

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

IN THE MATTER OF:)
)
Physicians Health Plan of Northern Indiana, Inc.)
1700 Magnavox Way, Suite 201)
Fort Wayne, Indiana 46804)

Examination of: **Physicians Health Plan of Northern Indiana, Inc.**

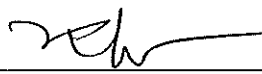
NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Physicians Health Plan of Northern Indiana, Inc., any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on March 21, 2022, 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 Physicians Health Plan of Northern Indiana, Inc. 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.

4/19/2022
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 6505

STATE OF INDIANA) BEFORE THE INDIANA
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IN THE MATTER OF:)
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Physicians Health Plan of Northern Indiana, Inc.)
1700 Magnavox Way, Suite 201)
Fort Wayne, Indiana 46804)

Examination of: **Physicians Health Plan of Northern Indiana, Inc.**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Physicians Health Plan of Northern Indiana, Inc. (hereinafter “Company”) for the time period January 1, 2018 through December 31, 2020.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on February 17, 2022.

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 March 31, 2022 and was received by the Company on April 4, 2022.

The Company did not file any objections.

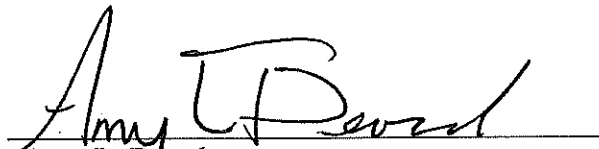
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Physicians Health Plan of Northern Indiana, Inc. as of December 31, 2020.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Physicians Health Plan of Northern Indiana, Inc. 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 19 day of
April, 2022.


Amy L. Beard
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

PHYSICIANS HEALTH PLAN OF NORTHERN INDIANA, INC.

NAIC Co. CODE 95436
NAIC GROUP CODE 3828

As of

December 31, 2020

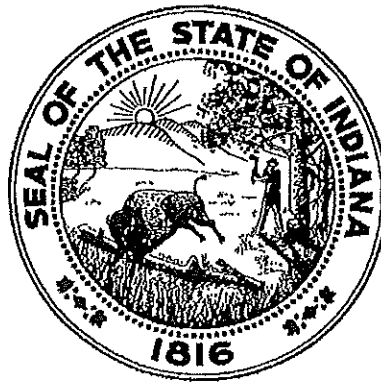


TABLE OF CONTENTS

SALUTATION.....	1
SCOPE OF EXAMINATION.....	2
HISTORY.....	2
CAPITAL AND SURPLUS.....	2
TERRITORY AND PLAN OF OPERATION.....	3
GROWTH OF THE COMPANY.....	3
MANAGEMENT AND CONTROL.....	4
Directors.....	4
Officers.....	5
CONFLICT OF INTEREST.....	5
CORPORATE RECORDS.....	6
Articles of Incorporation.....	6
Bylaws.....	6
Minutes.....	6
AFFILIATED COMPANIES.....	6
Organizational Structure.....	6
Affiliated Agreements.....	6
FIDELITY BOND AND OTHER INSURANCE.....	7
PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS.....	8
SPECIAL AND STATUTORY DEPOSITS.....	8
REINSURANCE.....	8
Ceded Reinsurance.....	8
ACCOUNTS AND RECORDS.....	8
FINANCIAL STATEMENTS.....	9
Assets.....	9
Liabilities, Capital and Surplus.....	10
Statement of Revenue and Expenses.....	11
Capital and Surplus Account Reconciliation.....	12
COMMENTS ON THE FINANCIAL STATEMENTS.....	13
OTHER SIGNIFICANT ISSUES.....	13
SUBSEQUENT EVENTS.....	13
AFFIDAVIT.....	14



STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787

Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/idoi

February 17, 2022

Honorable Amy L. Beard, 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 4094, an examination has been made of the affairs and financial condition of:

Physicians Health Plan of Northern Indiana, Inc.
1700 Magnavox Way, Suite 201
Fort Wayne, IN 46804

hereinafter referred to as the "Company", or "PHPNI", an Indiana domestic 501(c)(4) tax-exempt health maintenance organization (HMO). The examination was conducted remotely with assistance from the Company in Fort Wayne, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2020, 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

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2015, through December 31, 2017. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2018, through December 31, 2020, 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.

Alberts Actuarial Consulting, LLC, provided actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2020.

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 mentioned 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

PHPNI was incorporated and began business in 1983 as a 501(c)(4) tax exempt, not-for-profit corporation. PHPNI is sponsored by independent physicians as a not-for-profit HMO and is an individual practice association model which primarily contracts with employer groups. PHPNI is organized and operated pursuant to Article 13 of the Indiana Insurance Law. PHPNI is the ultimate controlling parent of PHP Insurance Company of Indiana, Inc. (PHPIC), which was incorporated as an Indiana domestic stock life, accident and health insurance company on September 28, 2005, and commenced business on May 1, 2006.

CAPITAL AND SURPLUS

The Company is organized as a 501(c)(4), not-for-profit social welfare organization. The Company has no stockholders and therefore does not provide stockholder dividends.

On December 31, 2020, PHPNI made a \$400,000 capital contribution to subsidiary PHP Holding Company (PHPHC), which in turn made a capital contribution to PHP Management Systems (PHPMS).

TERRITORY AND PLAN OF OPERATION

PHPNI provides full coverage health insurance to commercial groups. PHPNI is licensed to sell insurance policies in forty-six (46) Indiana counties, and their core service area consists of twenty (20) counties concentrated around their Fort Wayne office. The Company focuses on employer groups with two (2) to two hundred fifty (250) employees throughout the service area in northern Indiana.

PHPNI's primary product offering is a standard, fully-insured group HMO product which features various optional components including prescription drug, vision, dental, life and disability coverages. Additionally, the Company offers a Choice Point of Service product option that allows utilization of out-of-network providers. Customers in its service area are heavily reliant on brokers for their insurance needs, and over 95% of its fully insured group membership is through clients who engage brokers.

PHPNI competes with many managed-care companies, most of which are large national multi-state companies with substantially greater resources than the Company. The Company also competes with self-funded plans and their service providers including local, regional, and national third-party administrators, provider networks, and stop-loss carriers.

The Company is the sole shareholder of PHPHC. PHPHC has no operations and directly owns two (2) wholly owned subsidiaries, PHPIC and PHPMS. PHPMS has three (3) wholly owned (non-insurer) subsidiaries, Pro-Claim Plus, Inc. (PC+), LionTech, Inc., and Innovative Healthcare Strategies.

GROWTH OF THE COMPANY

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

Year	Admitted Assets	Liabilities	Surplus and Other Funds	Premiums Earned	Net Income
2020	\$ 108,816,122	\$ 42,722,688	\$ 66,093,434	\$ 199,602,189	\$ (1,895,663)
2019	\$ 100,819,969	\$ 36,913,713	\$ 63,906,256	\$ 185,087,024	\$ 4,162,820
2018	\$ 94,856,486	\$ 36,938,898	\$ 57,917,588	\$ 172,897,182	\$ 7,224,218

The increase in premiums earned is primarily due to increases in covered lives in the Affordable Care ACT (ACA) Small Group market, along with an increase in premium rates in the ACA Small Group and Large Group markets.

The decreases in net income throughout the examination period were a result of volatility in the Company's underwriting results. The Company experienced underwriting losses in 2019 and 2020, after underwriting gains in the previous two (2) years. These losses were primarily driven by higher medical costs due to increased high dollar claims for non-chronic conditions in the core group business, as well as the ongoing cost of claims and treatments associated with the COVID-19 pandemic.

The impact of the underwriting losses on net income were mitigated by strong results from the investment portfolio resulting in positive net investment gains in 2019 and 2020. The growth in admitted assets throughout the examination period was primarily a result of an increase of invested assets, specifically in the bonds and common stock portfolios.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of no less than thirteen (13) and no more than seventeen (17) Directors. The Directors shall be of two (2) types: Physician Directors and Consumer Directors. The Physician Directors, who must also be Physician Members, shall comprise at least one-half (1/2) and no more than two-thirds (2/3) of the Directors. All Physician Directors shall be elected by Physician Members for three (3) year terms or until their successors are elected and qualified, arranged so that, as nearly as possible, one-third (1/3) of the terms of the Physician Directors shall expire each year. No Physician Director shall serve more than three (3) consecutive terms.

Consumer Directors shall serve for a term of three years or until their successors are elected and qualified, arranged so that, as nearly as possible, one-third (1/3) of the terms of the Consumer Directors shall expire each year. No Consumer Director shall serve more than three (3) consecutive terms on the Board.

The following is a listing of persons serving as directors as of December 31, 2020, and their principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
Douglas S. Beebe Indianapolis, Indiana	President and CEO Benchmark Human Services
Michael R. DeWald, CPA Roanoke, Indiana	Partner (Retired) Dulin, Ward & DeWald
Timothy R. Dirig Auburn, Indiana	Owner Dirig Consulting
Judith L. Kennedy, M.D. Fort Wayne, Indiana	Physician Parkview Physicians Group
Karl L. LaPan Gainesville, Florida	President and CEO Northeast Indiana Innovation Center
Mark C. Ranck, M.D. Fort Wayne, Indiana	Physician Radiation Oncology Associates
John R. Sampson Fort Wayne, Indiana	President and CEO Northeast Indiana Regional Partnership
Donald F. Schenkel Fort Wayne, Indiana	Chairman Wayne Pipe and Supply, Inc.
Camille M. Smith, M.D. Fort Wayne, Indiana	Physician Fort Wayne Pediatrics

David W. Stein, M.D.
Fort Wayne, Indiana

Physician
Ear, Nose & Throat Associates, P.C.

James C. Stevens, M.D.
Fort Wayne, Indiana

Physician
Fort Wayne Neurology/Neurosurgery

Dennis C. Uhrhammer, M.D.
Fort Wayne, Indiana

Physician
IU Health Primary Care, Fort Wayne South

Joel C. Valcarcel, M.D.
Fort Wayne, Indiana

Associate Program Director
Fort Wayne Medical Education Program

Officers

The Bylaws state that Officers of the Company shall consist of a Chairman, a Vice-Chairman, a Secretary and a Treasurer. The Chairman and the Vice-Chairman shall be Physician Directors, but all other offices may be occupied by either Physician Directors or Consumer Directors. The officers shall be elected by the Board at its annual meeting. The Board shall have the power to appoint, from time to time, such other officers and agents as it may deem necessary for the proper conduct of business of the Company, who shall hold their offices for such terms and exercise such powers and perform such duties as may be authorized, from time to time, by the Board.

The following is a list of key officers and their respective titles as of December 31, 2020:

<u>Name</u>	<u>Office</u>
Gary D. Shearer	President and CEO
Michael R. DeWald, CPA	Treasurer
Karl R. LaPan	Secretary
Judith L. Kennedy, M.D.	Chair
James C. Stevens, M.D.	Vice Chair
Dustin W. Crider, CPA	Chief Financial Officer
Gail M. Doran	Chief Operating Officer
Dale A. Bultemeier, P.D.	Assistant VP of Pharmacy Services
Mark A. King, D.O.	Medical Director
Keven W. Linker	VP of Actuarial and Risk Management
Matthew A. Roskuski	Chief Sales Officer

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, 2020.

CORPORATE RECORDS

Articles of Incorporation

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

Bylaws

The Bylaws were amended as of December 19, 2019. The amendment was brought about primarily to amend Article IV, Section 3 regarding the term limits of Consumer Directors. The term of Consumer Directors was increased from one (1) year to three (3) years or until their successors are elected and qualified. Additionally, Consumer Directors shall not serve more than three (3) consecutive terms, which decreased from six (6) consecutive terms. The Consumer Director's term limits shall be reset after taking at least one (1) year off from service.

Minutes

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

The Company's Bylaws state that the annual meeting of the Physician Members shall be held no later than six (6) months after the end of the fiscal year of the Company. For each year under review, the annual meeting was held within six (6) months following the end of each fiscal year.

The Board committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following committees: Investment Committee, Finance Committee, and Executive Committee.

AFFILIATED COMPANIES

Organizational Structure

The following organizational chart shows the Company and its subsidiaries as of December 31, 2020:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
Physicians Health Plan of Northern Indiana, Inc.	95436	IN
PHP Holding Company		IN
PHP Insurance Company of Indiana, Inc.	12331	IN
PHP Management Systems, Inc.		IN
Pro-Claim Plus, Inc.		IN
Lion Tech, Inc.		IN
Innovative Healthcare Strategies, Inc.		IN

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.

Management Agreements

Effective January 1, 2020, a Management Agreement was entered into by and between PHPNI and PHPMS, in which PHPNI shall provide PHPMS comprehensive managerial services necessary for PHPMS's general agency business and third-party administration business operations. Such services include, but are not limited to, access to PHPNI information systems; accounting and financial analysis; medical management; utilization review; provider contracting; claims administration; and other general administrative services. During 2020, PHPNI charged PHPMS \$564,441 in management fees for services provided by PHPNI.

Effective January 1, 2020, a Management Agreement was entered into by and between PHPNI and PHPIC, in which PHPNI shall provide to PHPIC comprehensive managerial services necessary for PHPIC's day-to-day operations. Such services include, but are not limited to, access to PHPNI's information systems; accounting and financial analysis; actuarial; underwriting; medical management; utilization review; provider contracting; claims administration; and other general administrative services. In consideration for PHPNI's services provided, PHPIC shall reimburse PHPNI for all allocable costs incurred by PHPNI for managerial services provided to support PHPIC's business. During 2020, PHPNI charged PHPIC \$70,236 in management fees for services provided by PHPNI.

Effective January 1, 2020, a Management Agreement was entered into by and between PHPNI and PC+, in which PHPNI shall provide to PC+ certain managerial services necessary for PC+'s day-to-day operations. Such services include, but are not limited to, access to PHPNI's information systems; accounting and financial analysis; actuarial; underwriting; medical management; utilization review; provider contracting; claims administration; and other general administrative services. In consideration for PHPNI's services provided, PC+ shall reimburse PHPNI for all allocable costs incurred by PHPNI for managerial services provided to support PC+'s business. While this agreement was in effect during 2020, PC+ is currently capable of completing all the services listed above without the assistance of PHPNI's resources and the agreement was put into place in case these needs were to arise in the future. During 2020, PHPNI charged PC+ \$0 in management fees for services provided by PHPNI.

Contingent Commitments

Effective December 31, 2020, PHPNI pledged a corporate guarantee on behalf of PHPMS for a bank issued promissory note from an unaffiliated financial institution. PHPMS refinanced an existing bank issued promissory note on December 31, 2020, to include an additional credit facility amount as a result of its subsidiary, PC+, agreeing to purchase substantially all assets of Core Benefits, Inc. on January 1, 2021. The corporate guarantee is limited to the outstanding principal, interest, and fees of the PHPMS promissory note, and would only be invoked in the event of default. The bank issued note to PHPMS carries an original principal balance of \$9.6 million. The note is amortizing over a ten-year term with principal, plus interest payments, due monthly and a \$4.8 million balloon payment due upon maturity on December 31, 2025.

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 Federal Insurance Company. The bond has a single loss coverage limit of \$1,000,000 with a \$100,000 deductible. The Company also maintains \$3,000,000 of crime coverage with a \$50,000 deductible. The fidelity bond and crime coverage is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2020, including but not limited to commercial property liability, cybersecurity liability, employment practices liability, general liability, managed care and error omissions liability, management indemnity/directors and officers liability, and workers' compensation liability.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company has adopted a qualified defined contribution retirement plan for its employees. Both the Company and its employees may make contributions. Company contributions are determined annually. Contributions expensed for 2020 and 2019 were \$490,497 and \$509,887, respectively.

SPECIAL AND STATUTORY DEPOSITS

The Company reported a deposit for the benefit of all policyholders of Indiana as of December 31, 2020, with a book value and fair value of \$5,222,149 and \$5,519,651, respectively.

REINSURANCE

Ceded Reinsurance

Effective January 1, 2020, PHPNI and PHPIC renewed an HMO reinsurance agreement with HM Life Insurance Company that provides stop-loss coverage for claims by members. Under the agreement, there is a \$600,000 retention limit per member with a maximum covered loss of \$5,000,000. The Company is responsible for 10% of the eligible expenses over the \$600,000 retention limit up to the maximum covered loss for Commercial Non-ACA members. For Commercial ACA members, the Company is responsible for 10% of eligible expenses over the \$600,000 retention limit up to \$1,000,000 and then 70% of eligible expenses over \$1,000,000 up to the maximum covered loss of \$5,000,000. The premium cost of this contract was \$5.45 and \$4.14 for Commercial Non-ACA members and Commercial ACA members, respectively.

Effective January 1, 2020, PHPNI and PHPIC renewed a contract with OptumHealth Care Solutions, Inc., to manage and reinsure human organ and bone marrow transplants. Under this contract, covered losses are 100% ceded with a maximum benefit for each member of \$2,000,000. The premium cost for this contract was \$5.62 per member per month.

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, 2020 was agreed to the respective Annual Statement. The Annual Statement for the year ended December 31, 2020 was agreed to the independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

PHYSICIANS HEALTH PLAN OF NORTHERN INDIANA, INC.

Assets

As of December 31, 2020

	<u>Per Examination*</u>
Bonds	\$ 68,177,877
Stocks:	
Common stocks	26,336,724
Real estate:	
Properties held for the production of income	1,726,542
Cash, cash equivalents and short-term investments	<u>5,137,968</u>
Subtotals, cash and invested assets	101,379,111
Investment income due and accrued	581,441
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	895,798
Accrued retrospective premiums	379,543
Reinsurance:	
Amounts recoverable from reinsurers	186,166
Electronic data processing equipment and software	208,189
Receivables from parent, subsidiaries and affiliates	728,702
Health care and other amounts receivable	<u>4,457,172</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>108,816,122</u>
Total	<u>\$ 108,816,122</u>

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

PHYSICIANS HEALTH PLAN OF NORTHERN INDIANA, INC.
Liabilities, Capital and Surplus
As of December 31, 2020

	Per Examination*
Claims unpaid	\$ 27,720,551
Accrued medical incentive pool and bonus amounts	9,433
Unpaid claims adjustment expenses	941,166
Aggregate health policy reserves, including liability for medical loss ratio rebate per the Public Health Service Act	5,602,892
Premiums received in advance	4,947,753
General expenses due or accrued	2,571,997
Ceded reinsurance premiums payable	418,489
Amounts withheld or retained for the account of others	490,817
Amounts due to parent, subsidiaries and affiliates	19,590
Total liabilities	42,722,688
Gross paid in and contributed surplus	3,533,100
Unassigned funds (surplus)	62,560,334
Total capital and surplus	66,093,434
Total liabilities, capital and surplus	\$ 108,816,122

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

PHYSICIANS HEALTH PLAN OF NORTHERN INDIANA, INC.
Statement of Revenue and Expenses
For the Year Ended December 31, 2020

	Per Examination*
Member months	422,767
Net premium income	\$ 199,602,189
Aggregate write-ins for other non-health revenues	61,485
Total Revenues	199,663,674
Hospital and Medical:	
Hospital/medical benefits	155,421,146
Prescription drugs	24,094,357
Incentive pool, withhold adjustments and bonus amounts	44,310
Subtotal	179,559,813
Less:	
Net reinsurance recoveries	2,089,489
Total Hospital and Medical	177,470,324
Claims adjustment expenses	9,233,203
General administrative expenses	18,864,746
Total Underwriting Deductions	205,568,273
Net underwriting gain or (loss)	(5,904,599)
Net investment income earned	2,435,317
Net realized capital gains (losses) less capital gains tax	1,573,635
Net investment gains (losses)	4,008,952
Aggregate write-ins for other income or expenses	(16)
Net income or (loss) after capital gains tax and before all other federal income taxes	(1,895,663)
Net income	\$ (1,895,663)

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

PHYSICIANS HEALTH PLAN OF NORTHERN INDIANA, INC.
Capital and Surplus Account Reconciliation

	2020*	2019*	2018*
Capital and surplus prior reporting year	\$ 63,906,256	\$ 57,917,588	\$ 56,064,416
Net income or (loss)	(1,895,663)	4,162,820	7,224,218
Change in net unrealized capital gains or (losses) less capital gains tax	3,027,787	2,139,187	(5,037,340)
Change in nonadmitted assets	955,554	(519,839)	(513,206)
Surplus adjustments: Paid in	99,500	206,500	179,500
Change in surplus as regards policyholders for the year	2,187,178	5,988,668	1,853,172
Surplus as regards policyholders, December 31 current year	<u>\$ 66,093,434</u>	<u>\$ 63,906,256</u>	<u>\$ 57,917,588</u>

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

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2020, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no other significant issues.

SUBSEQUENT EVENTS

On January 1, 2021, PC+, a subsidiary of PHPMS, which is an indirectly wholly owned non-insurance subsidiary of PHPNI, purchased substantially all assets of Core Benefits, Inc., a third-party administrator, through the refinance of an existing bank issued promissory note. The financial impact from this purchase will be seen in the 2021 first quarter Statement, through the change in value of PHPNI's 100% stake in PHPHC, which is the sole shareholder of PHPMS.

Effective October 15, 2021, Keven Linker resigned as the Vice President of Actuarial and Risk Management Officer of the Company. Subsequent to his resignation, the Company entered into a consulting agreement with Keven Linker through March 31, 2022, to assist in filling some of the responsibilities of the role as the Company transitions his areas of responsibility to other members of management.

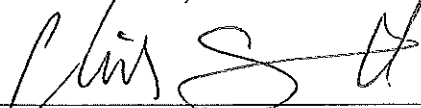
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that they, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Alberts Actuarial Consulting, LLC, performed an examination of Physicians Health Plan of Northern Indiana, Inc., as of December 31, 2020.

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

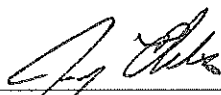
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing 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 the condition of the Physicians Health Plan of Northern Indiana, Inc. as of December 31, 2020, as determined by the undersigned.



Christopher Schutte, CFE
Noble Consulting Services, Inc.

Under the Supervision of:



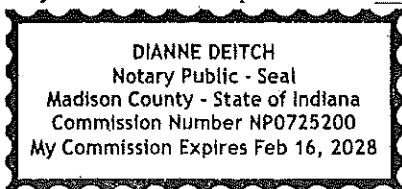
Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

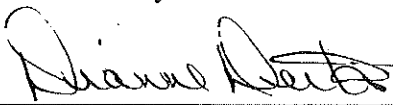
State of: Indiana
County of: Marion

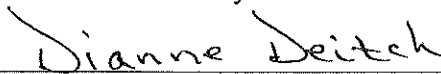
On this 17 day of February 2022, before me personally appeared, Christopher Schutte and Jerry Ehlers, to sign this document.

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

