

**REPORT OF
EXAMINATION**

OF

WELLCARE OF ALABAMA, INC.

TAMPA, FL

AS OF

DECEMBER 31, 2022

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EXAMINER'S AFFIDAVIT

STATE OF ALABAMA COUNTY OF MONTGOMERY

Jacob A. Grissett, CFE (Fraud), being duly sworn, states as follows:

1. I have the authority to represent Alabama in the examination of WellCare 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 WellCare of Alabama, Inc. was performed in a manner consistent with the standards and procedures required by the State of Alabama.

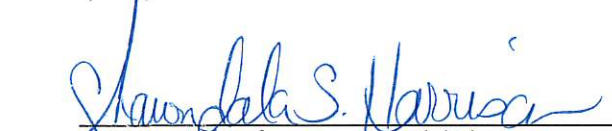
The affiant says nothing further.



Jacob A. Grissett, CFE (Fraud)

Subscribed and sworn before me by Jacob A. Grissett on the 30th day of May 2024.

(Seal)



(Signature of Notary Public)

My commission expires 2/16/28



KAY IVEY
GOVERNOR

MARK FOWLER
COMMISSIONER

STATE OF ALABAMA
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DEPUTY COMMISSIONERS
JIMMY W. GUNN
LARRY CHAPMAN

CHIEF EXAMINER
SHEILA TRAVIS

STATE FIRE MARSHAL
SCOTT F. PILGREEN

GENERAL COUNSEL
REYN NORMAN

May 30, 2024

Honorable Mark Fowler
Commissioner of Insurance
Alabama Department of Insurance
201 Monroe Street, Suite 502
Montgomery, AL 36104

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

WellCare of Alabama, Inc.
Tampa, FL

And was completed remotely with support from company management located in St. Louis, Missouri. The Company's statutory home office is located at 7027 Old Madison Pike NW, Huntsville, AL 35806. The report of examination is submitted herewith. Where the description "Company" appears herein, without qualification, it will be understood to indicate WellCare of Alabama, Inc.

SCOPE OF EXAMINATION

We have performed an examination of WellCare of Alabama, Inc., a single state company. The last examination covered the period of August 21, 2017, through December 31, 2019. The current examination covers the period 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 83 affiliates were completed by their respective states with Texas being the lead state and facilitating the coordinated examination.

The Alabama Department of Insurance relied on the examination work performed in the coordinated examination to complete much of the financial examination. Work completed on key activities of the Company by Florida on investments and premiums; Missouri on related parties; Illinois on capital and surplus and pricing; Wisconsin on reinsurance assuming; Mississippi on reinsurance ceding; Texas on reserving; and North Carolina on claims handling were accepted to support conclusions in the respective areas of work. In addition, reviews related to corporate governance, audit function assessment, IT general control assessment, prospective risks, and reviews related to fraud were utilized. Procedures specific to the Alabama entity 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, advertising and marketing, policyholders' complaints, claims payment practices, producer licensing, underwriting and rating, and privacy standards.

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.

The Company's certified public accounts (CPAs) changed from Deloitte & Touche, LLP in 2019 to KPMG LLP in 2020. 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. 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 Company was incorporated on April 13, 2017, as a Health Maintenance Organization (HMO), as defined in ALA. CODE § 27-21A-1(7)(1975). The original Certificate of Incorporation was filed for record in the office of the Alabama Secretary of State on April 13, 2017. The Company commenced business with initial capital and surplus amounting to \$485,406.

The Company is a direct, wholly owned subsidiary of The WellCare Management Group, Inc. (TWMG), which is a direct, wholly owned subsidiary of WCG Health Management, Inc. (WCGHM). WCGHM is a direct, wholly owned subsidiary of

WellCare Health Plans, Inc. (WCH), which is a direct, wholly owned subsidiary of Centene Corporation. On January 23, 2020, Centene Corporation acquired WellCare Health Plans, Inc. The Company became a member of Centene Corporation insurance holding company system on the date of the WCH acquisition.

In 2021 the Company received \$7,500,000 in capital contributions from The WellCare Management Group, Inc.

MANAGEMENT AND CONTROL

Stockholder

The Company is a stock corporation with ultimate control vested in its stockholders. On December 31, 2022, 100% of the Company's issued and outstanding common stock was owned by TWMG. TWMG is 100% owned by WCGHM; which is 100% owned by WCH; which is 100% owned by Centene Corporation.

Board of Directors

Board members elected and serving on December 31, 2022, were as follows:

<u>Director/Residence</u>	<u>Principal Occupation</u>
Thomas Robert Lindquist Mount Pleasant, SC	President and CEO Ascension Complete
Brian Nelson Debatin Edwardsville, IL	Sr. Director Finance Centene Corporation
Elizabeth Pomierski Meador Mobile, AL	Director, Operations WellCare of Alabama, Inc.
Travis Robert Christie Magnolia, TX	Medicare Region President Centene Corporation

Officers

Officers of the Company elected by the board of directors and serving on December 31, 2022, were as follows:

<u>Officer</u>	<u>Title</u>
Thomas Robert Lindquist	President
Brian N. Debatin	Treasurer, Vice President, and CFO
Janet Robey Alonzo	Secretary and Vice President
Tricia Lynn Dinkelman	Vice President of Tax

Committees

The following committee was functioning on behalf of the Company as of December 31, 2022:

Audit and Compliance Committee

William Trubeck (chair)
Orlando Ayala
Jessica Blume
Christopher Coughlin
Wayne DeVeydt

Conflict of Interest

The conflict of interest statements filed by the officers and directors of the Company were reviewed for the period covered by this examination. There were no disclosures that indicated any officers or directors had a conflict of interest.

CORPORATE RECORDS

The Company's Articles of Incorporation, By-Laws, and amendments thereto were inspected and found to provide for the operation of the Company in accordance with Alabama statutes and regulations and with accepted corporate practices.

Minutes of the meetings of the board of directors were reviewed for the period under examination. The minutes appeared to be complete with respect to actions taken on matters before the respective bodies for deliberation and action.

HOLDING COMPANY AND AFFILIATE MATTERS

Holding Company

The Company is subject to the Alabama Insurance Holding Company Regulatory Act as defined in ALA. CODE § 27-29-1(1975). In connection therewith, the Company is registered with the Alabama Department of Insurance as registrant of an Insurance Holding Company system. The Company is responsible for holding company registration and periodic filings in accordance with ALA. CODE § 27-29-4(1975), and ALA. ADMIN. CODE 482-1-055(1994).

Dividends to Stockholders

No dividends were paid to stockholders during the period under examination.

Management and Service Agreements

The following agreements between the Company and its affiliates were in effect during the examination period.

Tax Sharing Agreement – Centene Corporation

Effective January 1, 2020, the Company entered into an amended Tax Sharing Agreement with Centene Corporation. The agreement is a restatement of the first tax sharing agreement effective December 31, 2002. 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 Centene Corporation and its subsidiaries filed each year. The agreement was approved by the Department on June 28, 2019.

Management Services Agreement – Centene Management Company, LLC

Effective January 1, 2022, the Company entered into a Management Services Agreement with Centene Management Company, LLC (CMC). CMC agrees to provide the Company with certain day-to-day business operations and affairs including program planning and development, management and maintenance of information systems, financial systems and services, claims administration, provider and enrollee services and records, utilization reviews, quality assurance, premium billing and collections, and marketing services. In addition, CMC will provide all personnel and facilities.

Management Services Agreement – Comprehensive Health Management, Inc.

Effective January 1, 2018, the Company entered into a Management Services Agreement with Comprehensive Health Management, Inc. (CHMI). CHMI agrees to provide the Company with certain administrative and management services including human resources, finance, general operating, procurement, legal and compliance, claim and benefit payments, health services, customer service, provider network and credentialing services, insurance and risk management, data management, employee wages, facilities, sales and marketing, and licensing and permits. Effective January 1, 2022, the agreement has been in place for run-out purposes only.

Dental Services Agreement – Envolve Dental, Inc.

Effective January 1, 2022, the Company entered into a Dental Services Agreement with Envolve Dental, Inc. (EDI). EDI represents and warrants that the network providers include geographically dispersed providers from throughout the Company's service area. EDI agrees to provide or arrange for the provision of covered dental services to covered persons.

Master Services Agreement – Envolve PeopleCare, Inc.

Effective January 1, 2021, the Company entered into a Master Services Agreement with Envolve PeopleCare, Inc. (EPC). EPC provides various administrative services to managed care customers through its own personnel and/or through subcontractors. EPC agrees to provide crisis line support and non-crisis call intake services. The crisis line is to be available 24 hours a day, 365 days a year including holidays. Effective January 1, 2022, this agreement was terminated.

Vision Services Agreement – Envolve Vision, Inc.

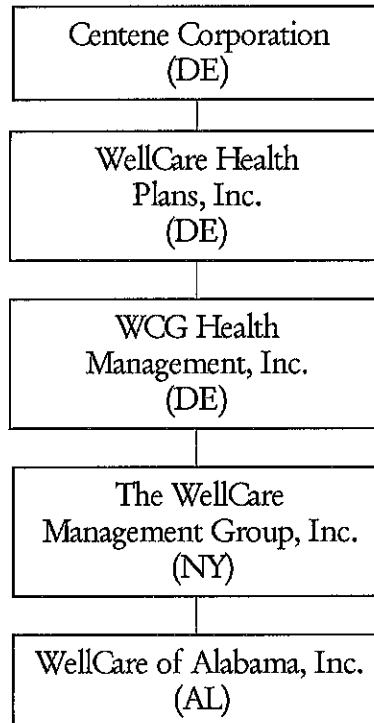
Effective January 1, 2022, the Company entered into a Vision Services Agreement with Envolve Vision, Inc. (EVI). EVI provides and arranges covered vision services to covered persons. EVI represents and warrants that the network providers include geographically dispersed providers from throughout the Company's service area. EVI agrees to provide all covered vision services, including but not limited to, preventive eye exams with refraction, medical eye services, eyewear and medically necessary eyewear, and prosthetic eyes.

Radiology Services Management Agreement – National Imaging Associates, Inc.

Effective June 1, 2022, the Company entered into a Radiology Services Management Agreement with National Imaging Associates, Inc. (NIA). NIA specializes in the management of covered radiology services and provides assistance to managed care plans in the management of utilization and cost for covered radiology services. Covered services include the establishment and implementation of a utilization management program, and claims processing for covered radiology services.

ORGANIZATIONAL CHART

The following chart presents the structure of companies directly related to the Company as of December 31, 2022. Ownership is 100% of the subsidiary.



FIDELITY BONDS AND OTHER INSURANCE

WellCare of Alabama, Inc. is a named insured on a fidelity bond issued by Zurich American Insurance Company. The bond was in effect as of December 31, 2022. The bond amount was applicable to criminal activity resulting from employee dishonesty. The amount of the fidelity bond maintained by the Company exceeded the minimum amount required by ALA. CODE § 27-21A-6(1975).

In addition to the above coverage, the Company was a named insured under policies affording the following protections:

- Commercial General Liability Insurance with Zurich American Insurance Company
- Automobile Liability Insurance with Zurich American Insurance Company
- Umbrella Liability Insurance with XL Specialty Insurance Company
- Workers Compensation and Employers' Liability Insurance with American Zurich Insurance Company
- Managed Care Liability Insurance with General Security Indemnity Company of Arizona
- Directors and Officers Liability Insurance with National Union Fire Insurance Company of Pittsburgh

It was assessed that the Company held adequate coverage in force covering the hazards to which the Company may have been exposed to.

EMPLOYEE AND AGENT WELFARE

The Company's duties and functions are performed by employees of affiliated entities in accordance with the terms of the administrative, management, and services agreement with CMC. The Company contracts with independent agents to market its products. Because the Company does not have any direct employees, no liabilities are accrued relating to pensions or post employee benefits.

Compliance with 18 U.S.C § 1033

18 U.S.C § 1033(e)(1)(A) and ALA. ADMIN. CODE 482-1-146 (2009) prohibits individuals who have been convicted of specified criminal activity from engaging in the business of insurance without written consent from the Commissioner of Insurance. The examiners verified that criminal background checks were performed for newly hired staff and that the Company had a procedure in place to

determine whether existing employees have been convicted of a felony. Reviews of the Company's policy and procedures did not identify any instances of non-compliance.

MARKET CONDUCT ACTIVITIES

Territory

The Company was authorized to transact business in the state of Alabama. The Company's certificate of authority was issued by the state of Alabama's Department of Insurance with an effective date of November 3, 2017, and remains in effect until suspended, cancelled, or revoked, as long as fees and taxes are paid.

Plan of Operation

The Company sold Medicare Advantage plans in Alabama beginning in 2019. The Company is a direct, wholly owned subsidiary of WellCare Health Plans; a Delaware corporation who was publicly traded on the New York Stock Exchange. On January 23, 2020, Centene Corporation completed the acquisition of WellCare Health Plans. The Company became a member of Centene Corporation insurance holding company system on the date of the WCH acquisition. Centene Corporation subsidiaries offer a variety of health care benefit products, including Medicaid, Medicare Advantage, and Health Insurance Marketplace products.

Advertising and Marketing

The Company has an active website: <https://www.wellcare.com>. The Company's website provided contact information and the physical location of the Company. The website provided basic product information, links for providers and members. The website also provided links for brokers, investors, and careers with the Company.

Policyholders' Complaints

The Company recorded all its complaints in its complaints register in the required format. The complaint register contained Medicare grievances received during the examination period. No Department of Insurance complaints were received during the examination period.

Claims Payment Practices

The Company wrote Medicare Advantage policies associated with Medicare Title XVIII during the examination period. The administration of this business, including claims payment practices, is subject to regulation by the Center for Medicare Services (CMS). Since the business is regulated by CMS, a claims review was not performed as a part of the examination.

Compliance with Producer Licensing Requirements

Appointments

A sample of 114 premium transactions were randomly selected from the direct written premium for the purpose of testing whether the producers were licensed in Alabama and appropriately appointed by the Company. Based on the review, it was determined the producers were writing business in accordance with their license, appointment date, and authorized line of business, which was in compliance with ALA. CODE § 27-7-4(a) (2001), which states,

No person shall in this state, sell, solicit, or negotiate insurance for any class or classes of insurance unless the person is then licensed for that line of authority in accordance with this chapter. Any insurer accepting business directly from a person not licensed for that line of authority and not appointed by the insurer shall be liable to a fine up to three times the premium received from the person.

Terminations

It was determined two Alabama terminated producers were not provided with termination letters during the examination period. The Company was not in compliance with ALA. CODE § 27-7-30.1(a) (2001), which states,

Within 15 days after making the notification required by subsection (e) of Section 27-7-30, the insurer shall mail a copy of the notification to the producer at his or her last known address. If the producer is terminated for cause for any of the reasons listed in Section 27-7-19, the insurer shall provide a copy of the notification to the producer at his or her last known address by certified mail, return receipt requested, postage prepaid or by overnight delivery using a nationally recognized carrier.

The Company was unable to provide a copy of termination notices between May 1, 2022 and December 31, 2022; therefore, it was determined that the Company was not in compliance with ALA. CODE § 27-21A-16(f) (1986), which states,

All records necessary for the complete examination of a health maintenance organization domiciled in this state shall be maintained in a location approved by the commissioner.

Underwriting and Ratings

During the examination period, the Company did not file any policy forms with the Alabama Department of Insurance. The Company issued Medicare Advantage policies only. The Company's Medicare policy forms were approved by the Centers for Medicare and Medicaid Services.

Privacy Standards

The Company's privacy notice was reviewed for compliance with ALA. ADMIN. CODE 482-1-122 (2002). The Company sent out the initial notices to new business policyholders when a policy was written. The Company provided notices to its customers that indicated the types of information collected, the way the information is used, and the manner that it is collected.

In accordance with ALA. ADMIN CODE 482-1-122-.06(B) (2002), the Company is not required to issue annual notices since it does not share customer and/or consumer personal information with any nonaffiliated third parties, except as allowed under the law, and the Company has not changed its practices regarding disclosing nonpublic personal information from the most recent disclosure sent to consumers.

The Company had reasonable administrative, technical, and physical safeguards in place to secure the privacy of protected health information.

SPECIAL DEPOSITS

The Company maintained the following deposit with the respective statutory authority on December 31, 2022, as required or permitted by law:

State	Book Value	Fair Value
Alabama*	\$1,043,350	\$1,044,827

*Held for the protection of all policyholders

FINANCIAL CONDITION AND 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:

Year*	Net Premium Income	Admitted Assets	Liabilities	Capital and Surplus
2020	\$626,936	\$5,444,977	\$2,895,293	\$2,549,684
2021	\$14,420,804	\$12,694,644	\$4,003,614	\$8,691,030
2022	\$45,531,648	\$25,549,344	\$13,205,444	\$12,343,900

*Data was obtained from the Company's Annual Statements filed with the Alabama Department of Insurance.

REINSURANCE

Assumed Reinsurance

The Company has not engaged in any reinsurance assumptions.

Ceded Reinsurance

Specific Excess of Loss Reinsurance Agreement with PartnerRe American Insurance Company

On December 31, 2022, the Company had a specific excess of loss reinsurance agreement with PartnerRe American Insurance Company. The agreement covers 80 percent of hospital losses in excess of \$5,000,000 per covered person, up to \$5,000,000 per covered person with respect to covered Medicare Advantage recipients.

ACCOUNTS AND RECORDS

The Company maintained its accounting, premiums, and losses data electronically. The Company maintained additional electronic workpapers, reconciliations and statements in its database of imaged records. A permitted practice was approved on August 30, 2021, granting the Company permission to keep its records out of the state.

The Company's independent audit firm changed from Deloitte & Touche, LLP to KPMG, LLP in 2020. KPMG, LLP performed the audits in 2021 and 2022.

Three information requests were submitted to the Company where the requested items were not provided within ten (10) working days. It was determined the Company was not in compliance with ALA. ADMIN. CODE 482-1-118-.06(1999), which states:

The insurer shall provide, within ten (10) working days, any record or response requested in writing by any duly appointed deputy, assistant, employee or examiner of the commissioner. When the requested record or response is not produced or cannot be produced by the insurer within ten working days, the nonproduction shall be deemed a violation of this rule, unless the Commissioner or duly appointed person making the request grants an extension in writing or the insurer can demonstrate to the satisfaction of the Commissioner that there is a reasonable justification for the delay.

Compliance with Escheat Laws

The Company had one outstanding check totaling \$163.55 that was deemed to be unclaimed property. It was determined the Company properly escheated the check to the State of Alabama Treasurer on October 19, 2022. No discrepancies were identified during the examination.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Alabama 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.

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WellCare of Alabama, Inc.
Statement of Assets
For the Year Ended December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$1,016,786	-	\$1,016,786
Cash, cash equivalents, and short-term investments	20,982,629	-	20,982,629
Subtotals, cash and cash equivalents	\$21,999,415	-	\$21,999,415
Investment income due and accrued	53,884	-	53,884
Premiums and considerations:			
Accrued retrospective premiums	1,068,798	-	1,068,798
Amounts receivable relating to uninsured plans	109,370	-	109,370
Net deferred tax asset	65,901	-	65,901
Receivables from parent, subsidiaries and affiliates	432,390	-	432,390
Health care and other amounts receivable	1,875,650	56,068	1,819,585
Aggregate write-ins for other- than-invested assets	26,639	26,639	-
Total assets	\$25,632,048	\$82,704	\$25,549,344

**THE NOTES TO THE FINANCIAL STATEMENTS ARE AN
INTEGRAL PART THEREOF.**

WellCare of Alabama, Inc.
Statement of Liabilities
For the Year Ended December 31, 2022

	Covered	Uncovered	Total
LIABILITIES			
Claims unpaid	\$6,332,092	-	\$6,332,092
Accrued medical incentive pool and bonus amounts	597,772	-	597,772
Unpaid claims adjustment expenses	72,448	-	72,448
Aggregate health policy reserves	2,281,928	-	2,281,928
Premiums received in advance	717	-	717
General expenses due or accrued	96,379	-	96,379
Current federal and foreign income tax payable and interest thereon	474,332	-	474,332
Amounts due to parent, subsidiaries and affiliates	19,645	-	19,645
Liability for amounts held under uninsured plans	3,235,631	-	3,235,631
Aggregate write-ins for other liabilities	94,500		94,500
Total liabilities	\$13,205,444	-	\$13,205,444
SURPLUS			
Common capital stock	XXX	XXX	600,000
Gross paid in and contributed surplus	XXX	XXX	9,684,960
Unassigned funds (surplus)	XXX	XXX	2,058,940
Total capital and surplus	XXX	XXX	\$12,343,900
Total liabilities, capital and surplus	XXX	XXX	\$25,549,344

**NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL
PART THEREOF**

WellCare of Alabama, Inc.
Statement of Revenue and Expenses
For the Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Member months	71,157	18,213	827
Net premium income	\$45,531,648	\$14,420,804	\$626,936
Change in unearned premium reserves and reserve for rate credits	(1,573,673)	(368,422)	-
Total revenues	\$43,957,975	\$14,052,382	\$626,936
HOSPITAL AND MEDICAL			
Hospital/medical benefits	27,613,647	9,942,262	366,462
Other professional services	1,525,455	391,879	2,305
Emergency room and out-of-area	2,544,905	751,558	17,022
Prescription drugs	2,074,366	517,671	19,727
Incentive pool, withhold adjustments and bonus amounts	763,527	168,037	35,040
Total hospital and medical	\$34,521,900	\$11,771,407	\$440,556
Claims adjustment expenses	426,522	153,017	5,339
General administrative expenses	4,762,530	3,708,138	607,622
Total underwriting deductions	\$39,710,952	\$15,632,562	\$1,053,511
Net underwriting gain or (loss)	4,247,023	(1,580,180)	(426,575)
Net investment gains (losses)	348,014	8,844	25,170
Net gain or (loss) from agents' or premium balances charged off	(35,447)	(17,629)	(210)
Aggregate write-ins for other income or expenses	-	(34)	-
Net income or (loss) after capital gains tax and before all other federal income taxes	4,559,590	(1,588,999)	(401,615)
Federal and foreign income taxes incurred	1,000,531	(333,388)	(86,132)
Net income (loss)	\$3,559,059	\$(1,255,611)	\$(315,483)

**NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL
PART THEREOF**

WellCare of Alabama, Inc.
Capital and Surplus Account
For the Year Ended December 31, 2022

	2022	2021	2020
Capital and surplus prior reporting year	\$8,691,030	\$2,549,684	\$2,871,799
Net income or (loss)	3,559,059	(1,255,611)	(315,483)
Change in net deferred income tax	65,901	438	(1,717)
Change in nonadmitted assets	27,910	(103,481)	(4,915)
Paid in capital	-	-	-
Paid in surplus	-	7,500,000	-
Net change in capital and surplus	\$3,652,870	\$6,141,346	\$(322,115)
Capital and surplus end of reporting year	\$12,343,900	\$8,691,030	\$2,549,684

**NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL
PART THEREOF**

NOTES TO FINANCIAL STATEMENTS

Note 1 – Claim Adjustment Expenses

\$426,522

The above captioned amount is the same as reported by the Company in its 2022 annual statement.

During all years under examination, the Claims Adjustment Expenses columns 1 & 2 within the Underwriting and Investment Exhibit, Part 3 – Analysis of Expenses was not completed per the NAIC Annual Statement Instructions since management, administration, and other fees were reported as a one-line expense on Line 14. It was determined the Company was not in compliance with the NAIC Annual Statement Instructions, which states:

A reporting entity that pays any affiliated entity (including a managing general agent) for the management, administration, or service of all or part of its business or operations shall allocate these costs to the appropriate expense classification item (salaries, rent, postage, etc.) as if these costs had been borne directly by the company. Do not report management, administration, or similar fees as one-line expenses. The reporting entity may estimate these expense allocations based on a formula or other reasonable basis.

Analysis of Changes to Surplus

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

CONTINGENT LIABILITIES AND PENDING LITIGATION

The review of contingent liabilities and pending litigation included an inspection of representations made by the Company's managers, a review of the Company's records and files for the period under examination, and a review of the records subsequent to the examination date. The reviews performed did not identify any items that would have a material effect on the Company's financial condition in the event of an adverse outcome.

SUBSEQUENT EVENTS

A review of events subsequent to the December 31, 2022, examination date was performed. The following items were noted during the review:

- Effective January 1, 2023, the Company restated its management agreement with Centene Management Company, LLC to reflect compensation based on actual costs.
- Effective January 1, 2023, the Company entered into an Administrative Pharmacy Services Agreement with Centene Pharmacy Services, Inc.
- As of December 31, 2023, the Company met the definition of hazardous financial condition as defined in ALA. ADMIN. CODE 482-1-101.03(f). The Company has taken the appropriate steps to cure the hazardous financial condition.
- As of March 31, 2024, the Company met the definition of hazardous financial condition as defined in ALA. ADMIN. CODE 482-1-101.03(f). The Company has taken the appropriate steps to cure the hazardous financial condition.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

A review was conducted during the current examination to determine whether the Company complied with the recommendations made in the previous examination report. This review indicated that the Company had satisfactorily complied with the recommendations in the previous report of examination.

COMMENTS AND RECOMMENDATIONS

Terminated Producers – Page 12

It is recommended that the Company provide terminated producers with termination letters as required by ALA. CODE § 27-7-30.1(a) (2001), which states:

Within 15 days after making the notification required by subsection (e) of Section 27-7-30, the insurer shall mail a copy of the notification to the producer at his or her last known address. If the producer is terminated for cause for any of the reasons listed in Section 27-7-19, the insurer shall provide a copy of the notification to the producer at his or her last known address by certified mail, return receipt requested, postage prepaid or by overnight delivery using a nationally recognized carrier.

It is recommended that the Company maintain its records in order to comply with ALA. CODE § 27-21A-16(f) (1986), which states, "All records necessary for the complete examination of a health maintenance organization domiciled in this state shall be maintained in a location approved by the commissioner."

Accounts and Records – Page 14

It is recommended that the Company comply with ALA. ADMIN. CODE 482-1-118-.06(1999), which states:

The insurer shall provide, within ten (10) working days, any record or response requested in writing by any duly appointed deputy, assistant, employee or examiner of the commissioner. When the requested record or response is not produced or cannot be produced by the insurer within ten working days, the nonproduction shall be deemed a violation of this rule, unless the Commissioner or duly appointed person making the request grants an extension in writing or the insurer can demonstrate to the satisfaction of the Commissioner that there is a reasonable justification for the delay.

Claim Adjustment Expenses – Page 21

It is recommended that the Company completes the Underwriting and Investment Exhibit, Part 3 – Analysis of Expenses in accordance with the NAIC Annual Statement Instructions which states:

A reporting entity that pays any affiliated entity (including a managing general agent) for the management, administration, or service of all or part of its business or operations shall allocate these costs to the appropriate expense classification item (salaries, rent, postage, etc.) as if these costs had been borne directly by the company. Do not report management, administration, or similar fees as one-line expenses. The reporting entity may estimate these expense allocations based on a formula or other reasonable basis.

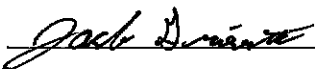
CONCLUSION

Acknowledgment is hereby made of the courteous cooperation extended by the officers and employees of the Company during the course of this examination.

The customary insurance examination procedures, as recommended by the NAIC, have been followed to the extent appropriate in connection with the verification and valuation of assets and determination of liabilities set forth in this report.

Examiners representing Texas and 32 other states participated in the coordinated group examination, which included WellCare of Alabama, Inc. The Alabama Department of Insurance relied on the examination work performed by the group to complete much of the financial examination. In addition to the undersigned, Mora Perkins, MCM represented the Alabama Department of Insurance and participated in the examination of the Company.

Respectfully submitted,



Jacob A. Grissett, CFE (Fraud)
Examiner-in-Charge
Alabama Department of Insurance