REPORT ON EXAMINATION

OF

MVP HEALTH SERVICES CORP.

AS OF

DECEMBER 31, 2016

DATE OF REPORT	**APRIL 19, 2021**
EXAMINERS:	**ALEX QUASNITSCHKA, CFE**
	JEFFREY USHER, CFE

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April 19, 2021

Honorable Linda A. Lacewell
Superintendent of Financial Services
New York, New York 10004

Madam:

Pursuant to the requirements of the New York Insurance Law and acting in accordance with the instructions contained in Appointment Number 31755, dated April 6, 2018 attached hereto, we have conducted an examination into the condition and affairs of MVP Health Services Corp., a not-for-profit health services corporation licensed pursuant to the provisions of Article 43 of the New York Insurance Law, as of December 31, 2016, and submit the following report thereon.

The examination was conducted at the administrative office of MVP Health Care, Inc., the ultimate parent of MVP Health Services Corp., located at 625 State Street, Schenectady, New York.

Wherever the designations “MVPHSC” or the “Plan” appear herein, without qualification, they should be understood to indicate MVP Health Services Corp. Wherever the designation the “MVP Companies” appears herein, without qualification, it should be understood to indicate MVP Health Plan, Inc., MVP Health Insurance Company and MVP Health Services Corp., collectively.

Wherever the designation "MVP" appears herein, without qualification, it should be understood to indicate MVP Health Care, Inc., the ultimate parent of the MVP Companies.

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

A separate Medical Loss Ratio ("MLR") examination of MVPHSC was conducted as of December 31, 2016, to assess compliance with the requirements of Title 45 of the Code of Federal Regulations, Part 158, which implements Section 2718 of the Public Health Service Act. A separate report was submitted thereon.

Concurrent financial and MLR examinations were made of MVP Health Plan, Inc. ("MVPHP"), a not-for-profit health maintenance organization ("HMO") certified pursuant to the provisions of Article 44 of the New York Public Health Law and MVP Health Insurance Company ("MVPHIC"), a for-profit corporation licensed pursuant to the provisions of Article 42 of the New York Insurance Law. These two companies are affiliates within the MVP holding company system as detailed herein. Separate reports thereon have been submitted for each of the above entities.

1. SCOPE OF EXAMINATION

The prior examination of the Plan was conducted as of December 31, 2013. This examination of the Plan was a financial examination, as defined in the National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook, 2017 Edition* (the "Handbook") and covered the three-year period from January 1, 2014 through December 31, 2016. The examination was conducted observing the guidelines and procedures in the Handbook. Where deemed appropriate by the examiners, transactions occurring subsequent to December 31, 2016 were also reviewed.

The examiners 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 MVPHSC.

The examiners 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 the 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 examination also evaluated MVPHSC's critical risk categories in accordance with the NAIC's ten critical risk categories. These categories are as follows:

- Valuation/ Impairment of Complex or Subjectively Valued Invested Assets
- Liquidity Considerations
- Appropriateness of Investment Portfolio and Strategy
- Appropriateness/ Adequacy of Reinsurance Program
- Reinsurance Reporting and Collectability
- Underwriting and Pricing Strategy/ Quality
- Reserve Data
- Reserve Adequacy
- Related Party/ Holding Company Considerations
- Capital Management

The Plan was audited annually during the years covered by this examination. For the calendar year 2014, MVPHSC utilized PricewaterhouseCoopers, LLP ("PwC") as its external auditor. For calendar years 2015 through 2016, MVPHSC was audited by the accounting firm KPMG, LLP ("KPMG"). The Plan received an unmodified opinion in each of those years. Certain audit work papers of KPMG were reviewed and relied upon in conjunction with this examination. A review was also made of the ultimate parent's corporate governance structure, which included its 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 Insurance Regulation 118 (11 NYCRR 89) - "*Audited Financial Statements*". This 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 reference to Insurance Regulation 118 (11 NYCRR 89).

During this examination, an information systems review was made of the Plan's computer systems and operations on a risk-focused basis, in accordance with the provisions of the Handbook.

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

MVPHSC was incorporated on October 8, 1992 and filed its Certificate of Incorporation with the New York Department of State on October 16, 1992. The Plan began operations by delivering health care services in New York on June 14, 1993.

The Plan was incorporated under Section 402 of the Not-for-Profit Corporation Law and licensed pursuant to Article 43 of the New York Insurance Law as a not-for-profit health services corporation. Prior to January 2002, MVPHSC offered point-of-service health insurance products.

As of the examination date, the Plan provided health and dental insurance to its subscribers.

The Plan is a charitable membership corporation as defined in Section 201 of the New York Not-for-Profit Corporation Law. MVPHSC is a subsidiary of MVPRT Holdings, Inc., which is a wholly-owned subsidiary of MVPHIC Holding Corp., a wholly-owned subsidiary of MVP. Pursuant to its bylaws, the Plan has one corporate member, MVPRT Holdings, Inc.

Per an executed loan agreement dated December 31, 2014, MVPHP issued a surplus note to MVPHSC in the amount of $40 million pursuant to Section 1307 of the New York Insurance Law. The transfer was approved by the Department on December 23, 2014. The New York State Department of Health ("DOH") approved the transfer on December 24, 2014.

On February 23, 2016, MVP received approval from the Department for a $47 million Section 1307 loan plus interest repayment by MVPHIC to MVPHP and a $35 million Section 1307 loan to MVPHSC from MVPHP. DOH approved the loan to MVPHSC on February 24, 2016. MVP management indicated that they were expecting a significant shift in premium income on large group business from MVPHIC to MVPHSC during calendar years 2016 and 2017, and as such, the cash infusion was needed to provide MVPHSC with sufficient surplus in relation to its premium writings. As such, MVPHIC would no longer need the Section 1307 loan, thus the reason it repaid the loan to MVPHP with MVPHP then issuing a similar loan to MVPHSC.

Subsequent to the examination period, MVP submitted a letter dated December 14, 2017, to the Department requesting its approval for MVPHIC to redeem and retire shares of MVPHIC stock in an amount equal to $21.5 million, pursuant to a plan of stock redemption and retirement (the "stock plan"). Pursuant to the stock plan, MVPHIC would repurchase 342,958 shares of its stock from MVPRT Holdings, Inc. ("MVPRT"), for a purchase price of $21.5 million payable by MVPHIC to MVPRT. Subsequent to the purchase payment, MVPHIC would immediately retire the shares and amend its corporate charter to reflect the reduction of its authorized capital stock to 57,042 shares of common stock at a par value of five dollars ($5.00) per share. Additionally, MVPRT would transfer $21.5 million to MVPHSC.

In a letter from the Department to MVP dated December 31, 2017, the Department granted approval of the above referenced stock plan.

The Plan's authorized control level Risk-Based Capital ("RBC") was $17,575,808 as of December 31, 2016. Its total adjusted capital was $69,567,859, yielding an RBC ratio of 395.82% as of December 31, 2016.

A. Corporate Governance

Pursuant to the Plan's Certificate of Incorporation and by-laws, management of the Plan is to be vested in a board of directors (the "Board") consisting of not less than three (3) nor more than nineteen (19) members. As of the examination date, the Board consisted of four (4) members. The directors as of December 31, 2016 were as follows:

Name and Residence	Principal Business Affiliation
Officer-Employee	
Denise V. Gonick, Esq. Schenectady, New York	President and Chief Executive Officer, MVP
Provider Representative	
Richard Joseph D'Ascoli, M.D. Niskayuna, NY	Physician, Ortho NY
Subscriber and Public Representatives	
Burt Danovitz, Ph.D. Utica, NY	Retired,
Alan Paul Goldberg Albany, NY	Retired President and Chief Executive Officer, First Albany Securities

The Board met in compliance with its bylaws during each calendar year within the examination period. A review of the Board's meeting minutes held during the examination period revealed that the meetings were generally well attended, with all members attending at least one-half of the meetings they were eligible to attend.

The principal officers of the Plan as of December 31, 2016, were as follows:

Name	Title
Denise Verfenstein Gonick, Esq.	President* and Chief Executive Officer
Dawn Kristen Jablonski, Esq.	Secretary
Karla Ann Austen	Treasurer and Chief Financial Officer

*On June 11, 2018, Chief Operating Officer Christopher Del Vecchio assumed the position of President.

Enterprise Risk Management

The Plan is required to comply with Insurance Regulation 203 (11 NYCRR 82) as it relates to Enterprise Risk Management ("ERM") and Own Risk and Solvency Assessment ("ORSA"). The Plan has a formal ERM framework with defined risk appetites and tolerances for proactively addressing and mitigating risks, including prospective business risks. Exhibit M of the Handbook, *Understanding the Corporate Governance Structure*, was utilized by the examiners as guidance for assessing corporate governance. It was determined that MVPHSC's Board and key executives maintain an effective control environment.

Additionally, MVP has established a government affairs department to address emerging policy issues within the health insurance industry and those facing MVP and all its affiliates. As issues are identified, MVP establishes leadership teams to gain an understanding of the impact to the MVP Companies. These leadership teams are developed to provide recommendations to the members of the executive team which have the responsibility for MVP's strategy on emerging issues.

Information Technology ("IT")

MVP and its subsidiaries have more than 700,000 members across New York and Vermont. MVP manages and maintains a set of computerized application systems to support the Plan's business processes. MVP has primary and secondary data centers. MVP also has hardware located in facilities in Vermont. In addition, the Plan has a contract for recovery services for its primary facility.

The examination encompassed a review of the controls for financially significant applications, systems, and infrastructure. The IT portion of the examination was performed in accordance with the Handbook and utilized applicable procedures found in Exhibit C – *Evaluation of Controls in Information Technology* – of the Handbook.

Controls for financially significant applications, systems, and underlying infrastructure in each of the NAIC Exhibit C Information Technology Work Program areas listed below represent the framework for the scope of this examination. The following control areas were reviewed:

- Align, Plan and Organize;
- Build, Acquire and Implement;
- Deliver, Service and Support; and
- Monitor, Evaluate, and Assess.

It should be noted that based on inquiry, observation, inspection of documentation, independent research, and a review of third-party workpapers, the examiners concluded that MVP's IT General Controls ("ITGC's") were "Effective" and therefore reliable for the purposes of this financial examination.

The examiners assessed MVP's compliance with the provisions of the Financial Services Regulation Part 500 (23 NYCRR 500) – "*Cybersecurity Requirements for Financial Services Companies*". It was concluded that MVP was compliant with the sections of the Cybersecurity Regulation that were in effect during the examination period. This conclusion was based on a review of the responses provided by MVP to the Department's Cybersecurity letter, review of prior third-party control assessments, inspection of documentation, observation, and management interviews.

Internal Audit Department

MVP, the ultimate parent, established an Internal Audit Department ("IAD") function, which is independent of management, to serve all the subsidiaries and affiliates within its holding company system, including MVPHSC. The IAD reports to the Audit Committee ("AC") of the Board, which the AC is comprised entirely of members independent of MVP's and MVPHSC's internal management.

The IAD assists all levels of management by reviewing and testing financial and operational controls and processes established by management to ensure compliance with laws, regulations, and policies. The scope of the IAD program is coordinated with KPMG, MVP's independent certified public accountant, to ensure optimal audit coverage and efficiency.

During this examination, consideration was given to the significance and potential impact of certain IAD findings. No exceptions relative to MVPHSC's corporate governance were noted.

Insurance Regulation 118 (11 NYCRR 89)

Insurance Regulation 118 (11 NYCRR 89) – "Audited Financial Statements," is similar to MAR, and applies to certain New York regulated entities, including MVPHSC. The Audit Committee for MVP, which is composed of outside directors, assumes responsibility for all entities in the holding company structure. With the independent and internal auditors, the MVP Audit Committee reviews the effectiveness of the accounting and financial controls and elicits recommendations that may improve such controls. The MVP Audit Committee met each quarter during the period under examination.

MVP's management of general controls is applied to all its subsidiaries and affiliates, which include the Plan. As part of its Insurance Regulation 118 (11 NYCRR 89) analysis, the risks from various operations were identified and segregated by operational cycles and entity level controls. The IAD performed its own control testing and accumulated its findings. To the extent possible, the examiners relied upon the work performed by the IAD, as prescribed by the Handbook.

B. Territory and Plan of Operation

The Plan's service area, as of December 31, 2016, included 55 counties in New York State.

Albany	Essex	Oneida	Seneca
Allegany	Franklin	Onondaga	Steuben
Broome	Fulton	Ontario	St. Lawrence
Cattaraugus	Genesee	Orange	Sullivan
Cayuga	Greene	Orleans	Tioga
Chautauqua	Hamilton	Oswego	Tompkins
Chemung	Herkimer	Otsego	Ulster
Chenango	Jefferson	Putnam	Warren
Clinton	Lewis	Rensselaer	Washington
Columbia	Livingston	Rockland	Wayne
Cortland	Madison	Saratoga	Westchester
Delaware	Monroe	Schenectady	Wyoming
Dutchess	Montgomery	Schoharie	Yates
Erie	Niagara	Schuyler	

MVPHSC offers a variety of insurance products and provides health insurance coverage to private and public-sector employer groups. The Plan's insurance products include broad range of exclusive provider option ("EPO"), preferred provider option ("PPO"), and point-of-service option ("POS") plans for small and large employer groups and a full line of dental indemnity products.

The Plan's enrollment by line of business for each year under examination and calendar year 2017, was as follows:

Line of Business	2014	2015	2016	2017
EPO	35,031	48,391	88,819	107,425
PPO	-	-	11,908	11,590
POS	-	-	5,323	19,925
Dental	3,403	3,021	3,212	5,858
Total	38,434	51,412	109,262	144,798

During the examination period, the Plan's membership increased from 38,434 to 109,262 (approximately 184%). Subsequently, in calendar year 2017, the membership further increased to 144,798; a 277% increase over the four-year period. This large increase was due to (a) MVPHSC entering the group health benefit plan market, and (b) the large migration of members from MVPHIC to MVPHSC.

The Plan's direct written premiums were as follows:

2014	2015	2016	2017
$ 101,522,303	$ 187,907,756	$ 495,635,785	$ 668,500,364

C. Reinsurance

Assumed Reinsurance

The Plan did not assume any business during the examination period.

Ceded Reinsurance

At December 31, 2016, the Plan had a stop-loss reinsurance agreement with HM Life Insurance Company of New York ("HM Life"), a New York licensed insurer. The agreement requires the reinsurer to pay specified amounts of eligible expenses paid by MVPHSC during the contract year. Reinsurance premiums paid, and reinsurance premiums incurred but not paid are deducted from premiums collected net of reinsurance in the statutory basis statements of operations. Any amounts due to MVPHSC pursuant to this agreement are recorded as amounts recoverable from reinsurers in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

Excess-of-loss coverages:

Retention:

$675,000 of eligible expenses per member per agreement year for the commercial lines of business.

Coinsurance:

90% of the approved transplants and services other than transplant services after application of Reinsurance Limits and Retention per agreement year, except non-approved transplants, which are reimbursable at 60%.

Reimbursement maximum:

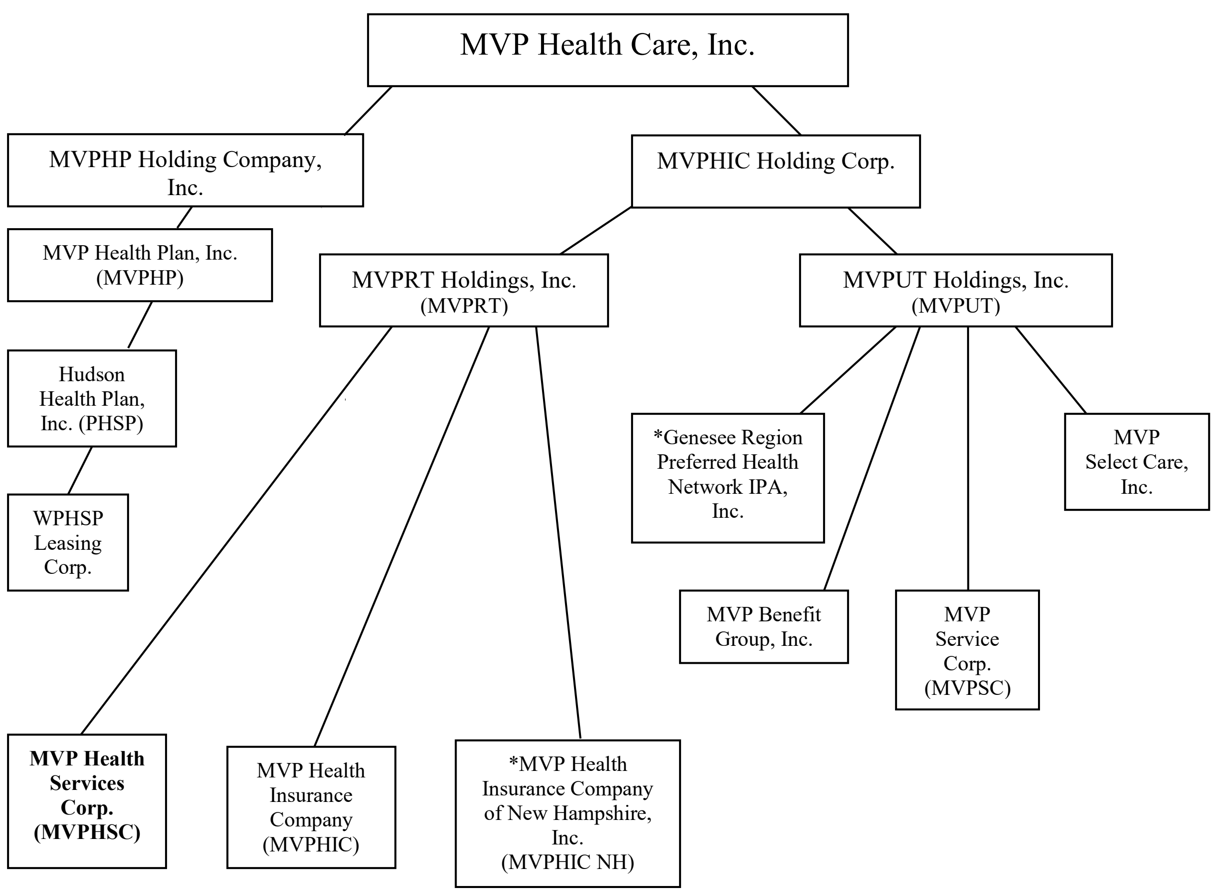
$3,000,000 per member, per agreement year.

The reinsurance agreement contained all the required standard clauses, including the insolvency clause required by Section 1308(a)(2)(A) of the New York Insurance Law.

D. Holding Company System

MVPHSC is a wholly-owned subsidiary of MVPRT Holdings, Inc., which is a wholly-owned subsidiary of MVPHIC Holding Corp.; MVP Health Care, Inc., is the ultimate parent. As a member of a holding company system, MVPHSC is required to file registration statements pursuant to Article 15 of the New York Insurance Law and Insurance 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 chart depicts the Plan's holding company system as of December 31, 2016:



*Genesee Region Preferred Health Network IPA, Inc. and MVP Health Company of New Hampshire, Inc. were dissolved on February 28, 2017 and March 31, 2017, respectively.

MVPHIC Holding Corp. ("MVPHICHC")

MVPHIC Holding Corp. was incorporated on December 13, 2000, pursuant to Section 402 of New York Business Corporation Law. It was specifically formed to hold the stock of MVPHIC. MVPHIC is an Article 42 for-profit accident and health insurance company licensed in the State of New York. MVPHIC Holding Corp. holds and controls 100% ownership of both MVPRT Holdings, Inc. ("MVPRT") and MVPUT Holdings, Inc. ("MVPUT".) MVP Health Care, Inc., in turn, owns and controls 100% of the stock of MVPHIC Holding Corp.

MVPRT and MVPUT are New York corporations. MVPRT controls subsidiaries which are regulated by the New York State Department of Financial Services, the Vermont Department of Financial Regulation, and the New Hampshire Insurance Department. MVPUT controls certain other subsidiaries which are not subject to such regulation.

During the examination period, MVPHIC Holding Corp. controlled three subsidiaries of MVPRT Holdings, Inc., and two of the three subsidiaries, MVP Health Services Corp. and MVP Health Insurance Company were regulated by the New York State Department of Financial Services.

MVP Health Insurance Company ("MVPHIC")

MVPHIC is a for-profit New York corporation, wholly-owned by MVPRT Holdings Inc., which is a wholly-owned subsidiary of MVPHIC Holding Corp. MVP Health Care, Inc. is the ultimate parent. MVPHIC was incorporated on April 24, 2000. MVPHIC is licensed in the State of New York as an accident and health insurance company pursuant to Article 42 of the New York Insurance Law. MVPHIC underwrites EPO, PPO, point-of-service (out-of-network) and indemnity only products for large and small groups.

MVP Health Plan, Inc. (“MVPHP”)

MVPHP was incorporated on July 30, 1982, pursuant to Section 402 of the New York Not-For-Profit Corporation Law for the purpose of operating as a health maintenance organization (HMO), as such term is defined in Article 44 of the New York Public Health Law. MVPHP operates as an Independent Practice Association (IPA) model HMO.

The Plan maintains the following intercompany agreements with several of its affiliates:

Staffing Services Agreement

The Plan has a staffing services agreement with MVP Service Corp. (“MVPSC”). MVPSC is wholly-controlled by MVPUT Holdings, Inc. MVPSC’s employees perform all day-to-day operations of the Plan, and charges the Plan for its share of costs based on a contractual cost allocation methodology, pursuant to an agreement approved by the Department on March 14, 2008. The first, second and third amendments to this agreement were approved by the Department on January 1, 2011, October 29, 2013, and April 17, 2015, respectively.

Office Facilities, Equipment and Supplies Agreement

During the exam period, MVPHSC was party to an agreement with MVPHP, by which MVPHP provided MVPHSC with space, furnishings, equipment, supplies and facilities necessary for MVPHSC to operate its business. MVPHP bills MVPHSC periodically, but not less than quarterly, for access to the equipment provided. The Department approved this agreement on January 1, 2011. The first and second amendments to this agreement were approved by the Department on October 29, 2013, and April 17, 2015, respectively.

Tax Allocation Agreement

During the examination period, MVPHSC was party to a tax allocation agreement, dated January 6, 2006, with its affiliates, MVPHIC and MVPHIC Holding Corp. Subsequently, the tax allocation agreement was amended on December 22, 2009 and said amendment was approved by the Department on January 8, 2010.

Administrative Services Agreement

Effective June 1, 2014, MVPHSC entered into an administrative services agreement with Hudson Health Plan, Inc. ("HHP"). This agreement was used to document MVPHSC's use of any of HHP's facilities, equipment, and/ or supplies. Additionally, it was also intended to document the allocation of HHP staff to MVPHSC, if any (all HHP staff became MVP staff on January 1, 2015). It should be noted that during the period under examination, none of the HHP's facilities, equipment, supplies or staff were allocated to MVPHSC. The agreement was approved by the Department on October 23, 2014.

ACA Fee Allocation Agreement

MVPHSC entered into an ACA Fee Allocation Agreement with MVPHP dated January 1, 2015. Under this agreement, MVPHP agreed to allocate the ACA Fee liability on behalf of various entities within the holding company system. The agreement was approved by the Department on November 24, 2015.

E. Significant Operating Ratios

The underwriting ratios presented below are on an earned-incurred basis and encompass the three-year period covered by this examination:

	Amounts	Ratios
Claims	$ 691,417,383	88.60%
Claim adjustment expenses	6,467,910	0.83%
Cost containment expenses	8,224,996	1.05%
General administrative expenses	94,013,646	12.05%
Net underwriting loss	(19,769,893)	(2.53)%
Total revenue	$ 780,354,042	100.00 %

3. FINANCIAL STATEMENTS

The following statement shows the assets, liabilities, and surplus as of December 31, 2016, as contained in the Plan's 2016 filed annual statement, a condensed summary of operations and a reconciliation of the surplus account for each of the years under review. The examiners' review of a sample of transactions did not reveal any differences which materially affected the Plan's financial condition as presented in its financial statements contained in the December 31, 2016 filed annual statement.

Independent Accountants

PwC was retained to audit the Plan's GAAP basis statements of financial position as of December 31, 2014, as well as any related statements of operations and changes in net assets, and cash flows for the year then ended. Subsequently, KPMG was retained by the Plan to audit the Plan's GAAP basis statements of financial position as of December 31st for calendar years 2015 and 2016. A GAAP to statutory footnote has been presented within the financial statements of the Plan for each of the years audited for the changes in capital and surplus.

PwC and KPMG concluded that the GAAP financial statements presented fairly, in all material respects, the financial position of the Plan for all years under review. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

A. Balance Sheet

Assets	Examination	Plan	Surplus Increase/ Decrease
Bonds	$ 87,259,941	$ 87,259,941	
Cash, cash equivalents and short-term investments	25,420,723	25,420,723	
Receivables for securities	13,007	13,007	
Investment income due and accrued	455,605	455,605	
Uncollected premiums and agents' balances in the course of collection	5,400,871	5,400,871	
Contracts subject to redetermination	0	1,940,436	$ (1,940,436)
Amounts recoverable from reinsurers	63,988	63,988	
Current federal and foreign income tax recoverable and interest thereon	23,321	23,321	
Receivables from parent, subsidiaries and affiliates	4,066,191	4,066,191	
Health care and other amounts receivable	10,418,268	10,418,268	
Totals assets	$ 133,121,916	$ 135,062,352	$ (1,940,436)
Liabilities			
Claims unpaid	$ 54,180,010	$ 47,162,250	$ (7,017,760)
Unpaid claims adjustment expenses	1,035,793	1,064,000	28,207
Aggregate health policy reserves	6,686,816	3,404,320	(3,282,496)
Premiums received in advance	4,297,690	4,297,690	
General expenses due or accrued	5,074,116	5,074,116	
Amounts due to parent, subsidiaries and affiliates	4,492,117	4,492,117	
Total liabilities	$ 75,766,542	$ 65,494,493	$ (10,272,049)
Capital and Surplus			
Gross paid in and contributed surplus	36,650,000	36,650,000	
Surplus notes	75,000,000	75,000,000	
Aggregate write-ins:			
Statutory reserve requirement	8,113,448	8,113,448	
Unassigned funds (surplus)	(62,408,074)	(50,195,589)	$ (12,212,485)
Total capital and surplus	$ 57,355,374	$ 69,567,859	$ (12,212,485)
Total liabilities, capital and surplus	$ 133,121,916	$ 135,062,352	

Note: The Internal Revenue Service has not conducted any audits of the consolidated tax returns filed on behalf of the Plan during the period under this examination. Except for any impact which might result from the examination changes contained in this report, the examiners are unaware of any potential exposure of the Plan to any further tax assessment and no liability has been established herein relative to such contingency.

B. Statement of Revenue and Expenses

Capital and surplus increased by $44,882,532 during the three-year examination period, January 1, 2014 through December 31, 2016, detailed as follows:

Revenue		
Net premium income	$783,758,362	
Total revenue		$ 783,758,362
Hospital and Medical Expenses		
Hospital/medical benefits	$518,254,375	
Other professional services	20,342,056	
Emergency room and out-of-area	18,933,141	
Prescription drugs	103,248,559	
Aggregate write-ins for other hospital and medical	28,724,180	
Incentive pool, withhold adjustments and bonus amounts	2,700,874	
Net reinsurance recoveries	(785,802)	
Total hospital and medical expenses	$ 691,417,383	
Administrative Expenses		
Claims adjustment expenses	14,692,906	
General administrative expenses	94,013,646	
Increase in reserves for life and accident and health contracts	13,704,576	
Total underwriting deductions		813,828,511
Net underwriting loss		$ (30,070,149)
Net investment income earned		1,471,481
Net realized capital gain		92,897
Net loss before all other federal income taxes		$ (28,505,771)
Federal and foreign income taxes incurred		188,928
Net loss		$ (28,694,699)

Change in Capital and Surplus

	Gains in Surplus	Losses in Surplus	
Capital and surplus, per report on examination, as of December 31, 2013			$ 12,444,636
Net income		$ 28,694,699	
Change in non-admitted assets		1,422,769	
Change in surplus notes	$ 75,000,000		
Net increase in capital and surplus			$ 44,882,532
Capital and surplus, per report on examination, as of December 31, 2016			$ 57,327,167

4. AGGREGATE HEALTH POLICY RESERVES AND UNPAID CLAIMS

The Department's review of the MVPHSC aggregate health policy reserves and unpaid claims resulted in a decrease in assets and an increase in aggregate health policy reserves and claims unpaid amounts reported by the Plan. The financial statement of this report reflects an exam liability of $12,240,692.

The Department determined that the claims unpaid reported by the Plan was deficient by $7,017,760 and shall be increased from $47,162,250 to $54,180,010 as of December 31, 2016.

The Department determined that the federal risk adjustment shall be reported as a $6,686,816 payable (aggregate health policy reserves) rather than the $1,940,436 receivable (contracts subject to redetermination) reported by the Plan as of December 31, 2016.

The Plan reported an aggregate policy reserve of $3,404,320 for medical loss ratio rebates as of December 31, 2016. The medical loss ratio calculated by MVPHSC did not reflect a rebate due for 2016. As a result, the Plan must only increase the $3,404,320 already included in the Aggregate reserves to 6,686,816, a difference of $3,282,496, for the above-mentioned federal risk adjustment payable.

The examination analysis of the aggregate health policy reserves and 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 experience in projecting the ultimate cost of claims incurred on or prior to December 31, 2016.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination included two (2) recommendations detailed as follows (page number refers to the prior report on examination):

ITEM NO.		PAGE NO.
	Corporate Governance	
1.	It is recommended that MVPHSC ensure compliance with Section 4301(k)(3) of the New York Insurance Law. *The Plan has complied with this recommendation.*	7
2.	It is recommended that MVPHSC comply with Article VI, Section 6.02 of its by-laws. *The Plan has complied with this recommendation.*	8

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

There are no comments and recommendations for this report on examination.

Respectfully submitted,

___________/S/_________________
Alex Quasnitschka, CFE
Examiner-In-Charge

STATE OF NEW YORK)

) SS.

)

COUNTY OF NEW YORK)

Alex Quasnitschka, being duly sworn, deposes and says that the foregoing submitted report is true to the best of his knowledge and belief.

____________/S/_________________
Alex Quasnitschka, CFE

Subscribed and sworn to before me
this _____ day of _________2021

Respectfully submitted,

____
Jeffrey L. Usher, CFE
Financial Services Manager 2

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

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

____
Jeffrey L. Usher, CFE

Subscribed and sworn to before me
this ________ day of_________2021

APPOINTMENT NO. 31755

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, MARIA T. VULLO, 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 & Regulatory Consulting, LLC.

as a proper person to examine the affairs of

MVP Health Services Corporation

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

Corporation

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 6th day of April, 2018

MARIA T. VULLO
Superintendent of Financial Services

By:

Lisette Johnson
Bureau Chief
Health Bureau