
**BEFORE THE
INSURANCE COMMISSIONER OF
THE DISTRICT OF COLUMBIA**

Re: Report on Examination – **Trusted Health Plan (District of Columbia), Inc.**
as of December 31, 2021

ORDER

An Examination of **Trusted Health Plan (District of Columbia), Inc.** as of December 31, 2021 has been conducted by the District of Columbia Department of Insurance, Securities and Banking (“the Department”).

It is hereby ordered on this 17th day of May 2023, that the attached financial condition examination report be adopted and filed as an official record of this Department.

Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, this Order is considered a final administrative decision and may be appealed pursuant to Section 31-4332 of the D.C. Official Code.

Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, within 30 days of the issuance of the adopted report, the Company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related order.

Pursuant to Section 31-1404(e)(1) of the D.C. Official Code, the Department will continue to hold the content of the report as private and confidential information for a period of 10 days from the date of this Order.



A handwritten signature in black ink, appearing to read "Philip Barlow", is written over a horizontal line.

Philip Barlow
Associate Commissioner

GOVERNMENT OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING

The logo for the DC Department of Insurance, Securities and Banking (DISB). It features the letters "DISB" in a large, bold, dark blue sans-serif font. Above and below the letters are two horizontal bars. Each bar is divided into four segments of equal length, colored from left to right as green, dark blue, light blue, and blue.

DC DEPARTMENT OF
**INSURANCE, SECURITIES
AND BANKING**

REPORT ON EXAMINATION

TRUSTED HEALTH PLAN (DISTRICT OF COLUMBIA), INC.

AS OF

DECEMBER 31, 2021

NAIC COMPANY CODE: 14225

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Washington, D.C.
April 11, 2023

The Honorable Karima M. Woods
Insurance Commissioner
Department of Insurance, Securities and Banking
Government of the District of Columbia
1050 First Street, NE, Suite 801
Washington, DC 20002

Dear Commissioner Woods:

In accordance with the provisions of Section 31-1402 of the District of Columbia Official Code, we have examined the financial condition and activities of

Trusted Health Plan (District of Columbia), Inc.

hereinafter referred to as the “Company”. The administrative office of the Company is located at 1100 New Jersey Avenue, South East Suite 840, Washington, DC 20003, and the following Examination Report (“Report”) is hereby respectfully submitted.

SCOPE OF EXAMINATION

We have performed a full-scope, risk-focused financial examination (“Examination”) of the Company covering the period from January 1, 2017, through December 31, 2021, including any material relevant transactions and/or events occurring subsequent to the examination date. The examination was conducted by examiners representing the District of Columbia Department of Insurance, Securities and Banking (the “Department”). The previous examination of the Company was conducted by the Department as of December 31, 2016.

The examination was conducted observing the guidelines and procedures in the *National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook* (“Handbook”) and generally accepted statutory insurance examination standards consistent with the insurance laws and regulations of the District of Columbia. 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.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing the principles used and significant estimates made by management, an evaluation of the overall financial statement presentation, and a determination of management's compliance with the Department's statutes and guidelines, Statutory Accounting Principles, as adopted by the Department, and annual statement instructions.

In planning and conducting the examination, we considered the concepts of materiality and risk, and the examination efforts were directed accordingly. 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 and considered material, the impact of such adjustment will be commented upon separately in this Report following the Company's financial statements. Our examination did not cover market conduct-related areas.

The Report includes significant findings of fact, as mentioned in Section 31-1404 of the District of Columbia Official Code, and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but are separately communicated to other regulators and/or the Company.

The Company was audited annually for the years 2020 through 2021 by the accounting firm Ernst & Young LLP ("EY") and for the years 2017 through 2019 by Brown Smith Wallace LLP ("BSW"). The Company received an unmodified opinion in each of those years. We placed substantial reliance on the audited financial statements for calendar years 2017 through 2021 and consequently performed only minimal testing for those periods. We concentrated our examination efforts on the year ending December 31, 2021. Certain audit work papers of EY were utilized in determining the scope, areas of emphasis in conducting the examination, and the areas of risk mitigation and substantive testing.

SUMMARY OF SIGNIFICANT FINDINGS

The Examination did not disclose any material adverse findings or adjustments that impacted the Company's reported capital and surplus.

The Examination also included a review in determining the current status of the comments and recommendations in the preceding Examination Report, dated February 8, 2018. There were no adverse findings affecting the financial statements, or material changes to the financial statements in that Examination Report.

HISTORY

General

The Company was incorporated as a domestic for-profit corporation on May 16, 2011, in the District of Columbia under the name Thrive Health Plans, Inc. The Company became licensed as a health maintenance organization ("HMO") in the District of Columbia on March 8, 2012, and commenced business on July 1, 2013. On August 13, 2013, the Company's name was changed to Trusted Health Plan (District of Columbia), Inc. The Company is a wholly owned subsidiary of Trusted Health Plans, Inc. (THP), a Delaware holding company. On January 30, 2020, the Company was acquired by CareFirst BlueChoice, Inc. (CFBC), a District of Columbia corporation, making it an affiliate of CareFirst, Inc. CFBC purchased all of the capital stock of THP, which owns Trusted Health Plan (District of Columbia), Inc.

Effective January 30, 2020, one of CFBC's subsidiaries, CapitalCare, Inc. (CapitalCare), merged with and into THP, with THP surviving. CFBC and its subsidiaries are wholly owned subsidiaries of CareFirst Consolidated, Inc. ("CFCI"). CFCI was formed in September 2021 and is a wholly owned subsidiary of CareFirst Holdings, LLC ("CFH"). CFH was formed on December 31, 2010, by contributing assets from CareFirst of Maryland, Inc. ("CFMI") and Group Hospitalization and Medical Services, Inc. ("GHMSI"). CFH and its subsidiaries are owned 50.001% by CFMI and 49.999% by GHMSI. CFMI and GHMSI are affiliates of CareFirst, Inc. ("CFI"). These affiliates do business as CareFirst BlueCross BlueShield. The organizational chart (see 'Holding Company System' section of this Report) identifies the holding company system members as of December 31, 2021.

The Company is a Medicaid HMO and provides health care within a managed care framework for Medicaid recipients in the District of Columbia ("District") through a contract with the District of Columbia Department of Health Care Finance (the "DHCF"). Effective July 1, 2013, the DHCF contracted with the Company as one of three managed care organizations ("MCOs") to provide comprehensive health care services to Medicaid members under the District of Columbia Healthy Families Program ("DCHFP") and the DC Health Care Alliance (Alliance) program, a locally-funded program covering certain individuals who are not eligible for Medicaid. The contract requires the Company to provide health care services to the residents of the District who qualify under the Medicaid or Alliance programs. The DHCF is responsible for administering the District's Medicaid and Alliance programs, and has primary oversight of the MCO contract to ensure compliance with numerous Federal and District laws, rules, and regulations. Furthermore, the contract is also subject to annual reviews by the Center for Medicare and Medicaid Services ("CMS"), a federal agency that provides approximately 70% of the funding for the program.

Capitalization

The Company has 100,000 shares authorized, issued, and outstanding, with a par value of \$10 per share. On March 23, 2016, the Board of Directors of Trusted Health Plan (District of Columbia) Inc. approved the changes in the common stock per value from \$.01 to \$10.00 per share as an amendment to its Articles of Incorporation. The Restated Articles of Incorporation were approved by the District of Columbia Government Corporations Division on April 4, 2016, which was subsequently amended as part of Trusted Health Plan, Inc.'s merger with CapitalCare, Inc. as approved by the Department on January 24, 2020. In December 2020, CFBC provided additional capital contributions of \$50 million to the Company to maintain the regulatory and capital requirements.

Dividends to Stockholder

The Company declared and paid an extraordinary dividend of \$3,780,000 on November 17, 2017, \$750,000 on March 30, 2018, \$3,250,000 on October 18, 2018, and \$7,000,000 on September 17th and 18th, 2019. The Company did not pay dividends to its Parent during 2020 and 2021.

MANAGEMENT AND CONTROL

Board of Directors

The Company's Bylaws provide that the responsibility for the control and management of the business and affairs of the Company is vested in the Board of Directors ("BOD"), composed of not less than five (5) persons. Duly elected directors and their principal business affiliations as of December 31, 2021, were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Brian David Pieninck ⁽¹⁾ Sparks, MD	Chairman, President, and Chief Executive Officer CareFirst, Inc.
George Mathew Aloth Fulton, MD	President and Chief Executive Officer Trusted Health Plan (District of Columbia), Inc.
Phillip Todd Cioni Baltimore, MD	Vice President and Chief Compliance Officer CareFirst, Inc.
Stacia Anne Cohen Baltimore, MD	Executive Vice President Health Services CareFirst, Inc.
Vickie Shennay Cosby Reisterstown, MD	Senior Vice President Government Affairs CareFirst, Inc.
Rose Vartuhi Megian Baltimore, MD	EVP Specialty Markets, Operations/Shared Services CareFirst, Inc.
Wanda Kay Oneferu-Bey Pikesville, MD	EVP Government Programs CareFirst, Inc.
Xuejun Jiang Smith Owings Mills, MD	Executive Vice President and Chief Financial Officer CareFirst, Inc.
Cleveland Eugene Slade* Great Falls, VA	Interim President and Chief Executive Officer Trusted Health Plan (District of Columbia), Inc.

(1) Chairman

* Subsequent to the Examination period in April 2022, George M. Aloth departed from the Company, and Cleveland E. Slade was elected Interim President and CEO, effective 04/29/2022

Officers

The Principal Officers of the Company as of December 31, 2021, were as follows:

<u>Name</u>	<u>Title</u>
George Mathew Aloth*	President and Chief Executive Officer
Randolph Stuart Sergent	Secretary

Robert Eugene Glaze
Joseph Michael Walter

Assistant Secretary
Treasurer

* Subsequent to the Examination period in April 2022, George M. Aloth departed from the Company, and Cleveland E. Slade was elected Interim President and CEO, effective 04/29/2022

Committees

The Company's Bylaws allow for the designation of one or more committees of the Board. As of December 31, 2021, the Company had established the following committees of the Board:

Audit Compliance & Risk Management Committee

Phillip Todd Cioni (Chair)
Vickie Shennay Cosby
Wanda Kay Oneferu-Bey

Financial Oversight Committee

Xuejun Jiang Smith (Chair)
Vickie Shennay Cosby
Wanda Kay Oneferu-Bey
Brian David Pieninck

Operations and Quality Oversight Committee

Wanda Kay Oneferu-Bey (Chair)
Stacia Anne Cohen
Vickie Shennay Cosby
Rose Vartuhi Megian

Conflict of Interest

Directors, officers, and responsible employees of the Company responded to conflict of interest questionnaires for each year during the exam period. Our review of the responses to the questionnaires completed for the examination period disclosed no conflicts that would adversely affect the Company.

Corporate Records:

The recorded minutes of the Shareholder(s), Board of Directors, and certain internal committees were reviewed for the period under examination. Based on our review, it appears the minutes documented the Company's significant transactions and events, and the directors approved those transactions and events. However, we made certain suggestions and recommendations to the Company regarding financial record keeping and other procedures relating to its operations.

Defined Compensation Plan

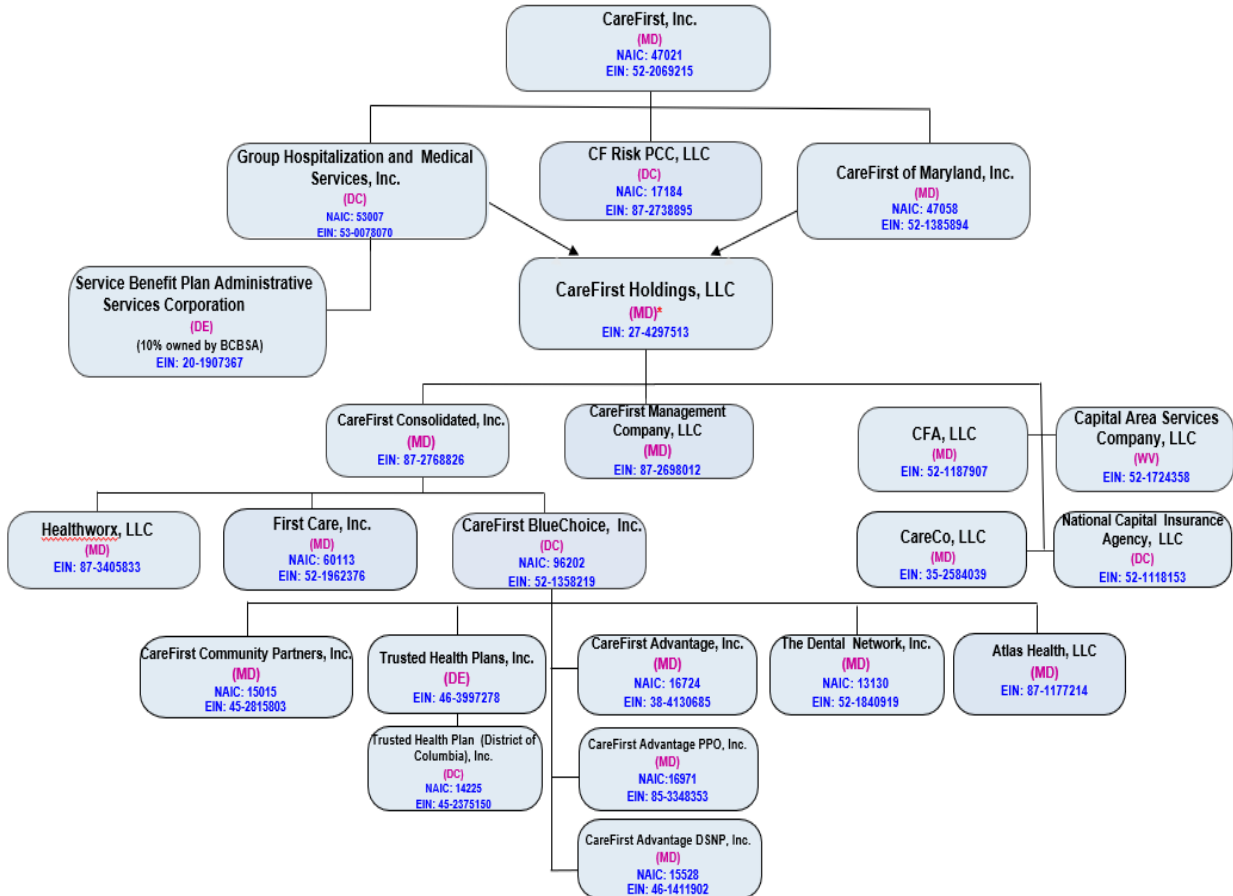
The Company sponsored a 401k plan (the "Plan") for its employees beginning in 2013. Employees were eligible to participate in the Plan if they were at least 18 years of age and had completed three consecutive months of employment at the Company. Effective January 20, 2020, the Company was acquired by CFBC, and the Company's employees became eligible to participate in the CF, Inc. 401(k) Plan. The Company's Plan assets were merged into the CareFirst, Inc. Plan in January 2021. The Company has recognized expenses related to the Plan of \$804,000 and \$543,000 for the years ended December 31, 2021, and December 31, 2020, respectively.

HOLDING COMPANY SYSTEM

As of December 31, 2021, the Company was a member of an insurance holding company system and is subject to the provisions of Section 31-701 of the District of Columbia Official Code. The Company is a wholly owned subsidiary of Trusted Health Plans, Inc. and is controlled by its ultimate parent, CareFirst, Inc.

Organizational Chart

An organizational chart as of December 31, 2021, reflecting the Company's relationship within the holding company system is shown below.



*CareFirst Holdings, LLC is owned 50.001% by CareFirst of Maryland, Inc. and 49.999% by Group Hospitalization and Medical Services, Inc.

AGREEMENTS AND TRANSACTIONS WITH AFFILIATES

The Company has entered into numerous agreements and cost-sharing arrangements (collectively referred to as “agreements” with affiliated entities. We reviewed these agreements, and the significant ones in force as of December 31, 2021, are described below:

Administrative Services Agreement:

The Company is a party to an Administrative Service Agreement with CFMI and GHMSI, and other CareFirst Companies named in the agreement, whereby CFMI and GHMSI agree to provide administrative services to the Company required for the day-to-day operations of the Company. In exchange for these services, the Company is to pay CFMI and/or GHMSI. As compensation for the services furnished by GHMSI and CFMI pursuant to this agreement, CareFirst Companies shall reimburse GHMSI and CFMI an amount based upon direct and indirect costs allocated to them using a cost allocation methodology derived from operating statistics relevant to the types of services performed. Intercompany cash settlements between all parties to the Agreement occur on a monthly basis.

The Department approved the agreement on April 15, 2015, with an effective date of September 9, 2021. There were no expenses allocated to the Company under this agreement during 2021 and 2020.

As of December 31, 2021, the Company reported \$980,000 and \$0 as amounts due to and due from affiliates, respectively.

Tax Allocation Agreement:

Effective with the acquisition of the Company by CFBC, the Company became a party to the BlueChoice Tax Sharing Agreement. Pursuant to the agreement, taxes are allocated to the Company on the basis of the percentage of the consolidated federal income tax liability attributable.

Fourth Amended Restated Intercompany Agreement:

This agreement is entered into between the Company, CFH, CFI., CFMI and GHMSI, effective January 1, 2011. This agreement is entered into to facilitate the purposes of the Business Combination Agreement as the result of certain restructuring initiatives.

Fee Sharing Agreement:

This agreement was entered into between CFI and all health insurance subsidiaries within the holding company structure. Pursuant to the agreement, the Parties reported and paid any Health Insurance Provider Fee (the “HIP Fee”) liabilities as a Controlled Group on a consolidated basis. The Parties acknowledged that the consolidated HIP Fee liability was to be apportioned amongst the subsidiaries for a fee year on the basis of the percentage of the Parties’ consolidated HIP Fee

liability. The HIP was repealed beginning in 2021. As a result, the Company was not required to pay the HIP Fee in 2021.

FIDELITY BOND AND OTHER INSURANCE

Pursuant to Section 31-3405(b) of the District of Columbia Official Code, as of December 31, 2021, the Company, along with its Parent, was included as a named insured in the Parent's blanket fidelity insurance policy. The amount of fidelity insurance coverage was \$10,000,000 with a \$350,000 deductible.

In addition, the Company had other insurable risks. In this regard, the Company and its affiliates maintained certain insurance policies to cover the hazards to which it is exposed, including general liability, commercial property, cyber, directors and officers, workers' compensation and employers' liability, and executive liability coverage.

STATUTORY DEPOSIT

Pursuant to Section 31-3412(b) of the District of Columbia Official Code, the Company maintained a deposit of \$300,000 with the District of Columbia Insurance Commissioner as trustee. These funds were held for the protection of all of the Company's policyholders and creditors. In addition, the Company has established a special deposit with the Commonwealth of Virginia in the amount of \$650,000 as a condition of its licensure as an HMO for the protection of the policyholders in Virginia.

TERRITORY AND PLAN OF OPERATION

The Company is an HMO that operates exclusively in the District, providing a managed care delivery system by arranging and coordinating the delivery of health care services to Medicaid eligible recipients in the District's Medicaid and Alliance programs. During the examination period, all of the Company's premium revenue was generated from contracts with the DHCF, which was originally awarded effective July 1, 2013. The contracts last one base year and four option years and take effect annually on October 1.

Under the HMO contract, the Company is responsible for authorizing payments for services, processing and paying claims to health care providers for services rendered to Medicaid and Alliance members enrolled with the Company. Alliance enrollees are those residents not eligible for the federally funded Medicaid program but whose income falls below 200% of the federally determined poverty level.

At December 31, 2021, the Company provided healthcare services to approximately 62,171 members enrolled in the Medicaid program and approximately 6,251 members enrolled in the Alliance program. DHCF makes capitation payments to the Company on a per-member-per-month ("PMPM") basis, based on negotiated rates determined to be actuarially sound by an independent actuary contracted with DHCF. The capitation payments by DHCF are insurance premiums paid to a health insurance company for insuring Medicaid and Alliance members. During 2021, the Company's premiums from the DHCF contract were approximately \$391 million.

At December 31, 2021, the Company had active insurance licenses in the District, the Commonwealth of Virginia, and West Virginia. However, the Company was only conducting business in the District.

REINSURANCE

Assumed Reinsurance

The Company is not a party to any agreements for assumed reinsurance.

Ceded Reinsurance

As of December 31, 2021, the Company had a per-risk excess of loss reinsurance agreement with Partner Re America Insurance Company ("Partner Re"). The agreement provides the

Company with reinsurance coverage related to its Medicaid membership. The Company maintained similar coverage for all years under examination.

For the agreement period October 1, 2021, to October 1, 2022, Partner Re agrees to pay covered expenses incurred over the period for the Medicaid membership, which are incurred from October 1, 2021, to October 1, 2022, paid by July 1, 2023, and submitted by July 1, 2023. The agreement establishes a \$1,000,000 per Member per period deductible for Medicaid membership. An unlimited reinsurance limit per Member per period exists, and the premium paid by the Company in exchange for the coverage is \$4.05 PMPM for the Medicaid membership and \$3.02 for the Alliance membership, respectively, with a \$1,800,000 minimum annual premium under the agreement. The Reinsurer may refund to the Company a portion of the net profit from the Agreement Term beginning October 1, 2021, and ending October 1, 2022, if certain conditions are satisfied.

ACCOUNTS AND RECORDS

The Company's statutory home and main administrative office are located at 1100 New Jersey Avenue, South East Suite 840, Washington, D.C. 20003. This also serves as the primary location of the Company's books and records. This satisfies the requirements of Section 31-3431 of the District of Columbia Official Code, which requires that a domestic health maintenance organization maintain its principal office within the District and shall keep its books, records, and files therein, and shall not remove from the District either its principal office or its books, records, or files without the permission of the Department.

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. A review of the Company's Information Technology General Controls ("ITGC") and General Application Controls ("GAC") was also performed as required by the Handbook. The review did not disclose any significant deficiencies in these systems and records.

FINANCIAL STATEMENTS

The examination does not attest to the fair presentation of the financial statements included herein. The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition and results of operations as reported by the Company for the period ending December 31, 2021. No adjustments were made to the statements filed with the Department as a result of this Examination.

Admitted Assets, Liabilities, Capital and Surplus

Assets

Bonds	\$ 33,549,075
Cash, cash equivalents and short-term investments	142,340,716
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Subtotal cash and invested assets	\$ 175,889,791
Investment income due and accrued	181,040
Uncollected premiums and agents' balances	5,112,764
Current federal and foreign income taxes recoverable	169,021
Net deferred tax asset	277,365
Electronic data processing equipment and software	507,641
Receivables from parent, subsidiaries and affiliates	979,633
Aggregate write-ins for other than invested assets	126,153
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Total admitted assets	\$ 183,243,408
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Liabilities

Claims unpaid (Note 1)	\$ 80,075,468
Accrued medical incentive pool and bonus amounts	160,920
Unpaid claims adjustment expenses (Note 1)	2,881,554
Aggregate health policy reserves	2,885,262
General expenses due or accrued	24,044,098
Amounts withheld or retained for the account of others	5,158
Payable for securities	148,016
Aggregate write-ins for other liabilities	250,660
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Total liabilities	\$ 110,451,136
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Capital and Surplus

Common capital stock	\$ 1,000,000
Gross paid in and contributed surplus	57,248,202
Unassigned funds (deficit)	14,544,070
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Total capital and surplus	\$ 72,792,272
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Total liabilities, capital and surplus	\$ 183,243,408
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Statement of Revenue and Expenses

Year Ended December 31, 2021

Member Months	805,511
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Net premium income	\$387,657,899
Hospital and medical benefits	\$242,587,281
Other professional services	22,205,355
Emergency room and out of area	28,748,505
Prescription drugs	35,984,979
Incentive pool, withhold adjustments and bonus amounts	746,810
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Subtotal hospital and medical expenses	\$330,272,930
Less: Net reinsurance recoveries	462,111
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Total hospital and medical	\$329,810,819
Claims adjustment expenses	29,258,746
General administrative expenses	27,810,245
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Total underwriting deductions	\$386,879,810
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Net underwriting gain	778,089
Net investment income earned	617,661
Net realized capital gains (losses)	(5,046)
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Net investment gains	612,615
Aggregate write-ins for other income or expenses	(12,248)
Net income before federal income tax	\$ 1,378,456
Federal income tax	284,690
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Net income	\$ 1,093,766
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Statement of Changes in Capital and Surplus

<i>Capital and surplus - December 31, 2016</i>	\$ 14,835,159
Net income	4,610,908
Change in net unrealized capital (losses)	(3,032)
Change in net deferred income tax	(53,181)
Change in nonadmitted assets	306,871
Dividends to stockholders	(3,780,000)
<u>Aggregate write-ins for gains or (losses)</u>	<u>144,142</u>
Net change in capital and surplus	1,225,708
<i>Capital and surplus - December 31, 2017</i>	\$ 16,060,867
Net income	7,238,979
Change in net unrealized capital gains	2,838
Change in net deferred income tax	270,877
Change in nonadmitted assets	(1,246,226)
Dividends to stockholders	(4,000,000)
<u>Aggregate write-ins for gains or (losses)</u>	<u>1,053,282</u>
Net change in capital and surplus	3,319,750
<i>Capital and surplus - December 31, 2018</i>	\$ 19,380,617
Net income	7,127,573
Change in net unrealized capital gains	(2,838)
Change in net deferred income tax	(360,577)
Change in nonadmitted assets	1,067,793
Dividends to stockholders	(7,000,000)
<u>Aggregate write-ins for gains or (losses)</u>	<u>475,632</u>
Net change in capital and surplus	1,307,583
<i>Capital and surplus - December 31, 2019</i>	\$ 20,688,200
Net income	1,830,910
Change in net unrealized capital gains (losses)	2,838
Change in net deferred income tax	91,828
Change in nonadmitted assets	354,487
Paid in Surplus	51,413,202
<u>Aggregate write-ins for gains or (losses)</u>	<u>(2,359,451)</u>
Net change in capital and surplus	51,333,814
<i>Capital and surplus - December 31, 2020</i>	\$ 72,022,014
Net income	1,093,767
Change in net deferred income tax	(4,858)
Change in nonadmitted assets	(319,773)
<u>Aggregate write-ins for gains or (losses)</u>	<u>1,123</u>
Net change in capital and surplus	770,259
<u>Capital and surplus - December 31, 2021</u>	<u>\$ 72,792,273</u>

Analysis of Examination Changes in Capital and Surplus

There were no changes to the Company's surplus as a result of this Examination.

Notes To Financial Statements

Note 1: Loss and Loss adjustments: The Company reported "Claims unpaid" and "Claims adjustment expenses unpaid" reserves totaling \$80,075,468 and \$2,881,554, respectively. These reserves represent management's best estimate of the amounts necessary to pay all claims and related expenses incurred but still unpaid as of December 31, 2021.

The methodologies utilized by the Company to compute reserves and the adequacy of the loss and loss adjustment expense reserves as of December 31, 2021, were reviewed as part of our examination. As part of our review, we relied on the Company's independent actuary, who concluded that the methodologies and reserves appeared to be sufficient. In addition, the methods utilized by the Company to compute these reserves and the adequacy of the loss reserves and loss adjustment expense reserves were reviewed by the Department's exam contracted actuary engaged as part of the examination. Our actuary specifically reviewed the assumptions, methodologies, and conclusions reached by the Company's independent actuarial firm in their report/opinion and the related financial statements as of December 31, 2021. No significant adverse issues were noted as a result of that review.

SUBSEQUENT EVENTS

During the course of fieldwork and subsequent to the examination date, December 31, 2021, the following significant subsequent events were noted:

- In April 2022, the former President and CEO, George Aloth, left the organization and was replaced by Cleveland Slade as Interim President and CEO.
- In June 2022, the District of Columbia Office of Contracting and Procurement eliminated the Company from the request for proposals for the new five-year term Medicaid contract. The Company's Medicaid contract ended on March 31, 2023. The Company has appealed the District's Office of Contracting & Procurement (OCP) decision and awaits judicial review at the time of the Department's publication of this Report.

SUMMARY OF RECOMMENDATIONS

There were no recommended adjustments to the financial statements as of December 31, 2021, or significant adverse findings that warranted disclosure in this Examination Report.

CONCLUSION

The insurance examination practices and procedures promulgated by the NAIC have been followed in ascertaining the financial condition of **Trusted Health Plan (District of Columbia), Inc.**, consistent with the insurance laws of the District of Columbia. Such procedures performed on this examination do not constitute an audit that follows generally accepted auditing standards, and no audit opinion is expressed on the financial statements in this Report. No material adjustments were identified during the examination.

Chapter 34A (“RISK-BASED CAPITAL”) of Title 31 of the District of Columbia Official Code requires the Company to maintain statutory capital and surplus levels as determined in accordance with the applicable risk-based capital formulas. At December 31, 2021, the Company’s capital and surplus was \$72,792,272, and the Company was in compliance with the minimum capital and surplus requirement.

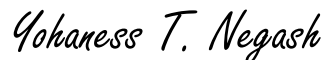
In addition to the undersigned, Chineta Alford, CFE of Global Insurance Enterprises, Inc., also participated in the examination. The Information Technology review portion of this examination was completed by Ernest Collins, CISA of Regulatory Compliance and Examination Consultants LLC. The actuarial portion of this examination was completed by Scott Garduno, FSA, MAAA, of Taylor Walker Consultants LLC.

The assistance and courteous cooperation extended by the Company's management and employees during the examination is sincerely appreciated and acknowledged.

Respectfully submitted,



Roshi Fekrat, CPA, CFE, CIA, AMCM
Examiner-In-Charge (EIC)
Global Insurance Enterprises, Inc.



Yohaness Negash, CIA, CFE, CFE (Fraud), PIR, CISA
Examination Manager
District of Columbia, Department of Insurance,
Securities and Banking