

STATE OF INDIANA)
) SS: BEFORE THE INDIANA
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
American Health Network of Indiana, LLC)
10689 N. Pennsylvania St., Suite 200)
Indianapolis, IN 46280)

Examination of: **American Health Network of Indiana, LLC**


NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of American Health Network of Indiana, LLC, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on June 15, 2020, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of American Health Network of Indiana, LLC shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

July 17, 2020
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7017 3040 0000 9294 9650

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10689 N. Pennsylvania St., Suite 200)
Indianapolis, IN 46280)

Examination of: **American Health Network of Indiana, LLC**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the American Health Network of Indiana, LLC (hereinafter “Company”) for the time period January 1, 2016 through December 31, 2018.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 1, 2020.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on June 15, 2020 and was received by the Company on June 15, 2020.

The Company did not file any objections.


NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the American Health Network of Indiana, LLC as of December 31, 2018.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the American Health Network of Indiana, LLC to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 17 day of
July, 2020.



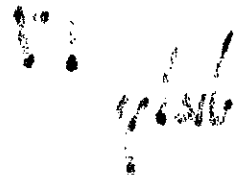

Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.



STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

AMERICAN HEALTH NETWORK OF INDIANA, LLC

NAIC Co. CODE 52623
NAIC GROUP CODE 0707

As of

December 31, 2018

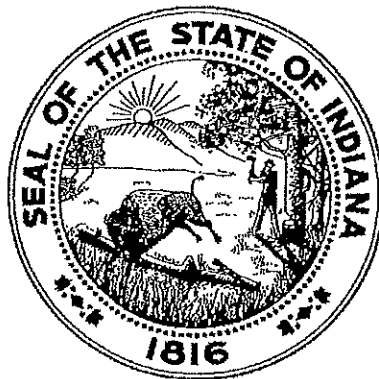


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Stephen W. Robertson, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/doi

May 1, 2020

Honorable Stephen W. Robertson, Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4025, an examination has been made of the affairs and financial condition of:

American Health Network of Indiana, LLC
10689 N. Pennsylvania St., Suite 200
Indianapolis, Indiana 46280

hereinafter referred to as the "Company", or "AHN", an Indiana domestic health maintenance organization (HMO). The examination was conducted at the corporate offices of the Company and at the offices of Noble Consulting Services, Inc., in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2018, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389	COMPANY COMPLIANCE 317-232-3495	CONSUMER SERVICES 317-232-2395/1-800-622-4461	FINANCIAL SERVICES 317-232-2390	MEDICAL MALPRACTICE 317-232-2402	COMPANY RECORDS 317-232-5692	STATE HEALTH INSURANCE PROGRAM 1-800-452-4800
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SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2013 through December 31, 2015. The present risk focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2016 through December 31, 2018, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

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.

This examination report includes significant findings of fact, as in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

HISTORY

The Company was incorporated on May 20, 2000, under the laws of the state of Indiana, and commenced business in August of that year. On February 13, 2017, UnitedHealth Group Incorporated (United), United HealthCare Services, Optum, Inc., OptumHealth Holdings, LLC and Collaborative Care Holdings, LLC (CCH) filed a Form A Statement with the INDOI regarding the proposed change of control of AHN. On May 16, 2017, the INDOI issued an approval order for that proposed change of control. The Company is wholly owned by AHN Target Holdings, LLC (AHN Target), which is 80.1% owned by CCH. CCH is an indirect, wholly owned subsidiary of United, who is the ultimate controlling person in the insurance holding company system.

CAPITAL AND SURPLUS

The Company has no outstanding shares of stock.

TERRITORY AND PLAN OF OPERATION

The Company operates as an integrated health care delivery system operating a comprehensive, statewide network of primary care providers with corresponding contractual arrangements with specialty physicians, as well as hospitals. The network delivers service predominantly through agreements with other licensed HMOs, preferred provider organizations, and insurance companies.

The Company integrates the financing and delivery of health care to control costs through community-based providers in a system of managed competition. Revenues are derived principally from fees the physicians charge their patients for medical services. These fees are the result of both fee-for-service and capitated arrangements. As a result, the Company does not have any members, premiums, claims, or claim reserves and operates as a group practice that has incorporated ancillary services such as radiology and lab services for its patients and bills and collects user fee-for-service contracts to insurance companies. There have been no full risk agreements since 2000 and no such products have been developed.

In 2012, the Company began its transformation into a Medicare Accountable Care Organization (ACO). ACOs are a new approach to healthcare delivery aimed at providing better care, improving population health, and lowering growth in expenditures by (1) promoting accountability for the care of Medicare Fee-for-Service beneficiaries, (2) requiring coordination of care for services provided under Medicare Parts A and B and (3) encouraging investment in infrastructure and redesigned care processes. The Company operates only in the state of Indiana.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company during the examination period:

Year	Admitted Assets	Liabilities	Surplus and Other Funds	Premiums Earned	Net Income
2018	\$ 33,480,725	\$ 17,619,890	\$ 15,860,835	-	\$ (2,936,459)
2017	32,831,916	14,104,539	18,727,377	-	(69,622,189)
2016	46,371,725	34,552,735	11,818,990	-	(223,937)

The Company has a history of net losses, but their surplus position remains well in excess of the minimum net worth requirement of \$1 million. The significant increase in net loss in 2017 was primarily due to the impact of the United Healthcare acquisition of AHN.

MANAGEMENT AND CONTROL

Directors

The Company is managed and controlled by a Board of Managers (Board). The Bylaws state that the Board shall consist of at least three (3) managers, which number may be increased or decreased from time to time by a majority-in-interest of the members. Each manager shall serve indefinite terms on the Board until he or she resigns or is removed by a majority-in-interest of the members. The following is a listing of persons serving as managers as of December 31, 2018, and their principal occupations as of that date:

Name and Address	Principal Occupation
Walter Phillip Beaver Noblesville, Indiana	Managing Partner American Health Network of Indiana, LLC
Mark Alan Buddie Powell, Ohio	Medical Director American Health Network of Ohio, LLC
Ben Harris Park, M.D. Zionsville, Indiana	President and Chief Executive Officer American Health Network of Indiana, LLC

Officers

The Company's Bylaws state that the officers of the Company shall be chosen by the Board and shall hold office until his or her successor shall be duly designated or until his or her earlier death, resignation or removal.

The following is a list of key officers and their respective titles as of December 31, 2018:

<u>Name</u>	<u>Office</u>
Ben Park, M.D.	Chairman, President, and Chief Executive Officer
Linda Sundin	Chief Financial Officer and Treasurer
Anthony Lennen	Senior Vice President of Operations
Jennie Sue Kho-Duffin, M.D.	Vice President of Laboratory Services
Mark Benson, M.D.	Medical Director

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2018.

CORPORATE RECORDS

Articles of Incorporation

There were no amendments made to the Articles of Incorporation during the examination period.

Bylaws

There were no amendments made to the Bylaws during the examination period.

Minutes

The Board and shareholders meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company and its parent companies as of December 31, 2018:

	NAIC Co. Code	Domiciliary State/Country
UnitedHealth Group Incorporated		DE
United HealthCare Services, Inc.		MN
Optum, Inc.		DE
OptumHealth Holdings, LLC.		DE
Collaborative Care Holdings, LLC		DE
AHN Target Holdings, LLC*		DE
American Health Network of Ohio, LLC		OH
AHN Central Services, LLC		DE
American Health Network of Indiana Care Organization, LLC		IN
American Health Network of Indiana II, LLC		IN
American Health Network of Indiana, LLC	52623	IN

*AHN Target Holdings, LLC is 80.1% owned by Collaborative Care Holdings, LLC

*AHN Target Holdings, LLC is 19.9% owned by Nineteen Nine Holdings, LLC

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4.

Service Agreement

The Company has an inter-company services agreement with AHN Central Services, LLC (AHN Central). Under this agreement, AHN Central provides administrative, accounting, advertising, marketing and public relations services to the Company. The Company compensates AHN Central through a monthly charge equal to five percent (5%) of the Net Physician Revenue of the Company. These monthly charges are settled on a quarterly basis. In 2018, the Company was charged \$6,553,760.

Borrowing and Investment Agreement

There is a borrowing and investment agreement between AHN Target and CCH, whereby CCH agrees to make available to AHN Target and ultimately AHN, through a revolving line of credit, an aggregate amount up to 20 million for general operating expenses. AHN Target disburses all payments for payroll, purchases of assets and accounts payable. To fund these activities, AHN Target sweeps the cash collections from AHN practices and invests the funds. Due to the nature of the borrowing and investment agreement, there will always be either a receivable or payable between AHN and AHN Target. As of December 31, 2018, AHN had a payable to parent of \$223,010.

Participation Agreement

Effective May 1, 2004, AHN and UnitedHealthcare Insurance Company (UHIC), a subsidiary of United, entered into a Medical Group Participation Agreement. Pursuant to this agreement, AHN provides UHIC's insureds access to AHN's provider network in accordance with fees set forth in the agreement. In 2018, AHN did not pay for any services described in this agreement.

Credentialing Delegation Agreement

Effective January 1, 2005, AHN and UHIC entered into a Credentialing Delegation Agreement in which AHN provides credentialing services to UHIC to help determine which providers may participate in the provider network. In 2018, AHN did not pay for any services described in this agreement.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Beazley Insurance Company, Inc. to the UnitedHealth Group, Inc. The bond has a blanket coverage limit of \$5 million. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force, through their ultimate parent, as of December 31, 2018, including but not limited to automobile liability, crime liability, cyber liability, general liability, primary lead professional liability, property liability, and workers' compensation liability.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

All employees meeting certain eligibility requirements are eligible to participate in a 401(k) plan.

Highly compensated employees who were restricted in 401(k) participation were eligible to participate in a non-qualified deferred compensation plan. The plan was terminated at the end of calendar year 2006. All account balances were paid out to participants in May 2017.

SPECIAL AND STATUTORY DEPOSITS

The Company reported a statutory deposit as of December 31, 2018. The deposit was held with the state of Indiana and had book value and fair value of \$500,000.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balance prepared from the Company's general ledger for the year ended December 31, 2018, was agreed to the 2018 Annual Statement. The Annual Statements for the years ended December 31, 2016 through December 31, 2018, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

AMERICAN HEALTH NETWORK OF INDIANA, LLC

Assets

As of December 31, 2018

	<u>Per Examination*</u>
Bonds	\$ 500,000
Cash, cash equivalents and short-term investments	48,458
Other invested assets	<u>666,022</u>
Subtotals, cash and invested assets	1,214,480
Electronic data processing equipment and software	225,735
Furniture and equipment	1,338,936
Receivables from parent, subsidiaries and affiliates	(223,010)
Health care and other amounts receivable	21,177,485
Aggregate write-ins for other than invested assets	<u>9,747,099</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>33,480,725</u>
Totals	<u>\$33,480,725</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

AMERICAN HEALTH NETWORK OF INDIANA, LLC
 Liabilities, Surplus and Other Funds
 As of December 31, 2018

	Per Examination*
Borrowed money and interest thereon	\$ 103,309
Aggregate write-ins for other liabilities	17,516,581
Total liabilities	17,619,890
Gross paid in and contributed surplus	83,972,235
Unassigned funds (surplus)	(68,111,400)
Total capital and surplus	15,860,835
Total liabilities, capital and surplus	\$ 33,480,725

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

AMERICAN HEALTH NETWORK OF INDIANA, LLC
Statement of Revenue and Expenses
For the Year Ended December 31, 2018

	Per Examination*
Fee-for-service	\$ 114,868,600
Aggregate write-ins for other health care related revenues	121,841,972
Net revenues	236,710,572
Hospital and Medical:	
Other professional services	110,410,896
Outside referrals	2,130,135
Aggregate write-ins for other hospital and medical	93,937,960
Subtotal	206,478,991
Less:	
Total hospital and medical	206,478,991
General administrative expenses	33,202,245
Total underwriting deductions	239,681,236
Net underwriting gain	(2,970,664)
Net investment income earned	14,094
Net realized capital gains less capital gains tax	20,111
Net investment gains	34,205
Net income after capital gains tax and before all other federal income taxes	(2,936,459)
Net income	\$ (2,936,459)

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

AMERICAN HEALTH NETWORK OF INDIANA, LLC
Capital and Surplus Account Reconciliation

	2018	2017	2016
Capital and surplus prior reporting year	\$ 18,727,377	\$ 11,818,990	\$ 11,800,814
Net income	(2,936,459)	(69,622,189)	(223,937)
Change in net unrealized capital gains (losses) less capital gains tax	(23,579,143)	21,580,882	746,536
Change in net deferred income tax	-	511,147	(563,016)
Change in nonadmitted assets	23,649,060	(27,195,564)	58,593
Aggregate write-ins for gains or (losses) in surplus	-	81,634,111	-
Net change in capital and surplus	<u>(2,866,542)</u>	<u>6,908,387</u>	<u>18,176</u>
Capital and surplus end of reporting year	<u>\$ 15,860,835</u>	<u>\$ 18,727,377</u>	<u>\$ 11,818,990</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2018, based on the results of this examination.

SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulatory decisions, and the impact on the financial markets, all of which are uncertain and cannot be predicted. Due to the timing of the examination and field work, the effects of the pandemic on this entity are not fully addressed within this examination report.

There were no further events subsequent to the examination date and prior to the completion of field work which were considered material events requiring disclosure in this Report of Examination.

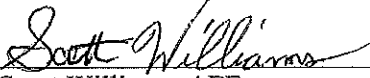
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc., performed an examination of American Health Network of Indiana, LLC, as of December 31, 2018.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

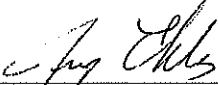
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of condition of American Health Network of Indiana, LLC as of December 31, 2018, as determined by the undersigned.



Scott Williams, AFE
Noble Consulting Services, Inc.

Under the Supervision of:




Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

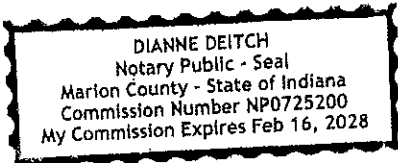
State of: Indiana
County of: Marion

On this 22 day of June, 2020, before me personally appeared, Scott Williams and Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: FEB. 16, 2028 

Notary Public





Notary Public

