

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

Re: Report on Examination – **Trusted Health Plan (District of Columbia), Inc.** as of  
December 31, 2023

ORDER

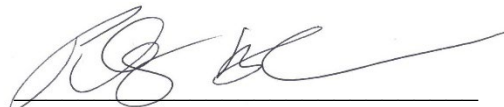
An Examination of **Trusted Health Plan (District of Columbia), Inc.** as of December 31, 2023 has been conducted by the District of Columbia Department of Insurance, Securities and Banking (“the Department”).

It is hereby ordered on this 28<sup>th</sup> day of May 2025, 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.



Philip Barlow  
Associate Commissioner

**REPORT ON EXAMINATION**  
**Trusted Health Plan (District of**  
**Columbia), Inc.**  
**AS OF**  
**DECEMBER 31, 2023**

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Washington, D.C.  
May 8, 2025

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

Dear Commissioner Woods,

In accordance with Section 31-1402 of the District of Columbia Official Code (“D.C. Code”), we have examined the financial condition and activities of

**Trusted Health Plan (District of Columbia), Inc.**

hereinafter referred to in this report as the (“Company”) or (“THPDC”). The examination was conducted remotely. The Company’s statutory home office is located at 840 First Street NE, Washington, DC, 20002, and the following Report on Examination is submitted.

**SCOPE OF EXAMINATION**

The Company was last examined by representatives of the District of Columbia, Department of Insurance, Securities and Banking (“DISB” or the “Department”) and covered the period from January 1, 2017, to December 31, 2021. The current full-scope risk-focused examination was conducted by examiners representing the Department and covered the period from January 1, 2022, to December 31, 2023, including any material transactions and/or events occurring after the examination date and noted during this examination.

The examination was conducted in accordance with procedures and guidelines prescribed by the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that the examiners 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 of Washington, D.C. domestic companies of CareFirst, was called by the Department in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. This examination was conducted as part of a multi-state risk-focused examination (the “Coordinated Examination”) of the CareFirst, Inc. group of insurance entities in which the Department served as the lead state on the examination. The Maryland Insurance Administration (“MIA”) accepted the invitation to participate in this Coordinated Examination for the following Maryland-domiciled insurance companies examined at the same time during the above examination:

<b>Company Name</b>	<b>NAIC</b>	<b>Acronym</b>
CareFirst, Inc. (MD)	47021	CFI
CareFirst of Maryland, Inc. (MD)	47058	CFMI
First Care, Inc. (MD)	60113	FirstCare
The Dental Network, Inc. (MD)	13130	TDN
CareFirst Advantage, Inc. (MD)	16724	CFAI
CareFirst Advantage DSNP, Inc. (MD)	15528	CFDSNP
CareFirst Advantage PPO, Inc. (MD)	16971	CFAI PPO
CareFirst Community Partners, Inc. (MD)	15015	CFCP

Concurrent with this examination, we have examined the Company's affiliates, Group Hospitalization and Medical Services, Inc. (GHMSI), a District-domiciled non-profit corporation, and CareFirst BlueChoice, Inc. (“CFBC”), a District-domiciled Health Maintenance Organization (“HMO”). Reports for GHMSI and CFBC will be issued under a separate cover. In addition, reports of examination for each of the eight (8) Maryland-domiciled entities will be issued under separate covers by MIA.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. In planning and conducting the examination, the examiners gave consideration to 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. 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.

In addition to the above, the examiners have reviewed workpapers prepared by Ernst & Young, LLP (EY), the Company's independent auditors, in their audit of the Company's accounts and records for the year ending December 31, 2023. The firm expressed unmodified opinions on the Company's financial statements for the years 2022 and 2023. A portion of the auditor's work papers has been relied upon and incorporated into the examiners' work papers and utilized in certain phases of the examination.

The examination team also relied on the work of the internal auditors, including Model Audit Rule (“MAR”) work, for the year ending December 31, 2023. A portion of the internal audit work was incorporated in the workpapers of the examiners and has been utilized in certain phases of the examination.

The examination Report includes significant findings of facts, as mentioned in Section 31-1404 of the District of Columbia 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 in the Report but may be separately communicated to the other regulators and/or the Company.

Report findings and comments from the prior examination were reviewed and their status was followed-up on during the current examination.

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## **SUMMARY OF SIGNIFICANT FINDINGS**

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

## **COMPANY 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. (THPDC). The Company was a wholly owned subsidiary of Trusted Health Plans, Inc. (THP), a Delaware holding company. Effective 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 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 Company is a Medicaid HMO and provides health care within a managed care framework for Medicaid recipients in the District of Columbia 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 and 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.

In June 2022, the District of Columbia Office of Contracting and Procurement eliminated the Company from the request for proposals of the new five-year term Medicaid contract. The Company's Medicaid Contract with DHCF expired on March 31, 2023. The Company is in a run-out period until September 30, 2024, and remains obligated for the run-out activities.

During the period under examination, several new entities were formed, and restructurings impacted the company's holding company system. For additional information, refer to the 'Holding Company

System’ and ‘Subsequent Events’ sections of this Report.

### Capitalization

As of 12/31/2023, the Company has 1,000,000 shares of common stock authorized, of which 100,000 shares were issued and outstanding with a par value of \$10 per share. On March 23, 2016, the Board of Directors approved the change in its common stock per share value from 0.01 to \$10.00 per share as an amendment to the Articles of Incorporation. The Restated Articles were approved by the District of Columbia Government Corporations Divisions on April 4, 2016, which was subsequently amended as part of Trusted Health Plans, Inc.’s merger with and into CapitalCare, Inc. as approved by the District of Columbia Department of Insurance, Securities and Banking, on January 24, 2020. The Company has no preferred stock authorized, issued or outstanding.

### Dividends to Stockholder

Pursuant to D.C. Code 31-706(b), the Company is required to receive prior approval from DISB before declaring a dividend in excess of 10% of prior year’s capital and surplus balance or the prior year’s net income balance amount.

In October 2023, the Company issued and paid an extraordinary dividend of \$45,000,000 in cash, through THP to CFBC. The extraordinary dividends from THPDC through THP to CFBC were approved by DISB via Form D Filing on July 13, 2023.

During 2019, the Company declared and paid an ordinary dividend of \$7,000,000 to its parent, THP, on September 17th and 18th.

## MANAGEMENT AND CONTROL

The Articles of Incorporation and Bylaws vest the management and control of the Company’s business affairs with the Board of Directors. Article IV, Section 4.1 states that the business, property and affairs of the Corporation be managed by not less than five (5) persons. The Chief Executive Officer of CareFirst, Inc. shall serve as one of the five directors.

At December 31, 2023, the members of the Board of Directors were as follows:

### Board of Directors

#### Name and Residence

Matthew H. Snyder, Chair  
Missouri

Ricardo R. Johnson  
Maryland

Rose V. Megian  
Maryland

#### Principal Business Affiliation

SVP Chief Risk Officer,  
CareFirst

EVP, Enterprise Strategy & Healthworx,  
CareFirst

EVP, Chief Administrative Officer,  
CareFirst

Brian D. Pieninck Maryland	President & CEO, CareFirst
Xuejun J. Smith Maryland	EVP & Chief Financial Officer, CareFirst
Brian R. Wheeler Maryland	SVP, Health Services, CareFirst

### **Officers**

The principal officers appointed by the Board and holding office at the Company as of December 31, 2023, were as follows:

<u>Name</u>	<u>Title</u>
Cleveland E. Slade	President & CEO
Randolph S. Sergent	VP, Corporate Secretary
Arjun S. Amernath	Assistant Secretary
Christopher A. Phillips	Chief Financial Officer

### **Committees**

The Company's Bylaws allow for the designation of one or more committees of the Board by resolution adopted by a majority of the directors in office. At December 31, 2023, the Board did not have any Committees at the entity level. Pursuant to D.C. Official Code § 31-311.01, the Audit and Compliance Committee of CFI serves as the Audit Committee for the Company. Additional committees are the Finance and Investment Committee, Mission Oversight Committee, Executive Committee, and Governance and Nominating Committee of CFI.

### **Conflict of Interest**

Directors, officers, and responsible employees of the Company are required to annually complete a Conflict of Interest Disclosure Statement documenting any potential conflicts. It was determined that all Directors and Officers listed in the Management and Control section of the Report have reviewed and signed their statements as of December 31, 2023.

### **Corporate Records**

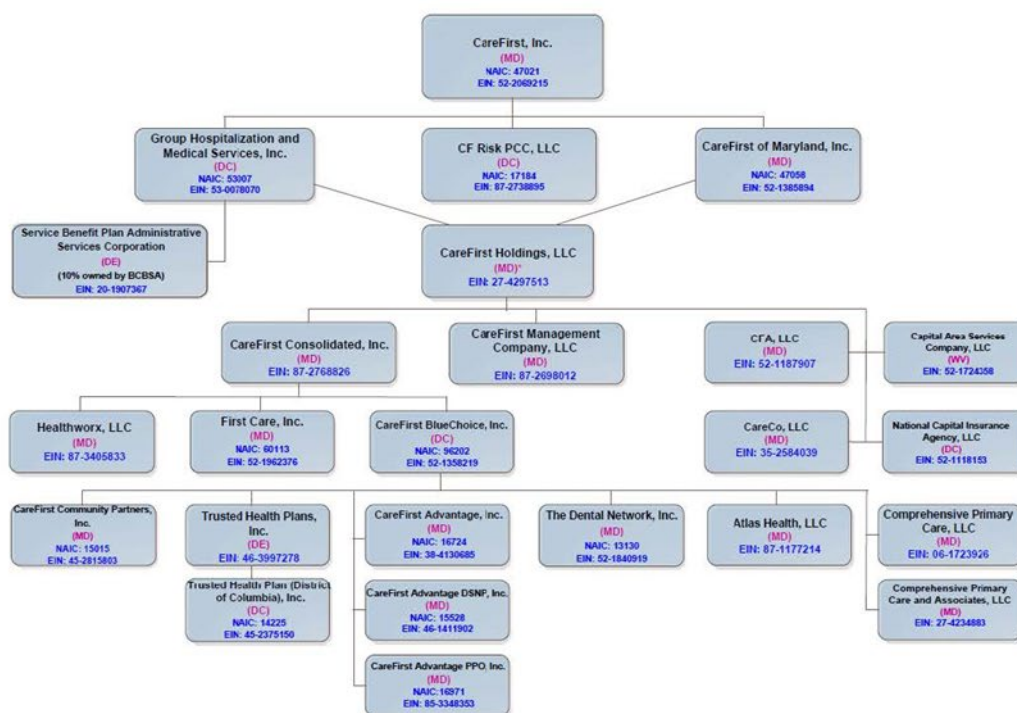
The Company's Articles of Incorporation, By-Laws, and recorded minutes of the Shareholder(s), Board of Directors, and certain internal committees were reviewed for the period under examination. Based on the review, it appears the minutes documented the Company's significant transactions and events, and the directors approved those transactions and events. The minutes complied with the Articles and By-Laws.

**HOLDING COMPANY SYSTEM**

As of December 31, 2023, 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**

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
 PART 1 – ORGANIZATIONAL CHART**



\* 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 with affiliated companies. We performed a review, and the significant agreements are described below:

**Administrative Services Agreement**

Effective January 1, 2023, CFI, CFMI, GHMSI, and all of their respective subsidiaries entered into an administrative services agreement. The agreement calls for CFMI, GHMSI, and CareFirst Management Company, LLC (CMC) to provide administrative and operational support services to CareFirst Companies. In consideration of the services provided, CFMI, GHMSI, and CMC are paid a fee based

upon direct and indirect cost plus a mark-up based on market rates. Settlement amounts are due on a monthly basis. The total charges to the Company for services provided by CMC were \$37,643,000 for the year ended December 31, 2023. These allocations are included in general and administrative expenses.

### **Tax Allocation Agreement**

Effective September 13, 2021, CFCI, First Care, Inc., Healthworx, LLC, and CFBC and its direct and indirect wholly owned corporate subsidiaries entered into a tax sharing agreement. The tax sharing agreement calls for the allocation of the current federal income tax liability to the Company on the basis of the percentage of the consolidated federal income tax liability attributable to the Company, computed on a separate company basis, of the total consolidated federal income tax liability.

The agreement also provides that to the extent the Company's tax attributable (e.g., net operating losses) reduces the consolidated federal income tax liability, CFCI shall pay the Company for use of such attributes in the year utilized. Amounts due to/from the subsidiaries for federal income taxes are settled quarterly. Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

### **Fourth Amended and Restated Intercompany Agreement**

Effective January 1, 2011, the Company entered into an amended and restated intercompany agreement with CFI, CFMI, and GHMSI and their affiliated subsidiaries. The agreement provides for centralizing certain functions to increase operational flexibility, provides employment opportunities to the employees of each of the Parties, and facilitates intercompany transfers of assets and services with maximum administrative ease. The agreement was entered into to facilitate the purposes of the Business Combination as a result of certain restructuring initiatives.

### **CFI Fee Sharing Agreement**

Effective January 29, 2014, all entities in the CareFirst group entered into a Fee Sharing Agreement with CFI pursuant to the Affordable Care Act, which required covered entities to pay the annual Health Insurer Fee ("HIF"). According to the Fee Sharing Agreement, each entity shall pay CFI the entity's individual HIF liability based upon each entity's proportional share of net premiums as reported.

## **FIDELITY BOND AND OTHER INSURANCE**

The Company, along with other affiliates, was included as named insureds in a fidelity bond issued to the Company's parent, CFI. The Company was protected under a Fidelity Bond with a single loss limit and an aggregate loss limit of \$25,000,000 and a deductible of \$250,000. The coverage exceeded the minimum amount of fidelity bond coverage recommended by the NAIC for these companies on a consolidated basis.

**STATUTORY DEPOSIT**

In compliance with Section 31-3412(b) of the District of Columbia Official Code requirement of maintaining a minimum deposit of \$300,000 value, the Company had deposited in trust with Truist Bank \$301,020 bank as of December 31, 2023. These funds were held for the protection of all of the Company's policyholders and creditors.

In addition, as of December 31, 2023, the Company had 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.

<b><u>Jurisdiction</u></b>	<b><u>Par Value</u></b>	<b><u>Market Value</u></b>	<b><u>Security Type</u></b>
District of Columbia	\$ 301,020	\$ 301,020	Cash
Virginia	\$ 650,000	\$ 650,000	S/T Investment

**TERRITORY AND PLAN OF OPERATION**

The Company is a Health Maintenance Organization (“HMO”) that operates exclusively in the District of Columbia, providing a managed care delivery system by arranging and coordinating the delivery of health care services to Medicaid eligible recipients in DC's Medicaid and Alliance programs. 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.

The significant lines of business and premiums written by the Company are presented below based on the 2023 statutory financial data filed by the Company with the Department:

<b>Line of Business</b>	<b>Total Revenues</b>	<b>Percentage of Total</b>
Individual (hospital and medical)	\$10,779,666	9.75%
Title XIX Medicaid	99,778,571	90.25%
Totals	\$110,558,237	100%

**REINSURANCE**

Effective October 1, 2022, the Company entered into an HMO Specific 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. Under the terms of this agreement, the Company agrees to reinsure a portion of the Reinsured’s Covered Expenses under the Membership Service Agreement. The agreement states that Specific Excess of Loss Reinsurance includes Specific Deductibles per Covered Person per Agreement term up to \$1,000,000, and the Maximum Payable per Covered Person is unlimited.

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

### **ACCOUNTS AND RECORDS**

The Company's statutory home office is located at 840 First Street NE, Washington, D.C., 20002. 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, 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, 2023:

- Admitted Assets, Liabilities, Capital and Surplus
- Statement of Revenue and Expenses
- Statement of Changes in Capital and Surplus
- Notes to the Financial Statements
- Analysis of Changes to Surplus as a Result of the Examination
- Comments on Financial Statement Items

Financial statements are the responsibility of the Company's management. The accompanying "Comments on Financial Statement Items" (if any) should be considered an integral part of the financial statements.

**Statement of Assets, Liabilities, Capital and Surplus**

December 31, 2023

Cash, cash equivalents and short-term investments	\$	44,429,751
Investment income due and accrued		70,204
Uncollected premiums and agents' balances		692,619
Net deferred tax asset		124,811
Receivables from parent, subsidiaries and affiliates		4,922,325
Health care and other amounts receivable		1,176,447
<b>Total assets</b>	<b>\$</b>	<b>51,416,157</b>
<b>Liabilities</b>		
Claims unpaid	\$	17,251,370
Unpaid claims adjustment expenses		4,659,883
Aggregate health policy reserves		4,508,847
General expenses due or accrued		2,566,922
Current federal and foreign income tax payable and interest thereon		339,826
Amounts due to parent, subsidiaries and affiliates		512,108
<b>Total liabilities</b>	<b>\$</b>	<b>29,838,956</b>
<b>Capital and Surplus</b>		
Common capital stock	\$	1,000,000
Gross paid in and contributed surplus		12,248,202
Unassigned funds (surplus)		8,328,999
<b>Total surplus and other funds</b>	<b>\$</b>	<b>21,577,201</b>
<b>Total liabilities, capital and surplus</b>	<b>\$</b>	<b>51,416,157</b>

**Statement of Revenue and Expenses**  
For the Year Ended December 31, 2023

Net premium income	\$ 110,558,237
Hospital/medical benefits	54,319,798
Other professional services	3,808,076
Emergency room and out-of-area	10,769,146
Prescription drugs	10,939,937
Incentive pool, withhold adjustments and bonus amounts	(4,000)
Subtotal hospital and medical expenses	<u>79,832,956</u>
Less: Net reinsurance recoveries	205,842
Claims adjustment expenses	19,887,570
General administrative expenses	<u>20,696,159</u>
Total underwriting deductions	<u>120,210,843</u>
Net underwriting gain or (loss)	<u>(9,652,606)</u>
Net investment income earned	3,177,146
Net realized capital gains (losses) less capital gains tax	<u>(1,958,989)</u>
Aggregate write-ins for other income or expenses	<u>(149,573)</u>
Net income or (loss) after capital gains tax and before all other federal income taxes	(8,584,022)
Federal and foreign income taxes incurred	<u>(1,532,702)</u>
Net income (loss)	<u><u>\$ (7,051,320)</u></u>

**Statement of Changes in Capital and Surplus**

	2023	2022	2021	2020	2019
Capital and surplus, December 31, prior year	\$72,266,159	\$72,792,272	\$72,022,013	\$20,688,200	\$19,380,617
Net income or (loss)	(7,051,320)	762,903	1,093,767	1,830,910	7,127,573
Change in net unrealized capital gains (losses)	(176)			2,838	(2,838)
Change in net deferred income tax	(1,456,582)	1,304,027	(4,858)	91,828	(360,577)
Change in nonadmitted assets	2,819,075	(2,593,093)	(319,773)	354,487	1,067,793
Paid in surplus	-	-	-	51,413,202	-
Dividends to stockholder	(45,000,000)	-	-	-	(7,000,000)
Aggregate write-ins for gains or (losses) in surplus	45	50	1,123	(2,359,451)	475,362
Capital and surplus, December 31, current year	\$21,577,201	\$72,266,159	\$72,792,272	\$72,022,014	\$20,688,200
Exam adjustments	-	-	-	-	-
Capital and surplus, December 31, current year	\$21,577,201	\$72,266,159	\$72,792,272	\$72,022,014	\$20,688,200

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**Notes to the Financial Statements**

1. Claims Incurred and Unpaid Claims and Claim Adjustment Expenses

The Company pays fees based upon negotiated contractual fee schedules to medical providers that provide physician and hospital services. The Company also negotiates contractual agreements with certain physicians and medical management groups to provide health care and ancillary services to its members. In addition, the Company has a contractual agreement with a pharmacy benefit management company to provide pharmacy benefits to its members. Cost of care is recognized in the period in which members receive medical services. In addition to actual benefits paid, cost of care includes the impact of accruals for estimates of reported and unreported claims, which are unpaid as of the balance sheet date.

The liability for medical claims payable is computed in accordance with generally accepted actuarial practices and is based upon past claims payment experience, together with other current factors, which, in management's judgment, require recognition in the calculation. The Company develops its estimates for care services incurred but not reported using an actuarial process that is consistently applied.

The actuarial model considers factors such as time from the dates of service to claims receipt, claims backlogs, seasonal variances in medical care consumption, provider rate changes, medical care utilization, medical cost trends, membership volume, and demographics. Depending on the health care provider and type of service, the typical billing lag for services can vary significantly. Substantially all claims are known and settled within 12 months from the date of service.

2. Commitments and Contingencies

CFMI and GHMSI entered into an intercompany agreement that requires CFMI or GHMSI, or their respective affiliates, to provide the financial resources necessary to satisfy the respective statutory or regulatory reserve requirement, subject to specific limitations, if either CFMI or GHMSI or the respective affiliates fail to meet or maintain their respective statutory or regulatory reserve requirement as required by law, or if such transfer of financial resources is needed to satisfy any other legally enforceable obligation.

In the jurisdictions in which the Company is licensed to conduct business, guaranty associations have been created for the purpose, among others, of protecting insured parties under health insurance policies when a health insurer becomes impaired or insolvent or fails. The Company is contingently liable for assessments in any calendar year, in order to provide any required funds to carry out the power and duties of the associations. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the premiums written by member insurers in the line of business in which the impaired, insolvent, or failed insurer is engaged. Some states permit member insurers to recover assessments through full or partial premium tax offsets.

Various lawsuits, including class action lawsuits and other claims, occur in the normal course

of business and are pending against the Company. The Company records reserves for such matters when a loss is deemed to be probable and estimable. Management, after consultation with legal counsel, is of the opinion that the lawsuits and other claims, when resolved, will not have a material adverse effect on the accompanying statutory-basis financial statements; however, there can be no assurance in this regard.

**Analysis of Changes in Surplus Resulting from the Examination**

The following is a reconciliation of capital and surplus between what was reported by the Company and as determined by the examination. There were no changes to the Company’s surplus as a result of this Examination.

<b>Capital and surplus, December 31, 2023 – per Annual Statement</b>			\$21,577,201
			Increase (Decrease)
	Per	Per	In Capital and
	Company	Examination	Surplus
Total assets	\$51,416,157	\$51,416,157	\$ -
Total liabilities	29,838,956	29,838,956	\$ -
<b>Capital and surplus, December 31, 2023 – per examination</b>			<b>\$21,577,201</b>

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

As a result of the examination, no adverse findings affecting the financial statements, or material changes to the financial statements were identified.

**SUBSEQUENT EVENTS**

A restructuring of CareFirst entities took effect on January 1, 2025 in order to achieve greater operational efficiency. The following changes were included in the restructuring:

1. Dissolution of Capital Area Services Company, LLC (“CASCI”): CASCI has no operations and is not anticipated to operate in the future.
2. Merger of CFAI and CFDSNP: CFAI has not renewed its contract with CMS for 2025 and will no longer sell individual HMO product. CFDSNP will administer the run-out period under CFAI’s 2024 contracts with CMS.
3. Movement of CFBC Subsidiaries: CFBC moved the ownership of its Medicare Advantage and Medicaid subsidiaries under CFCI instead of CFBC. The Medicare and Medicaid Companies will no longer be included in CFBC’s RBC calculations. There will be no member impact from the movement of these companies within the holding system.
4. Movement of National Capital Insurance Agency (“NCIA”): CareFirst transferred 100% of membership units of NCIA from CFH to CMC.

In addition to this restructuring, there were changes made to the CareFirst Intercompany and Administrative Services Agreement (ASA), the primary mechanism that CMC uses to provide intercompany services. CFMI and GHMSI have previously provided services under the ASA. The amendment, effective January 1, 2025, permits any CareFirst company to provide administrative services to other companies and charge direct and indirect costs as well as a market-based service fee.

Effective January 1, 2025, THP and THPDC became wholly owned subsidiaries of CFCI. As part of the ownership change, CFBC transferred CFCP, CFDSNP, CFAI PPO, THP, and THPDC to its parent, CFCI. CFBC's subsidiary, CFAI, merged into CFDSNP on March 1, 2025, with CFDSNP surviving.

### **SUMMARY OF RECOMMENDATIONS**

As a result of the financial examination, no material report findings or recommendations were made.

### **CONCLUSION**

The insurance examination practices and procedures as 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 made following generally accepted auditing standards, and no audit opinion is expressed on the financial statements contained in this Report. No material adjustments were identified during the examination.

Chapters 20 ("Risk-Based Capital") and 34 ("Health Maintenance Organizations") of Title 31 ("Insurance and Securities") of the District of Columbia Official Code specify the level of capital and surplus required for the Company. We concluded that the Company's capital and surplus funds exceeded the minimum requirements during the period under examination.

Acknowledgment is made of the cooperation and assistance extended by the Company's officers and employees during the course of the examination.

**SIGNATURES**

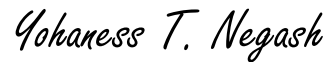
In addition to the undersigned, Financial, IT, and Actuarial Examiners with the firm Baker Tilly US, LLP, representing the Department, also participated in the examination.

Respectfully submitted,



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Jessie L. Adamson, CFE, CISA  
Examiner-In-Charge  
Baker Tilly, Inc.  
Representing District of Columbia, Department of Insurance,  
Securities and Banking



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Yohanness Negash, CFE, CFE (Fraud), PIR, CIA, CISA  
Examination Manager  
District of Columbia, Department of  
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