



NC DEPARTMENT of INSURANCE

MIKE CAUSEY, COMMISSIONER

COMPANY SERVICES GROUP
FINANCIAL EXAMINATION DIVISION

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I, Mike Causey, Commissioner of Insurance in and for the State of North Carolina do hereby certify that: I have caused the Report on Examination of the Centene North Carolina Insurance Group, as of December 31, 2022 with the original on file at this Department and find the same to be a correct copy of the whole said original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this the 28th day of June, 2024.



Mike Causey
Commissioner of Insurance

Monique D. Smith, CPA, CFE, CIA
Deputy Commissioner
Financial Examination Division

Centene North Carolina Insurance Group

St. Louis, Missouri

Multi-Entity Report on Examination

As of December 31, 2022

TABLE OF CONTENTS

| | |
|--|-----------|
| SCOPE OF THE EXAMINATION | 2 |
| REPORT ABBREVIATIONS | 4 |
| SUMMARY OF SIGNIFICANT FINDINGS | 5 |
| ORGANIZATIONAL STRUCTURE | 5 |
| Organizational Chart | 6 |
| INDIVIDUAL COMPANY HISTORY | 6 |
| Capital Stock | 7 |
| Dividends to Stockholder | 8 |
| MANAGEMENT AND CONTROL | 8 |
| Corporate Governance..... | 8 |
| Code of Conduct and Conflict of Interest..... | 12 |
| Corporate Records | 12 |
| Statutory Deposits | 12 |
| Accounts and Records | 13 |
| Information Technology Controls | 13 |
| Fidelity Bonds and Other Insurance | 13 |
| Employee Benefits and Pension Plans | 13 |
| Related Party Agreements | 14 |
| TERRITORY AND PLAN OF OPERATION | 15 |
| Growth of the Companies..... | 16 |
| Actuarial Opinion | 17 |
| REINSURANCE PROGRAM OVERVIEW | 18 |
| Internal Reinsurance Ceded..... | 18 |
| External Reinsurance Ceded..... | 18 |
| FINANCIAL STATEMENTS | 18 |
| COMMENTS ON FINANCIAL STATEMENTS | 19 |
| SUBSEQUENT EVENTS | 25 |
| DISTRIBUTION OF REPORT ON EXAMINATION | 26 |
| CONCLUSION | 27 |
| APPENDIX A | 29 |

May 29, 2024

Honorable Mike Causey
Commissioner of Insurance
State of North Carolina
Raleigh, North Carolina

Sir:

Pursuant to your instructions and in accordance with Section (“§”) 58-2-131, 58-67-100, and 58-93-60 of the General Statutes of North Carolina (“GS”), the North Carolina Department of Insurance (“Department”) conducted an examination of the records, business affairs and financial condition of

Ambetter of North Carolina Inc. (“ANC”)

Carolina Complete Health, Inc. (“CCH”)

WellCare of North Carolina, Inc. (“WNC”)

WellCare Health Insurance of North Carolina, Inc. (“WHINC”)

(hereinafter referred to as the “Centene North Carolina Insurance Group” or “Centene NC Group”), acknowledging that their main administrative office is located at 7700 Forsyth Boulevard, Suite 200, Saint Louis, Missouri 63105. ANC’s statutory home office is located at 7700 Forsyth Boulevard, Suite 200, Saint Louis, Missouri 63105; CCH’s statutory home office is located at 1701 North Graham Street, Suite 101, Charlotte, North Carolina 28206; and WNC’s and WHINC’s statutory home office is located at 3128 Highwoods Boulevard, Raleigh, North Carolina 27604. The following report on examination is respectfully submitted.

SCOPE OF THE EXAMINATION

We performed a full-scope statutory examination of each company within the Centene NC Group. This examination covers the entire period from each company’s initial licensing date through December 31, 2022. The initial licensing dates were as follows: August 1, 2018 for ANC; March 11, 2019 for CCH; April 5, 2019 for WNC; and April 2, 2019 for WHINC. This examination included any material transactions and events occurring subsequent to the examination date and noted during the course of this examination and serves as the Department’s first examination of the Centene NC Group.

The purpose of this examination is to review and evaluate the Centene NC Group business processes and controls to assist in assessing and monitoring its current financial condition and prospective solvency. Pursuant to GS §58-2-132, this Report on Examination comprises only facts appearing in the books, records, or other documents of the Centene NC Group (together with citations of pertinent laws, regulations, and rules) with regards to any material adverse findings disclosed by the examination.

This was a multi-state coordinated financial examination of eighty-five (85) insurance company subsidiaries of Centene Corporation (“CC”), collectively known as the (“Centene Group”). Texas served as the Lead State and Participating States included: Alabama, Arkansas, Arizona, California, Connecticut, Florida, Hawaii, Iowa, Illinois, Kansas, Kentucky, Louisiana, Maine, Michigan, Missouri, Mississippi, North Carolina, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Virginia, Vermont, Washington, and Wisconsin. We conducted our examination in accordance with standards established by the Department and the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners

Handbook (“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 Centene Group, 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 Centene Group were considered in accordance with the Handbook risk-focused surveillance process and the following key functional activities were identified:

Investment
Related Parties
Capital & Surplus
Reinsurance Assuming
Reinsurance Ceded
Reserving
Pricing
Claims Handling
Premiums

This may include assessing significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with GS Chapter 58 and evaluating management’s compliance with statutory accounting principles. This examination does not attest to the fair presentation of the financial statements included herein.

This examination report includes significant findings of fact and general information about the insurer 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 the Centene NC Group.

Centene NC Group’s Annual Statements, work papers, and the independent audit work papers were reviewed and relied upon whenever possible. Trial balance reconciliations of the Annual Statements were performed, as were a verification of ownership and valuation of assets, determination of liabilities and reserves, and an analysis and review of such accounts and records as deemed necessary by the examination team. A management representation letter attesting to the Centene NC Group’s ownership of assets, the nonexistence of unrecorded liabilities and contingent liabilities was received from the Centene NC Group’s management.

The books and records of the Centene NC Group are audited annually by independent certified public accountants in accordance with GS § 58-10-185(a). KPMG LLP of St. Louis, Missouri, the designated independent public accountant of the Centene NC Group, issued unmodified opinions each year during the periods under examination with exception of those years the Department granted exemptions pursuant to GS § 58-10-185(b). Annual audit exemptions were granted in 2018 for ANC; in 2019 and 2020 for CCH; in 2019 and 2020 for WNC; and in 2020 for WHINC.

REPORT ABBREVIATIONS

| | |
|--|--------------------|
| General Statutes of North Carolina | “GS” |
| North Carolina Department of Insurance | “Department” |
| Annual Statement | “AS” |
| Centene Corporation | “CC” |
| Centene Corporation and its affiliates | “Centene Group” |
| National Association of Insurance Commissioners | “NAIC” |
| Financial Condition Examiners Handbook | “Handbook” |
| The WellCare Management Group, Inc. | “WMG” |
| WCG Health Management, Inc. | “WCGHM” |
| WellCare Health Plans, Inc. | “WHP” |
| Carolina Complete Health Holding Company Partnership | “CCHHCP” |
| Centene Health Plan Holdings, Inc. | “CHPH |
| Health Maintenance Organization | “HMO” |
| Prepaid Health Plan | “PHP” |
| Board of Directors | “Board” |
| Centene Management Company, LLC | “CMC” |
| Involve Vision, Inc. | “EVI” |
| Per Member Per Month | “PMPM” |
| National Imaging Associates, Inc. | “NIA” |
| North Carolina Department of Health and Human Services | “NCDHHS” |
| Dual Eligible Special Needs Plans | “D-SNP” |
| Involve Dental, Inc. | “EDI” |
| Involve Pharmacy Solutions, Inc. | “EPS” |
| Carolina Complete Health Network, Inc. | “CCHN” |
| Risk-Based Capital | “RBC” |
| Excess of Loss | “XOL” |
| Bankers Reserve Life Insurance Company of Wisconsin | “BRLICW” |
| PartnerRe America Insurance Company | “PartnerRe” |
| <u>Centene North Carolina Group</u> | “Centene NC Group” |
| Ambetter of North Carolina Inc. | “ANC” |
| Carolina Complete Health, Inc. | “CCH |
| WellCare of North Carolina, Inc. | “WNC” |
| WellCare Health Insurance of North Carolina, Inc. | “WHINC” |

SUMMARY OF SIGNIFICANT FINDINGS

Comments, Recommendations, and Directives

1. Stephen W. Keene, secretary of CCH, did not complete a conflict-of-interest statement for 2021 and 2022. CCH is directed to ensure that conflict-of-interest statements are executed annually by its officers, directors, trustees, attorneys-in-fact, and administrative personnel pursuant to North Carolina Administrative Code 11C .0117.
2. Centene NC Group personnel furnished untimely responses to the Department's requests for information. The Centene NC Group was provided seven (7) days to submit information necessary for the Department to conduct its examination; however, the Centene NC Group's average response time exceeded thirty (30) days. The Centene NC Group is directed to provide timely responses related to all inquiries made by the Department pursuant to GS § 58-2-131(i) to avoid the possible consequences per GS § 58-2-70 for such violations.
3. The Centene NC Group did not provide complete and accurate information in the Annual Statement Underwriting and Investment Exhibit, Part 3 - Analysis of Expenses. For ANC (years 2018 – 2022), CCH (years 2021 & 2022), WHINC (years 2021 & 2022), and WNC (years 2020 – 2022), the claims adjustment expenses columns 1 and 2 of the NAIC Annual Statement Underwriting and Investment Exhibit, Part 3 - Analysis of Expenses were not completed in accordance with the NAIC Annual Statement Instructions as required by GS § 58-2-165(c). The Centene NC Group is directed to ensure accurate reporting in future filings submitted to the Department pursuant to GS § 58-2-165(c).
4. The NAIC Health Annual Statement Instructions requires companies to disclose information regarding its relationships, types of transactions, and amounts charged to related parties. ANC did not disclose its Capital Maintenance Agreement with CC, and WNC did not disclose its Radiology Services Management Agreement with National Imaging Associates, Inc. ("NIA") in Note 10 of their respective 2022 Annual Statements in accordance with the NAIC Health Annual Statement Instructions. ANC and WNC are directed to ensure accurate reporting to the Department in future filings pursuant to GS § 58-2-165(c).

ORGANIZATIONAL STRUCTURE

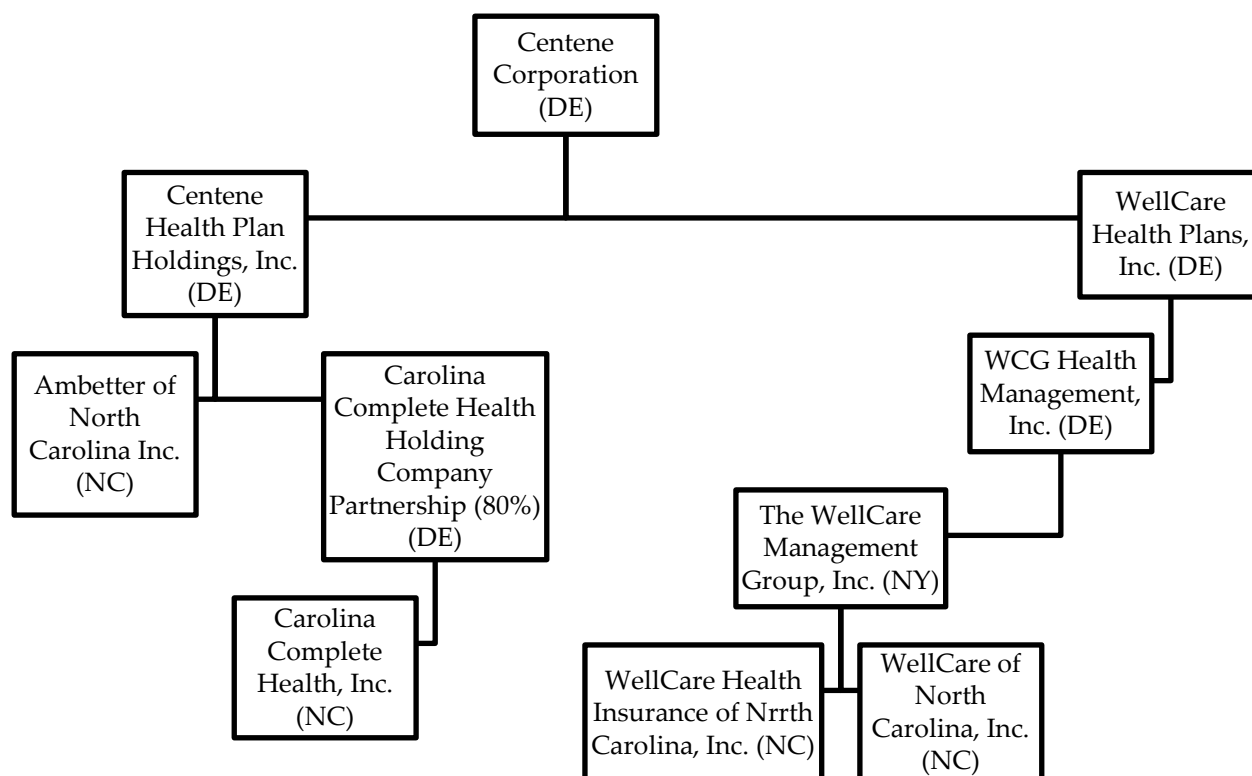
The companies within the Centene NC Group are part of an insurance holding company system as defined in GS § 58-19. WNC and WHINC are wholly owned subsidiaries of The WellCare Management Group, Inc. ("WMG"), a New York corporation. WMG is a wholly owned subsidiary of WCG Health Management, Inc. ("WCGHM"), which is a wholly owned subsidiary of WellCare Health Plans, Inc. ("WHP"). WCGHM and WHP are Delaware corporations.

CCH is wholly owned by Carolina Complete Health Holding Company Partnership ("CCHHCP"), a Delaware general partnership, which is a joint venture under which Centene Health Plan Holdings, Inc., a Delaware corporation, owns 80%, and Carolina Complete Health Network, Inc. ("CCHN"), which owns the remaining 20%. CCHN is a subsidiary of the North Carolina Medical Society and co-owned by the North Carolina Community Health Association, neither of which are part of the Centene Group. ANC is a wholly owned subsidiary of Centene Health Plan Holdings, Inc. ("CHPH"), a Delaware corporation.

CC, a Delaware corporation, is the ultimate parent and owns all of the outstanding shares of WHP and CHPH. CC is headquartered in St. Louis, Missouri. All outstanding shares of CC are owned by public investors.

ORGANIZATIONAL CHART

The Centene NC Group’s 2022 Annual Statements have a Schedule Y, which contains a complete organizational chart. The following is a summarized organizational chart of the Centene NC Group within the holding company group as of December 31, 2022:



INDIVIDUAL COMPANY HISTORY

Ambetter of North Carolina Inc.

ANC is a North Carolina domiciled Health Maintenance Organization (“HMO”), which was incorporated on April 2, 2018, licensed on August 1, 2018, and commenced business on January 1, 2019. ANC was initially funded in 2018 through the issuance of 3,000 shares of \$1 par value common stock totaling \$3,000 and an additional paid-in capital contribution totaling \$8,497,000.

Carolina Complete Health, Inc.

CCH is a North Carolina domiciled Prepaid Health Plan (“PHP”), which was incorporated on August 29, 2017, licensed on March 11, 2019, and commenced business on July 1, 2021. CCH was initially funded in 2019 through the issuance of 1,000 shares of \$0.01 par value common stock totaling \$10 and additional paid-in capital totaling \$83,629,692.

WellCare of North Carolina, Inc.

WNC is a North Carolina domiciled PHP, which was incorporated on May 8, 2018, licensed on April 5, 2019, and commenced business on January 1, 2021. WNC was initially funded in 2018 through the issuance of 1,000,000 shares of \$1 par value common stock totaling \$1,000,000. In 2019, WNC received additional paid-in capital totaling \$137,118,978.

WellCare Health Insurance of North Carolina, Inc.

WHINC is a North Carolina domiciled life, accident, and health insurance company, which was incorporated on February 11, 2019, licensed on April 2, 2019, and commenced business on January 1, 2020. WHINC was initially funded in 2020 through the issuance of 400 shares of \$1,000 par value common stock totaling \$400,000 and additional paid-in capital totaling \$4,522,954.

CAPITAL STOCK

As of December 31, 2022, capitalization of the individual companies consisted of the following:

| ANC | Value |
|--|--------------|
| Number of authorized common capital shares | 3,000 |
| Number of shares issued and outstanding | 3,000 |
| Total common capital stock | \$3,000 |
| Par value per share | \$1 |

As of December 31, 2022, all shares of ANC were issued, outstanding, and owned by CHPH. ANC received additional paid in surplus of \$20,000,000, \$18,000,000, and \$9,500,000 in 2021, 2020, and 2019, respectively.

At December 31, 2022, ANC reported \$55,997,000 in gross paid-in and contributed surplus and unassigned funds totaling \$2,353,255.

| CCH | Value |
|--|--------------|
| Number of authorized common capital shares | 1,000 |
| Number of shares issued and outstanding | 1,000 |
| Total common capital stock | \$10 |
| Par value per share | \$.01 |

CCH's common capital stock totaled \$10; however, CCH reported one share of capital common stock issued and outstanding in error as of December 31, 2022. As of December 31, 2022, 80% of outstanding shares of CCH were owned by CCHHP, which in turn was 100% owned by CHPH.

CCH received additional paid in surplus of \$100,499,990 in 2022. At December 31, 2022, CCH reported \$184,129,682 in gross paid-in and contributed surplus and unassigned funds totaling \$(81,762,971).

| WNC | Value |
|--|-------------|
| Number of authorized common capital shares | 1,000,000 |
| Number of shares issued and outstanding | 1,000,000 |
| Total common capital stock | \$1,000,000 |
| Par value per share | \$1 |

As of December 31, 2022, all outstanding shares of WNC were owned by WMG. WNC received additional paid in surplus of \$80,000,000 and \$12,000,000 in 2022 and 2021, respectively.

At December 31, 2022, WNC reported \$229,118,985 in gross paid-in and contributed surplus and unassigned funds totaling \$(52,299,485).

| WHINC | Value |
|--|-----------|
| Number of authorized common capital shares | 1,000 |
| Number of shares issued and outstanding | 400 |
| Total common capital stock | \$400,000 |
| Par value per share | \$1,000 |

No additional shares of WHINC were issued during the period under examination. As of December 31, 2022, all outstanding shares of WHINC were owned by WMG.

WHINC received additional paid in surplus of \$5,000,000 and \$14,000,000 in 2022 and 2021, respectively. At December 31, 2022, WHINC reported \$23,522,954 in gross paid-in and contributed surplus and unassigned funds totaling \$19,180,677.

DIVIDENDS TO STOCKHOLDER

Dividends on common stock are paid as declared by the Board of Directors (“Board”) of the Centene NC Group. Under the insurance regulations of North Carolina, the maximum amount in ordinary dividends which the Centene NC Group may pay to shareholders is limited to the greater of 10% of the most recent year-end policyholders' surplus or net income (excluding realized capital gains) earned for that same year-end. Any amounts in excess are considered extraordinary.

During the period under examination, ANC paid ordinary dividends totaling \$10,000,000 to CHPH in 2022. CCH, WNC, and WHINC did not pay dividends to stockholders during the period under examination.

MANAGEMENT AND CONTROL

CORPORATE GOVERNANCE

Shareholders

The bylaws for ANC provide that an annual meeting of the shareholders be held at such time and place during the month of April as the Board may appoint. If the annual meeting shall not be held in April, a substitute annual meeting may be called in accordance with special meeting provisions and designated as

the annual meeting. Special meetings of the shareholders may be called at any time by the president whenever ten percent (10%) or more of the shareholders or a majority of the directors so request in writing.

The bylaws of CCH provide that an annual meeting of the shareholders be held at such time and place as the Board may appoint. Special meetings of the shareholders may be called pursuant to a resolution approved by the Board.

The bylaws of WHINC provide that an annual meeting of the shareholders be held at such time and place as the Board may appoint. Special meetings of the shareholders may be called at any time by the Board upon written request of at least ten percent (10%) of the shareholders.

The bylaws of WNC provide that an annual meeting of the shareholder be held at such time and place as the Board, the chairperson, the president, the secretary, or upon the written request of at least ten percent (10%) of the shareholders may appoint. Special meetings of the shareholders may be called at any time by the Board, the chairperson, the president, the secretary, or upon the written request of at least ten percent (10%) of the shareholders.

Boards of Directors

The business of the Centene NC Group is conducted by each company’s management team and is subject to review by the Board. Directors are elected at the annual meeting of shareholders or by the written consent of the shareholders, and each director elected shall hold office until a successor is elected and qualified.

ANC

The bylaws for ANC specify that the number of directors shall not be less than two (2) or more than twelve (12). The following individuals served as directors of ANC as of December 31, 2022:

| Name | Location | Principal Occupation |
|--------------------|-----------------|--|
| Catherine Campbell | Charlotte, NC | Chief Operating Officer - CCH |
| Megan Flaskamper | St. Louis, MO | Vice President, Associate General Counsel - CC |
| Justin Lazier | St. Louis, MO | Vice President, Product Operation - CC |
| Karen Wegg | Albuquerque, NM | Vice President of Administration - CC |

CCH

The bylaws for CCH specify that the number of directors shall be fifteen (15). The following individuals served as directors of CCH as of December 31, 2022:

| Name | Location | Principal Occupation |
|-----------------------|--------------------|--|
| Arthur Apolinario, MD | Clinton, NC | Attending Physician - Clinton Medical Clinic |
| Yun Boylston, MD | Greensboro, NC | Partner - Burlington Pediatrics/Mebane Pediatrics |
| Leah Devlin, DDS | Chapel Hill, NC | Professor - UNC Gillings School of Global Public Health |
| Celeste Dominguez | Barium Springs, NC | President and Chief Executive Officer - Children’s Hope Alliance |
| Tagbo Ekwonu, MD | Charlotte, NC | Family Medicine Physician - Eastown Family Physicians, PA |
| Jugta Kahai, MD | Whiteville, NC | Pediatric Medical Director - Columbus Regional Health Network |

| Name | Location | Principal Occupation |
|-------------------|-----------------|--|
| Mark LaVigne, MD | Laurinburg, NC | Physician, Otolaryngologists Laurinburg - Ears, Nose and Throat Clinic |
| John Meier, IV MD | Raleigh, NC | Physician - Wake Internal Medicine Consultants |
| Shirley Ocloo, MD | Gastonia, NC | Physician and Medical Director - Gaston Family Health Services |
| Chris Paterson | Charlotte, NC | President & Chief Executive Officer - CCH |
| Ted Pienkos | St. Louis, MO | Regional Vice President, Finance & Accounting - CC |
| Jeremy Riddle | St. Louis, MO | Vice President of Business Development - CC |
| Tia Robertson, MD | Charlotte, NC | Medical Director - Gaston County Department of Health & Human Services |
| Robert Seligson | Raleigh, NC | Treasurer - The Physicians Foundation |
| Crystal Shank | Raleigh, NC | President and Chief Executive Officer - North Carolina Community Health Center Association |

WNC and WHINC

The bylaws for WNC and WHINC specify that the number of directors shall be no fewer than three (3). The following individuals served as directors of WHINC and WNC as of December 31, 2022:

| Name | Location | Principal Occupation |
|---------------------|-----------------|---|
| Troy Hildreth | Raleigh, NC | President and Chief Executive Officer - WNC |
| Eugenie Komives, MD | Raleigh, NC | Chief Medical Officer - WNC |
| Christian Miller | Raleigh, NC | Chief Financial Officer - WNC |
| Shari Riley | Raleigh, NC | Vice President, Compliance - WNC |

Board Committees

ANC, WHINC, and WNC have no separate committees designated by their Boards; however, the committees of CC are responsible for the provision of oversight to ANC, WHINC and WNC at a company-wide level. The Boards of ANC, CCH, WNC, and WHINC have designated CC's Audit and Compliance Committee to act on behalf of their respective companies. CCH's Board has established a Financial Matters Committee to exercise the full authority of the Board with respect to decisions directly affecting the capital or reserves of CCH or impacting CCH's critical financial operations.

The following individuals served on Board committees at December 31, 2022:

Audit and Compliance Committee - ANC, CCH, WNC, WHINC

Orlando Ayals
Jessica Blume
Christopher Coughlin
Wayne DeVeydt
William Trubeck

Financial Matters Committee - CCH

John Meier
Chris Paterson
Jeremy Riddle
Robert Seligson
Crystal Shank
Ted Pienkos

Officers

The Centene NC Group has bylaws, which state that all officers shall hold office, subject to removal at any time by the Board, until their successors are elected and qualified. Any two offices may be held by the same person, except for ANC, which prohibits the same person from holding the offices of president and secretary.

ANC

The bylaws of ANC provide that the Board will elect the officers, which shall consist of a president, vice president, secretary, treasurer, and any other officers deemed necessary. The following individuals served as officers of ANC as of December 31, 2022:

| Name | Title |
|--------------------|-----------------------|
| Catherine Campbell | President |
| Tricia Dinkelman | Vice President of Tax |
| Christopher Koster | Secretary |
| Lauren Niebruegge | Treasurer |

CCH

The bylaws of CCH provide that the Board will elect the officers, which shall consist of a president, chief executive officer, chief medical officer, chief financial officer, secretary, treasurer, and any other officers deemed necessary. The following individuals served as officers of CCH as of December 31, 2022:

| Name | Title |
|----------------------|--|
| Chris Paterson | President and Chief Executive Officer |
| Catherine Campbell | Vice President and Chief Operating Officer |
| Tricia Dinkelman | Vice President of Tax |
| Rick Doten | Vice President |
| Julie Ghurtskaia | Vice President |
| Kalpana Iyer | Vice President |
| William Lawrence, MD | Vice President and Chief Medical Officer |
| Pamela Perry | Vice President |
| Troy Schilling | Vice President |
| Paula Searon | Vice President and Chief Compliance Officer |
| Jonathan Sokeye | Vice President, Chief Financial Officer, and Treasurer |
| Stephen Keene | Secretary |

WNC and WHINC

The bylaws of WNC and WHINC provide that the Board will elect the officers, which shall consist of a president, secretary, treasurer, and any other officers deemed necessary. The following individuals served as officers of WNC and WHINC as of December 31, 2022:

| Name | Title |
|------------------|---------------------------------------|
| Troy Hildreth | President |
| Christian Miller | Chief Financial Officer and Treasurer |
| Janet Alonzo | Vice President and Secretary |
| Tricia Dinkelman | Vice President of Tax |

CODE OF CONDUCT AND CONFLICT OF INTEREST

The Centene NC Group has established policies and procedures to identify existing or potential conflicts of interest and to report the same to the Boards. Annually, the Centene NC Group requires a signed statement from each director and officer disclosing any conflict of interest. A review of the signed conflict of interest statements for the examination period revealed that the companies within the Centene NC Group acted in accordance with its policy and procedures for disclosure of conflicts of interest, except for CCH. (Refer to the Summary of Significant Findings).

CORPORATE RECORDS

We reviewed the minutes of the meetings of the Boards and their committees for the period under examination. Based on our review, it appears that the minutes documented the Centene NC Group's significant transactions and events, and that the directors approved these transactions and events.

The articles of incorporation and bylaws were reviewed for any changes during the period under examination. On March 14, 2019, CCH filed amended bylaws and articles of incorporation to increase the maximum number of board members from eight (8) to fifteen (15). The Department approved the amendments on March 13, 2019. On November 9, 2020, WNC filed for a full restatement and amendment of both the bylaws and articles of incorporation. The articles of incorporation were amended to change the principal office address. The bylaws were restated to clarify language in the following sections: annual meeting, special meetings, remote meetings, meeting quorum and compensation of directors. The changes made were not substantive in nature, and the Department approved the restatements on November 10, 2020. There have been no other changes to any of the articles of incorporation or bylaws for the Centene NC Group.

STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. The Centene NC Group's 2022 Annual Statements have a Schedule E, Part 3, which contains a complete description and listing of the statutory deposits by state. At December 31, 2022, statutory deposits were maintained in North Carolina as follows: \$542,619 for ANC, \$526,163 for CCH, \$526,758 for WNC, and \$938,883 for WHINC.

ACCOUNTS AND RECORDS

The Centene NC Group utilizes information systems to sell products to customers, to establish service and maintain customer policies, as well as to gather and report financial data. The environment for internal controls over financial reporting is highly automated and includes application controls and system generated reports supporting its financial reporting functions. Significant applications are hosted on multiple servers at the data center located in St. Louis, Missouri. The majority of the Centene NC Group's financially significant applications were developed internally by its information technology staff.

INFORMATION TECHNOLOGY CONTROLS

A risk-based assessment and review of the Centene Group's Information Technology General Controls ("ITGCs") was conducted by the Lead State in accordance with the NAIC requirements as outlined in the Handbook. The guidance and direction used to perform the review of the Centene Group's ITGCs were derived from Exhibit C Part 1 - Information Technology Planning Questionnaire ("ITPQ") and Exhibit C Part 2 - Information Technology Work Program (collectively, "Exhibit C").

The Centene Group's responses to the ITPQ were evaluated, and certain controls within the IT control environment were tested to assess whether the selected controls were designed effectively and were functioning properly.

The Department's objectives were to obtain reasonable assurance about whether:

1. the Centene Group had a process in place to effectively identify, mitigate and manage its IT risks;
2. the Centene Group control structure, policies and procedures were suitably designed to achieve the control objectives specified in Exhibit C; and
3. the Centene Group was complying with those policies and procedures.

The objectives above were achieved through a combination of reviewing the Centene Group's policies and procedures, testing in key areas related to Exhibit C, interviewing the Centene Group's IT management, reviewing IT risk assessment processes, and leveraging relevant risk assessment procedures performed by KPMG LLP of St. Louis, Missouri and the Centene Group's Corporate Audit Department.

Based upon the risk-based assessment and review, Centene Group's ITGCs were determined to be effective.

FIDELITY BONDS AND OTHER INSURANCE

The companies in the Centene NC Group are named insureds under a fidelity bond, which provides the Centene Group with coverage totaling \$10,000,000 in aggregate. The coverage was more than the minimum amount of fidelity bond coverage recommended by the Handbook for the Centene NC Group, in aggregate.

In addition, the Centene NC Group is covered by various corporate property and liability policies issued to CC, which appeared to be adequate to cover risks in the normal course of business.

EMPLOYEE BENEFITS AND PENSION PLANS

The Centene NC Group does not have any employees and is reliant on the Centene Group for operating, administration, and corporate services. These services are outlined in the management services agreements between the Centene NC Group and Centene Management Company, LLC ("CMC").

The Centene NC Group did not sponsor any retirement plans, deferred compensation, post-employment benefits and compensated absences or other post-retirement benefit plans.

RELATED PARTY AGREEMENTS

Pursuant to various agreements, services such as financial management, operational management, accounting, payroll, internal audit, human resources management, tax, legal, investment advisory, and data processing are provided for or by the Centene NC Group and its affiliates as follows:

- a. The Centene NC Group has shared services agreements with CMC, whereby CMC provides financial, investment, underwriting, claims, administrative and other support services, and makes certain underwriting and claims expenditures on behalf of the Centene NC Group. CMC is reimbursed for services provided under the agreement on a monthly basis based on a percentage of estimated net revenues for the month. Under these agreements, the allocated expenses were as follows: \$31,380,670 to ANC, \$111,775,317 to CCH, \$24,860,250 to WHINC, and \$129,167,355 to WNC for the year ended December 31, 2022. (Refer to Subsequent Events).
- b. The Centene NC Group is included in separate Vision Services Agreements with Envolve Vision, Inc. (“EVI”), a subsidiary of CC. Under these agreements, EVI shall provide or arrange to be provided various covered vision services. The Centene NC Group shall pay EVI a Per Member Per Month (“PMPM”) fee based on eligible enrollment on the 15th day of the month. Service fees incurred under these agreements were as follows: \$293,740 for ANC, \$2,131,376 for CCH, \$504,482 for WHINC, and \$4,674,274 for WNC for the year ended December 31, 2022.
- c. The Centene NC Group is included in a Radiology Services Management Agreement with NIA, which became a subsidiary of CC in January 2022. Under this agreement, NIA shall provide the Centene NC Group assistance in the management of utilization and cost for covered radiology services. Service fees incurred under this agreement were as follows: \$306,549 for ANC, \$602,208 for CCH, \$919,048 for WHINC, and \$2,576,402 for WNC for the year ended December 31, 2022. (Refer to the Summary of Significant Findings and Subsequent Events)
- d. ANC and WHINC are included in separate Dental Services Agreements with Envolve Dental, Inc. (“EDI”), a subsidiary of CC. Under these agreements, EDI shall provide or arrange to be provided various dental services. ANC and WHINC shall pay EDI a PMPM fee based on eligible enrollment on the 16th day of the month. Service fees incurred under these agreements totaled \$524,054 for ANC and \$2,100,285 for WHINC for the year ended December 31, 2022.
- e. ANC and CCH are included in separate Pharmacy Benefit Management Services Agreements with Envolve Pharmacy Solutions, Inc. (“EPS”), a subsidiary of CC. Under these agreements, EPS shall provide various pharmacy benefit management services including claims processing, eligibility management, pharmacy network management, and other support services on behalf of ANC and CCH. EPS is reimbursed monthly for services provided under the agreements based on a stated fee schedule. Service fees incurred under these agreements totaled \$33,653,563 for ANC and \$215,892,853 for CCH for the year ended December 31, 2022. (Refer to Subsequent Events).
- f. ANC has a Capital Maintenance Agreement with CC, effective August 1, 2018, whereby CC unconditionally guarantees the capital obligations of ANC (i) for the protections against insolvency as required under GS § 58-67-110, (ii) to ensure ANC maintains NC’s statutory minimum levels of the initial net worth of \$1,000,000, and (iii) to ensure ANC maintains a satisfactory Risk-Based Capital (“RBC”) level of 300%. (Refer to the Summary of Significant Findings).
- g. CCH has a Network License and Management Services Agreement with CCHN, effective June 28, 2021, whereby CCHN agrees to provide CCH such services as are reasonably necessary in connection

with creating, recruiting, building, developing, managing, operating, and maintaining the Plan Network. CCHN is a minority owner of CHHCP, a subsidiary of CC. CCH incurred expenses under this agreement totaling \$9,314,610.

- h. WHINC has a Parental Guaranty with WHP, effective March 11, 2019, whereby WHP guarantees that should WHINC’s RBC fall below 300%, WHP will provide sufficient funding to WHINC to increase the RBC above 300% in accordance with GS § 58-7-75(2)(a) and GS § 58-5-55(a). In 2022, WHINC received a capital contribution from WHP totaling \$5,000,000 pursuant to this agreement.
- i. The Centene NC Group is included in a consolidated federal income tax return in accordance with a Tax Sharing Agreement with CC, effective December 31, 2002. Effective January 1, 2019, this agreement was amended to add ANC; effective July 1, 2019, this agreement was amended to add CCH; and effective January 23, 2020, this agreement was amended to add WHINC and WNC. Each company shall pay to CC or receive from CC its share of the amount of tax liability or benefit within ninety (90) days of the date that CC files its consolidated federal income tax return.

TERRITORY AND PLAN OF OPERATION

ANC

ANC is an HMO licensed to write health insurance business in the State of North Carolina. At December 31, 2022, ANC had 34,270 members and was authorized to write individual and commercial health policies directly as well as through the Federal Health Exchange. ANC’s health insurance coverages included essential health benefits such as emergency care, wellness care, prescription drugs, maternity care and hospitalization in 63 counties in North Carolina.

CCH

CCH is a PHP licensed to write specific Medicaid core benefits and services to Medicaid recipients in the State of North Carolina pursuant to a contract with the North Carolina Department of Health and Human Services (“NCDHHS”). CCH’s health insurance coverages include essential health benefits such as emergency care, wellness care, prescription drugs, maternity care, and hospitalization.

At December 31, 2022, CCH had 236,964 members and was authorized to write business in Regions 4, 5, and 6, which include the following North Carolina counties.

| | | | | | |
|-----------|------------|-----------|-------------|------------|------------|
| Alamance | Columbus | Granville | Lenoir | Pasquotank | Vance |
| Beaufort | Craven | Greene | Martin | Pender | Wake |
| Bertie | Cumberland | Halifax | Montgomery | Perquimans | Warren |
| Bladen | Currituck | Harnett | Moore | Person | Washington |
| Brunswick | Dare | Hertford | Nash | Pitt | Wayne |
| Camden | Durham | Hoke | New Hanover | Richmond | Wilson |
| Carteret | Duplin | Hyde | Northampton | Robeson | |
| Caswell | Edgecombe | Johnston | Onslow | Sampson | |
| Chatham | Franklin | Jones | Orange | Scotland | |
| Chowan | Gates | Lee | Pamlico | Tyrell | |

WNC

WNC is a PHP licensed to write health insurance business in the State of North Carolina. At December 31, 2022, WNC had 396,862 members and had statewide authority to provide specific Medicaid core benefits and services including health insurance covering essential health benefits such as emergency care, wellness care, prescription drugs, maternity care, and hospitalization to Medicaid recipients pursuant to a contract with NCDHHS.

WHINC

WHINC is a life, accident, and health insurance company restricted to writing Medicare business only in the State of North Carolina. WHINC is a Medicare Advantage Organization offering Medicare and prescription drug benefits through the Medicare Part D Program to Medicare beneficiaries pursuant to a contract with the Centers for Medicare and Medicaid Services. WHINC offers Medicare Part C plans, Medicare Part D plans, and Dual Eligible Special Needs Plans (“D-SNP”). Medicare Part C plans provide hospital coverage and typically offer extra benefits such as vision, hearing, and dental care. Medicare Part D plans cover the cost of prescription drugs. D-SNP plans provide specialized care and wrap-around services for dual eligible beneficiaries who are eligible for both Medicare and Medicaid.

At December 31, 2022, WHINC had 22,948 members, statewide authority to write its PPO line of business and was authorized to write its HMO line of business in 75 North Carolina counties.

GROWTH OF THE COMPANIES

The following data, obtained from annual statements filed with the Department, illustrates the trends of each company within the Centene NC Group since their inception dates:

ANC

| Year | Net Admitted Assets | Capital and Surplus | Gross Premiums Written | Net Earned Premiums | Net Income (Loss) |
|-------------|----------------------------|----------------------------|-------------------------------|----------------------------|--------------------------|
| 2022 | \$96,738,769 | \$58,353,255 | \$213,525,147 | \$213,499,184 | \$20,665,794 |
| 2021 | 78,035,176 | 47,368,533 | 181,298,391 | 181,272,304 | 12,058,292 |
| 2020 | 42,127,581 | 16,503,615 | 104,849,310 | 104,832,017 | (13,335,568) |
| 2019 | 24,616,708 | 12,741,120 | 69,863,536 | 69,769,462 | (4,797,578) |
| 2018 | 9,667,665 | 8,504,624 | - | - | (41,950) |

CCH

| Year | Net Admitted Assets | Capital and Surplus | Gross Premiums Written | Net Earned Premiums | Net Income (Loss) |
|-------------|----------------------------|----------------------------|-------------------------------|----------------------------|--------------------------|
| 2022 | \$249,123,295 | \$102,366,721 | \$979,017,723 | \$978,641,098 | \$(43,804,809) |
| 2021 | 164,834,437 | 50,480,811 | 467,190,396 | 467,069,066 | (33,065,606) |
| 2020 | 84,874,307 | 84,143,919 | - | - | 7,241 |
| 2019 | 84,569,524 | 84,136,677 | - | - | 506,986 |

WNC

| Year | Net Admitted Assets | Capital and Surplus | Gross Premiums Written | Net Earned Premiums | Net Income (Loss) |
|------|---------------------|---------------------|------------------------|---------------------|-------------------|
| 2022 | \$389,985,735 | \$177,819,500 | \$1,652,042,541 | \$1,651,403,427 | \$(21,394,625) |
| 2021 | 290,924,858 | 120,437,260 | 758,924,573 | 758,728,445 | (34,379,437) |
| 2020 | 159,870,162 | 142,566,830 | - | - | 2,416,760 |
| 2019 | 140,886,891 | 140,141,413 | - | - | 2,022,435 |

WHINC

| Year | Net Admitted Assets | Capital and Surplus | Gross Premiums Written | Net Earned Premiums | Net Income (Loss) |
|------|---------------------|---------------------|------------------------|---------------------|-------------------|
| 2022 | \$98,419,503 | \$43,103,631 | \$276,254,360 | \$276,255,002 | \$19,135,697 |
| 2021 | 34,292,986 | 18,314,200 | 80,859,903 | 80,846,515 | 703,099 |
| 2020 | 9,118,603 | 3,890,173 | 14,414,414 | 14,413,984 | (733,741) |
| 2019 | 4,958,715 | 4,955,955 | - | - | 33,001 |

ACTUARIAL OPINION

Every HMO, PHP, and accident and health insurance company doing business in this State, unless otherwise exempted by the Commissioner, shall annually have an Actuarial Opinion and Actuarial Memorandum made available to the Board in accordance with the Annual Statement Instructions and GS § 58-2-165(c).

The statutory reserves and related items for 2022 were reviewed and certified by the Centene NC Group's Appointed Actuary, Xiaoe (Linda) Liu, FSA, MAAA, Senior Director, Reserve Review Team, Actuarial Services at CC. Actuarial opinions regarding the Centene NC Group's reserves for claims unpaid and unpaid claims adjustment expenses, accrued medical incentive liability and aggregate health policy reserves were issued by an appointed actuary for all years in the examination period other than those years where an exemption was granted. The appointed actuary evaluated the data provided by the Centene NC Group for reasonableness and consistency of the claims unpaid and unpaid claims adjustment expenses, accrued medical incentive liability and aggregate health policy reserves. According to the actuarial opinions, the Centene NC Group's reserves on the claims unpaid and unpaid claims adjustment expenses, accrued medical incentive liability and aggregate health policy reserves met the requirements of the insurance laws of North Carolina; were consistent with reserves computed in accordance with accepted actuarial standards and principles; and made a reasonable provision for all claims unpaid and unpaid claims adjustment expenses, accrued medical incentive liability and aggregate health policy reserves obligations of each company.

An exemption from obtaining a Statement of Actuarial Opinion is automatically granted if "an insurer has less than \$1,000,000 total direct plus assumed written premiums during a calendar year, and less than \$1,000,000 total direct plus claims unpaid and unpaid claims adjustment expense reserves at year-end." In accordance with the NAIC Annual Statement Instructions, the Centene NC Group was exempt from the

annual requirement to obtain a Statement of Actuarial Opinion in the following years: 2018 for ANC; 2019 for CCH, WNC, and WHINC; and 2020 for CCH and WNC.

REINSURANCE PROGRAM OVERVIEW

During the period under examination, the Centene NC Group did not participate in any assumed reinsurance transactions. The Centene NC Group entered into traditional excess of loss (“XOL”) reinsurance treaties with Bankers Reserve Life Insurance Company of Wisconsin (“BRLICW”) and PartnerRe America Insurance Company (“PartnerRe”) as summarized below.

INTERNAL REINSURANCE CEDED

During the period under examination, CCH, WNC and WHINC ceded business under traditional XOL treaties with BRLICW, each of which has a term of twelve months. As of year-end 2022, the ceded reinsurance agreements of CCH, WNC and WHINC were as follows:

1. Effective January 1, 2022, CCH entered into an XOL reinsurance agreement with BRLICW, an authorized affiliated reinsurer in the State of North Carolina. The Department approved the affiliated XOL reinsurance agreement on February 14, 2022. CCH’s retention limit under this contract is \$3,000,000, with BRLICW’s maximum payable per covered person per agreement term being \$5,000,000. Premiums ceded under this contract were \$376,625 in 2022.
2. Effective January 1, 2022, WNC entered into an XOL reinsurance agreement with BRLICW, an authorized affiliated reinsurer in the State of North Carolina. The Department approved the affiliated XOL reinsurance agreement on February 22, 2022. WNC’s retention limit under this contract is \$3,000,000, with BRLICW’s maximum payable per covered person per agreement term being \$5,000,000. Premiums ceded under this contract were \$639,114 in 2022.
3. Effective January 1, 2022, WHINC entered into an XOL reinsurance agreement with BRLICW, an authorized affiliated reinsurer in the State of North Carolina. The Department approved the affiliated XOL reinsurance agreement on February 22, 2022. WHINC’s retention limit under this contract is \$3,000,000, with BRLICW’s maximum payable per covered person per agreement term being \$5,000,000. Premiums ceded under this contract were \$24,811 in 2022.

EXTERNAL REINSURANCE CEDED

During the period under examination, ANC ceded business under a traditional XOL treaty, which has a term of twelve months. Effective January 1, 2022, ANC entered into a XOL reinsurance agreement with PartnerRe, an authorized third-party reinsurer in the State of North Carolina. ANC’s retention limit under this contract is \$5,000,000, with PartnerRe’s maximum payable per covered person per agreement term being \$5,000,000. Premiums ceded under this contract were \$25,963 in 2022.

FINANCIAL STATEMENTS

The financial statements in Appendix A are based on the statutory financial statements filed with the Department and present the financial condition of each company in the Centene NC Group for the period ending December 31, 2022. The supporting tables and exhibits present the information required to be included, in conformity with reporting practices prescribed by the Department. The financial statement information related to the prior year is unexamined and is presented for comparative purposes only.

COMMENTS ON FINANCIAL STATEMENTS

There were no proposed adjustments to the Centene NC Group's financial statements filed with the Department as a result of this examination.

Basis of Presentation and Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the basis of the accounting practices prescribed or permitted by the Department.

The more significant accounting policies followed by the Centene NC Group are as follows:

Bonds: Carried at amortized cost using the scientific method. Bonds with lower credit ratings are carried at the lower of amortized cost or NAIC market value. Bonds not backed by other loans are stated at amortized cost using the scientific method.

Cash and short-term investments: Carried at amortized cost (which approximates fair value) and includes money market instruments and debt securities with maturities of less than one year.

Premiums: Insurance premiums, net of premiums ceded to reinsurers, are earned in the period to which healthcare coverage relates. Premiums collected in advance of the month for which coverage applies are deferred and recorded as unearned premium revenue.

Reinsurance: Premiums, commissions, expense reimbursements, and reserves are accounted for on a basis consistent with the original policies issued and the terms of the reinsurance agreements. Premiums ceded are reported as a reduction of premium income. Unpaid claims and unpaid claims adjustment expenses are reported net of balances ceded to reinsurers.

Non-admitted assets: Certain assets, such as receivables over 90 days past due and prepaid expenses, are "non-admitted" and are charged against surplus.

Loan-backed securities: Stated at amortized cost. The retrospective adjustment method is used to value all securities.

Unpaid claims & unpaid claims adjustment expense: Includes amounts determined from individual case estimates and loss reports and amounts, based on experience, for losses incurred but not reported.

Analysis of Assets:

ANC

ANC reported health care and other amounts receivable totaling \$3,114,163 as non-admitted at December 31, 2022.

CCH

CCH reported the following assets as non-admitted at December 31, 2022: 1) health care and other amounts receivable totaling \$5,229,507 and 2) prepaids totaling \$68,767.

WNC

WNC reported health care and other amounts receivable totaling \$923,555 as non-admitted at December 31, 2022.

WHINC

WHINC reported the following assets as non-admitted at December 31, 2022: 1) health care and other amounts receivable totaling \$147,244 and 2) non-admitted write-offs totaling \$81,144.

Reinsurance Activity:

The Centene NC Group has XOL reinsurance contracts to minimize their exposure to losses. Reinsurance contracts do not relieve the companies of their primary obligation to policyholders, and failure of the reinsurers to discharge their obligations could result in losses to the companies. ANC utilizes Aon Benfield, Inc. as a reinsurance intermediary to negotiate and obtain reinsurance contracts on its behalf for specifically identified risks.

Direct and ceded premiums written and earned were as follows:

| ANC | 2022 | 2021 |
|--------------------|----------------------|----------------------|
| Direct written | \$213,525,147 | \$181,298,391 |
| Ceded written | 25,963 | 26,087 |
| Net written | 213,499,184 | 181,272,304 |
| Direct earned | 213,525,147 | 181,298,391 |
| Ceded earned | 25,963 | 26,087 |
| Net earned | \$213,499,184 | \$181,272,304 |

| CCH | 2022 | 2021 |
|--------------------|----------------------|--------------------|
| Direct written | \$979,017,723 | \$467,190,396 |
| Ceded written | 376,625 | 121,330 |
| Net written | 978,641,098 | 467,069,066 |
| Direct earned | 979,017,723 | 467,190,396 |
| Ceded earned | 376,625 | 121,330 |
| Net earned | \$978,641,098 | 467,069,066 |

| WNC | 2022 | 2021 |
|--------------------|------------------------|----------------------|
| Direct written | \$1,652,042,541 | \$758,924,573 |
| Ceded written | 639,114 | 196,128 |
| Net written | 1,651,403,427 | 758,728,445 |
| Direct earned | 1,652,042,541 | 758,924,573 |
| Ceded earned | 639,114 | 196,128 |
| Net earned | \$1,651,403,427 | \$758,728,445 |

| WHINC | 2022 | 2021 |
|--------------------|----------------------|---------------------|
| Direct written | \$276,254,360 | \$80,859,903 |
| Ceded written | 29,358 | 13,388 |
| Net written | 276,225,002 | 80,846,515 |
| Direct earned | 276,254,360 | 80,307,069 |
| Ceded earned | 29,358 | 13,388 |
| Net earned | \$276,225,002 | \$80,293,681 |

The reinsurers share in the risks at different levels as specified in the reinsurance contracts. The types of contracts and retention limits are described in the Reinsurance Program Overview.

Summary of Reserves:

The following provides a reconciliation of the beginning and ending balance of the reserves for claims unpaid and accrued medical incentive pool and bonus amounts as of December 31, 2022:

| ANC | 2022 | 2021 |
|--|----------------------|----------------------|
| Reserves for claims unpaid and accrued medical incentive pool and bonus amounts, beginning of year | \$19,567,000 | \$15,057,000 |
| Add: | | |
| Claims expenses incurred related to current year | 147,011,000 | 133,398,000 |
| Change expenses incurred related to prior years | (4,186,000) | (5,188,000) |
| Total incurred | 142,825,000 | 128,210,000 |
| Deduct: | | |
| Claims expenses paid related to current year | (124,437,000) | (114,116,000) |
| Claims expenses paid related to prior years | (14,475,000) | (9,584,000) |
| Total paid | (138,912,000) | (123,700,000) |
| Reserves for claims unpaid and accrued medical incentive pool and bonus amounts, end of year | \$23,480,000 | \$19,567,000 |
| Increase in reserves for claims unpaid and accrued medical incentive pool and bonus amounts | \$3,931,000 | \$4,510,000 |

Reserves for claims unpaid and unpaid claims adjustment expenses are reported net of the amounts that are recoverable under reinsurance contracts. As of December 31, 2022, ANC's liability for claims unpaid and unpaid claims adjustment expenses was not reduced for any amounts to be recovered from reinsurers.

| CCH | 2022 | 2021 |
|--|---------------|---------------|
| Reserves for claims unpaid and accrued medical incentive pool and bonus amounts, beginning of year | \$84,066,000 | \$- |
| Add: | | |
| Claims expenses incurred related to current year | 880,898,000 | 428,267,000 |
| Change expenses incurred related to prior years | (8,796,000) | - |
| Total incurred | 872,102,000 | 428,267,000 |
| Deduct: | | |
| Claims expenses paid related to current year | (766,777,000) | (344,201,000) |
| Claims expenses paid related to prior years | (73,784,000) | - |
| Total paid | (840,561,000) | (344,201,000) |
| Reserves for claims unpaid and accrued medical incentive pool and bonus amounts, end of year | \$115,607,000 | \$84,066,000 |
| Increase in reserves for claims unpaid and accrued medical incentive pool and bonus amounts | \$31,541,000 | \$84,066,000 |

As of December 31, 2022, CCH's liability for claims unpaid and unpaid claims adjustment expenses was not reduced for any amounts to be recovered from reinsurers.

| WNC | 2022 | 2021 |
|--|-----------------|---------------|
| Reserves for claims unpaid and accrued medical incentive pool and bonus amounts, beginning of year | \$152,089,000 | \$- |
| Add: | | |
| Claims expenses incurred related to current year | 1,496,133,000 | 714,814,000 |
| Change expenses incurred related to prior years | (13,826,000) | - |
| Total incurred | 1,482,307,000 | 714,814,000 |
| Deduct: | | |
| Claims expenses paid related to current year | (1,307,178,000) | (562,725,000) |
| Claims expenses paid related to prior years | (136,289,000) | - |
| Total paid | (1,443,467,000) | (562,725,000) |
| Reserves for claims unpaid and accrued medical incentive pool and bonus amounts, end of year | \$190,929,000 | \$152,089,000 |
| Increase in reserves for claims unpaid and accrued medical incentive pool and bonus amounts | \$38,840,000 | \$152,089,000 |

As of December 31, 2022, WNC's liability for claims unpaid and unpaid claims adjustment expenses was not reduced for any amounts to be recovered from reinsurers.

| WHINC | 2022 | 2021 |
|--|---------------|--------------|
| Reserves for claims unpaid and accrued medical incentive pool and bonus amounts, beginning of year | \$11,071,170 | \$2,271,521 |
| Add: | | |
| Claims expenses incurred related to current year | 219,470,086 | 69,528,792 |
| Change expenses incurred related to prior years | 20,597 | (1,006,702) |
| Total incurred | 219,490,683 | 68,522,090 |
| Deduct: | | |
| Claims expenses paid related to current year | (179,964,879) | (58,457,722) |
| Claims expenses paid related to prior years | (9,248,480) | (1,263,719) |
| Total paid | (189,213,359) | (59,721,441) |
| Reserves for claims unpaid and accrued medical incentive pool and bonus amounts, end of year | \$41,348,494 | \$11,071,170 |
| Increase in reserves for claims unpaid and accrued medical incentive pool and bonus amounts | \$30,277,324 | \$8,800,649 |

As of December 31, 2022, WHINC's liability for claims unpaid and unpaid claims adjustment expenses was not reduced for any amounts to be recovered from reinsurers.

Capital and Surplus:

The following, in conjunction with the Statutory Statement Capital and Surplus in Appendix A, represents the changes in capital and surplus since the inception of each company within the Centene NC Group:

| ANC | 2021 | 2020 | 2019 | 2018 |
|---|--------------|--------------|--------------|-------------|
| Capital and surplus, beginning of year | \$16,503,614 | \$12,741,123 | \$8,504,624 | \$- |
| Capital and surplus increases (decreases): | | | | |
| Net income (loss) | 12,058,292 | (13,335,568) | (4,797,578) | (41,950) |
| Change in net deferred income tax | 900,631 | - | (46,573) | 46,574 |
| Change in non-admitted assets | (2,094,004) | (901,942) | (419,350) | - |
| Capital changes to paid-in capital | - | - | - | 3,000 |
| Surplus adjustments to paid-in capital | 20,000,000 | 18,000,000 | 9,500,000 | 8,497,000 |
| Change in surplus as regards policyholders for the year | 30,864,919 | 3,762,491 | 4,236,499 | 8,504,624 |
| Capital and surplus, end of year | \$47,368,532 | \$16,503,614 | \$12,741,123 | \$8,504,624 |

| CCH | 2021 | 2020 | 2019 |
|---|--------------|--------------|--------------|
| Capital and surplus, beginning of year | \$84,143,919 | \$84,136,677 | \$- |
| Capital and surplus increases (decreases): | | | |
| Net income (loss) | (33,065,606) | 7,241 | 506,986 |
| Change in net unrealized capital gains (losses) | (240) | - | - |
| Change in net deferred income tax | (64) | - | - |
| Change in nonadmitted assets | (597,198) | - | - |
| Surplus adjustments to paid-in capital | - | - | 83,629,692 |
| Change in surplus as regards policyholders for the year | (33,663,108) | 7,241 | 84,136,678 |
| Capital and surplus, end of year | \$50,480,811 | \$84,143,919 | \$84,136,678 |

| WNC | 2021 | 2020 | 2019 | 2018 |
|---|---------------|---------------|---------------|-------------|
| Capital and surplus, beginning of year | \$142,566,830 | \$140,141,413 | \$1,000,000 | \$- |
| Capital and surplus increases (decreases): | | | | |
| Net income (loss) | (34,379,437) | 2,416,760 | 2,022,435 | - |
| Change in net unrealized capital gains (losses) | (59,500) | - | - | - |
| Change in net deferred income tax | 309,367 | 8,657 | - | - |
| Capital changes to paid-in capital | - | - | 1,000,000 | - |
| Surplus adjustments to paid-in capital | 12,000,000 | - | 136,118,978 | 1,000,000 |
| Change in surplus as regards policyholders for the year | (22,129,570) | 2,425,417 | 139,141,413 | - |
| Capital and surplus, end of year | \$120,437,260 | \$142,566,830 | \$140,141,413 | \$1,000,000 |

| WHINC | 2021 | 2020 | 2019 |
|---|--------------|-------------|-------------|
| Capital and surplus, beginning of year | \$3,890,173 | \$4,955,955 | \$- |
| Capital and surplus increases (decreases): | | | |
| Net income (loss) | 703,099 | (733,741) | 33,001 |
| Change in net unrealized capital gain (loss) | (3) | - | - |
| Change in net deferred income tax | 233,776 | - | - |
| Change in non-admitted assets | (512,844) | (332,041) | - |
| Capital changes to paid-in capital | - | - | 400,000 |
| Surplus adjustments to paid-in capital | 14,000,000 | - | 4,522,954 |
| Change in surplus as regards policyholders for the year | 14,424,028 | (1,065,782) | 4,955,955 |
| Capital and surplus, end of year | \$18,314,201 | \$3,890,173 | \$4,955,955 |

SUBSEQUENT EVENTS

On December 14, 2023, with the Department's approval, ANC paid a \$20,000,000 ordinary cash distribution to its immediate parent, CHPH.

During 2023, CCH received \$53,000,000 of additional paid in surplus from its immediate parent, CCHHCP.

During 2023, WNC received \$30,000,000 of additional paid in surplus from its immediate parent, WMG.

Effective January 1, 2023, ANC, WHINC, and WNC restated their shared services agreements with CMC to provide for compensation based on actual costs.

In January 2023, CC divested its controlling interest in NIA resulting in NIA no longer being a related party to the Centene NC Group.

Effective January 1, 2023, ANC and CCH restated their Pharmacy Benefit Management Services Agreements with EPS to reflect EPS's new name, Centene Pharmacy Services, Inc., and the outsourcing of various services by Centene Pharmacy Services, Inc to external pharmacy benefit managers.

Centene North Carolina Insurance Group
DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2022

Catherine Campbell, President & Chief Operating Officer
Ambetter of North Carolina Inc.
1701 North Graham Street, Suite 101
Charlotte, North Carolina 28206

Chris Paterson, President & Chief Executive Officer
Carolina Complete Health, Inc.
1701 North Graham Street, Suite 101
Charlotte, North Carolina 28206

Troy Hildreth, President & Chief Executive Officer
WellCare of North Carolina, Inc.
WellCare Health Insurance of North Carolina, Inc.
3128 Highwoods Boulevard
Raleigh, North Carolina 27604

Mike Rohan, Senior Director – Ethics & Compliance
Centene Corporation
7700 Forsyth Boulevard
St. Louis, Missouri 63105

CONCLUSION

The examination procedures described, herein, revealed no material adverse findings or adjustments to surplus.

We conclude that ANC complies with the minimum net worth requirements of GS § 58-67-110(b) for the kinds of insurance that the company has been authorized to write, which is \$1,000,000.

We conclude that CCH and WNC comply with the minimum net worth requirements of GS § 58-93-70(b) for the kinds of insurance that each company has been authorized to write, which is \$1,000,000, on a standalone basis.

We conclude that WHINC complies with the minimum net worth requirements of GS § 58-67-110(b) and minimum capital and surplus requirements of GS § 58-7-75(2)(a) for the kinds of insurance that WHINC has been authorized to write, which is \$1,000,000 and \$500,000, respectively, or the amount required pursuant to the risk-based capital provisions of Article 12 of Chapter 58 at December 31, 2022.

The courteous cooperation and assistance extended by the officers and employees of the companies during the examination is hereby acknowledged.

Respectfully submitted,



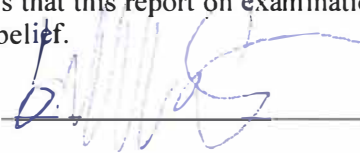
Monique Smith, CPA, CFE, CIA
Deputy Commissioner
North Carolina Department of Insurance

May 29, 2024

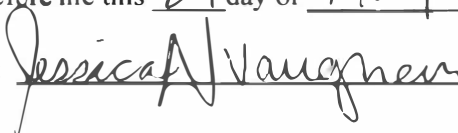
STATE OF NORTH CAROLINA

COUNTY OF WAKE

Jeffrey Streyle, Chief Financial Examiner, North Carolina Department of Insurance, being first, duly sworn, deposes and says that this report on examination, subscribed by him, is true and correct to the best of his knowledge and belief.

Signature:  Date: 5/29/2024

Sworn and subscribed before me this 29 day of May, 2024.

Notary Public Signature:  Notary Public Seal:

JESSICA N VAUGHAN
Notary Public, North Carolina
Wake County
My Commission Expires
December 08, 2026

Centene North Carolina Insurance Group
Appendix A
December 31, 2022

2022 Statutory Statement of Admitted Assets

| | ANC | CCH | WNC | WHINC |
|---|---------------------|----------------------|----------------------|---------------------|
| Bonds | \$18,794,411 | \$55,101,552 | \$82,101,801 | \$932,477 |
| Cash and cash equivalents | 65,416,738 | 156,283,139 | 218,851,554 | 72,083,599 |
| Other invested assets | - | - | 8,564,671 | - |
| Total cash and invested assets | 84,211,149 | 211,384,691 | 309,518,026 | 73,016,076 |
| Investment income due and accrued | 214,758 | 798,028 | 578,521 | 227,725 |
| Premiums and agents' balances in course of collection | 63,545 | 11,401,298 | 20,619,718 | - |
| Accrued retrospective premiums and contracts subject to redetermination | 6,782,684 | - | - | 6,244,374 |
| Other amounts receivable under reinsurance contracts | 21 | - | - | - |
| Amounts receivable relating to uninsured plans | - | - | - | 5,696,171 |
| Federal income tax recoverable | - | 4,648,655 | 2,106,292 | - |
| Net deferred tax asset | 918,423 | - | 2 | 271,013 |
| Receivable from parent, subsidiaries, and affiliates | 1,871,046 | 13,575,452 | 39,157,181 | 362,044 |
| Health care and other amounts receivable | 2,613,362 | 6,669,916 | 17,624,709 | 12,602,099 |
| State income tax recoverable | - | 645,255 | 381,286 | - |
| Federal-facilitated marketplace user fees | 63,783 | - | - | - |
| Total Admitted Assets | \$96,738,769 | \$249,123,295 | \$389,985,735 | \$98,419,502 |

2022 Statement of Liabilities, Surplus, and Other Funds

| | ANC | CCH | WNC | WHINC |
|---|---------------------|----------------------|----------------------|---------------------|
| Claims unpaid | \$23,440,801 | \$112,409,316 | \$185,381,132 | \$38,663,556 |
| Accrued medical incentive pool and bonus amounts | 38,856 | 3,197,599 | 5,547,772 | 2,684,938 |
| Unpaid claims adjustment expenses | 247,334 | 1,244,000 | 1,902,918 | 451,178 |
| Aggregate health policy reserves | 6,970,709 | 17,379,749 | - | 3,516,074 |
| Premiums received in advance | 2,673,767 | 295,765 | 408,125 | 3,403 |
| General expenses due or accrued | 1,128,479 | 11,531,386 | 18,686,268 | 540,870 |
| Current federal and foreign income tax payable and interest thereon | 1,420,611 | - | - | 157,549 |
| Amounts due to parent, subsidiaries, and affiliates | 2,072,897 | - | - | - |
| Ceded reinsurance premiums payable | - | 32,965 | 57,979 | 2,092 |
| Amounts due to parent, subsidiaries, and affiliates | - | 277,637 | - | 3,043,020 |
| Liability for amounts held under uninsured plans | - | - | - | 6,115,469 |
| State income tax payable | 392,061 | - | - | 137,722 |
| Hospital assessment payable | - | 388,157 | 182,041 | - |
| Total liabilities | 38,385,514 | 146,756,574 | 212,166,235 | 55,315,871 |
| Common capital stock | 3,000 | 10 | 1,000,000 | 400,000 |
| Gross paid in and contributed surplus | 55,997,000 | 184,129,682 | 229,118,985 | 23,522,954 |
| Unassigned funds | 2,353,255 | (81,762,971) | (52,299,485) | 19,180,677 |
| Total capital and surplus | 58,353,255 | 102,366,721 | 177,819,500 | 43,103,631 |
| Total Liabilities, Capital and Surplus | \$96,738,769 | \$249,123,295 | \$389,985,735 | \$98,419,502 |

2022 Statutory Statement of Income

| | ANC | CCH | WNC | WHINC |
|---|---------------------|-----------------------|-----------------------|---------------------|
| Member months | 328,594 | 2,709,531 | 4,448,729 | 264,116 |
| Net premium income | \$213,499,184 | \$978,641,098 | \$1,651,403,427 | \$276,225,002 |
| Total revenues | 213,499,184 | 978,641,098 | 1,651,403,427 | 276,225,002 |
| Hospital/medical benefits | 99,031,004 | 547,346,437 | 941,676,431 | 182,506,571 |
| Other professional services | 1,072,971 | 33,254,755 | 38,087,041 | 4,726,158 |
| Emergency room and out-of-area | 10,411,371 | 75,492,083 | 142,138,940 | 15,663,790 |
| Prescription drugs | 32,354,335 | 212,381,068 | 356,478,026 | 12,453,608 |
| Net investment income earned | (44,617) | - | - | - |
| Incentive pool, withhold adjustments and bonus amounts | - | 3,627,426 | 3,926,989 | 4,132,557 |
| Total hospital and medical | 142,825,064 | 872,101,769 | 1,482,307,427 | 219,482,684 |
| Claims adjustment expenses, including cost containment expenses | 1,396,061 | 8,199,911 | 13,768,613 | 2,825,003 |
| General administrative expenses | 43,534,390 | 151,291,905 | 187,234,054 | 30,507,387 |
| Increase in reserves for life and accident and health contracts | - | 4,452,843 | - | - |
| Total underwriting deductions | 187,755,515 | 1,036,046,428 | 1,683,310,094 | 252,815,074 |
| Net underwriting gain or (loss) | 25,743,669 | (57,405,330) | (31,906,667) | 23,409,928 |
| Net investment income earned | 918,809 | 3,306,070 | 6,526,926 | 1,287,119 |
| Net realized gains (losses) | (786) | (24,621) | (13,081) | - |
| Net investment gains | 918,023 | 3,281,449 | 6,513,845 | 1,287,119 |
| Net gain or (loss) from agents' or premium balances charged off | (399,718) | - | - | (270,365) |
| Fines and penalties | - | (66,000) | (1,622,368) | - |
| Net income or (loss) before federal income taxes | 26,261,974 | (54,189,881) | (27,015,190) | 24,426,682 |
| Federal and foreign income taxes incurred | 5,596,180 | (10,385,072) | (5,620,565) | 5,290,985 |
| Net Income (Loss) | \$20,665,794 | \$(43,804,809) | \$(21,394,625) | \$19,135,697 |

2022 Statutory Statement of Capital and Surplus

| | ANC | CCH | WNC | WHINC |
|---|---------------------|----------------------|----------------------|---------------------|
| Capital and surplus, beginning of year | \$47,368,532 | \$50,480,811 | \$120,437,260 | \$18,314,201 |
| Capital and surplus increases (decreases): | | | | |
| Net income (loss) | 20,665,794 | (43,804,809) | (21,394,625) | 19,135,697 |
| Change in net unrealized capital gains | - | (85,482) | 27,064 | - |
| Change in net deferred income tax | 17,792 | (22,723) | (326,644) | 37,236 |
| Change in non-admitted assets | 301,133 | (4,701,076) | (923,555) | 616,497 |
| Capital changes: paid in | - | 10 | - | - |
| Surplus adjustments: paid in | - | 100,499,990 | 80,000,000 | 5,000,000 |
| Dividends to stockholders | (10,000,000) | - | - | - |
| Net changes in capital and surplus | 10,984,719 | 51,885,910 | 57,382,240 | 24,789,430 |
| Capital and surplus, end of year | \$58,353,251 | \$102,366,721 | \$177,819,500 | \$43,103,631 |

2022 Statutory Statement of Cash Flow

| | ANC | CCH | WNC | WHINC |
|--|---------------------|----------------------|----------------------|---------------------|
| Cash From Operations | | | | |
| Premiums collected net of reinsurance | \$224,021,755 | \$979,196,828 | \$1,651,201,359 | \$274,047,714 |
| Net investment income | 852,450 | 3,141,682 | 6,453,822 | 1,075,439 |
| Total | 224,874,205 | 982,338,510 | 1,657,655,181 | 275,123,153 |
| Benefit and loss related payments | 138,662,027 | 843,282,731 | 1,462,015,706 | 197,595,548 |
| Commissions, expenses paid and aggregate write-ins | 46,383,319 | 157,836,227 | 200,110,788 | 33,641,309 |
| Federal income taxes paid (recovered) | 5,957,905 | (9,633,200) | (8,645,045) | 4,488,173 |
| Total | 191,003,251 | 991,485,758 | 1,653,481,449 | 235,725,030 |
| Net cash (used by) from operations | 33,870,954 | (9,147,248) | 4,173,732 | 39,398,123 |
| Cash Used By Investments | | | | |
| Proceeds from investments sold, matured, or repaid | 1,120,286 | 2,219,462 | 6,937,112 | - |
| Cost of investments acquired | 6,488,392 | - | 1,525,000 | - |
| Net (cash used by) from investments | (5,368,106) | 2,219,462 | 5,412,112 | - |
| Cash (Used By) From Financing and Miscellaneous Sources | | | | |
| Capital and paid in surplus | - | 95,500,000 | 60,000,000 | 5,000,000 |
| Dividends to stockholders | 10,000,000 | - | - | - |
| Other cash provided (applied) | - | (13,402,692) | 19,314,501 | 1,919,364 |
| Net cash (used by) from financing and miscellaneous sources | (10,000,000) | 82,097,308 | 79,314,501 | 6,919,364 |
| Reconciliation of Cash and Short-Term Investments | | | | |
| Net change in cash and short-term investments | 18,502,848 | 75,169,522 | 88,900,345 | 46,317,487 |
| Cash and short-term investments, beginning of year | 46,913,890 | 81,113,617 | 129,951,209 | 25,766,112 |
| Cash and short-term investments, end of year | \$65,416,737 | \$156,283,139 | \$218,851,554 | \$72,083,599 |