



COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION
DIVISION OF INSURANCE

ALLWAYS HEALTH PARTNERS INSURANCE COMPANY

Somerville, Massachusetts

As of December 31, 2021

NAIC GROUP CODE 4934

NAIC COMPANY CODE 16375

EMPLOYER ID NUMBER 83-0970929

ALLWAYS HEALTH PARTNERS INSURANCE COMPANY

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COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

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MAURA HEALEY
GOVERNOR

KIM DRISCOLL
LIEUTENANT GOVERNOR

GARY D. ANDERSON
COMMISSIONER OF INSURANCE

May 15, 2023

The Honorable Gary D. Anderson
Commissioner of Insurance
Commonwealth of Massachusetts
Division of Insurance
1000 Washington Street, Suite 810
Boston, MA 02118-6200

Honorable Commissioner:

Pursuant to your instructions and in accordance with Massachusetts General Laws, Chapter 175, Section 4, and other applicable statutes, an examination has been made of the financial condition and affairs of the

ALLWAYS HEALTH PARTNERS INSURANCE COMPANY

The Company's home office is located at 399 Revolution Drive, Suite 810, Somerville, Massachusetts 02145. The examination was conducted remotely. The following report thereon is respectfully submitted.

SCOPE OF EXAMINATION

This is the first examination of AllWays Health Partners Insurance Company (“AHPIC” or the “Company”) by the Massachusetts Division of Insurance (“Division”). The examination was conducted by the Division and covers the period from August 16, 2018 through December 31, 2021, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

Concurrent with this examination, the following insurance affiliates were also examined and separate Reports of Examination have been issued:

AllWays Health Partners Select, LLC (“AHP”)
AllWays Health Partners, Inc. (“AHP, Inc”)

The examination was conducted in accordance with standards and procedures established by the National Association of Insurance Commissioners (“NAIC”) Financial Condition (E) Committee and prescribed by the current NAIC Financial Condition Examiners Handbook (“Handbook”), the examination standards of the Division and with Massachusetts General Laws. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify current and 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.

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 Massachusetts General Laws, Chapter 175, Section 4, 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 is audited annually by PriceWaterhouseCoopers LLP (“PwC”), an independent certified public accounting firm. The firm expressed unqualified opinions on the Company’s financial statements for the calendar years 2018 through 2021. Use of the Certified Public Accountants’ work papers were made to the extent deemed appropriate and effective.

Representatives from the firm Examination Resources, LLC (“Examination Resources”) were engaged by the Division to assist in the examination by performing certain examination procedures at the direction of and under the overall management of the Division’s examination staff. The assistance included a review of accounting records, information systems, investment and

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actuarially determined loss and loss adjustment expense reserves, as well as other significant actuarial estimates.

SUMMARY OF SIGNIFICANT FINDINGS OF FACT

There are no significant findings related to the current examination.

COMPANY HISTORY

General

The Company was founded as Partners Healthcare Insurance Company ("PHIC") on August 16, 2018 under the provisions of Chapter 175 of the General Laws of The Commonwealth of Massachusetts for the purpose of operating as an integral part of the comprehensive, integrated healthcare delivery system organized and operated by Partners HealthCare System, Inc, a Massachusetts charitable corporation ("Partners"), that includes hospital, physician, charitable, scientific, educational, research and other institutions and entities that are controlled, directly or indirectly, through sole corporate membership, stock ownership or otherwise, by Partners. Partners became an affiliate of Mass General Brigham Incorporated ("MGBI"), formerly known as Partners HealthCare System, Inc., on October 1, 2012. MGBI is a Massachusetts not-for-profit corporation which operates two tertiary and seven acute care hospitals in Massachusetts. MGBI also operates community health centers, physician practice organizations and graduate level programs for health professionals.

MGBI initially capitalized the Company with \$3.6 million in gross paid in and contributed surplus and \$400 thousand common capital stock. The Company commenced business on October 1, 2018 and effective January 1, 2019 PHIC changed its name to AHPIC.

MANAGEMENT AND CONTROL

Board of Directors Minutes

The minutes of meetings of the Board of Directors ("Board") and its Committees for the period under examination were reviewed and they indicated that all meetings were held in accordance with the Company's bylaws and the Laws of the Commonwealth of Massachusetts. Activities of the Committees were ratified at meetings of the Board.

Articles of Incorporation and Bylaws

The articles of incorporation and bylaws of the Company were reviewed. The articles and bylaws were amended as of January 1, 2019, to reflect the name change from PHIC to AHPIC. The articles state that the purpose of the Company is to operate as an integral part of the comprehensive, integrated health care delivery system that includes hospital, physician, charitable, scientific,

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educational, research and other institutions and entities that are controlled, directly or indirectly, through sole corporate membership, stock ownership or otherwise, by Partners. The bylaws provide guidance related to corporate governance, including the roles and responsibilities of the Board and officers of the Company.

Board of Directors

According to the bylaws, the Company shall be managed by the Board who shall manage the business and affairs of the Company. The Board shall consist of not less than seven (7) nor more than thirteen (13) Directors, with the President serving ex officio. Six (6) to twelve (12) members are nominated by the Joint Nominating and Governance Committee of the Board and elected by AllWays Health Partners Holding Company, Inc. The term of office of each Director shall be up to three years, or until a successor has been appointed and qualified, but no Director should be elected to serve more than three consecutive three-year terms. Any Director may be removed from the Board with cause only after reasonable notice of the grounds for the removal and an opportunity to be heard before the Board of the Member. The Annual Meeting of the Board shall be held on such a date each year as is determined by the Board.

The Company's Board consisted of the following individuals as of December 31, 2021:

<u>Name of Directors</u>	<u>Title</u>
Richard Holbrook	Retired Chairman and Chief Executive Officer, Eastern Bank
Steven J. Tringale	President, AllWays Health Partners
Anne Wilkins	Managing Director, Wilkins Advisors, LLC
Matthew Fishman	Vice President of Community Health, Partners Healthcare
James W. Hunt, Jr.	President Emeritus, Massachusetts League of Community Health Centers
A. Anthony James	Senior Vice President of Network Development & Integration, The Massachusetts General Hospital
Antonia G. McGuire	Retired, Edward Kennedy Community Health

Officers

According to the Company's bylaws, the Board shall elect the officers of the Company. The officers of the Company shall be the Chairman of the Board, President, Treasurer, Secretary, and such other officers as the Board or the President may from time to time elect or appoint.

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Officers of the Company as of December 31, 2021, were as follows:

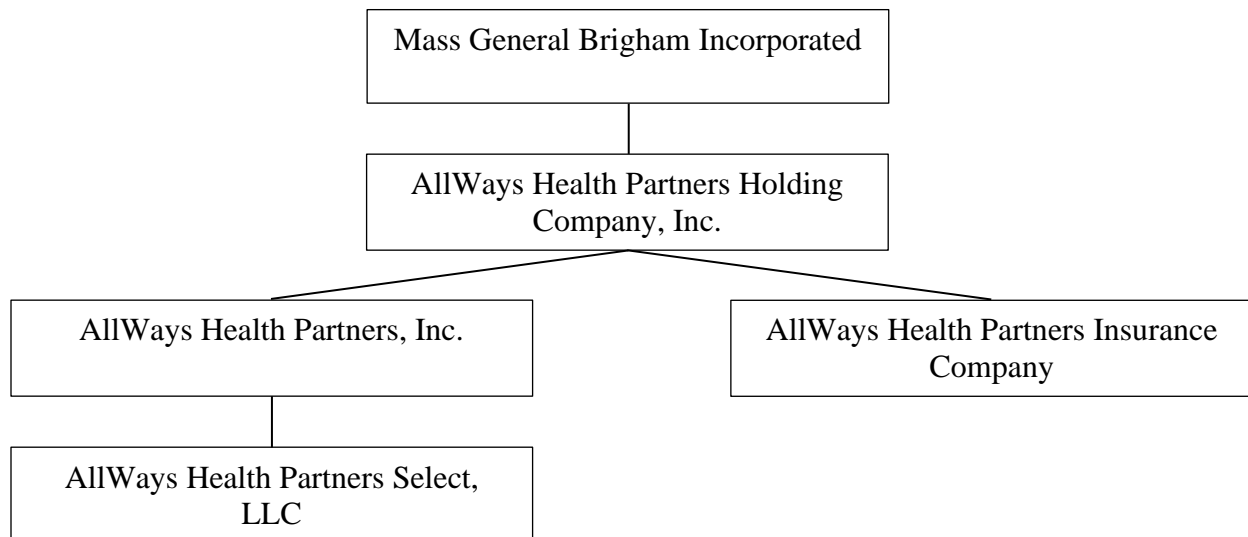
<u>Name of Officers</u>	<u>Title</u>
Richard Holbrook	Chair and Director
Steven J. Tringale	President and Chief Executive Officer
Niyum Gandhi	Treasurer
Lucia F. Silva	Chief Financial Officer
John R. Higham, Esq.	Secretary

Affiliated Companies

As stated in the Insurance Holding Company System Form B, Form C and Form F as filed with the Division, the Company is a member of a holding company system and is subject to the registration requirements of Massachusetts General Laws, Chapter 175, Section 206C, Chapter 176G, Section 28 and Regulation 211 CMR 7.00.

The sole corporate member of the Company is AllWays Health Partners Holding Company, Inc. (the Holding Company). The sole corporate member of the Holding Company is MGBI which is also the sole corporate member of The Massachusetts General Hospital, Brigham, Inc., and other nonprofit healthcare organizations that comprise the Mass General Brigham integrated healthcare system.

Organizational Chart



AllWays Health Partners Insurance Company

Transactions and Agreements with Subsidiaries and Affiliates

As part of the Guaranty Agreement, MGBI has executed a Risk Based Capital Guaranty with the Company pursuant to which MGBI will guarantee that AHPIC shall have and maintain capital and surplus in the minimum amount equivalent to 300% of the Authorized Control Level Risk Based Capital, as defined by the Division in 211 CMR 25.10. As a result of the Guaranty, the Company received a \$1 million surplus contribution from MGBI in 2021 and a \$3.5 million surplus contribution from MGBI in 2020.

On January 1, 2020, the Company entered into an Amended and Restated Shared Services and Expense Agreement (“Services Agreement”) with MGBI. Under the Services Agreement, MGBI and the Holding Company provide services which include central administration, finance, human resources, information systems, legal, clinical affairs, real estate and compliance. Effective April 1, 2020, the agreement was amended to delete references to AHP and reallocate the Holding Company’s costs between the Company and AHP, Inc.

All cash and investments of AHPIC are managed by MGBI’s Treasury Office under a Statement of Investment Policy.

The Company has an Administrative Services Only (ASO) contract with MGBI to administer MGBI’s uninsured employee health plan. The Company receives administrative expense allocations from the Holding Company for product sales expense, member support services, and administrative and other support expenses.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact business in Massachusetts only. The Company reported \$21.6 million of 2021 direct premium written in Massachusetts, accompanied by membership of approximately 133 thousand individuals enrolled in all products.

Treatment of Policyholders – Market Conduct

During the course of the examination, a general review was made of the manner in which the Company conducts its business practices and fulfills its contractual obligations to members and claimants. This review was limited in nature and was substantially narrower than a full scope market conduct examination.

REINSURANCE

Ceded Reinsurance

The Company has a stop-loss reinsurance treaty for commercial policies, with individual coverage for ninety percent (90%) of the losses in excess of \$1,000,000 per member and an aggregate specific deductible of the greater of \$1,100,000, or the sum of the total number of covered members per month during the term of the agreement, multiplied by the rate of \$1.57 per covered member. Until the aggregate specific deductible for the term of the agreement is calculated, a provisional aggregate specific deductible of \$1,481,201 shall be applied to loss payments. The Company shall pay the reinsurer a premium calculated by multiplying the rate \$0.96 per covered member by the total number of covered members per month. Minimum premium per the agreement is \$700,000.

The Company has no assumed reinsurance.

FINANCIAL STATEMENTS

The following financial exhibits are based on the statutory financial statements prepared by management and filed by the Company with the Division and present the financial condition of the Company for the period ending December 31, 2021. The financial statements are the responsibility of Company management.

Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2021

Statement of Income for the Year Ended December 31, 2021

Reconciliation of Capital and Surplus for Each Year in the Four-Year Period Ended December 31, 2021

AllWays Health Partners Insurance Company

Statement of Assets, Liabilities, Surplus and Other Funds As of December 31, 2021

	Per Annual Statement
ASSETS	
Cash, cash equivalents and short-term investments	48,542,730
Subtotals, cash and invested assets	48,542,730
Uncollected premiums and agents' balances	416,387
Amounts receivable relating to uninsured plans	937,679
Receivables from parent, subsidiaries and affiliates	496,664
Health care and other amounts receivable	3,776,813
Total Assets	<u>\$ 54,170,273</u>
LIABILITIES	
Claims unpaid	\$ 3,135,698
Unpaid claims adjustment expenses	33,231
Premiums received in advance	268,747
Amounts withheld or retained for the account of others	490,665
Amounts due to parent, subsidiaries and affiliates	288,725
Liability for amounts held under uninsured plans	45,966,268
Total Liabilities	<u>50,183,334</u>
SURPLUS	
Common capital stock	400,000
Gross paid in and contributed surplus	8,100,000
Unassigned funds (surplus)	(4,513,061)
Total capital and surplus	<u>3,986,939</u>
Total Liabilities, Surplus and Other Funds	<u>\$ 54,170,273</u>

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Statement of Income For the Year Ended December 31, 2021

	Per Annual Statement
Member Months	<u>35,934</u>
Net premium income	<u>21,581,508</u>
Total revenues	21,581,508
Hospital and Medical:	
Hospital/medical benefits	14,379,614
Other professional services	945,957
Emergency room and out-of-area	407,993
Prescription drugs	<u>4,193,430</u>
Subtotal	19,926,994
Less:	
Total hospital and medical	19,926,994
Claims adjustment expenses	1,597,739
General administrative expenses	<u>2,364,593</u>
Total underwriting deductions	23,889,326
Net underwriting loss	<u>(2,307,818)</u>
Net investment income earned	<u>(29,389)</u>
Net investment losses	<u>(29,389)</u>
Aggregate write-ins for other income or expenses	1,646,702
Net income after capital gains tax and before all other federal income taxes	<u>(690,505)</u>
Federal and foreign income taxes incurred	<u>-</u>
Net income	<u>\$ (690,505)</u>

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Reconciliation of Capital and Surplus For Each Year in the Four-Year Period Ended December 31, 2021

	2021	2020	2019	2018
Capital and surplus prior year	\$ 3,807,955	\$ 3,115,458	\$ 4,017,223	\$ -
Net income/(loss)	(690,505)	(2,628,733)	(892,467)	17,223
Change in nonadmitted assets	(130,511)	(178,770)	(9,298)	-
Capital changes: Paid in	-	-	-	400,000
Surplus adjustments: Paid in	1,000,000	3,500,000	-	3,600,000
Change in capital and surplus	178,984	692,497	(901,765)	4,017,223
December 31, current year	<u>\$ 3,986,939</u>	<u>\$ 3,807,955</u>	<u>\$ 3,115,458</u>	<u>\$ 4,017,223</u>

ANALYSIS OF CHANGE IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

There are no changes in the financial statements as a result of this examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

As a result of the examination, no issues with non-compliance, adverse findings, or material changes to the financial statements were identified.

The Company has appointed Sujata Sanghvi, FSA, MAAA Chief Actuary, as their Appointed Actuary. The Company's internal actuarial team performed a reserve analysis as of December 31, 2021. They relied on standard completion factor and PMPM methodologies. Additional factors were considered such as high-cost claimants, pended claims, seasonality and trend, among other factors. The Company booked Claims Unpaid of \$3.1 million as of December 31, 2021. We note of this \$3.1 million, the lag-determined IBNP liabilities were \$2.4 million while the remainder of the Claims Unpaid reserve consisted of various payables and accruals which were generally accounting items not subject to a great deal of variability. As is commonplace with health insurers, a margin for adverse deviation equaling 15% of the otherwise lag-determined liability was applied. The appointed actuary issued an unqualified opinion.

The Division engaged Taylor-Walker Consulting, LLC ("TWC") to review the reasonableness of the Company's reserves as of December 31, 2021. The review was conducted in a manner consistent with the Code of Professional Conduct and the Qualification Standards of the American Academy of Actuaries and the Standard of Practice adopted by the Actuarial Standard Board.

TWC performed an analysis of the Claims Unpaid liability as of December 31, 2021. Given the timing of the examination, TWC utilized data through year-end 2022 in this analysis. TWC analyzed historical patterns to develop a range of estimates using a modified completion factor approach. TWC's review resulted in a low estimate of the lag-determined IBNR liabilities of \$2.4 million and a high estimate of \$2.5 million.

PwC also independently estimated reserves, albeit using data as of December 31, 2021. The Company's booked IBNR were within PwC's range and slightly above the best estimate. Based on these considerations, booked Claims Unpaid were determined to be reasonable.

SUBSEQUENT EVENTS

As of January 1, 2023, the Company changed its name to Mass General Brigham Health Insurance Company.

SUMMARY OF RECOMMENDATIONS

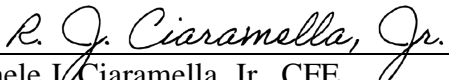
There are no examination recommendations as a result of this examination.

SIGNATURE PAGE

Acknowledgement is made of the cooperation and courtesies extended by the officers and employees of the Company during the examination.

The assistance rendered by Examination Resources and the following examiner participating in this examination is acknowledged:

Michael Lewandowski, CFE, Examiner II



Raffaele J. Ciaramella, Jr., CFE
Supervising Examiner & Examiner-In-Charge
Commonwealth of Massachusetts
Division of Insurance