

Report of the Examination of
Molina Healthcare of Wisconsin, Inc.
Milwaukee, Wisconsin
As of December 31, 2021

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February 17, 2023

Honorable Nathan D. Houdek
Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs and financial condition of:

MOLINA HEALTHCARE OF WISCONSIN, INC.
Milwaukee, Wisconsin

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of Molina Healthcare of Wisconsin, Inc. (the company or MHWI) was conducted in 2019 and 2020, as of December 31, 2018. The current examination covered the intervening period ending December 31, 2021, and included a review of such subsequent transactions as deemed necessary to complete the examination.

The examination of the company was conducted concurrently with the examination of the insurers in the holding company system controlled by Molina Healthcare, Inc. The Ohio Department of Insurance acted in the capacity as the lead state for the coordinated examinations. Work performed by the Ohio Department of Insurance was reviewed and relied on where deemed appropriate.

The examination was conducted using a risk-focused approach in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook*. This approach sets forth guidance for planning and performing the examination of an insurer to evaluate the financial condition, assess corporate governance, identify current and prospective risks (including those that might materially affect the financial condition, either currently or prospectively), and evaluate system controls and procedures used to mitigate those risks.

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, annual statement instructions, and Wisconsin laws and regulations. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately at the end of the "Financial Data" section in the area captioned "Reconciliation of Surplus per Examination."

Emphasis was placed on those areas of the company's operations accorded a high priority by the examiner-in-charge when planning the examination. Special attention was given to the action taken by the company to satisfy the recommendations and comments made in the previous examination report.

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation concerning the alternative or additional examination steps performed during the examination.

Lead State's Contracted Actuary's Review

The Ohio Department of Insurance engaged an independent actuarial firm to perform a review of the Molina Healthcare Group's reserves. The actuary performed a review of claims unpaid and certain other actuarially determined liabilities during the coordinated examination. The actuary's results were reported to the Ohio Department of Insurance examiner-in-charge. As deemed appropriate, reference is made in this report to the actuary's conclusion.

II. HISTORY AND PLAN OF OPERATION

Molina Healthcare of Wisconsin, Inc. is described as a for-profit mixed model health maintenance organization (HMO) insurer. An HMO insurer is defined by s. 609.01 (2), Wis. Stat., as ". . . a health care plan offered by an organization established under ch. 185, 611, 613, or 614 or issued a certificate of authority under ch. 618 that makes available to its enrolled participants, in consideration for predetermined fixed payments, comprehensive health care services performed by providers selected by the organization." Under the mixed model, the company has a delivery system consisting of a combination of staff physicians and/or one or more clinics and/or independent contracting physicians operating out of their separate offices. HMOs compete with traditional fee-for-service health care delivery.

The company was incorporated February 26, 2004, and commenced business on May 13, 2004, as Abri Health Plan, Inc. On September 1, 2010, Molina Healthcare, Inc. (MHI or the parent) acquired 100% of the voting equity interests in Avatar, which was the sole shareholder of the company. The total cost of the acquisition was approximately \$15,484,000. During 2011, the parent contributed a purchase price adjustment of \$1,300,000 in connection with the final member reconciliation, as agreed in the purchase transaction.

The majority of MHWI's revenues are derived from per member per month capitation payments from the State of Wisconsin's Medicaid authority, the Wisconsin Department of Health Services (DHS). These revenues are provided by the federal government and the state of Wisconsin. The company is financially at risk for the medical care of its members. MHWI contracts with health care providers in the relevant communities within the state of Wisconsin, including primary care physicians, specialist physicians, physician groups, hospitals, and other medical care providers. These health care providers then provide medical care to the company's enrolled members. Various core administrative functions—primarily claims processing, information systems, and finance—are centralized at Molina Healthcare, Inc.

MHWI also serves members through the Affordable Care Act (ACA) Marketplace. In some instances, the Marketplace allows qualified individuals to purchase health insurance that is federally subsidized. MHWI had participated in the state of Wisconsin's Marketplace primarily to serve members who have lost Medicaid (BadgerCare) eligibility. Due to heavy losses sustained from the ACA

Marketplace business in 2016 and 2017, MHWI did not participate in the ACA Marketplace in 2018. MHWI reentered the ACA Marketplace as of January 1, 2019. The ACA Marketplace was the source of 50.5% of MHWI's premium in 2021.

MHWI contracts with individual providers, clinics, and large health systems. MHWI had contracts with nearly 1,180 different providers during 2021. The company contracts with 61 hospitals to provide inpatient services. Hospitals are reimbursed on a negotiated diagnosis-related group (commonly abbreviated as "DRG") rate per diem or per-case basis (depending on the length of stay). These contracts also include hold-harmless provisions for the protection of policyholders.

MHWI has contractual agreements with numerous physician groups. These agreements are generally on a discounted fee-for-service basis, with some agreements based on capitation. The fees are based on a percentage of a rate table that is set by the governing agency [i.e., Centers for Medicare and Medicaid Services (CMS) or DHS]. There are some risk-sharing provisions in the provider contracts (small percentages that the provider agrees to pay to MHWI).

Provider agreements have agreed upon rates set for most services (and/or have floors and caps assigned) for the amount that MHWI will reimburse the provider. The provider contracts that MHWI has with hospitals are on a fee-for-service basis and have similar attributes to the physician group contracts.

All contractors are expected to deliver medical services as needed (and deemed as medically necessary) under Medicare/Medicaid guidelines. Most, if not all, of these services are expected to be provided on a 24-hour, as-needed basis. Emergency and urgent care services are included in several of these contracts.

The contracts include hold-harmless provisions for the protection of policyholders. The contracts have one-year terms and may be terminated by either party with a 120-day written notice with or without reason. If either party is found to have caused a material breach, the contract can be terminated with 30 days' written notice.

According to its business plan, the company's service area is comprised of the following

counties:

Brown	Kenosha	Oneida	Waukesha
Calumet	Kewaunee	Outagamie	Waupaca
Dane	Langlade	Ozaukee	Waushara
Dodge	Lincoln	Portage	Winnebago
Door	Manitowoc	Racine	
Florence	Marathon	Shawano	
Fond du Lac	Marinette	Sheboygan	
Forest	Marquette	Vilas	
Green Lake	Milwaukee	Walworth	
Jefferson	Oconto	Washington	

The company offers comprehensive health care coverage which may be changed by riders to include deductibles and copayments. The following basic health care coverages are provided:

- Physician services
- Inpatient services
- Outpatient services
- Mental health, drug, and alcohol abuse services
- Ambulance services
- Special dental procedures (oral surgery)
- Prosthetic devices and durable medical equipment
- Newborn services
- Home health care
- Preventive health services
- Family planning
- Hearing exams and hearing aids
- Diabetes treatment
- Routine eye examinations
- Convalescent nursing home service
- Prescription drugs (\$5.00 copayment)
- Cardiac rehabilitation, physical, speech, and/or occupational therapy
- Physical fitness or health education (\$30.00 per year maximum)
- Kidney disease treatment
- Certain transplants
- Chiropractic services

The company also has a copayment plan in which inpatient services have a \$0 copayment subject to no maximum. In general, members are not required to choose a primary care physician (PCP) upon enrolling in the ACA Marketplace. If a member chooses to be assigned a PCP of their choice, they must select a PCP from the listing of participating physicians available. However, if a member does not select a PCP, MHWI will assign them a PCP as per their PCP Auto Assignment program.

The company currently markets to individuals. The company does not use outside agencies to market its Medicaid or Medicare products. MHWI does use brokers for its ACA Marketplace products. All marketing is either handled internally or through government agencies.

The company bases its individual Marketplace rates on a calendar-year claims-experience basis and applies adjustments to the claims experience to calculate the expected claims for the rate effective period. MHWI submits rating filings to the appropriate state and federal regulatory agencies for rate approval prior to implementing the new premiums for the rate effective period.

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors consists of three members. All directors are elected annually to serve a one-year term. Officers are elected by the board of directors. Members of the company's board of directors may also be members of other boards of directors in the holding company group. The board members do not receive compensation specific to their service on the board.

Currently, the board of directors consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
Brian Maddy	President Molina Healthcare of Wisconsin, Inc.	2023
Anthony Davis	VP Quality Data Management and Performance Molina Healthcare, Inc.	2023
Scott Ireland	VP Core Operations, Member and Provider Services Molina Healthcare, Inc.	2023

Officers of the Company

The officers serving at the time of this examination are as follows:

Name	Office
Brian Maddy	President
Vijay Parthasarathy	Chief Financial Officer
Jefferey Don Barlow	Secretary

Committees of the Board

The company's bylaws allow for the formation of certain committees by the board of directors.

MHWI has one committee of the board as shown below:

Regulatory Compliance Committee

Brian Maddy, Chair
Scott Ireland
Anthony Davis

In addition, there are board-level committees at MHI, the parent company of MHWI. The committees at the time of the examination are listed below:

Audit Committee

Steven Orlando, Chair
Barbara Brasier
Richard Schapiro
Richard Zoretic

Compensation Committee

Dale Wolf, Chair
Barbara Brasier
Ronna Romney

Corporate Governance and Nominating Committee

Ronna Romney, Chair
Steven Orlando
Dale Wolf

Compliance and Quality Committee

Daniel Cooperman, Chair
Dr. Stephen Lockhart
Richard Zoretic

Finance Committee

Richard Schapiro, Chair
Steven Orlando
Dale Wolf

The company has its own employees. The company also has a services agreement with its parent, MHI. A detailed description of this agreement is included in Section IV of this report, which is entitled "Affiliated Agreements."

Insolvency Protection for Policyholders

Under s. Ins 9.04 (6), Wis. Adm. Code, HMOs are required to either maintain compulsory surplus at the level required by s. Ins 51.80, Wis. Adm. Code, or provide for the following in the event of the company's insolvency:

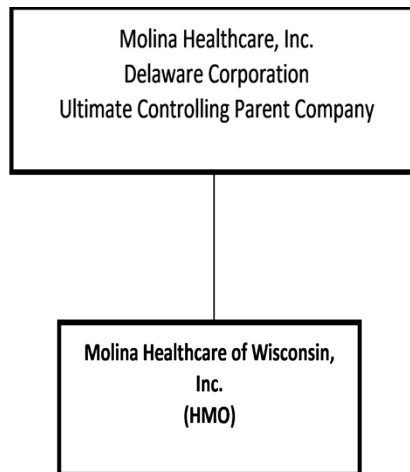
1. Enrollees hospitalized on the date of insolvency will be covered until discharged; and
2. Enrollees will be entitled to similar, alternate coverage which does not contain any medical underwriting or preexisting limitation requirements.

The company has met this requirement through its reinsurance contract, as discussed in the Reinsurance section of this report.

IV. AFFILIATED COMPANIES

The company is a member of a holding company system. Its ultimate parent is Molina Healthcare, Inc. The organizational chart below only reflects the direct ownership of the Company.

Holding Company Chart As of December 31, 2021



Molina Healthcare, Inc.

Molina Healthcare, Inc. provides for the provision of managed health care services under the Medicaid and Medicare programs and through the state insurance marketplace. As of December 31, 2021, the company's audited financial statement reported assets of \$127,751,750, liabilities of \$79,814,850, and capital and surplus of \$47,936,900. Operations for 2021 produced net income/loss of \$15,204,521 on revenues of \$334,271,147.

Affiliated Agreements

The company amended and restated its existing services agreement with Molina Healthcare Inc., on March 1, 2022. Under the services agreement, the parent agrees to perform consulting and administrative services necessary for the company's operations including, but not limited to, marketing, information systems, financial, and other specified general and administrative services. As compensation for these services, the company agrees to reimburse the parent for the value of the consultation, assistance, services, materials, supplies, and capital access. Such payment may be

adjusted periodically by mutual consent of the parties. The services agreement shall automatically renew for successive periods of one year unless either party gives 60 days' prior written notice.

The company entered into a Premium Administration Agreement with the parent on July 7, 2017. Pursuant to the terms, conditions, rights, and responsibilities of this agreement, MHI performs or will perform (either directly or by subcontract) Premium Collection Services for MHWI in support of MHWI's products. MHI warrants that if it holds premiums received from or on behalf of enrollee(s) covered under MHWI's products, then it shall hold such premiums in a fiduciary capacity. MHI further warrants that it shall, within no more than three business days of receipt, transfer such premiums into an account established and maintained by MHWI.

The company also entered into a federal tax-sharing agreement with the parent on September 1, 2010. The company is liable to pay the parent an amount equal to the federal income tax determined under the Stand-Alone Method. This method applies the separate tax liability adjustment per Treasury regulation to the company's federal income tax liability and is treated as though the company was never part of the parent's consolidated tax return. The company and the parent are to reconcile and settle the intercompany tax balances within 90 days of the filing of a consolidated income tax return, or where a refund is due to the parent, within 90 days of the receipt of such refund. The federal tax-sharing agreement automatically renews for successive periods of one year, unless either party gives the other 60 days' prior written notice.

Effective April 15, 2014, MHWI entered into a Health Insurance Providers Fee Payment Consent and Agreement with MHI (the "Fee Agreement") to comply with Section 9010 of the ACA as amended by section 10905 of the ACA, and as further amended by section 1406 of the Health Care and Education Reconciliation Act of 2010, which imposes an annual Health Insurance Providers Fee on covered entities engaged in the business of providing health insurance for United States health risks (the "Fee"). It is required by 26 C.F.R. § 57.2(b) for covered entities of a control group to designate one entity within the control group to act on behalf of the control group with regard to the fee, which includes payment of the fee on behalf of each covered entity. MHI is the designated entity to act on behalf of the control group.

The Further Consolidated Appropriations Act, 2020, Division N, Subtitle E § 502, signed into law on December 20, 2019, repealed the Fee on health insurance providers for calendar years beginning after December 31, 2020. As a result of the repeal, 2020 was the last Fee year; therefore, effective February 8, 2023, the parties terminated the Fee Agreement.

V. REINSURANCE

The company currently has no reinsurance coverage.

VI. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported to the commissioner of insurance in the December 31, 2021, annual statement. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Capital and Surplus per Examination." Also included in this section are schedules that reflect the growth of the company and the compulsory and security surplus calculation.

Growth of Molina Healthcare of Wisconsin, Inc.
Assets
As of December 31, 2021

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 2,268,074	\$	\$ 2,268,074
Cash, cash equivalents and short-term investments	83,472,630		83,472,630
Investment income due and accrued	10,575		10,575
Uncollected premiums and agents' balances in the course of collection	15,016,331		15,016,331
Accrued retrospective premiums and contracts subject to redetermination	1,112,279		1,112,279
Amounts recoverable from reinsurers	15,678,139		15,678,139
Amounts receivable relating to uninsured plans	20,759		20,759
Current federal and foreign income tax recoverable and interest thereon	893,966		893,966
Net deferred tax asset	2,002,061		2,002,061
Furniture and equipment, including health care delivery assets	381,217	381,217	
Health care and other amounts receivable	13,976,448	6,699,512	7,276,936
Write-ins for other than invested assets: Prepaid deposits and other assets	<u>146,091</u>	<u>146,091</u>	<u> </u>
Total Assets	<u>\$134,978,570</u>	<u>\$7,226,820</u>	<u>\$127,751,750</u>

**Growth of Molina Healthcare of Wisconsin, Inc.
Liabilities and Net Worth
As of December 31, 2021**

Claims unpaid		\$ 39,871,697
Accrued medical incentive pool and bonus payments		913,618
Unpaid claims adjustment expenses		349,967
Aggregate health policy reserves		24,938,075
Premiums received in advance		8,299,134
General expenses due or accrued		2,386,441
Amounts due to parent, subsidiaries, and affiliates		1,334,654
Liability for amounts held under uninsured plans		633,786
Aggregate write-ins for other liabilities		<u>1,087,478</u>
Total Liabilities		79,814,850
Common capital stock		1
Gross paid in and contributed surplus	\$35,097,552	
Unassigned funds (surplus)	<u>12,839,347</u>	
Total Capital and Surplus		<u>47,936,900</u>
Total Liabilities, Capital and Surplus		<u>\$127,751,750</u>

**Growth of Molina Healthcare of Wisconsin, Inc.
Statement of Revenue and Expenses
For the Year 2021**

Net premium income		\$346,832,580
Change in unearned premium reserves and reserve for rate credits		<u>(12,561,433)</u>
Total revenues		334,271,147
Medical and Hospital:		
Hospital/medical benefits	\$211,700,642	
Other professional services	8,113,160	
Outside referrals	9,829,965	
Emergency room and out-of-area	29,699,686	
Prescription drugs	18,260,252	
Incentive pool withhold adjustments and bonus amounts	<u>955,612</u>	
Subtotal	278,559,317	
Less:		
Net reinsurance recoveries	<u>17,622,152</u>	
Total medical and hospital	260,937,165	
Claims adjustment expenses	12,326,242	
General administrative expenses	<u>41,835,775</u>	
Total underwriting deductions		<u>315,099,182</u>
Net underwriting gain or (loss)		19,171,965
Net investment income earned		<u>17,519</u>
Net income or (loss) before federal income taxes		19,189,484
Federal and foreign income taxes incurred		<u>3,984,963</u>
Net Income (Loss)		<u>\$ 15,204,521</u>

**Growth of Molina Healthcare of Wisconsin, Inc.
Capital and Surplus Account
For the Three-Year Period Ending December 31, 2021**

	2021	2020	2019
Capital and surplus, beginning of year	\$78,257,239	\$ 37,946,004	\$ 30,942,657
Net income (loss)	15,204,521	61,584,507	21,738,567
Change in net deferred income tax	481,530	292,485	1,228,046
Change in nonadmitted assets	(2,006,390)	(1,562,757)	(963,266)
Surplus adjustments:			
Paid in	(1,687,397) ¹	(20,000,000) ¹	(15,000,000) ¹
Dividends to stockholders	(42,312,603)		
Capital and Surplus, End of Year	<u>\$47,936,900</u>	<u>\$ 78,257,239</u>	<u>\$ 37,946,004</u>

¹ Return of capital to shareholders

**Growth of Molina Healthcare of Wisconsin, Inc.
Statement of Cash Flow
For the Year 2021**

Premiums collected net of reinsurance		\$340,388,093
Net investment income		55,589
Total		<u>340,443,682</u>
Less:		
Benefit- and loss-related payments	\$258,124,830	
Commissions, expenses paid and aggregate write-ins for deductions	53,322,150	
Federal and foreign income taxes paid (recovered) net of tax on capital gains (losses)	<u>15,160,000</u>	
Total		<u>326,606,980</u>
Net cash from operations		13,836,702
Proceeds from Investments Sold, Matured or Repaid:		
Bonds		1,250,000
Cost of Investments Acquired—Long-term Only:		
Bonds		<u>2,287,856</u>
Net cash from investments		(1,037,856)
Cash Provided for/Applied from Financing and Miscellaneous Sources:		
Capital and paid-in surplus, less treasury stock	(1,687,397)	
Dividends to stockholders	42,312,603	
Other cash provided (applied)	<u>(1,620,272)</u>	
Net cash from financing and miscellaneous sources		<u>(45,620,272)</u>
Net Change in Cash, Cash Equivalents, and Short- Term Investments		(32,821,426)
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>116,294,056</u>
End of Year		<u>\$ 83,472,630</u>

Growth of Molina Healthcare of Wisconsin, Inc.

Year	Assets	Liabilities	Capital and Surplus	Premium Earned	Medical Expenses Incurred	Net Income
2021	\$127,751,750	\$79,814,850	\$47,936,900	\$334,271,147	\$260,937,165	\$15,204,521
2020	144,328,692	66,071,453	78,257,239	338,038,269	202,898,200	61,581,507
2019	63,848,807	25,902,802	37,946,004	213,294,734	149,641,936	21,738,567
2018	58,924,232	27,981,575	30,942,657	157,394,345	103,918,233	8,817,931

Year	Profit Margin	Medical Loss Ratio	Administrative Expense Ratio	Change in Enrollment
2021	4.5%	78.1%	16.2%	11.3%
2020	18.2	60.0	16.6	40.5
2019	10.1	70.2	17.5	7.7
2018	5.6	66.0	25.8	-49.8

Enrollment and Utilization

Year	Enrollment	Hospital Days/1,000	Average Length of Stay
2021	99,284	331.59	5.6
2020	89,234	330.62	5.1
2019	63,521	390.63	4.8
2018	58,999	376.33	4.6

Per Member Per Month Information

	2021	2020	Percentage Change
Premiums:			
Commercial	\$ 595.7	\$ 727.4	-18.1%
Medicare	1,256.6	1,221.8	2.8
Medicaid	<u>183.1</u>	<u>191.4</u>	-4.3
Expenses:			
Hospital/medical benefits	183.3	164.9	11.2
Other professional services	7.0	6.0	17.0
Outside referrals	8.5	7.9	7.6
Emergency room and out-of-area	25.7	19.6	31.6
Prescription drugs	15.8	16.7	-5.3
Incentive pool and withhold adjustments	0.8	0.4	106.6
Less: Net reinsurance recoveries	<u>15.3</u>	<u>13.9</u>	<u>10.0</u>
Total medical and hospital	226.0	201.6	12.1
Claims adjustment expenses	10.7	11.8	-9.2
General administrative expenses	36.2	44.1	-17.9
Total underwriting deductions	<u>\$272.9</u>	<u>\$257.46</u>	6.0

Due to prior unfavorable experiences in 2016 and 2017, the company did not participate in the ACA Marketplace in 2018. With the discontinued participation in the ACA Marketplace, MHWI had better financial performance for 2018. Due to the implementation of the Wisconsin Healthcare Stability Plan, MHWI and MHI decided to reenter the ACA Marketplace as of January 1, 2019. This is a primary reason for the company's growth in enrollment from 58,999 to 99,284 as of December 31, 2018 and December 31, 2021, respectively.

The examination determined that, as of December 31, 2021, the company had admitted assets of \$127,751,750, liabilities of \$79,814,850, and policyholders' surplus of \$47,936,900. The company was profitable in all years under examination with the largest gain in 2020 of \$61,581,507. The company's capital and surplus fluctuated substantially during the examination period. Though the company had net income each year, return of capital to shareholders, as well as dividends to stockholders reduced the final capital and surplus. Overall, the capital and surplus during the examination period increased from \$30,942,657 as of December 31, 2018 to \$47,936,900 as of December 31, 2021 with a year-end high in 2020 of \$78,257,239.

Financial Requirements

The financial requirements for an HMO under s. Ins 9.04, Wis. Adm. Code, are as follows:

	Amount Required
1. Minimum capital or permanent surplus	Either: \$750,000, if organized on or after July 1, 1989 or \$200,000, if organized prior to July 1, 1989
2. Compulsory surplus	The greater of \$750,000 or: If the percentage of covered liabilities to total liabilities is less than 90%, 6% of the premium earned in the previous 12 months; If the percentage of covered liabilities to total liabilities is at least 90%, 3% of the premium earned in the previous 12 months
3. Security surplus	The greater of: 140% of compulsory surplus reduced by 1% of compulsory surplus for each \$33 million of additional premiums earned in excess of \$10 million or 110% of compulsory surplus

Covered liabilities are those due to providers who are subject to statutory hold-harmless provisions.

The company's calculation as of December 31, 2021, as modified for examination adjustments is as follows:

Assets		\$127,751,750
Less:		
Special deposit		1,262,663
Liabilities		<u>79,814,850</u>
Net amount available to satisfy surplus requirements		46,674,237
Net premium earned		
HMO business	\$334,271,147	
Factor	<u>3%</u>	
Compulsory surplus		<u>10,028,134</u>
Compulsory Surplus Excess (Deficit)		<u>\$ 36,646,103</u>
Net amount available to satisfy surplus requirements		\$46,674,237
Compulsory surplus		\$10,028,134
Security factor		<u>131%</u>
Security surplus		<u>13,136,856</u>
Security Surplus Excess (Deficit)		<u>\$ 33,537,381</u>

In addition, there is a special deposit requirement equal to the lesser of the following:

1. An amount necessary to maintain a deposit equaling 1% of premium written in this state in the preceding calendar year;
2. One-third of 1% of premium written in this state in the preceding calendar year.

The company has satisfied this requirement for 2021 with a deposit of \$1,262,663 with the state treasurer.

Reconciliation of Capital and Surplus per Examination

No adjustments were made to surplus as a result of the examination. The amount of surplus reported by the company as of December 31, 2021, is accepted.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

There was one specific comment and recommendation in the previous examination report. Comments and recommendations contained in the last examination report and actions taken by the company are as follows:

1. Executive Compensation – It is again recommended that the company properly include all compensation on the report of Executive compensation in accordance with ss.601.42 and 611.63 (4), Wis Stat.

Action—Compliance.

Summary of Current Examination Results

There were no recommendations made as a result of this examination.

VIII. CONCLUSION

The company was incorporated on February 26, 2004, and commenced business on May 13, 2004. The company is a wholly owned subsidiary of Molina Healthcare, Inc., a Delaware corporation, which acquired it in 2010.

The examination determined that, as of December 31, 2021, the company had admitted assets of \$127,751,750, liabilities of \$79,814,850, and policyholders' surplus of \$47,936,900. The company was profitable in all years under examination with the largest gain in 2020 of \$61,581,507. Enrollment increased each year under examination from 58,999 to 99,284 as of December 31, 2018 and December 31, 2021, respectively, as the company reentered the ACA Marketplace in 2019. The company's capital and surplus fluctuated substantially during the examination period. Though the company had net income each year, return of capital to shareholders as well as dividends to stockholders reduced the final capital and surplus. Overall, the capital and surplus during the examination period increased from \$30,942,657 as of December 31, 2018, to \$47,936,900 as of December 31, 2021, with a year-end high in 2020 of \$78,257,239.

MHWI complied with the one prior examination recommendation. The current examination resulted in no recommendations. No adjustments to surplus or reclassifications to the balance sheet were made as a result of the current examination.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

There were no recommendations made as a result of this examination.

X. ACKNOWLEDGMENT

The courtesy and cooperation extended during the course of the examination by the officers and employees of the company are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Name	Title
Eleanor Lu, CISA	Insurance Financial Examiner – Principal

Respectfully submitted,



Nicholas Hartwig, AFE
Examiner-in-Charge