



STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
SAINT PAUL, MINNESOTA

CONSOLIDATED EXAMINATION REPORT
OF

HEALTHPARTNERS, INC. NAIC #95766
GROUP HEALTH PLAN, INC. NAIC #52628
MINNEAPOLIS, MINNESOTA

AS OF
DECEMBER 31, 2015



Protecting, Maintaining and Improving the Health of All Minnesotans

The attached report of examination made of the condition and affairs as of December 31, 2015 of:

HEALTHPARTNERS, INC.
GROUP HEALTH PLAN, INC.
NAIC #95766 & 52628
8170 33rd Avenue South, P.O. Box 1309
Minneapolis, MN 55440

was recently completed by duly qualified examiners of the State of Minnesota.

Due consideration has been given to the comments of the examiners regarding the operations of HealthPartners, Inc. and Group Health Plan, Inc., and their financial condition, as reflected in this report. This report is hereby, as of this date, approved, adopted, filed and made an official record of this Department.

A handwritten signature in black ink, appearing to read 'Ehlinger', with a horizontal line underneath it. To the right of the signature, the word 'for' is written in a cursive script.

Edward P. Ehlinger, MD, MSPH
Commissioner

Dated: 07/14/2017

Pursuant to the authority vested in the Commissioner of Commerce of the State of Minnesota, Mike Rothman, being first duly sworn, upon his oath, deposes and says that a comprehensive examination was made of the affairs and financial conditions of

**HEALTHPARTNERS, INC.
GROUP HEALTH PLAN, INC.
NAIC #95766 & 52628
8170 33rd Avenue South, P.O. Box 1309
Minneapolis, MN 55440**

a health maintenance organizations authorized under the laws of the State of Minnesota. That, to the best of his information, knowledge, and belief, the attached report of examination describes the affairs and financial conditions of the above named companies as of December 31, 2015 as determined by a comprehensive examination made in accordance with Minnesota Statutes Section 62D.24. The examinations were completed by duly qualified examiners of the State of Minnesota representing the Midwestern Zone (III) of the National Association of Insurance Commissioners.

Due consideration has been given to the comments of the examiners regarding the operations of the above named companies and their financial conditions, as reflected in this report.

This report is hereby, as of this date, approved, adopted, filed and made an official record of this Department.

MIKE ROTHMAN
Commissioner



By: Frederick Andersen
Acting Deputy Commissioner and Life
Actuary

Dated: _____

6/21/17

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May 30, 2017

Honorable Edward Ehlinger, MD, MPH
Commissioner of Health
Minnesota Department of Health
625 N. Robert St.
St. Paul, Minnesota 55101

Honorable Mike Rothman
Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

Dear Honorable Commissioners:

Pursuant to your instructions and the statutory requirements of the State of Minnesota, comprehensive examinations were made of the books, records, business affairs and financial conditions of:

HEALTHPARTNERS, INC.
GROUP HEALTH PLAN, INC.
NAIC #95766 & 52628
8170 33rd Avenue South, P.O. Box 1309
Minneapolis, MN 55440

The following report of examination is respectfully submitted.

SCOPE OF EXAMINATION

The examination of HealthPartners, Inc. (also known as “HealthPartners”) and Group Health Plan, Inc. (also known as “Group Health”) or (collectively referred to as “the Company”) was a comprehensive examination, conducted on behalf of the State of Minnesota Department of Health by the State of Minnesota Department of Commerce (hereinafter referred to as “Commerce”), observing the guidelines and procedures in the NAIC Financial Condition Examiners Handbook (hereinafter referred to as the Handbook). Pursuant to Minn. Stat. 62D.24 Health and Commerce have entered into an Interagency Agreement whereby Commerce conducts a financial examination of Health Maintenance Organizations on behalf of Health. Examination Order #16-008 directed that the examination include a determination of the Company’s financial condition and a general review of its corporate affairs and insurance operations to determine compliance with statutes. The last exam was completed as of December 31, 2012. This full-scope examination covers the three-year period from January 1, 2013, through December 31, 2015. In accordance with the Handbook, the examination included significant transactions and/or events occurring subsequent to December 31, 2015 that were noted during the course of this examination. Key activities of the Company which were reviewed as part of the examination included Investments, Reserving, Claims Handling, Underwriting, and Financial Reporting.

We conducted our examination in accordance with the Handbook as adopted by the National Association of Insurance Commissioners (NAIC), along with specific procedures defined by Commerce. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating 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 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 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.

The Company was audited annually, for the years 2013 through 2015, by the accounting firm of KPMG, LLP (KPMG or the CPA). Among the procedures incorporated into this examination was a review of the annual audit workpapers prepared by KPMG. Certain

workpapers developed by the CPA were relied upon by the examiners and were incorporated into the examiners' workpapers.

STATUS OF SIGNIFICANT FINDINGS FROM PRIOR EXAM

The prior examination report contained no findings or adjustments.

SUMMARY OF SIGNIFICANT FINDINGS

The Company failed to comply with certain financial reporting guidelines, in accordance with the NAIC Annual and Quarterly Statement Instructions and pursuant to Minnesota Rule, Chapter 4685.1910 Uniform Reporting.

COMPANY HISTORY

General

Group Health was established as a staff-model managed care system in 1957. In 1965, Group Health formed a non-profit corporation under Minnesota Statutes, Chapter 317. Group Health was granted a certificate of authority to operate as a Health Maintenance Organization (HMO) under the 1973 Health Maintenance Act.

HealthPartners was established by Group Health, its current subsidiary, in 1984 under the name GroupCare, Inc. The corporate name was changed to HealthPartners, Inc. in 1993 following the 1992 merger with MedCenters Health Plan, Inc. HealthPartners is a non-profit corporation operating under Minnesota Statutes, Chapter 317. HealthPartners was granted a license to operate as an HMO on April 1, 1984.

MANAGEMENT AND CONTROL

Corporate Governance

Corporate governance is facilitated by the Companies' Board of Directors, executive officers and officers.

Board of Directors and Officers

HealthPartners' Bylaws require the Board of Directors to consist of not less than fifteen or more than twenty-one members. The number and type of Directors to constitute the Board of Directors for each year shall be determined by the bylaws. Director types include member-elected Directors, member-elected Directors of Group Health, and provider Directors. Group Health's Bylaws require the Board of Directors to be comprised of five

voting Directors, consisting of three member-elected Directors and two Directors that are 1) the Chair of the Corporate Member (HealthPartners), and 2) a physician appointed by the President of the Company.

At December 31, 2015, the Board of Directors of HealthPartners consisted of the following individuals:

<u>Name</u>	<u>Year First Elected/ Appointed</u>	<u>Principle Occupation/Affiliation</u>
Donald M. Lewis, Chair	2013	Co-Founder, Shareholder and Trial Attorney, Nilan Johnson Lewis
Thomas R. Brinsko	2004	Resource Specialist, YMCA of the USA
Judith S. Corson	2013	Former President & Co-Founder, Custom Research Inc.
Luz Maria Frias	2009	VP - Community Impact, The Minneapolis Foundation
Susan L. Hoyt	2012	Owner, Management Partners & Susan Hoyt Consulting
Thomas A. Jones, MD	2013	General & Bariatric Surgeon, Methodist Hospital
James J. Malecha	2008	President & CEO, Egan Company
Jeffrey M. Mendeloff, MD	2013	Department Chair of Vascular Surgery, Methodist Hospital
Ruth A. Mickelsen, JD	2013	Senior Lecturer, Center for Bioethics, University of Minnesota
Laura A. Oberst	2008	EVP and Region Head of Commercial Banking, Wells Fargo
Brian Rank, MD	1997	Executive Medical Director, HealthPartners
Eric Schned, MD	2013	Rheumatologist, Park Nicollet Clinic
Gregory S. Strong	2010	Former VP - Finance, CFO, Chief Actuary & Treasurer, Securian Financial Group
Richard E. Struthers	2013	Independent Trustee, Madison Funds
Christopher H. Tashjian, MD	1997	Partner, Vibrant Health Family Clinics
Kenneth L. Thome	2013	Former SVP & Deputy CFO, General Mills
Ann L. Wynia	2004	Former President, North Hennepin Community College

At December 31, 2015, the Board of Directors of Group Health consisted of the following individuals:

<u>Name</u>	<u>Year First Elected/ Appointed</u>	<u>Principle Occupation/Affiliation</u>
Donald M. Lewis, Chair	2013	Co-Founder, Shareholder and Trial Attorney, Nilan Johnson Lewis
Thomas R. Brinsko	2004	Resource Specialist, YMCA of the USA
Susan L. Hoyt	2012	Owner, Management Partners & Susan Hoyt Consulting
Brian Rank, MD	1997	Executive Medical Director, HealthPartners
Gregory S. Strong	2010	Former VP - Finance, CFO, Chief Actuary & Treasurer, Securian Financial Group

Principal Officers

At December 31, 2015, the principal officers of the Companies were:

<u>Name</u>	<u>Title</u>
Mary Brainerd	President & CEO
Kathy Cooney	Executive Vice President & Chief Administrative Officer
Andrea Walsh	Executive Vice President & Chief Marketing Officer
Charlie Fazio, MD	Health Plan Medical Director
Barb Tretheway	Senior Vice President & General Counsel
George Isham, MD	Senior Advisor
Tobi Tanzer	Vice President, Integrity & Compliance, Chief Compliance & Privacy Officer
Brian Rank, MD	Co-Executive Medical Director
Steve Connelly, MD	Co-Executive Medical Director
Nance McClure	Chief Operating Officer, Care Group
Megan Remark	President & CEO, Regions Hospital
Dave Dziuk	Senior Vice President & Chief Financial Officer
Calvin U. Allen	Senior Vice President, Strategic Planning & Human Resources
Alan Abramson	Senior Vice President & Chief Information Officer
Robert Cumming	Senior Vice President, Actuarial, Underwriting & Subsidiary Operations
Katie Sayre	Senior Vice President, Health Plan Operations & Government Programs
David Gesko, DDS	Senior Vice President & Dental Director
Scott Schnuckle	Senior Vice President, Pharmacy & Business Development
Sue Knudson	Senior Vice President, Health Informatics
Scott Aebischer	Senior Vice President, Customer Service & Product Innovation
Patty Dennis	Senior Vice President, Health & Care Engagement
Doug Smith	Senior Vice President, Health Solutions, Sales & Account Service

Shannon Beaudin Klein
Donna Zimmerman

Vice President, Marketing & Communications
Senior Vice President, Government & Community
Relations

Chuck Abrahamson

Vice President, Network Management & Provider
Relations

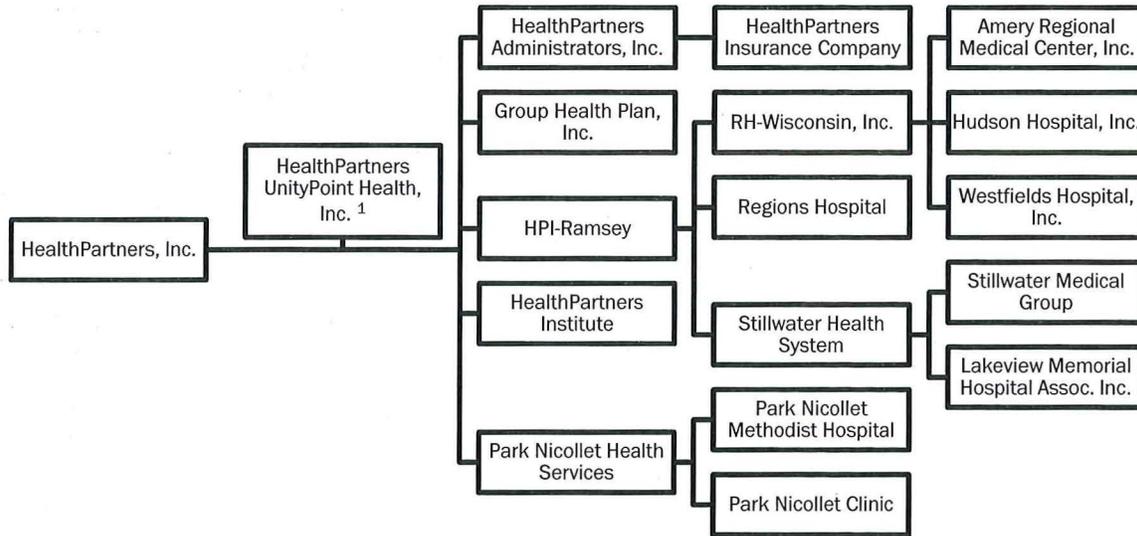
Steven Bunde

Vice President, Internal Audit, Integrity & Compliance,
and Health Plan Compliance Officer

Corporate Organization

The Company is a member of a holding company system and is subject to the registration requirements of Minnesota Statutes Section 60D. The abbreviated organizational chart below depicts the relationships among the affiliates in the group. A brief description of the significant affiliates of the Company follows the organizational chart.

**Organizational Chart
As of December 31, 2015**



Notes:

1. HealthPartners UnityPoint Health, Inc. (“HPUPH”) is 50% owned by HealthPartners and 50% owned by Iowa Health System d/b/a UnityPoint Health (“UnityPoint”), an Iowa nonprofit corporation.

HealthPartners is the “ultimate controlling person” in this holding company system and the parent company of an integrated healthcare delivery system that provides healthcare services and coverage. HealthPartners provides these healthcare services and coverage to approximately 249,000 members throughout Minnesota.

Group Health, a wholly owned subsidiary of HealthPartners, provides healthcare services and coverage to approximately 69,000 members throughout Minnesota.

HealthPartners Administrators, Inc. (“HPAI”), a wholly owned subsidiary of HealthPartners, is a taxable non-profit corporation in the State of Minnesota. HPAI is a licensed third-party administrator in multiple states.

HealthPartners Insurance Company (“HPIC”), a wholly owned subsidiary of HPAI, is a stock insurance company incorporated in the State of Minnesota. HPIC is licensed in multiple states to write accident and health insurance and stop loss coverage.

HealthPartners Institute (“HP Institute”), a wholly owned subsidiary of HealthPartners, is a non-profit organization incorporated in the State of Minnesota. HP Institute provides

funding for scientific and medical research as well as improvement and furtherance of medical education.

HPI-Ramsey, a wholly owned subsidiary of HealthPartners, is a non-profit organization incorporated in the State of Minnesota, which coordinates and oversees the activities of Regions Hospital, Stillwater Health System, and other related entities.

Regions Hospital ("Regions"), a wholly owned subsidiary of HPI-Ramsey, is a non-profit organization incorporated in the State of Minnesota as a Minnesota licensed hospital.

RH-Wisconsin, Inc. ("RHWI"), a wholly owned subsidiary of HPI-Ramsey, is a non-profit organization incorporated in the State of Wisconsin. RHWI coordinates the activities of its wholly owned Wisconsin licensed hospital subsidiaries; Westfields Hospital, Inc. ("Westfields"), Hudson Hospital, Inc. ("Hudson"), and Amery Regional Medical Center, Inc.

Stillwater Health System ("Stillwater"), a wholly owned subsidiary of HPI-Ramsey, is a non-profit organization incorporated in the State of Minnesota that coordinates and oversees the activities of its wholly owned Minnesota non-profit corporations: Lakeview Memorial Hospital Association, Inc. ("LMHA"), a Minnesota licensed hospital, Stillwater Medical Group, which operates physician clinics, and other related entities.

Effective January 1, 2013, HealthPartners and Park Nicollet Health Services ("Park Nicollet"), a non-profit, integrated healthcare system, combined organizations under a single, consumer-governed board of directors for the benefit of its patients, members, and the community. Park Nicollet is a wholly owned subsidiary of HealthPartners.

In 2015, HealthPartners entered into a joint venture with UnityPoint to create HPUPH. HPUPH is an Iowa licensed insurance company that will serve the Iowa and Illinois markets beginning in 2017.

Inter-company Agreements

Group Health provides management, administrative, and healthcare services to HealthPartners and HPIC through a Master Intercompany Agreement dated January 1, 2012. The agreement encompasses all related party transactions except taxes.

HealthPartners and Group Health pay claims to Hudson, LMHA, Park Nicollet, Regions, and Westfields subsidiaries of HealthPartners, for providing hospital services to members of HealthPartners and Group Health.

Health Care Facility Revenue Bonds - Series 2014B in the amount of \$37,365,000 were issued by the Housing and Redevelopment Authority of the City of St. Paul ("HRA") on behalf of Group Health and the obligated group, which included Group Health, HealthPartners, HPAI, Regions, and HPIC. The obligated group's gross revenues are pledged toward the repayment of the bonds. Installments are payable annually through 2022. The amount outstanding on these bonds at December 31, 2015 was \$28,820,000.

Group Health entered into a lease with Park Nicollet in 2014 for a portion of the Plymouth Dental building. The lease continues through 2028, and the amount outstanding at December 31, 2015 was \$1,910,000.

HealthPartners, Inc. Senior Notes – Series 2013 in the amount of \$92,500,000 were issued by HealthPartners and the obligated group, which included HealthPartners, Group Health, HPAI, Regions, and HPIC. The purpose is for funding the development of the Park Nicollet facility in Maple Grove, Minnesota, and such other capital plans of Park Nicollet as its management may determine appropriate. The Note is payable in annual principal payments and semiannual interest payments through May 15, 2030. The amount outstanding at December 31, 2015 was \$86,425,000.

TERRITORY AND PLAN OF OPERATION

At December 31, 2015, the Companies were licensed to write health coverage only in the State of Minnesota. HealthPartners, its subsidiaries and affiliates, comprise a health care delivery system that provides comprehensive group hospital, medical, dental, Medicaid and Medicare coverage and services to its members. These coverage and services are provided through a network of owned and contracted medical and dental centers, physician groups, hospitals, and related healthcare providers located primarily in the Minneapolis – Saint Paul metropolitan area. Products are distributed through a network of independent agents.

Effective January 1, 2014, the Company began participating in Minnesota's health exchange, MNsure. Group Health primarily provided Medicare cost coverage, as well as both group and individual commercial coverage, which included health exchange individual products. Group Health also provided Federal Employees Health Benefits Plan ("FEHBP") coverage in Minnesota. HealthPartners primarily offered Medicaid coverage and large and small employer group commercial business in Minnesota.

REINSURANCE

The Companies entered into stop-loss reinsurance agreements with RGA Reinsurance Company, effective January 1, 2012, to limit insured and self-insured losses on individual claims with \$5,000,000 coverage in excess of \$3,000,000.

The Companies did not assume any risks from other carriers during the period under examination.

A review of the Companies' reinsurance treaties found that risk transfers unconditionally in all cases. The treaties contain no provision for any type of financial guarantees.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Companies with Commerce and present the financial condition of the Companies for the period ending December 31, 2015.

HEALTHPARTNERS, INC.
Statement of Assets, Liabilities, Surplus and other Funds
December 31, 2015
(in 000s)

ASSETS	
Bonds	\$ 220,056
Common stocks	38,127
Cash and short-term Investments	198,885
Other invested assets	<u>43,716</u>
Subtotals, cash and invested assets	\$ 500,784
Investment income due and accrued	\$ 659
Uncollected premiums and agents' balances in the course of collection	52,044
Receivables from parent, subsidiaries and affiliates	246,161
Health care and other amounts receivable	185
Aggregate write-ins for other than invested assets	<u>447,554</u>
Total Assets	<u>\$ 1,247,387</u>
LIABILITIES, CAPITAL AND SURPLUS	
Claims unpaid	\$ 88,784
Unpaid claims adjustment expenses	2,018
Aggregate health policy reserves	10,386
Premiums received in advance	68,518
General expenses due or accrued	38,813
Borrowed money (including \$3,750 current) and interest thereon	86,425
Aggregate write-ins for other liabilities	<u>14,314</u>
Total Liabilities	\$ 309,258
Aggregate write-ins for special surplus funds	\$ 15,000
Aggregate write-ins for other than special surplus funds	378,266
Unassigned funds	<u>544,863</u>
Total Capital and Surplus	\$ 938,129
TOTAL Liabilities, Capital and Surplus	<u>\$ 1,247,387</u>

HEALTHPARTNERS, INC.
Statement of Income and Reconciliation of Surplus
December 31, 2015
(in 000s)

REVENUES	
Member months	2,990
Net premium income	\$ 1,410,934
Fee-for-service	2,358
Aggregate write-ins for other health care related revenues	<u>11,722</u>
Total Revenues	<u>\$ 1,425,014</u>
EXPENSES	
Hospital/medical benefits	\$ 983,652
Other professional services	74,243
Prescription drugs	172,583
Less: Net reinsurance recoveries	<u>(564)</u>
Total Hospital and Medical	<u>\$ 1,231,042</u>
Claims adjustment expenses, including \$17,621 cost containment expenses	24,198
General administrative expenses	<u>100,700</u>
Total Underwriting Deductions	<u>\$ 1,355,940</u>
Net underwriting gain	69,074
Net investment gains	<u>7,741</u>
Net Income	<u>\$ 76,815</u>
CAPITAL AND SURPLUS ACCOUNT	
Capital and surplus prior reporting year	\$ 908,630
Net income	76,815
Change in net unrealized capital gains (losses)	(5,257)
Change in nonadmitted assets	299,103
Aggregate write-ins for gains or (losses) in surplus	<u>(341,162)</u>
Net change in capital and surplus	<u>\$ 29,499</u>
Capital and Surplus, as of 12/31/15	<u>\$ 938,129</u>

HEALTHPARTNERS, INC.
Statement of Cash Flow
December 31, 2015
(in 000s)

Cash from Operations:	
Premiums collected net of reinsurance	\$ 1,419,532
Net investment income	9,643
Miscellaneous income	14,080
Total	<u>\$ 1,443,255</u>
Benefit and loss related payments	\$ 1,240,040
Commissions, expenses paid and aggregate write-ins for deductions	143,535
Federal and foreign income taxes paid	0
Total	<u>\$ 1,383,575</u>
Net cash from operations	<u>\$ 59,680</u>
Cash from Investments:	
Proceeds from investments sold, matured or repaid:	
Bonds	\$ 123,793
Stocks	2,141
Miscellaneous proceeds	43
Total investment proceeds	<u>\$ 125,977</u>
Cost of investments acquired (long-term only):	
Bonds	\$ 159,575
Stocks	3,429
Total investments acquired	<u>\$ 163,004</u>
Net cash from investments	<u>\$ (37,027)</u>
Cash from Financing and Miscellaneous Sources:	
Cash provided (applied):	
Borrowed funds	\$ (3,575)
Other cash provided (applied)	(6,627)
Net cash from financing and miscellaneous sources	<u>\$ (10,202)</u>
Reconciliation of Cash, Cash Equivalents and Short-Term Investments:	
Net change in cash, cash equivalents and short-term investments	<u>\$ 12,451</u>
Cash, cash equivalents and short-term investments:	
Beginning of year	\$ 186,434
End of year	<u>\$ 198,885</u>

GROUP HEALTH PLAN, INC.
Statement of Assets, Liabilities, Surplus and other Funds
December 31, 2015
(in 000s)

ASSETS	
Bonds	\$ 311,519
Common stocks	78,664
Properties occupied by the company	84,953
Cash and short-term investments	105,114
Other invested assets	<u>3,634</u>
Subtotals, cash and invested assets	\$ 583,884
Investment income due and accrued	\$ 850
Uncollected premiums and agents' balances in the course of collection	42,309
Amounts recoverable from reinsurers	3,219
Electronic data processing equipment and software	46,235
Furniture and equipment, including health care delivery assets (\$28,520)	28,520
Receivables from parent, subsidiaries and affiliates	75,371
Health care and other amounts receivable	64,932
Aggregate write-ins for other than invested assets	<u>36,884</u>
Total Assets	<u>\$ 882,204</u>
LIABILITIES, CAPITAL AND SURPLUS	
Claims unpaid	\$ 23,815
Unpaid claims adjustment expenses	541
Aggregate health policy reserves	3,246
Premiums received in advance	3,850
General expenses due or accrued	190,085
Borrowed money (including \$5,034 current) and interest thereon	30,730
Amounts due to parent, subsidiaries and affiliates	249,952
Aggregate write-ins for other liabilities	<u>173,170</u>
Total Liabilities	\$ 675,389
Aggregate write-ins for special surplus funds	\$ 5,000
Aggregate write-ins for other than special surplus funds	(138,017)
Unassigned funds	<u>339,832</u>
Total Capital and Surplus	\$ 206,815
TOTAL Liabilities, Capital and Surplus	<u>\$ 882,204</u>

GROUP HEALTH PLAN, INC.
Statement of Income and Reconciliation of Surplus
December 31, 2015
(in 000s)

REVENUES	
Member months	831
Net premium income	\$ 473,232
Fee-for-service	592,094
Aggregate write-ins for other health care related revenues	<u>64,933</u>
Total Revenues	<u>\$ 1,130,259</u>
EXPENSES	
Hospital/medical benefits	\$ 792,132
Other professional services	108,882
Prescription drugs	156,324
Less: Net reinsurance recoveries	<u>4,352</u>
Total Hospital and Medical	<u>\$ 1,052,986</u>
Claims adjustment expenses, including \$12,364 cost containment expenses	14,903
General administrative expenses	<u>54,294</u>
Total Underwriting Deductions	<u>\$ 1,122,183</u>
Net underwriting gain	8,076
Net investment gains	<u>4,013</u>
Net Income	<u>\$ 12,089</u>
CAPITAL AND SURPLUS ACCOUNT	
Capital and surplus prior reporting year	\$ 188,425
Net income	12,089
Change in net unrealized capital gains (losses)	(860)
Change in nonadmitted assets	29,857
Aggregate write-ins for gains or (losses) in surplus	<u>(22,696)</u>
Net change in capital and surplus	<u>\$ 18,390</u>
Capital and Surplus, as of 12/31/15	<u>\$ 206,815</u>

GROUP HEALTH PLAN, INC.
Statement of Cash Flow
December 31, 2015
(in 000s)

Cash from Operations:	
Premiums collected net of reinsurance	\$ 465,120
Net investment income	3,336
Miscellaneous income	<u>657,027</u>
Total	<u>\$ 1,125,483</u>
Benefit and loss related payments	\$ 1,051,757
Commissions, expenses paid and aggregate write-ins for deductions	49,429
Federal and foreign income taxes paid	<u>0</u>
Total	<u>\$ 1,101,186</u>
Net cash from operations	<u>\$ 24,297</u>
Cash from Investments:	
Proceeds from investments sold, matured or repaid:	
Bonds	\$ 163,754
Stocks	10,227
Miscellaneous proceeds	<u>260</u>
Total investment proceeds	<u>\$ 174,241</u>
Cost of investments acquired (long-term only):	
Bonds	\$ 237,329
Stocks	17,919
Real estate	<u>13,652</u>
Total investments acquired	<u>\$ 268,900</u>
Net cash from investments	<u>\$ (94,659)</u>
Cash from Financing and Miscellaneous Sources:	
Cash provided (applied):	
Borrowed funds	\$ (4,590)
Other cash provided (applied)	<u>13,752</u>
Net cash from financing and miscellaneous sources	<u>\$ 9,162</u>
Reconciliation of Cash, Cash Equivalents and Short-Term Investments:	
Net change in cash, cash equivalents and short-term investments	<u>\$ (61,200)</u>
Cash, cash equivalents and short-term investments:	
Beginning of year	\$ 166,314
End of year	\$ 105,114

HEALTHPARTNERS, INC.
Comparative Analysis of Changes in Surplus
December 31, 2015

The following is a reconciliation of surplus between the amount reported by the Company and as determined by examination:

	Per Annual Statement	Per Examination	Change in Surplus
Total Assets (in 000s)	\$1,247,387	\$1,247,387	\$ -0-
Total Liabilities (in 000s)	\$309,258	\$309,258	\$ -0-
Surplus (in 000s) at December 31, 2015	\$938,129	\$938,129	\$ -0-

GROUP HEALTH PLAN, INC.
Comparative Analysis of Changes in Surplus
December 31, 2015

The following is a reconciliation of surplus between the amount reported by the Company and as determined by examination:

	Per Annual Statement	Per Examination	Change in Surplus
Total Assets (in 000s)	\$882,204	\$882,204	\$ -0-
Total Liabilities (in 000s)	\$675,389	\$675,389	\$ -0-
Surplus (in 000s) at December 31, 2015	\$206,815	\$206,815	\$ -0-

SUBSEQUENT EVENTS

Effective March 23, 2017, Group Health became licensed to write business in South Dakota.

HealthPartners President and Chief Executive Officer, Mary Brainerd, is retiring effective June 1, 2017 and will be replaced by Executive Vice President and Chief Marketing Officer, Andrea Walsh.

CONCLUSION

As a result of this examination, the financial condition of HealthPartners, Inc. and Group Health Plan, Inc., as of December 31, 2015 is summarized as follows:

HealthPartners, Inc.

Admitted assets (in 000s)	\$1,247,387
Liabilities (in 000s)	\$ 309,258
Surplus (in 000s)	\$ 938,129
Total liabilities and surplus (in 000s)	\$1,247,387

Group Health Plan, Inc.

Admitted assets (in 000s)	\$ 882,204
Liabilities (in 000s)	\$ 675,389
Surplus (in 000s)	\$ 206,815
Total liabilities and surplus (in 000s)	\$ 882,204

Per examination findings, the Company met the minimum surplus requirements pursuant to Minnesota Statutes, Section 62D.042 as of December 31, 2015.

In addition to the undersigned, Alan Griffith, Examiner, Phil McMurray, IT Specialist, Andy Rarus, Actuarial Specialist, Dave Reimer, Actuarial Specialist, Nan Nguyen, Actuarial Specialist, Tricia Matson, Actuarial Specialist and Partner, and Jan Moenck, Partner, for Minnesota and represented by Risk & Regulatory Consulting, LLC, participated in this examination.

Respectfully submitted,



Andy Jennings, CFE
Examiner-in-Charge
Representing the State of Minnesota,
Department of Commerce



Grace Kelly, APIR
Assistant Chief Examiner
Minnesota Department of Commerce