

Report of the Examination of  
Common Ground Healthcare Cooperative  
Brookfield, Wisconsin  
As of December 31, 2023

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October 8, 2024

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:

COMMON GROUND HEALTHCARE COOPERATIVE  
Brookfield, Wisconsin

and this report is respectfully submitted.

## I. INTRODUCTION

The previous examination of Common Ground Healthcare Cooperative (the cooperative or CGHC) was conducted in 2019 as of December 31, 2018. The current examination covered the intervening period ending December 31, 2023, 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 insurance company 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 completing this examination were performed. The examination work papers contain documentation with respect to the alternative or additional examination steps performed during the course of the examination.

## **II. HISTORY AND PLAN OF OPERATION**

Common Ground Healthcare Cooperative was incorporated as a Wisconsin nonprofit cooperative association under s. 185.05, Wis. Stat., and received a Certificate of Authority from the Office of the Commissioner of Insurance (OCI) on March 7, 2013, in accordance with s. 601.04, Wis. Stat. It operates as a nonprofit member-governed cooperative with no capital stock or shareholders. CGHC was selected in February 2012 to participate in the Consumer Operated and Oriented Plan (CO-OP) Program, which was created by Section 1322 of the Patient Protection and Affordable Care Act (ACA) to foster the creation of qualified nonprofit health insurance issuers to offer qualified health plans in the individual and small group markets through the provision of long-term loans to qualified applicants for financing start-up costs and insurance reserves. The loans are structured as “surplus notes” pursuant to s. 611.33 (2) (b), Wis. Stat., and qualify as surplus rather than a liability in accordance with Statement of Statutory Accounting Principles (SSAP) No. 41. The cooperative’s application demonstrated the ability to create and sustain (1) consumer operation, control, and focus; (2) solvency and financial stability of coverage; and (3) care coordination, quality and efficiency to the satisfaction of the Centers for Medicare & Medicaid Services (CMS). The cooperative has contracts in place with health systems, physicians, hospital organizations, multi and single-specialty physician group practices, and individual physicians. The cooperative markets health insurance policies to small businesses, nonprofits, and individuals, both on and off the Marketplace exchange, primarily through internal employees, local independent insurance agents, brokers and navigators. CGHC competes with traditional fee-for-service health insurance carriers and HMOs within its service area. According to its business plan, the cooperative’s service area is comprised of the following 24 counties: Brown, Calumet, Dodge, Door, Fond du Lac, Green Lake, Jefferson, Kenosha, Kewaunee, Manitowoc, Marinette, Milwaukee, Oconto, Outagamie, Ozaukee, Racine, Shawano, Sheboygan, Walworth, Washington, Waukesha, Waupaca, Waushara and Winnebago.

The cooperative offers comprehensive health care coverage through three major provider networks, the Aurora Health Care network, the Bellin Health network, and the ThedaCare network. Plans are offered in Gold, Silver, and Bronze through the federal Marketplace, with various levels of deductibles, coinsurance, and copays. Enrollees through the Marketplace can qualify for subsidies

offered under the Affordable Care Act. The following health care coverages are provided (this is not an all-inclusive list):

- Physician services
- Outpatient services
- Mental health services and substance use disorder services—inpatient
- Dental services (accident only)
- Durable medical equipment
- Pregnancy—maternity services
- Habilitative services
- Preventive care services
- Genetic testing
- Diabetes services
- Skilled nursing facility and inpatient rehabilitation facility services
- Pulmonary or cardiac rehabilitation
- Chiropractic services
- Chemotherapy—outpatient and inpatient
- Kidney disease treatment
- Hospice care
- Hospital inpatient care
- Diagnostic testing
- Ambulance services
- Oral surgery
- Contraceptive medications and devices
- Newborn benefits
- Home health care
- Reproductive services
- Hearing exams and hearing aids
- Prosthetics
- Prescription drugs
- Physical speech and/or occupational therapy
- Radiation therapy—outpatient and inpatient
- Reconstructive procedures
- Transplants
- Vision examinations

CGHC uses a standard actuarial process for setting premiums. The cooperative's rates are based on its historical incurred claims experience when that experience has sufficient volume, i.e., is credible. A blend of historical experience and a manual rate is used when the experience is not fully credible. CGHC's historical incurred claims experience is trended forward to the pricing period and adjusted for projected differences between the experience period and the pricing period, including demographic differences, provider contract changes, and anticipated changes in the morbidity of the covered population. CGHC monitors its competitive position by product, market, and geography to retain market share and advance their strategic goals. The following chart is a summary of premium income as reported by the cooperative in 2023. The growth of the cooperative is further discussed in the "Financial Data" section of this report.

#### Premium Income

Line of Business	Direct Premium	Reinsurance Ceded	Net Premium
Comprehensive (hospital and medical):			
Individual	\$437,767,092	\$4,068,682	\$433,698,410
Group	<u>12,537,395</u>	<u>141,461</u>	<u>12,395,934</u>
Total All Lines	<u>\$450,304,487</u>	<u>\$4,210,143</u>	<u>\$446,094,344</u>

### III. MANAGEMENT AND CONTROL

#### Board of Directors

The board of directors consists of nine members. Directors are elected annually to serve a three-year term. Officers are elected at the board's annual meeting.

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

<b>Name</b>	<b>Principal Occupation</b>	<b>Term Expires</b>
Amy Murphy	Public Health Consultant	2026
Tonni Larson	Retired City of Gillett Deputy Clerk (Part Time)	2024
Kevin Gilligan	President, Food & Nutrition for Graham Packaging	2025
Will Kort	Watershed Planning Consultant	2026
Michael Winkler	Retired	2025
Dean Schadrie	Owner of M.H. Dempsey, CEO of Beerntsen's Confectionary	2024
David Stram	Retired Chief Financial Officer	2028
Rebecca Dehl Tuchscherer	Retired Group President	2026
Cheryl Thomas	Retired Human Resources Executive	2027
John Maglio (non-voting)	Retired	2027
Jim Wesp (non-voting)	Vice President and Part Owner Kettle Morain Hardwoods, Inc.	2027

#### Officers of the Company

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

<b>Name</b>	<b>Office</b>
Cathy Mahaffey	Chief Executive Officer
Todd Hutchison	Chief Financial Officer
Brian Gartner	Chief of Staff

#### Committees of the Board

The cooperative's bylaws allow for the formation of certain committees by the board of directors. The committees at the time of the examination are listed below:

**Compliance & Integrity Committee**

Michael Winkler, Chair  
Dean Schadrie  
John Maglio  
Cheryl Thomas

**Audit/Finance Committee**

Kevin Gilligan, Chair  
Will Kort  
David Stram  
Jim Wesp  
Dean Schadrie

**Strategic Planning Committee**

Tonni Larson, Chair  
Amy Murphy  
Will Kort  
Michael Winkler  
Kevin Gilligan

**Nominations Committee**

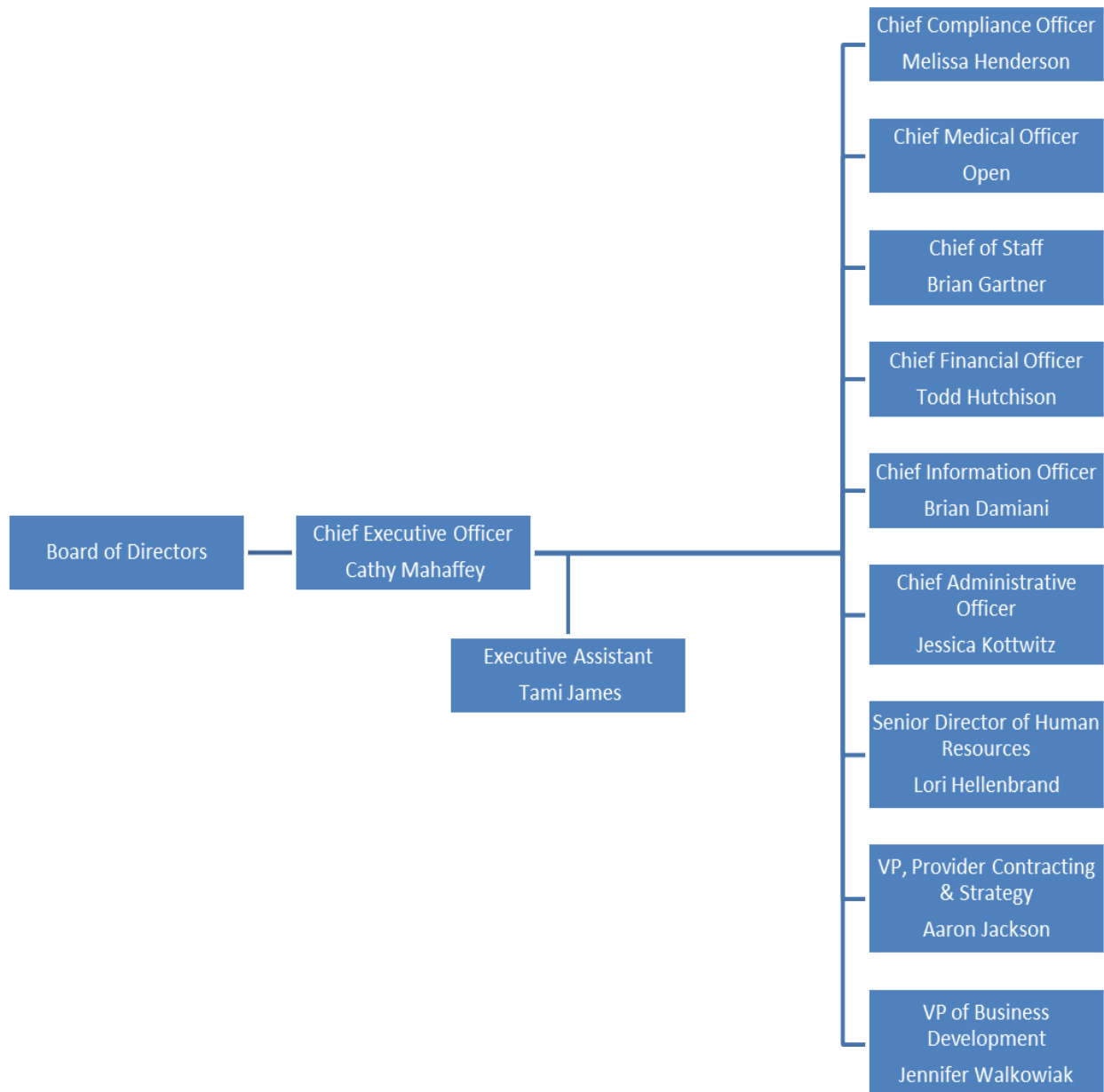
Amy Murphy, Chair  
Jim Wesp  
Michael Winkler  
Rebecca Tuchscherer

**CEO Performance Appraisal Committee**

Amy Murphy, Chair  
Tonni Larson  
Kevin Gilligan  
Cheryl Thomas



**Internal Organizational Chart  
As of December 31, 2024**



#### IV. REINSURANCE

The company's reinsurance portfolio and strategy at the time of the examination are described below. A list of the companies that have a significant amount of reinsurance in force at the time of the examination follows. The contracts contain proper insolvency provisions.

##### **Ceding Contracts**

The cooperative has an excess of loss reinsurance agreement with Swiss RE Life & Health America Inc. This agreement covers all ACA business.

1. Type:	Specific Excess of Loss
Reinsurer:	Swiss Re Life & Health America Inc.
Scope:	Applies to policies issued during the term of the contract within the jurisdiction in which the cooperative is licensed. Applies to Commercial Group HMO/PPO and Individual On & Off Exchange lines of business.
Retention:	\$750,000 per member, however, one specific member has a stated retention of 1,800,000
Coverage:	Commercial Group HMO/PPO Individual On & Off Exchange
Effective date:	January 1, 2024 through December 31, 2024
Termination:	The agreement is automatically terminated at the end of the effective period. If the premiums are not paid within 60 days of the due date, the reinsurer may terminate the agreement.

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

1. In the event of the insolvency of either party, the rights or remedies of the agreement remain in full force and effect.
2. In the event of the insolvency of the reinsurer, the cooperative may terminate the agreement and recapture all reinsurance in force effective the date of the insolvency.
3. The reinsurer will be liable only for the benefits reinsured as benefits become due under the terms of the reinsured policies or for any damages or payments resulting from the termination or restructure of the policies that are not otherwise expressly covered by this agreement.

## **V. FINANCIAL DATA**

The following financial statements reflect the financial condition of the company as reported to the commissioner of insurance in the December 31, 2023, 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 cooperative and the compulsory and security surplus calculation.

**Common Ground Healthcare Cooperative**  
**Assets**  
**As of December 31, 2023**

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$101,731,500	\$	\$101,731,500
Stocks:			
Common stocks	5,548,696		5,548,696
Cash, cash equivalents, and short-term investments	55,905,123		55,905,123
Receivables for securities	1,000,000		1,000,000
Write-ins for invested assets:			
MetLife Funding	3,032,703		3,032,703
Investment income due and accrued	868,039		868,039
Uncollected premiums and agents' balances in the course of collection	318,753	24,639	294,114
Accrued retrospective premiums and contracts subject to redetermination	2,467,894		2,467,894
Amounts recoverable from reinsurers	54,030,345		54,030,345
Electronic data processing equipment and software	116,568	116,568	
Furniture and equipment, including health care delivery assets	106,259	106,259	
Health care and other amounts receivable	16,723,689	4,809,606	11,914,083
Write-ins for other than invested assets:			
Prepaid Expenses	1,199,169	1,199,169	
Prepaid Insurance	5,124	5,124	
Advanced premium tax credit receivable	167,295		167,295
Network Access ETF revenue receivable	1,988,322	1,241,845	746,477
Wisconsin income tax receivable	<u>2,888</u>	<u></u>	<u>2,888</u>
Total Assets	<u>\$245,212,367</u>	<u>\$7,503,210</u>	<u>\$237,709,157</u>

**Common Ground Healthcare Cooperative**  
**Liabilities, Surplus, and Other Funds**  
**As of December 31, 2023**

Claims unpaid	\$ 61,111,367
Unpaid claims adjustment expenses	1,107,843
Aggregate health policy reserves	9,585,805
Premiums received in advance	10,182,689
General expenses due or accrued	4,282,353
Borrowed money and interest thereon	<u>3,438,650</u>
Total Liabilities	89,708,707
 Gross paid in and contributed surplus	 \$100
Surplus notes	65,911,138
Unassigned funds (surplus)	<u>82,089,212</u>
Total Capital and Surplus	<u>148,000,450</u>
 Total Liabilities, Capital and Surplus	 <u>\$237,709,157</u>

**Common Ground Healthcare Cooperative**  
**Statement of Revenue and Expenses**  
**For the Year 2023**

Net premium income		\$446,094,344
Change in unearned premium reserves and reserve for rate credits		
Aggregate write-ins for other health care related revenues		
Network Access ETF revenue		<u>2,213,081</u>
Total revenues		448,307,425
Medical and Hospital:		
Hospital/medical benefits	\$379,980,240	
Prescription drugs	<u>68,273,579</u>	
Subtotal	448,253,819	
Less		
Net reinsurance recoveries	<u>54,370,305</u>	
Total medical and hospital	393,883,514	
Claims adjustment expenses	6,841,274	
General administrative expenses	<u>44,620,954</u>	
Total underwriting deductions		<u>445,345,742</u>
Net underwriting gain or (loss)		2,961,683
Net investment income earned	4,978,026	
Net realized capital gains or (losses)	<u>158,636</u>	
Net investment gains or (losses)		5,136,662
Write-ins for other income or expenses:		
Miscellaneous interest income		<u>64,540</u>
Net income or (loss)		<u>8,162,885</u>
Net Income (Loss)		<u>\$ 8,162,885</u>

**Common Ground Healthcare Cooperative**  
**Capital and Surplus Account**  
**For the Five-Year Period Ending December 31, 2023**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Capital and surplus, beginning of year	\$153,669,975	\$183,102,772	\$218,025,657	\$210,901,853	\$144,752,165
Net income (loss)	8,162,885	(17,856,039)	(27,085,388)	38,122,507	72,729,447
Change in net unrealized capital gains/losses	852,945	(102,566)			
Change in nonadmitted assets	(2,310,090)	(704,068)	1,913,062	75,795	(5,443,061)
Change in surplus notes	(11,044,735)	(11,004,020)	(9,933,110)	(1,074,498)	(1,136,698)
Surplus adjustments:					
Paid in				(30,000,000)	
Write-ins for gains or (losses) in surplus:					
Board Designated Funds	89,583	233,896	182,551		
Prior Period Adjustments				—	
	<u>(1,420,113)</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital and Surplus, End of Year	<u>\$148,000,450</u>	<u>\$153,669,975</u>	<u>\$183,102,772</u>	<u>\$218,025,657</u>	<u>\$210,901,853</u>

**Common Ground Healthcare Cooperative**  
**Statement of Cash Flow**  
**For the Year 2023**

Premiums collected net of reinsurance		\$427,238,143
Net investment income		5,636,100
Miscellaneous income		<u>226,421</u>
Total		433,100,664
Less:		
Benefit- and loss-related payments	\$406,615,150	
Commissions, expenses paid and aggregate write-ins for deductions	<u>51,323,747</u>	
Total		<u>457,938,897</u>
Net cash from operations		(24,838,233)
Proceeds from Investments Sold, Matured or Repaid:		
Bonds	\$10,444,502	
Net gains (losses) on cash, cash equivalents, and short-term investments	<u>2,334</u>	
Total investment proceeds		10,446,836
Cost of Investments Acquired—Long-term Only:		
Bonds	5,140,212	
Stocks	1,601,120	
Miscellaneous applications	<u>4,032,703</u>	
Total investments acquired		<u>10,774,035</u>
Net cash from investments		(327,199)
Cash Provided for/Applied from Financing and Miscellaneous Sources:		
Surplus notes, capital notes	(11,044,735)	
Borrowed funds received	12,384	
Other cash provided (applied)	<u>(2,999)</u>	
Net cash from financing and miscellaneous sources		<u>(11,035,350)</u>
Net Change in Cash, Cash Equivalents, and Short-Term Investments		(36,200,782)
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>92,105,905</u>
End of Year		<u>\$ 55,905,123</u>



### Growth of Common Ground Healthcare Cooperative

Year	Assets	Liabilities	Capital and Surplus	Premium Earned	Medical Expenses Incurred	Net Income
2023	\$237,709,157	\$ 89,708,707	\$148,000,450	\$448,307,425	\$393,883,514	\$ 8,162,885
2022	284,434,019	130,764,044	153,669,975	389,665,983	371,094,670	(17,856,039)
2021	278,198,931	95,096,159	183,102,772	328,605,385	309,464,599	(27,085,388)
2020	338,302,744	120,277,087	218,025,657	409,984,559	292,504,811	38,122,507
2019	322,198,774	111,296,891	210,901,853	468,677,697	343,189,585	72,729,447
2018	217,899,361	73,147,196	144,752,165	557,457,011	375,829,277	135,490,853

Year	Profit Margin	Medical Expense Ratio	Administrative Expense Ratio	Change in Enrollment
2023	1.8%	87.9%	11.5%	-1.2%
2022	-4.5	92.7	12.7	33.7
2021	-8.2	97.2	11.7	-5.9
2020	9.2	71.3	12.8	-16.9
2019	15.4	73.2	12.0	13.6
2018	24.2	67.4	8.5	90.6

### Enrollment and Utilization

Year	Enrollment	Hospital Days/1,000	Average Length of Stay
2023	60,958	257.9	5.3
2022	61,700	246.0	5.5
2021	46,147	315.0	6.0
2020	49,026	294.9	5.5
2019	58,970	302.6	5.3
2018	51,885	315.6	5.2

### Per Member Per Month Information

	2023	2022	Percentage Change
<b>Premiums:</b>			
Comprehensive	\$605.84	\$520.42	16.4%
<b>Expenses:</b>			
Hospital/medical benefits	516.05	497.49	3.7%
Prescription Drugs	92.72	79.34	16.9%
Less: Net reinsurance recoveries	<u>73.84</u>	<u>81.21</u>	-9.1%
Total medical and hospital	534.93	495.62	7.9%
Claims adjustment expenses	9.29	9.49	-2.1%
General administrative expenses	60.60	56.35	7.5%
Increase in reserves for accident and health contracts		(13.37)	-100.0%
Total underwriting deductions	<u>\$604.82</u>	<u>\$548.08</u>	10.4%

The cooperative has had volatility in financial results during the examination period. Prior to 2020, the cooperative generated significant profits due to favorable rates and experience. In 2020, the cooperative was still profitable due to decreased utilization due to the COVID-19 pandemic. The years 2021 and 2022 were not profitable due to a combination of lower rates and increased utilization. The utilization increase was due to members delaying medical procedures or other medical services during the pandemic and resuming those services in 2021 and 2022. Additionally, ACA rates are set early in the preceding year, so 2021 rates were set during the earlier months of the pandemic based on historical data. Rate increases and more traditional utilization rates resulted in positive financial results in 2023.

**Common Ground Healthcare Cooperative  
Compulsory and Security Surplus Calculation  
December 31, 2023**

Assets			\$237,709,157
Less liabilities			<u>89,708,707</u>
Adjusted surplus			148,000,450
Annual premium:			
Individual life and health	\$433,698,410		
Factor	<u>15%</u>		
Total		\$65,054,762	
Group life and health	12,395,934		
Factor	<u>10%</u>		
Total		<u>1,239,593</u>	
Compulsory surplus (subject to a \$2,000,000 minimum)			<u>66,294,355</u>
Compulsory Surplus Excess (Deficit)			<u>\$ 81,706,095</u>
Adjusted surplus (from above)			\$148,000,450
Security surplus (140% of compulsory surplus, factor reduced 1% for each \$33 million in premium written in excess of \$10 million, with a minimum of 110%)			<u>84,193,831</u>
Security Surplus Excess (Deficit)			<u>\$ 63,806,619</u>

The cooperative's original compulsory and security surplus filing was incorrect. The reported admitted assets were understated by \$3,405,841 and liabilities were overstated by \$5,874,142. As a result, excess compulsory and security surplus was underreported by \$9,279,983. The excess surplus noted above is the corrected amount. This correction does not affect any numbers reported on the balance sheet.

**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, 2023, is accepted.

## VI. SUMMARY OF EXAMINATION RESULTS

### Compliance with Prior Examination Report Recommendations

There were six specific recommendation(s) in the previous examination report. The action(s) taken by the cooperative as a result of the recommendation(s) were as follows:

1. Articles of Incorporation—It is recommended that the cooperative file biographical sketches in accordance with its Articles of Incorporation.

Action—Compliance.

2. Escheats—It is recommended that the cooperative develop, and the board adopt, a written escheat policy. The policy must address: (1) the cooperative's procedures relating to stale-dated checks (sufficient to ensure compliance with the requirements of ch. 177, Wis. Stat.); and (2) the establishment and maintenance of an escheat liability to account for stale-dated checks outstanding over one year.

Action—Compliance.

3. Investment Approvals—It is recommended that the board, or a subordinate committee thereof, review all investment transactions at least quarterly, approve or disapprove the investment transactions, and maintain documentation in board minutes or committee minutes of the records reviewed and the approval or disapproval of investment transactions, in accordance with s. 611.51 (6), Wis. Stat.

Action—Compliance.

4. Corporate Records—It is recommended that the cooperative properly maintain its conflict-of-interest statements in accordance with the directive issued by the Office of the Commissioner of Insurance regarding disclosure of conflicts of interest.

Action—Compliance.

5. Corporate Records—It is recommended that the cooperative retain board committee minutes as permanent records as required by s. Ins 6.80 (4) (a), Wis. Adm. Code.

Action—Compliance.

6. Executive Compensation—It is recommended that the cooperative properly complete the Report on Executive Compensation as required by s. 611.63(4), Wis. Stat.

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.

### **Annual Statement Filings**

The examination review of the cooperative's Exhibit of Premiums, Enrollment and Utilization disclosed that the cooperative was not including member ambulatory encounters, hospital patient days incurred, and number of inpatient admissions. It is recommended that the cooperative include ambulatory encounters, hospital patient days incurred, and number of inpatient admissions on the Exhibit of Premiums, Enrollment and Utilization in accordance with the *NAIC Annual Statement and Quarterly Statements Instructions, Health*. The cooperative was made aware of these omissions during the examination and included this information beginning with their second quarter 2024 financial statement.

## **VII. CONCLUSION**

Overall, the cooperative is in good financial condition despite volatile financial results during the examination period. The COVID-19 pandemic caused significant financial volatility from 2020 to 2022. Inadequate rates and high utilization in 2021 and 2022 caused notable losses but the cooperative absorbed the losses without significant financial strain. The cooperative had positive financial results in 2023 due to a normalization of rates and member utilization. The cooperative has significant surplus notes outstanding that require OCI's permission to make payments.

## VIII. SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. Page 20 - Annual Statement Filings—It is recommended that the cooperative include ambulatory encounters, hospital patient days incurred, and number of inpatient admissions on the Exhibit of Premiums, Enrollment and Utilization in accordance with the *NAIC Annual Statement and Quarterly Statements Instructions, Health*.



## IX. 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>
Jacob Luebke	Insurance Financial Examiner
Junji Nartatez, CISA	IT Specialist
Nicholas Hartwig, CFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist and Data Specialist

Respectfully submitted,



Jacob Burkett, CFE  
Examiner-in-Charge

## **X. SUBSEQUENT EVENTS**

### **CareSource Affiliation**

On February 27, 2024, it was announced that Common Ground Healthcare Cooperative and CareSource, an Ohio-based nonprofit 501(c)(3) healthcare and insurance group, signed a letter of intent to affiliate with each other. CareSource specializes in government business, particularly Medicaid, and also participates in the ACA in several states. The transaction is currently under OCI review. The affiliation also is anticipated to result in many operational changes to the cooperative such as using CareSource's technology. The target date of affiliation is expected to be either the end of 2024 or the beginning of 2025 pending all necessary regulatory approvals. If the cooperative completes the affiliation with CareSource, it will be required to pay back its surplus notes from CMS and exit the Federal CO-OP program. In the event that the CareSource affiliation does not move forward, Common Ground will then use CareSource as a third-party administrator for certain functions.