

STATE OF INDIANA)
) SS: BEFORE THE INDIANA
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
MDwise, Inc.)
1200 Madison Avenue, Suite 400)
Indianapolis, IN 46225-1616)

Examination of: **MDwise, Inc.**

NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of MDwise, Inc., any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 16, 2018, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of MDwise, Inc. shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

June 19, 2018
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7005 3110 0002 4443 9810

STATE OF INDIANA)
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COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
MDwise, Inc.)
1200 Madison Avenue, Suite 400)
Indianapolis, IN 46225-1616)

Examination of: **MDwise, Inc.**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the MDwise, Inc. (hereinafter "Company") for the time period January 1, 2014 through December 31, 2016.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on December 5, 2017.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on May 16, 2018 and was received by the Company on May 24, 2018.

The Company did not file any objections.

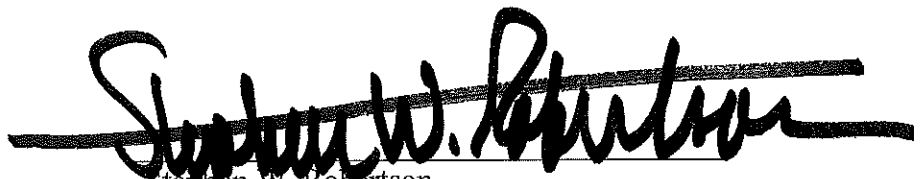
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the MDwise, Inc. as of December 31, 2016.
2. That the Examiner's Recommendations are reasonable and necessary in order for the MDwise, Inc. to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 19 day of
June, 2018.


Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

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STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

MDWISE, INC.
NAIC Co. CODE 95807
NAIC GROUP CODE 4637

As of

December 31, 2016

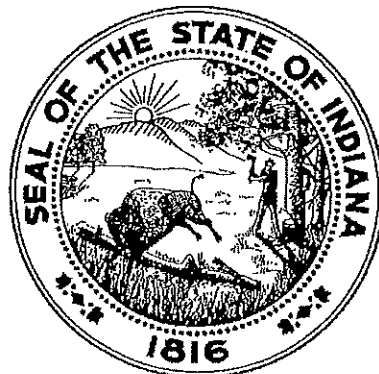


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Stephen W. Robertson, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/idoi

December 5, 2017

Honorable Stephen W. Robertson, Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 3939, an examination has been made of the affairs and financial condition of:

MDwise, Inc.
1200 Madison Avenue, Suite 400
Indianapolis, Indiana 46225-1616

hereinafter referred to as the "Company", or "MDwise", an Indiana domestic health maintenance organization. The examination was conducted at the offices of Noble Consulting Services, Inc. (Noble) in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2016, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
317-232-2413

COMPANY COMPLIANCE
317-232-3495

CONSUMER SERVICES
317-232-2395/1-800-622-4461

FINANCIAL SERVICES
317-232-2390

MEDICAL MALPRACTICE
317-232-2402

COMPANY RECORDS
317-232-5692

STATE HEALTH INSURANCE PROGRAM
1-800-452-4800

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI), and covered the period from January 1, 2011 through December 31, 2013. The present risk-focused examination was conducted by Noble, and covered the period from January 1, 2014 through December 31, 2016, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The 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.

Michael Berman, FSA, MAAA, of Merlinos & Associates, Inc., provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2016.

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, as in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

HISTORY

The Company is a not-for-profit health care plan that began operations in 1994. On December 29, 2006, the Company purchased 100% of the stock of IU Health Plan, Inc. (IUHP). IUHP was merged into the Company as of January 1, 2007. The acquisition of IUHP resulted in the Company assuming IUHP's Indiana health maintenance organization (HMO) license.

MDwise is jointly controlled by Indiana University Health Inc., (IU Health) and Health and Hospital Corporation of Marion County, Indiana (HHC). The two (2) not-for-profit ultimate controlling parties (UCP) are incorporated in the state of Indiana and are provider delivery system companies.

CAPITAL AND SURPLUS

As a not-for-profit organization the Company does not have stock authorized or outstanding as of December 31, 2016. In 2016, the Company received INDOI approval to repay in full a surplus note obligation of \$5.3 million to AmeriHealth Mercy LLC.

The Company received paid-in surplus from its UCPs during the examination period as follows:

<u>Year</u>	<u>Total</u>
2016	-
2015	\$ 17,000,000
2014	8,660,000
Total	<u>\$ 25,660,000</u>

DIVIDENDS TO AFFILIATES

The Company paid the following dividend during the examination period:

<u>Year</u>	<u>Total</u>
2016	-
2015	-
2014	\$ 1,500,406
Total	<u>\$ 1,500,406</u>

In accordance with IC 27-1-23-4(h), the payment of dividends to holding companies or affiliated insurers may not exceed the greater of 10% of the prior year's surplus or the net income of such insurer of the prior year. The ordinary dividend was made to fund the formation of MDwise Marketplace, Inc., held by IU Health and HHC.

TERRITORY AND PLAN OF OPERATION

On January 1, 2011, the Company was granted a four-year contract for the Hoosier Healthwise (HHW) and Healthy Indiana Plan (HIP) programs. The contracts were extended through December 31, 2016, and the Company was granted a new contract effective January 1, 2017. During 2014, the State expanded the Medicaid program through the Healthy Indiana Program (HIP 2.0). On January 27, 2015, the Center for Medicare and Medicaid Services approved the waiver of the HIP 2.0. This program added approximately 95,000 covered lives during 2015 and 2016. In addition, effective April 1, 2015, the Company was awarded a four-year contract to serve the Aged, Blind and Disabled (ABD) population called Hoosier Care Connect (HCC). The contract between the Company and Family and Social Services Administration for HCC (ABD business) ended effective March 31, 2017.

The Company provided coverage to participants of the Indiana Federally Facilitated Marketplace (FFM) beginning January 1, 2014. However; this business was assumed by the affiliate, MDwise Marketplace, Inc. (formed in 2014), effective November 1, 2014 as a way to segregate the Company's Medicaid and FFM business.

The Company utilizes 100% global capitation arrangements for all members which essentially passes all risks to provider networks.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company during the examination period:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>	<u>Total Revenues</u>	<u>Net Income</u>
2016	\$ 199,592,866	\$ 105,817,055	\$ 93,775,811	\$ 1,433,651,409	\$ 28,811,722
2015	144,197,596	74,805,888	69,391,708	1,033,223,113	13,919,253
2014	76,594,236	37,560,281	39,033,955	583,769,150	3,169,894

Premiums have increased over the examination period even with the move of the FFM business to MDwise Marketplace, Inc. Member months increased to 4.9 million in 2016, an increase of 18% over the prior year. The membership increase occurred within the HIP 2.0 program which has higher premiums than the HHW program. The Company received no capital contribution in 2016 compared to \$17 million in 2015.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of no fewer than six (6) directors. There shall be an equal number of representatives on the Board from each of the parent organizations, IU Health and HHC. Each director shall serve for a term of two (2) years and may serve any number of consecutive or nonconsecutive terms. The following is a listing of persons serving as directors as of December 31, 2016, and their principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
Jennifer M. Alvey Bargersville, Indiana	Chief Financial Officer Indiana University Health, Inc.
Tavonna S. Askew Indianapolis, Indiana	General Counsel Health and Hospital Corporation of Marion County, Indiana
Joan V. Castor Carmel, Indiana	Vice President of Government Affairs Indiana University Health, Inc.
John F. Fitzgerald M.D. Indianapolis, Indiana	President and Chief Executive Officer IU Health Physicians
Ryan C. Kitchell Zionsville, Indiana	Chief Administrative Officer Indiana University Health, Inc.
James T. Parker ^A Indianapolis, Indiana	President Indiana University Health Plans, Inc.
Daniel E. Sellers Indianapolis, Indiana	Treasurer Health and Hospital Corporation of Marion County, Indiana
Christopher S. Weaver M.D. Indianapolis, Indiana	Chief Medical Officer Eskenazi Health

^A Jim Parker was appointed CEO of the MDwise companies in March 2017 and remains on the Board.

Officers

The Bylaws state that the officers of the Company shall consist of a President, a Secretary, a Treasurer, and such other officers as the Board may, by resolution, designate from time to time. Each officer shall be elected by the Board at the annual meeting of the Board occurring on an odd numbered year beginning in and including 2011.

The following is a list of key officers and their respective titles as of December 31, 2016:

<u>Name</u>	<u>Office</u>
Cesar D. Martinez ^B	President and Chief Executive Officer
Patricia A. Hebenstreit	Secretary
Michael V. Cutroni ^C	Treasurer
Jeremy T. Sullivan M.D.	Chief Medical Officer

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2016.

CORPORATE RECORDS

Articles of Incorporation

There were no amendments made to the Articles of Incorporation during the examination period.

Bylaws

There were no amendments made to the Bylaws during the examination period.

Minutes

The Board and shareholders meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

The Board level committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following committee: Executive/Finance Committee.

^B Jim Parker was appointed CEO of the MDwise companies in March 2017 and remains on the Board.

^C Robert Komula, CFO, was appointed Treasurer in March 2017.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company and its parent companies as of December 31, 2016:

	NAIC Co. Code	Domiciliary State/Country
Indiana University Health, Inc. Health and Hospital Corporation of Marion County, Indiana MDwise, Inc. (50% owned by IU Health, Inc.)	95807	IN
MDwise Marketplace, Inc. (51% owned by IU Health, Inc.)	15584	IN

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4.

Delivery System Agreement - HHW and HIP - MDwise and HHC/IU Health

MDwise is a party to identical Delivery System Agreements (DSA) with each of its parents, HHC, and IU Health in connection with the HHW and HIP programs. Under each agreement, HHC and IU Health agree to act as Delivery Systems with respect to managed care benefits. Benefits are provided by the Delivery Systems on a fully-capitated basis and no risk remains with MDwise. The DSAs were effective January 1, 2011. In 2016, total compensation due to HHC by MDwise pursuant to the HHC DSA was \$121,702,311. MDwise retained a total administrative fee of \$11,102,903. In 2016, total compensation due to IU Health by MDwise pursuant to the IU Health DSA was \$173,855,529. MDwise retained a total administrative fee of \$15,628,941.

Delivery System Agreement - MDwise and MDwise Medicaid Network

MDwise is a party to a DSA with MDwise Medicaid Network in connection with MDwise's HCC, HHW, and HIP programs. Under the agreement, MDwise Medicaid Network provides or arranges for health care services to enrollees under the Medicaid programs for which MDwise holds a contract with the state of Indiana, Family and Social Services Agency to be a managed care organization. Benefits are provided by MDwise Medicaid Network on a fully capitated basis. The 2015 MDwise Medicaid Network DSA became effective April 1, 2015, and was initially applicable only to MDwise's HCC product. Effective July 1, 2015, the agreement was amended to allow MDwise Medicaid Network also to serve as the Delivery System for MDwise's HIP and HHW programs. A second amendment was made on March 15, 2016 that reduced the administrative fee retained by MDwise from 8% to 5.5% for the HCC program only. The Department "non-disapproved" the second amendment to the 2015 MDwise Medicaid Network DSA retroactively effective to April 1, 2015. In 2016, the total compensation due to MDwise Medicaid Network by MDwise pursuant to the MDwise Medicaid DSA was \$997,748,594. MDwise retained a total administrative fee of \$49,491,394.

Management Services Agreement - MDwise and MDwise Marketplace

Effective November 1, 2014, MDwise and MDwise Marketplace, Inc. entered into a Management Services Agreement (Marketplace MSA), whereby MDwise performs and provides qualified personnel to perform management services for MDwise Marketplace, Inc. Effective September 14, 2015, the Marketplace MSA was amended to clarify the scope of services to be provided by MDwise to MDwise Marketplace. In 2016, the total compensation due to MDwise by MDwise Marketplace, Inc. pursuant to the Amended and Restated Marketplace MSA was \$15,563,910.

Management Services Agreement - MDwise and MDwise Network

Effective January 1, 2015, MDwise and MDwise Network entered into a Management Services Agreement (MDwise Network MSA), whereby MDwise performs and provides qualified personnel to perform management services for MDwise Network. Effective September 14, 2015, the MDwise Network MSA was amended to clarify the scope of services to be provided by MDwise to MDwise Network. In 2016, the total compensation due to MDwise by MDwise Network pursuant to the Amended and Restated MDwise Network MSA was \$18,226.

Management Services Agreement - MDwise and MDwise Medicaid Network

Effective April 1, 2015, MDwise and MDwise Medicaid Network, Inc. (MDwise Medicaid Network) entered into a Management Services Agreement (MDwise Medicaid Network MSA), whereby MDwise performs and provides qualified personnel to perform management services for MDwise Medicaid Network. In 2016, the total compensation due to MDwise by MDwise Medicaid Network pursuant to the MDwise Medicaid Network MSA was \$12,541,522.

FIDELITY COVERAGE AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through an employee dishonesty policy issued by Federal Insurance Company. The coverage has a limit of \$3,000,000, with a \$100,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2016, including but not limited to automobile liability, directors and officers liability, employment practices liability, entity liability, errors and omission liability, executive liability, property liability, umbrella liability, and workers' compensation liability.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

Employees of MDwise are covered by a defined contribution pension plan sponsored by MDwise. Contributions of 6.75% of each employee's compensation are made to the plan each year for those employees whose pay is equal to or less than the Federal Insurance Contribution Act (FICA) limit. For those employees whose annual compensation exceeds the FICA limit an additional 3.75% contribution is made for their compensation in excess of the FICA limit. MDwise's contribution to that plan for the year ended December 31, 2016 was \$1,235,389. As of December 31, 2016, the plan balance was \$8,875,603.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following special and statutory deposit at December 31, 2016:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
Deposits For the Benefit of All Policyholders:		
Indiana	\$ 500,000	\$ 500,000
Total Deposits	<u>\$ 500,000</u>	<u>\$ 500,000</u>

REINSURANCE

Ceded Reinsurance

As all medical costs are covered under comprehensive capitated Delivery System Agreements, the Company limits the exposure of Delivery Systems in the HHW and HIP programs through an excess of loss reinsurance agreement with Partner Re American Reinsurance Company. This agreement provides for 80% reinsurance in excess of a specified deductible per member per agreement term ranging from \$175,000 to \$200,000 based on the Delivery System. There is also a maximum payable per covered person of \$3 million (HHW) and \$5 million (HIP) and there is no maximum aggregate limit. The percentage of coverage decreases to 50% for claims received after February 1, 2018 (for policy expiration date of January 1, 2017). The Company may qualify for an experience refund up to a maximum of 28% of the gross premiums paid. The Company ceded premiums of \$9,573,156 for 2016. Reinsurance recoveries for 2016 were \$0.

The Company had an excess of loss reinsurance agreement with Partner Re American Reinsurance Company for HCC (ABD) policies. The specific deductible per covered person per agreement term was \$200,000 (except for 20 specific covered persons with specific deductible amounts ranging from \$232,000 to \$700,000). This agreement provides for 80% reinsurance in excess of the above-noted deductibles per member per agreement term. The percentage of coverage decreases to 0% for claims received after May 1, 2018 (for policy expiration date April 1, 2017). The Company ceded premiums of \$878,888 for 2016. Reinsurance recoveries for 2016 were \$0.

Assumed Reinsurance

The Company has no assumed reinsurance.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2016 and December 31, 2015 were agreed to the respective Annual Statements. The Annual Statement for the year ended December 31, 2016 was agreed to the independent audit report with noted exceptions. The differences related to recognition of contra-assets and contra-liabilities by the Company. Based on an agreement reached with the INDOI, the Company will cease reporting of contra-assets and contra-liabilities relating to the Delivery System receivable/payable transactions on financial statements in future reporting periods. The Company's accounting procedures, practices, and account records were deemed satisfactory.

MDWISE, INC.
Assets
As of December 31, 2016

	<u>Per Examination*</u>
Bonds	\$ 55,292,859
Stocks:	
Common stocks	1,331,759
Cash, cash equivalents and short-term investments	116,113,340
Subtotals, cash and invested assets	172,737,958
Investment income due and accrued	347,016
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	29,364,373
Electronic data processing equipment and software	413,065
Receivables from parent, subsidiaries and affiliates	33,494,188
Aggregate write-ins for other than invested assets	(36,763,734)
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	199,592,866
Totals	\$ 199,592,866

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

MDWISE, INC.
Liabilities, Capital and Surplus
As of December 31, 2016

	Per Examination*
Aggregate health policy reserves	\$ 53,763,649
General expenses due or accrued	22,848,694
Ceded reinsurance premiums payable	24,135
Amounts withheld or retained for the account of others	283,803
Remittances and items not allocated	302,373
Liability for amounts held under uninsured plans	733,764
Aggregate write-ins for other liabilities	27,860,637
Total liabilities	105,817,055
Gross paid in and contributed surplus	25,660,000
Unassigned funds (surplus)	68,115,811
Total capital and surplus	93,775,811
Totals	\$ 199,592,866

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

MDWISE, INC.
Statement of Revenue and Expenses
For the Year Ended December 31, 2016

	Per Examination*
Member Months	4,894,529
Net premium income	\$ 1,433,651,409
Total Revenues	1,433,651,409
Hospital and Medical:	
Hospital/medical benefits	822,822,119
Other professional services	140,377,409
Emergency room and out-of-area	63,121,057
Prescription drugs	326,280,026
Aggregate write-ins for other hospital and medical	12,166,988
Subtotal**	1,364,767,598
Total hospital and medical	1,364,767,598
Claim adjustment expenses, including \$ 11,394,891 cost containment expenses	31,476,605
General administrative expenses	9,409,205
Total underwriting deductions	1,405,653,408
Net underwriting gain or (loss)	27,998,001
Net investment income earned	752,615
Net realized capital gains (losses) less capital gains tax of \$0	61,106
Net investment gains (losses)	813,721
Net income or (loss) after capital gains tax and before all other federal income taxes	28,811,722
Net income	\$ 28,811,722

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

** The balances include immaterial balancing differences.

MDWISE, INC.
Capital and Surplus Account Reconciliation

	2016	2015	2014
Capital and surplus prior reporting year	\$ 69,391,708	\$ 39,033,955	\$ 30,977,078
Net income or (loss)	28,811,722	13,919,253	3,169,894
Change in net unrealized capital gains (losses) less capital gains tax	-	-	406
Change in nonadmitted assets	1,580,162	(561,501)	(2,188,567)
Change in surplus notes	(5,250,000)	-	-
Change in provision for reinsurance	-	-	-
Surplus adjustments:			
Paid in	-	17,000,000	8,660,000
Dividends to stockholders	-	-	(1,500,406)
Aggregate write-ins for gains or (losses) in surplus	(757,781)	-	(84,450)
Net change in capital and surplus**	<u>24,384,103</u>	<u>30,357,753</u>	<u>8,056,876</u>
Capital and surplus end of reporting year**	<u>\$ 93,775,811</u>	<u>\$ 69,391,708</u>	<u>\$ 39,033,955</u>

** The balances include immaterial balancing differences.

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2016, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no significant issues noted during the examination.

SUBSEQUENT EVENTS

The Company announced it will no longer offer the Hoosier Care Connect product effective April 1, 2017.

On November 2, 2017, the Company announced the pending sale of MDwise, Inc. and MDwise Medicaid Network, Inc. to McLaren Health Care Corporation. The transaction was completed on December 29, 2017 with an effective date of January 1, 2018. The press release received from the Company noted, "McLaren will maintain MDwise's Indiana operations, and MDwise members will not experience any changes to their benefits or provider network."

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Merlinos & Associates, Inc., performed an examination of MDwise, Inc., as of December 31, 2016.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.


This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of condition of MDwise, Inc. as of December 31, 2016, as determined by the undersigned.



Brad Neff, CFE
Noble Consulting Services, Inc.

Under the supervision of,




Jerry Ehlers, CFE
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 8 day of February 2018, before me personally appeared, Brad Neff and Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires _____
 _____
Notary Public

