

EXAMINATION REPORT
OF
CHRISTIANA CARE HEALTH PLANS, INC.
AS OF
DECEMBER 31, 2022

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
CHRISTIANA CARE HEALTH PLANS, INC.
AS OF
DECEMBER 31, 2022

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

A handwritten signature in blue ink, reading "Trinidad Navarro", is positioned above a horizontal line.

Trinidad Navarro
Insurance Commissioner

Dated this 23th day of October, 2023

TABLE OF CONTENTS

SCOPE OF EXAMINATION..... 1

SUMMARY OF SIGNIFICANT FINDINGS 2

COMPANY HISTORY 3

 CAPITALIZATION..... 3

 DIVIDENDS 3

MANAGEMENT AND CONTROL 4

 DIRECTORS 4

 OFFICERS 4

 CORPORATE RECORDS 5

 INSURANCE HOLDING COMPANY SYSTEM 5

TERRITORY AND PLAN OF OPERATION 5

FINANCIAL STATEMENTS 5

 STATEMENT OF ASSETS 6

 STATEMENT OF LIABILITIES, CAPITAL AND SURPLUS 7

 AS OF DECEMBER 31, 2022..... 7

 STATEMENT OF REVENUE AND EXPENSES INCOME 8

 CAPITAL & SURPLUS ACCOUNT..... 9

 RECONCILIATION OF CAPITAL AND SURPLUS..... 10

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE
EXAMINATION 10

COMMENTS ON FINANCIAL STATEMENT ITEMS..... 10

THERE WERE NO COMMENTS MADE TO THE FINANCIAL STATEMENT ITEMS..... 10

SUBSEQUENT EVENTS 10

SUMMARY OF RECOMMENDATIONS 10

September 18, 2023

Honorable Trinidad Navarro
Commissioner of Insurance
Delaware Department of Insurance
1351 West North Street
Suite 101
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Examination Certification No. 23.019, dated June 6, 2023, an examination has been made of the affairs, financial condition and management of

CHRISTIANA CARE HEALTH PLANS, INC.

hereinafter referred to as the Company or CCHP. The Company was incorporated under the laws of the State of Delaware as a non-stock company with its registered office located at 4000 Nexus Drive, Suite Avenue North, Suite NW3-100, Wilmington, Delaware, 19803. The administrative offices of the Company are located at 4000 Nexus Drive, Suite Avenue North, Suite NW3-100, Wilmington, Delaware, 19803. The examination was conducted remotely.

SCOPE OF EXAMINATION

We have performed a single-state examination of CCHP. The last examination was conducted as of December 31, 2019, by the Delaware Department of Insurance (Department) and covered the period of January 1, 2017 through December 31, 2019. This examination covers the

period of January 1, 2020 through December 31, 2022. We conducted our examination in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance Code and Regulations of the State of Delaware. The NAIC Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the 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. 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 following the Company's financial statements.

This examination report includes significant findings of fact, pursuant to the General Corporation Law of the State of Delaware as required by 18 *Del. C.* § 321, along with general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material changes in financial statements as a result of this examination.

COMPANY HISTORY

The Company was formed in January 1994 as MCD Health Services Corporation, which was established as a membership corporation. The Company commenced operations on January 1, 1996 and operated as a non-profit Limited Health Services Corporation. The Company's current name was adopted in 1997. CCHP files a tax return under Section 501c (4) of the Internal Revenue Code.

In February 2004, CCHP elected not to submit a proposal to the State of Delaware to renew the Medicaid contract. The Company continued to insure the Medicaid population through June 30, 1994. On February 5, 2005, CCHP and Blue Cross and Blue shield of Delaware (BCBSD) entered into an Asset Purchase Agreement to sell all member health plans and contracts issued. CCHP received \$3 million under this agreement, the Department approved the agreement on May 4, 2005. Concurrent with the Asset Purchase Agreement, the Company and BCBSD entered into an Assumption Reinsurance Treaty whereby, BSBCD assumed 100% of the Company's obligations and liabilities for the business noted above.

Capitalization

The Company's Sole Member was reported as Christiana Care Corporation until 2005. During 2005, the Company's Sole Member changed its legal name to Christiana Care Health Systems (CCHS). No changes have been reported since and during the current examination period. The Company is not authorized to issue capital common stock.

Dividends

The Company's Board of Directors (Board) did not approve or authorize any dividends during the exam period.

Error! Bookmark not defined.MANAGEMENT AND CONTROL

Directors

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, the property and affairs of the Company must be managed by or under the direction of its Board. The Board shall not have less than three members and the subject to a maximum total number of three directors.

Each Director is elected annually by the stockholder and holds office until the next annual election and until their successors are elected and qualified except as removed for cause and the successor elected by a special meeting of the stockholder. Directors duly elected and serving as of December 31, 2022, were as follows:

<u>Name</u>	<u>Title</u>
Robert W. McMurray, Chairman	CFO, CCHS
Jennifer Schwartz	Chief Strataegy Officer and General Counsel, CCHS
Barry J. Dahllof Jr.	VP-Enterprise Contracting and Payor Relations, CCHS

Officers

Officers were elected in accordance with the bylaws during the period under examination. The bylaws require election of a Chairperson, Secretary and Treasurer. Any number of offices may be held by the same person. The primary officers serving as of December 31, 2022 were as follows:

<u>Name</u>	<u>Title</u>
Robert W. McMurray	Chairperson
Jennifer Schwartz	Secretary
Barry J. Dahllof Jr.	Treasurer

Corporate Records

The recorded minutes of the sole member and Board were reviewed for the period under examination. The Board, via unanimous consent, documented its approval of Company transactions and events during the exam period.

Insurance Holding Company System

The Company is not a member of an insurance holding company system as defined under 18 *Del. C.* § 5001 (7) of the Delaware Insurance Code. The Company is owned by its Sole Member CCHS. Through its ownership, CCHP is associated with three providers under CCHS: Christiana Health Services, Inc.; Christiana Health Initiative, Inc. and Christiana Care Home & Health Community Services.

TERRITORY AND PLAN OF OPERATION

The Company is licensed in Delaware only. Effective May 15, 2005, CCHP ceased operations and became responsible only for claims that occurred prior to that date. Claims occurring after May 15, 2005 are the responsibility of BCBSD. The Company intends to maintain its certificate of authority with the Department for the possibility of re-entering the insurance market at some point. Currently management has no plans to reactivate the Company.

FINANCIAL STATEMENTS

The following financial statements, as reported and filed by the Company with the Department, are reflected in the following:

- Statement of Assets as of December 31, 2022
- Statement of Liabilities, Capital and Surplus as of December 31, 2022
- Statement of Revenue and Expenses for the Year ended December 31, 2022
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2019 to December 31, 2022

Statement of Assets
As of December 31, 2022

	<u>Assets</u>	<u>Non admitted Assets</u>	<u>Net Admitted Assets</u>
Cash	\$ 54,525	\$ -	\$ 54,525
Subtotals, cash and invested assets	<u>\$ 54,525</u>	<u>\$ -</u>	<u>\$ 54,525</u>
Totals	<u><u>\$ 54,525</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 54,525</u></u>

Statement of Liabilities, Capital and Surplus
As of December 31, 2022

	<u>Covered</u>	<u>Uncovered</u>	<u>Total</u>
General Expenses Due and Accrued	\$ -	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Gross paid in and contributed surplus	XXXXXXXX	XXXXXXXXXXXX	\$ 59,150,000
Unassigned funds (surplus)	<u>XXXXXXXX</u>	<u>XXXXXXXXXXXX</u>	<u>(59,095,475)</u>
Surplus as regards policyholders	<u>XXXXXXXX</u>	<u>XXXXXXXXXXXX</u>	<u>54,525</u>
Totals	<u>XXXXXXXX</u>	<u>XXXXXXXXXXXX</u>	<u>\$ 54,525</u>

Statement of Revenue and Expenses Income
For the Year Ended December 31, 2022

	Uncovered	Total
General Administrative Expenses	\$ -	\$ 18,863
Total underwriting deductions		<u>\$ (18,863)</u>
Net underwriting gain (loss)		<u>\$ (18,863)</u>
Net income, after Capital Gains (losses) before all other income taxes		\$ (18,863)
Net income (loss)		<u><u>\$ (18,863)</u></u>

Capital & Surplus Account
For the Year Ended December 31, 2022

Surplus as regards policyholders; December 31, 2021	\$	48,387
Net Income (loss)		(18,863)
Surplus adjustment: Paid in		25,000
Net change in capital and surplus for the year	\$	<u>6,137</u>
Capital and surplus; December 31, 2022	\$	<u><u>54,524</u></u>

Reconciliation of Capital and Surplus
For the Period from the Prior Examination
December 31, 2019 to December 31, 2022

		Gross Paid-in and Contributed surplus	Unassigned Surplus	Total
12/31/2019		\$59,125,000	\$ (59,056,283)	\$ 68,717
12/31/2020	(1)		(6,257)	(6,257)
12/31/2021	(1)		(14,073)	(14,073)
12/31/2022	(1)		(18,863)	(18,863)
12/31/2022	(2)	25,000		25,000
		\$59,150,000	\$ (59,095,476)	\$ 54,524

(1) Represents net income.

(2) Surplus adjustment – Paid In

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

There were no changes made to the financial statements as a result of this Examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

There were no comments made to the financial statement items.

SUBSEQUENT EVENTS

There were no material subsequent events.

SUMMARY OF RECOMMENDATIONS

There were no recommendations as a result of this examination.

Christiana Care Health Plans, Inc.

The assistance and cooperation the Company's management and staff was appreciated and is acknowledged.

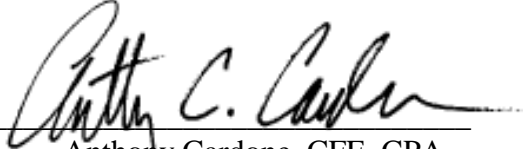
Respectfully submitted,

Anthony Cardone
Anthony Cardone, CFE, CPA
Supervising In- Charge Examiner
State of Delaware

Ann M. Pruett
Ann M. Pruett, CFE
Supervising Examiner
State of Delaware

Christiana Care Health Plans, Inc.

I, Anthony Cardone, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to Examination Certification No. 23.019



Anthony Cardone, CFE, CPA