Final

Report on the

Medical Loss Ratio Examination

of

Matthew Thornton Health Plan, Inc.
(Manchester, New Hampshire)

for the

2021 MLR Reporting Year

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information & Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR CONSUMER INFORMATION & INSURANCE OVERSIGHT

OVERSIGHT GROUP

June 23, 2026

In accordance with Title 45 of the Code of Federal Regulations (CFR), section 158.402, the Center for Consumer Information & Insurance Oversight (CCIIO) has completed an examination of the Medical Loss Ratio (MLR) Annual Reporting Form submitted by Matthew Thornton Health Plan, Inc. (the Company) for the 2021 reporting year, including 2021, 2020, and 2019 data reported on that form. Following an exit conference with the Company, the Company responded to each Finding and Corrective Action. This final report, which will be made publicly available, incorporates the Company's response and CCIIO's evaluation of the response.

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U.S. Department of Health & Human Services

Table of Contents

I. Executive Summary

The Center for Consumer Information & Insurance Oversight (CCIIO) has performed an examination of the 2021 Medical Loss Ratio (MLR) Annual Reporting Form for Matthew Thornton Health Plan, Inc. (the Company) to assess the Company's compliance with the requirements of 45 CFR Part 158. We determined that the Company's 2021 MLR Annual Reporting Form contains numerous elements that are not compliant with the requirements of 45 CFR Part 158, and that impact consumer rebates.

We direct the Company to implement the necessary corrective actions to address the findings detailed in this report, including: ensuring that incurred claims are accurately calculated and reported; ensuring the accurate calculation and reporting of earned premium and taxes; making a good faith effort to follow-up on any unclaimed rebates; ensuring the timely issuance of Rebate Notices to policyholders and subscribers that receive rebates; and adopting and implementing policies and procedures to ensure compliance with the requirements of the MLR Annual Reporting Form Filing Instructions.

The examination findings resulted in decreases to the Company's reported MLRs in the individual, small group, and large group markets, increasing the Company's rebate liability for the 2021 reporting year by $224,035 in the individual market, $315,014 in the small group market, and $656,684 in the large group market.

II. Scope of Examination

CCIIO examined the Company's 2021 MLR Annual Reporting Form to determine compliance with 45 CFR Part 158. Title 45 CFR Part 158 implements section 2718 of the Public Health Service Act (PHS Act). Section 2718 of the PHS Act, as added by the Patient Protection and Affordable Care Act (ACA), generally requires health insurance issuers to submit to the Secretary of the U.S. Department of Health & Human Services (HHS) an annual report concerning premium revenue and expenses related to group and individual health insurance coverage issued. The federal MLR is the proportion of earned premium, less certain taxes and regulatory fees, expended by an issuer on clinical services and activities that improve health care quality in a given state and market, after adjustments for the credibility of the experience or other factors, where applicable, and calculated using the average of three consecutive years of data. Section 2718 also requires an issuer to provide rebates to consumers if it does not meet the applicable MLR standard (generally, 80% in the individual and small group markets and 85% in the large group market).

This is the first examination of the Company's MLR Annual Reporting Form performed by CCIIO. The examination covered the reporting period of January 1, 2019 through December 31, 2021, including 2019, 2020, and 2021 experience and claims run-out through March 31, 2022. We conducted the examination in accordance with the CCIIO Medical Loss Ratio Examination Handbook (the Handbook). The Handbook sets forth the guidelines and procedures for planning and performing an examination to evaluate the validity and accuracy of the data elements and calculated amounts reported on the MLR Annual Reporting Form, and the accuracy and

timeliness of any rebate payments. The examination included assessing the principles used and significant estimates made by the Company, evaluating the reasonableness of expense allocations, and determining compliance with relevant statutory accounting standards, MLR regulations and guidance, and the MLR Annual Reporting Form Filing Instructions.

The Company's response to each finding appears after the finding in the Conclusion, Corrective Actions, Company Responses, and CCIIO Replies section of this Report. The Company's implementation of the corrective actions was not reviewed for proof of implementation or subjected to the procedures applied during the examination. CCIIO's replies are based solely on a review of the Company's response. CCIIO reserves the right to review the actual implementation of the Company's corrective action and proposed action plan for each corrective action in future MLR Annual Reporting Forms, examinations, or as otherwise may be appropriate.

III. Summary of Findings

Page	Key Findings
7, 8	**Failure to accurately report incurred claims, as required by §158.140** – Due to several errors, the Company incorrectly calculated the amount paid to its pharmacy benefit manager (PBM) that exceeded the PBM's reimbursement to pharmacies, and therefore incorrectly calculated the amount deducted from paid claims on its 2019, 2020, and 2021 MLR Annual Reporting Forms. In addition, the Company improperly reported as paid claims the estimated cost of clinical and quality services provided by its PBM, when these amounts should have been reported as Quality Improvement Activities (QIA). As a result of these errors, the Company overstated its three-year aggregate incurred claims on its 2021 MLR Annual Reporting Form by $899,604 in the individual market, $956,275 in the small group market, and $1,537,879 in the large group market. In addition, the Company understated its three-year aggregate QIA by $49,817 in the individual market, $54,780 in the small group market, and $88,307 in the large group market.
8, 9, 10	**Failure to submit an MLR Annual Reporting Form in the manner prescribed by the Secretary, as required by §158.110 –** The Company improperly included prescription drug costs attributable to enrollees of affiliates who were not covered by policies it issued in the determination of the amount paid to its pharmacy benefit manager (PBM) that exceeded the PBM's reimbursement to pharmacies, and which is deducted from paid claims. The amount a PBM bills the issuer that exceeds the reimbursement to pharmacies for prescriptions filled for the Company's enrollees must not be included in incurred claims. The precise impact on the calculation of incurred claims could not be conclusively determined. The Company improperly reduced its direct premium written on Part 2, Line 1.1, on its 2021 MLR Annual Reporting Form for the premium amounts earned in prior years for policies subsequently canceled. As a result, the

	Company understated its three-year aggregate earned premium on its 2021 MLR Annual Reporting Form by a net amount of $43,470 in the individual market and $10,294 in the small group market. Due to multiple recording errors, the Company incorrectly reported the Patient Centered Outcomes Research Institute (PCORI) fee on its 2019, 2020, and 2021 MLR Annual Reporting Forms. As a result of these errors, the Company understated its three-year aggregate taxes and licensing and regulatory fees on its 2021 MLR Annual Reporting Form by $5,775 in the individual market, $49,824 in the small group market, and $71,026 in the large group market. The Company improperly included in its state premium taxes on its 2021 MLR Annual Reporting Form, a true-up adjustment of $(300,432) related to the 2020 MLR reporting year. As a result, the Company's taxes and licensing and regulatory fees on its 2021 MLR Annual Reporting Form were understated in the current year (CY) column by $88,189 in the individual market, $82,185 in the small group market, and $130,059 in the large group market, and overstated by the same amounts in the prior year (PY1) column.
10	**Failure to properly allocate taxes and licensing and regulatory fees, as required by §158.170 –** The Company improperly allocated its risk adjustment user fees to the large group market on its 2019, 2020, and 2021 MLR Annual Reporting Forms. Because the large group market is not subject to the risk adjustment program, the user fees should not have been allocated to this market. As a result, the Company's three-year aggregate taxes and licensing and regulatory fees on its 2021 MLR Annual Reporting Form were understated by $547 in the small group market, and overstated by the same amount in the large group market.
11	**Failure to make a good faith effort to locate and deliver unclaimed rebates to enrollees, as required by §158.244** – The Company's policies and procedures for locating and delivering rebates to enrollees did not include any follow-up with enrollees whose unclaimed rebates were less than the applicable de minimis threshold for each market ($5 for the individual market and $20 for the group markets). This error did not impact the MLR calculations.
11	**Failure to comply with the MLR notification requirements of §158.250 -** The Company did not timely issue Rebate Notices, as required, to the subscribers of six group policyholders who received an MLR rebate for the 2021 reporting year. This error did not impact the MLR calculations.

The findings resulted in decreases to the Company's reported MLRs in the individual, small group, and large group markets. In all markets, the recalculated MLRs continued to be below the applicable MLR standard, resulting in an additional rebate liability of $224,035 in the individual market, $315,014 in the small group market, and $656,684 in the large group market for the 2021 reporting year.

The three-year adjusted, aggregated numerator and denominator, along with the resulting credibility-adjusted MLRs and rebates for 2021, are shown in the following tables. The differences between the amounts in the "As Filed" and "As Recalculated" rows reflect the net impact of the adjustments made to properly restate incurred claims, QIA, earned premium, and taxes.

Recalculated MLRs[1] and Rebates for the Individual, Small Group, and Large Group Markets for the 2021 Reporting Year

New Hampshire

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$308,088,993	$419,206,290	73.5%	$7,376,175
As Recalculated	$307,239,206	$419,243,986	73.3%	$7,600,210
Difference	($849,787)	$37,696	(0.2%)	$224,035

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$338,126,911	$428,432,138	79.2%	$1,255,302
As Recalculated	$337,225,415	$428,392,061	79.0%	$1,570,316
Difference	($901,496)	($40,077)	(0.2%)	$315,014

	Large Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$545,902,117	$664,443,207	82.2%	$6,166,181
As Recalculated	$544,452,545	$664,372,728	81.9%	$6,822,865
Difference	($1,449,572)	($70,479)	(0.3%)	$656,684

IV. Company Overview

A. Description, Territory, and Plan of Operation

The Company is a for-profit health insurance issuer domiciled in New Hampshire. The Company sells individual and group insurance policies in New Hampshire.

During the 2019, 2020, and 2021 MLR reporting years, the Company operated in the individual, small group, and large group markets that were subject to the MLR reporting requirements of 45 CFR Part 158. As of December 31, 2021, the Company reported a total of 82,921 covered lives and $519,865,689 in direct earned premium for policies subject to the MLR reporting and rebate requirements under 45 CFR Part 158, and a total of 186,997 covered lives and $554,708,776 in direct earned premium from all health lines of business**.** The Company's lines of business not

[1] The MLRs shown may not equal the quotient of the numerator divided by the denominator due to the inclusion of a credibility adjustment, in accordance with §158.230.

subject to the MLR regulations at 45 CFR Part 158 include Medicare Advantage policies and administrative services for self-funded group health plans.

B. Management

The corporate officers and board of directors of the Company as of December 31, 2021 were:

Officers

Name	Title
Maria M. Proulx	President and Chairperson
Vincent E. Scher	Treasurer
Kathleen S. Kiefer	Secretary
Laurie H. Benintendi	Clerk

Directors

Name
Maria M. Proulx
Laurie H. Benintendi
Ronald W. Penczek
Deborah M. Snow

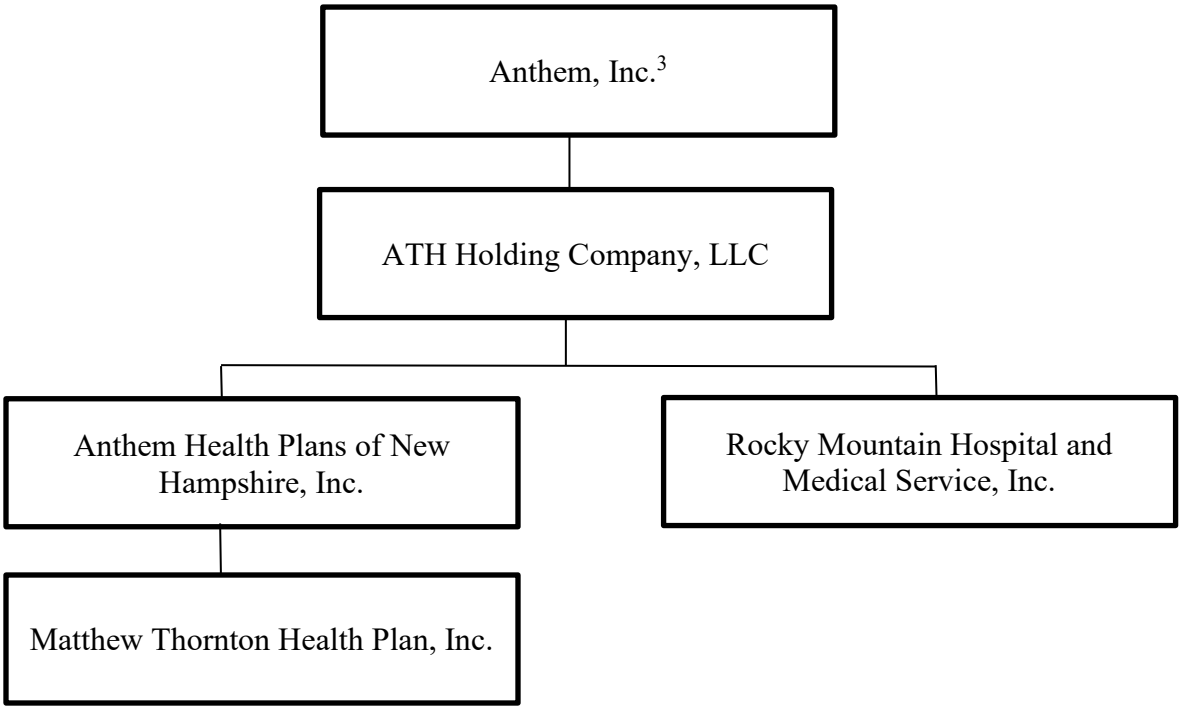
Company management and corporate-level personnel responsible for the preparation, submission, and attestation of the 2021 MLR Annual Reporting Form were:

Name	Title
Maria M. Proulx	CEO Attester
Vincent E. Scher	CFO Attester

C. Ownership

The Company is a member of an insurance holding group system.

Matthew Thornton Health Plan, Inc.
Organizational Chart as of December 31, 2021[2]



D. Agreements

As of December 31, 2021, the Company had entered into the following inter-company agreements that are pertinent to a review of its MLR Annual Reporting Form:

1. A Master Administrative Services Agreement with Anthem, Inc. and its subsidiaries.
2. A Consolidated Federal Income Tax Agreement with Anthem, Inc. and its subsidiaries.

E. Reinsurance

During 2019, 2020, and 2021**,** the Company did not have any reinsurance agreements in effect that impacted the MLR reporting of its health insurance policies subject to the regulations at 45 CFR Part 158.

V. Accounts and Records

The Company's main administrative and financial reporting office is located at 1155 Elm Street, Manchester, New Hampshire, 03101. The Company provided adequate access to its accounts and records, including computer and other electronic systems, as required by §158.501.

[2] This is an excerpt from the organization chart provided by the Company and includes only those entities whose relationship to the Company impacted the MLR examination.
[3] Anthem, Inc. officially changed its name to Elevance Health, Inc. on June 28, 2022.

VI. Examination Results

Except as noted in this report, based on the procedures performed, nothing came to our attention that would indicate that the Company's 2019, 2020, and 2021 MLR Annual Reporting Forms were not filed on the form and in the manner prescribed by the Secretary. The Company's 2019, 2020, and 2021 MLR Annual Reporting Forms were filed by the due date.

The Company reported that it did not meet the applicable MLR standards in 2021 and paid rebates of $7,376,175 in the individual market, $1,255,302 in the small group market, and $6,166,181 in the large group market.

Based on the reporting errors found during the examination, the Company's MLRs for the 2021 reporting year were recalculated and resulted in an additional rebate liability of $224,035 in the individual market, $315,014 in the small group market, and $656,684 in the large group market.

A. MLR Data

Market Classification
The Company adopted policies and procedures for determining group size and market classification that are consistent with the definitions in §158.103 applicable to the 2019-2021 reporting years. The samples of policies tested during the examination were assigned to the correct market classification.

Aggregation
Based upon the procedures performed, nothing came to our attention that would indicate that the samples of policies, claims and other aggregation-related reporting elements tested during the examination were not correctly assigned to the appropriate markets and lines of business in accordance with §158.120.

Incurred Claims

Improper Reporting of Prescription Drug Claims

Due to several errors, the Company incorrectly calculated the aggregate amount paid to its PBM for pharmacy claims that exceeded the total amount the PBM paid to pharmacies for enrollee prescriptions, which was deducted from its paid claims on its 2019, 2020, and 2021 MLR Annual Reporting Forms. According to §158.140(b)(3)(ii), if a third-party vendor reimburses the provider at one amount but bills the issuer a higher amount to cover its network development, utilization management costs, and profits, then the amount that exceeds the reimbursement to the provider (including reimbursements by a PBM to a pharmacy) must not be included in the issuer's incurred claims.

The Company improperly included in its incurred claims amounts that exceeded the amounts its PBM paid to pharmacies, by mischaracterizing a portion of cost-sharing paid to pharmacies by enrollees. Cost-sharing paid by the enrollee to the pharmacy is not part of the claims incurred by

an issuer and is not part of the actual amount PBM reimburses to the pharmacy provider. As a result of this error, the Company overstated its prescription drug claims.

The Company also improperly included in its paid claims the (estimated) cost of certain pharmacy benefit-related services that its PBM provided to the Company. The Company's PBM provided a number of clinical and quality services, such as safety monitoring, drug utilization review, and dose optimization. For services representing approximately 49.8% of the total cost of these services, the PBM did not bill the Company a separate fee. Instead, according to the PBM, the amount it charges the Company for prescription drugs, in excess of the amount the PBM paid to pharmacies, in part compensates it for these services. As these services qualified as QIA in accordance with §158.150, according to the MLR Annual Reporting Form Filing Instructions, the cost of these activities should have been reported on Part 1, Line 4.6, of the MLR Annual Reporting Form, rather than in paid claims. Therefore, 49.8% of the total cost of these services were removed from paid claims and were reclassified to QIA. For services representing approximately 50.2% of the total cost of the clinical and quality services, the PBM did bill the Company separately and these fees were also already reported as QIA expenses. Therefore, this portion of the estimated value of these other services was removed from paid claims but were not reclassified to QIA.

As a result of these errors, the Company overstated its three-year aggregate incurred claims on Part 3, Line 1.2, on its 2021 MLR Annual Reporting Form by $899,604 in the individual market, $956,275 in the small group market, and $1,537,879 in the large group market. In addition, the Company understated its three-year aggregate QIA reported on Part 3, Line 1.3 by $49,817 in the individual market, $54,780 in the small group market, and $88,307 in the large group market.

Improper Reporting of Prescription Drug Costs
The Company improperly included prescription drug claims attributable to enrollees of affiliates who were not covered by its policies when it calculated the amount paid to its PBM that exceeded the amounts the PBM paid the pharmacies for drugs provided to its enrollees. This amount was deducted from paid claims on its 2019, 2020, and 2021 MLR Annual Reporting Forms. According to §158.140(b)(3)(ii), the amount a third-party vendor bills the issuer that exceeds the reimbursement to the (pharmacy) provider must not be included in incurred claims. According to §158.110(a), an issuer's MLR report must include premium revenue and expenses related to the group and individual health insurance coverage that the Company issued. The Company claimed that it does not have access to the necessary information to calculate *the amount paid to its PBM that exceeded the PBM's reimbursement to pharmacies for only the Company's own enrollees, so it used the amount the PBM paid pharmacies for enrollees of all affiliated entities to estimate the excess amount paid to its PBM that it removed from paid claims in order to comply with* §158.140(b)(3)(ii).

As a result of the Company's inability to obtain and provide CMS the actual amount paid to its PBM that exceeded the amounts paid to pharmacies for its enrollees, the impact of this error on the Company's calculation of incurred claims could not be determined and thus, no adjustment was made.

Based upon the procedures performed, which include validating a sample of incurred claims (as defined by §158.140), other than the errors noted above, nothing additional came to our attention that would indicate that the Company did not accurately report incurred claims.

Claims Recovered Through Fraud Reduction Efforts
Based upon the procedures performed, no errors were noted in how the Company reported recoveries of paid fraudulent claims, which §158.140(b)(2)(iv) allows as an adjustment to incurred claims up to the amount of fraud reduction expenses.

Quality Improvement Activities (QIA)
Based upon the procedures performed, other than the QIA improperly reported as paid claims, nothing additional came to our attention that would indicate that QIA expenses were not accurately reported and reasonably allocated among the Company's states and markets, as required by §158.170.

Earned Premium
Improper Reporting of Earned Premium
Based on the review of policy samples, the Company improperly reduced its direct premium written on Part 2, Line 1.1, on its 2021 MLR Annual Reporting Form for the premium amounts earned in prior years that were for policies that had been canceled. According to the MLR Annual Reporting Form Filing Instructions, corrected amounts if reported in error in prior MLR Form submissions should be reported in the PY2 and PY1 columns of Part 3. As a result, the Company understated its three-year aggregate earned premium on its 2021 MLR Annual Reporting Form by a net amount of $43,470 in the individual market, and $10,294 in the small group market.

Based upon the procedures performed other than the reporting error noted above, nothing additional came to our attention that would indicate that earned premium was not properly reported on a direct basis or that the data elements underlying the 2019, 2020, and 2021 premium reported on the Company's 2021 MLR Annual Reporting Form were not compliant with §158.130.

Taxes

Incorrect Reporting of PCORI Fee
Due to multiple recording errors, the Company incorrectly reported the PCORI fee on its 2019, 2020, and 2021 MLR Annual Reporting Forms. The Company failed to properly include in the PCORI amount reported the $124,654 fee it incurred from October 2019 through January 2020. In addition, in order to reduce its PCORI fees for excess accruals incurred for prior years, the Company improperly recorded true-up adjustments of $1,971 in the 3/31 column on Part 1, Line 3.1b, on its 2021 MLR Annual Reporting Form, instead of adjusting the PY2 and PY1 columns, respectively, on Part 3, Line 2.2. According to 2021 MLR Annual Reporting Filing Instructions, only PCORI fees attributed to policies during the MLR reporting year should be reported on Part 1, Line 3.1b, of the MLR Annual Reporting Form. Therefore, corrections of errors and true-up adjustments of amounts reported in previous MLR filings should be recorded in the respective prior year columns of Part 3, Line 2.2, and should not be recorded in the 3/31 column on Part 1

or the CY column of Part 3. As a result of these errors, the Company understated its three-year aggregate taxes and licensing and regulatory fees on its 2021 MLR Annual Reporting Form by a net amount of $5,775 in the individual market, $49,824 in the small group market, and $71,026 in the large group market.

Improper Reporting of State Premium Taxes
The Company improperly included in its current year state premium taxes on its 2021 MLR Annual Reporting Form a true-up adjustment of ($300,432) related to the 2020 MLR reporting year. According to MLR Annual Reporting Filing Instructions, state premium taxes for prior years (2019 and 2020) should be reported on Part 3, Line 2.2, in the PY2 and PY1 columns, respectively. As a result, the Company's taxes and licensing and regulatory fees on Part 3, Line 2.2, on its 2021 MLR Annual Reporting Form were understated in the current year (CY) column by $88,189 in the individual market, $82,185 in the small group market, and $130,059 in the large group market, and overstated by the same amounts in the PY1 column, in these markets.

Improper Allocation of Risk Adjustment User Fees
The Company improperly allocated its risk adjustment user fees to the large group market on its 2019, 2020, and 2021 MLR Annual Reporting Forms. As a result of the Company reclassifying some small group policies to the large group market to reflect the proper group size determination, the Company also improperly reclassified a portion of the risk adjustment user fees and reported them in the large group market. According to §158.170(b)(1), expense allocation(s) must be based on generally accepted accounting methods that are expected to yield the most accurate results. Because the large group market is not subject to the risk adjustment program, the user fees should not have been allocated to this market. As a result of this error, the Company's three-year aggregate taxes and licensing and regulatory fees on its 2021 MLR Annual Reporting Forms were understated by $547 in the small group market, and overstated by the same amount in the large group market.

Based upon the procedures performed, other than the reporting errors noted above, nothing additional came to our attention that would indicate that the taxes and licensing and regulatory fees excluded from 2019, 2020, and 2021 earned premium on the Company's 2021 MLR Annual Reporting Form did not comply with §158.161 and §158.162**,** and were not accurately reported and reasonably allocated among the Company's markets, as required by §158.170.

Federal Risk Adjustment Program
Based upon the procedures performed, nothing came to our attention that would indicate that the Company did not properly report the expected transfer amounts under the federal risk adjustment program for the 2021 benefit year, in compliance with §158.140(b)(4)(ii).

B. Credibility-Adjusted MLR and Rebate Amount Calculation

Based upon the procedures performed, the Company correctly applied the credibility adjustment, in accordance with §§158.230-232, when it calculated and reported its MLRs. The Company's credibility-adjusted MLRs were calculated using the correct formula and in accordance with 45 CFR Part 158 and the applicable MLR Annual Reporting Form Filing Instructions.

The Company reported that it did not meet the applicable MLR standard in the individual, small group, and large group markets for the 2021 reporting year. The Company used the correct procedures to calculate total rebates of $7,376,175 in the individual market, $1,255,302 in the small group market, and $6,166,181 in the large group market. As detailed in this report, the examination identified errors in the data underlying the Company's MLRs and rebate calculations, resulting in changes to the Company's 2021 MLRs and rebate amounts.

C. Rebate Disbursement and Notice

Lack of Good Faith Effort to Locate Enrollee for Unclaimed Rebates
The Company adopted policies and procedures for locating and delivering rebates to enrollees that did not comply with §158.244. Section 158.244 requires an issuer to make a good faith effort to locate and deliver unclaimed rebates to enrollees. The Company's process does not include any follow-up with enrollees whose unclaimed rebates were less than the applicable de minimis threshold for each market ($5 for the individual market and $20 for the group markets). This error did not impact the MLR calculation.

Failure to Timely Issue Rebate Notices
The Company failed to provide the 2021 Rebate Notices to the subscribers of six group policyholders who received an MLR rebate, as required. According to §158.250(a), an issuer must provide each policyholder who receives a rebate, and subscribers whose policyholder receives a rebate, certain required information. This error did not impact the MLR calculation.

According to its 2021 MLR Annual Reporting Form, the Company reported that it owed rebates in the individual, small group, and large group markets. Based upon the procedures performed, the Company timely issued rebates in accordance with §§158.240-243, but as noted above, did not comply with §158.244, and §158.250.

D. Compliance with Previous Recommendations

The Company indicated that neither CCIIO nor any state regulatory entity has previously performed an examination of the Company's MLR processes and reporting. The State of New Hampshire performed a financial examination of the Company in 2018 covering the period January 1, 2014 through December 31, 2016. The financial examination did not result in any findings that impacted the Company's federal MLR calculation or reporting.

VII. Subsequent Events

The Company is required to inform CCIIO of any subsequent events that may affect the currently attested 2021 MLR Annual Reporting Form. No post-December 31, 2021 events were brought to CCIIO's attention.

VIII. Conclusion, Corrective Actions, Company Responses, and CCIIO Replies

CCIIO examined Matthew Thornton Health Plan, Inc.'s 2021 MLR Annual Reporting Form to assess the Company's compliance with the requirements of 45 CFR Part 158. The examination involved determining the validity and accuracy of the data elements and calculated amounts reported on the 2021 MLR Annual Reporting Form, and the accuracy and timeliness of any rebate payments. As detailed above, the Company's 2021 MLR Annual Reporting Form contained numerous elements that were not compliant with the requirements of 45 CFR Part 158.

Based on the adjustments made as a result of the examination findings, the Company owes additional rebates of $224,035 in the individual market, $315,014 in the small group market, and $656,684 in the large group market.

As a result of this examination, consistent with § 158.402(e), CCIIO directs the Company to implement the following corrective actions:

Corrective Action #1
The Company must adopt and implement procedures to ensure the accurate reporting of incurred claims in accordance with §158.140 and the MLR Annual Reporting Form Filing Instructions, including ensuring the proper calculation and deduction from incurred claims of the amounts paid to its PBM in excess of the cost of prescription drug claims paid to pharmacies for its enrollees. In addition, the Company must report the cost of qualifying clinical and quality services provided by its PBM as QIA, rather than in incurred claims.

Company Response
The Company implemented corrective process changes beginning with the 2024 MLR reporting year to ensure compliance with 45 C.F.R. §158.140 and the MLR Annual Reporting Form Filing Instructions. Specifically, the Company revised its methodology for reporting incurred claims associated with pharmacy benefit manager (PBM) arrangements to ensure that only the actual cost of prescription drug claims paid to pharmacies on behalf of enrollees is included in incurred claims. All amounts paid to the PBM in excess of the cost of prescription drug claims are excluded from incurred claims and none of these amounts are allocated to the cost-sharing paid to pharmacies by enrollees.

In addition, the Company updated its reporting procedures to separately identify and classify qualifying clinical and quality improvement services provided by the PBM. These expenses are now reported as Quality Improvement Activities (QIA), when they meet applicable regulatory requirements, rather than being included in incurred claims.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #2
The Company must adopt and implement procedures to ensure it completes the MLR Annual Reporting Form in accordance with §158.110 and the MLR Annual Reporting Form Filing Instructions, including ensuring: that the difference between the amount paid to its PBM and the amount the PBM pays to pharmacies is deducted from incurred claims and is based on the actual prescription drug claims of only its enrollees and not those of its affiliates'; that earned premium is properly reported; and that PCORI fees and state premium taxes are accurately calculated and properly reported.

Company Response
The Company updated its MLR reporting processes beginning with the 2024 MLR reporting year to strengthen compliance with 45 C.F.R. §158.110 and the MLR Annual Reporting Form Filing Instructions. As part of these enhancements, the Company implemented revised procedures and validation controls to improve the accuracy and completeness of data reported on the MLR Annual Reporting Form.

Specifically, the Company modified its methodology for reporting pharmacy benefit manager (PBM) expenses to ensure that the difference between amounts paid to the PBM and amounts paid by the PBM to pharmacies is deducted from incurred claims based solely on the actual prescription drug claims attributable to the Company's enrollees and excludes such amounts related to prescription drug claim activity of its affiliates. This process also incorporates additional reconciliation and review procedures to verify the accuracy of PBM reporting.

The Company reviewed the circumstances that resulted in the earned premium reporting error and corrected the reporting treatment beginning with the 2024 MLR reporting year. As part of the annual MLR reporting process, the Company performs a review of reported earned premium amounts to confirm compliance with regulatory requirements and MLR Annual Reporting Form Filing Instructions.

The Company also updated its procedures for calculating and reporting federal and state assessments, including Patient-Centered Outcomes Research Institute (PCORI) fees and state premium taxes. The revised process includes standardized calculation methodologies, supporting documentation requirements, and validation reviews to ensure these amounts are accurately calculated, properly allocated, and correctly reported by incurred year on the MLR Annual Reporting Form.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #3
The Company must adopt and implement procedures to ensure the accurate allocation of taxes and licensing and regulatory fees, in accordance with §158.170(b)(1), including ensuring that risk adjustment user fees are only allocated to the individual and small group markets.

Company Response
The Company updated its MLR reporting process beginning with the 2024 MLR reporting year to ensure the proper allocation of taxes, licensing fees, and regulatory fees in accordance with 45 C.F.R. §158.170(b)(1) and the MLR Annual Reporting Form Filing Instructions. Specifically, the Company revised its methodology for allocating risk adjustment user fees to ensure that such fees are reported only within the individual and small group markets, as required by regulation.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #4
The Company must adopt and implement procedures to ensure a good faith effort is made to locate and deliver all unclaimed rebates to enrollees in accordance with the requirements of §158.244, regardless of the rebate amount.

Company Response
The Company updated its procedures, starting with the 2024 MLR reporting year, such that all unclaimed rebates are included in the population for performing a good faith effort to locate and deliver the checks and letters. Previously, the Company had not included those unclaimed rebates below the Federal MLR de minimis amounts in its follow-up procedures.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #5
The Company must adopt and implement procedures to ensure the timely issuance of Rebate Notices to policyholders and subscribers that receive rebates, in accordance with §158.250.

Company Response
Starting with the 2024 MLR reporting year, the Company improved the accuracy of the source system extraction of subscribers of employer plans who received rebates. In addition, a reconciliation of extracted subscribers as compared to subscribers per the general ledger is now prepared prior to distribution to verify a complete population of eligible recipients receive the 2b Notice communication.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #6
The Company must re-file its 2021 MLR Annual Reporting Form to rectify the errors and findings stated herein, adjusting both the current year (CY) and prior year (PY) columns as applicable, including calculating any additional rebates due to its enrollees. Any underpaid rebates calculated by the Company as a result of the findings herein should be paid as soon as

possible but in no event later than sixty (60) days from the date of the Company's receipt of the Final MLR Examination Report.

Company Response
The Company re-filed its 2021 MLR Annual Reporting Form to correct the errors identified during the examination and to reflect the appropriate adjustments to both the current year (CY) and prior year (PY) reporting, as applicable. The amended filing incorporated all required corrections resulting from the examination findings, including revisions to incurred claims, earned premium, taxes and fees, and other affected MLR reporting elements.

As a result of the amended filing, the Company recalculated its MLR rebate obligations and determined the amount of any additional rebates due to policyholders. Any additional rebate payments identified through this process were issued in accordance with the examination requirements and within the prescribed timeframe.

The amended MLR filing was submitted on January 27, 2026, and any additional rebate payments due to policyholders were mailed on April 8, 2026.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

The corrective actions provided in this report should be shared with and adopted by, as applicable, any affiliated entities of the Company, such as its parent or subsidiaries, if any, that are similarly subject to the MLR reporting and rebate requirements of 45 CFR Part 158.

CCIIO thanks the Company and its staff for its cooperation with this examination.