

Examination Warrant Number 21-00671-47025-R1

Report of Examination of

**Beacon Health Options of Pennsylvania, Inc.
Seven Fields, Pennsylvania**

As of December 31, 2021

For Informational Purposes Only

Beacon Health Options of Pennsylvania, Inc.

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Harrisburg, Pennsylvania
April 20, 2023

Honorable Diana L. Sherman CPA, CFE, CISA, CITP
Acting Deputy Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
Harrisburg, Pennsylvania

Dear Madam:

In accordance with instructions contained in Examination Warrant Number 21-00671-47025-R1, dated August 9, 2021, an examination was made of

Beacon Health Options of Pennsylvania, Inc., NAIC Code: 47025

a Pennsylvania domiciled, single-state risk assuming preferred provider organization (“RANLI-PPO”), hereinafter referred to as the “Company” or “BHO-PA.” The examination was conducted remotely.

A report of this examination is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Pennsylvania Insurance Department (“Department”) has performed an examination of the Company, which was last examined as of December 31, 2016. This examination covered the five-year period from January 1, 2017 through December 31, 2021.

Work programs employed in the performance of this examination were designed to comply with the standards promulgated by the Department and the National Association of Insurance Commissioners (“NAIC”) *Financial Condition Examiners Handbook* (“Handbook”).

The Handbook requires that the Department plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, evaluate system controls and procedures used to mitigate those risks, and review subsequent events. 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, in accordance with 40 P.S. § 323.5(a), and general information about the Company and its financial condition. There may be

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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.

For the years 2017 to 2019, the certified public accounting firm of KPMG provided an unmodified opinion based on statutory accounting principles. For the years 2020 to 2021, the certified public accounting firm of Ernst & Young LLP (“CPA”) has provided an unmodified opinion based on statutory accounting principles. Relevant work performed by the CPA, during its annual audit of the Company, was reviewed during the examination and incorporated into the examination workpapers.

The following companies were examined at the same time during the above examination:

Company	State of Domicile	NAIC Code
Anthem Health Plans of New Hampshire, Inc.	NH	53759
CCHA, Inc.	CO	16345
Group Retiree Health Solutions, Inc. (fka Region 6 Rx Corp)	PA	12812
Health Colorado, Inc.	CO	16486
Matthew Thornton Health Plan, Inc.	NH	95527
Value Options of Texas, Inc.	TX	95799

HISTORY

The Company was incorporated on July 26, 1996, licensed by the Department on September 12, 1997, and commenced business on or about the same date. The Company is currently authorized to transact business of a RANLI-PPO under the provisions of 40 P.S. § 764a(d)(1). The Company is a wholly-owned subsidiary of Beacon Health Options, Inc., a wholly owned subsidiary of Anthem, Inc. (“Anthem”). BHO-PA joined the Anthem holding company system on February 28, 2020, as a result of Anthem’s acquisition of BVO Holdings, LLC and its subsidiaries.

MANAGEMENT AND CONTROL

CAPITALIZATION

As of December 31, 2021, BHO-PA’s total capital was \$41,414,065, consisting of one (1) share of issued and outstanding common stock with a par value of \$1.00 per share amounting to \$1.00; \$7,013,000 in paid in and contributed surplus; and \$34,401,064 in unassigned funds (surplus).

BHO-PA’s minimum capital requirement, pursuant to 31 Pa. Code § 152.9, is to maintain admitted assets in excess of liabilities by at least the minimum capital and surplus required of a

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stock casualty insurer with accident and health powers. The minimum capital and surplus for a stock casualty insurer with accident and health powers is \$1,125,000 pursuant to 40 P.S. § 386. BHO-PA has met all governing requirements throughout the examination period.

STOCKHOLDERS

The sole stockholder for BHO-PA is Beacon Health Options, Inc., which is an indirect wholly owned subsidiary of Anthem.

BHO-PA declared and paid extraordinary dividends to its parent during the examination period totaling \$30,500,000, with Department approval. Paid dividends were as follows:

Year	Amount
2017	\$9,500,000
2018	\$13,500,000
2019	\$7,500,000

INSURANCE HOLDING COMPANY SYSTEM

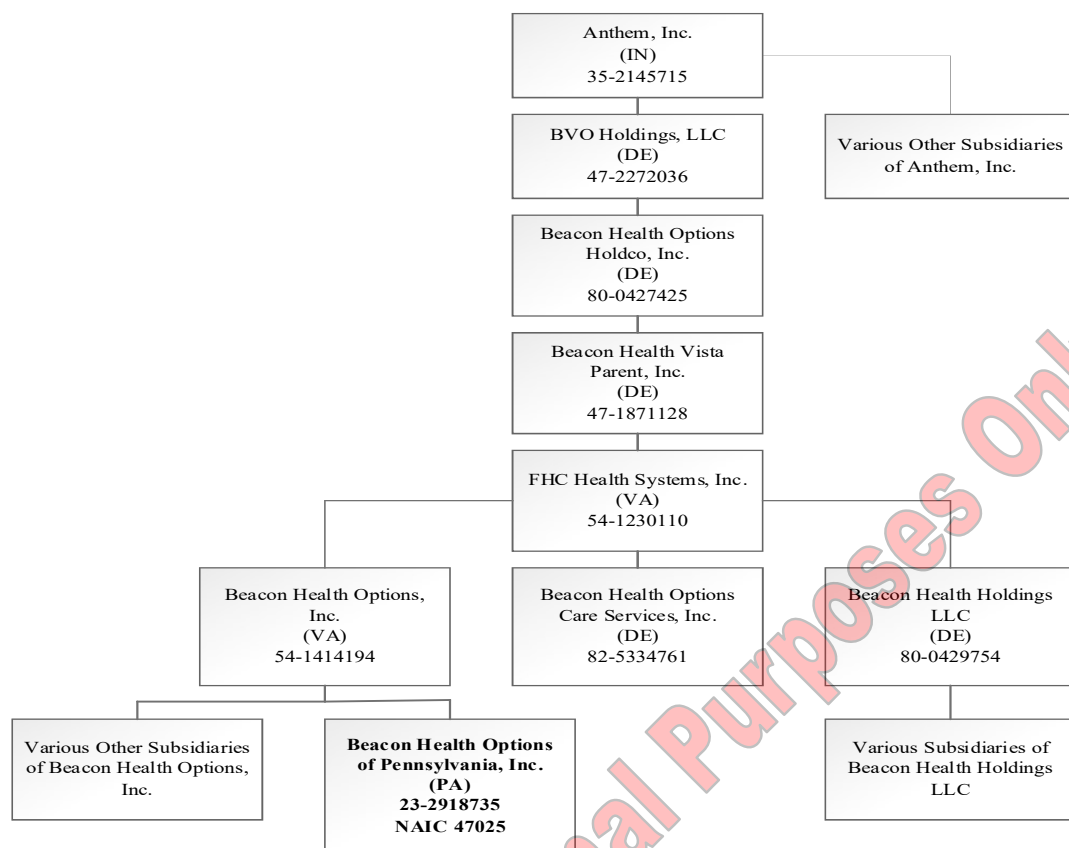
The Company meets the requirements for filing an insurance holding company system annual registration statement, in compliance with 40 P.S. § 991.1404. For each year under the examination period, the Company filed the required annual registration statement.

BHO-PA joined the Anthem insurance holding company system on February 28, 2020 as a result of the acquisition of BVO Holdings, LLC and its subsidiaries. The Company is now an indirect, wholly-owned subsidiary of Anthem and its direct parent is Beacon Health Options, Inc.

Anthem is named as the ultimate controlling entity of its holding company system. The organizational chart below summarizes the holding company system as of December 31, 2021. The organizational chart does not depict all entities contained within the holding company system due to the size and complexity of the business operations within the holding company system.

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BOARD OF DIRECTORS

Management of BHO-PA is vested in its Board of Directors (“Board”), which was comprised of the following members as of December 31, 2021:

Name City, State	Title Company
Glenn MacFarlane Boston, Massachusetts	President Beacon Health Options, Inc.
Robert Flowe Chesapeake, Virginia	Chief Financial Officer Beacon Health Options, Inc.
Roxanne Kennedy Cranberry, Pennsylvania	Vice President and Chief Executive Officer Beacon Health Options of Pennsylvania, Inc.
Rebecca Marshall Chesapeake, Virginia	Senior Vice President Finance and Controller Beacon Health Options, Inc.

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Cheryl Perkins Boston, Massachusetts	Chief Clinical Officer and Senior Vice President, Clinical Management Beacon Health Options, Inc.
Daniel Risku Boston, Massachusetts	Executive Vice President and General Counsel Beacon Health Options, Inc.
Jay Wagner Indianapolis, Indiana	Vice President and Counsel, Associate General Counsel Anthem, Inc.

According to Article III, Section 2 of the Company by-laws, each director shall hold office for the term for which he is elected or until his successor shall have been elected and qualifies for the office, whichever period is longer.

COMMITTEES

As of December 31, 2021, the following committees, operating at the Anthem level, were appointed by the Anthem Board and served in accordance with the Company's by-laws:

Audit Committee

Lewis Hay, III (Chair)
R. Kerry Clark
Susan D. DeVore
Robert L. Dixon, Jr.
Antonio F. Neri

Compensation and Talent Committee

Ramiro G. Peru (Chair)
Bahija Jallal
Ryan M. Schneider
Elizabeth E. Tallett

Governance Committee

Bahija Jallal (Chair)
Antonio F. Neri
Ryan M. Schneider
Elizabeth E. Tallett

Finance Committee

R. Kerry Clark (Chair)
Susan D. DeVore
Robert L. Dixon, Jr.
Lewis Hay, III
Ramiro G. Peru

The company achieves compliance with the Board committee membership requirements of 40 P.S. § 991.1405(3)(ii) through 40 P.S. § 991.1405(c)(5), which states: "The provisions of paragraphs (3), (4) and (4.1) shall not apply to a domestic insurer if the person controlling such insurer is an insurer, an attorney in fact for a reciprocal exchange, a mutual insurance holding company or a publicly held corporation having a board of directors and committees thereof which already meet the requirements of paragraphs (3), (4) and (4.1)". The committees appointed at the Anthem level perform required duties for BHO-PA and meet the requirements of the statute.

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OFFICERS

As of December 31, 2021, the following officers were appointed and serving in accordance with BHO-PA's by-laws:

Name	Title
Glenn MacFarlane	President
Kathleen Kiefer	Secretary
Roxanne Kennedy	Chief Executive Officer
Vincent Scher	Treasurer
Rebecca Marshall	Assistant Treasurer
Eric Noble	Assistant Treasurer
Clifford Coppola	Assistant Secretary

CORPORATE RECORDS

MINUTES

Beacon Health Options, Inc. is the sole shareholder of the Company's outstanding common stock, and shareholder actions are conducted through "written consent" orders. Shareholder actions were conducted for such purposes as electing the members of the Board in accordance with the Company's by-laws.

The recorded minutes of the meetings held by the Board were reviewed for the period under examination. The minutes were documented including discussions of cash position, reserves, and other key components of the financial statements. The minutes included approval of significant Company transactions in accordance with the Boards' powers and authority as afforded in the Company's by-laws. Quorums were confirmed at all meetings and officers were appointed annually by the Board.

ARTICLES OF INCORPORATION

The Articles of Incorporation were amended during the examination period to change the company name from Value Behavioral Health of Pennsylvania, Inc. to Beacon Health Options of Pennsylvania, Inc. No other amendments to the Articles of Incorporation were made during the examination period.

BY-LAWS

On March 1, 2021, the company amended Article III, Section 2 of its by-laws to change the maximum number of directors from ten (10) to seven (7). In addition, the Company amended Article III, Section 3 to specify that special meetings shall be held, unless otherwise designated by the Board, in Norfolk, Virginia. Such by-law changes were reported to the Department.

SERVICE AND OPERATING AGREEMENTS

The following significant agreements were in place during the examination period:

Master Administrative Services Agreement

Effective January 1, 2021, the Company became a party to a Master Administrative Services Agreement (“MASA”) between Anthem and various subsidiaries. Originally effective January 1, 2004, the MASA was created to provide affiliated companies with various administrative, management, and support services from affiliates. The agreement meets the fair and reasonable standards in 40 P.S. § 991.1405(a)(1)(i). This agreement supersedes the Management Services Agreement between BHO-PA and Beacon Health Options, Inc., which was originally effective in 2015.

Consolidated Federal Income Tax Agreement (“Tax Agreement”)

Effective February 24, 2021 The Company is party to a Consolidated Federal Income Tax Agreement (“Tax Agreement”) with Anthem, its ultimate parent. The Tax Agreement provides a method for: allocating the consolidated tax liability of the affiliated group among its members, including any Alternative Minimum Tax applicable; for reimbursing Anthem for payment of such tax; for compensating any party for use of its tax losses or tax credits, and to provide for the allocation and payment of any refund arising from a carryback of losses or tax credits for subsequent taxable years. The Tax Agreement is in writing and approved by the Board. This agreement supersedes the Beacon Tax Sharing Agreement that the Company was a party to with FHC Health Systems, Inc., the former ultimate parent of the Company.

REINSURANCE

The Company was not a party to any reinsurance agreements (ceded nor assumed) as of December 31, 2021.

TERRITORY AND PLAN OF OPERATIONS

The Company is licensed only in the state of Pennsylvania. The Company’s revenue is generated primarily as a result of premiums earned from contracts directly with the Department of Human Services of the Commonwealth of Pennsylvania (“DHS”) as a primary contactor under an at risk arrangement to manage and insure the behavioral healthcare benefits of Medicaid beneficiaries in Greene County, Pennsylvania.

The Company is also subcontracted on an Administrative Services Only basis for several other counties in Pennsylvania, providing utilization and clinical management services.

In addition, the Company has initiative-based incentive plans with its Pennsylvania counties on an uninsured basis to complete projects outside of normal activity.

The following chart summarizes the Company’s Direct and Assumed, Ceded, and Net Written Premiums by line of business for the year 2021:

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Line of Business	Direct and Assumed Premium	Ceded Premium	Net Premium	Percentage of Total
December 31, 2021				
Title XIX - Medicaid	\$ 15,958,073	\$ 0	\$ 15,958,073	100.0%
Totals	<u>\$ 15,958,073</u>	<u>\$ 0</u>	<u>\$ 15,958,073</u>	<u>100.0%</u>

SIGNIFICANT OPERATING TRENDS

The following table indicates the growth of the Company during the period covered by this examination:

	2021	2020	2019	2018	2017
Admitted Assets	\$ 53,681,519	\$ 35,572,170	\$ 22,506,719	\$ 24,329,002	\$ 34,006,966
Liabilities	\$ 12,267,454	\$ 7,286,898	\$ 6,332,739	\$ 9,531,040	\$ 15,831,707
Capital and Surplus Funds	\$ 41,414,065	\$ 28,285,272	\$ 16,173,980	\$ 14,797,962	\$ 18,175,259
Net Premium Income	\$ 15,958,073	\$ 14,279,200	\$ 10,728,782	\$ 10,158,782	\$ 26,866,800
Benefits to Members	\$ 9,169,485	\$ 9,032,442	\$ 8,743,898	\$ 8,969,090	\$ 22,083,763
Net Investment Income	\$ 134,703	\$ 0	\$ 0	\$ 0	\$ 0
Net Income	\$ 13,163,619	\$ 12,232,834	\$ 8,798,519	\$ 10,223,060	\$ 8,027,443

PENDING LITIGATION

As of the date of this examination report, the Company's Management attested that the Company was not involved in any litigation and were not aware of any threatened litigation that could have a material adverse effect on the Company's financial condition.

FINANCIAL STATEMENTS

The financial condition of the Company, as of December 31, 2021, and the results of its operations for the five-year period under examination, are reflected in the following statements*:

- Comparative Statement of Assets, Liabilities, Surplus and Other Funds;
- Comparative Statement of Income;
- Comparative Statement of Capital and Surplus;
- Comparative Statement of Cash Flow

*Note: Some financials shown in this report may contain immaterial differences to those reported in the Company's filed Annual Statements due to rounding errors.

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Comparative Statement of Assets, Liabilities, Surplus and Other Funds As of December 31,

	2021	2020	2019	2018	2017
Bonds	\$ 10,455,213	\$ 0	\$ 0	\$ 0	\$ 0
Cash, cash equivalents and short-term investments	35,195,350	28,923,349	19,155,010	21,852,084	32,039,031
Securities lending reinvested collateral assets	1,557,854	0	0	0	0
Subtotal, cash and invested assets	47,208,417	28,923,349	19,155,010	21,852,084	32,039,031
Investment income due and accrued	1,911	0	0	0	0
Premiums and considerations	1,399,651	1,225,697	1,002,111	0	4,715
Amounts receivable relating to uninsured plans	5,051,345	5,323,176	2,216,028	2,381,730	1,641,395
Current federal and foreign income tax recoverable and interest thereon	0	0	0	0	122,675
Net deferred tax asset	20,195	99,948	128,069	93,501	199,150
Health care and other amounts receivable	0	0	4,900	0	0
Aggregate write-ins for other than invested assets	0	0	601	1,687	0
Total	\$ 53,681,519	\$ 35,572,170	\$ 22,506,719	\$ 24,329,002	\$ 34,006,966
Claims unpaid	\$ 1,074,821	\$ 566,575	\$ 770,260	\$ 744,979	\$ 641,000
Accrued medical incentive pool and bonus amounts	0	917,702	772,251	785,364	6,833,816
Unpaid claims adjustment expenses	17,246	13,911	0	14,006	11,557
Aggregate health policy reserves	2,807,578	0	0	0	0
Premiums received in advance	0	0	0	610,189	276,095
General expenses due or accrued	1,398,682	1,033,296	1,200,443	1,285,771	960,316
Current federal and foreign income tax payable and interest thereon	1,523,231	1,017,866	244,522	60,904	0
Amounts due to parent, subsidiaries and affiliates	2,070,805	2,172,576	2,636,990	3,631,209	4,177,120
Payable for securities lending	1,557,854	0	0	0	0
Liability for amounts held under uninsured plans	1,780,610	1,564,972	0	0	0
Aggregate write-ins for other liabilities	36,627	0	708,273	2,398,618	2,931,803
Total liabilities	12,267,454	7,286,898	6,332,739	9,531,040	15,831,707
Aggregate write-ins for special surplus funds	0	0	201,831	0	560,688
Common capital stock	1	1	1	1	1
Gross paid in and contributed surplus	7,013,000	7,013,000	7,013,000	7,013,000	7,013,000
Unassigned funds (surplus)	34,401,064	21,272,271	8,959,148	7,784,961	10,601,570
Total capital and surplus	41,414,065	28,285,272	16,173,980	14,797,962	18,175,259
Totals	\$ 53,681,519	\$ 35,572,170	\$ 22,506,719	\$ 24,329,002	\$ 34,006,966

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**Comparative Statement of Income
For the Year Ended December 31,**

	2021	2020	2019	2018	2017
Net premium income	\$ 15,958,073	\$ 14,279,200	\$ 10,728,782	\$ 10,158,782	\$ 26,866,800
Change in unearned premium reserves and reserve for rate credits	(2,023,916)	0	0	0	0
Aggregate write-ins for other health care related revenues	0	0	2,183,663	2,379,110	1,815,882
Total revenues	13,934,157	14,279,200	12,912,445	12,537,892	28,682,682
Aggregate write-ins for other hospital and medical	9,169,485	8,114,740	8,726,401	8,701,676	20,515,060
Incentive pool, withhold adjustments and bonus amounts	0	917,702	17,497	267,414	1,568,703
Subtotal (hospital and medical)	9,169,485	9,032,442	8,743,898	8,969,090	22,083,763
Total hospital and medical	9,169,485	9,032,442	8,743,898	8,969,090	22,083,763
Claims adjustment expenses, including cost containment expenses	183,390	213,166	0	14,006	11,557
General administrative expenses	(11,846,132)	(10,431,330)	(7,034,897)	(9,399,670)	(5,938,910)
Total underwriting deductions	(2,493,257)	(1,185,722)	1,709,001	(416,574)	16,156,410
Net underwriting gain or (loss)	16,427,414	15,464,922	11,203,444	12,954,466	12,526,272
Net investment income earned	134,703	0	0	0	0
Net realized capital gains or (losses)	80,610	0	0	0	0
Net investment gains or (losses)	215,313	0	0	0	0
Net income or (loss) before federal income taxes	16,642,727	15,464,922	11,203,444	12,954,466	12,526,272
Federal income taxes incurred	3,479,108	3,232,088	2,404,925	2,731,406	4,498,829
Net income (loss)	\$ 13,163,619	\$ 12,232,834	\$ 8,798,519	\$ 10,223,060	\$ 8,027,443

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**Comparative Statement of Capital and Surplus
For the Year Ended December 31,**

	2021	2020	2019	2018	2017
Capital and surplus, December 31, previous year	\$ 28,285,272	\$ 16,173,980	\$ 14,797,962	\$ 18,175,259	\$ 19,691,833
Net income or (loss)	13,163,619	12,232,834	8,798,519	10,223,060	8,027,443
Change in net deferred income tax	(76,790)	(28,121)	34,568	(105,649)	(36,063)
Change in nonadmitted assets	41,964	(93,421)	42,931	5,292	(7,954)
Dividends to stockholders	0	0	(7,500,000)	(13,500,000)	(9,500,000)
Net change in capital and surplus	<u>13,128,793</u>	<u>12,111,292</u>	<u>1,376,018</u>	<u>(3,377,297)</u>	<u>(1,516,574)</u>
Capital and surplus, December 31, current year	<u>\$ 41,414,065</u>	<u>\$ 28,285,272</u>	<u>\$ 16,173,980</u>	<u>\$ 14,797,962</u>	<u>\$ 18,175,259</u>

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**Comparative Statement of Cash Flow
For the Year Ended December 31,**

	2021	2020	2019	2018	2017
Cash from Operations					
Premiums collected net of reinsurance	\$ 16,567,781	\$ 14,055,614	\$ 9,116,482	\$ 10,497,591	\$ 32,814,299
Net investment income	202,491	0	0	0	0
Miscellaneous Income	0	0	2,183,663	2,379,110	1,815,882
Total	16,770,272	14,055,614	11,300,145	12,876,701	34,630,181
Benefit and loss related payments	9,596,654	9,146,496	8,736,630	14,913,563	31,673,248
Commissions, expenses paid and aggregate write-ins for deductions	(12,526,541)	(7,782,379)	(5,411,113)	(8,440,048)	(7,835,743)
Federal and foreign income taxes paid (recovered)	2,989,607	2,458,744	2,221,499	2,547,827	5,411,255
Total deductions	59,720	3,822,861	5,547,016	9,021,342	29,248,760
Net cash from operations	16,710,552	10,232,753	5,753,129	3,855,359	5,381,421
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	20,075,439	0	0	0	0
Total investment proceeds	20,075,439	0	0	0	0
Cost of investments acquired (long-term only):					
Bonds	30,500,000	0	0	0	0
Miscellaneous applications	1,557,854	0	0	0	0
Total investments acquired	32,057,854	0	0	0	0
Net cash from investments	(11,982,415)	0	0	0	0
Cash from Financing and Miscellaneous Sources					
Cash provided (applied):					
Dividends to stockholders	0	0	7,500,000	13,500,000	9,500,000
Other cash provided or (applied)	1,543,865	(464,414)	(950,203)	(542,306)	835,608
Net cash from financing and miscellaneous sources	1,543,865	(464,414)	(8,450,203)	(14,042,306)	(8,664,392)
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	6,272,002	9,768,339	(2,697,074)	(10,186,947)	(3,282,971)
Cash and short-term investments:					
Beginning of the year	28,923,349	19,155,010	21,852,084	32,039,031	35,322,002
End of the year	\$ 35,195,350	\$ 28,923,349	\$ 19,155,010	\$ 21,852,084	\$ 32,039,031

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SUMMARY OF EXAMINATION CHANGES

There were no changes made to the preceding financial statements as filed with regulatory authorities over the review period.

NOTES TO FINANCIAL ITEMS

ASSETS

INVESTMENTS

As of December 31, 2021, the Company's invested assets were distributed as follows:

	Amount	Percentage
Bonds	\$ 10,455,213	22.1%
Cash	35,195,350	74.6%
Securities lending reinvested collateral assets	1,557,854	3.3%
Totals	<u>\$ 47,208,417</u>	<u>100.0%</u>

The Company's bond portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	\$ 10,455,213	100.0%
Totals	<u>\$ 10,455,213</u>	<u>100.0%</u>

Years to Maturity	Amount	Percentage
no maturity	10,455,213	100.0%
Totals	<u>\$ 10,455,213</u>	<u>100.0%</u>

The Company's investment portfolio consists of SVO Identified Exchange Traded Fund (ETF) bond investments with highest quality NAIC Designation. The Company has a written investment policy as required by 40 P.S. § 504.1(c) and is following the investment policy. The Company has a custodial agreement that is compliant with 31 PA Code § 148a.3.

LIABILITIES

POLICYHOLDER AND CLAIM RESERVES

The Company reported reserves for Claims Unpaid of \$1,074,821; Unpaid Claims Adjustment Expenses of \$17,246; and Accrued Medical Incentive Pool reserves of \$0 in its December 31, 2021 Annual Statement.

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BHO-PA's reserves were certified by Gregory Pence, FSA, MAAA of Anthem, who is BHO-PA's Appointed Actuary ("AA"), appointed on September 1, 2021. The AA concluded that the above reserves, "...make good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements."

In order for the Department to gain an adequate comfort level with the Company's claims unpaid, accrued medical incentive pools and bonus amounts, and unpaid claims adjustment expense reserves, the Department retained the actuarial services of Merlino & Associates, Inc. ("Merlino") to perform a risk-focused review of the Company's reserving and pricing activities. Certain risks within the pricing and reserving process required Phase 5 substantive test work. Procedures were performed by the examiners to validate the amounts for completeness and accuracy. No material discrepancies were noted or detected in the reserves reported by the Company as of December 31, 2021.

Merlino concluded that the Company's analyses and the Appointed Actuaries' analyses and conclusions regarding the carried reserves were reasonable. They further noted that they did not find any material issues with the controls around the reserving process, the accuracy of calculations, or the reasonability of the reserves as of December 31, 2021.

SUBSEQUENT EVENTS

The Department is monitoring the impact of the COVID-19 global pandemic. The Department recognizes that COVID-19 could have a significant financial and operational impact on all of its domestic insurers, including the Company. As such, the Department will continue to monitor and share information with the Company as appropriate related to COVID-19 developments.

Effective January 1, 2022, the Company's contract with DHS, to manage and insure the behavioral healthcare benefits of Medicaid beneficiaries in Greene County, was not renewed.

On June 28, 2022, Anthem, Inc. changed its name to Elevance Health, Inc.

RECOMMENDATIONS

PRIOR EXAMINATION

The prior examination report contained no recommendations.

CURRENT EXAMINATION

There are no recommendations being made as a result of the current examination.

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CONCLUSION

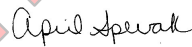
As a result of this examination, the financial condition of Beacon Health Options of Pennsylvania, Inc., as of December 31, 2021, was determined to be as follows:

	Amount	Percentage
Admitted assets	\$ 53,681,519	100.0 %
Liabilities	\$ 12,267,454	22.9 %
Capital and Surplus	41,414,065	77.1 %
Total liabilities, capital and surplus	\$ 53,681,519	100.0 %

Since the previous examination, made as of December 31, 2016, the Company's assets increased by \$11,475,958, its liabilities decreased by \$10,246,274, and its surplus increased by \$21,722,232.

This examination was conducted by Stephen Monteparte of the Department and Lisa Warrum, CPA, CFE and Shelby Lambert, CFE, AIE, MCM of Noble Consulting Services, Inc., with the latter in charge. Further, actuarial procedures were conducted by Kirk Braunius, ASA, MAAA, of Merlinos and Associates.

Respectfully submitted,



April Spevak, CFE
Examination Manager
Bureau of Financial Examinations


Shelby Lambert (May 23, 2023 13:48 EDT)

Shelby Lambert, CFE, AIE, MCM
Examiner-in-Charge
Noble Consulting Services, Inc.

The CFE designation has been conferred by an organization not affiliated with the federal or any state government. However the CFE designation is the only designation recognized by the NAIC for the purposes of directing statutory Association examinations of insurance companies.