Report of the Examination of

Dean Health Plan, Inc.

Madison, Wisconsin

As of December 31, 2023

TABLE OF CONTENTS

Page

January 31, 2025

Honorable Nathan D. Houdek
Commissioner of Insurance
State of Wisconsin
101 East Wilson Street
Madison, Wisconsin 53703

Commissioner:

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

DEAN HEALTH PLAN, INC.
Madison, Wisconsin

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of Dean Health Plan, Inc. (the company or DHP) 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 of the company was conducted concurrently with the examination of Medica Holding Company. The Minnesota Department of Commerce acted in the capacity as the lead state for the coordinated examinations. Work performed by the Minnesota Department of Commerce 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 completing this examination were performed. The examination work papers contain documentation concerning the alternative or additional examination steps performed during the examination.

Independent Actuary's Review

An independent actuarial firm was engaged under a contract with the Minnesota Department of Commerce. The actuary reviewed the adequacy of the claims unpaid, accrued medical incentive pool and bonus amounts, unpaid claim adjustment expense, aggregate health policy reserves, and the actuarial portion of the aggregate write-ins for other liabilities. In addition, the Actuarial Opinion Memorandum was reviewed for reasonableness and compliance with applicable requirements. The actuary's results were reported to the examiner-in-charge. As deemed appropriate, reference is made in this report to the actuary's conclusion.

II. HISTORY AND PLAN OF OPERATION

The Dean Health Plan is described as a for-profit group 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 group model, the company contracts with a sponsoring clinic to provide primary and specialist services. HMOs compete with traditional fee-for-service health care delivery.

The company was incorporated on August 22, 1983, and commenced business on January 1, 1984. Concurrent with the incorporation, the company assumed the assets, liabilities, and contractual obligations of the then existing Dean Health Plan Insurance Corporation (a ch. 613, Wis. Stat., service corporation). The company became a for-profit corporation on October 1, 1985.

Prior to July 1, 1995, DeanCare Partnership owned 100% of the common stock of Dean Health Plan, Inc. Effective July 1, 1995, DeanCare Partnership sold 47% of the common stock to SSM Health Care Corporation (SSMHC), a Catholic not-for-profit health corporation headquartered in St. Louis, Missouri, and exchanged 53% of the common stock for Dean Health Systems, Inc. (DHS) which owned all Dean Clinic locations, Class R preferred stock which was distributed to the partners. As a result of this transaction, DHS and SSMHC collectively owned 100% of the common stock of Dean Health Plan, Inc.

In August 1995, Dean Health Plan, Inc., incorporated a wholly owned subsidiary, Premier Medical Insurance Group, Inc. (Premier). On November 14, 1995, Premier formed a wholly owned subsidiary, Dean Health Acquisition Company. Effective January 1, 1996, DHP merged with Dean Health Acquisition Company. The company stock was converted into stock of Premier, and the common stock of Premier owned by DHP was cancelled. Concurrently with the reorganization, Dean Health Plan Acquisition Company changed its name to Dean Health Plan, Inc. As a result of these transactions, DHP became a wholly owned subsidiary of Premier, which was 53% owned by DHS and 47% owned by SSMHC. Premier changed its name to Dean Health Insurance, Inc. on July 12, 2005.

In September 2013, SSMHC acquired 100% of DHS and thereby became the ultimate controlling parent organization of DHP. SSMHC also purchased Navitus Holdings, LLC, which previously was a subsidiary of DHP.

Effective December 1, 2021, 100% of the common stock of Dean Health Insurance was transferred to MS Community JV, LLC (MSC JV), a joint venture between SSMHC and Medica Holding Company. Medica Holding Company has 55% ownership of the joint venture, and SSMHC maintains a 45% stake. As a result of this transaction, Medica Holding Company is the ultimate controlling entity, with 55% ownership of Dean Health Plan, Inc.

DHP provides most covered medical services to enrollees through a service agreement with DHS and SSM Health Care of Wisconsin, Inc. (SSMWI) and an agreement with Prevea Health and Hospital Sisters Health System of Wisconsin (HSHS-WI). All primary and specialty care services, which are not available through these agreements, are contracted to other clinics and physicians. The company's contracted primary and specialty care physician network consists of two business lines, Dean Health Plan and Prevea360 Health Plan, and covers approximately 8,700 physicians. The Dean Health Plan business line serves a 20-county area in south central Wisconsin while the Prevea360 Health Plan business line serves an 11-county area in northeast Wisconsin.

DHS and SSMWI assume underwriting risk of furnishing covered services to HMO members for the Dean Health Plan business line. This risk transfer is accomplished through a Service Agreement with DHS and SSMWI, effective January 1, 2017. Under this service agreement, the company establishes a capitated risk pool from which DHS and SSMWI are reimbursed for all provider services. The capitation to the pool is calculated as a percentage of revenue, and it is modified on an annual basis. Any shortfalls in the pool are reimbursed by, and any excess is paid to, DHS and SSMWI.

SSMWI directly owns and operates St. Mary's Hospital in Madison, St. Clare Hospital in Baraboo, and St. Mary's Janesville Hospital in Janesville. All hospital services that are not available through SSMWI are provided to the company's enrollees under additional agreements with 52 other in-network hospitals. As noted previously, under the service agreement, the company pays a capitation to DHS for services rendered by its employed providers and SSMWI for services rendered by St. Mary's Hospital in Madison. Claims for services rendered by St. Clare Hospital and St. Mary's Janesville

Hospital, the additional contracted hospitals, other non-DHS contracted primary care and specialty care provider groups, chiropractors, pharmacies, durable medical equipment, and other providers are paid from a jointly funded pool as detailed in the service agreement. Any deficit or surplus in this pool is shared equally by both SSMWI and DHS.

The service agreement requires the company to assist DHS and SSMWI in obtaining excess of loss coverage to limit the amount of risk taken by the plan sponsors. The company purchased such coverage from Ironshore Indemnity, Inc. Details regarding reinsurance are discussed in Section IV of this report.

The Prevea360 Health Plan business line was established in July of 2012 when the company signed an agreement with Green Bay-based Prevea Health and Hospital Sisters Health System of Wisconsin to offer health insurance products in northeastern Wisconsin. Under the agreement, Prevea Health and Hospital Sisters Health System of Wisconsin purchased surplus notes in the amount of $6,662,500, issued by DHP, to provide 65% of the initial funding of surplus to support the Prevea360 Health Plan network. This relationship will change effectively on January 1, 2025. See further details in the Subsequent Events section of this report. The Prevea360 Health Plan business line features a network of hospitals, physicians, and ancillary providers that is based on Prevea Health's multi-specialty physician group and HSHS-WI partner hospitals, including St. Mary's and St. Vincent's Hospitals in Green Bay, St. Nicholas Hospital in Sheboygan, and St. Clare Memorial Hospital in Oconto Falls. The Prevea360 Health Plan business line's commercial product (Individual, Group Fully Insured, and Group Self-Funded) is underwritten by the company and marketed under the brand name of Prevea360 Health Plan. For the plan year 2019, the company expanded the Prevea360 network into western Wisconsin.

The Prevea360 Health Plan business line is accounted for separately from the capitation pool as set forth in the Network Organization and Administration Agreement and Health Services Agreement between the company, SSMWI and DHS, on one hand, and Prevea and HSHS-WI on the other. These agreements provide for the structure of the overall governance, administration, and financial flow, including the sharing of 80% in the East market and 100% in the West market of the pool surplus or deficit by Prevea Health and HSHS-WI. The remaining 20% in the East market and 0% in the West market of the pool results are allocated to DHP.

The company, for its Prevea360 Health Plan business line, purchased reinsurance coverage from Ironshore Indemnity, Inc. Details regarding reinsurance are discussed in Section IV of this report.

For Dean Health Plan and Prevea360 Health Plan business lines, enrollees under the HMO basic health benefit plan are asked to choose a primary care physician (PCP). It is through this PCP that all necessary health services can be coordinated. However, if the enrollee seeks care from another company in-network provider, such services may be obtained without a referral as long as the service does not require prior authorization. Except for emergency or urgent medical services, referrals to nonplan providers must be authorized in writing by the company before services are received for enrollees to obtain the highest level of in-network benefits.

Contracted provider services related to the Dean Health Plan line of business are subject to the terms of the provider agreement held between DHP, DHS, and SSMWI as well as other contracts between DHP and unaffiliated providers. Contracts with providers under the Prevea360 Health Plan line of business are held by DHP. All provider agreements are generally for a one-year term, with an option for automatic renewal by the parties. The additional contracted providers are reimbursed using a combination of diagnosis-related groups (DRGs), per diem, fixed-rate fee schedule, capitation, and discount-off-billed charges payment methodologies.

DHS, SSMWI, and the remainder of the company's contracted providers are required to be available to provide medical services to enrollees 24 hours a day, 7 days a week, and 52 weeks a year.

The contracts include hold harmless provisions for the protection of policyholders. The contracts have a one-year term and may be terminated by either party for material breach upon 30 days' written notice. DHP may also terminate the contract without advance notice in the event there is gross provider misconduct.

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

Adams	Eau Claire	Marquette
Barron	Fond du Lac	Oconto
Brown	Grant	Outagamie
Buffalo	Green	Pepin
Calumet	Green Lake	Richland
Chippewa	Iowa	Rock

Columbia	Jefferson	Sauk
Crawford	Juneau	Shawano
Dane	Kewaunee	Sheboygan
Dodge	Lafayette	Vernon
Door	Manitowoc	Walworth
Dunn	Marinette	Waukesha

The company offers comprehensive HMO products in the commercial, individual, small group, and large group health insurance markets. Its commercial HMO product offerings provide enrollees with coverage of, at a minimum, federal Essential Health Benefits (EHB) received from participating providers. EHB is defined as:

> …items and services in the following ten benefit categories: (1) ambulatory patient services; (2) emergency services; (3) hospitalization; (4) maternity and newborn care; (5) mental health and substance use disorder services including behavioral health treatment; (6) prescription drugs; (7) rehabilitative and habilitative services and devices; (8) laboratory services; (9) preventive and wellness services and chronic disease management; and (10) pediatric services, including oral and vision care. HHS regulations (45 CFR 156.100) define EHB based on state-specific EHB benchmark plans.

In addition to its commercial HMO products, the company offers point-of-service (POS), preferred provider organization (PPO), and administrative services only (ASO) products, as well as products serving the Medicare-eligible population. The company's POS and PPO product offerings provide enrollees with coverage of services received from participating and non-participating providers. These products provide coverage for out-of-network claims; however, such claims are subject to out-of-network benefits, which may have separate or higher deductibles, coinsurance, and out-of-pocket maximums than in-network claims.

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—with copay
Cardiac rehabilitation, physical, speech, and/or occupational therapy
Physical fitness or health education
Kidney disease treatment
Certain transplants
Chiropractic services

The company began offering Medicare Senior/Select Part B supplemental plans, titled Dean Medicare Select, in October 1985. Dean Medicare Select is available in 26 counties and has premium rates determined by the age of the enrollee. In 1999, the company began offering a Medicare Cost plan titled DeanCare Gold that was available to Medicare-eligible enrollees. DeanCare Gold is available in eight counties. DeanCare Gold offers a flat rate, not determined by age, and offers enhanced benefits when compared to traditional Medicare coverage. In 2016, the company also started offering Medicare Advantage plans. These plans include both Medicare Part C and Part D (drug) coverage.

The company has also participated in the family Medicaid/BadgerCare program since 1996. This program is administered by the Department of Health Services and provides health care benefits to eligible enrollees on a prepaid basis.

The company currently markets to groups and individuals. For both Dean Health Plan and Prevea360 Health Plan business lines, the company contracts with outside agencies and pays commissions on new and renewal business. For group business, in both Dean Health Plan and Prevea360 health plan markets, commissions are based on a per contract per month schedule. Individual business commissions are paid on a flat per member per month schedule for both Dean Health Plan and Prevea360 health plans.

The company determines premium rates using a variety of actuarial methods and models across the various segments of business. The company uses historical data where credible and works with industry benchmarks and pricing models purchased from actuarial consulting firms when appropriate. Experience for various segments is reviewed on a periodic basis. This includes monthly, quarterly, or annual cycles as appropriate for the segment. Adjustments to rating factors are made when experience is

determined to be outside of expectations. Any adjustments to premiums are reviewed for adequacy and approved by management.

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors consists of nine members. Nine directors are elected to serve a three-year term. 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:

Name	Principal Occupation	Term Expires
Jeffrey Brunkow	Senior Director – Markets Finance	2027
Randall Combs	Retired, previously CFO of SSM Health	2025
David Docherty	DHP President and Market Leader	2025
Krista Dusil	Chief Financial Officer	2027
Elizabeth Erickson	President and Chief Executive Officer	2026
Timonthy Johnson, M.D.	Vice President of Clinical Integration	2025
Matthew Kinsella	Regional Finance Vice President – Wisconsin Region	2025
Karen Rewerts	System Vice President – Financial Operations	2025
David Webster M.D.	Chief Clinical and Provider Strategy Officer	2025

Officers of the Company

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

Name	Office
David Docherty	President
Dean Sutton	Secretary
Krista Dusil	Treasurer
Vacant	Assistant Secretary

Committees of the Board

The company's bylaws allow for the formation of certain committees by the board of directors. The board of directors of Medica Holding Company has an Audit Committee that oversees the auditing functions of MHC and its affiliates. Members of the Audit Committee at the time of the examination are listed below:

Audit Committee
Rajesh Aggarwal, Chair
John Buck
Peter Kelly, MD
Gaye Adams Massey
Mary Twinem

The company has no employees. Necessary staff is provided through a management agreement with Medica Services Company, LLC (MSC) as described in the Affiliated Agreements section later in this report.

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

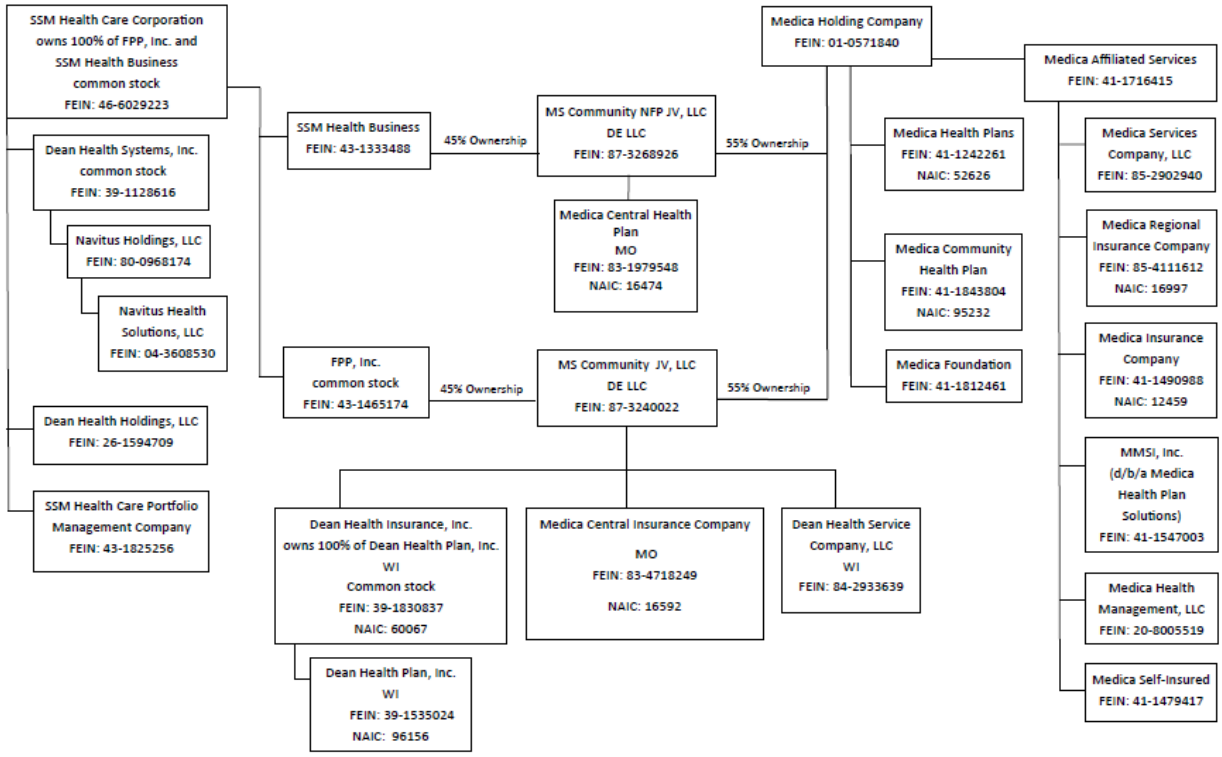
2. Enrollees will be entitled to similar, alternate coverage that does not contain any medical underwriting or preexisting limitation requirements.

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 Medica Holding Company. 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, 2023



Medica Holding Company

Medica Holding Company is a Minnesota nonprofit corporation, organized and operated exclusively for the promotion of social welfare through its healthcare subsidiaries. As of December 31, 2023, the audited consolidated GAAP financial statements of Medica Holding Company reported assets of $3.8 billion, liabilities of $1.1 billion, and net assets of $2.7 billion. Operations for 2023 produced a net income of $270.7 million.

Medica Community Health Plan

Medica Community Health Plan (MHCP) is a nonprofit health maintenance organization that provides health coverage primarily to members in Wisconsin. As of December 31, 2023, MCHP's audited

statutory financial statements reported total assets of $148.9 million, total liabilities of $30.5 million, and equity of $118.4 million. Operations for 2023 produced a net income of $18.1 million.

Medica Insurance Company

Medica Insurance Company (MIC) is a Minnesota stock property and casualty insurance company that operates in the states of Minnesota, Missouri, North Dakota, Oklahoma, South Dakota, Iowa, Nebraska, Kansas, and Wisconsin. As of December 31, 2023, this company's audited statutory financial statement reported assets of $1.6 billion, liabilities of $608.2 million, and surplus of $1.0 billion. Operations for 2023 produced a net income of $150.7 million.

MS Community JV LLC

MSC JV is a holding company for the joint venture between SSM Health and Medica Group that owns the Dean insurance companies. The formation of this MSC JV was for the primary purpose of acquiring outstanding membership interests. As of December 31, 2023, the audited GAAP financial statements for MSC JV reported total assets of $555.9 million, total liabilities of $165.1 million, and surplus of $390.8 million. Operations for 2023 produced a net loss of $5,151.

SSM Health Care Corporation

SSM Health Care Corporation is a not-for-profit health care delivery system based in St. Louis, Missouri. SSMHC owns and operates 23 hospitals, 290 outpatient care sites, 10 long-term care facilities, comprehensive home care and hospice services, a health maintenance organization, and a national pharmacy benefits management company. SSMHC also has a network of more than 11,000 active providers and more than 39,000 employees. As of December 31, 2023, the company's consolidated audited GAAP financial statement reported assets of $11.6 billion, liabilities of $6.7 billion, and net assets of $4.9 billion. Operations for 2023 produced a net excess of revenues over expenses of $252.6 million on revenues of $10.5 billion.

Dean Health Insurance, Inc.

Dean Health Insurance, Inc.("DHI"), was incorporated for the purpose of delivering prescription drug benefits, as part of the Medicare Part D program, to its members though as of January 1, 2012, the insurer no longer participates in the Medicare Part D program. Effective on January 1, 2015, the insurer began offering an 800 Series Employer Group Waiver Plan then on January 1, 2019, the

insurer began offering stop-loss policies for employer groups, the latter being DHI's main business. As of December 31, 2023, DHI's statutory financial statements reported total assets of $192.1 million, total liabilities of $1.8 million, and equity of $190.3 million. Operations for 2023 produced a net income of $484,149.

Navitus Health Solutions, LLC

Navitus Health Solutions, LLC (Navitus) is a wholly owned subsidiary of Navitus Holdings, LLC, which in turn is 100% owned by Dean Health Systems, Inc. Navitus provides pharmacy benefit management services to DHP and DHI. Dean Health Systems, Inc. is 100% controlled by SSM Health. As of December 31, 2023, the audited consolidated GAAP financial statements reported assets of $2.4 billion, total liabilities of $2.1 billion, and equity of $302.7 million. Operations for 2023 produced a net income of $92.0 million on revenues of $1.7 billion.

Affiliated Agreements

Dean Health Plan, Inc. has entered into numerous affiliated agreements. Major agreements are described below:

Administrative Services Agreement with SSMHC

DHP has an Administrative Services Agreement with SSM Health Care Corporation, effective January 1, 2015. Under the terms of the agreement, SSMHC will provide administrative services for DHI and DHP. DHI and DHP pay SSMHC for the services attributed to these companies. No amounts were paid in 2023. The agreement was amended, effective December 1, 2021, to update the designated personnel and add compliance terms and additional entities to the agreement.

Administrative Services Agreement with MSC

DHP and DHI have an Amended and Restated Administrative Services Agreement with Medica Services Company, effective December 1, 2021, which supersedes the prior agreements. Under the terms of the agreement, Medica provides administrative services for DHI and DHP. DHI and DHP pay Medica for the services attributed to the companies. In 2023, DHP paid $168.3 million to MSC.

Capitation Service Agreement

DHP has a Capitation Service Agreement with Dean Health System, SSM Health Care of Wisconsin, and Medica Health Management, LLC. effective January 1, 2017, and amended on December

1, 2021. Under this service agreement and as compensation for all provider services, DHP pays a capitation payment to DHS and SSMWI. The capitation payment is calculated as a percentage of the premium charged to policyholders. The capitation rate gets modified prospectively on an annual basis for the following year. The contract may be terminated for breach of material provision following a 30-day written notice by the terminating party. The agreement will terminate on December 31, 2025.

Pharmacy Benefit Management Services Agreement

DHP has a Medicare Advantage/Part D Pharmacy Benefit Management Services Agreement with Navitus Health Solutions, LLC, originally effective October 1, 2015. Under this agreement, Navitus is obligated to provide services related to pharmacy management and claims processing for DHP's enrollees under Medicare Advantage - Part D Prescription Drug Program. The agreement was amended for the third time, effective January 1, 2022, to add some provisions such as Navitus's responsibilities, Grievances, and Redeterminations, update compliance terms, provide for electronic prior authorizations, and clarify Medicare delegation responsibilities.

Network Organization and Administration Agreement

DHP has a Network Organization and Administration Agreement (NOAA) with SSMWI, DHS, Prevea Clinic, Inc., St. Vincent Hospital of the Hospital Sisters of the Third Order of St. Francis (St. Vincent), and MS Community JV, LLC. The agreement establishes the formation of Prevea360 Network service area in Northeastern Wisconsin with an initial surplus of $10,250,000, where St. Vincent and Prevea Clinic, Inc., contributed 65%, or $6,662,500, through the purchase of surplus notes issued by DHP, and DHS and SSMWI participated 35%, or $3,587,500, available out of DHP's total surplus as and when needed to support premium written as part of the Prevea 360 Network. Under this agreement, DHP is responsible for maintaining separate accounting for Prevea360 Network and providing insurance administrative services, including claims administration. Pharmacy benefits to Prevea360 Network members are provided exclusively through Navitus Health Solutions, LLC. The agreement was originally entered into on July 10, 2012, and has been amended seven times and restated to become effective in its restated form as of January 1, 2022.

Tax Sharing Agreement

Effective December 1, 2021, DHI and DHP, together with Dean Health Service Company, LLC and SSM Health Insurance Company, entered a revised Tax Sharing Agreement with MS Community JV, LLC, which will permit each such entity to allocate and settle among themselves their consolidated income tax liability. MSC JV pays the tax expense on behalf of DHI and DHP, and these companies reimburse MSCJV for the amount paid in taxes. In 2023, DHP received a refund of $4,500,622 from the IRS.

V. REINSURANCE

The company has reinsurance coverage under the contract outlined below:

1. Reinsurer: Ironshore Indemnity, Inc.

   Type: Medical Excess of Loss Reinsurance

   Effective date: May 15, 2024

   Retention: Specific Deductible per Covered Person: $700,000
   Aggregate Specific Deductible: $3,434,364
   Retention in Excess of Deductible: 10% of Net Loss

   Coverage: Commercial Members (Excluding ASO)
   Commercial Exchange

   Termination: The contract will terminate at the end of the term on May 15, 2025.

2. Reinsurer: Ironshore Indemnity, Inc.

   Type: Specific Excess of Loss Reinsurance on behalf of St. Vincent Hospital of the Hospital Sisters of the Third Order of St Francis, Prevea Clinic, Inc.

   Effective date: May 15, 2024

   Retention: Specific Deductible per Covered Person: $800,000
   Aggregate Specific Deductible: $1,130,00
   Retention in Excess of Deductible: 10% of Net Loss

   Coverage: Commercial Members (Excluding ASO)
   Commercial Exchange

   Termination: The contract will terminate at the end of the term on May 15, 2025.

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, 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 company and the compulsory and security surplus calculation.

Dean Health Plan, Inc.
Assets
As of December 31, 2023

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$77,102,449	$	$77,102,449
Stocks:			
Preferred stocks	186,431		186,431
Common stocks	38,637,675		38,637,675
Real Estate:			
Properties occupied by the company	14,622,062		14,622,062
Cash, cash equivalents and short-term investments	127,180,707		127,180,707
Investment income due and accrued	904,675	270,022	634,653
Uncollected premiums and agents' balances in the course of collection	7,173,971		7,173,971
Amounts recoverable from reinsurers	20,108,067		20,108,067
Amounts receivable relating to uninsured plans	2,971,153		2,971,153
Net deferred tax asset	50,174,367	37,945,707	12,228,660
Electronic data processing equipment and software	2,017,078		2,017,078
Furniture and equipment, including health care delivery assets	999,389	999,389	
Receivables from parent, subsidiaries and affiliates	5,808,366	5,808,366	
Health care and other amounts receivable	14,924,548	10,524,867	4,399,681
Write-ins for other than invested assets:			
Government Program Receivable	7,863,659		7,863,659
Other Receivables	54,224		54,224
Total Assets	$370,728,821	$55,548,351	$315,180,470

Dean Health Plan
Liabilities and Net Worth
As of December 31, 2023

Claims unpaid		$ 49,060,342
Accrued medical incentive pool and bonus payments		(11,507,842)
Unpaid claims adjustment expenses		696,625
Aggregate health policy reserves		37,457,442
Premiums received in advance		33,187,320
General expenses due or accrued		2,470,513
Current federal and foreign income tax payable and interest thereon		(2,395,147)
Remittance and items not allocated		4,553,513
Amounts due to parent, subsidiaries, and affiliates		647,533
Liability for amounts held under uninsured accident and health plans		299,764
Write-ins for other liabilities:		
Medicare Cost Contingency		12,279,775
Escheat Checks Payable		176,796
Medicaid Risk Corridor		7,731,000
Total Liabilities		134,657,634
Common capital stock	$ 175,000	
Gross paid in and contributed surplus	92,344,355	
Surplus notes	6,662,500	
Unassigned funds (surplus)	81,340,981	
Less treasury stock, at cost		
Total Capital and Surplus		180,522,836
Total Liabilities, Capital and Surplus		$315,180,470

Dean Health Plan
Statement of Revenue and Expenses
For the Year 2023

Net premium income		$1,611,343,447
Aggregate write-ins for other health care related revenues		1,192,934
Total revenues		1,612,536,381
Medical and Hospital:		
Hospital/medical benefits	$ 780,785,966	
Other professional services	163,524,835	
Outside referrals	65,056,581	
Emergency room and out-of-area	273,216,375	
Prescription drugs	169,147,074	
Incentive pool and withhold adjustments	(13,854,741)	
Subtotal	1,437,876,090	
Less		
Net reinsurance recoveries	19,927,383	
Total medical and hospital	1,417,948,707	
Claims adjustment expenses	32,058,361	
General administrative expenses	155,634,809	
Total underwriting deductions		1,605,641,877
Net underwriting gain or (loss)		6,894,504
Net investment income earned	8,310,016	
Net realized capital gains or (losses)	(74,345)	
Net investment gains or (losses)		8,235,671
Net loss from agents' or premium balances charged off		(189,073)
Write-ins for other income or expenses:		
Gain on Sale of Assets		(131,882)
Other Expenses		(98,867)
Net income or (loss) before federal income taxes		14,710,353
Federal and foreign income taxes incurred		(854,606)
Net Income (Loss)		$ 15,564,959

Capital and Surplus Account
For the Five-Year Period Ending December 31, 2023

	2023	2022	2021	2020	2019
Capital and surplus, beginning of year	$169,735,158	$165,930,352	$197,230,898	$151,919,778	$155,797,663
Net income (loss)	15,564,959	18,527,917	(45,283,028)	41,188,347	10,235,659
Change in net unrealized capital gains/losses	8,156,336	(8,336,269)	2,859,683	4,408,501	7,663,856
Change in net deferred income tax	4,068,802	970,376	39,584,750	(241,331)	(983,458)
Change in nonadmitted assets	(17,002,419)	(2,357,218)	(25,806,306)	8,455,603	3,206,058
Surplus adjustments: Paid in			77,344,355		
Dividends to stockholders		(5,000,000)	(80,000,000)	(8,500,000)	(24,000,000)
Capital and Surplus, End of Year	$180,522,836	$169,735,158	$165,930,352	$197,230,898	$151,919,778

Dean Health Plan
Statement of Cash Flow
For the Year 2023

Premiums collected net of reinsurance			$1,621,085,087
Net investment income			8,245,104
Miscellaneous income			1,192,934
Total			1,630,523,125
Less:			
Benefit- and loss-related payments		$1,396,533,244	
Commissions, expenses paid and aggregate write-ins for deductions		185,212,789	
Federal and foreign income taxes paid (recovered) net of tax on capital gains (losses)		(475,063)	
Total			1,581,270,970
Net cash from operations			49,252,155
Proceeds from Investments Sold, Matured or Repaid:			
Bonds	$56,663,881		
Stocks	12,730,069		
Net gains (losses) on cash, cash equivalents, and short-term investments	336		
Miscellaneous proceeds	2,100,180		
Total investment proceeds		71,494,466	
Cost of Investments Acquired—Long-term Only:			
Bonds	84,218,326		
Stocks	1,085,676		
Total investments acquired		85,304,002	
Net cash from investments			(13,809,536)
Other cash provided (applied)		(26,654,337)	
Net cash from financing and miscellaneous sources			(26,654,337)
Net Change in Cash, Cash Equivalents, and Short-Term Investments			8,788,282
Cash, cash equivalents, and short-term investments:			
Beginning of year			118,392,425
End of Year			$127,180,707

Growth of Dean Health Plan, Inc.

Year	Assets	Liabilities	Capital and Surplus	Premium Earned	Medical Expenses Incurred	Net Income
2023	$315,180,470	$134,657,634	$180,522,836	$1,612,536,381	$1,417,948,707	$15,564,959
2022	284,310,348	114,575,190	169,735,158	1,430,922,261	1,261,856,631	18,527,917
2021	269,109,324	103,178,972	165,930,352	1,361,342,299	1,206,604,137	(45,283,028)
2020	358,374,748	161,143,850	197,230,898	1,384,459,022	1,159,269,498	41,188,347
2019	262,610,437	110,690,659	151,919,778	1,387,397,524	1,246,679,745	10,235,659
2018	280,626,913	124,829,250	155,797,663	1,373,381,767	1,181,472,002	27,811,560

Year	Profit Margin	Medical Expense Ratio	Administrative Expense Ratio	Change in Enrollment
2023	1.0%	87.9%	11.6%	1.4%
2022	1.3	88.2	10.8	4.4
2021	-3.3	88.6	11.6	-0.2
2020	3.0	83.7	12.6	-1.8
2019	0.7	89.9	9.8	0.5
2018	2.0	86.0	11.4	-1.0

Enrollment and Utilization

Year	Enrollment	Hospital Days/1,000	Average Length of Stay
2023	275,166	447.6	6.5
2022	271,322	477.1	6.9
2021	259,923	493.2	6.7
2020	260,526	503.4	6.7
2019	265,361	545.0	6.6
2018	263,937	565.7	6.6

Per Member Per Month Information

	2023	2022	Percentage Change
Premiums:			
Commercial	$ 519.36	$ 484.34	7.2%
Medicare	658.20	588.14	11.9
Medicaid	162.29	160.08	1.4
Medical Supplement	2,189.41	2,122.21	3.2
FEHBP	690.36	683.78	1.0
	476.19	443.11	7.5
Expenses:			
Hospital/medical benefits	230.57	225.11	2.4
Other professional services	48.29	43.70	10.5
Outside referrals	19.21	15.83	21.4
Emergency room and out-of-area	80.68	74.78	7.9
Prescription Drugs	49.95	49.35	1.2
Incentive pool and withhold adjustments	(4.09)	(9.81)	-58.3
Less: Net reinsurance recoveries	5.88	8.20	-28.3
Total medical and hospital	418.73	390.75	7.2
Claims adjustment expenses	9.47	9.27	2.2
General administrative expenses	45.96	38.39	19.7
Total underwriting deductions	$ 575.89	$ 438.41	6.6

The company has experienced, over the examination period, an increase of its admitted assets and surplus, respectively, from $280.6 million in 2018 to $315.2 million in 2023 and from $155.8 million in 2018 to $180.5 million in 2023. The favorable change in the company's financial health has been supported by the company’s premium income due to an increase in enrollment numbers.

As indicated above, the company increased its members by more than four points, from 263,937 in 2018 to 275,166 in 2023, which resulted in an increase of 17.3% in earned premium. Over that period, the medical expenses and administrative expenses have stayed relatively stable, which is the reflection of the company’s ability to control costs through its capitation agreement with its affiliated providers, and its own cost containment initiatives.

For the year 2021, the company posted a net loss of over $45.3 million and a profit margin of -3.3. The loss is primarily due to increased federal and foreign income taxes of $33 million as part of the transaction to become part of the Medica Group. The company has recognized all gains on investments through the purchase accounting in that year.

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, 2023, as modified for examination adjustments is as follows:

Assets			$315,180,470
Less:			
Special deposit			11,966,322
Liabilities			134,657,634
Net amount available to satisfy surplus requirements			168,556,514
Net premium earned			
HMO business	$1,489,392,377		
Factor	3%		
Total		$44,681,771	
Incidental indemnity	33,097,992		
Factor	10%		
Total		3,309,799	
Compulsory surplus			47,991,570
Compulsory Surplus Excess (Deficit)			120,564,944
Net amount available to satisfy surplus requirements			$168,556,514
Compulsory surplus		$47,994,570	
Security factor		140%	
Security surplus			52,790,470
Security Surplus Excess (Deficit)			$115,765,787

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 2023 with a deposit of $12,361,000 with the state treasurer.

Reconciliation of Capital and Surplus per Examination

No adjustments were made to the surplus as a result of the examination. The amount of surplus reported by the company as of December 31, 2023, is accepted.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations:

There were three specific recommendations in the previous examination report and other Information Technology Recommendations. The actions taken by the company as a result of the [comments and] recommendations were as follows:

1. Custodian Agreement—It is recommended that the company amends its custodian agreement to include all the required provisions in accordance with the NAIC Financial Condition Examiners' Handbook.

   Action—Compliance.

2. Holding Company Registration—It is recommended that the company properly disclose all related party transactions and its amendments in the annual Holding Company Registration Form B and Form C filing in accordance with s. Ins 40.15, Wis. Adm Code.

   Action—Compliance.

3. Conflict of Interest Statements—It is recommended that the company's officers, directors, and key employees annually complete conflict of interest statements in accordance with the directive of the Commissioner of Insurance.

   Action—Noncompliance.

4. Other Information Technology Recommendations—It is recommended that the company strengthen its information system controls in accordance with the recommendations made in the letter to management provided in conjunction with this report.

   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.

Conflict of Interest Statements

A directive of the Wisconsin Office of the Commissioner of Insurance is to maintain annually a record of the signed conflict of interest disclosures of the company’s directors, officers, and key employees. During the current examination, a review was made of the company’s conflict of interest disclosure forms, and the review disclosed that either some individuals listed on the jurat page were not completing the conflict-of-interest disclosure forms during the examination period or the disclosure forms were misplaced. This was an issue that was also present during the last examination period.

It is again recommended that the directors, officers, and key employees of the company complete the conflict-of-interest disclosure forms annually as required by the directive of the Wisconsin Office of the Commissioner of Insurance and that the company maintain a record of the signed disclosures.

Biographical Affidavits

Pursuant to s. Ins 6.52 (5), Wis. Adm. Code, "A report shall be provided by each domestic insurer to which this rule applies with respect to the appointment or election of any new director, trustee or officer elected or appointed within 15 days after such an appointment or election. It was noted that some directors and officers, listed on the annual financial statement jurat page as of December 31, 2023, and subsequent financial statements, did not have a biographical affidavit on file with the commissioner's office. On September 13, 2024, the company provided a copy of the recently completed biographical affidavit to the commissioner's office.

It is recommended that the insurer promptly file biographical affidavits of newly elected or appointed directors, trustees, and officers within 15 days of their election or appointment in accordance with s. Ins 6.52 (5), Wis. Adm. Code.

VIII. CONCLUSION

Dean Health Plan, Inc., is described as a for-profit group model health maintenance organization (HMO) insurer. DHP provides most covered medical services to enrollees through a service agreement with DHS and SSM Health Care of Wisconsin, Inc. and an agreement with Prevea Health and Hospital Sisters Health System of WI. All primary and specialty care services, which are not available through these agreements are contracted to other clinics and physicians. The company's contracted primary and specialty care physician network consists of two business lines, Dean Health Plan and Prevea360 Health Plan, and covers approximately 3,500 physicians. The Dean Health Plan business line serves a 20-county area in south central Wisconsin, while the Prevea360 Health Plan business line serves an 11-county area in northeast Wisconsin.

During the examination period, the company's strong operational performance resulted in an increase to surplus of 13.7% from $155.8 million in 2018 to $180.5 million in 2023. The ongoing positive net cash from operations was supported by a premium income due to a constant increase in enrollment, and the company's ability to keep its Medical and Administration expenses relatively stable over the years.

DHP reported statutory assets of $315.2 million, liabilities of $134.7 million, and surplus as regards to policyholders of $180.5 million as of December 31, 2023.

The current examination was conducted in coordination with the State of Minnesota as the lead state. Wisconsin placed reliance on the lead state's work as deemed applicable. As of the date of this report, the lead state was in the process of finalizing the examination report. Wisconsin was a full participant in the coordinated examination; however, the two recommendations are specific to the Wisconsin entity. In addition, there were no adjustments to the surplus or reclassifications of account balances as a result of this examination. The company has complied with three out of the four recommendations made on the previous examination.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. Page 31 - Conflict of Interest Statements—It is again recommended that the directors, officers, and key employees of the company complete the conflict-of-interest disclosure forms annually as required by the directive of the Wisconsin Office of the Commissioner of Insurance and the company maintain a record of the signed disclosures.

2. Page 31 - Biographical Affidavits—It is recommended that the company promptly file biographical reports of newly elected or appointed directors, trustees, and officers within 15 days of their election or appointment in accordance with s. Ins 6.52 (5), Wis. Adm. Code.

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
Vickie Ostien	Insurance Financial Examiner
Ian Anderson	Insurance Financial Examiner
Adam Donovan, CISSP	IT Specialist
Terry Lorenz, CFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,

Abdel-Aziz Kondoh
Examiner-in-Charge

XI. SUBSEQUENT EVENTS

On November 4, 2024, a Form D was filed with the Wisconsin Commissioner of Insurance Office (OCI), where DHP proposed to revise its current Prevea360 Health Plan product arrangements effective January 1, 2025. This filing was non-disapproved by OCI, and the following related party transaction agreements have been impacted:

- Amended & Restated Capitation Service Agreement among DHP, Dean Health Systems, Inc., SSM Health Care of Wisconsin, Inc. and Medica Health Management, LLC ("MHM") (the "A&R Capitation Agreement"). This A&R Capitation Agreement (i) removes Prevea360 Health Plan counties from the current Capitation Service Agreement arrangements, (ii) revises timelines for future capitation rate discussions between the parties, and (iii) revises the listing of Non-Claims Medical Expenses. The A&R Capitation Agreement will be effective January 1, 2025.
- Commercial Fully Insured and Individual & Family Business Quota Share Reinsurance Agreement between DHP and Medica Insurance Company (the "QSA"). The QSA cedes insurance risk for Prevea360 Health Plan products from DHP to MIC. The QSA will be effective January 1, 2025.
- Second Amendment to Network Organization and Administration Agreement among DHP, St. Vincent Hospital of the Hospital Sisters of the Third Order of St. Francis, Prevea Clinic, Inc., Sacred Heart Hospital of the Hospital Sisters of the Third Order of St. Francis, and MS Community JV, LLC (the "Second Amendment to NOAA"). This Second Amendment to the NOAA (i) terminates the NOAA in its entirety effective December 31, 2024, and (ii) provides for repayment.
- Second Amendment to Health Services Agreement (HSA) among DHP, St. Vincent Hospital of the Hospital Sisters of the Third Order of St. Francis, Prevea Clinic, Inc., and Sacred Heart Hospital of the Hospital Sisters of the Third Order of St. Francis (the "Second Amendment to HSA"). This Second Amendment to HSA terminates the HSA in its entirety effective December 31, 2024. While DHP and the other parties to the HSA are not affiliates under Wisconsin regulation, the Second Amendment to HSA is included

herein for completeness. The Second Amendment to HSA is effective September 1, 2024.