement"). UHS consolidated



its computer platforms in order to bring greater efficiency in the delivery of products and services from its affiliates. Since many customers purchase products or services from more than one affiliate, but expect administrative ease, one aspect in the change of the computer platform provided a customer with a combined bill and directs a single payment to a common bank lockbox held in the name of UHIC. Under this pre-settlement lockbox arrangement, all incoming receipts are identified and sorted according to proper affiliate company, and promptly transferred to the appropriate health plan or insurance company owned account. This clearance process lasts no more than a few days with transfers occurring 5 times per month. This pre-settlement process is a short-term arrangement, which will ease administrative complexity for our customers. It neither involves nor contemplates pooling of assets for investment or investment-related purposes. The Agreement was submitted to the Department for review and approval on April 7, 2010, and was approved by the Department on September 14, 2010.

**Epic Hearing Health Care, Inc Ancillary Provider Participation Agreement**

Effective January 1, 2008, an Ancillary Provider Participation Agreement (the “Agreement”) between Epic Hearing Health Care, Inc. and UnitedHealthcare Insurance Company was entered into, which was amended 10 times between January 1, 2008 and January 1, 2018. Epic Hearing Health Care, Inc. is a dba of EPIC, which was acquired by United on March 30, 2018. The Agreement and the subsequent amendments, which cover all lines of business, were entered prior to UHCAL and EPIC becoming affiliates and therefore were not submitted for review and approval to the Department. Copies of the Agreement and the subsequent amendments were attached to the filing for the Eleventh Amendment to the Agreement described below.

**Ear Professionals International Corporation Eleventh Amendment to the Ancillary Provider Participation Agreement**

Effective February 1, 2019, EPIC and UnitedHealthcare Insurance Company (“UHIC”) entered an Eleventh Amendment to the Ancillary Provider Participation Agreement (“Agreement”) with Ear Professionals International Corporation. (“EPIC”). Pursuant to the Agreement and subsequent amendments, EPIC will provide hearing aids to its members. The Eleventh Amendment is also changing the contracting party from Epic Hearing Health Care, Inc. to EPIC and updating the fee schedule for Medicare members. UHCAL signed a participating addendum for the Eleventh amendment effective February 1, 2019. The Agreement and subsequent amendments, including Amendment Eleven were submitted to the Department for review and approval on November 12, 2018 and was approved on January 2, 2019.

The effective dates of the Agreement and Participating Addendum were changed from January 1, 2019 to February 1, 2019, due to the timing of approval of the Agreement from the Connecticut Department of Insurance where UHIC is domiciled.

**eAlliance General Agency Agreement (Golden Outlook, Inc.)**

Effective September 1, 2018, UHCAL became a participant in the eAlliance General Agency Agreement between, UnitedHealthcare Insurance Company and Golden Outlook, Inc. The 13 Agreement is for payment of Agent commissions for the sale of Medicare products made by licensed agents. eAlliance General Agent is a licensed insurance agency that markets multi-carrier Medicare Advantage, Medicare Supplement and Prescription Drug Plan options to Medicare enrollees via a call center. UHCAL began participating in the agreement by signing a participating addendum effective September 1, 2018. The Agreement was filed with the Department for review and approval on July 26, 2018 and was approved on August 24, 2018.

**National MedTrans, LLC Administrative Services Agreement**

Effective June 1, 2019, UHCAL entered into an Administrative Services Agreement with National MedTrans, LLC (“MedTrans”). Pursuant to the Agreement, MedTrans administers non-emergency medical transportation (“NEMT”) services through its relationships with contracted and non-contracted transportation providers that are available to provide NEMT services to UHCAL’s Members. The Agreement was submitted to the Department for review and approval on May 1, 2019 and was approved on May 24, 2019.

**Optum Women’s and Children’s Health, LLC f/k/a Alere Women’s and Children’s Health LLC – National Ancillary Provider Participation Agreement**

Effective November 1, 2017, UnitedHealthcare Insurance Company (“UHIC”) entered into the National Ancillary Provider Participation Agreement (the “Agreement”) on behalf of itself and other affiliates with Optum Women’s and Children’s Health, LLC (“OWCH”). Oxford Health Plans (NJ), Inc. (OHPNJ) participates in the Agreement by entering into a Participating Addendum effective November 1, 2017. The effective dates of the agreement and participating addendum were changed from September 1, 2017 to November 1, 2017 due to the timing of approval of the agreement from the 24 Connecticut Department of Insurance where UHIC is domiciled. Under the terms of the Agreement, OWCH provides home infusion therapy to commercial, and Medicaid pregnant women in need of certain hormonal and insulin therapy. The services provided include all pharmacy and clinical

management/coordination, all infusion related supplies and equipment inclusive of IV poles and pumps (stationary, ambulatory, and disposable), delivery and associated mileage, hazardous waste disposal, patient education materials, medications, nursing services, diluents and solutions inclusive of flushes. The Agreement was submitted to the Department on July 26, 2017 and was approved by the Department on October 30, 2017.

### **PENSION, STOCK OWNERSHIP AND INSURANCE PLANS**

The Company has no employees of its own; therefore, it has no employees' or producer benefits programs. The Company's operations were conducted by the personnel of United HealthCare Services, Inc., (UHS) a Minnesota Corporation under the terms of a Management Services Agreement. The Company's elected officers were also employees of UHS. The Company uses both captive and independent producers in Alabama. The captive producers are employees of UHS. For further comment, see the caption Management Services Agreement – Page 28 under the heading "Transactions and Agreements with Affiliates."

### **COMPLIANCE WITH 18 U.S.C. § 1033 and ALA. ADMIN. CODE 482-1-146 (2009)**

18 U.S.C. § 1033 of the U.S. Code and ALA. ADMIN. CODE 482-1-146 (2009) require the Company to determine if prospective and current employees are in compliance with 18 U.S.C. § 1033, which prohibits persons with certain felony offenses from participating in conducting the business of insurance.

According to a Company official, "There are no employees under UnitedHealthcare of Alabama. The Company's business and affairs are managed by the employees of United HealthCare Services, Inc. (UHS). According to UHS's Hiring and Employment Policy and Practices, UHS conducts pre-employment screenings on all individuals who are given conditional offers of employment, including individuals hired by third-parties who are assigned to work at UHS. In addition to performing pre-employment background checks, UHS conducts post hire criminal background checks on all employees at least once during each calendar year." The Company was determined to be in compliance.

## **SPECIAL DEPOSITS**

In order to comply with the statutory requirements, the Company had the following security on deposit with the Alabama Department of Insurance at December 31, 2019:

<b>Description</b>	<b>Par Value</b>	<b>Book/ Adjusted Value</b>	<b>Fair Value</b>
US Treasury Note	\$ <u>100,000</u>	\$ <u>100,261</u>	\$ <u>100,232</u>
<b>Total</b>	\$ <b><u>100,000</u></b>	\$ <b><u>100,261</u></b>	\$ <b><u>100,232</u></b>

## **MARKET CONDUCT ACTIVITIES**

The Company is organized as a Health Maintenance Organization (HMO) and is regulated by the Alabama Department of Public Health (ADPH).

### **Territory**

As of December 31, 2019, the Company was licensed to transact business in the state of Alabama. The Certificate of Authority was inspected for the period under review and was found to be in order. According to the 2019 Annual Statement, the Company was authorized to sell its products in all 67 counties.

### **Plan of Operation**

The Company has been in both the large and small group commercial markets since 1986. The Company also serves as a plan sponsor offering Medicare Advantage and Medicare Part D prescription drug insurance coverage (Medicare Part D program) under a contract with Centers for Medicare and Medicaid Services (CMS). The Company issued policies through the Affordable Care Act insurance exchange during the examination period.

### **Policy Forms, Rates and Underwriting Practices**

During the examination period, the Company utilized the rates, which were filed and approved by the Alabama Department of Insurance (ALDOI). The Company's rates were implemented after they were properly approved.

The examiners selected a sample of 79 premiums from a population of 385 commercial business premiums listing that were issued during the examination period.

During the review of the sample, it was determined the policies were rated in accordance with the rates filed with the Alabama Department of Insurance. There were no exceptions noted during the review.

There were 209 commercial cancellations during the examination period. The examiner reviewed a sample of 84 terminated and/or non-renewed policies, determined that the reasons for cancellations were not in conflict with the Company's policy provisions or Alabama statutes or regulations and noted that the Company maintained proper documentation for the cancellations.

### **Advertising and Marketing**

The Company's advertising and marketing materials were reviewed for the examination period. The examiners' review did not reveal any advertisements that misrepresented policy benefits, made unfair or incomplete comparisons with other policies, or made false, deceptive or misleading statements or representations.

The Company's advertising and marketing strategy was executed through the distribution of printed advertisements, flyers, mailers, envelopes, letters and the Company's website. The materials included the name and address of the Alabama Company when specifically referenced.

### **Claims Payment Practices**

#### **Paid Claims**

##### **Commercial Paid Claims**

A sample of 109 paid claims was selected from a total population of 148,495 Alabama paid claims for the examination period. The sample selection was reviewed with regards to compliance with Alabama laws and regulations, policy provisions, timeliness of payment, and adequacy of documentation. There were no discrepancies found.

##### **Pharmacy Paid Claims**

The Company provided its pharmacy claims detail for the examination period. A sample of 109 paid pharmacy claims was selected from this detail. Of this sample of 109, 64 were selected for 2017. The Company provided the supporting documentation for the paid claims sample selection for 2018 and 2019; however,

claims documentation for these 64 paid claims in 2017 was not provided. It was determined the Company did not comply with ALA. ADMIN. CODE 482-1-118-.03 (1999), which states, "Every insurer, which term shall include every domestic insurer, foreign insurer, health care services corporation, health maintenance organization, prepaid dental plan, managing general agent or any other legal entity regulated by the Insurance Code and licensed to do business in this state shall maintain its books, records, documents and other business records in order that the insurer's financial condition may be readily ascertained by the Department of Insurance, taking into consideration other record retention requirements. All records must be maintained for not less than five (5) years."

The Company was presented with the finding/exception regarding the 2017 Pharmacy Paid Claims. A Company official provided the following response to the compliance exception:

- "We reviewed all the 2017 claims. We are not able to provide EOB's for these claims as they are all electronic and processed "real time," and many of the member accounts are now inactive (the ones highlighted in red on the attached are inactive accounts). Claims that are submitted manually have an EOB associated with them. Active members do have the ability to see their claims online at myuhc.com if they need to.
- The data extract we provided previously for the 2017 samples shows the claim detail on each of these from our archive system and includes the data members could access on myuhc.com. We keep the claim data in our archive system for 7 years."

The Company responded to the examination report draft as follows: "United continues to respectfully disagree with the finding related to the 2017 Pharmacy claims as United did provide the data for these claims. Though the information was provided in a different format the data from those screenshots was retained and was provided from our archive system. United keeps the data in our archive system for a total of 10 years which meets the standard in ALA. ADMIN. CODE 482-1-118-.03 (1999). United asks that the violation of ALA. ADMIN. CODE 482-1-118-.03 (1999) be removed from the report."

### **Claims Denied and Closed Without Payment**

A sample of 109 denied claims was selected from an Alabama population total of 27,716 for the examination period. The sample selection was reviewed to determine if the Company was in compliance with Alabama laws and regulations; adhered to policy provisions; properly communicated to the claimants; if the denial notifications referenced the policy provisions, when applicable; provided a reasonable basis for the

denial; notified the claimant how to appeal the claim decision; and the claim denial was properly documented. Based on the review of the denial claims, it was determined the Company handled all of the claims sampled properly.

### **Policyholder Complaints**

A sample of 84 complaints from a population of 354 total complaints was reviewed. The population included complaints received by the Alabama Department of Insurance and commercial and Medicare complaints received directly by the Company.

The review indicated that the Company properly addressed all of the direct complaints within the time period allowed by the policies and procedures. The Alabama Department of Insurance (ALDOI) complaint files contained the member's complaint, all the investigative documents and the Company's support documents and letters for the response. There were two cases in which the response was over 10 days from the date the complaint was received. For the first case, the ALDOI told the Company when to have the response submitted, which was over the 10 days. For the second case, the Company requested an extension (which was granted), and their response was 13 days. According to the review of the file documentation, it was determined the Company complied with ALA. ADMIN. CODE 482-1-118-.06 (1999), which states "The insurer shall provide, within ten (10) working days, any record or response requested in writing by any duly appointed deputy, assistant, employee or examiner of the commissioner."

It was determined the Company maintained adequate documentation. Based on the review of the Company's complaint procedures, it was determined that the Company had a sufficient method for the distribution of and obtaining and recording responses to complaints. The Company's telephone number and address were provided to the policyholders for consumer inquiries and/or complaints.

### **Compliance with Producers' Licensing Requirements**

#### **Appointments**

The examiner selected a random sample of 79 written premium transactions from a population of 385 direct written premium transactions during the examination period. The sample was reviewed to determine if the producers were properly licensed and appointed prior to writing business. Based on the review of the Company's records, it was determined that the producers were appropriately licensed and appointed. No discrepancies were found.

### Terminated Producers

A sample of 116 transactions was selected from a population of 6,859 for the examination period. The review determined the Company appropriately terminated its producers through the SBS system.

### Privacy Policy

The Company's Privacy Notice was reviewed for compliance with ALA. ADMIN. CODE 482-1-122 (2002). The Company provided privacy notices to its enrollees and prospective insureds which disclosed the types of non-public personal information collected and the manner in which the information is used. The notices state that the Company does not disclose personal financial information about their enrollees to any third party, except as required or permitted by law. The notice also states that the enrollee has the right to ask to restrict the use or disclosure of their information for treatment, payment, or healthcare operations.

It was determined the Company complied with the privacy requirements of ALA. ADMIN. CODE 482-1-122 (2002).

### FINANCIAL CONDITION/GROWTH OF THE COMPANY

The following schedule presents financial data taken from copies of filed annual statements, which reflects the growth of the Company for the years indicated:

<u>Year*</u>	<u>Net premium Income</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>
2016	\$555,564,218	\$178,187,004	\$119,751,978	\$56,434,026
2017	\$ 9,702,690	\$ 74,873,635	\$ 36,621,862	\$38,251,773
2018	\$ 94,795,700	\$ 78,651,900	\$ 42,700,185	\$35,951,715
2019	\$131,592,331	\$ 48,018,032	\$ 32,025,829	\$15,992,203

\* Data was obtained from the Company's Annual Statements filed with the ALDOI.

### REINSURANCE

#### Reinsurance Assumed

The Company did not assume any business during the period covered by the examination.



## Reinsurance Ceded

Effective January 1, 2005, the Company entered into an Insolvency Reinsurance Agreement with UnitedHealthcare Insurance Company (UHIC). The agreement was filed with and approved by the Commissioner of the Alabama Department of Insurance on December 17, 2004. Under the terms of the agreement, in the event of the Company's insolvency, the reinsurer will provide payments directly to the Company's liquidator, receiver or statutory successor on the basis of liability under the policies of the Company without diminution for the insolvency or failure to pay by the liquidator, receiver or statutory successor. The reinsurer will accept the Company's obligations with respect to losses paid or payable for health care services rendered on or prior to insolvency of the Company by providers that were not under contract to the Company. In addition, members shall have their coverage continued for the period for which their premiums have been paid and benefits will be continued to members confined in an inpatient facility on the date of insolvency until their discharge or coverage under a health benefit plan by another carrier. The reinsurer will not be responsible for claims if notice of claim has not been received in writing within two years of the insolvency date. Under this insolvency-only reinsurance agreement, 0.1% of net premium income is ceded to UHIC.

The Company participated in Section 1341 Transitional Reinsurance with U. S. Department of Health and Human Resources. According to disclosures made by the Company in its 2019 Annual Statement, the program was designed to protect issuers in the individual market from an unexpected increase in large claims due to the elimination of preexisting conditions limitations.

Premiums ceded during the period covered by the examination as reported in *Schedule S - Part 3 - Section 2* of the Annual Statements indicated the following:

<u>Year</u>	<u>Amount</u>
2017	\$ 15,332
2018	94,750
2019	<u>156,427</u>
<b>Total</b>	<b>\$ <u>266,509</u></b>

## ACCOUNTS AND RECORDS

The Company's general accounting records consisted of an automated general ledger and various subsidiary ledgers. The record keeping functions are performed in Minnetonka, Minnesota by United HealthCare Services Inc. (UHS). Our review of

the records did not disclose any significant deficiencies in these records, unless noted elsewhere in this Report.

The Company's principal accounting records were maintained on electronic data processing equipment. Management and record-keeping functions were performed by the personnel of UHS under the terms of a Management Services Agreement. See the caption "Transactions and Agreements with Affiliates" on Page 28.

### **Compliance with Escheat Laws**

According to ALA. CODE § 35-12-72 (1975), "(a) Property is presumed abandoned if it is unclaimed by the apparent owner during the time set forth below for the particular property: ... (18) All other property, three years after the owner's right to demand the property or after the obligation to pay or distribute the property arises, whichever first occurs."

ALA. CODE § 35-12-76 (1975) states "(a) A holder of property presumed abandoned shall make a report to the Treasurer concerning the property... (c) The report shall be filed before November 1 of each year and cover the 12 months next preceding July 1 of that year."

The Company had one check outstanding at June 30, 2017 that was issued on June 14, 2014, that totaled \$58.54 and that was not properly escheated to the Alabama State Treasurer on November 1, 2017 in accordance with the two aforementioned statutes set above. The check was re-issued on October 9, 2020, when the examiners requested information on the check. No other exceptions were noted for the other years under examination.

### **Exhibit of Premiums Written**

The following information was taken from the 2019 Annual Statement:

#### Schedule T – Premiums and Other Considerations

<b><u>State</u></b>	<b><u>Amount</u></b>
Alabama	\$ <u>131,748,758</u>
<b>Total Premiums Written</b>	\$ <b><u>131,748,758</u></b>

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the State Department of Insurance and present the financial condition of the Company for the period ending December 31, 2019. The accompanying comments on the financial statements reflect any examination adjustments to the amount reported in the annual statement and should be considered an integral part of the financial statements.

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Statement of Liabilities, Capital and Surplus	57
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**THE NOTES IMMEDIATELY FOLLOWING THE FINANCIAL STATEMENTS IN THIS REPORT ARE AN INTEGRAL PART THEREOF.**

**UNITEDHEALTHCARE OF ALABAMA, INC.**  
**STATEMENT OF ASSETS**  
**For the Year Ended December 31, 2019**

	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
<b>ASSETS</b>			
Bonds	\$ 17,039,625	\$ -0-	\$ 17,039,625
Cash, cash equivalents and short-term investment	17,169,298		17,169,298
Investment income due and accrued	198,764		198,764
Uncollected premiums and agents' balance in the course of collection	225,289	54,334	170,955
Accrued retrospective premiums and contracts subject to redetermination	5,708,240		5,708,240
Amounts recoverable from reinsurers	0		0
Amounts receivable relating to uninsured plans	175,345	1,687	173,658
Current federal and foreign income tax recoverable and interest thereon	1,213,548		1,213,548
Net deferred tax asset	268,116		268,116
Health care and other amounts receivables	6,845,130	894,672	5,950,458
Aggregate write-ins for other than invested assets	<u>125,516</u>	<u>146</u>	<u>125,370</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>48,968,871</u></b>	<b>\$ <u>950,839</u></b>	<b>\$ <u>48,018,032</u></b>

**THE NOTES IMMEDIATELY FOLLOWING THE FINANCIAL STATEMENTS IN THIS REPORT ARE AN INTEGRAL PART THEREOF.**

**UNITEDHEALTHCARE OF ALABAMA, INC.**  
**STATEMENT OF LIABILITIES, CAPITAL AND SURPLUS**  
**For the Year Ended December 31, 2019**

	<u>Covered</u>	<u>Total</u>
<b>Liabilities:</b>		
Claims unpaid	\$ 19,229,874	\$ 19,229,874
Accrued medical incentive pool and bonus amounts	511,760	511,760
Unpaid claims adjustment expenses	145,464	145,464
Aggregate health policy reserves, including the liability of \$0 for medical loss ratio rebate per public health Services Act	2,115,046	2,115,046
Aggregate health claim reserves	13,791	13,791
Premiums received in advance	251,473	251,473
General expenses due or accrued	4,557,677	4,557,677
Ceded reinsurance premiums payable	12,807	12,807
Amounts withheld or retained for the account of others	1,398	1,398
Remittance and items not allocated	3,010	3,010
Amounts due to parent, subsidiaries and affiliates	1,531,272	1,531,272
Liability for amounts held under uninsured plans	3,631,440	3,631,440
Aggregate write-in for other liabilities	<u>20,817</u>	<u>20,817</u>
<b>Total Liabilities</b>	<b>\$ <u>32,025,829</u></b>	<b>\$ <u>32,025,829</u></b>
<b>Capital and Surplus:</b>		
Aggregate write-ins for special surplus funds		\$ 2,929,575
Common capital stock		100,328
Preferred capital stock		20,000
Gross paid in and contributed surplus		17,507,270
Unassigned funds (surplus)		<u>-4,564,970</u>
<b>Total capital and surplus</b>		<b>\$ <u>15,992,203</u></b>
<b>Total liabilities, capital and surplus</b>		<b>\$ <u>48,018,032</u></b>

**THE NOTES IMMEDIATELY FOLLOWING THE FINANCIAL  
STATEMENTS IN THIS REPORT ARE AN INTEGRAL PART  
THEREOF.**

**UNITEDHEALTHCARE OF ALABAMA, INC.**  
**STATEMENT OF REVENUE AND EXPENSES**  
**For the Years Ended December 31, 2019, 2018 and 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>MEMBER MONTHS</b>	<b>168,692</b>	<b>124,695</b>	<b>31,743</b>
Net premium income	\$ 131,592,331	\$ 94,795,700	\$ 9,702,690
Change in unearned premium reserves and reserve for rate credits	<u>22,620,875</u>	<u>-912,350</u>	<u>-6,901,115</u>
<b>Total revenues</b>	<b>\$ <u>154,213,206</u></b>	<b>\$ <u>93,883,350</u></b>	<b>\$ <u>2,801,575</u></b>
<b><u>Hospital and Medical:</u></b>			
Hospital/medical benefits	\$ 120,347,069	\$ 73,180,834	\$ -514,926
Other professional services	4,278,860	2,549,184	-28,201
Prescription drugs	7,150,680	4,687,692	1,168,023
Incentive pool, withhold adjustments, and bonus amounts	<u>766,143</u>	<u>-325,562</u>	<u>-1,656,452</u>
<b>Subtotal</b>	<b>\$ <u>132,542,752</u></b>	<b>\$ <u>80,092,148</u></b>	<b>\$ <u>-1,031,556</u></b>
<b><u>Less:</u></b>			
Net reinsurance recoveries	33,434	0	3,530,023
<b>Total hospital and medical</b>	<b>\$ 132,509,318</b>	<b>\$ 80,092,148</b>	<b>\$ -4,561,579</b>
Claims adjustment expenses	6,014,442	4,095,465	-613,336
General administration expenses	17,620,849	7,324,094	2,504,053
Increase in reserves for life and accident and health contracts	<u>-358,000</u>	<u>358,000</u>	<u>-42,000</u>
<b>Total underwriting deductions</b>	<b>\$ <u>155,786,609</u></b>	<b>\$ <u>91,869,707</u></b>	<b>\$ <u>- 2,712,862</u></b>
Net underwriting gain or (loss)	\$ <u>-1,573,403</u>	\$ <u>2,013,643</u>	\$ <u>5,514,437</u>
Net investment income earned	811,396	759,715	1,161,594
Net realized capital gains or (losses)	<u>349,923</u>	<u>23,808</u>	<u>-137,068</u>
Net investment gains or (losses)	\$ <u>1,161,319</u>	\$ <u>783,523</u>	\$ <u>1,024,526</u>
Net gain or (loss) from agents' or premium balance charged off	-112,393	-110,718	-1,352,827
Aggregate write-ins for other income or expenses	0	0	-10,766
Net income or (loss)	\$ <u>-524,477</u>	\$ <u>2,686,448</u>	\$ <u>5,175,369</u>
Federal and foreign income taxes incurred	\$ <u>-297,387</u>	\$ <u>619,876</u>	\$ <u>899,633</u>
<b>Net income (loss)</b>	<b>\$ <u>-227,090</u></b>	<b>\$ <u>2,066,572</u></b>	<b>\$ <u>4,275,736</u></b>

**THE NOTES IMMEDIATELY FOLLOWING THE FINANCIAL STATEMENTS IN THIS REPORT ARE AN INTEGRAL PART THEREOF.**

**UNITEDHEALTHCARE OF ALABAMA, INC.**  
**STATEMENT OF CHANGES IN CAPITAL AND SURPLUS**  
**For the Years Ended December 31, 2019, 2018 and 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Capital and surplus prior reporting year	\$ 35,951,715	\$ 38,251,773	\$ 56,494,026
<b>GAINS &amp; LOSSES TO CAPITAL &amp; SURPLUS:</b>			
Net income or (loss)	\$ -227,090	\$ 2,066,572	\$ 4,275,736
Change in net unrealized capital gains (losses)			
Change in net deferred income tax	-147,942	-43,538	-1,427,743
Change in nonadmitted assets	415,520	676,908	969,754
Change in treasury stock			
Surplus adjustments: Paid in			
Dividends to stockholders	-20,000,000	-5,000,000	-22,000,000
<b>Net change in capital and surplus</b>	<b>\$ <u>-19,959,512</u></b>	<b>\$ <u>-2,300,058</u></b>	<b>\$ <u>-18,182,253</u></b>
Capital and surplus end of reporting period (rounding)	\$ <u>15,992,203</u>	\$ <u>35,951,715</u>	\$ <u>38,251,773</u>

**THE NOTES IMMEDIATELY FOLLOWING THE FINANCIAL  
STATEMENTS IN THIS REPORT ARE AN INTEGRAL PART  
THEREOF.**

## **NOTES TO FINANCIAL STATEMENTS**

No adjustments were made to surplus as a result of the examination.

## **CONTINGENT LIABILITIES AND PENDING LITIGATION**

The review of contingent liabilities and pending litigation included an inspection of the representations made by management and legal counsel and a general review of the Company's records and files conducted during the examination, including a review of claims. These reviews did not disclose any items that would have a material effect on the Company's financial condition in the event of an adverse outcome.

## **COMPLIANCE WITH PREVIOUS RECOMMENDATIONS**

A review was conducted during the current examination with regard to the Company's compliance with the recommendations made in the previous full-scope examination. The Company complied with all prior examination report recommendations.

## **COMMENTS AND RECOMMENDATIONS**

### **Pharmacy Paid Claims – Page 49**

**It is recommended** that the Company provide the supporting documentation in order to comply with ALA. ADMIN. CODE 482-1-118-.03 (1999), which states "Every insurer, which term shall include every domestic insurer, foreign insurer, health care services corporation, health maintenance organization, prepaid dental plan, managing general agent or any other legal entity regulated by the Insurance Code and licensed to do business in this state shall maintain its books, records, documents and other business records in order that the insurer's financial condition may be readily ascertained by the Department of Insurance, taking into consideration other record retention requirements. All records must be maintained for not less than five (5) years."

### **Compliance with Escheat Laws – Page 54**

**It is recommended** that the Company escheat all Alabama unclaimed property to the State Treasurer in accordance with ALA. CODE § 35-12-72 (1975), which states "(a)



Property is presumed abandoned if it is unclaimed by the apparent owner during the time set forth below for the particular property: ... (18) All other property, three years after the owner's right to demand the property or after the obligation to pay or distribute the property arises, whichever first occurs." and ALA. CODE 35-12-76 (1975), which states "(a) A holder of property presumed abandoned shall make a report to the Treasurer concerning the property. ... (c) The report shall be filed before November 1 of each year and cover the 12 months next preceding July 1 of that year."

## **SUBSEQUENT EVENTS**

Changes to the Officers and Directors have occurred subsequent to the December 31, 2019 examination date as follows:

- Effective June 24, 2019, Juliet T. Scott and Linda J. Britton, M.D. resigned from the Board.
- On April 9, 2020, Eric Johnson and Toyosi Okurounmu, M.D. were elected to the Board.
- On September 14, 2020, Nicholas J. Zaffiris resigned from the Board and Junior R. Harewood was elected to the Board.
- Effective December 30, 2020, Eric Johnson was removed from the Board, and Robert R. Dennis was nominated to the Board.

The COVID-19 pandemic has continued to develop throughout 2020, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. At the time of releasing this report, the examination's review of the Company noted that there has not been a significant impact to the Company. The Alabama Department of Insurance has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial. The Alabama Department of Insurance continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

## CONCLUSION

Acknowledgement is hereby made of the courtesy and cooperation extended by all persons representing the Company during the course of the examination.

The customary examination procedures, as recommended by the National Association of Insurance Commissioners for health maintenance organizations, have been followed in connection with the verification and valuation of assets and the determination of liabilities set forth in this report.

Examiners representing the states of Arizona, Colorado, Connecticut, Florida, Illinois, Indiana, Missouri, North Carolina, New Mexico, Oklahoma, Oregon, Texas, Washington and Wisconsin participated in the coordinated group examination, which included UnitedHealthcare of Alabama, Inc. The Alabama Department of Insurance relied on the examination work performed by the group to complete much of the financial examination. Mora Perkins-Taylor, MCM and the undersigned performed procedures specific to the Company and determined its compliance with Alabama Laws and Regulations. Market Conduct procedures included a review of Territory, Plan of Operation, Policy Forms, Rates and Underwriting Practices, Advertising and Marketing, Claims Payment Practices, Policyholder Complaints, Compliance with Producers' Licensing Requirements and Privacy Policy.

Respectfully submitted,



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Rhonda Ball, CFE, MCM  
Examiner-in-Charge  
Alabama Department of Insurance