REPORT ON EXAMINATION

OF

HUMANA HEALTH COMPANY OF NEW YORK, INC.

AS OF December 31,2017

EXAMINER: **TOMMY KONG, CPCU, CFE, PIR**

DATE OF REPORT: **AUGUST 16, 2022**

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August 16, 2022

Honorable Adrienne A. Harris
Superintendent of Financial Services
Albany, New York 12257

Madam:

Pursuant to the requirements of the New York Insurance Law and Public Health Law and acting in accordance with the instructions contained in Appointment Number 31689, dated December 4, 2017, attached hereto, I have made an examination into the condition and affairs of Humana Health Company of New York, Inc., a health maintenance organization ("HMO") certified pursuant to Article 44 of the New York Public Health Law, as of December 31, 2017, and submit the following report thereon.

The examination was conducted at the main administrative office of Humana Health Company of New York, Inc. located at 500 West Main Street, Louisville, Kentucky.

Wherever the designations "HHCNY" or the "HMO" appear herein, without qualification, they should be understood to indicate Humana Health Company of New York, Inc.

Wherever the designation "Humana" appears herein, without qualification, it should be understood to indicate Humana Inc., the parent of Humana Health Company of New York, Inc.

Wherever the designation the "Department" appears herein, without qualification, it should be understood to indicate the New York State Department of Financial Services.

1. SCOPE OF THE EXAMINATION

The previous examination of HHCNY was conducted as of December 31, 2012. This examination of the HMO was a financial examination as defined in the National Association of Insurance Commissioners' ("NAIC") *Financial Condition Examiners Handbook, 2018 Edition* (the "Handbook") and covered the period January 1, 2013, through December 31, 2017. The examination was conducted observing the guidelines and procedures in the Handbook, and where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2017 were also reviewed.

The examination was conducted using a risk-focused approach, in accordance with the provisions of the Handbook, which provides guidance for the establishment of an examination plan based on the examiner's assessment of risk in the HMO's operations and utilizes that evaluation in formulating the nature and extent of the examination. The examiner planned and performed the examination to evaluate the HMO's current financial condition, as well as to identify prospective risks that may threaten the future solvency of HHCNY.

The examiner identified key processes, assessed the risks within those processes and assessed the internal control systems and procedures used to mitigate those risks. The examination also included an assessment of the principles used and significant estimates made by management, an evaluation of the overall financial statement presentation, and determined management's compliance with the Department's statutes and guidelines, Statutory Accounting Principles, as adopted by the Department, and NAIC annual statement instructions.

Information concerning the HMO's organizational structure, business approach and control environment was utilized to develop the examination plan and procedures. The examination evaluated the HMO's risks and management activities in accordance with the NAIC's nine branded risk categories. These categories are as follows:

- Pricing / Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The examination also evaluated the HMO's risks and management activities in accordance with the NAIC's ten critical risk categories. These categories are as follows:

- Valuation / Impairment of Complex or Subjectively Valued Invested Assets
- Liquidity Considerations
- Appropriateness of Investment Portfolio and Strategy
- Appropriateness / Adequacy of Reinsurance Program
- Reinsurance Reporting and Collectability
- Underwriting and Pricing Strategy / Quality
- Reserve Data
- Reserve Adequacy
- Related Party / Holding Company Considerations
- Capital Management

The HMO was audited annually, for the years 2013 through 2017, by the accounting firm of PricewaterhouseCoopers LLP ("PwC"). HHCNY received an unmodified opinion in each of

those years. Certain audit work papers of PwC were reviewed and relied upon in conjunction with this examination.

This examination was conducted as a coordinated examination, as such term is defined in the Handbook (an examination of one insurer or a group of insurers performed by examiners from more than one state whereby the participating states share resources and allocate work among the examiners), of the insurance subsidiaries of Humana. The facilitating state for the examination was the Georgia Department of Insurance with assistance from the consulting firm of Examination Resources, LLC. The Department was a participating state in the examination. Since the Facilitating and Participating States, as such term is defined in the Handbook, are accredited by the NAIC, the states deemed it appropriate to rely on each other's work. The examination teams, representing the Facilitating and Participating States, identified and assessed the risks for key functional activities across Humana's subsidiaries under examination. The examination teams also assessed the relevant prospective risks as they relate to the various insurance entities.

During the examination, the firm of Risk and Regulatory Consulting was contracted by the Department to review the HMO's information technology systems and operations on a risk-focused basis in accordance with the provisions of the Handbook. No material finding was noted from such review.

A review was also made to ascertain what actions were taken by HHCNY with regards to the comments and recommendations contained in the prior report on examination. The results of such review are contained in Item 4 of this report.

This report on examination is confined to financial statements and comments on those matters which involve departures from laws, regulations or rules, or which require explanation or description.

2. DESCRIPTION OF THE HMO

Humana Health Company of New York, Inc. was incorporated in the State of New York on April 7, 2008, under its former name Arcadian Health Plan of New York, Inc. ("AHPNY"). AHPNY subsequently received a Certificate of Authority ("COA") pursuant to Article 44 of the New York Public Health Law to operate as a health maintenance organization, effective October 20, 2008. AHPNY commenced conducting business on January 1, 2009, in Onondaga County, and on April 29, 2009, with the New York State Department of Health's ("DOH") approval, the HMO amended its COA, which resulted in an expansion of its writing territory to include the additional New York State counties of Madison and Oneida.

On March 31, 2012, Humana Inc., a stock corporation publicly traded on the New York Stock Exchange, completed its acquisition of both AHPNY's then ultimate parent, Arcadian Management Services, Inc. ("AMS") and AHPNY. The acquisition was approved by DOH, effective March 31, 2012, following the Department's prior issuance of a non-objection letter dated December 6, 2011.

Following its acquisition, AHPNY received authorization from DOH to effectuate a corporate name change to Humana Health Company of New York, Inc. The name change on the HMO's amended COA was effectuated July 15, 2013.

Contributed Surplus

As of December 31, 2017, the HMO reported surplus contributions in the aggregate amount of $52,400,000 as follows:

Affiliate	Date	Amount
Humana Inc.	June 25, 2013	$20,000,000
Humana Inc.	August 31, 2015	2,400,000
Humana Inc.	December 30, 2016	10,000,000
Humana Inc.	December 29, 2017	20,000,000
Total		$52,400,000

During the examination period, Humana contributed a total surplus of $52,400,000 to assist the HMO in preserving its operations and to help stabilize the HMO's rising medical and administrative expenses. In 2015, the surplus contribution of $2,400,000 was used to repay three (3) Section 1307 loans owed to the HMO's former parent, Arcadian Management Services, Inc. ("AMS").

Section 1307 Loans

AMS made aggregate loans in the amount of $2,400,000 to the HMO during the period March 7, 2008 through December 16, 2010. The HMO utilized the funds it received from the loans as start-up capital and to pay for the HMO's subsequent business operations. These loans were evidenced by surplus notes issued by the HMO to AMS, which were approved by the Department pursuant to Section 1307 of the New York Insurance Law. Repayment of the loans and accrued interest thereon is contingent upon the Department's prior approval.

The HMO maintained the following Section 1307 surplus loans:

Date Issued	Section 1307 Loan Amount
March 7, 2008	$1,500,000
June 4, 2010	$ 200,000
December 16, 2010	$ 700,000
Total Section 1307 loans	$2,400,000

On August 31, 2015, all outstanding Section 1307 loans and the aggregate accrued interest were dismissed by Humana. The aggregate accrued interest, as of that date, amounted to $687,000 for the three (3) Section 1307 loans listed above. The forgiveness of these Section 1307 loans and aggregate accrued interest were approved by the Department on August 31, 2015.

A. Corporate Governance

In accordance with the HMO's charter and by-laws, management of the HMO during the examination period was vested in a Board of Directors ("Board") consisting of not less than three (3) and no more than ten (10) members. The following four (4) members comprised the HMO's Board as of December 31, 2017:

Name/Residence	Principal Business Affiliation
Renee J. Buckingham Prospect, Kentucky	President of Care Delivery Organization, Humana Inc.
Alexander W. Clague New York, New York	Northeast Regional President of Senior Products, Humana Inc.
Denise M. Smith Orange, Connecticut	Northeast Regional Vice President of Provider Experience, Humana Inc.
Cynthia H. Zipperle Louisville, Kentucky	Senior Vice-President and Chief Accounting Officer, Humana Inc.

Part 98-1.11(g)(1)(iii) of the Administrative Rules and Regulations of the New York State Department of Health states, in part:

> "(g)…no less than one third of the members of the governing authority of an MCO shall be composed of residents of New York State.
>
> (1) Within one year of the MCO becoming operational, no less than 20 percent of the members of the governing authority shall be enrollees of such MCO, except that:
>
> (iii) an HMO… may, as an alternative… establish an enrollee advisory council which is representative of the HMO's… enrollment and which has direct input to the governing authority;"

The HMO has established an enrollee advisory council, designated as the Member Advisory Board ("MAB"). When the MAB meets, minutes to their meeting are taken and provided to the Board for review and action, if appropriate.

The minutes of all meetings of the Board and committees thereof held during the examination period were reviewed. The review indicated all Board and committee meetings were well attended, with all Board members attending at least one-half of the meetings they were eligible to attend. It was noted that the Board met three (3) times and four (4) times for calendar years 2016 and 2017, respectively.

Article III, Section 4 of the HMO's by-laws states, in part, the following:

> "A regular meeting of the Board of Directors shall be held without other notice than this Bylaw {sic}, immediately after, and at the same place, as the annual meeting of shareholders."

A review of the HMO's minutes of the Board meetings revealed that the Board failed to comply with its by-laws by not holding its regular meeting immediately after, and at the same place, as the annual meeting of shareholders.

It is again recommended that HHCNY's Board of Directors comply with Article III, Section 4 of its by-laws by ensuring that the Board holds its regular meeting every year immediately after, and at the same place, as its annual shareholders' meeting.

A similar recommendation was included in the prior report on examination.

Subsequent to the examination period HHCNY's Board of Directors began holding the regular meeting of the Board on a yearly basis immediately after and at the same place as its annal shareholders meeting. HHCNY has complied with the requirements of Article III, Section 4 of its by-laws since 2019.

Part 243.2(b)(8) of Insurance Regulation No. 152 (11 NYCRR 243.2(b)(8)) states:

> "(b) Except as otherwise required by law or regulation, an insurer shall maintain:
>
> (8) Any other record for six calendar years from its creation or until after the filing of a report on examination or the conclusion of an investigation in which the record was subject to review."

It was noted that the HMO did not retain several Board members' Character and Competency Review forms for the examination period.

It is recommended that HHCNY comply with Part 243.2(b)(8) of Insurance Regulation No. 152 by retaining the Character and Competency Review forms of all its Board members for the required period.

As of December 31, 2017, the principal officers of the HMO were as follows:

Name	Title
Alexander W. Clague	Chief Executive Officer
Brian A. Kane	Senior Vice-President and Chief Financial Officer
Joseph C. Ventura	Vice President and Corporate Secretary
Vanessa M. Olson	Vice President and Chief Actuary

Humana has an established corporate governance structure which is led by its Board and senior executive officers, who are appointed by the Board for managing the day-to-day affairs of Humana, including the HMO. Exhibit M of the Handbook (Understanding the Corporate Governance Structure) was utilized as guidance for assessing the HMO's corporate governance.

Enterprise Risk Management / Internal Audit Functions

The following are summaries of the HMO's enterprise risk management and internal audit functions, both of which are provided by Humana, a publicly traded company that is subject to the Sarbanes-Oxley Act of 2002. Thus, unless otherwise noted, references to the aforementioned functions provided by Humana also apply to the HMO.

i. Enterprise Risk Management

The HMO has an established enterprise risk management ("ERM") framework for proactively identifying, addressing and mitigating risks, including prospective business risks. Humana's risk framework, consistent with the Committee of Sponsoring Organizations ERM Framework, aligns all potential risks impacting the organization into four (4) risk categories consisting of (1) strategic, (2) operational, (3) financial reporting and disclosure, and (4) compliance. In addition, risks identified within each of the aforementioned risk categories are broken down further into planning and execution risks.

Humana's ERM program is administered by its Enterprise Risk Management Committee ("ERM Committee") which includes Humana's President / Chief Executive Officer and other direct reports, consisting of the Controller, Chief Compliance Officer, and Chief Actuary. The ERM Committee maintains a list of top enterprise-level risks, which are reviewed collectively by

the ERM Committee and the Audit Committee ("AC") of Humana on a regular basis. Periodic structured risk workshops between Humana's functional and segment management leaders are held to synchronize risk tolerance and identify the most significant risks to their business unit / segment. The AC provides both oversight of Humana's ERM program and assistance to management relative to Humana's risk assessment and risk management policies.

Humana's ERM program appears to have an effective approach to identifying and mitigating risks across the organization, including prospective business risks. Humana deals proactively with its areas of risk, and its management is knowledgeable about risk mitigation strategies. Through risk discussions and other measures, Humana's management reviews significant issues and reacts to changes in the environment with a sense of commitment to address risk factors and manage the business accordingly. Humana's overall risk management process takes a proactive approach to identifying, tracking, and mitigating significant current and emerging risk factors.

ii. Internal Audit Department

Humana has an established Internal Audit Department known within the organization as the Internal Audit Consulting Group ("IACG"). The IACG is independent of management and functions to serve Humana and its subsidiaries. The IACG is under the direct supervision of the AC, as designated by Humana's Board of Directors. The IACG also reports simultaneously to Humana's management on an indirect and dotted line basis. The AC is comprised entirely of outside members that are independent of Humana's management.

The IACG assists all levels of management by reviewing and testing financial and operational controls and processes established by management to ensure compliance with laws,

regulations, and Humana's policies. The scope of the IACG program is coordinated with Humana's independent Certified Public Accountant with the intended purpose of ensuring optimal audit coverage and maximum efficiency by Humana.

During the course of this examination, consideration was given to the significance and potential impact of certain IACG work, including the results of the IACG's testing of internal control policies and procedures established by management. Certain test works performed by the IACG were reviewed and relied upon, as prescribed by the Handbook. Such review, of the IACG's testing of the internal controls at the Humana level, revealed that the policies and procedures were adequately designed to effectively mitigate risks within those key functional areas of the HMO.

B. Territory and Plan of Operation

As of December 31, 2012, HHCNY (formerly known as Arcadian Health Plan of New York, Inc.) was authorized to operate in the New York State counties of Madison, Onondaga, and Oneida.

The HMO's COA was later amended to permit it to expand into fifteen (15) additional New York counties. As a result of the Department and DOH's concurrent approvals of the HMO's aforementioned amended COA for expansion, effective July 15, 2013, the HMO was authorized to operate within the following additional fifteen (15) New York State counties:

Albany	Niagara	Schenectady
Bronx	Queens	Steuben
Erie	Rensselaer	Suffolk
Kings	Richmond	Warren
Nassau	Saratoga	Westchester

In addition to the HMO's geographic expansion that was granted under the amended COA, the aforementioned COA also included the following additional amendments:

i. Change of the HMO's existing corporate name from Arcadian Health Plan of New York, Inc. to Humana Health Company of New York, Inc. and

ii. Change of the HMO's statutory home address from Albany, New York to New York, New York

In a letter to DOH, dated February 21, 2013, the Department issued its non-objection to the HMO's expansion request contingent upon it receiving a $20 million cash infusion from Humana Inc. The HMO received the aforementioned $20 million cash infusion on June 25, 2013, after which the DOH, in a letter to the HMO dated August 12, 2013, advised the HMO of both the Department and DOH's concurrent approvals of the HMO's geographic expansion.

HHCNY's COA was amended once more to permit the HMO to expand into eleven (11) additional New York counties, effective September 8, 2017. As of December 31, 2017, the HMO was authorized to operate in the following twenty-six (26) New York State counties:

Albany	Kings	Oswego	Suffolk
Allegany	Madison	Queens	Tioga
Bronx	Nassau	Rensselaer	Warren
Broome	New York	Richmond	Washington
Cattaraugus	Niagara	Saratoga	Westchester
Chemung	Oneida	Schenectady	
Erie	Onondaga	Steuben	

HHCNY provides medical, hospital, and prescription drug coverage under the Medicare Advantage and Medicare Part D Prescription Drug plans.

Under the HMO's Medicare Advantage contract with the Centers for Medicare and Medicaid Services ("CMS"), HHCNY provides health insurance to eligible members, age 65 and older and to disabled members under the age of 65. Enrollees in the Medicare Advantage program receive benefits in excess of traditional Medicare coverage, including: reduced cost sharing, enhanced prescription drug benefits, care coordination, case management, disease management, wellness and prevention programs, and reduced monthly Medicare Part B premiums (physician care and other services).

The HMO's Medicare Part D Prescription Drug plans are stand-alone plans. They offer both basic coverage with mandated benefits and enhanced coverage with varying degrees of out-of-pocket costs (deductibles and co-insurance amounts).

Under the HMO's Medicare Advantage and Medicare Part D Prescription Drug contracts with CMS, HHCNY provides health benefits to its enrolled members and receives fixed contractual payments (per member per month) from CMS.

The following summary reflects HHCNY's total annual net premium income and enrollment for the period under examination:

Year	Net Premium	Enrollment
2013	$ 4,506,928	570
2014	$ 13,215,499	1,804
2015	$ 42,643,205	5,368
2016	$108,059,608	12,222
2017	$128,092,257	14,477

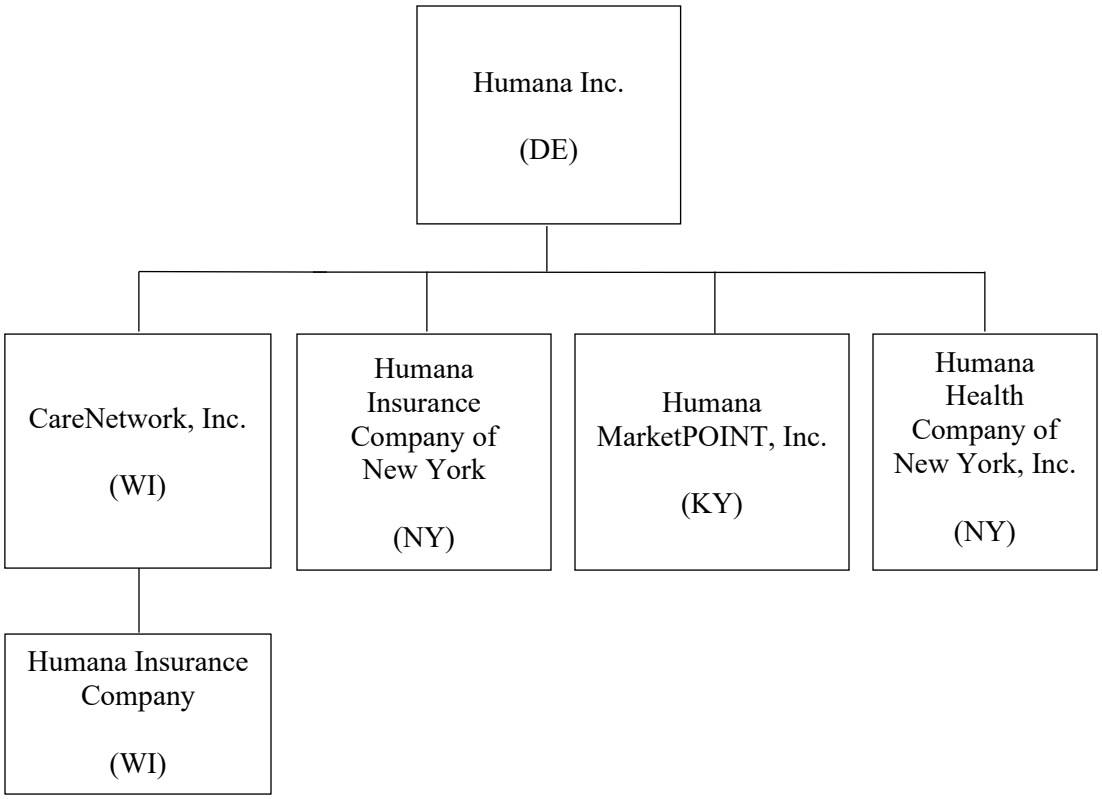
For the period under examination, the HMO's total net premium and enrollment increased by $123,585,329 (2,742%) and 13,907 (2,440%), respectively. The overall increase in premiums was attributed to the significant growth in the HMO's membership.

C. Reinsurance

The HMO did not assume or cede any reinsurance during the examination period.

D. Holding Company System

The following abbreviated chart depicts the HMO's holding company system, as of December 31, 2017:



Effective July 1, 2012, the HMO entered into various agreements with its affiliates. As of December 31, 2017, the HMO maintained the following inter-company agreements with members of its holding company system:

i. Corporate Service Agreement

Humana provides HHCNY with various administrative and managerial services including but not limited to the following functions: (1) clerical processing of the HMO's trade accounts payable, payroll and broker commissions payments; (2) medical and product management; (3) executive management; (4) information systems; (5) financial services; (6) legal services; (7) human resources; (8) employee benefits; (9) insurance; and (10) marketing and advertising services.

ii. Service Center Service Agreement

The HMO has maintained a Service Center Service Agreement labeled #316 (which was later amended and relabeled #316 R-2) with Humana Insurance Company (as Service Provider) and Humana (as Repository), which took effect on July 1, 2012, as amended. This agreement was approved by the Department on October 26, 2012, and DOH on December 2, 2013. Based on the agreement, Humana Insurance Company provided the HMO with various services, including (1) claims processing; (2) customer service; (3) front end operations; (4) billing and enrollment; (5) utilization review; (6) other support and direct cost of employee fringe benefits and payroll taxes; and (7) occupancy. For such rendered services, the HMO incurred administrative and management fees paid to Humana in the amounts of $10,950,122 and $12,876,800, respectively in 2016 and 2017.

iii. Marketing Service Agreement

The HMO has maintained a Marketing Service Agreement labeled #317 with Humana MarketPOINT, Inc. (as Service Provider) and Humana (as Repository), which took effect on July 1, 2012, as amended. This agreement was approved by the Department on October 26, 2012. Based on the agreement, Humana MarketPOINT, Inc. provided the HMO with marketing services related to Medicare Risk and commercial products.

iv. Tax Allocation Agreement

HHCNY files its federal income tax return as part of Humana's group consolidated tax return along with Humana and its other holding company system members.

All the above-mentioned agreements were approved by the Department effective on October 26, 2012. Of these above-mentioned inter-company agreements implemented by the HMO, only the Service Center Service ("SCS") agreement required approval by DOH. The SCS agreement was submitted to DOH on October 30, 2013, and was approved on December 2, 2013.

E. Significant Operating Ratios

The underwriting ratios presented below are on an earned-incurred basis and encompass the five-year period covered by this examination:

	Amounts	Ratios
Claims (expenses incurred)	$271,515,114	92%
Claim adjustment expenses	13,954,205	5%
General administrative expenses	39,070,399	13%
Increase in reserves for health contracts	15,357,600	5%
Net underwriting loss	(43,379,821)	(15)%
Premium earned	$296,517,497	100%

Premiums growing at a slower rate than claims and claims adjustment expenses were the main contributors to the HMO's total net underwriting loss of $43,379,821 reported during the examination period.

3. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, and surplus as of December 31, 2017, as contained in the HMO's 2017 filed annual statement, a condensed summary of operations and a reconciliation of the surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the HMO's financial condition as presented in its financial statements contained in the December 31, 2017, filed annual statement.

Independent accountants PricewaterhouseCoopers LLP ("PwC") was retained by HHCNY to audit the HMO's combined statutory basis statements of financial position as of December 31st of each year in the examination period, and the related statutory-basis statements of operations, surplus, and cash flows for the year then ended.

PwC concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the HMO at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

A. Balance Sheet

Assets

Cash and short-term investments	$49,284,869
Uncollected premiums in course of collection	330,979
Accrued retrospective premiums	1,373,666
Amounts receivable relating to uninsured plans	403,122
Current federal income tax recoverable and interest thereon	2,239,393
Receivables from parent, subsidiaries and affiliates	669,808
Health care and other amounts receivable	2,552,770
Total assets	$56,854,607

Liabilities

Claims unpaid	$15,551,508
Accrued medical incentive pool and bonus amounts	908,680
Unpaid claims adjustment expenses	125,807
Aggregate health policy reserves	17,563,370
Premiums received in advance	66,737
General expenses due or accrued	62,921
Amounts withheld or retained for the account of others	165
Remittances and items not allocated	66,971
Liability for amounts held under uninsured plans	2,059,078
Aggregate write-ins for other liabilities	62,092
Total liabilities	$36,467,329

Capital and Surplus

Aggregate write-ins for special surplus funds	$ 2,660,916
Gross paid-in and contributed surplus	60,420,806
Aggregate write-ins for other than special surplus funds	17,611,184
Unassigned funds	(60,305,628)
Total capital and surplus	$20,387,278
Total liabilities, capital and surplus	$56,854,607

Note: The Internal Revenue Service has not conducted any audits of the income tax returns filed on behalf of HHCNY for the tax years 2013 through 2017, in which the HMO filed its returns on a group basis under the consolidated federal income tax returns of its parent, Humana Inc. The examiner is unaware of any potential exposure of the HMO to any tax assessment, and no liability has been established herein relative to such a contingency.

B. Statement of Revenue and Expenses and Changes in Capital and Surplus

Capital and Surplus increased $15,351,951 during the five-year examination period, January 1, 2013, through December 31, 2017, detailed as follows:

Revenue		
Premium	$296,517,497	
Total revenue		$296,517,497
Hospital and Medical Expenses		
Hospital/medical benefits	$231,360,348	
Other professional services	7,257,160	
Emergency room and out-of-area	11,476,708	
Prescription drugs	19,996,296	
Incentive pool, withhold adjustments and bonus amounts	1,424,602	
Claims adjustment expenses	13,954,205	
General administrative expenses	39,070,399	
Increase in reserves for health contracts	15,357,600	
Total underwriting deductions		339,897,318
Net underwriting loss		$ (43,379,821)
Net investment income		336,194
Net realized capital gains		57
Aggregate write-ins for other income		463
Net loss before federal income taxes		$ (43,043,107)
Federal income taxes incurred		(8,439,420)
Net loss		$ (34,603,687)

Changes in Capital and Surplus

	Gains in Surplus	Losses in Surplus	
Capital and surplus, per report on examination, as of December 31, 2012			$ 5,035,327
Net loss		$34,603,687	
Change in net deferred income tax	$ 3,043,092		
Change in non-admitted assets		3,474,823	
Change in surplus notes		2,400,000	
Surplus adjustments	52,400,000		
Aggregate write-ins for gains in surplus	387,369		
Net change in surplus			15,351,951
Capital and surplus, per report on examination, as of December 31, 2017			$20,387,278

The above indicated net increase of $15,351,951 to HHCNY's surplus account stems primarily from the HMO's receipts of contributed paid in surplus from Humana during the examination period, as discussed in the "Contributed Surplus" section of Item 2 of this report.

4. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination, as of December 31, 2012, contained the following six (6) comments and recommendations (page number refers to the prior report on examination):

ITEM NO.		PAGE NO.
	Corporate Governance	
1.	It is recommended that HHCNY comply with Part 98-1.11(g)(1) of the Administrative Rules and Regulations (10 NYCRR 98-1.11) of the New York State Department of Health by appointing an HMO enrollee representative to its current Board of Directors. *The HMO has complied with this recommendation.*	7
2.	It is recommended that HHCNY's Board of Directors comply with Article III, Section 4 of the HMO's By-laws by ensuring that the Board holds its regular meeting every year, on the same date of the annual meeting of the HMO's shareholders. *The HMO has not complied with this recommendation. A similar recommendation is included within this report on examination.*	8
3.	It is recommended that HHCNY's Board of Directors hold meetings on at least a quarterly basis during each calendar year. *The HMO has complied with this recommendation.*	8
4.	It is recommended that HHCNY's Board of Directors limit its use of unanimous written consents to only those occasions when time is of the essence. The Board should refrain from its standard practice of utilizing unanimous written consents in lieu of regularly scheduled meetings. *The HMO has complied with this recommendation.*	9
5.	It is recommended also that the HMO's Board amend its existing by-laws to state that the Board's use of unanimous written consents shall be limited to occasions when time is of the essence and shall not in any case be used in lieu of a regularly scheduled meeting. *The HMO has complied with this recommendation.*	9
6.	It is recommended that the HMO obtain the DOH Commissioner's prior approval relative to HHCNY's future implementation of its inter-company management agreements in compliance with Part 98-1.10(c) of the Administrative Rules and Regulations of the New York State Department of Health (10 NYCRR 98-1.10). *The HMO has complied with this recommendation.*	18

5. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Corporate Governance	
i.	It is again recommended that HHCNY's Board of Directors comply with Article III, Section 4 of its by-laws by ensuring that the Board holds its regular meeting every year immediately after, and at the same place, as its annual shareholders' meeting.	9
ii.	It is recommended that HHCNY comply with Part 243.2(b)(8) of Insurance Regulation No. 152 by retaining the Character and Competency Review forms of all its Board members for the required period.	9

Respectfully submitted,

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Tommy Kong, CPCU, CFE, PIR
Financial Services Examiner 2

STATE OF NEW YORK)
)SS.
)
COUNTY OF NEW YORK)

Tommy Kong, being duly sworn, deposes and says that the foregoing report submitted by him is true to the best of his knowledge and belief.

_____
Tommy Kong, CPCU, CFE, PIR

Subscribed and sworn to before me
this _____ day of _____ 2022

APPOINTMENT NO. 31689

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, ***MARIA T. VULLO****, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

Tommy Kong

as a proper person to examine the affairs of the

Humana Health Company of New York, Inc.

and to make a report to me in writing of the condition of said

Plan

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed my name and affixed the official Seal of the Department at the City of New York

this 4th day of December, 2017

MARIA T. VULLO
Superintendent of Financial Services

By:

Lisette Johnson
Bureau Chief
Health Bureau