REPORT ON EXAMINATION

OF

OXFORD HEALTH PLANS (NY), INC.

AS OF

DECEMBER 31, 2012

DATE OF REPORT **MAY 29, 2014**

EXAMINER **CHRISTOPHER RUSHFORD, CFE**

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NEW YORK STATE
DEPARTMENT of
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Benjamin M. Lawsky
Superintendent

May 29, 2014

Honorable Benjamin M. Lawsky
Superintendent of Financial Services
Albany, New York 12257

Sir:

Pursuant to the requirements of the New York Insurance Law and acting in accordance with the instructions contained in Appointment Number 30873, dated January 7, 2012, attached hereto, I have made an examination into the condition and affairs of Oxford Health Plans (NY), Inc., a for-profit health maintenance organization ("HMO") licensed pursuant to the provisions of Article 44 of the New York Public Health Law, as of December 31, 2012. The following report is respectfully submitted thereon.

The examination was conducted at the office of Oxford Health Plans (NY), Inc., located at 48 Monroe Turnpike, Trumbull, CT.

Wherever the designations "OHP-NY" or the "Plan" appear herein, without qualification, they should be understood to indicate Oxford Health Plans (NY), Inc.

Wherever the designation "OHI" appears herein, without qualification, it should be understood to indicate Oxford Health Insurance, Inc., a for-profit stock company licensed pursuant to Article 42 of the New York Insurance Law. A concurrent examination was made of OHI and a separate report thereon has been submitted.

Wherever the designations “Oxford” or the “Parent” appears herein, without qualification, it should be understood to indicate Oxford Health Plans, LLC, the parent of Oxford Health Plans (NY), Inc.

Wherever the designation “UHG” appears herein, without qualification, it should be understood to indicate UnitedHealth Group Incorporated, a for-profit holding company and the ultimate parent of OHP-NY and OHI.

Wherever the designation the “Department” appears herein, without qualification, it should be understood to indicate the New York State Department of Financial Services.

1. SCOPE OF THE EXAMINATION

The prior examination was conducted as of December 31, 2007. This examination of the Plan was a financial examination, as defined in the National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook, 2012 Edition* (the "Handbook") and covered the five-year period from January 1, 2008 through December 31, 2012. The examination was conducted observing the guidelines and procedures in the Handbook. Where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2012 were also reviewed.

The examination was conducted on a risk-focused basis in accordance with the provisions of the Handbook, which provides guidance for the establishment of an examination plan based on the examiner's assessment of risk in the Plan's operations and utilizes that evaluation in formulating the nature and extent of the examination. The examiner planned and performed the examination to evaluate the Plan's current financial condition, as well as to identify prospective risks that may threaten the future solvency of OHP-NY.

The examiner identified key processes, assessed the risks within those processes and assessed the internal control systems and procedures used to mitigate those risks. The examination also included an assessment of the principles used and significant estimates made by management, an evaluation of the overall financial statement presentation, and determined management's compliance with the Department's statutes and guidelines, Statutory Accounting Principles, as adopted by the Department, and NAIC Annual Statement Instructions.

Information concerning the Plan's organizational structure, business approach and control environment was utilized to develop the examination approach. The examination evaluated the Plan's risks and management activities in accordance with the NAIC's nine branded risk categories.

These categories are as follows:

- Pricing/Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The Plan was audited annually for the years 2008 through 2012 by the accounting firm of Deloitte & Touche, LLP ("D&T"). The Plan received an unqualified opinion in each of those years. Certain audit work papers of D&T were reviewed and relied upon in conjunction with this examination. A review was also made of UHG's Internal Audit function and Enterprise Risk Management program, as they relate to the Plan.

A review was made of the Plan's compliance with the provisions of Department Regulation No. 118 (11 NYCRR 89), "Audited Financial Statements". This regulation establishes the requirement that insurers develop an Enterprise Risk function to define and mitigate risks within the organization. The regulation is based on the Model Audit Rule ("MAR"), as established by the NAIC, and all references to MAR within this report may be interpreted as references to Regulation 118. The examiner also reviewed the corrective actions

taken by the Plan with respect to the recommendations concerning financial issues contained in the prior report on examination. The results of the examiner's review are contained in Item six of this report.

This report on examination is confined to financial statements and comments on those matters which involve departures from laws, regulations or rules, or which require explanation or description.

2. DESCRIPTION OF THE PLAN

OHP-NY is a for-profit health maintenance organization ("HMO") that was incorporated on April 19, 1985 under New York State Law for the purpose of providing comprehensive health care services on a prepaid basis and for the purpose of establishing and operating a health maintenance organization and health care delivery systems. The Plan was granted a Certificate of Authority pursuant to the provisions of Article 44 of the New York Public Health Law and commenced business on June 1, 1986 The Plan has been deemed a Competitive Medical Plan by the Centers for Medicare & Medicaid Services for purposes of the Federal Medicare Program. The Plan's primary business is the provision of medical expense coverage for comprehensive health care services to its members on a pre-paid basis.

On July 29, 2004, the Plan's parent, Oxford Health Plans, LLC, was acquired by UnitedHealth Group, Inc. Oxford is a subsidiary of UHG.

Under the provisions of Part 98-1.11(f) of the Administrative Rules and Regulations of the Department of Health, each health maintenance organization initiating operations under the

authority of Article 44 of the Public Health Law shall establish a deposit in the form of an escrow account for the protection of enrollees in an amount equal to the greater of five percent of the estimated expenditures for health care services for the year, or $100,000. As of December 31, 2012, the Plan had estimated expenditures for health care services in the amount of $2,048,683,664 and an escrow deposit requirement of $102,434,183. Pursuant to Part 98-1.11(f) of the Administrative Rules and Regulations of the Department of Health, the Plan had established an escrow account with New York State in the amount of $152,454,099 (book/adjusted carrying value) as of December 31, 2012.

The Plan's authorized control level Risk-Based Capital ("RBC") was $169,666,015 as of December 31, 2012. Its total adjusted capital was $1,147,045,403, yielding an RBC ratio of 676.1% for 2012.

A. Management and Controls

Pursuant to the Plan's charter and by-laws, management of the Plan is to be vested in a board of directors (the "board") consisting of no more than ten members, at least twenty percent (20%) of whom shall be comprised of individuals ("enrollee-representatives") who are enrolled in the prepaid health care program operated by the Plan, and at least one-third (1/3) of whom shall be persons who reside in New York State. As of the examination date, the board was comprised of five members. The board met at least four times during each calendar year for the period under examination.

As of December 31, 2012, the members of the board of directors and their principal business affiliations were as follows:

Name and Residence	Principal Business Affiliation
Richard Collins Indianapolis, IN	Chief Executive Officer- Northeast Region United HealthCare Service, Inc.
William Golden North Point, NY	President and Chief Executive Officer United HealthCare Service, Inc.
Sandra Nichols North Potomac, MD	Chief Medical Examiner – Northeast Region United HealthCare Service, Inc.
Stephanie Smith* New York, NY	Consumer Director United HealthCare Service, Inc.
Randall Weinstock Hartford, CT	Chief Operation Officer United HealthCare Service, Inc.

*Enrollee representative – Part 98-1.11(g) of the Administrative Rules and Regulations of the Health Department (10 NYCRR 98-1.11(g)), requires that a minimum of twenty percent (20%) of the board of directors of a health maintenance organization be comprised of enrollee representatives. The Plan was in compliance with said Regulation, as of 12/31/12.

A review of the minutes of the attendance records at the Plan's board meetings held during the period under examination demonstrate the meetings were well attended.

The principal officers of OHP-NY as of December 31, 2012 were as follows:

Name	Title
William Golden	President & Chief Executive Officer
James Bedard	Chief Financial Officer
Robert Oberrender	Treasurer
Richard Collins	Chairman of the Board
N. Brent Cottington	Vice President
Sanford Cohen	Chief Medical Director and Executive Vice President

It should be noted that certain members of the board and senior management of the Plan are also members of the board and senior management of other affiliated companies.

The Plan's parent, Oxford has established an Audit Committee ("Oxford AC"), which has been designated as the audit committee of various affiliates, including OHP-NY and OHI. To facilitate effective corporate governance, the Oxford AC coordinates certain activities with the Plan's ultimate parent, UHG and its Audit Committee. It is the responsibility of the Oxford AC to communicate significant unremediated deficiencies or material weaknesses in financial reporting internal controls to the UHG Audit Committee ("UHG AC").

B. Corporate Governance

UHG is a publicly traded, diversified health company subject to the Sarbanes-Oxley Act of 2002. Enterprise Risk Management ("ERM") and Internal Audit are enterprise-wide functions; thus, unless otherwise noted, references to UHG are applicable to the Plan.

UHG has adopted an ERM framework for addressing and mitigating risks, including prospective business risks. Exhibit M of the Handbook (*Understanding the Corporate Governance Structure*) was utilized by the examiner as guidance for assessing corporate governance. Overall, it was determined that the Plan's corporate governance structure is adequate, sets an appropriate "tone at the top," supports a proactive approach to operational risk management, and contributes to an effective system of internal controls. It was found that the Plan's board and key executives encourage integrity and ethical behavior throughout the Plan, and that senior management promotes a corporate culture that acknowledges, understands and maintains an effective control environment.

The Plan's management has an adequate approach to identifying and mitigating risks across the organization, including prospective business risks. The Plan deals proactively with its areas of risk, and its management is knowledgeable about mitigation strategies. Through risk discussions and other measures, the Plan's management discusses significant issues and reacts to changes in the environment with a clear commitment to address risk factors and manages the business accordingly. The Plan's overall risk management process takes a proactive approach to identifying, tracking, and dealing with significant current and emerging risk factors.

UHG has established an Internal Audit Department ("IAD"), which is independent of management, to serve the UHG Audit Committee ("UHG AC") of the board. The UHG AC is comprised entirely of external directors.

During the examination period, a significant amount of UHG's internal audit work was outsourced to, and therefore executed by, Ernst & Young ("E&Y"), an independent accounting firm. E&Y has experience consistent with industry norms, and all E&Y manager-level and above resources maintain applicable industry certifications. The IAD, with the outsourced assistance from E&Y, directs and supervises all internal audit work performed by E&Y. The IAD reviews and tests financial and operational controls and processes established by management to ensure compliance with laws, regulations and UHG policies. The scope of the IAD's program is coordinated with UHG's independent certified public accountants to ensure adequate coverage and maximum efficiency.

During the course of this examination, consideration was given to the significance and potential impact of certain IAD findings. To the extent possible, the examiner relied upon the

work performed by the IAD, as required by the Handbook.

Part 89.12 of Department Regulation No. 118 (11 NYCRR 89.12) states in part:

> "In order to be considered independent for purposes of this section, a member of the audit committee may not… be an affiliated person of the company or any subsidiary thereof…"

As noted earlier in this report, an Audit Committee was established at the corporate level. Under Part 89.1 of Department Regulation No. 118 (11 NYCRR 89.1), the audit committee for a SOX-compliant Company must be independent, as defined in the Sarbanes-Oxley Act of 2002.

Although Part 89.12 of the aforementioned regulation permits an exemption from the independence requirement if the "SOX Compliant Company" is an authorized insurer as defined in New York Insurance Law Section 107, the Plan's ultimate parent UHG, is not an insurance entity, and thus, the circumstances do not fit the exemption. As a result, the Oxford Audit Committee is deemed not to be independent and in violation of the cited Regulation.

It is noted that the Regulation includes a clause permitting insurers to request a waiver to the cited requirement. The Plan has submitted such a request for waiver and it is currently under consideration by the Department.

C. Territory and Plan of Operation

OHP-NY was licensed as a for-profit health maintenance organization under Article 44 of the New York Public Health Law on June 1, 1986, and began operations on that date. At December 31, 2012, OHP-NY was authorized to transact business in the following counties in the state of New York:

Albany	Kings	Onondaga	Saratoga	Washington
Bronx	Monroe	Orange	Suffolk	Westchester
Columbia	Montgomery	Putnam	Sullivan	
Delaware	Nassau	Queens	Tompkins	
Dutchess	New York	Richmond	Ulster	
Greene	Niagara	Rockland	Warren	

OHP-NY maintains a Point-of-Service ("POS") product, called the "Freedom Plan," which is available to members in conjunction with its subsidiary, OHI. The Freedom Plan combines the benefits and coverage of the Plan with conventional health insurance provided by OHI. The Freedom Plan enrollees pay a composite rate for their health coverage, which is developed from the community rate for the health maintenance organization coverage and a separate rate for the indemnity (out-of-plan) coverage. Larger groups have a manual rate that is derived by blending in the group's own experience. A wholly experience-rated contract is also available to groups with at least 100 members.

The Liberty Plan is also an OHP-NY POS health care product that is available to groups/members. This plan offers lower premiums than the Freedom Plan since members choose from a smaller network of in-network providers. The Plan also offers Medicare and Healthy NY products, although its Healthy NY individual and sole proprietor products will be discontinued effect January 1, 2014. The Healthy NY small group products will remain an option in 2014, but will include benefit changes required to conform to the provisions of the Affordable Care Act. See the "Subsequent Event" section of the examination report for additional information regarding the Healthy NY products.

The following schedule shows direct premiums earned during the five-year examination period:

Year	Direct Premiums Earned
2008	$2,129,199,765
2009	$2,051,386,159
2010	$2,059,743,796
2011	$2,310,300,141
2012	$2,525,485,306

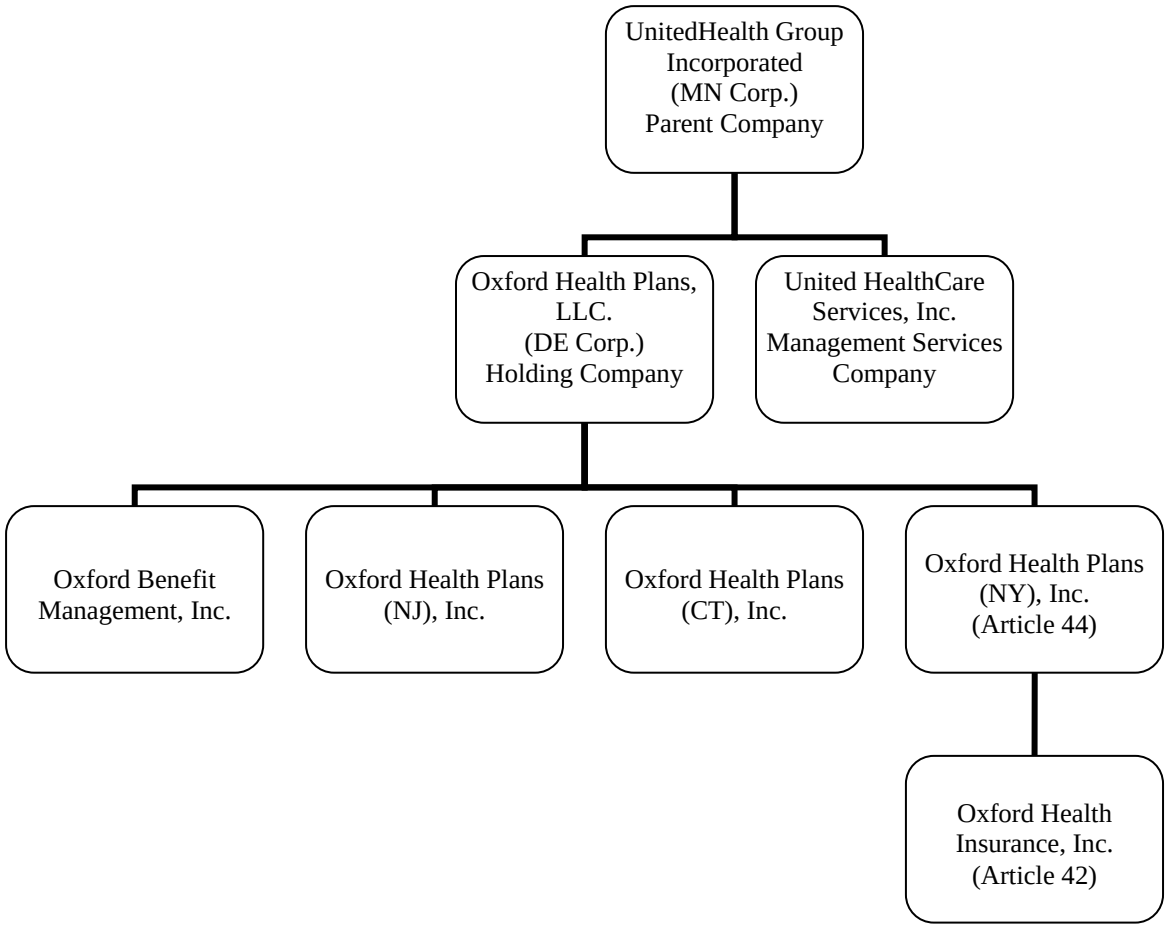
The following chart shows the Plan's members by line of business during the examination period:

	HMO		Point of Service			Government		Total
	Group	Ind.	Large Group	Small Group	Ind.	Healthy NY	Medicare	
2008	20,674	8,025	129,527	74,199	6,822	18,266	68,142	325,655
2009	38,706	5,867	87,980	52,963	5,598	21,686	70,633	283,433
2010	107,563	4,306	51,265	38,727	4,572	33,307	70,509	310,249
2011	153,783	3,631	42,039	35,633	4,064	42,536	72,449	354,135
2012	194,031	3,104	29,465	32,870	3,473	41,750	73,339	378,032

D. Holding Company System

As a member of a holding company system, OHP-NY is required to file registration statements pursuant to the requirements of Part 98-1.16(e) of the Administrative Rules and Regulations of the Health Department (10 NYCRR 98-1.16) and Department Regulation No. 52 (11 NYCRR 80). All pertinent filings made regarding the aforementioned statutes during the examination period were reviewed, and no exceptions were noted.

The following is an excerpt of the organizational chart of the Plan's holding company system as of December 31, 2012:



The following is a summary of OHP-NY's relationship with several of the affiliates shown above:

- UnitedHealth Group Incorporated is a Minnesota corporation and the ultimate parent of Oxford Health Insurance, Inc., Oxford Health Plans (NY), Inc., Oxford Health Plans, LLC, United HealthCare Services, Inc., and over one hundred and fifty (150) other affiliated companies.

- United HealthCare Services, Inc. ("UHS"), a management services company within UHG, provides administrative, financial, management, accounting, underwriting, marketing, legal, medical provider, member services, medical management, agency

development, employee management and benefit, information systems, and other general and administrative services to affiliated companies within UHG's holding company system. Most of the directors and officers of Oxford and various UHG companies are considered employees of UHS rather than the individual insurers under UHG's holding company system.

- Oxford Health Plans, LLC is a Delaware corporation and the parent corporation of Oxford Health Plans (NY), Inc. and various other Oxford companies, including OHI.

- Oxford Health Insurance, Inc. is a for-profit accident and health insurer licensed in New York and is a subsidiary of OHP-NY. OHI provides the out-of-network benefit for the Plan's point of service product.

E. Intercompany Agreements

The Plan maintains significant intercompany agreements with several affiliated organizations as follows:

Management Services Agreement

Pursuant to the terms of a management service agreement, UHS will provide management services to the Plan until the agreement is terminated upon the written agreement of both parties, for a fee based on cost reimbursement. Management fees under this arrangement are included in general administrative expenses and claims adjustment expenses in the accompanying statement of revenue and expenses. Direct expenses not included in the management service agreement, such as broker commissions, examination fees, and premium taxes are paid by UHS on the behalf of the Plan. UHS is reimbursed by the Plan for these direct expenses.

Management believes that its transactions with affiliates are fair and reasonable; however, operations of the Plan may not be indicative of those that would have occurred if it had operated as an independent company.

Tax Allocation Agreement

On July 29, 2004, OHP-NY entered into a Tax Allocation Agreement (the "Tax Agreement") with UHG, the ultimate controlling parent and Oxford. The Tax Agreement establishes a formal method for the allocation and payment of federal, state and local income tax liabilities related to the consolidated federal income tax returns filed each year. The Tax Agreement was submitted for review and approval to the Department on August 17, 2004 and was retroactively approved to July 29, 2004 on September 8, 2004.

In addition to the agreements described above, the Plan maintains several immaterial affiliated agreements with affiliated organizations.

F. Accounts and Records

Evaluation of Controls in Information Systems

The Plan's Information Systems ("IS") applies to UHG and all of its wholly-owned subsidiaries. The IS function is managed broadly and includes the operations of United Healthcare of New York, Inc. ("UHC NY"). UHG is responsible for maintaining the overall technology infrastructure utilized for data processing by the business units within the Plan.

The IS portion of the examination was performed in accordance with the Handbook, utilizing the Exhibit C (*Evaluation of Controls in Information Technology*) approach. The examiner's review of the IS controls included: IS management and organizational controls; application and operating system software change controls; system and program development controls; overall systems documentation; logical and physical security controls; contingency planning; local and wide area networks; personal computers; and mainframe controls.

The examiner evaluated the IS internal control testing performed by UHG's SOX function, the IAD and its independent auditors, D&T, and performed a review of end user computing and IS outsourcing controls. As a result of the procedures performed, the examiner concluded that Information Technology ("IT") general controls and general application controls were functioning as management intended and that an effective system of internal controls is in place and conducive to the accuracy and reliability of financial information processed and maintained by the Plan.

However, the examiner noted a reportable item related to the review of IS controls, which is as follows:

There was a carry-forward recommendation from an examination conducted by the Connecticut Department of Insurance, performed as of December 31, 2011. During discussions with management, the Connecticut IT examination team noted that UHG does not have an effectively designed method for identifying current data owners for all information assets. In addition, there is no established control to monitor the process of data classification to ensure that appropriate classification and labeling of information assets is performed. Per UHG's policy, information assets (including data extracts) are required to have a "Designated Information Owner," and should be classified and labeled as either "Protected Information, Confidential Information, or Public Information." As a result, UHG may not be in compliance with its policies regarding data classification. Due to the lack of supporting processes, the extent of this lack of compliance could not be determined. However, the lack of supporting processes also indicates that sufficient controls are not in place to provide effective monitoring of policy compliance.

UHG's policy documentation provides guidance regarding the organization's approach to data classification. Specifically, Policy Control Standard 01.1.03.05 states "*UnitedHealth Group information technology systems and business areas must have a designated Information Owner, who has been assigned management responsibility for controlling the production, maintenance, use, and access to the information asset or information technology system they own. This responsibility includes the verification of data extracts containing Confidential Information and/or Protected Information.*" Also, policy section 13.1.01 states "*UnitedHealth Group data and data entrusted to UnitedHealth Group should be identified and classified by the Information Owner as one of the following three data classification levels: Protected Information, Confidential Information or Public Information.*" Finally, policy section 13.1.02 states "*All UnitedHealth Group data and data entrusted to UnitedHealth Group is labeled to indicate its Data Classification Level, which alerts employees and contractors of the appropriate security requirements for such data*."

The recommendation from the Connecticut report on examination:

> "Current UHG policy documentation provides the basis for an effective information classification program. Such a program can then be used to support other information security and privacy efforts (such as data loss prevention, compliance reporting, access control architecture, etc.). It is recommended that UHG take appropriate steps to align operational practices with existing policies, including the introduction of processes and technologies that can help ensure policy compliance."

As a result of this recommendation from the Connecticut Department of Insurance IT examination, the Department's IT examination team performed follow-up procedures during the current examination that included a review of company policies to determine if any changes had been implemented related to this control. In addition, the IT examination team met with management to discuss this control and associated procedures. During this session, the IT

examination team confirmed that the Control Standards included in the policy listed above were current and accurate. Management also stated that the implementation of this control was an ongoing effort and was “approximately 90% complete”. Additional integration and development will include the registration of Applications, linkages to release management and disaster recovery, and a connection with the UHG's Mergers & Acquisitions processes.

As a result of inquiry and review of prior examination procedures and workpapers, the examiner concluded that management has made progress related to the implementation of this control, but the control does not appear to be operating effectively. Therefore, a relevant exception was noted, consistent with the exception documented in the prior examination.

It is recommended that management should continue to make progress related to aligning operational Information Technology practices with existing policies, including the introduction of processes and technologies that can help ensure policy compliance.

G. Internal Controls

The NAIC Risk-focused approach to financial examinations relies on the review of mitigating controls applicable to the inherent risks of the companies examined. In the case of OHP-NY, the mitigating controls are documented in “eGRC,” an application that, among other functions, documents the internal controls applicable to OHP-NY, as well as the testing that was performed on those controls.

The examiner reviewed and evaluated a sample of the Plan’s internal controls and related testing thereon and identified some areas where improvement is suggested in the current structure and/or design. The independent financial auditor's report did not note any

internal control weaknesses and none of the examiner's identified improvements led to material weaknesses or to inaccuracies in the filed financial statements.

It is recommended that the Plan change its approach to the documenting and testing of internal controls to enact best practices. It is noted that the definition of "Best Practice" may differ among authoritative sources.

H. Growth of the Plan

The following table displays the Plan's net admitted assets, capital and surplus, net premium income and net income during the period under examination.

(Table amounts in millions)

Year	Net Admitted Assets	Capital and Surplus	Premiums Written	Net Income
2012	$ 1,596	$1,147	$ 2,525	$108
2011	1,469	1,107	2,310	148
2010	1,328	927	2,060	126
2009	999	686	2,051	499
2008	1,615	1,260	2,123	436

I. Statutory and Special Deposits

At December 31, 2012, the Plan had on deposit with New York State bonds with a book value of $152,454,099 and a fair value of $159,175,679.

J. Fidelity Bond and Other Insurance

At December 31, 2012, the Plan was covered by a financial institution bond naming UHG and all of its subsidiaries as the insured. This coverage was sufficient to meet minimum computed coverage amounts suggested by the NAIC. The Plan also maintains other customary

insurance policies including but not limited to automobile, property and equipment, general liability, workers compensation and directors' and officers' liability.

K. Reinsurance

The Plan is a member of a mandatory stop-loss specified medical condition pool ("stop-loss"), established pursuant to New York Insurance Department Regulation No. 361 (11 NYCRR-361.5), with respect to its individual and small employer group risk. These expenses are treated as reinsurance per the instructions of the Department. As of December 31, 2012, the Plan paid $1,291,000 relating to Department Regulation No. 146 pool and such amounts are classified within net reinsurance recoveries in the accompanying statutory basis statements of operations. Additionally, the Plan recorded a receivable relating to the stop-loss pool. As of December 31, 2012, $55,411,000 was recorded within amounts recoverable from reinsurers. As of the examination date, the Plan did not have any other reinsurance in place.

Reinsurance Disclosure

During review of the annual statement, it was noted that there was no disclosure regarding the stop-loss amounts in the Reinsurance (#24) footnote. Instead, the footnote states that "*The Company does not have any external reinsurance agreements in place as of December 31, 2011 and 2010.*"

It is recommended that management add a description of the New York Stop Loss Agreement in the Reinsurance footnote of the Annual Statement and disclose the recoverable amount. Subsequent to the examination period, the Plan complied with this recommendation.

3. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2012, as contained in the Plan's 2012 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for the years under review:

A. Balance Sheet

Assets

Bonds	$ 455,846,916
Common stock	721,825,632
Cash and short-term investments	198,307,870
Investment income due and accrued	3,968,595
Uncollected premiums and agents' balances in the course of collection	29,966,275
Amounts recoverable from reinsurers	55,411,052
Amounts receivable relating to uninsured plans	4,231,380
Current federal and foreign income tax recoverable and interest thereon	6,706,728
Net deferred tax asset	15,348,000
Receivable from parent, subsidiaries and affiliates	92,139,270
Health care and other amounts receivable	12,092,310
Aggregate write-ins for other than invested assets	271,970
Total assets	$ 1,596,115,998

Liabilities

Claims unpaid	$	314,056,377
Accrued medical incentive pools and bonus amounts		35,641,985
Unpaid claims adjustment expenses		4,739,141
Aggregate health policy reserves		21,191,559
Aggregate health claim reserves		132,898
Premiums received in advance		54,563,070
General expenses due or accrued		7,123,834
Remittance and items not allocated		194,635
Liability for amounts held under uninsured accident		2,545,606
Aggregate write-ins for other liabilities		8,881,490
Total liabilities	$	449,070,595

Capital and surplus

Common capital stock		50
Gross paid in and contributed surplus		55,860,310
NYS Contingent Reserve		315,685,663
Aggregate write-ins for other surplus funds		651,110,447
Unassigned funds		124,388,933
Total capital and surplus	$	1,147,045,403
Total liabilities, capital and surplus	$	1,596,115,998

Note: The Internal Revenue Service has not conducted any audits of the income tax returns filed on behalf of the Plan through tax year 2012. The examiner is unaware of any potential exposure of the Plan to any tax assessments and no liability has been established herein relative to such contingency.

OHP-NY files its tax returns on a consolidated basis with other affiliated companies within the UHG holding company.

B. Statement of Revenue, Expenses and Capital and Surplus

Capital and surplus decreased $272,648,154 during the five-year examination period, January 1, 2008 through December 31, 2012, detailed as follows:

Revenue		
Net premium income	$ 11,076,115,167	
Change in unearned premium reserves and reserves for rate credits	9,322,028	
Aggregate write-ins for other health care related revenues	379,486	
Total revenues		$ 11,085,816,681
Hospital and Medical Expenses		
Hospital/medical benefits	$ 7,098,602,641	
Other professional services	88,284,857	
Outside referrals	454,227	
Emergency room and out-of-area	662,852,270	
Prescription drugs	1,249,345,138	
Incentive pools, withhold adjustments and bonus amounts	164,690,390	
Net reinsurance recoveries	(269,688,153)	
Total hospital and medical	$ 8,994,541,370	
Administrative expenses		
Claims adjustment expenses	241,008,888	
General administrative expenses	930,610,636	
Increase in reserves for A&H contracts	6,602,000	
Total underwriting deductions		10,172,762,894
Net underwriting gain		$ 913,053,787
Net investment income earned		743,878,446
Net realized capital gains		7,722,608
Net loss from agents or premium balances charged off		(1,220,090)
Aggregate write-ins for other income or expenses		247,189
Net income before federal income taxes		$ 1,663,681,940
Federal and foreign income taxes incurred		346,394,279
Net income		$ 1,317,287,661

Change in Capital and Surplus

	Gains in Surplus	Losses in Surplus	
Capital and Surplus, per report on examination, as of December 31, 2007			$ 1,419,693,557
Net income	$ 1,317,287,661	$	
Change in net unrealized capital gains		4,123,576	
Change in net deferred income tax	3,538,091		
Change in non-admitted assets		1,988,269	
Dividends to stockholders		1,615,000,000	
Aggregate write-ins for gains or losses in surplus	27,637,939		
Net decrease in capital and surplus			(272,648,154)
Capital and Surplus, per report on examination, as of December 31, 2012			$ 1,147,045,403

4. AGGREGATE RESERVES AND CLAIMS UNPAID

The examination liability of $314,056,377 for the above captioned account is the same as the amount reported by the Plan as of December 31, 2012.

The examination analysis of the claims unpaid reserve was conducted in accordance with generally accepted actuarial principles and practices and was based on statistical information contained in the Plan's internal records and filed annual statements as verified during the examination. The examination reserve was based upon actual payments made through a point in time, plus an estimate for claims remaining unpaid at that date. Such estimate was calculated based on actuarial principles, which utilized the Plan's past experience in projecting the ultimate cost of claims incurred on or prior to December 31, 2012.

5. SUBSEQUENT EVENTS

OHI Un-stacking and Reorganization

On January 24, 2014, the New York State Department of Health approved the transfer of the 318 shares of Oxford Health Insurance, Inc. stock from the Plan to its parent, Oxford Health Plans, LLC. On the transfer date, April 1, 2014, OHI was valued at $863,598,199.

Pharmacy Processing

The Plan has entered into a pharmaceutical benefits management ("PBM") agreement with an affiliated entity, OptumRx, Inc., with services commencing effective January 1, 2013. The PBM agreement was approved by the Department and replaced the previous agreement with

Medco Health Solutions, Inc. The Plan does not anticipate this change will have a significant impact on the statutory basis financial statements.

Healthy NY Product

Consistent with New York State law, the Healthy NY individual and sole proprietor products was discontinued, effective January 1, 2014, while the Healthy NY small group products will remain an option during the year.

The Plan has agreed to participate in the New York Health Benefit Exchange ("NYHBE") for individual business. Individual members on the NYHBE are able to select from any of the available plans from all participating carriers, including UHG's product offering which is also available off of the exchange. The small group Healthy NY product remains but includes benefit changes required to conform under the provisions of the Affordable Care Act.

Health Net of New York, Inc.

Effective December 31, 2013, the outstanding shares of Health Net of New York, Inc. ("Health Net") were cancelled (along with the certificates representing same), and the Plan remains as the surviving corporation. At the time of the transfer, Health Net had no active members and it had total statutory capital and surplus in the amount of $8,585,691.

6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination as of December 31, 2007 contained the following three (3) comments and recommendations pertaining to the financial portion of the examination (page number refers to the prior report on examination):

ITEM NO.		PAGE NO.
1	**Website - Healthy New York** It is recommended that the HMO provide information about the Healthy New York program on its website. *The HMO has complied with this recommendation.*	12
2	**Provider/Third Party Agreements** It is recommended that the HMO ensure that all of its third party administration agreements include appropriate specific standards for record retention in compliance with New York Insurance Department Regulation 152 (11 NYCRR 243.2(b)(4)and(8)). A similar recommendation was made in the previous report on examination. *The HMO has complied with this recommendation.*	13
3	**Accounts and Records** It is recommended that Oxford Health Plans (NY), Inc. disclose the asset and liability accounts related to premiums due and uncollected and any offsetting liability in the Notes to the Financial Statement section of its annual statement filing (under Statement of Significant Accounting Policies) in accordance with the NAIC's Statement of Statutory Accounting Principles (SSAP) No. 1. *The HMO has complied with this recommendation.*	14

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

Respectfully submitted,

_____/S/_____
Christopher Rushford

STATE OF NEW YORK)
)SS.
)
COUNTY OF NEW YORK)

Christopher Rushford, being duly sworn deposes and says that the foregoing report submitted by him is true to the best of his knowledge and belief.

_____/S/_____
Christopher Rushford

Subscribed and sworn to before me
this _____ of _____ 2014.

APPOINTMENT NO. 30873

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, ***BENJAMIN M. LAWSKY****, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

Risk and Regulatory Consulting, LLC

as a proper person to examine the affairs of the

Oxford Health Plans (NY), Inc.

and to make a report to me in writing of the condition of said

HMO

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed my name and affixed the official Seal of the Department at the City of New York

this 7th day of January, 2013

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By: Stephen J. Wiest

Stephen J. Wiest
Deputy Bureau Chief
Health Bureau