BEFORE ALLAN L. MCVEY, INSURANCE COMMISSIONER
OF THE STATE OF WEST VIRGINIA

*In the Matter of:*

**WEST VIRGINIA SENIOR ADVANTAGE, INC.** (NAIC #15955)

ADMINISTRATIVE PROCEEDING NO. 24-IC-172692

ORDER ADOPTING REPORT OF FINANCIAL EXAMINATION

NOW COMES, Allan L. McVey, Insurance Commissioner of the State of West Virginia (hereinafter, "Commissioner"), who, after consideration of the Report of Financial Examination (hereinafter, the "Examination Report") of West Virginia Senior Advantage, Inc. (hereinafter referred to as "Company"), as of December 31, 2022, made the following findings of fact, conclusions of law and order.

FINDINGS OF FACT

1. The Company was organized pursuant to provisions of Article 25A, Chapter 33 of the *West Virginia Code*.

2. The Company was incorporated on January 8, 2016, and commenced business on April 19, 2016. The Company is a for-profit, stock health maintenance organization licensed under W. Va. Code §33-25A-1 et seq. WVSA was formed as part of a joint venture between Stonerise Senior Advantage Holdings LLC ("Holdings") and West Virginia ILTCM doing business as AllyAlign Health ("AllyAlign"). Effective June 30, 2019, AllyAlign terminated their business relationship with Holdings and sold their 30% interest in WVSA to Holdings, giving Holdings 100% ownership of WVSA. Most administrative functions previously provided by AllyAlign were transitioned to

LifePrint Health, Inc., doing business as Optum, a third-party administrator. Optum is one of the United Healthcare Group of companies.

3. On August 31, 2022, the Company was purchased by SNP Holdings, LLC which purchased 91% of the issued and outstanding shares of WVSA. The remaining 9% was acquired by OHI ISNP, West Virginia Offices of the Insurance Commissioner LLC. The acquiring parties are within the CommuniCare Family of Companies. SNP Holding, LLC also owns a Medicare Advantage Special Needs Plan that operates in OH, IN and MD.

4. The Company was formed with the sole purpose of offering a full-service Medicare Advantage Institutional Special Needs Plan in a limited geographic region in West Virginia, beginning in 2017. The Company's initial service area included 16 counties in West Virginia.

5. Their target population is the Medicare beneficiaries who reside in these contracted LTC facilities for 90 days or longer. The Company is only licensed in West Virginia. As of December 31, 2022, WVSA is authorized to provide coverage in 44 West Virginia counties.

6. As of December 31, 2022, the Company had no assumed reinsurance.

7. This examination was conducted as part of a coordinated group examination process, with Ohio as the lead state, and covered the period from January 1, 2018, through December 31, 2022, for the SNP Holding, LLC ("Group"). This examination commenced on August 23, 2023, pursuant to W.Va. Code §33-2-9, as amended.

8. On December 6, 2024, the examiner filed a Report of Financial Examination with the Insurance Commissioner pursuant to *West Virginia Code* §33-2-9(j)(2). A copy of the Report of Financial Examination is attached hereto as Exhibit A and incorporated herein as if set forth in full.

9. On or about April 4, 2024, a true and accurate copy of the Report of Financial Examination was sent to Robert Hager, CEO. A copy of the Letter dated April 4, 2024, is attached hereto as Exhibit B.

10. Pursuant to *West Virginia Code* §33-2-9(j)(2), the Company, by letter dated April 4, 2024, Exhibit B, was notified and afforded a period of ten (10) days, after receipt of the Report of Financial Examination, to make a submission, rebuttal, or objection concerning any matter contained in the Report.

11. By letter dated April 10, 2024, Robert Hager acknowledged that he had reviewed and accepted the Report of Financial Examination and did not materially dispute the findings of the examination. A copy of the Company's letter of April 10, 2024, is attached hereto as Exhibit C.

## CONCLUSIONS OF LAW

1. The Insurance Commissioner is charged with the duty of administering and enforcing the provisions of Chapter 33, of the West Virginia Code of 1931, as amended.

2. The Company was organized pursuant to the provisions of Article 25A, Chapter 33 of the *West Virginia Code.*

3. *West Virginia Code* § 33-2-9(j)(2) provides that no later than sixty (60) days following completion of the examination, the examiner in charge shall file with the Insurance Commissioner a verified, written Report of Financial Examination under oath, and, upon receipt of the verified report, the Insurance Commissioner shall transmit the Report of Financial Examination to the Company with a notice that shall afford the Company a reasonable opportunity, of not more than thirty (30) days, to make a written submission or rebuttal.

4. *West Virginia Code* § 33-2-9(j)(3) provides that within thirty (30) days of the end of the period allowed for the receipt of written submissions or rebuttals the Insurance Commissioner shall fully consider and review the Report of Financial Examination, together with any written submissions or rebuttals, and shall enter an ORDER adopting the Report of Financial Examination as filed, or with modifications or corrections, enter an ORDER rejecting the Report of Financial Examination with directions to the examiners to reopen the examination or call for an investigatory hearing.

ORDER

It is therefore **ORDERED** as follows:

1. The Report of Financial Examination of the Company, attached hereto as Exhibit A, is hereby **ADOPTED** and **APPROVED** by the Insurance Commissioner.

2. A copy of this *Order Adopting Report of Financial Examination* and the Report of Financial Examination shall be mailed to the Company via certified mail, return receipt requested, upon entry by the Insurance Commissioner.

3. The Company shall file with the Insurance Commissioner, within thirty (30) days of the issuance of this Order, affidavits executed by each of its directors stating under oath that they have received a copy of the Report of Financial Examination and a copy of this *Order Adopting Report of Financial Examination* in accordance with *West Virginia Code* § 33-2-9(j)(4).

4. The Company shall take whatever actions are required to comply with the recommendations set forth in the Report of Financial Examination, if any, and shall demonstrate compliance to the satisfaction of the Insurance Commissioner, if necessary.

5. Inasmuch as orders entered by the Insurance Commissioner are subject to judicial review as set forth in *West Virginia Code* §33-2-14, any person aggrieved by any this order may, within 30 days after the order has been mailed or delivered to the persons entitled to receive the same, file an appeal in and with the Intermediate Court of Appeals of West Virginia.

Entered this 18th day of April 2024.

Allan L. McVey

Allan L. McVey
CPCU, ARM, AAI, AAM, AIS
West Virginia Insurance Commissioner

REPORT OF EXAMINATION

OF

**WEST VIRGINIA SENIOR ADVANTAGE, INC.**

CHARLESTON, WV

NAIC COMPANY CODE: 15955
NAIC GROUP CODE: 5035

AS OF DECEMBER 31, 2022

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## SALUTATION

December 6, 2023
Charleston, West Virginia

The Honorable Allan L. McVey
West Virginia Insurance Commissioner
900 Pennsylvania Ave.
Charleston, West Virginia 25302

Pursuant to the authority vested in the West Virginia Offices of the Insurance Commissioner ("WVOIC"), as well as rules, regulations and procedures promulgated by the National Association of Insurance Commissioners ("NAIC"), an examination has been made of the administrative affairs, books, records, and financial condition of:

**WEST VIRGINIA SENIOR ADVANTAGE, INC**
700 Chappell Road
South Charleston, West Virginia 25303

hereinafter referred to as the "Company" or "WVSA". The following Report of Examination is respectfully submitted.

## SCOPE OF EXAMINATION

The Company's last full scope examination by representatives of the WVOIC covered the period from January 8, 2016 (inception) through December 31, 2019, which was the first examination of the Company and was conducted as a single state examination. This examination was conducted as part of a coordinated group examination process, with Ohio as the lead state, and covered the period from January 1, 2018 through December 31, 2022, for the SNP Holding, LLC ("Group"). This examination commenced on August 23, 2023 pursuant to W.Va. Code §33-2-9, as amended.

The purpose of this examination is to assess the financial condition of the Company and set forth findings of fact (together with citations of pertinent laws, regulations and rules) with regard to any material adverse findings disclosed by the examination.

The general procedures of the examination followed rules and standards as set forth in the NAIC Financial Condition Examiners Handbook ("Handbook") and West Virginia Laws, Regulations, and Directives of the WVOIC. The examination was conducted to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risk within the Company and evaluating system controls and procedures used to mitigate those risks. In addition, the principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statements of Statutory Accounting Principles ("SSAP") and annual statement instructions were assessed.

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.

The report is presented on an exception basis. It is designed to set forth the facts with regard to any material adverse findings disclosed during the examination. If necessary, comments and recommendations have been made in those areas in need of correction or improvement. In such cases, these matters were discussed with responsible Company officials during the course of the examination.

## SUMMARY OF SIGNIFICANT FINDINGS

As a result of the current examination period and review of the subsequent events, the following findings were noted:

1) The Company has not established an audit committee as required by W. Va. Code § 33-33-3(d) to fulfill the requirements of the audit committee proscribed by W.Va. Code §33-33-12. After the September 1, 2022, purchase of West Virginia Senior Advantage, Inc. by SNP Holdings within the CommuniCare Family of Companies, actions have been taken by the Board of Directors to establish an Audit Committee and negotiate compensation to provide oversight over the work of its independent auditors during the examination period as required by W. Va. Code §33-33-12 (1). The auditor did not directly report to the Board of Directors.

## HISTORY

The Company was incorporated on January 8, 2016 and commenced business on April 19, 2016. The Company is a for-profit, stock health maintenance organization licensed under W. Va. Code §33-25A-1 et seq. WVSA was formed as part of a joint venture between Stonerise Senior Advantage Holdings LLC ("Holdings") and West Virginia ILTCM doing business as AllyAlign Health ("AllyAlign"). Effective June 30, 2019, AllyAlign terminated their business relationship with Holdings and sold their 30% interest in WVSA to Holdings, giving Holdings 100% ownership of WVSA. Most administrative functions previously provided by AllyAlign were transitioned to LifePrint Health, Inc., doing business as Optum, a third-party administrator. Optum is one of the United Healthcare Group of companies.

On August 31, 2022, the Company was purchased by SNP Holdings, LLC which purchased 91% of the issued and outstanding shares of WVSA. The remaining 9% was acquired by OHI ISNP, LLC. The acquiring parties are within the CommuniCare Family of Companies. SNP Holding, LLC also owns a Medicare Advantage Special Needs Plan that operates in OH, IN and MD.

## CORPORATE RECORD

Limited support documentation was provided as a number of corporate documents did not transfer from the prior owner during acquisition. Our review was adequate to support the current Board and Officers.

Bylaws were changed in conjunction with the acquisition by CommuniCare Family of Companies. Each meeting of shareholders shall be held at the main administrative office of the corporation in Cincinnati, Ohio.

There were no changes to the Articles of Incorporation for the Company during the examination period.

### Capitalization

As of December 31, 2022, the Company had 2,370,000 common stock shares authorized, and 1,000,000 issued and outstanding with a par value of $1 per share for paid in capital of $1,000,000. At December 31, 2022, the Company's reported total capitalization was $5,347,140 consisting of common stock of $1,000,000, $2,943,651 of gross paid in and contributed surplus, and $1,403,489 of unassigned funds.

According to W. Va. Code §33-25A-4(2)(c)(ii)(A) & (C), the Company must maintain a minimum of $1,000,000 in capital and $1,000,000 in surplus to engage in the business for which they are licensed. The Company has met this requirement.

### Dividends to Stockholders

No dividends to stockholders were paid during the examination period.

## MANAGEMENT AND CONTROL

Board of Directors

Management of the Company is vested in its Board of Directors, which was comprised of the following members as of the examination date.

| **Name** | **Principal Occupation** |
|---|---|
| Ronald Wilheim | Board Member and CEO<br>CommuniCare Family of Companies |
| Issac Rosedale | CEO<br>NewVista Healthcare |
| Stephen Rosedale | EVP CommuniCare Family of Companies and<br>President of NewVista Healthcare |
| Charles Stoltz | Chief Financial Officer & VP of Finance<br>CommuniCare Family of Companies |
| Amy Severino | Vice President of Business Strategy<br>CommuniCare Family of Companies |
| Victor Gupta | Account Executive/Loan Officer<br>Capital Source Finance, LLC/Capital Source Bank |

Officers

As of the examination date, the following officers were noted in the jurat page.

| **Name** | **Title** |
|---|---|
| Robert Hager | Chief Executive Officer |
| Jeremy Heimgartner | Chief Financial Officer |
| Charles Stoltz | Treasurer and Secretary |
| Chuck Satterfield | President |

Committees

The Bylaws require no formal committees. The Company has not established an audit committee; therefore, has not met the requirements of W. Va. Code §33-33 3(d). See "Summary of Examination Recommendations" below on page 13.

The Company responded to the issue stating an audit committee was established for West Virginia Senior Advantage on 12/13/23 in the Board of Directors meeting.

## ORGANIZATIONAL CHART

The Company is a member of an insurance holding company system. The following is an organizational chart as of December 31, 2022:

Insurance Holding Company System

The Company is a wholly owned subsidiary of Health Care Holdings, LLC ("SNPH") who is the ultimate controlling person in the insurance holding company system as defined in ORC Section 3901.32.

Rosedale Family Investment Company, Inc. - (33.3%)

Wilheim Investment Company, Inc. - (33.3%)

I Rosedale Family Investment Company - (33.3%)

- RRW, LLC
  - Health Care Holdings, LLC
    - SNP Holdings, LLC (91%)
    - OHI ISNP, LLC (9%)
      - OH CHS SNP Inc. (DBA) CommuniCare Advantage (OH)
      - West Virginia Senior Advantage, Inc. (WV)

## RELATED PARTY AGREEMENTS

As of December 31, 2022, the Company had the following related party agreements in force:

Administrative Service Agreement

WVSA and Health Care Facility Management, LLC ("HCF") established an Administrative Agreement on September 1, 2022. HCF provides certain administration and certain compliance staffing, compliance, insurance and bonding, introductory materials on health plans and reporting.

As a subsequent event, the above Administrative Service Agreement was replaced by an Administrative Agreement with CHS Management Services Corp, LLC on January 1, 2023. The agreement was approved by the WVOIC on November 29, 2022.

Provider and Facility Services Agreement

This agreement became effective October 1, 2019, under which 17 affiliated special needs facilities provide healthcare services on a fee-for-services basis. The agreement includes a shared savings provision based upon achieving specific target amounts.

WVSA will continue to use previously approved provider contracts to contract with affiliated and non-affiliated providers. WVSA, as of December 2022, has 40 special needs facilities, 38 are affiliated, that provide healthcare services on a fee-for-services basis. WVSA is to file an amended agreement with the WVOIC to include all affiliated special needs facilities.

## TERRITORY AND PLAN OF OPERATION

The Company was formed with the sole purpose of offering a full-service Medicare Advantage Institutional Special Needs Plan in a limited geographic region in West Virginia, beginning in 2017. The Company's initial service area included 16 counties in West Virginia.

Their target population is the Medicare beneficiaries who reside in these contracted LTC facilities for 90 days or longer. The Company is only licensed in West Virginia. As of December 31, 2022, WVSA is authorized to provide coverage in 44 West Virginia counties.

As of December 31, 2022, the Company had no assumed reinsurance.

## REINSURANCE

Assumed

As of December 31, 2022, the Company had no assumed reinsurance.

Ceded

As of December 31, 2022, the Company had no ceded reinsurance.

## FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the WVOIC and present the financial condition of the Company for the period ending December 31, 2022. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

## STATEMENT OF ASSETS
## DECEMBER 31, 2022
## WEST VIRGINIA SENIOR ADVANTAGE, INC.

| | Per Annual Statement | Statutory Examination Adjustments | Per Statutory Examination |
|---|---|---|---|
| Cash and short-term investments | *$ 12,983,406 | $ 0 | $ 12,983,406 |
| Subtotals, cash and invested assets | $ 12,983,406 | $ 0 | $ 12,983,406 |
| Amounts receivable relating to uninsured plans | 410,731 | 0 | 410,731 |
| Net deferred tax asset | 53,863 | 0 | 53,863 |
| Health care and other amounts receivable | 663,780 | 0 | 663,780 |
| **Total Assets** | *$ 14,111,780 | $ 0 | *$ 14,111,780 |

* Annual Statement $1 difference due to rounding.

## STATEMENT OF LIABILITIES, CAPITAL AND SURPLUS
## DECEMBER 31, 2022
## WEST VIRGINIA SENIOR ADVANTAGE, INC.

| | Per Annual Statement | Statutory Examination Adjustments | Per Statutory Examination |
|---|---|---|---|
| Claims unpaid | $ 2,771,527 | $ 0 | $ 2,771,527 |
| Unpaid claims adjustment expenses | 8,960 | 0 | 8,960 |
| Aggregate health policy reserves | 810,161 | 0 | 810,161 |
| Premium received in advance | 3,686,770 | 0 | 3,686,770 |
| General expenses due and accrued | 701,300 | 0 | 701,300 |
| Current federal and foreign income tax payable | 4,593 | 0 | 4,593 |
| Amounts due to parent, subsidiaries and affiliates | 473,741 | 0 | 473,741 |
| Liability for amounts held under uninsured plans | 307,588 | 0 | 307,588 |
| **Total Liabilities** | $ 8,764,640 | $ 0 | $ 8,764,640 |
| Common stock | 1,000,000 | 0 | 1,000,000 |
| Gross paid in and contributed surplus | 2,943,651 | 0 | 2,943,651 |
| Unassigned funds | 1,403,489 | 0 | 1,403,489 |
| **Total Capital and Surplus** | $ 5,347,140 | $ 0 | $ 5,347,140 |
| **Total Liabilities, and Capital and Surplus** | $ 14,111,780 | $ 0 | $ 14,111,780 |

## STATEMENT OF REVENUE AND EXPENSES
## DECEMBER 31, 2022
## WEST VIRGINIA SENIOR ADVANTAGE, INC.

| | Per Annual Statement | Statutory Examination Adjustments | Per Statutory Examination |
|---|---|---|---|
| Member Months | 10,106 | - | 10,106 |
| Net premium income | $ 28,607,326 | $ 0 | $ 28,607,326 |
| Change in unearned premium reserve and reserve for rate credits | (48,719) | 0 | (48,719) |
| Total revenue | $ 28,558,607 | 0 | $ 28,558,607 |
| Less: | | | |
| Hospital/medical benefits | 22,487,273 | 0 | 22,487,273 |
| Prescription drugs | 1,189,361 | 0 | 1,189,361 |
| Total hospital and medical | $ 23,676,634 | 0 | $ 23,676,634 |
| Claims adjustment expense | 126,769 | 0 | 126,769 |
| General administrative expense | 3,812,825 | 0 | 3,812,825 |
| Total underwriting deductions | $ 27,616,228 | 0 | $ 27,616,228 |
| Net underwriting gain/(loss) | $ 942,380 | 0 | $ 942,380 |
| Net investment income earned | 11,704 | 0 | 11,704 |
| Net income or (loss) after capital gains tax and before other federal income taxes | $ 954,084 | 0 | $ 954,084 |
| Federal and foreign income taxes incurred | 333,952 | 0 | 333,952 |
| Net income (loss) | $ 620,132 | 0 | $ 620,132 |

## RECONCILIATION OF SURPLUS
## DECEMBER 31, 2022
## WEST VIRGINIA SENIOR ADVANTAGE, INC.

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Capital and surplus prior reporting year | $ 5,154,138 | $ 3,981,812 | $ 3,384,204 | $ 2,712,334 |
| Net income or (loss) | 620,132 | 1,198,031 | 505,938 | 859,215 |
| Change in net deferred income tax | 80,807 | (85,118) | 52,440 | (39,701) |
| Change in nonadmitted assets | (507,936) | 59,405 | 120,580 | (147,644) |
| Surplus Adjustment: Paid In | - | - | (81,349) | - |
| Change in surplus as regards policyholders for the year | 193,002 | 1,172,325 | 597,608 | 671,870 |
| Capital and surplus end of year | $ 5,347,140 | $ 5,154,138 | $ 3,981,812 | $ 3,384,204 |

## SUMMARY OF EXAMINATION CHANGES

There were no adjustments to the Company's financial statements as a result of this examination:

## SUBSEQUENT EVENTS

There were no significant subsequent events noted as part of this examination.

## SUMMARY OF EXAMINATION RECOMMENDATIONS

As a result of the traditional scope financial examination, the following recommendations are made:

1. The Company has not completed the establishment of an audit committee as required by W. Va. Code §33-33-12 (2). The recommendation is for the new Board of Directors to finalize the establishment of an Audit Committee that is appointed and will provide oversight over the work of its independent auditors during the upcoming examination period as required by W. Va. Code §33-33-12 (1). In addition, ensure that the auditor directly reports to the Board of Directors.

## ACKNOWLEDGEMENT AND SIGNATURE

This is to certify that the undersigned is a duly qualified Examiner, appointed by the WVOIC. In addition to the undersigned, Bill O'Connell, Consulting Supervising Examiner and Kelly Willison, Manager, INS Regulatory Insurance Services, Inc., participated in the examination. The Group examination for the Ohio Department of Insurance included a Manager, EIC and staff members.

The examination was performed in accordance with those procedures authorized by the NAIC Financial Condition Examiners Handbook and other procedures appropriate for this examination. The attached report of examination is a true and complete report of financial condition of West Virginia Senior Advantage, Inc. as of December 31, 2022, as determined by this examination.

Respectfully Submitted,

_Joseph A. Rome_____

Joseph A. Rome, CFE
Examiner-in-Charge
INS Regulatory Insurance Services, Inc.
Representing the WV Offices of the Insurance Commissioner

Mary Jo Lewis

Mary Jo Lewis, CPA
Director/Chief Financial Examiner
Financial Conditions Division
WV Offices of the Insurance Commissioner

STATE OF WEST VIRGINIA
Offices *of the* Insurance Commissioner
Allan L. McVey
Insurance Commissioner

April 4, 2024

Mr. Robert Hager, Chief Executive Officer
West Virginia Senior Advantage.
700 Chappell Road
Charleston, WV 25304

RE: Report of Financial Examination as of December 31, 2022
West Virginia Senior Advantage: NAIC: #15955

Dear Mr. Hager:

Please find enclosed a copy of the Report of Examination of West Virginia Senior Advantage. This examination was performed in accordance with the provisions of Chapter 33, Article 2, Section 9 of the West Virginia Code, as amended. The Report of Examination reflects the financial affairs and condition of West Virginia Senior Advantage, as of December 31, 2022.

You are hereby notified that you have ten (10) working days from receipt of this letter to make written submission or rebuttals with respect to any matter contained in the Report of Examination. If no exception is taken, please respond accordingly by the end of the ten (10) day comment period

Sincerely,

Allan L. McVey

Allan L. McVey
CPCU, ARM, AAI, AAM, AIS
Insurance Commissioner

ALM/mjl

Enclosure: Copy of Report of Examination

EXHIBIT
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West Virginia
Senior Advantage

April 10, 2024

West Virginia Office of Insurance Commissioner
900 Pennsylvania Ave.
Charleston, WV 25302
ATTN: Allan L. McVey, Insurance Commissioner

Dear Mr. McVey,

West Virginia Senior Advantage management has reviewed the final examination report from the West Virginia Offices of the Insurance Commissioner and accept the report.

Sincerely,

Robert Hager

Chief Executive Officer


office 304.343.1950
700 Chappell Road
Charleston, WV 25304
WVSeniorAdvantage.com


EXHIBIT
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COMPASSION. COMMUNITY.