

# **Report on the Examination**

**As of January 24, 2019**

**of**

**WellCare Health Plans of Vermont, Inc.**

**by the**





**State of Vermont**  
**Department of Financial Regulation**  
89 Main Street  
Montpelier, VT 05620-3101

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Andrew Clifton, President  
WellCare Health Plans of Vermont, Inc.  
8725 Henderson Road, Ren 1, 3rd Floor  
Tampa, Florida 33634

Dear Mr. Clifton:

ORDER OF ADOPTION

Pursuant to and in accordance with the provisions of Title 8, Chapter 101, § 3304, § 3308, § 3573 and § 3574 and Chapter 139, § 5105 of the Vermont Statutes Annotated, and other applicable laws, I do hereby adopt the Report on the Organizational Examination of WellCare Health Plans of Vermont, Inc.

A handwritten signature in blue ink, appearing to read "M. Pieciak", written over a horizontal line.

Michael S. Pieciak, Commissioner

2/25/19

Date



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January 24, 2019

Michael S. Pieciak, Commissioner  
Department of Financial Regulation  
89 Main Street  
Montpelier, VT 05620-3101

Dear Commissioner Pieciak:

Pursuant to Title 8 V.S.A. § 3308 and the examination order, the Insurance Division's financial examination team has conducted an examination of:

**WellCare Health Plans of Vermont, Inc.**

with their offices located at  
17 GW Tatro Drive  
Jeffersonville, VT 05464

The organizational examination was performed to establish whether the Company's capitalization complies with pertinent provisions of Vermont law.



## **SCOPE OF EXAMINATION**

The examination was conducted by the Department of Financial Regulation (the Department) in order to determine that WellCare Health Plans of Vermont, Inc. (hereafter referred to as the Company or WCHPVT) is properly capitalized in accordance with 8 V.S.A. § 3304 and § 3308.

## **BACKGROUND & PLAN OF OPERATION**

On October 16, 2018 the Department received application materials. On October 18, 2018 the Company received a Certificate of Incorporation from the Vermont Secretary of State. On November 19, 2018, the Department received a petition for a hearing under 8 V.S.A. § 3305 to determine whether the formation and operation of WCHPVT would promote the general good of Vermont. A public hearing was held on January 15, 2019, consistent with the requirements of 8 V.S.A. § 3305. On January 24, 2019 the Commissioner entered an Order granting a Certificate of General Good to the Company.

WCHPVT will be an indirect wholly subsidiary of WellCare Health Plan, Inc. and is part of the WellCare Group (“the Group”), which has an established model for government-sponsored programs that operate managed care business for Medicaid and Medicare enrollees in certain states. WCHPVT intends to focus on providing Medicare Advantage products in Vermont through an HMO and PPO distribution. WCHPVT intends to submit an application to CMS to request approval to offer a Medicare Advantage Organization (“MAPD”) product to plan members in Vermont effective January 1, 2020. In order for CMS to approve WCHPVT as a Medicare Advantage plan, the application must be submitted by February 13, 2019. The Company will go through the application process and readiness review by CMS prior to being approved to offer the Medicare Advantage products.

## **STOCK ISSUANCE AND CAPITALIZATION**

The Company's Articles of Incorporation authorize the issuance of 1,000 shares of common stock with par value of \$1 and with unlimited voting rights. The Group contributed \$5 million in paid in capital to capitalize the Company. Total Shareholder's equity at December 20, 2018 was \$5 million.

## **CONCLUSION**

As a result of this examination, the Department has concluded that the stock issuance and initial capitalization of WCHPVT complies with 8 V.S.A. § 3304 and § 3308 and that the requirements for the issuance of a Certificate of Authority have been met.

Respectfully submitted,



Karen Ducharme, CPA, CFE  
Director of Company Licensing and Examinations  
Division of Insurance  
Vermont Department of Financial Regulation

STATE OF VERMONT  
COUNTY OF WASHINGTON

Karen Ducharme, being duly sworn, deposes and says that the foregoing report submitted by her is true to the best of her knowledge and belief.

Subscribed and sworn to before me

This 25<sup>th</sup> day of February, 2019



Notary Public