

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

IN THE MATTER OF:)
)
Paramount Care of Indiana)
300 Madison Avenue)
Toledo, Ohio 45604)

Examination of: **Paramount Care of Indiana**

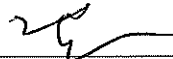
NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Paramount Care of Indiana any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 20, 2024 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 Paramount Care of Indiana 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 20, 2024
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 3116

STATE OF INDIANA)
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Toledo, Ohio 45604)

Examination of: **Paramount Care of Indiana**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Paramount Care of Indiana (hereinafter “Company”) for the time period August 1, 2020 through December 31, 2022.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on April 26, 2024.

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 20, 2024 and was received by the Company on May 23, 2024.

The Company did not file any objections.

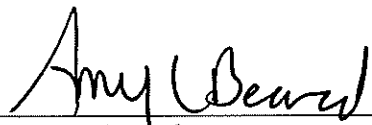
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Paramount Care of Indiana as of December 31, 2022.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Paramount Care of Indiana 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 20th day of
June, 2024.



Amy L. Beard
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.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF
PARAMOUNT CARE OF INDIANA
NAIC Co. CODE 16833
NAIC GROUP CODE 1212

As of
December 31, 2022

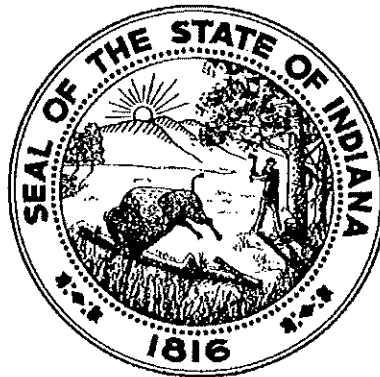


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-234-2103
Website: in.gov/idoi

April 26, 2024

Honorable Amy L. Beard, 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 4158, an examination has been made of the affairs and financial condition of:

**Paramount Care of Indiana
300 Madison Avenue
Toledo, Ohio 45604**

hereinafter referred to as the "Company", or "PCIN", an Indiana domestic health maintenance organization. The examination was conducted remotely with assistance from Company at the corporate offices in Maumee, Ohio.

The Report of Examination, reflecting the status of the Company as of December 31, 2022, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES COMPANY COMPLIANCE CONSUMER SERVICES FINANCIAL SERVICES MEDICAL MALPRACTICE COMPANY RECORDS STATE HEALTH INSURANCE PROGRAM
317-232-2389 317-232-3495 317-232-2395/1-800-622-4461 317-232-2390 317-232-5253 317-232-2383 1-800-452-4800

SCOPE OF EXAMINATION

This is the first examination of the Company by representatives of the Indiana Department of Insurance (INDOI) since the Company commenced operations in August 2020. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from August 1, 2020 through December 31, 2022, 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.

Merlinos & Associates, Inc. staff provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2022.

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 mentioned 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 was incorporated and received licensure in the state of Indiana in 2020. The Company operates exclusively as a Medicare Advantage (MA) organization in Indiana. Paramount Care of Indiana, Inc. is a wholly owned subsidiary of ProMedica Insurance Corporation ("PIC") which in turn is a wholly owned subsidiary of ProMedica Health System, Inc. ("PHS") a not-for-profit Ohio Corporation and Ultimate Controlling Person for the Company and Group.

CAPITAL AND SURPLUS

The Company is a non-profit entity and does not issue stock.

DIVIDENDS TO STOCKHOLDERS

The Company did not pay dividends to PIC during the examination period. In 2022, the Company received a \$1.5 million capital contribution from PHS.

TERRITORY AND PLAN OF OPERATION

The Company operates exclusively as a MA organization in Indiana. The MA plans are marketed through CMS-compliant channels, including via Paramount direct employees and various broker/agent relationships. As of December 31, 2022, the Company is licensed to operate in the counties of Allen, Adams, Dekalb, and Noble. The Company had eleven (11) members as of December 31, 2022.

GROWTH OF THE COMPANY

The following table 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>
2022	\$ 3,027,440	\$ 45,855	\$ 2,981,585	\$ 104,416	\$ (25,352)
2021	1,546,007	39,176	1,506,831	55,623	936
2020	1,506,442	667	1,505,775	-	3,607

The Company's admitted assets and Surplus increased in 2022 as a result of the \$1.5 million capital contribution.

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 more than twenty (20) directors. At least one (1) of the directors must be a resident of Indiana.

The following is a listing of persons serving as directors as of December 31, 2022 and their principal occupations as of that date:

Name and Address	Principal Occupation
Sameh Almadani, M.D. Saline, Michigan	Physician ProMedica Physicians Group
Terry Bawel Evansville, Indiana	Retired- Former CEO Health Resources, Inc.
Lisa Burke, D.O. Ottawa Hills, Ohio	Physician ProMedica Physicians Group
Elaine Canning Holland, Ohio	Vice President Palmer Energy
Shraddha Gupta Sylvania, Ohio	Global Supply Chain Leader Owens Corning
James Hoffman Ottawa Hills, Ohio	President KeyBank
John Imm, M.D. Sylvania, Ohio	Executive Vice President Chubb & Son, a Division of Federal Insurance
Lori Johnston Grand Rapids, Ohio	President Paramount
Larry Peterson Sylvania, Ohio	President Active Mobility
Joseph Sferra, M.D. Toledo, Ohio	Physician ProMedica Central Physicians
Zachary Vassar Ottawa Hills, Ohio	President & Chief Executive Officer Toledo Alliance for the Performing Arts
Mark Wagoner Ottawa Hills, Ohio	Attorney Shumaker, Loop & Kendrick, LLP
David Waterman Toledo, Ohio	Attorney Shumaker, Loop & Kendrick, LLP
Douglas Welch Holland, Ohio	Owner/Principal Welchco Company
James White Jr. Toledo, Ohio	Attorney Shumaker, Loop & Kendrick, LLP

Officers

The Bylaws state that the elected officers of the Company shall consist of a Chairperson, a President, a Chief Financial Officer, a Chief Legal Officer/General Counsel and such other officers or assistant officers as may be necessary. The Chairperson shall be a director, but any other officer does not have to be a director. The Chairperson, President, Chief Financial Officer and Chief Legal Officer/General Counsel shall be elected by the Member at the annual meeting of the Member and shall hold office for one (1) year or until a successor is elected. Other officers of the Company shall be appointed from time to time by the Member as it shall determine, and new offices may be created and filled at any time by the Member.

The following is a list of key officers and their respective titles as of December 31, 2022:

<u>Name</u>	<u>Office</u>
James Frederick White	Chairman
Lori Ann Johnston	President
Louis Eugene Robichaux	Treasurer
Jeffrey William Martin	Chief Financial Officer
Stephen Michael Sadowski	Secretary, General Counsel, and Chief Legal Officer
Dee Ann Bialecki-Haase, M.D.	Chief Medical Officer
David Roger Brackett	Chief Information 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, 2022.

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

The PIC committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following committees: Audit and Compliance Committee, and Financial Council.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and subsidiaries or affiliates as of December 31, 2022:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
ProMedica Health System, Inc.		OH
ProMedica Insurance Corporation		OH
Health Resources, Inc.	96687	IN
Paramount Advantage	12353	OH
Paramount Benefits Agency, Inc.		OH
Paramount Care, Inc.	95189	OH
Paramount Care of Indiana, Inc.	16833	IN
Paramount Care of Michigan, Inc.	95566	MI
Paramount Insurance Company	11518	OH
Paramount Preferred Options, Inc.		OH
Health Management Solutions, Inc.		OH
Paramount Preferred Solutions, Inc.		OH

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.

Cost Allocation Agreements

Effective January 1, 2021, the Company entered into a Cost Allocation Agreement with PHS and PIC and subsidiaries. Under this cost sharing agreement, PHS allocates corporate overhead costs primarily in management, legal services, information services, and investment management. Under this agreement, the Company paid \$1,674 to PHS in 2022.

Effective January 1, 2021, the Company entered into a Cost Allocation Agreement with Paramount Care Inc. (PCI), whereby PCI performs administrative services for the Company. These services include, but are not limited to financial services, information services, claims management, case management and provider relations. The Company did not receive an allocation during 2022.

Administrative Services Agreement

Effective January 1, 2021, the Company entered into an administrative services agreement with Health Resources, Inc. (HRI). Under the agreement, HRI agrees to perform certain administrative services including claims administration for the Company. Under this agreement, the Company paid HRI \$2,597 in 2022.

Consolidated Federal Income Tax Allocation Agreement

The Company entered into a Tax Sharing Agreement with PIC effective January 1, 2021. Under the terms of this agreement, tax returns are completed on a consolidated basis and allocations are based upon separate return calculations with a current credit for net losses. Intercompany tax balances are settled through the holding company, PIC. Under this agreement, the Company did not pay any taxes in 2022.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Great American Insurance Company. The bond has a single loss coverage limit of \$10 million. 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, 2022, including but not limited to commercial general liability, fiduciary insurance, and workers' compensation.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company does not have any employees and does not have any Pension, Stock Ownership, or Insurance Plans.

SPECIAL AND STATUTORY DEPOSITS

The Company reported a statutory deposit for the benefit of all policyholders of Indiana as of December 31, 2022, with a book value and fair value of \$502,405.

REINSURANCE

Ceded Reinsurance

Effective January 1, 2022, PCIN entered into an Excess of Loss agreement with Odyssey Reinsurance Company. Under the terms of the agreement, PCIN pays a per member per month rate of \$0.32 in exchange for 90% coverage of member claims over \$1 million per member per year. The agreement is reviewed and updated annually.

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 balance prepared from the Company's general ledger for the year ended December 31, 2022 was agreed to the Annual Statement. The Annual Statement for the year ended December 31, 2022 was agreed to the independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

PARAMOUNT CARE OF INDAINA, INC.

Assets

As of December 31, 2022

	<u>Per Examination*</u>
Cash, cash equivalents and short-term investments	<u>\$ 3,006,616</u>
Subtotals, cash and invested assets	3,006,616
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	7,160
Receivables from parent, subsidiaries and affiliates	9,687
Health care and other amounts receivable	3,854
Aggregate write-ins for other than invested assets	<u>123</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>3,027,440</u>
Totals	<u>\$ 3,027,440</u>

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

PARAMOUNT CARE OF INDIANA, INC.
Liabilities, Capital and Surplus
As of December 31, 2022

	Per Examination*
Claims unpaid	\$ 32,092
Unpaid claims adjustment expenses	1,000
Premiums received in advance	3,216
General expenses due and accrued	125
Current federal and foreign income taxes payable and interest thereon	3,984
Net deferred tax liability	350
Amounts due to parent, subsidiaries and affiliates	5,088
Total liabilities	45,855
Gross paid in and contributed surplus	3,000,000
Unassigned funds (surplus)	(18,415)
Total Capital and Surplus	2,981,585
Total Liabilities, Capital and Surplus	\$ 3,027,440

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

PARAMOUNT CARE OF INDIANA, INC.
Statement of Revenue and Expenses
For the Year Ended December 31, 2022

	Per Examination*
Member Months	113
Net premium income	\$ 104,416
Total Revenues	104,416
Hospital and Medical:	
Hospital/medical benefits	88,207
Other professional services	205
Emergency room and out-of-area	3,991
Prescription drugs	20,509
Subtotal	112,912
Total hospital and medical	112,912
Claims adjustment expenses, including \$1,190 cost containment expenses	1,201
General administrative expenses	22,634
Total underwriting deductions	136,747
Net investment gain (loss)	(32,331)
Net investment income earned	374
Net investment gains	374
Net income or (loss) after capital gains tax and before all other federal income taxes	(31,957)
Federal and foreign income taxes incurred	(6,605)
Net income (loss)	\$ (25,352)

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

PARAMOUNT CARE OF INDIANA, INC.
Capital and Surplus Account Reconciliation

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Surplus as regards policyholders, December 31 prior year	\$ 1,506,831	\$ 1,505,775	\$ -
Net income	(25,352)	936	3,607
Change in net unrealized capital gains or (losses) less			
capital gains tax	-	-	2,168
Change in net deferred income tax	106	120	-
Surplus Adjustments			
Paid in	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
Change in surplus as regards policyholders for the year	<u>1,474,754</u>	<u>1,056</u>	<u>1,505,775</u>
Surplus as regards policyholders, December 31 current year	<u>\$ 2,981,585</u>	<u>\$ 1,506,831</u>	<u>\$ 1,505,775</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2022, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no significant issues identified as a result of this examination.

SUBSEQUENT EVENTS

A Form A was filed with the INDOI on January 31, 2024, for the acquisition of the Company by Medical Mutual of Ohio. The acquisition was non-disapproved on April 24, 2024.

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 Merlino & Associates, Inc., performed an examination of Paramount Care of Indiana, Inc., as of December 31, 2022.

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

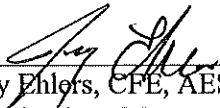
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing 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 the condition of Paramount Care of Indiana, Inc., as of December 31, 2022, as determined by the undersigned.



Joseph DeVries, CPA, CFE
Noble Consulting Services, Inc.

Under the Supervision of:



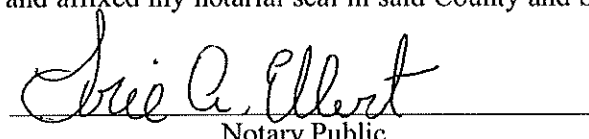
Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 13th day of June, 2024, before me personally appeared, Joseph DeVries 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: July 11, 2025


Notary Public

Lorie A. Ellert
Notary Public

