Final

Report on the

Medical Loss Ratio Examination

of

The United States Life Insurance Company in the City of New York
(New York, New York)

for the

2018 MLR Reporting Year

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information & Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201

OVERSIGHT GROUP

June 27, 2024

In accordance with Title 45 of the Code of Federal Regulations (CFR), section 158.402, the Center for Consumer Information & Insurance Oversight (CCIIO) has completed an examination of the Medical Loss Ratio (MLR) Annual Reporting Form submitted by The United States Life Insurance Company in the City of New York (the Company) for the 2018 reporting year, including 2018, 2017, and 2016 data reported on that form. Following an exit conference with the Company, the Company responded to each Finding and Corrective Action. This final report, which will be made publicly available, incorporates the Company's response and CCIIO's evaluation of the response.

Christina A. Whitefield

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I. Executive Summary

The Center for Consumer Information & Insurance Oversight (CCIIO) has performed an examination of the 2018 Medical Loss Ratio (MLR) Annual Reporting Form for The United States Life Insurance Company in the City of New York (the Company) to assess the Company's compliance with the requirements of 45 CFR Part 158. We determined that the Company's 2018 MLR Annual Reporting Form contains some elements that are not compliant with the requirements of 45 CFR Part 158, and that impact consumer rebates.

We direct the Company to implement the necessary corrective actions to address the findings detailed in this report, including: ensuring the accurate calculation and reporting of incurred claims, earned premium, taxes, licensing and regulatory fees, and *de minimis* rebates; ensuring the proper aggregation of experience by state; and adopting and implementing policies and procedures to ensure compliance with the requirements of the MLR Annual Reporting Form Filing Instructions and the accuracy of the MLR Annual Reporting Form.

The examination findings resulted in net changes to the Company's reported MLRs in the individual market for 26 of the 50 states and the District of Columbia in which the Company had health insurance coverage subject to 45 CFR Part 158 in effect, increasing the Company's total rebate liability for the 2018 reporting year in 18 states by $1,560,690. In addition, in the individual market in one state, the examination findings resulted in a rebate liability that was $24,817 less than that reported by the Company.

II. Scope of Examination

CCIIO examined the Company's 2018 MLR Annual Reporting Form to determine compliance with 45 CFR Part 158. Title 45 CFR Part 158 implements section 2718 of the Public Health Service Act (PHS Act). Section 2718 of the PHS Act, as added by the Patient Protection and Affordable Care Act (ACA), generally requires health insurance issuers to submit to the Secretary of the U.S. Department of Health & Human Services (HHS) an annual report concerning premium revenue and expenses related to group and individual health insurance coverage issued. The federal MLR is the proportion of earned premium, less certain taxes and regulatory fees, expended by an issuer on clinical services and activities that improve health care quality in a given state and market, after adjustments for the credibility of the experience or other factors, where applicable, and calculated using the average of three consecutive years of data. Section 2718 also requires an issuer to provide rebates to consumers if it does not meet the applicable MLR standard (generally, 80% in the individual and small group markets and 85% in the large group market).

This is the first examination of the Company's MLR Annual Reporting Form performed by CCIIO. The examination covered the reporting period of January 1, 2016 through December 31, 2018, including 2016, 2017, and 2018 experience and claims run-out through March 31, 2019.We conducted the examination in accordance with the CCIIO Medical Loss Ratio Examination Handbook (the Handbook). The Handbook sets forth the guidelines and procedures for planning and performing an examination to evaluate the validity and accuracy of the data elements and calculated amounts reported on the MLR Annual Reporting Form, and the accuracy and timeliness of any rebate payments. The examination included assessing the principles used and significant estimates made by the Company, evaluating the reasonableness of expense allocations, and determining compliance with relevant statutory accounting standards, MLR regulations and guidance, and the MLR Annual Reporting Form Filing Instructions.

The Company's response to each finding appears after the finding in the Conclusion, Corrective Actions, Company Responses, and CCIIO Replies section of this Report. The Company's implementation of the corrective actions was not reviewed for proof of implementation or subjected to the procedures applied during the examination. CCIIO's replies are based solely on a review of the Company's response. CCIIO reserves the right to review the actual implementation of the Company's corrective action and proposed action plan for each corrective action in future MLR Annual Reporting Forms, examinations, or as otherwise may be appropriate.

III. Summary of Findings

Page	Key Findings
7	**Failure to properly aggregate incurred claims, as required by §158.120** – The Company improperly aggregated incurred claims by state on its 2018 MLR Annual Reporting Form in the individual market for certain policies sold through an association. As a result of this error, the Company overstated its three-year aggregate incurred claims by $1,639,374 in 33 states and the District of Columbia, and understated its three-year aggregate incurred claims by $1,639,374 in 16 states.
7	**Failure to accurately report incurred claims, as required by §158.140 –** The Company improperly included in its paid claims on its 2016, 2017, and 2018 MLR Annual Reporting Forms the MLR rebates of $4,258,206 that it paid to its enrollees in the individual market. As a result of this error, the Company understated its claims liability in the individual market by $38,188, and its reserve for experience rating refunds by $33,836 in 25 states. As a result of the net effect of these errors, the Company overstated its three-year aggregate incurred claims on its 2018 MLR Annual Reporting Form by $4,186,182.
8	**Failure to accurately report direct earned premium, as required by §158.130 –** The Company incorrectly reported earned premium on its 2016, 2017, and 2018 MLR Annual Reporting Forms. As a result of the net effect of this error, the Company understated its three-year aggregate direct earned premium on its 2018 MLR Annual Reporting Form in the individual market in 26 states by $34,583, and overstated its three-year aggregate earned premium in the individual market in 11 states by $8,790.
8	**Failure to properly report taxes and regulatory fees, as required by §158.162 –** Due to several calculation errors, the Company incorrectly reported its federal income taxes on its 2016, 2017, and 2018 MLR Reporting

	Forms. As a result of the net effect of these errors, the Company understated its three-year aggregate taxes, licensing, and regulatory fees on its 2018 MLR Annual Reporting Form by $352,523. The Company improperly deducted social security taxes from premium in its calculation of the MLR denominator on its 2016, 2017, and 2018 MLR Annual Reporting Forms. As a result of this error, the Company overstated its three-year aggregate taxes, licensing and regulatory fees on its 2018 MLR Annual Reporting Form by $329,728 in the individual market.
8, 9	**Failure to report the method used to allocate expenses, as required by §158.170 –** The Company failed to report the method used to allocate its expenses on its 2018 MLR Annual Reporting Form. This error did not impact the MLR calculation.
9	**Failure to properly allocate *de minimis* rebates in accordance with §158.243 –** The Company incorrectly allocated its *de minimis* rebates on a pro rata basis, rather than dividing them equally among enrollees receiving a rebate. This error did not have any impact on total rebates paid for the 2018 reporting year.
10	**Failure to comply with the MLR notification requirements of §158.250 -** The Company did not timely issue Rebate Notices to a number of subscribers for the 2018 reporting year. There was no impact on the MLR calculation as a result of this error.
10	**Failure to maintain adequate documentation, as required by §158.502 –** The Company did not maintain all of the Rebate Notices that it sent to subscribers who received a rebate for the 2018 reporting year. This error did not impact the MLR calculation.
10	**Failure to submit an MLR Annual Reporting Form in the manner prescribed by the Secretary, as required by §158.110 –** The Company incorrectly reported on Part 4 of its 2018 MLR Annual Reporting Form the total amount of *de minimis* rebates, the amount of rebates paid by premium credit, and the amount of rebates paid by lump-sum reimbursement. These errors did not impact the MLR calculation.

These findings decreased the Company's reported MLRs in 22 states in the individual market. The recalculated MLRs in 18 states either fell below, or continued to be below, the applicable MLR standard, resulting in a rebate liability of $1,560,690 in the individual market for the 2018 reporting year. In the individual market in one state, the recalculated MLR increased the MLR reported by the Company to above the applicable MLR standard, resulting in a rebate amount of $0, or $24,817 less than the amount the Company determined it owed and paid.

The three-year, aggregated incurred claims and earned premium amounts, combined for all 50 states, and the District of Columbia, in which the Company had health insurance coverage in effect, along with the additional rebates owed for 2018, are shown in the following tables. The differences between the amounts in the "As Filed" and the "As Recalculated" rows reflect the net impact of the adjustments made to: correctly aggregate incurred claims; correctly restate incurred claims, earned premium, taxes, licensing and regulatory fees; and, to restate the credibility adjustment in Connecticut, Florida and Texas to 0.0%, in accordance with §158.232(d).

Recalculated Aggregate[1] Individual and Large Group Market Incurred Claims, Earned Premium, and Rebates for the 2018 Reporting Year

	Individual Market		
	Incurred Claims	Earned Premium	Rebates
As Filed	$61,594,518	$82,163,996	$437,362
As Recalculated	$57,408,336	$82,189,789	$1,998,052
Difference	($4,186,182)	$25,793	$1,560,690

	Large Group Market		
	Incurred Claims	Earned Premium	Rebates
As Filed	$5,421	$15,205	$0
As Recalculated	$5,421	$15,205	$0
Difference	$0	$0	$0

IV. Company Overview

A. Description, Territory, and Plan of Operation

The Company is a for-profit life insurer domiciled in New York. The Company sells individual and large group market health insurance policies in all 50 states and the District of Columbia.

During the 2016, 2017, and 2018 MLR reporting years, the Company operated in the individual and large group markets that were subject to the MLR reporting requirements of 45 CFR Part 158. As of December 31, 2018, the Company reported a total of 99,624 covered lives and $25,703,045 in direct earned premium for policies subject to the MLR reporting and rebate requirements under 45 CFR Part 158 and a total of 312,017 covered lives and $62,427,972 in direct earned premium from all health lines of business. The Company's lines of business not subject to the MLR regulations at 45 CFR Part 158 include life insurance and annuity products.

B. Management

The corporate officers and board of directors of the Company as of December 31, 2018 were:

Officers

Name **Title**

[1] See Appendix I to this report for the three-year adjusted, aggregate numerator and denominator, along with the resulting credibility-adjusted MLRs and rebates for the 2018 reporting year, for the states and markets in which the MLR changed as a result of the examination findings.

Kevin T. Hogan	Chairman of the Board, CEO and President
Jana W. Greer	CEO, Individual Retirement
Jonathan J. Novak	President, Institutional Markets
Rodney E. Rishel	President, Life Insurance

Directors

Name
Katherine A. Anderson
Robert M. Beuerlein
William J. Carr
Thomas J. Diemer
Michael P. Harwood
Kevin T. Hogan
Glen D. Keller
Alireza Vaseghi
Craig A. Sabal

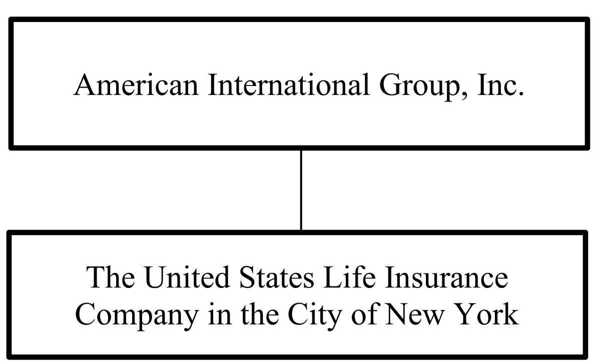
Company management and corporate-level personnel responsible for the preparation, submission and attestation of the 2018 MLR Annual Reporting Form were:

Name	Title
Adam Winslow	CEO Attester
Craig Anderson	CFO Attester

C. Ownership

The Company is a member of an insurance holding group system.

The United States Life Insurance Company in the City of New York
Organizational Chart as of December 31, 2018[2]



[2] This is an excerpt from the organization chart provided by the Company and includes only those entities whose relationship to the Company impacted the MLR examination.

D. Agreements

As of December 31, 2018, the Company did not have any intercompany agreements that were pertinent to a review of its MLR Annual Reporting Form.

E. Reinsurance

During 2016, 2017, and 2018**,** the Company did not have any reinsurance agreements in effect that impacted the MLR reporting of its health insurance policies subject to the regulations at 45 CFR Part 158.

V. Accounts and Records

The Company's main administrative and financial reporting office is located at One World Financial Center, 200 Liberty Street, New York, New York, 10281. The Company provided adequate access to its accounts and records, including computer and other electronic systems, as required by §158.501.

As noted below, the Company did not comply with §158.502 with regard to maintaining adequate documentation and other evidence necessary to enable CCIIO to verify that the MLRs and rebates owed were calculated in accordance with 45 CFR Part 158. Specifically, the Company did not maintain the Rebate Notices that it sent to the subscribers who received MLR rebate payments for the 2018 reporting year.

VI. Examination Results

Except as noted in this report, based on the procedures performed, nothing came to our attention that would indicate that the Company's 2016, 2017, and 2018 MLR Annual Reporting Forms were not filed on the form and in the manner prescribed by the Secretary. The Company's 2016, 2017, and 2018 MLR Annual Reporting Forms were filed by the required due date.

The Company reported that it met the MLR standard of 80% for the individual market for 2018 in 34 states and the District of Columbia, and thus was not required to pay rebates to its enrollees in these states. For 2018, the Company reported that it did not meet the MLR standard of 80% in the individual market in 16 states, and paid rebates of $437,362 in those states. In the large group market, the Company reported fewer than 1,000 life-years in 2018, and therefore, is presumed to meet or exceed the MLR standards in that market in accordance with §158.230(d). Based on the errors found during the examination, the Company's MLRs for the 2018 reporting year were recalculated and resulted in an additional rebate liability of $1,560,690 in the individual market in 18 states**.**

A. MLR Data

Market Classification

The Company adopted policies and procedures for determining group size and market classification that are consistent with the definitions in §158.103 applicable to the 2016-2018 reporting years. The samples of policies tested during the examination were assigned to the correct market classification.

Aggregation

Failure to Properly Aggregate Incurred Claims
The Company improperly aggregated incurred claims on its 2018 MLR Annual Reporting Form in the individual market for certain policies issued to an association based on the state in which the association policyholder was located, rather than the state of residence of the enrollee certificate holders. According to 45 CFR 158.120(d)(1), for individual market policies issued to an association or trust, the experience must be included in the state report for the issue state of the certificate of coverage. As a result of this error, the Company overstated its three-year aggregate incurred claims by $1,639,374 in the individual market in 33 states and the District of Columbia, and understated its three-year aggregate incurred claims by $1,639,374 in the individual market in 16 states.

Based on the procedures performed, other than the improper aggregation of incurred claims noted above, nothing additional came to our attention that would indicate that the samples of policies, claims, and other items tested during the examination were not correctly assigned to the appropriate states, markets, and lines of business in accordance with §158.120.

Incurred Claims

Improper Reporting of Incurred Claims
The Company improperly included in paid claims in the current and prior years' columns on Part 2, Line 2.1b of its 2016, 2017, and 2018 MLR Annual Reporting Form MLR rebates of $4,258,206 paid to its enrollees in the individual market. According to §158.140(a)(5), incurred claims must exclude MLR rebates paid to enrollees. The Company determined that because of this error, it had understated its reported claims liability on Part 2, Line 2.1b of its 2018 MLR Annual Reporting Form by $38,188, and understated its reserve for experience rating refunds on Part 2, Line 2.9b by $33,836, in 25 states in the individual market. As a result of the net effect of these errors, the Company overstated its three-year aggregate incurred claims on Part 3, Line 1.2 on its 2018 MLR Annual Reporting Form by $4,186,182.

Based upon the procedures performed, which included validating a sample of incurred claims (as defined by §158.140), other than the errors noted above, nothing additional came to our attention that would indicate that the Company did not accurately report incurred claims.

Claims Recovered Through Fraud Reduction Efforts
The Company did not report any recoveries of paid fraudulent claims, which §158.140(b)(2)(iv) allows as an adjustment to incurred claims up to the amount of fraud reduction expenses.

Quality Improvement Activities (QIA)

The Company did not report any expenses for activities that improve health care quality, which §158.221(b) allows as an inclusion in the MLR numerator.

Earned Premium

Incorrect Reporting of Earned Premium
The Company incorrectly calculated its direct earned premium on Part 1, Line 1.1 of its 2016, 2017, and 2018 MLR Annual Reporting Forms. The Company reported the premium amounts transferred by one of its sales third-party administrators (TPA) based on a multi-year average of the semi-annual or annual premium amounts for associated policies, rather than reporting the actual earned premium from these policies. As a result of this error, the Company understated its three-year aggregate earned premium on Part 3, Line 2.1 of its 2018 MLR Annual Reporting Form in the individual market in 26 states by the net amount of $34,583, and overstated its three-year aggregate earned premium in the individual market in 11 states by the net amount of $8,790.

Based upon the procedures performed, other than the error noted above, nothing additional came to our attention that would indicate that earned premium was not properly reported on a direct basis or that the data elements underlying the 2016, 2017, and 2018 premium as reported on the Company's 2018 MLR Annual Reporting Form were not compliant with §158.130.

Taxes

Inaccurate Reporting of Federal Income Taxes
The Company incorrectly used the 2017 effective tax rate of 35% when calculating its federal income taxes reported on its 2018 MLR Annual Reporting Form, rather than the 2018 effective tax rate of 21%. The Company also incorrectly calculated commission expenses as part of its federal income tax calculation on its 2016, 2017, and 2018 MLR Annual Reporting Forms. As a result of the net effect of these errors, the Company understated the three-year aggregate taxes and licensing or regulatory fees on Part 3, Line 2.2 of its 2018 MLR Annual Reporting Form by $352,523.

Improper Reporting of Employment Taxes
The Company improperly included social security taxes on Part 1, Line 3.2a of its 2016, 2017, and 2018 MLR Annual Reporting Forms. According to §158.162(a)(2), federal employment taxes must not be excluded from premium. According to the 2018 MLR Annual Reporting Form Filing Instructions, federal employment taxes should be reported on Part 1, Line 5.5c, which is not deducted from the premium amount that is used in the MLR calculation. As a result of this error, the Company overstated the three-year aggregate taxes, licensing, and regulatory fees on Part 3, Line 2.2 of its 2018 MLR Annual Reporting Forms by $329,728 in the individual market.

Failure to Disclose Allocation Methodologies
The Company failed to report the method used to allocate its expenses on its 2018 MLR Annual Reporting Form, as required by §158.170(b). This error did not impact the MLR calculation.

Based upon the procedures performed, other than the errors noted above, nothing additional came to our attention that would indicate that the taxes and regulatory fees excluded from 2016, 2017, and 2018 earned premium on the Company's 2018 MLR Annual Reporting Form did not comply with §158.161 and §158.162, or were not accurately reported and reasonably allocated among the Company's states, as required by §158.170.

B. Credibility-Adjusted MLR and Rebate Amount Calculation

Based upon the procedures performed, the Company correctly applied the credibility adjustment, in accordance with §§158.230-232, when the Company calculated and reported its MLRs. The Company's credibility-adjusted MLRs were calculated using the correct formula and in accordance with 45 CFR Part 158 and the applicable MLR Annual Reporting Form Filing Instructions.

The Company reported that it did not meet the MLR standard of 80% in the individual market in 16 states for the 2018 reporting year. The Company used the correct procedures to calculate individual market rebates for 2018 of $437,362. As detailed in this report, the examination identified errors in the data underlying the Company's MLRs and rebate calculations, resulting in changes to the Company's 2018 MLRs and rebate amounts.

The impact of applying the examination adjustments to recalculate the Company's 2018 MLRs resulted in the Company's preliminary MLRs[3] in the Connecticut, Florida, and Texas individual markets, as reported in the PY2, PY1, and CY columns on Part 3 of its 2018 MLR Annual Reporting Form, to fall below the applicable MLR standard in each year. According to §158.232(d), if the current MLR reporting year and each of the two previous MLR reporting years included experience of at least 1,000 life-years, and if the preliminary MLR for the current MLR reporting year and each of the two previous MLR reporting years fell below the applicable MLR standard for each year, then the credibility adjustment that should be reported is zero. The Company reported greater than 1,000 life-years in the individual market in each of these states for each of the three years aggregated on its 2018 MLR Annual Reporting Form. Since its recalculated preliminary MLRs for each of the three years in these states fell below the applicable MLR standard, the Company no longer qualifies for the credibility adjustment in the individual market in these three states, and therefore, the reported credibility adjustments of 8.0% in Connecticut, 2.8% in Florida, and 5.9% in Texas were restated to zero.

C. Rebate Disbursement and Notice

Improper Allocation of De Minimis Rebates to Enrollees

The Company improperly allocated its 2018 individual market *de minimis* rebates[4] based on the pro rata amount that each enrollee that was receiving a rebate was to receive, rather than dividing the amount evenly among the enrollees that received a rebate, as required by §158.243. This error did not have any impact on total rebates paid for the 2018 reporting year. Determining the impact of this error on the rebate amount paid to each enrollee was beyond the scope of the examination.

[3] See the definition of "preliminary MLR" at § 158.232(f).

[4] § 158.243(a)(2) defines a *de minimis* rebate in the individual market as one where the total rebate owed to the subscriber is less than $5.

Failure to Timely Issue Rebate Notices
The Company sent some enrollees the 2018 Rebate Notices more than 30 days after the date that the actual rebate check was sent. According to §158.250(b), at the time any rebate of premium is provided to a subscriber in the individual market, an issuer must provide each subscriber that is receiving the rebate certain required information. There was no impact on the MLR calculation as a result of this error.

Failure to Maintain Adequate Documentation
The Company did not maintain the Rebate Notices sent to subscribers who received rebates for the 2018 reporting year. Section 158.502 requires an issuer to maintain all documents and other evidence necessary to enable CCIIO to verify compliance with the definitions and criteria set forth in 45 CFR Part 158 and that the MLR and any rebates owed are calculated and provided in accordance with the federal MLR regulations. This error did not impact the MLR calculation.

Failure to Properly Complete Part 4 of the MLR Annual Reporting Form
The Company improperly reported the total amount of rebates on Part 4, Line 3.b, rather than on Line 3.a of its 2018 MLR Annual Reporting Form. The total amount of *de minimis* rebates is to be reported on Part 4, Line 3.b. The Company also incorrectly reported the amount of rebates that were being paid by premium credit on Part 4, Line 3.c, and the amount of rebates paid by lump-sum reimbursement, on Part 4, Line 3.d. According to the 2018 MLR Annual Reporting Form Filing Instructions, accurate amounts should be reported on Part 4 of the MLR Annual Reporting Form. These errors did not impact the MLR calculation.

D. Compliance with Previous Recommendations

The Company indicated that neither CCIIO nor any state regulatory entity had previously performed an examination of the Company's MLR processes and reporting. The New York State Department of Financial Services performed a financial examination of the Company in 2018 covering the period January 1, 2012 through December 31, 2016. The financial examination resulted in two findings, neither of which impacted the Company's federal MLR calculation or reporting.

VII. Subsequent Events

The Company is required to inform CCIIO of any subsequent events that may affect the currently attested 2018 MLR Annual Reporting Form. No post-December 31, 2018 events were brought to CCIIO's attention that impacted MLR filing for the 2018 reporting year.

VIII. Conclusion, Corrective Actions, Company Responses, and CCIIO Replies

CCIIO examined The United States Life Insurance Company of the City of New York's 2018 MLR Annual Reporting Form to assess compliance with the requirements of 45 CFR Part 158. The examination involved determining the validity and accuracy of the data elements and calculated amounts reported on the 2018 MLR Annual Reporting Form, and the accuracy and timeliness of any rebate payments. As detailed above, the Company's 2018 MLR Annual Reporting Forms contained some elements that were not compliant with the requirements of 45 CFR Part 158. Based on the adjustments made as a result of the examination findings, the Company owes additional rebates totaling $1,560,690 in the individual market in 18 states.

As a result of this examination, consistent with §158.402(e), CCIIO directs the Company to implement the following corrective actions:

Corrective Action #1
The Company must adopt and implement procedures to ensure that it properly aggregates the experience of its policies in an accurate manner, including aggregating experience for individual market policies sold through an association or trust based upon the issue state of the certificate of coverage, in accordance with §158.120(d)(1).

Company Response
The Company has adopted and implemented procedures to address this corrective action, beginning with its 2019 filing.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #2
The Company must adopt and implement procedures to ensure that it reports incurred claims in accordance with §158.140, including properly excluding MLR rebates paid to its enrollees.

Company Response
The Company has adopted and implemented procedures to ensure that it reports incurred claims in accordance with § 158.140, beginning with its 2019 filing.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #3
The Company must adopt and implement procedures to ensure it correctly reports earned premium in accordance with §158.130, including reporting actual earned premium.

Company Response
The Company must adopt and implement procedures to ensure it correctly reports earned premium in accordance with §158.130, including reporting actual earned premium.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #4
The Company must adopt and implement procedures to ensure that it reports its taxes, licensing, and regulatory fees in compliance with §158.162, including accurately calculating federal income taxes, and properly excluding social security taxes.

Company Response
The Company has adopted and implemented procedures to address this corrective action, effective with the 2019 filing.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #5
The Company must adopt and implement procedures to ensure the accurate disclosure of the method(s) used to allocate tax expenses to each state, as required by §158.170.

Company Response
The Company has adopted and implemented procedures to ensure the accurate disclosure of the method(s) used to allocate tax expenses to each state, effective with the 2019 filing.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #6
The Company must adopt and implement procedures to ensure *de minimis* rebates are allocated equally among enrollees, as required by §158.243.

Company Response
The Company has adopted and implemented procedures to ensure *de minimis* rebates are allocated equally among enrollees, as required by § 158.243, effective with the 2019 filing.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #7
The Company must adopt and implement procedures to ensure the timely issuance of Rebate Notices to policyholders and subscribers that receive rebates, in accordance with §158.250.

Company Response
Beginning with the 2019 filing, the Company has adopted and implemented procedures to ensure the timely issuance of Rebate Notices to policyholders and subscribers that receive rebates, in accordance with §158.250.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #8
The Company must adopt and implement a comprehensive MLR records maintenance program under which it maintains all documentation and evidence necessary to enable CCIIO to verify compliance with each element included in the MLR Annual Reporting Form, as required by §158.502. The records maintenance program must include storing documentation related to the Rebate Notices issued to all policyholders and subscribers receiving rebates.

Company Response
The Company has undertaken steps to enhance its records maintenance program to satisfy this corrective action. The program includes requirements for storing documentation related to the Rebate Notices issued to all policyholders and subscribers receiving rebates.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #9
The Company must adopt and implement procedures to ensure it completes the MLR Annual Reporting Form in accordance with §158.110 and the MLR Annual Reporting Form Filing Instructions, including properly and accurately completing Part 4 of the MLR Annual Reporting Form.

Company Response
The Company has adopted and implemented procedures to ensure it completes the MLR Annual Reporting Form in accordance with §158.110 and the MLR Annual Reporting Form Filing Instructions, including properly and accurately completing Part 4 of the MLR Annual Reporting Form, beginning with the 2019 report.

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #10
The Company must re-file its 2018 MLR Annual Reporting Form to rectify the errors and reflect the findings stated herein, adjusting both the current year (CY) and prior year (PY) columns as applicable, including calculating any additional rebate amounts due to its enrollees. Any underpaid rebates calculated by the Company as a result of the findings herein should be paid as soon as possible but in no event later than sixty (60) days from the date of the Company's receipt of the Final MLR Examination Report.

Company Response

The Company will re-file its 2018 MLR Annual Reporting Form no later than August 31, 2024. The Company previously calculated underpaid rebates as a result of the findings and paid all additional amounts due to enrollees in the amount of $1,561,446, plus interest, in May 2022.

CCIIO Reply

CCIIO accepts the Company's response and the corrective action plan.

The corrective actions provided in this report should be shared with and adopted by, as applicable, any affiliated entities of the Company, such as its parent or subsidiaries, if any, that are similarly subject to the MLR reporting and rebate requirements of 45 CFR Part 158.

CCIIO thanks the Company and its staff for its cooperation with this examination.

IX. Appendix I – Recalculated MLRs[5] and Rebates for the 2018 Reporting Year

The three-year adjusted, aggregate numerator and denominator, along with the resulting credibility-adjusted MLRs and rebates for 2018, for the states and markets in which the MLR changed as a result of the examination, are shown in the following tables. The differences between the amounts in the "As Filed" and "As Recalculated" rows reflect the net impact of the adjustments made to: properly aggregate incurred claims; properly restate incurred claims, earned premium, taxes and licensing or regulatory fees; and, restate the credibility adjustment in the states of Connecticut, Florida and Texas to 0.0%, in accordance with §158.232(d).

Alabama

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$274,170	$455,060	73.5%	$9,252
As Recalculated	$240,662	$461,363	65.4%	$21,251
Difference	($33,508)	$6,303	(8.1%)	$12,000

Arizona

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$651,439	$1,023,969	72.6%	$23,370
As Recalculated	$543,346	$1,031,337	61.6%	$58,918
Difference	($108,093)	$7,368	(11.0%)	$35,548

California

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$4,387,561	$5,979,934	77.6%	$43,730
As Recalculated	$4,335,576	$6,021,493	76.2%	$70,171
Difference	($51,985)	$41,559	(1.4%)	$26,441

Colorado

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$385,802	$600,400	77.0%	$5,196
As Recalculated	$365,112	$607,260	72.8%	$12,784
Difference	($20,690)	$6,860	(4.2%)	$7,588

[5] The MLRs shown may not equal the quotient of the numerator divided by the denominator due to the inclusion of a credibility adjustment, in accordance with §158.230.

Connecticut

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$834,183	$1,252,299	74.6%	$20,891
As Recalculated	$744,665	$1,253,293	59.4%	$79,360
Difference	($89,518)	$994	(15.2%)	$58,469

Florida

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$6,643,325	$8,681,245	79.3%	$19,140
As Recalculated	$6,253,309	$8,673,803	72.1%	$213,574
Difference	($390,016)	($7,442)	(7.2%)	$194,434

Georgia

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$866,072	$1,007,974	95.0%	$0
As Recalculated	$1,161,271	$1,014,029	123.6%	$0
Difference	$295,199	$6,055	28.6%	$0

Illinois

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$2,305,806	$2,947,352	84.0%	$0
As Recalculated	$2,223,598	$2,992,070	80.1%	$0
Difference	($82,208)	$44,718	(3.9%)	$0

Indiana

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$463,267	$507,691	105.1%	$0
As Recalculated	$444,402	$515,319	100.1%	$0
Difference	($18,865)	$7,628	(5.0%)	$0

Louisiana

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$357,531	$648,511	68.9%	$22,423
As Recalculated	$311,912	$651,540	61.6%	$37,472
Difference	($45,619)	$3,029	(7.3%)	$15,049

Maryland

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$851,100	$1,303,107	73.8%	$24,817
As Recalculated	$1,101,011	$1,310,304	92.5%	$0
Difference	$249,911	$7,197	18.7%	($24,817)

Massachusetts[6]

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$925,523	$1,147,119	89.3%	$0
As Recalculated	$843,217	$1,155,931	81.6%	$22,842
Difference	($82,306)	$8,812	(7.7%)	$22,842

Michigan

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$439,931	$817,349	64.3%	$40,086
As Recalculated	$334,776	$824,911	51.0%	$75,673
Difference	($105,155)	$7,562	(13.3%)	$35,587

Missouri

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$564,186	$540,744	117.9%	$0
As Recalculated	$563,792	$541,807	117.6%	$0
Difference	($394)	$1,063	(0.3%)	$0

Nevada

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$297,989	$492,620	73.6%	$9,819
As Recalculated	$291,727	$494,434	72.1%	$12,171
Difference	($6,262)	$1,814	(1.5%)	$2,352

New Jersey

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$3,394,070	$4,372,634	81.5%	$0
As Recalculated	$3,414,245	$4,357,672	82.3%	$0
Difference	$20,175	($14,962)	0.8%	$0

[6] In Massachusetts, the applicable MLR standard was 88% in the individual market for 2018, 2017, and 2016.

New York[7]

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$27,144,417	$33,414,554	81.2%	$87,492
As Recalculated	$23,965,607	$33,161,490	72.3%	$1,030,356
Difference	($3,178,810)	($253,064)	(8.9%)	$942,863

North Carolina

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$1,531,175	$1,336,192	122.0%	$0
As Recalculated	$1,577,352	$1,341,160	125.1%	$0
Difference	$46,177	$4,968	3.1%	$0

Ohio

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$558,273	$832,085	77.9%	$5,145
As Recalculated	$443,567	$839,919	63.6%	$41,168
Difference	($114,706)	$7,834	(14.3%)	$36,022

Pennsylvania

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$1,802,645	$2,193,221	88.0%	$0
As Recalculated	$1,665,420	$2,204,942	81.3%	$0
Difference	($137,225)	$11,721	(6.7%)	$0

South Carolina

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$432,078	$692,945	72.2%	$17,128
As Recalculated	$381,168	$696,238	64.6%	$34,126
Difference	($50,910)	$3,293	(7.6%)	$16,999

Tennessee

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$651,630	$761,414	97.0%	$0
As Recalculated	$463,191	$766,479	71.9%	$17,224
Difference	($188,439)	$5,065	(25.1%)	$17,224

[7] In New York, the applicable MLR standard was 82% for 2018, 2017, and 2016 in the individual market.

Texas

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$1,798,914	$2,800,575	70.1%	$82,527
As Recalculated	$1,599,608	$2,825,673	56.6%	$198,770
Difference	($199,306)	$25,098	(13.5%)	$116,243

Virginia

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$916,474	$1,217,906	83.6%	$0
As Recalculated	$867,464	$1,232,459	78.8%	$4,555
Difference	($49,010)	$14,553	(4.8%)	$4,555

Washington

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$270,703	$513,563	66.6%	$22,040
As Recalculated	$248,257	$518,436	61.8%	$30,588
Difference	($22,446)	$4,873	(4.8%)	$8,548

Wisconsin

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	$275,932	$438,018	76.6%	$4,306
As Recalculated	$252,518	$443,238	70.6%	$12,232
Difference	($23,414)	$5,220	(6.0%)	$7,926