

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

**REPORT OF EXAMINATION**

**OF**

**UNITEDHEALTHCARE OF ALABAMA, INC.**

**Hoover, Alabama**

**AS OF**

**DECEMBER 31, 2022**

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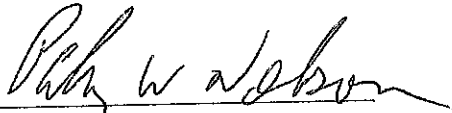
**EXAMINER'S AFFIDAVIT**

**STATE OF ALABAMA  
COUNTY OF COFFEE**

Palmer W. Nelson, 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.

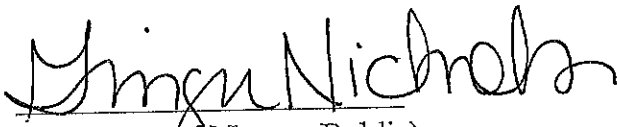
The affiant says nothing further.



Palmer W. Nelson, CFE  
Examiner-in-Charge

Subscribed and sworn before me by Palmer W. Nelson on this 22<sup>nd</sup> day of May, 2024.

(SEAL)



(Signature of Notary Public)

MY COMMISSION EXPIRES  
JANUARY 3, 2027

My commission expires \_\_\_\_\_





KAY IVEY  
GOVERNOR

MARK FOWLER  
COMMISSIONER

STATE OF ALABAMA  
DEPARTMENT OF INSURANCE  
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Post Office Box 303351  
Montgomery, Alabama 36130-3351  
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DEPUTY COMMISSIONER  
JIMMY W. GUNN  
LARRY CHAPMAN  
CHIEF EXAMINER  
SHEILA TRAVIS  
STATE FIRE MARSHAL  
SCOTT F. PILGREEN  
GENERAL COUNSEL  
REYN NORMAN

May 22, 2024

Honorable Mark Fowler  
Commissioner of Insurance  
State of Alabama  
Department of Insurance  
Post Office Box 303350  
Montgomery, Alabama 36130-3350

Dear Commissioner Fowler:

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, 2022, has been made of

**UnitedHealthcare of Alabama, Inc.**

remotely. 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, 2017 through December 31, 2019. The current examination covers the period of January 1, 2020 through December 31, 2022.

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 were completed by insurance regulators of the respective state of domiciled. The states coordinated together and relied on one another's work to complete a coordinated exam. The Alabama Department of Insurance relied on the examination work performed in the coordinated examination to complete much of the financial examination. The coordinated examination included examinations of the insurers of the UnitedHealth Group domesticated in Alabama, California, Colorado, Florida, Indiana, Kentucky, Minnesota, Nebraska, New Hampshire, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Texas, Nevada, and Wisconsin. Wisconsin was the lead state as the examination facilitator of the coordinated examination. The work performed by the participating states was 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 and reviews related to fraud assessment 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 2022 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, 2022.

## **ORGANIZATION AND HISTORY**

The information contained in this section of the examination report was excerpted from the prior examination report as of December 31, 2019 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, 2022, 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 \$24,507,270 of Gross paid in and contributed surplus, and \$57,310,118 in Unassigned funds (surplus).

### **Line of Business/Operations**

At December 31, 2022, the Company's Annual Statement reflected the following:

Line	Premiums Written	Percent of Business
Title XVIII Medicare	\$(4,331,215)	-8,030.14%
Medicare Supplement	439,201	814.29%
Comprehensive (Hospital & Medical)	3,945,951	7,315.85%
Total	\$53,937	100.00%

As noted above, the Title XVIII Medicare program was commuted to an affiliate resulting in negative written premiums for the segment in 2022. The commutation was approved by the Department.

## **MANAGEMENT AND CONTROL**

### **Stockholders**

At December 31, 2022, 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, 2022:

<u>Name and Residence</u>	<u>Principal Occupation</u>
Junior Rudolph Harewood Sandy Springs, Georgia	Health Plan CEO
Jennifer Nicole Harvard Birmingham, Alabama	Director Found/Social Responsibility, UHC Corporate Communications
Toyosi Olufemi Okurounmu, M. D. Kennesaw, Georgia	National Medical Director/Chief Medical Officer
Heather Aleana Roberson Oneonta, Alabama	Director of Marketing and Communication
Juliet Tyler Scott Pompano Beach, Florida	CFO and Vice President Healthcare Econ.
Fannette Marie Thomhill-Scott Birmingham, Alabama	Medical Director

### **Officers**

The following officers were appointed by the Board and were serving as officers of the Company on December 31, 2022:

<u>Name</u>	<u>Title</u>
Junior Rudolph Harewood	President and Chief Executive Officer
Peter Marshall Gill	Treasurer
Juliet Tyler Scott	Chief Financial Officer
Heather Anastasia Lang	Assistant Secretary
Jessica Leigh Zuba	Assistant Secretary
Nyle Brent Cottingham	Vice President

### **Committees**

The Company's Board did not appoint any committees of the Board of Directors during the examination period.

On October 24, 2012, the Company designated the Southeast Region Audit Committee of United HealthCare Services, Inc. as its Audit Committee for compliance with the Model Audit Rule. Effective January 1, 2022, the Company designated the Employer & Individual 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 2020 through 2022 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.

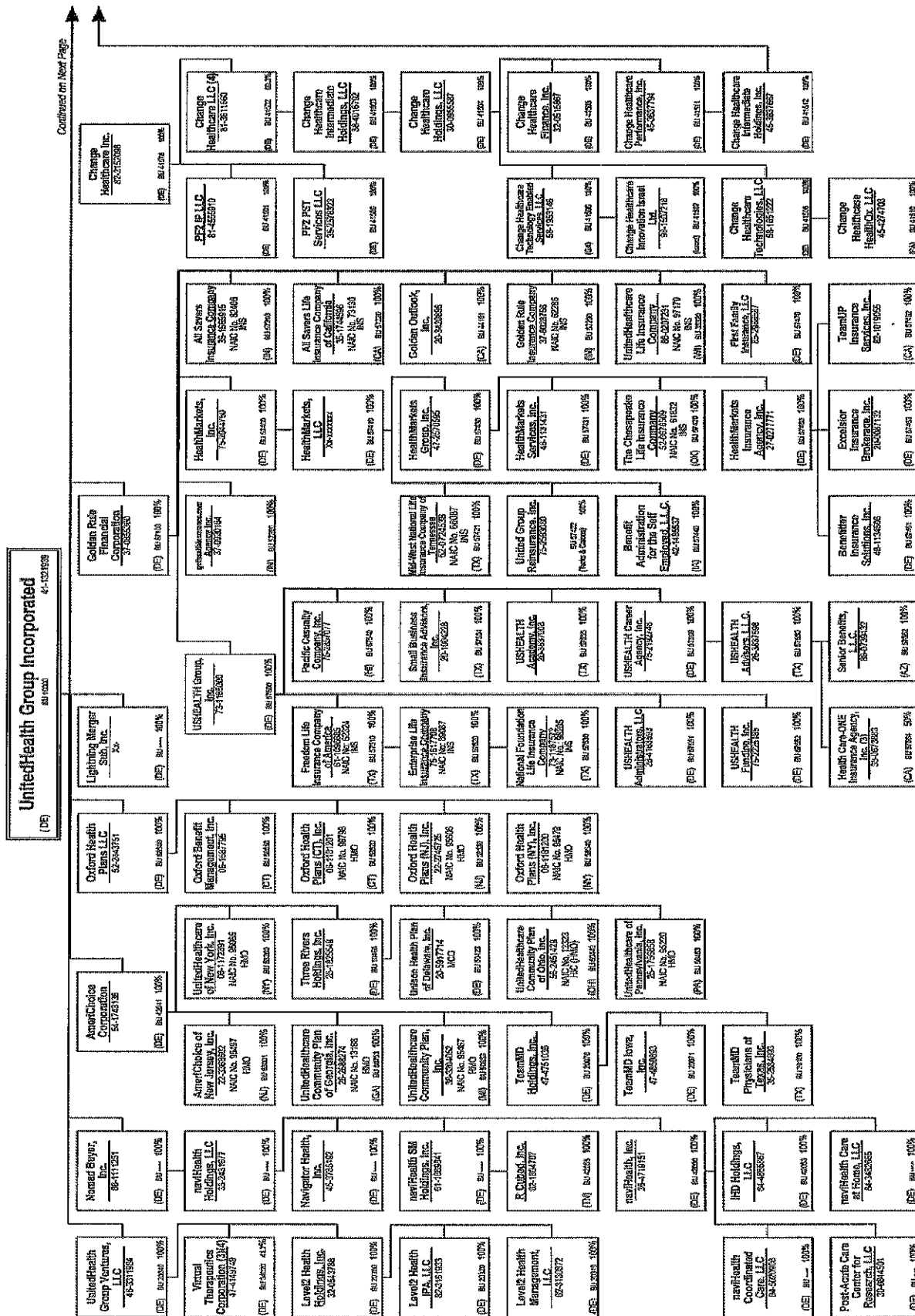
### **Dividends to Stockholders**

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>
2020	\$ 0
2021	0
2022	<u>0</u>
<b>Total</b>	<b>\$ <u>0</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, 2022:



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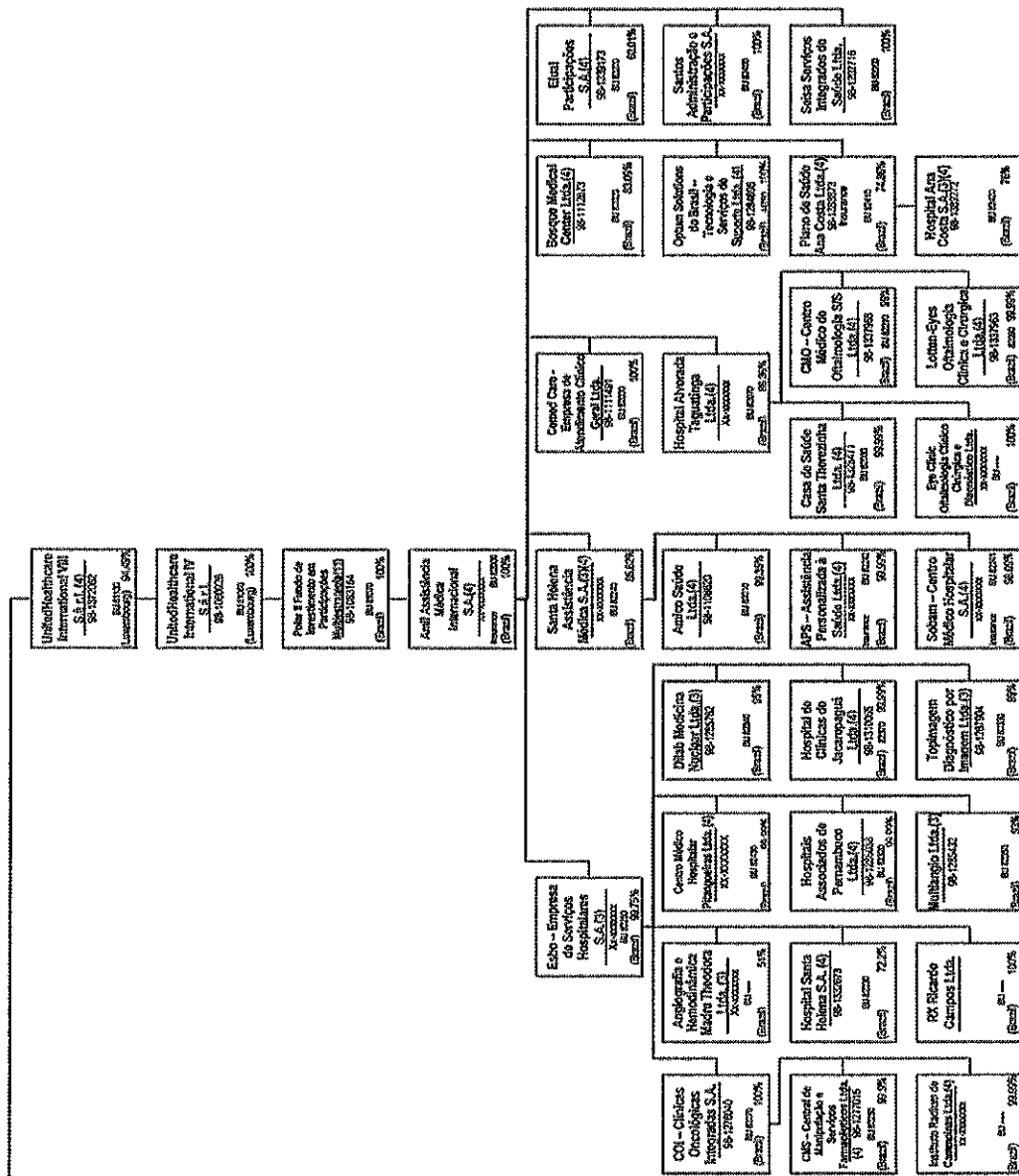




**UnitedHealth Group Incorporated**  
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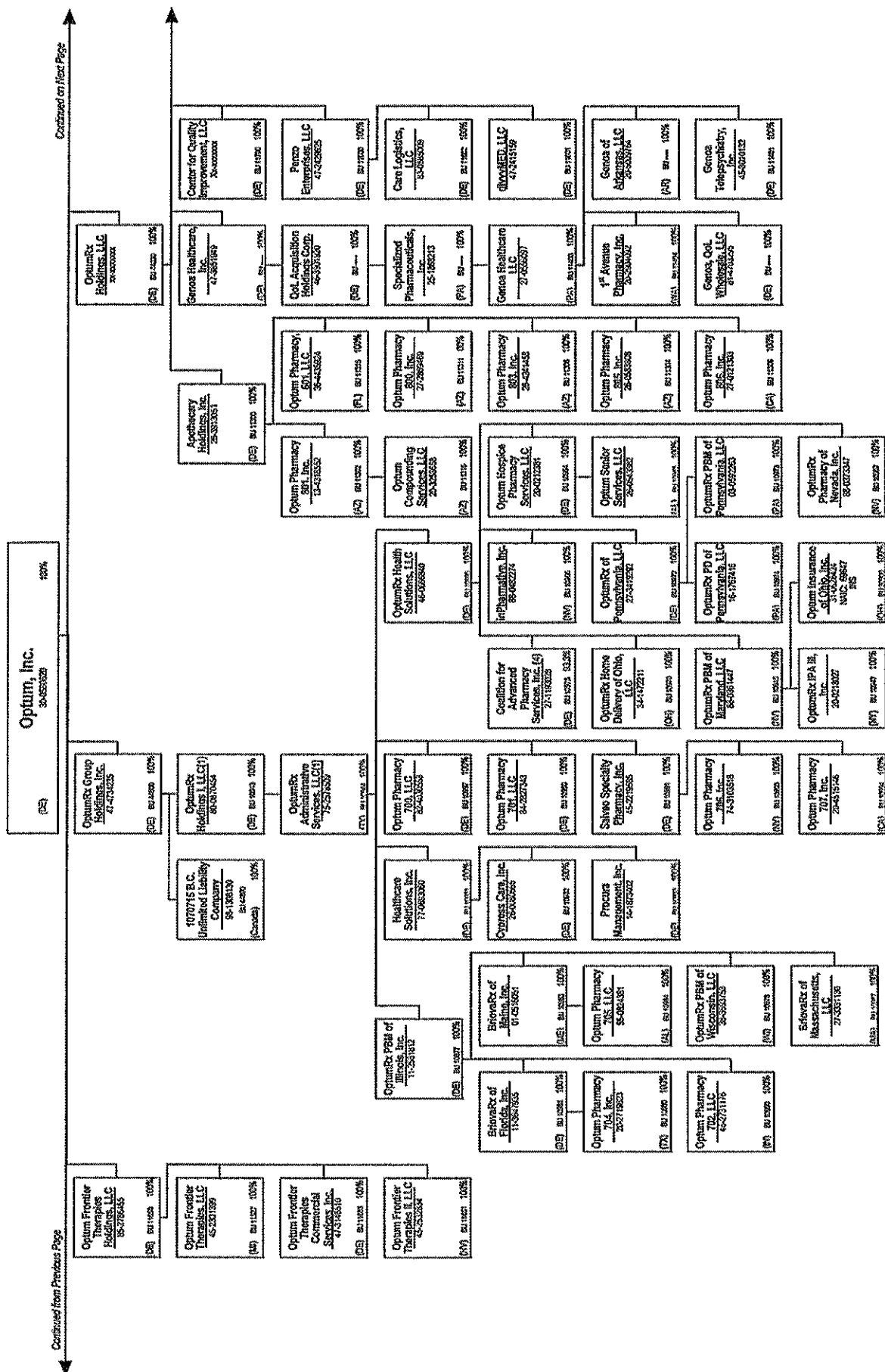


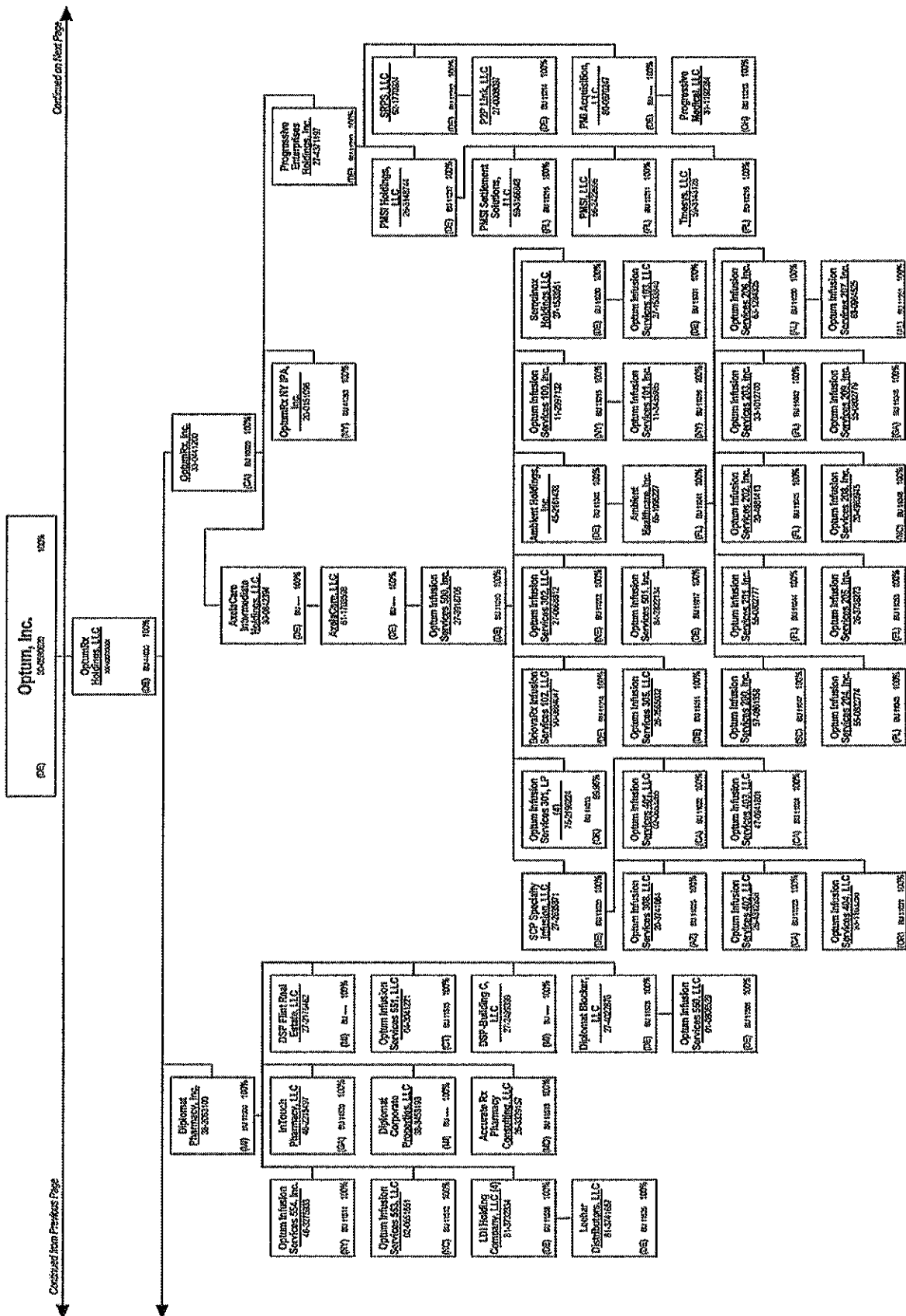


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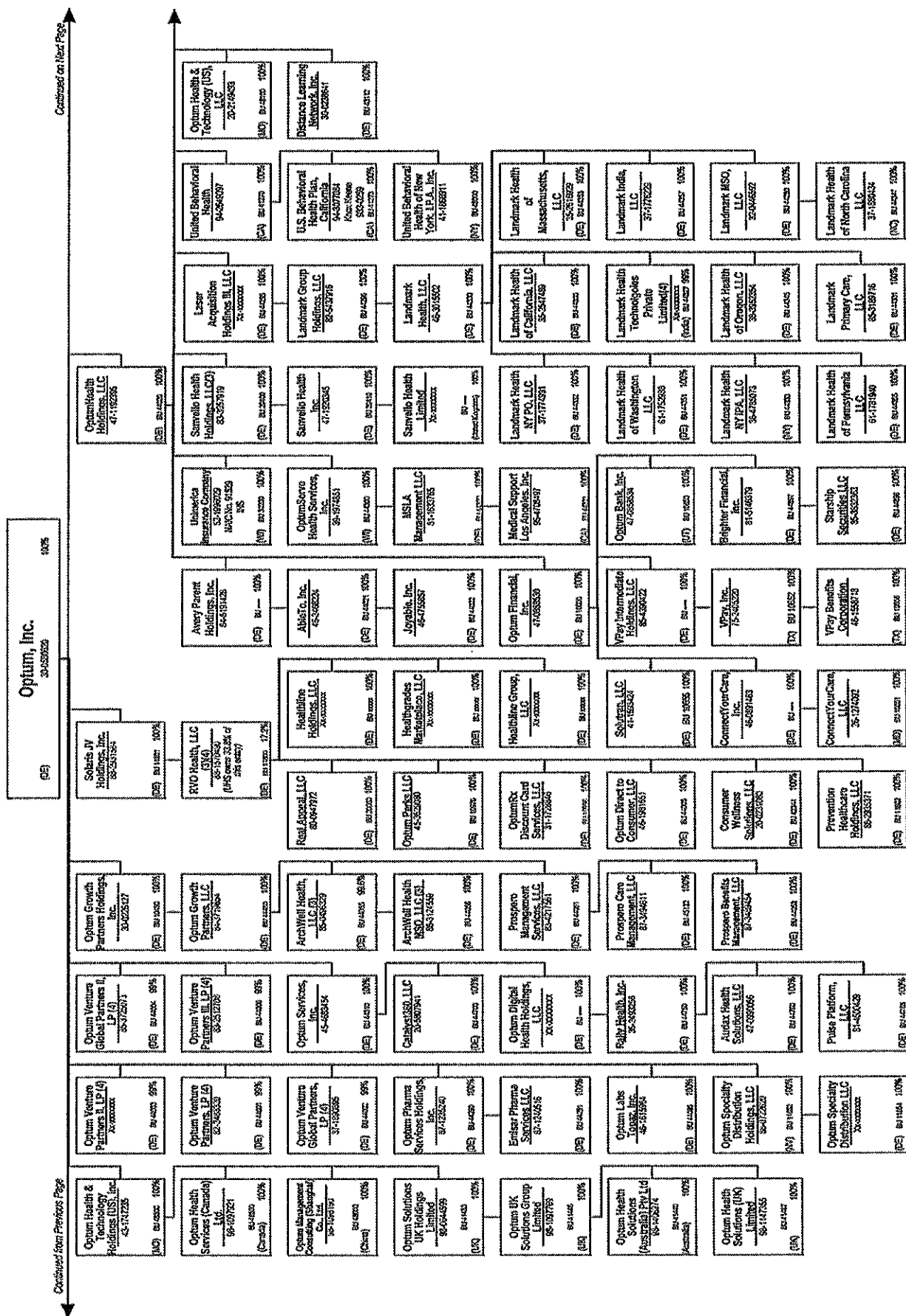
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Optum, Inc.  
30-555520 100%

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OptumHealth  
Holdings, LLC  
47-110238 100%

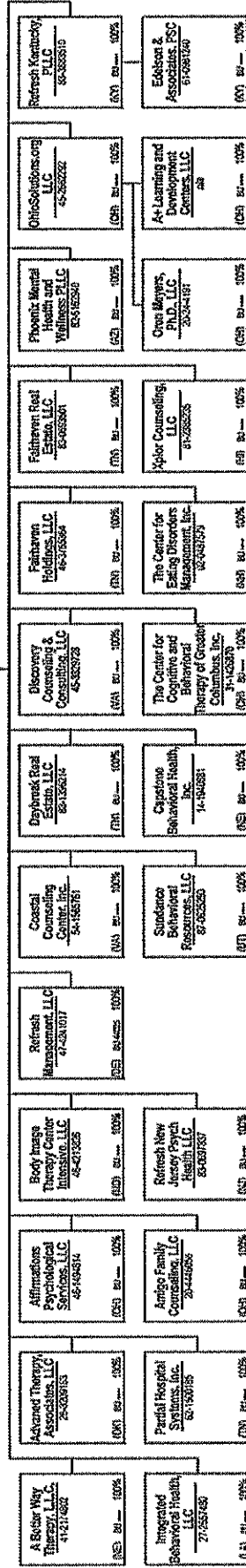
Ration OMH  
Intermediate  
Holdings, Inc.  
46-255667 100%

Restore OMH  
Holdings, Inc.  
46-255757 100%

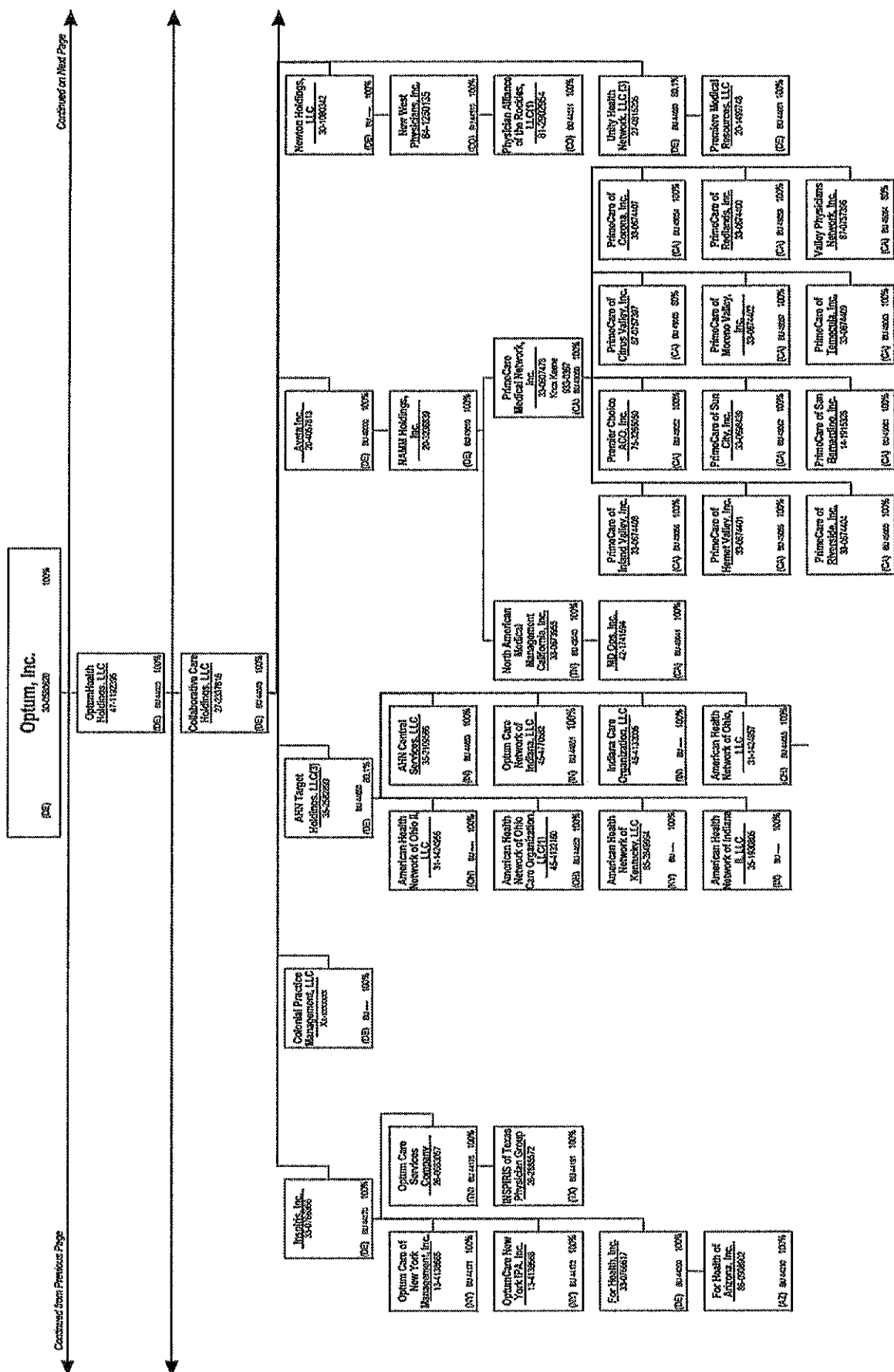
Refresh Parent  
Holdings, Inc.  
50-194555 100%

Refresh  
Intermediate  
Holdings, Inc.  
52-194557 100%

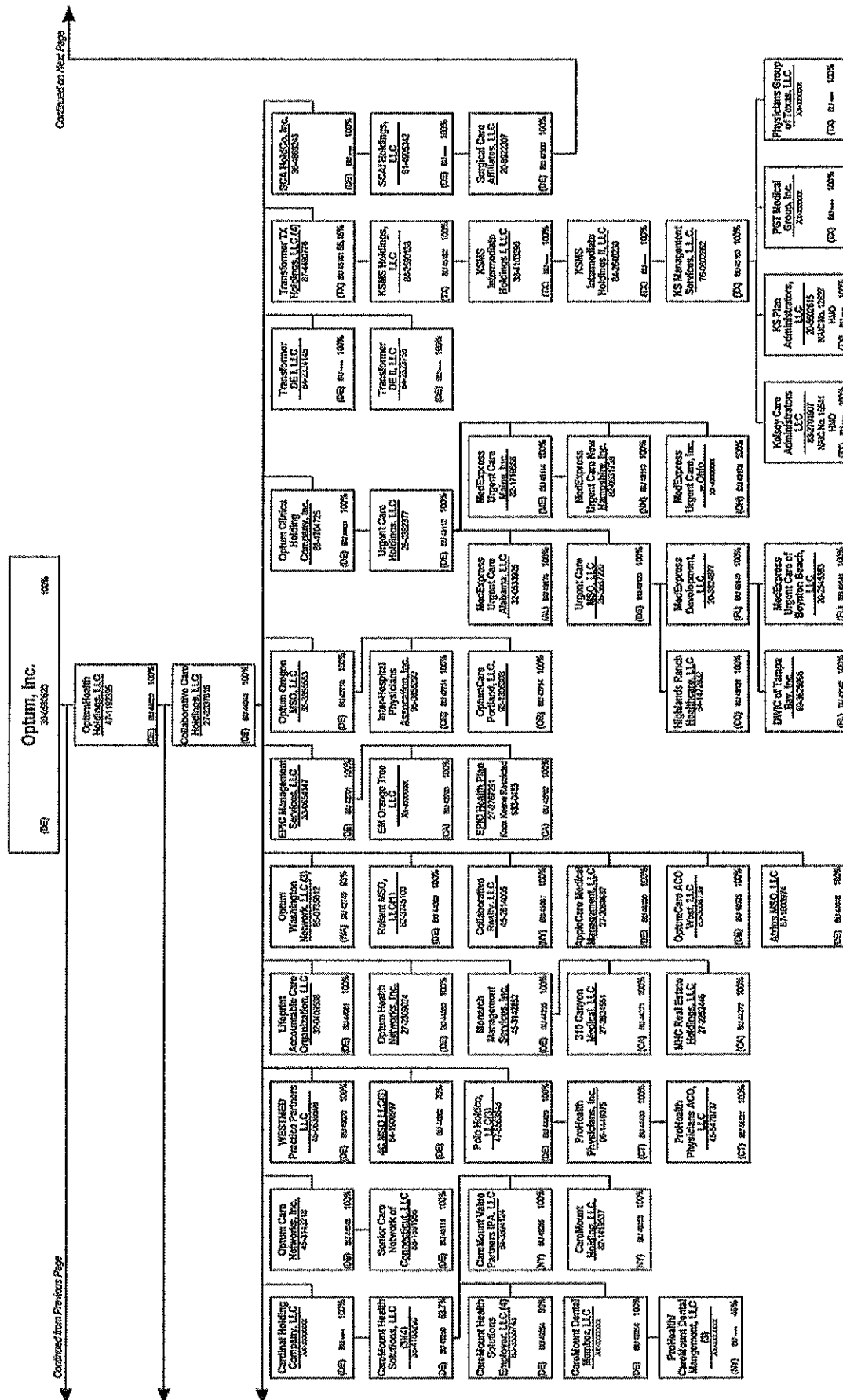
Refresh Mental  
Health, Inc.  
52-194528 100%

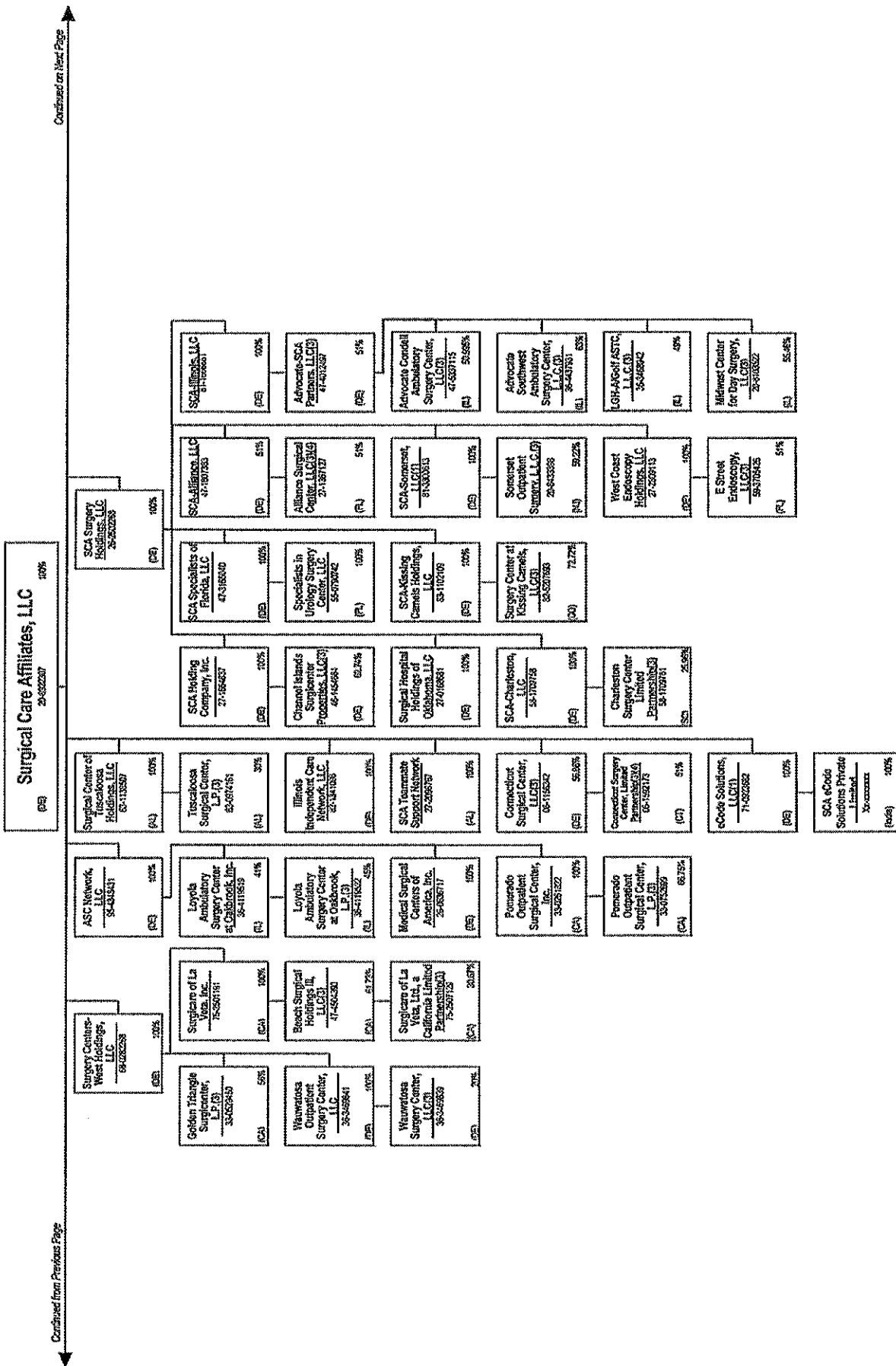




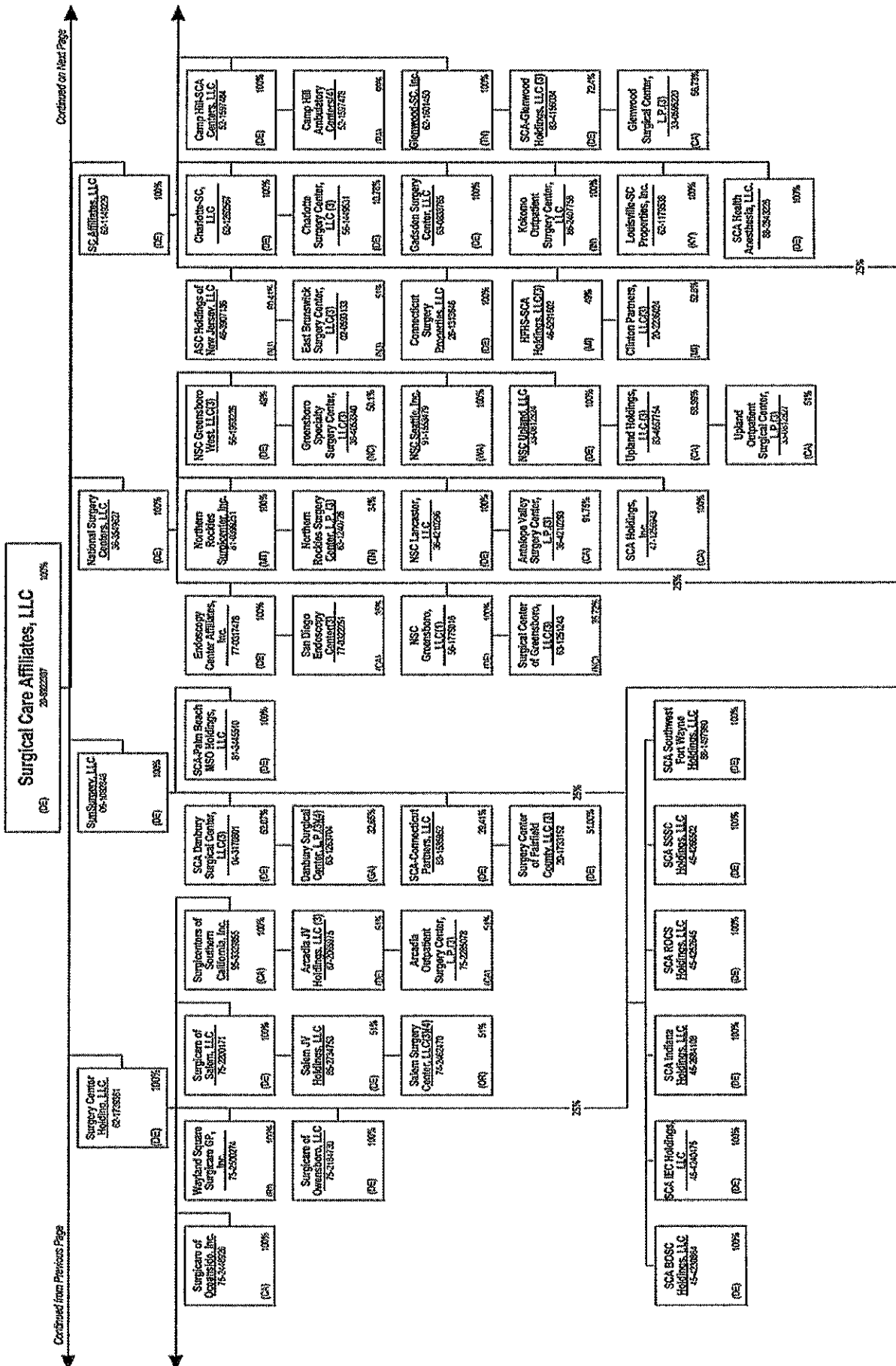












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100%

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**SC Affiliates, LLC**  
82-1149229

545

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# Surgical Care Affiliates, LLC

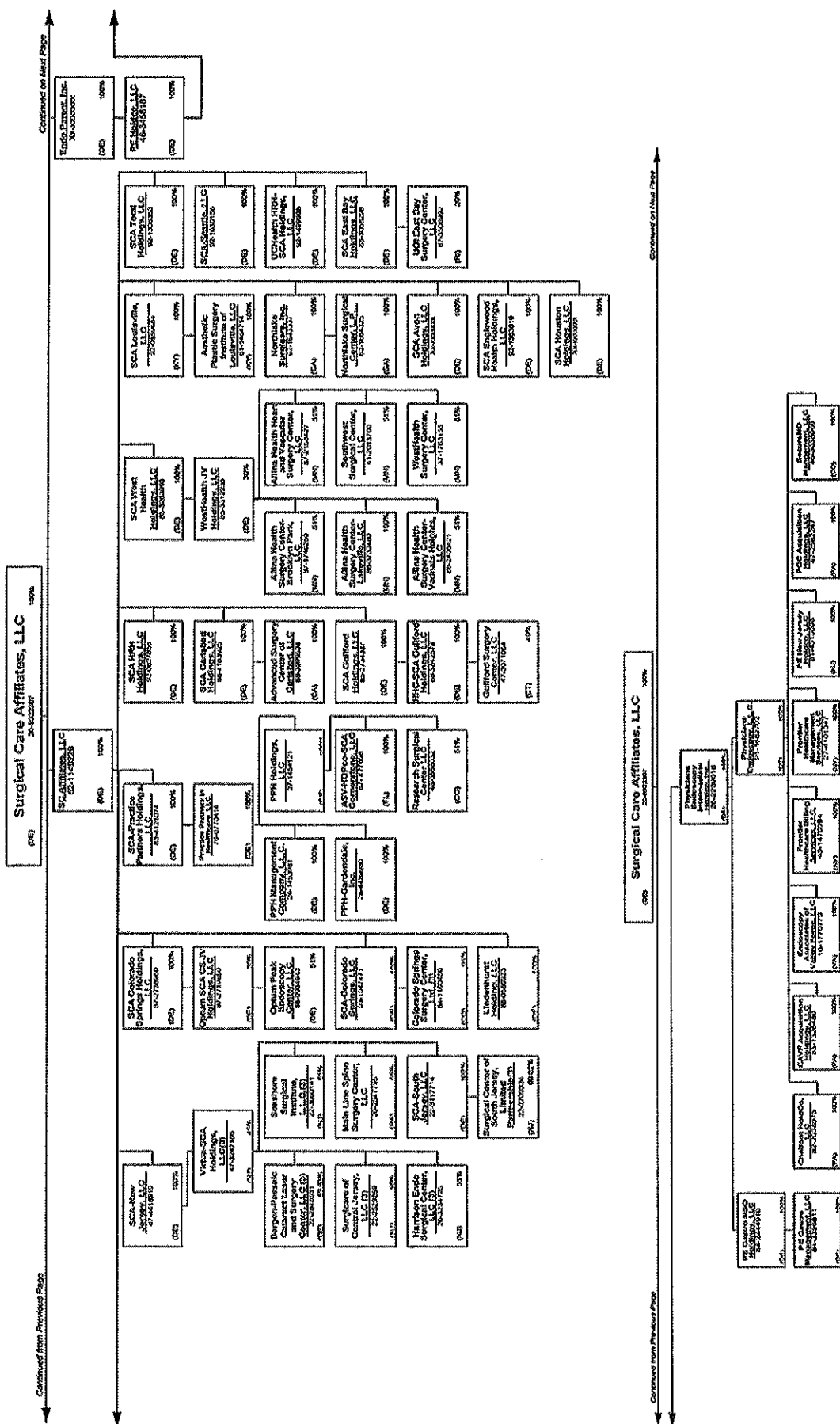
24-022207 100%

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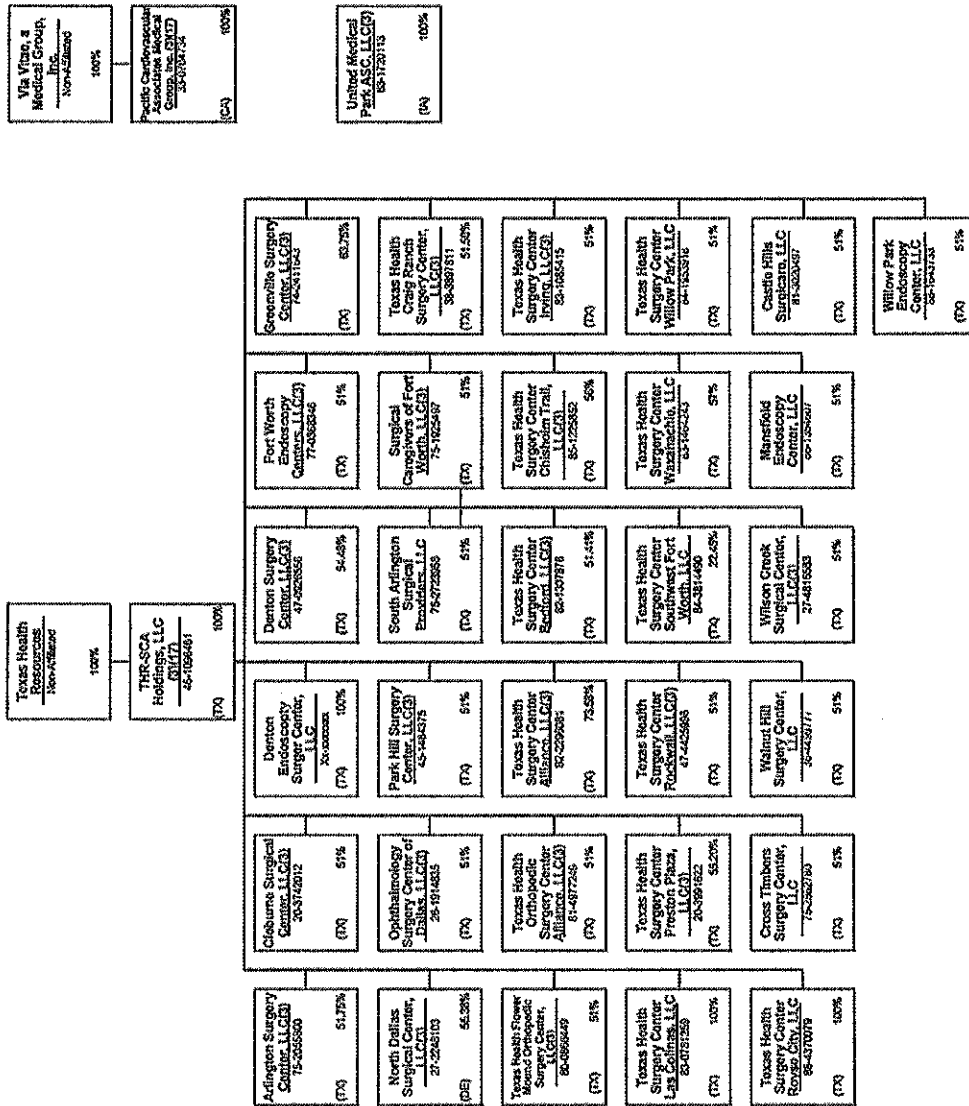
SCA-Friedrich, LLC 81-277879 (DE) 100%	SCA-Freeway Holdings, LLC 82-533257 (DE) 100%	SCA-Fl. Myers, LLC 35-450755 (DE) 100%	SCA-Graceland, LLC 81-125407 (DE) 54.12%	SCA-Grants Pass, LLC 82-148206 (DE) 100%	SCA-Grove Plaza, LLC 81-256565 (DE) 59.83%	SCA-IT Holdings, LLC 47-330082 (DE) 100%	SCA-Hilton Head, LLC 47-222614 (DE) 100%	SCA-Holmes, LLC 81-105584 (DE) 100%	SCA-Houston Executive, LLC 81-540355 (DE) 100%	SCA-MC VSP, Inc. 81-136713 (DE) 100%	SCA-Main Street, LLC 81-420255 (DE) 24.55%
Thomas Johnson Surgery Center, LLC 26-127815 (AD) 55%	Freeway Surgery Center of Houston, LLC 82-545501 (TX) 54.25%	SCA-Colonial Partners, LLC 82-151103 (DE) 55.75%	Gladius Surgery Center, LLC 82-125314 (DE) 50.72%	Grants Pass Surgery Center, LLC 82-123003 (DE) 25%	Grove Plaza Surgery Center, LLC 20-617852 (TX) 51%	SCA-Newport Beach, LLC 37-116068 (CA) 100%	The Capitalist Surgery Center of Hilton Head, LLC 81-105945 (SC) 20%	Southwest Surgery Center, LLC 38-433529 (TX) 44.25%	SCA-Morris Augustus, LLC 24-000001 (DE) 100%	SCA-Sand Lake, LLC 41-103014 (DE) 53.45%	The Surgical Center of Connecticut, LLC 81-182359 (CT) 74.25%
SCA-Mockenberg Development Corp. (S.A.) 82-114189 (DC) 100%	SCA-Memorial City, LLC 81-491816 (DE) 100%	Colonial Outpatient Surgery Center, LLC 83-1525015 (TX) 51%	SCA-Memorial, LLC 83-370910 (DE) 47.05%	SCA-Merritt, LLC 81-777410 (DE) 100%	SCA-Midlands, LLC 82-345773 (DE) 100%	SCA-Midway Management, LLC 81-307842 (TX) 100%	SCA-Mobile, LLC 84-007617 (DE) 100%	SCA-Sacred Heart Holdings, LLC 82-555322 (DE) 100%	SCA-Morris County, LLC 84-433833 (NJ) 100%	Sand Lake Surgery Center, LLC 27-378134 (TX) 51.45%	SCA-Morris County, LLC 84-433833 (NJ) 100%
SCA-Palm Beach, LLC 82-354035 (DE) 100%	Memorial City Holdings, LLC 82-340787 (DE) 51%	SCA-ML Pleasant, LLC 82-145655 (DE) 90%	Memorial Houston Surgery Center, LLC 81-172786 (TX) 54.25%	SCA-Rodriguez, LLC 81-821225 (DE) 91.67%	Midlands Orthopedics Surgery Center, LLC 20-604512 (SC) 35.55%	SCA-Merrell, LLC 81-253035 (DE) 100%	Mobile-SC, LLC 82-023553 (TX) 25%	SVHS-SCA Florida JV, LLC 84-871586 (DE) 45%	Morris County Surgical Center, LLC 26-345555 (NJ) 53.55%	SCA-Hagerstown, LLC 47-346223 (DE) 100%	Morris County Surgical Center, LLC 26-345555 (NJ) 53.55%
Orthopedic Center of Palm Beach County, LLC 81-254417 (FL) 25%	Memorial City Partners, LLC 82-340787 (DE) 51%	ML Pleasant Surgery Center, LLC 82-145655 (TX) 90%	SCA-Panama City Holdings, LLC 84-335125 (DE) 100%	Space Coast Surgical Center, LLC 75-211423 (FL) 52.55%	SCA-River Valley, LLC 81-430417 (DE) 24.45%	SCA-Riverside, LLC 82-371919 (DE) 100%	SCA-Rochelle, LLC 47-154751 (DE) 100%	Shore Heart ASC, LLC 84-058140 (FL) 61.35%	SCA-St. Louis Holdings, LLC 84-877051 (DE) 100%	WellSpan-SCA Holdings, LLC 82-571167 (DE) 45%	SCA-St. Louis Holdings, LLC 84-877051 (DE) 100%
Antidary Partner Holdings, LLC 82-344523 (AT) 100%	PROVS Surgical at Memorial City, LLC 27-590589 (TX) 100%	SCA-Sparta, LLC 47-351623 (DE) 100%	SCA-Swiftwater, LLC 81-345241 (DE) 100%	SCA-Spartanburg Holdings, LLC 82-450003 (DE) 100%	River Valley ASC, LLC 42-013515 (TX) 53.85%	SCA-Riverside Partners, LLC 82-111172 (DE) 51%	SCA-Health Value Enterprises, LLC 82-310829 (TX) 50%	Panama City Surgery Center, LLC 48-125583 (TX) 41.15%	The Surgical Center of the Triad, LLC 27-116533 (TX) 51%	Parkway Surgery Center, LLC 24-121710 (DE) 75.4K	St. Louis Specialty Surgical Center, LLC 81-154051 (MO) 53.75%
	SCA-Phoenix, LLC 47-378298 (DE) 100%	Specialty Surgical Center, LLC 20-311245 (TX) 55.25%	SCA-Marina del Rey, LLC 47-175125 (CA) 100%	Spartanburg Surgery Center, LLC 81-063305 (SC) 64%	SCA-Westover Hills, LLC 82-368225 (TX) 100%	Riverside Surgical Center of Newark, LLC 82-072387 (NJ) 75%	Riverside Surgical Center of Newark, LLC 82-072387 (NJ) 75%				





**Surgical Care Affiliates, LLC** 100%

**Substantively Controlled Surgical Care Affiliate Entities**



## **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 UnitedHealth Group Incorporated (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 33 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, 2022:

<b>Description</b>	<b>Book/ Adjusted Value</b>	<b>Fair Value</b>
US Treasury Note	\$ 107,961	\$ 107,817
<b>Total</b>	<b>\$ 107,961</b>	<b>\$ 107,817</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, 2022, 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 2022 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. Effective January 1, 2022, the Company novated its Centers for Medicare and Medicaid Services ("CMS") contracts to an affiliate, UnitedHealthcare of the Midlands, Inc. ("UHCML"). The Medicare revenue associated with this novation represented 99% of total direct premiums written as of December 31, 2021. The novation agreement resulted in full control of the contracts being transferred to UHCML for dates of service on or after January 1, 2022. The asset transfers related to the novation were approved by the Alabama Department of Insurance.

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

A sample of 84 Alabama premium transactions was selected from the written premiums data provided by the Company for the period under examination. The examiner compared the premium calculation to the rate filings and the Company's rating manuals to verify that the premiums were calculated in accordance with its filed

rates. During the review of the sample, it was determined that the policies were rated in accordance with the rates filed with ALDOI.

A Sample of 79 cancellations were selected from a population of 155 policy cancellations that occurred during the examination period. The sample was reviewed to make the determination of whether the policies were canceled in accordance with the policy provisions. It was determined that each policy in the sample was properly canceled in accordance with the policy provisions.

### **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 were brand advertisements and included the name and address of the Alabama Company when specifically referenced.

### **Claims Payment Practices**

#### **Paid Claims**

A sample of 84 Alabama paid claims were selected from the claims paid during the examination period. The sample was reviewed with regards to timeliness of payment and adequacy of documentation. There were no discrepancies found with the compliance with Alabama laws, regulations or policy provisions.

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

A sample of 84 Alabama denied and closed without payment claims was selected from the population of denied claims for the examination period. Based on the review, it was determined the Company handled the sample of denied claims properly. The Company was in compliance with Alabama laws and regulations and its policy provisions.

### **Litigated Claims**

The examiners reviewed all of the Company's three Alabama claims that involved litigation. The review of the closed litigated claims did not reveal any instances of claims being handled in bad faith.

### **Policyholder Complaints**

The Company recorded all of its complaints both consumer direct and Department of Insurance in its complaints register in the required format. The Company had adequate complaint procedures in place for the distribution of complaints, and obtaining and recording responses to the complaints. During the examination period, the examiner reviewed all 63 complaints from consumer direct and Department of Insurance complaints. It was determined that the complaints were responded to timely and the responses addressed the issues raised.

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

#### **Appointments**

The examiner reviewed a sample of premium transactions during the examination period. The examiner selected a sample of 84 new business transactions from a population of 284 transactions during the examination period. The examiner used the NAIC's State Based System (SBS) to verify that the producers were appropriately licensed and appointed by the Company prior to writing the business.

#### **Terminated Producers**

A sample of 113 producer terminations was selected from 884 producers that were terminated during the examination period. The examiners determined that the Company did send the required termination notifications as required by ALA. CODE § 27-7-30 (e) (1975) and ALA. CODE § 27-7-30.1 (a) (1975).

### **Privacy Policy**

The Company's Privacy Notice was reviewed for compliance with ALA. ADMIN. CODE 482-1-122 (2002). The Company is a health maintenance organization and is required to comply with the federal privacy laws. 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:

<b><u>Year*</u></b>	<b><u>Net premium Income</u></b>	<b><u>Admitted Assets</u></b>	<b><u>Liabilities</u></b>	<b><u>Capital and Surplus</u></b>
2019	\$131,592,331	\$ 48,018,032	\$ 32,025,829	\$15,992,203
2020	\$628,674,434	\$146,048,783	\$ 85,867,679	\$60,181,104
2021	\$890,332,729	\$192,210,660	\$121,364,505	\$70,846,155
2022	\$ 49,213	\$ 93,633,031	\$ 11,695,315	\$81,937,716

\* 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 2022 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 ceded reinsurance premiums :

<u>Year</u>	<u>Amount</u>
2020	\$ 617,504
2021	898,833
2022	<u>4,724</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.

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 33.

## **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, 2022 that was issued on October 20, 2018, that totaled \$132.83 and that was not properly escheated to the Alabama State Treasurer on November 1, 2022 in accordance with the two aforementioned statutes above.

#### **Exhibit of Premiums Written**

The following information was taken from the 2022 Annual Statement:

#### **Schedule T – Premiums and Other Considerations**

<b><u>State</u></b>	<b><u>Amount</u></b>
Alabama	\$53,937
<b>Total Premiums Written</b>	<b>\$53,937</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, 2022. 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.

	<b><u>Page</u></b>
Statement of Assets	60
Statement of Liabilities, Capital and Surplus	61
Statement of Revenue and Expenses	62
Statement of Changes of Capital and Surplus	63

**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, 2022**

	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
<b>ASSETS</b>			
Bonds	\$ 17,981,902	\$ -0-	\$ 17,981,902
Cash, cash equivalents and short-term investment	67,628,971		67,628,971
Investment income due and accrued	393,616		393,616
Uncollected premiums and agents' balance in the course of collection	300,823	27,798	273,025
Accrued retrospective premiums and contracts subject to redetermination	90,147		90,147
Amounts receivable relating to uninsured plans	5,535,610		5,535,610
Current federal and foreign income tax recoverable and interest thereon	81,521		81,521
Net deferred tax asset	530,931		530,931
Guaranty funds receivable or on deposit	15,000		15,000
Receivables from parent, subsidiaries or Affiliates	836,265		836,265
Health care and other amounts receivables	837,893	666,905	170,988
Aggregate write-ins for other than invested assets	<u>95,067</u>	<u>12</u>	<u>95,055</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>94,327,746</u></b>	<b>\$ <u>694,715</u></b>	<b>\$ <u>93,633,031</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, 2022**

	<u>Covered</u>	<u>Total</u>
<b>Liabilities:</b>		
Claims unpaid	\$ 5,023,438	\$ 5,023,438
Accrued medical incentive pool and bonus amounts	699,930	699,930
Unpaid claims adjustment expenses	136	136
Aggregate health policy reserves, including the liability of \$0 for medical loss ratio rebate per public health Services Act	5,198,739	5,198,739
Aggregate health claim reserves	111,988	111,988
Premiums received in advance	92,672	92,672
General expenses due or accrued	60,306	60,306
Ceded reinsurance premiums payable	1,628	1,628
Amounts withheld or retained for the account of others	1,530	1,530
Remittance and items not allocated	26,152	26,152
Liability for amounts held under uninsured plans	468,487	468,487
Aggregate write-in for other liabilities	10,309	10,309
<b>Total Liabilities</b>	<b>\$ <u>11,695,315</u></b>	<b>\$ <u>11,695,315</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		24,507,270
Unassigned funds (surplus)		<u>57,310,118</u>
<b>Total capital and surplus</b>		<b>\$ <u>81,937,716</u></b>
<b>Total liabilities, capital and surplus</b>		<b>\$ <u>93,633,031</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, 2022, 2021 and 2020**

MEMBER MONTHS	<u>2022</u> 12,579	<u>2021</u> 733,158	<u>2020</u> 512,032
Net premium income	\$ 49,213	\$ 890,332,729	\$ 628,674,434
Change in unearned premium reserves and reserve for rate credits	<u>3,850,166</u>	<u>-2,226,037</u>	<u>-3,770,158</u>
Total revenues	\$ <u>3,899,379</u>	\$ <u>888,106,692</u>	\$ <u>624,904,276</u>
<b><u>Hospital and Medical:</u></b>			
Hospital/medical benefits	\$ -13,080,339	\$ 739,782,445	\$ 460,672,560
Other professional services	-58,811	17,392,654	12,104,363
Prescription drugs	-873,345	32,059,645	20,882,257
Incentive pool, withhold adjustments, and bonus amounts	<u>86,566</u>	<u>4,890,481</u>	<u>5,630,673</u>
Subtotal	\$ <u>-13,925,929</u>	\$ <u>794,125,225</u>	\$ <u>499,289,853</u>
<b><u>Less:</u></b>			
Net reinsurance recoveries	0	0	0
<b>Total hospital and medical</b>	\$ -13,925,929	\$ 794,125,225	\$ 499,289,853
Claims adjustment expenses	-267,185	29,816,513	19,692,527
General administration expenses	2,788,219	60,765,501	48,924,038
Increase in reserves for life and accident and health contracts	<u>1,751,000</u>	<u>0</u>	<u>0</u>
<b>Total underwriting deductions</b>	\$ <u>9,653,895</u>	\$ <u>884,707,239</u>	\$ <u>567,906,418</u>
Net underwriting gain or (loss)	\$ <u>13,553,274</u>	\$ <u>3,399,453</u>	\$ <u>56,997,858</u>
Net investment income earned	860,448	415,761	483,838
Net realized capital gains or (losses)	<u>349,923</u>	<u>23,808</u>	<u>36,331</u>
Net investment gains or (losses)	\$ <u>620,685</u>	\$ <u>423,025</u>	\$ <u>520,169</u>
Net gain or (loss) from agents' or premium balance charged off	-65,464	-124,420	-223,519
Aggregate write-ins for other income or expenses	3,059	0	-2,511
Net income or (loss)	\$ <u>14,105,436</u>	\$ <u>3,698,068</u>	\$ <u>57,291,991</u>
Federal and foreign income taxes incurred	\$ <u>3,066,214</u>	\$ <u>821,788</u>	\$ <u>12,780,925</u>
<b>Net income (loss)</b>	\$ <u>11,039,222</u>	\$ <u>2,876,280</u>	\$ <u>44,511,072</u>

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, 2022, 2021 and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Capital and surplus prior reporting year	\$ 70,846,155	\$ 60,181,104	\$ 15,992,203
<b>GAINS &amp; LOSSES TO CAPITAL &amp; SURPLUS:</b>			
Net income or (loss)	\$ 11,039,222	\$ 2,876,280	\$ 44,511,072
Change in net unrealized capital gains (losses)			
Change in net deferred income tax	84,524	-116,673	294,964
Change in nonadmitted assets	-32,185	905,444	-617,135
Surplus adjustments: Paid in		7,000,000	
Dividends to stockholders	0	0	0
<b>Net change in capital and surplus</b>	<b>\$ <u>11,091,561</u></b>	<b>\$ <u>10,665,051</u></b>	<b>\$ <u>44,188,901</u></b>
Capital and surplus end of reporting period (rounding)	<b>\$ <u>81,937,716</u></b>	<b>\$ <u>70,846,155</u></b>	<b>\$ <u>60,181,104</u></b>

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 with the following exception.

The previous examination indicated that there was one outstanding transaction that was unclaimed property per the Alabama law that was not properly escheated to the Alabama Unclaimed Property Division. This examination also indicated that there was one transaction that was unclaimed property and it was not properly escheated to the Alabama Unclaimed Property Division.

## **COMMENTS AND RECOMMENDATIONS**

### **Compliance with Escheat Laws – Page 57**

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**

On February 21, 2024, UnitedHealth Group (UHG) identified a cyber security threat actor had gained access to the Change Healthcare (Change) information technology systems. Change is a clearinghouse used by providers and health insurers to facilitate claim submissions and payment processes. Change is owned by UHG. UHG has reported that it has isolated the impacted systems from other connecting systems in the interest of protecting its partners and patients, to contain, assess and remediate the incident. The Company has indicated that the event has not resulted in unauthorized access, disruption or misuse of any information system supporting its regulated insurance entities.

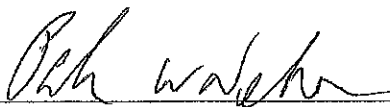
## CONCLUSION

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 California, Colorado, Florida, Indiana, Kentucky, Minnesota, Nebraska, New Hampshire, New York, Ohio, Oklahoma, Pennsylvania, Texas, Nevada, 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. Theo Goodin, AIE, ALMI, MCM, Cristi Owen, CPA, CFE, AMCM, CPM, 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,



Palmer W. Nelson, CFE  
Examiner-in-Charge  
Alabama Department of Insurance