

Examination Warrant Number 12-00000-14458-01

Report of Examination of

**Today's Options of Pennsylvania, Inc.
Harrisburg, Pennsylvania**

As of October 31, 2012

For Informational Purposes Only

Today's Options of Pennsylvania, Inc.

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Harrisburg, Pennsylvania
March 1, 2013

Honorable Stephen J. Johnson, CPA
Deputy Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
Harrisburg, Pennsylvania

Dear Sir:

In accordance with instructions contained in Examination Warrant Number 12-00000-14458-01, dated, February 14, 2013, an examination was made of

Today's Options of Pennsylvania, Inc., NAIC Code: 14458

a Pennsylvania domiciled corporation, hereinafter referred to as "Applicant." The Applicant's statutory home office is located at 2595 Interstate Drive, Suite 103, Harrisburg, PA 17110. The examination was conducted off-site.

A report of this examination is hereby respectfully submitted.

SCOPE OF EXAMINATION

An organizational examination of the Applicant was conducted to determine compliance with 40 P.S. §1555.1.(b), for the granting of a Certificate of Authority by the Pennsylvania Insurance Department ("Department").

The examination was conducted as of October 31, 2012, and consisted of a general survey of the Applicant's business policies, practices, management, and any corporate matters incident thereto; a verification of assets and a determination of liabilities and the Applicant's compliance with applicable provisions of the Pennsylvania Insurance Company Law as of October 31, 2012.

HISTORY

The Applicant's Articles of Incorporation were filed with the Department of State on February 18, 2008. The Applicant seeks a certificate of authority to transact business as a Stock For-Profit Health Maintenance Organization, offering coverage as described in 40 P.S. § 1554.

MANAGEMENT AND CONTROL

CAPITALIZATION

As of the examination date, October 31, 2012, the Applicant's total net worth was \$1,500,000, consisting of one thousand shares of issued and outstanding common stock with a par value of \$1.00 per share and \$1,499,000 of additional paid-in capital.

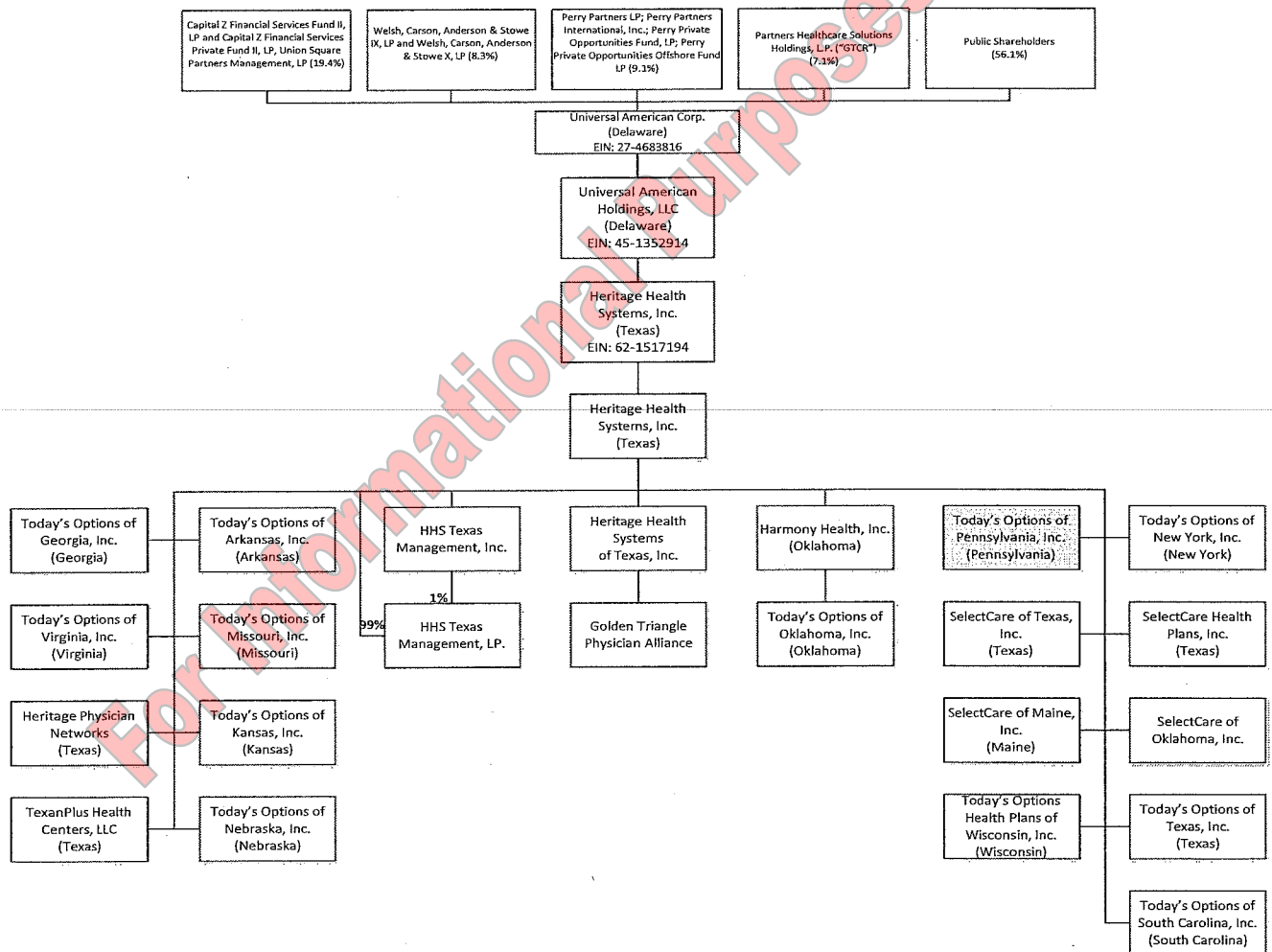
Today's Options of Pennsylvania, Inc.

The initial minimum net worth required of the Applicant per 31 Pa. Code §301.121(b)(1) is \$1,500,000 in net worth. The Applicant meets this requirement.

INSURANCE HOLDING COMPANY SYSTEM

The Applicant meets the requirements for filing a holding company system registration statement per 40 P.S. § 991.1404. The Applicant is a wholly owned subsidiary of Universal American Corp., which is the ultimate controlling entity in the holding company system. The Applicant intends to file an initial Form B in accordance with 40 P.S. § 991.1404 upon receiving its Certificate of Authority.

ORGANIZATIONAL CHART



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BOARD OF DIRECTORS

Management of the Applicant is vested in its Board of Directors ("Board"), which was comprised of the following members as of the examination date, October 31, 2012:

Name and Address	Principal Occupation
Theodore Marvin Carpenter, Jr. Houston, Texas	President and Chief Executive Officer Heritage Health Systems, Inc.
John Michael Squarok Sanford, Florida	Chief Financial Officer Universal American Corporation-Medicare Advantage Division
Kirk Robert Clove The Woodlands, Texas	Executive Vice President-Market Operations Heritage Health Systems, Inc.
Robert Arthur Waegelein Pawling, New York	Executive Vice President and Chief Financial Officer Universal American Corporation

OFFICERS

As of the examination date, October 31, 2012, the following officers were elected and serving in accordance with the Applicant's By-laws:

Name	Title
Theodore Carpenter, Jr.	President and Chief Executive Officer
John Squarok	Chief Financial Officer, Treasurer; Secretary & Executive Vice President
Robert Waegelein	Executive Vice President
Kirk Clove	Executive Vice President
David Monroe	Senior Vice President, Finance
Robert Hayes	Senior Vice President, Compliance
Carl Cochrane	Vice President, Tax
James McAleer	Vice President, Finance
Debra Baverman	Vice President, Development Services
Scott Ellsworth	Senior Vice President, Northeast Region
Chung-Shing Sya	Vice President, Actuary
Paul Jernigan	Assistant Secretary
Steve Carlton	Assistant Secretary

CORPORATE RECORDS

MINUTES

On February 18, 2008, the Organizational meeting of the Applicant was held in which the members of the Board of Directors were elected by the Sole Shareholder and the articles of incorporation were filed with the Department of State.

The Applicant held subsequent Board meetings in which elections of officers were carried out in accordance with the By-laws; and subsequent unanimous consent actions of the Sole Shareholder were carried out in accordance with the By-laws.

BY-LAWS

On June 1, 2010 the Board of Directors resolved to adopt, in all respects, the By-laws of the Applicant.

ARTICLES OF INCORPORATION

Articles of Incorporation were originally filed with the Department of State, Corporation Bureau on February 18, 2008, with Mandi M. Collett as the sole incorporator of the Applicant.

SERVICE AND OPERATING AGREEMENTS

Contingent upon obtaining a Certification of Authority, the Applicant intends to execute an Administrative and Management Service Agreement ("Agreement") with its affiliated company HHS Texas Management, L.P. ("Administrator"), a PA licensed Third Party Administrator. Under the terms of the Agreement, the Administrator shall perform certain administrative services meeting the specifications set forth in the Agreement. The services provided will include but not limited to: claims adjudication, customer service, enrollment processing, grievance & appeal processing, health service coordination, medical management, case management, utilization review, provider network development, compliance and financial services.

The Applicant will also enter into delegation agreements with CVS/Caremark to provide pharmacy benefit services and Preferred Health Care to provide a provider network.

The Applicant plans to adopt the policies and procedures of its ultimate parent, Universal American Corp., to address the continuation of benefits in the event of insolvency in conformance with 31 Pa. Code §301.123. The Applicant would expect to draw upon the financial resources of its ultimate parent to support the delivery of health care services to its members in the event of insolvency.

REINSURANCE

The Applicant indicated that individual stop-loss reinsurance agreements will be used to protect the organization and to provide risk management over the potential high cost of inpatient claims. As of October 31, 2012, no reinsurance agreements were in-force.

TERRITORY AND PLAN OF OPERATIONS

The Applicant will offer Medicare Advantage products approved by the Center for Medicare and Medicaid Services ("CMS") in Lancaster County of the Commonwealth of Pennsylvania.

ACCOUNTS AND RECORDS

The Applicant's affiliated company, HHS Texas Management, L.P., is located in Houston, Texas. HHS Texas Management, L.P. will provide most services related to the accounts and records of the Applicant and will be the primary location of its books and records.

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FINANCIAL STATEMENTS

The financial condition of the Applicant, as of the examination date, is reflected in the following financial statement submitted by the Applicant:

Statement of Assets, Liabilities, Surplus, and Other Funds
As of October 31, 2012

Cash and short term investments	\$ 1,500,000
Total Assets	<u>\$ 0</u>
Total Liabilities	<u>\$ 0</u>
Common capital stock	\$ 1,000
Gross paid in and contributed surplus	1,499,000
Surplus as regards policyholders	<u>1,500,000</u>
Total Liabilities, Surplus and Other Funds	<u>\$ 1,500,000</u>

RECOMMENDATIONS

CURRENT EXAMINATION

As a result of the current examination, the following recommendation is being made:

1. It is recommended that the Applicant be issued a Certificate of Authority to conduct the business of a Health Maintenance Organization.

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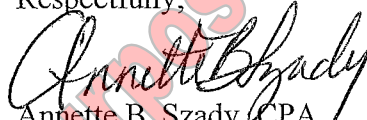
CONCLUSION

As a result of this examination, the financial condition of Today's Options of Pennsylvania, Inc., as of October 31, 2012, was determined to be as follows:

	<u>Amount</u>	<u>Percentage</u>
Admitted assets	\$ 1,500,000	100.0 %
Liabilities	\$ 0	0.0 %
Surplus as regards policyholders	1,500,000	100.0 %
Total liabilities and surplus	<u>\$ 1,500,000</u>	<u>100.0 %</u>

This examination was conducted by Robert A. Woronko, CFE, CPA.

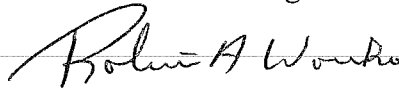
Respectfully,



Annette B. Szady, CPA
Director, Bureau of Examinations



David R. Evans, CFE
Examination Manager



Robert A. Woronko, CFE, CPA
Examiner-in-Charge

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.