

Report of the Examination of  
Community Care Health Plan, Inc.  
Brookfield, Wisconsin  
As of December 31, 2021

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February 22, 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:

COMMUNITY CARE HEALTH PLAN, INC.  
Brookfield, Wisconsin

and this report is respectfully submitted.

## I. INTRODUCTION

The previous examination of Community Care Health Plan, Inc. (the company or CCHP) was conducted in 2019 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 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.

## II. HISTORY AND PLAN OF OPERATION

Community Care Health Plan, Inc., is described as a nonprofit 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.

The company was incorporated on August 12, 2004, and commenced business on July 1, 2005. The company was capitalized by its sole member, Community Care Organization, and was granted its Certificate of Authority on June 24, 2005. Community Care Organization then changed its legal name to Community Care, Inc. (CCI or the parent) which became effective on December 19, 2005.

Community Care Health Plan, Inc., provides care under two government programs: the Program of All-Inclusive Care for the Elderly (PACE) and the Family Care Partnership Program (Partnership). Both programs had previously been operated under an order exempting the programs from insurance law since 1991 through Community Care, Inc. In 2005, they were transferred to CCHP. These programs provide long-term care services to enrollees who qualify for both Medicare and Medicaid (referred to as dual-eligible enrollees), as well as enrollees who qualify for only Medicaid (referred to as T19-only enrollees) under the guidelines established by the Centers for Medicare and Medicaid Services (CMS) and the Wisconsin Department of Health Services (DHS). Dual-eligible enrollees are defined as low-income seniors and persons with disabilities who are enrolled in both Medicare and Medicaid, who rely on Medicaid to cover Medicare premiums and cost-sharing to cover critical benefits not covered by Medicare (such as long-term care). These programs are described below.

- Program of All-Inclusive Care for the Elderly (PACE): A national model of care integrating Medicare and Medicaid funding and providing all primary, acute, and long-term care services to enrollees, through an interdisciplinary team. PACE also provides medication coverage through a Medicare Part D plan. The PACE program is administered by CCHP to dual-eligible enrollees.
- Family Care Partnership (Partnership): A State of Wisconsin model of care fashioned after the national model integrates Medicare and Medicaid funding and provides all primary, acute, and long-term care support services to enrollees through an interdisciplinary team. Family Care Partnership also provides prescription coverage through a Medicare Part D plan for dual-eligible members. The Partnership program is administered by CCHP to dual-eligible enrollees.

CCHP has no employees. The operations of the company are administered by CCI under an Administrative Services Agreement (described in the “Management and Control” section of the report). All of the company’s programs include a care management component consisting of an interdisciplinary team composed of the enrollee, a CCI-employed nurse practitioner, a CCI-employed registered nurse, and a CCI-employed social services coordinator. The teams use a Resource Allocation Decision-Making (RAD) process approved by the state of Wisconsin to preauthorize long-term care services. For acute and primary care, PACE members use plan physicians while Partnership enrollees may choose any primary care physician (PCP) who has agreed to work with CCI nurse practitioners.

CCHP’s 2021 Partnership program service area included Calumet, Kenosha, Milwaukee, Outagamie, Ozaukee, Racine, Washington, Waukesha, and Waupaca counties. The PACE program service area includes Milwaukee, Racine, Waukesha, and Kenosha (beginning 2021) counties. The company contracts with area hospitals to provide inpatient services, emergency care, and surgical care to enrollees. Hospitals are reimbursed in accordance with Medicare/Medicaid diagnosis-related group rates (DRGs) or on a discounted fee-for-service basis. The company lists 61 hospitals and 2,050 primary care physicians as being a part of the Family Care Partnership provider group.

The company offers long-term care, primary, and acute health care coverage which may be changed only by changes in the contracts with DHS and/or CMS. The following basic health care coverages are provided:

- Physician services
- Inpatient services
- Outpatient services
- Behavioral health care
- Mental health, drug, and alcohol abuse services
- Ambulance services
- Special dental procedures (oral surgery)
- Prosthetic devices and durable medical equipment
- Home health care
- Preventative health services
- Hearing exams and hearing aids
- Diabetes treatment
- Routine eye examinations
- Convalescent nursing home service
- Prescription drugs – copayments are dictated by Medicare Part D
- Cardiac rehabilitation, physical speech, and/or occupational therapy
- Physical fitness or health education
- Kidney disease treatment
- Certain transplants
- Chiropractic services

In addition, the company provides the following services to enrollees based upon their assessed needs:

- Homemaker services
- Rehabilitation therapy
- Social Services
- Transportation
- Home meal delivery
- Respite for caregivers
- Vision care
- Foot care
- Pastoral care
- End of life and palliative care
- Adult day services
- Self-directed supports

Individuals enrolled in the Partnership program are subject to specified copayments but do not pay premiums. Program participants are required to meet all of the Wisconsin Medicaid financial eligibility requirements. The company is compensated through capitation payments received from DHS and CMS. The capitation rates are actuarially determined considering the care needs of the company's members but may not be adjusted by DHS.

### III. MANAGEMENT AND CONTROL

#### Board of Directors

The board of directors consists of seven members. Seven 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 HMO group.

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

<b>Name and Residence</b>	<b>Principal Occupation</b>	<b>Term Expires</b>
Ed Corrigan Whitefish Bay, WI	Director of Finance & Operations Clean Tech Partners	2023
Constance Alston Milwaukee, WI	Customer Service Representative (Retired)	2023
Anne Kiekhofer Elm Grove, WI	Nurse (Retired)	2023
Kenneth Munson Milwaukee, WI	President/CEO Community Care, Inc.	2023
Dennis Purtell Elm Grove, WI	Attorney (Retired) Husch Blackwell	2023
Christy Smith Bayview, WI	Chief Financial Officer Community Care, Inc.	2023
Lori Stortz Pewaukee, WI	Chief Audit Executive UW System	2024
Carla Washington Milwaukee, WI	VP-Operations Vivent Health	2024

#### Officers of the Company

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

<b>Name</b>	<b>Office</b>
Kenneth Munson	Chief Executive Officer
Christy Smith	Chief Financial Officer
Edward Kohl	Chief Program Officer
Michael Garlie	Chief Compliance and Quality Officer
Virginia Kramer	Chief Information Officer
Sherrice Harrell	Chief Administrative Officer



## **Committees of the Board**

The company's bylaws allow for the formation of certain committees by the board of directors. Committees are shared between CCI and CCHP. The committees at the time of the examination are listed below:

### **Executive Committee**

Lori Stortz, Chair  
Dan Brophy  
Marianne Canter  
Ed Corrigan  
Rick Gebhardt  
Dennis Purtell

### **Governance Committee**

Marianne Canter, Chair  
Ben Greenebaum  
Kim Marggraf  
Sara Nichols  
Dennis Purtell  
Lori Stortz  
Mark Thomas

### **Finance Committee**

Lori Stortz, Chair  
Dan Brophy  
Rick Gebhardt  
Steve VanderBloemen  
Edward Corrigan  
Steven Towne  
Linda Seemeyer  
Langston Verdin  
Kenneth Munson  
Christy Smith  
Troy Newmeister  
Ed Kohl

### **Quality and Compliance Committee**

Michael Garlie, Chair  
Mary Jo Landry  
Cindy Cowie  
Patti Ferris  
Amanda Frazer  
Jennifer Mathwig  
Dmitri Mayer  
Nancy Melnick  
Matt Shlei  
Sarah Yank

### **Quality Committee**

Dennis Purtell, Chair  
Rick Gebhardt  
Amy Driscoll  
Dr. Ed Duthie  
Mark Thomas  
Carla Washington  
Dr. Rakshinda Almas  
Kenneth Munson  
Michael Garlie  
Theresa Baker  
Steven Towne

### **Member Advisory Committee**

Halanna Lathon, Chair  
Sandy Syverson  
Kathleen Randolph  
Jim Parfrey  
Jack Greenwood

The company has no employees. Necessary staffing is provided through a management agreement with its parent, CCI. Under the agreement, effective July 1, 2005, and last amended January 1, 2014, CCI agrees to provide the following administrative services:

- Billing and collections
- Courier, mail and receiving
- Corporate minutes
- Financial/accounting support
- Administrative support
- Personal property

- Books and records
- Central business office facility and support
- Payroll
- Telecommunications
- Provider network employment, contracting and management
- Marketing
- Quality management
- Risk management
- Medical direction
- Environmental services
- Professional healthcare and social services
- Human resources
- Maintenance/mechanical report
- Information systems
- Medicaid and Medicare contract administration
- Claims adjudication and payment
- Utilization management
- Safety and security
- Medical record management

CCI also arranges for insurance and pharmacy benefit management services. CCI receives monthly compensation at cost for services rendered under the agreement, which are described in a regular monthly invoice provided by the administrator pursuant to the agreement and are due within 10 days after the receipt of the statement. The term of the administrative services agreement is one year and automatically renews each year unless terminated by either party in writing.

### **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 Community Care, Inc. The organizational chart below depicts the relationships among the affiliates in the group. A brief description of the significant affiliates of the company follows the organizational chart.

##### Holding Company Chart As of December 31, 2021



##### **Community Care, Inc.**

Community Care, Inc. is a nonstock corporation organized under Chapter 181, Wis. Stat. and is tax-exempt under section 501(c)(3) of the Internal Revenue Code. CCI was incorporated in 1977 and is governed by a volunteer board of directors consisting of between 12 and 20 members. CCI is the parent company of Community Care Health Plan, Inc. and provides various administrative services for CCHP. CCI is organized for the purpose of providing health and long-term care services to frail elderly, developmentally disabled, and physically disabled people. CCI runs the Family Care Program which is a Medicaid long-term care program and is the majority of the consolidated business. As of December 31, 2021, the company's GAAP audited financial statement reported total assets of \$184,398,326 liabilities of \$65,208,579, and net assets of \$119,189,746. Operations for 2021 produced a net income of \$45,167,770 on revenues of \$597,965,553.

##### **Agreements with Affiliates**

The examination included a review of the agreement between the affiliates. The Administrative Services Agreement, effective July 1, 2005, between CCHP and CCI, has been discussed in section III of this report captioned, "Management and Control").

## V. REINSURANCE

The company currently has reinsurance coverage under the contract outlined below:

Reinsurer:	PartnerRe America Insurance Company
Type:	Specific Excess of Loss Reinsurance
Effective date:	January 1, 2021
Retention:	\$235,000
Coverage:	90% of covered expenses if the complete claim is received by the reinsurer by August 1, 2022.
Termination:	January 1, 2022

The reinsurance policy has an endorsement containing the following insolvency provisions:

1. Reinsurer will continue to provide the benefits covered under the applicable Membership Services Agreement with respect to each Covered Person who is confined in a Hospital on the Insolvency Date for expenses incurred and payable by such Covered Person on or after such date until the earlier of:
  - a. The Covered Person's discharge from the Hospital; or
  - b. The date the Covered Person becomes eligible for health insurance coverage or benefits under another group or blanket policy or plan or any federal state or local governmental plan or program. The Company shall pursue any coordination of benefits, subrogation, or any other right of recovery that may be available to the Company as a result of the Covered Persons being covered under two or more health care policies or plans.
2. Reinsurer will continue plan benefits for any other Covered Person with respect to expenses incurred for medical services or treatment by Providers received after the Insolvency Date until the end of the period for which applicable premium was received by the Reinsured for that Covered Person, prior to the Insolvency Date, but in no event to extend beyond the end of the calendar month in which the Insolvency Date occurs as long as such expenses are payable for such Covered Person.

Reinsurers maximum aggregate liability is limited to \$2,000,000 per member per agreement period.

## **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.

**Community Care Health Plan, Inc.**  
**Assets**  
**As of December 31, 2021**

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$ 6,971,705	\$	\$ 6,971,705
Cash, cash equivalents and short-term investments	17,845,632		17,845,632
Investment income due and accrued	18,317		18,317
Uncollected premiums and agents' balances in the course of collection	1,662,919		1,662,919
Amounts recoverable from reinsurers	866		866
Amounts receivable relating to uninsured plans	1,683,133		1,683,133
Health care and other amounts receivable	<u>715,874</u>	<u>499,181</u>	<u>216,693</u>
<b>Total Assets</b>	<b><u>\$28,898,447</u></b>	<b><u>\$499,181</u></b>	<b><u>\$ 28,399,266</u></b>

**Community Care Health Plan, Inc.**  
**Liabilities and Net Worth**  
**As of December 31, 2021**

Claims unpaid		\$ 7,638,993
Unpaid claims adjustment expenses		114,585
General expenses due or accrued		533,896
Amounts withheld or retained for the account of others		127,656
Amounts due to parent, subsidiaries, and affiliates		<u>1,004,064</u>
<b>Total Liabilities</b>		<b>9,419,193</b>
Gross paid in and contributed surplus	\$ 3,402,049	
Unassigned funds (surplus)	<u>15,578,023</u>	
<b>Total Capital and Surplus</b>		<b><u>18,980,072</u></b>
<b>Total Liabilities, Capital and Surplus</b>		<b><u>\$28,399,266</u></b>

**Community Care Health Plan, Inc.  
Statement of Revenue and Expenses  
For the Year 2021**

Net premium income		\$100,004,387
Aggregate write-ins for other health care related revenues		<u>2,000</u>
Total revenues		100,006,387
Medical and Hospital:		
Hospital/medical benefits	\$18,639,314	
Other professional services	66,364,304	
Emergency room and out-of-area	1,500,193	
Prescription drugs	<u>5,890,191</u>	
Subtotal	92,393,137	
Less		
Net reinsurance recoveries	<u>866</u>	
Total medical and hospital	92,393,137	
Claims adjustment expenses	1,516,418	
General administrative expenses	5,972,342	
Increase in reserves for life and accident and health contracts	<u>3,348,873</u> )	
Total underwriting deductions		<u>96,533,023</u>
Net underwriting gain or (loss)		3,473,364
Net investment income earned	93,192	
Net realized capital gains or (losses)	<u>(23,180)</u>	
Net investment gains or (losses)		<u>70,011</u>
Net Income (Loss)		<u>\$ 3,543,375</u>

**Community Care Health Plan, Inc.  
Capital and Surplus Account  
For the Three-Year Period Ending December 31, 2021**

	2021	2020	2019
Capital and surplus, beginning of year	\$15,382,101	\$14,923,507	\$14,665,720
Net income (loss)	3,543,375	421,067	479,210
Change in net deferred income tax		(142,207)	
Change in nonadmitted assets	(82,404)	179,734	(221,422)
Write-ins for gains and (losses) in surplus:			
Write-in #1	<u>137,000</u>		
Capital and Surplus, End of Year	<u>\$18,980,072</u>	<u>\$15,382,101</u>	<u>\$14,923,507</u>



**Community Care Health Plan, Inc.**  
**Statement of Cash Flow**  
**For the Year 2021**

Premiums collected net of reinsurance		\$100,306,227
Net investment income		<u>92,423</u>
Total		100,398,650
Less:		
Benefit- and loss-related payments	\$91,670,501	
Commissions, expenses paid and aggregate write-ins for deductions	<u>9,298,147</u>	
Total		<u>100,968,648</u>
Net cash from operations		(569,998)
Proceeds from Investments Sold, Matured or Repaid:		
Bonds	2,450,000	
Cost of Investments Acquired—Long-term Only:		
Bonds	<u>4,298,579</u>	
Net cash from investments		(1,848,579)
Cash Provided for/Applied from Financing and Miscellaneous Sources:		
Other cash provided (applied)		<u>451,076</u>
Net Change in Cash, Cash Equivalents, and Short-Term Investments		(1,967,500)
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>19,813,133</u>
End of Year		<u>\$17,845,633</u>

**Growth of Community Care Health Plan, Inc.**

Year	Assets	Liabilities	Capital and Surplus	Premium Earned	Medical Expenses Incurred	Net Income
2021	\$28,399,266	\$9,419,193	\$18,980,072	\$100,006,387	\$92,393,137	\$3,543,375
2020	27,492,960	12,110,859	15,382,101	101,066,206	89,061,123	421,067
2019	22,719,784	7,796,277	14,923,507	90,685,430	83,390,709	479,210
2018	23,058,662	8,392,942	14,665,720	94,830,607	85,951,144	1,457,675

Year	Profit Margin	Medical Expense Ratio	Administrative Expense Ratio	Change in Enrollment
2021	3.5%	92.4%	4.1%	0.5%
2020	0.3	88.1	11.6	0.0
2019	0.2	92.0	7.8	3.2
2018	1.5	90.6	8.0	-3.5

**Enrollment and Utilization**

Year	Enrollment	Hospital Days/1,000	Average Length of Stay
2021	2,272	2,014.4	6.9
2020	2,261	2,221.8	7.5
2019	2,261	2,131.1	6.7
2018	2,192	1,188.5	7.3

**Per Member Per Month Information**

	2021	2020	Percentage Change
<b>Premiums:</b>			
Medicare	\$2,979.40	\$2,910.18	2.4%
Medicaid	4,338.37	4,372.21	-.8
Aggregate	<u>3,737.92</u>	<u>3,712.55</u>	.7
<b>Expenses:</b>			
Hospital/medical benefits	696.69	697.61	-.1
Other professional services	2,480.54	2,349.53	5.6
Emergency room and out-of-area	56.07	47.28	18.6
Prescription Drugs	220.16	182.51	20.6
Less: Net reinsurance recoveries	<u>.03</u>	<u>5.16</u>	-99.4
Total medical and hospital	3,453.43	3,271.78	5.6
Claims adjustment expenses	56.68	54.19	4.6
General administrative expenses	223.23	251.09	-11.1
Increase in reserves for accident and health contracts	<u>(125.17)</u>	<u>123.03</u>	-201.8
Total underwriting deductions	<u>\$3,608.17</u>	<u>\$3,700.08</u>	-2.5

Community Care Health Plan, Inc. was profitable during all three years under examination with a net income of \$3.5 million as of December 31, 2021. The company saw both earned premiums and membership increase between 2019 and 2021 from \$90.7 million to \$100.0 million, and 2,261 to 2,272, respectively. The company also saw capital and surplus increase each year of the examination period from \$14.7 million as of December 31, 2018, to \$19.0 million as of December 31, 2021.

### **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:<br>\$750,000, if organized on or after July 1, 1989<br>or<br>\$200,000, if organized prior to July 1, 1989   |
| 2. Compulsory surplus                   | The greater of \$750,000 or:<br><br>If the percentage of covered liabilities to total liabilities is less than 90%, 6% of the premium earned in the previous 12 months;<br><br>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:<br>140% of compulsory surplus reduced by 1% of compulsory surplus for each \$33 million of additional premiums earned in excess of \$10 million<br>or<br>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		\$28,399,266
Less:		
Liabilities		9,419,193
Investments in excess of maximum allowable by Ch. 620, Wis. Stat.		0
Examination adjustments		<u>2,700,000</u>
Net amount available to satisfy surplus requirements		16,280,073
Net premium earned		
HMO business	\$100,004,387	
Factor	<u>3%</u>	
Compulsory surplus		<u>3,000,132</u>
Compulsory Surplus Excess (Deficit)		<u>\$13,279,941</u>
Net amount available to satisfy surplus requirements		\$16,280,073
Compulsory surplus	3,000,132	
Security factor	<u>138%</u>	
Security surplus		<u>4,140,182</u>
Security Surplus Excess (Deficit)		<u>\$12,139,891</u>

## Reconciliation of Capital and Surplus per Examination

The following schedule is a reconciliation of capital and surplus between that reported by the company and as determined by this examination. Changes shown on this page are discussed in the "Summary of Examination Results" section of this report.

Capital and surplus December 31, 2021, per annual statement			\$18,980,072
	<b>Increase</b>	<b>Decrease</b>	
Claims unpaid	\$2,700,000		
Unassigned funds (surplus)		\$2,700,000	
Capital and surplus December 31, 2021, per Examination			<u>\$16,280,072</u>

## VII. SUMMARY OF EXAMINATION RESULTS

### Compliance with Prior Examination Report Recommendations

There were three specific comments and recommendations in the previous examination report. Comments and recommendations contained in the last examination report and actions taken by the company are as follows:

1. Reinsurance Broker – It is recommended that the company obtain a reinsurance broker agreement that is in compliance with s. Ins. 47.03, Wis. Adm. Code.

Action—Compliance.

2. Business Continuity Plan/Disaster Recovery Plan – It is recommended that the company perform a business impact analysis or a risk assessment as part of the business continuity plan/disaster recovery plan.

Action—Compliance.

3. Business Continuity Plan Review – It is recommended that the business continuity plan/disaster recovery plan be reviewed annually as an industry best practice.

Action—Compliance.

## **Summary of Current Examination Results**

This section contains comments and elaboration on those areas where adverse findings were noted or where unusual situations existed. Comment on the remaining areas of the company's operations is contained in the examination work papers.

The current examination resulted in no exam recommendations, no reclassifications, and one surplus adjustment. There was an adjustment to surplus of \$2,700,000 due to the company's claims development as of the third quarter of 2022 differing from what was expected as of December 31, 2021. Staffing shortages within the provider network resulted in delayed billing from certain providers, and longer stays and larger costs for two members admitted in November 2021 resulted in \$800,000 more in claims than originally estimated. The adjustment to surplus resulted in an increase in claims unpaid of \$2,700,000 and a reduction in unassigned funds (surplus) by \$2,700,000.

## **VIII. CONCLUSION**

Community Care Health Plan Inc., is a nonprofit mixed model HMO that was incorporated on August 12, 2004, and commenced business on July 1, 2005. The company's parent, CCI, administers the operations through an Administrative Services Agreement. The company's core business is the PACE and Partnership programs, which are integrated Medicare/Medicaid long-term care products serving frail elderly, developmentally disabled, and physically disabled adults in its service area.

CCHP reported a net income of \$3.5 million as of December 31, 2021. The company saw capital and surplus increase from \$14.9 million as of December 31, 2019 to \$16.3 million (after the examination adjustment) as of December 31, 2021. The examination resulted in no recommendations or reclassifications and one surplus adjustment.



## **IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS**

The current examination resulted in no exam recommendations or reclassifications. There was an adjustment to surplus of \$2,700,000 due to the company's claims development as of the third quarter of 2022 differing from what was expected as of December 31, 2021. This was primarily due to staffing shortages at certain providers resulting in delayed billing and unfavorable development for two new claims late in 2021. These are explained further in the "Summary of Current Examination Results" on page 21 of this report.

## 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:

<b>Name</b>	<b>Title</b>
Ian Anderson	Insurance Financial Examiner
Eleanor Lu, CISA	IT Specialist
Terry Lorenz, CFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,

*Gabriel D. Gorske*

Gabriel Gorske, CFE  
Examiner-in-Charge