I, John Franchini, Superintendent of Insurance of the State of New Mexico, do hereby certify that the attached Report of Examination for the period ending April 16, 2018 on:

WellCare of New Mexico, Inc.
5206 South Coronado
Espanola, NM 87532

Docket Number #18-00022-COMP-EX

Was recently completed by Mr. Daniel McBay, Contract Examiner with the Office of Superintendent of Insurance.

Due consideration has been given to the comments of the Examiner regarding the financial condition and business affairs as reflected in this report.

The report as of this date is hereby adopted, filed and made an official record of the Office of Superintendent of Insurance.

IN WITNESS WHEREOF, I have hereunto set my official seal on the 27th day of April A.D. 2018

[Signature]
Superintendent of Insurance
REPORT OF EXAMINATION

OF

WELLCARE OF NEW MEXICO, INC.

Espanola, New Mexico
as of
December 31, 2017

BY THE
NEW MEXICO OFFICE OF SUPERINTENDENT OF INSURANCE
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April 16, 2018

Honorable John Franchini
Superintendent of Insurance
Office of Superintendent of Insurance
State of New Mexico
1120 Paseo De Peralta
Santa Fe, New Mexico

Dear Superintendent:

Pursuant to your instructions and pursuant to Order for Examination Docket # 18-00022-COMP-EX, and in compliance with New Mexico Statutes, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC), we have conducted an examination as of December 31, 2017 of the financial condition and corporate affairs of

WELLCARE OF NEW MEXICO, INC.
5206 South Coronado Avenue
Espanola, New Mexico, 87532

hereinafter referred to as the “Company”. Such Report of Examination is herewith respectfully submitted.
SCOPE OF EXAMINATION

Noble Consulting Services, Inc. ("Noble") was contracted by the New Mexico Office of Supervision of Insurance ("OSI") to perform an entrance examination pursuant to Section 59A-4-5 (B) NMSA 1978. The goal of this targeted examination was to examine or investigate the affairs, transactions, accounts, records, and assets of the Company in order to determine whether the Company can fulfill its contractual obligations, methods of doing business, treat policyholders appropriately, and comply with the law.

SUMMARY OF SIGNIFICANT FINDINGS

Current Examination Findings
No findings were noted.

Prior Examination Findings
None – this is an entrance examination.

COMPANY HISTORY

The Company was incorporated as of August 14, 2017 as a New Mexico domiciled for-profit stock insurance company under the name of WellCare of New Mexico, Inc. Operations are planned to commence on January 1, 2019. The Company is a wholly-owned subsidiary of The WellCare Management Group, Inc., which is a wholly-owned subsidiary of WCG Health Management, Inc., which is a wholly-owned subsidiary of WellCare Health Plans, Inc. ("WellCare"). WellCare is the ultimate parent company for the members of the insurance holding company system. The common stock of WellCare is publicly traded on the New York Stock Exchange under the symbol WCG.

CORPORATE RECORDS

Articles of Incorporation
Effective August 14, 2017 the Office of the Secretary of State approved the Articles of Incorporation. Also effective August 14, 2017, Articles of Amendment to the Articles of Incorporation were submitted to adjust from one (1) to seven (7) the number of incorporators in compliance with NMSA 1978 § 59A-34-4(A) (1984) which provides that 1) seven (7) individuals may incorporate a stock insurer and 2) two-thirds of the incorporators must live in New Mexico.
Bylaws
The Bylaws were certified on August 16, 2017. No amendments were noted.

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 have reviewed and signed their statements through the examination date.

Minutes
Minutes dated August 15, 2017 from the Consent of Directors, in lieu of an Organizational Meeting, were reviewed, and all significant actions taken were noted.

MANAGEMENT AND CONTROL

Management
Directors
The Bylaws provide that the business affairs of the Company shall be managed under the direction of the Board of Directors consisting of between one (1) and five (5) directors. Each director shall be elected at the annual meeting of shareholder and shall hold office until his successor shall have been elected by the shareholder.

The following is a listing of persons serving as directors effective as of August 16, 2017, and their principal occupations as of that date:

<table>
<thead>
<tr>
<th>Name and Address</th>
<th>Principal Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Lynn Asher</td>
<td>Executive Vice President &amp; Chief Financial Officer</td>
</tr>
<tr>
<td>Tampa, Florida</td>
<td>Comprehensive Health Management, Inc.</td>
</tr>
<tr>
<td>Dr. Mark Leenay</td>
<td>Senior Vice President and Chief Medical Officer</td>
</tr>
<tr>
<td>St. Petersburg, Florida</td>
<td>Comprehensive Health Management, Inc.</td>
</tr>
<tr>
<td>Michael Troy Meyer</td>
<td>Vice President and Corporate Controller</td>
</tr>
<tr>
<td>Lutz, Florida</td>
<td>Comprehensive Health Management, Inc.</td>
</tr>
<tr>
<td>Stephanie Ann Davis</td>
<td>Senior Vice President and Division President</td>
</tr>
<tr>
<td>Paradise Valley, Arizona</td>
<td>Comprehensive Health Management, Inc.</td>
</tr>
</tbody>
</table>
Officers

The Bylaws state that the officers of the Company may consist of one or more Presidents, a Secretary, a Treasurer, and such other officers with such titles as the Board may determine. Any two (2) or more offices may be held by the same person.

The following is a listing of officers and their respective titles effective as of August 16, 2017:

<table>
<thead>
<tr>
<th>Name</th>
<th>Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stephanie Ann Davis</td>
<td>President</td>
</tr>
<tr>
<td>Michael Warren Haber</td>
<td>Vice President &amp; Secretary</td>
</tr>
<tr>
<td>Goran Jankovic</td>
<td>Vice President &amp; Treasurer</td>
</tr>
<tr>
<td>Dr. Mark Leenay</td>
<td>Vice President &amp; Chief Medical Officer</td>
</tr>
<tr>
<td>Michael Troy Meyer</td>
<td>Vice President, Chief Financial Officer, Corporate Controller and Assistant Treasurer</td>
</tr>
<tr>
<td>Tammy Lynn Meyer</td>
<td>Vice President &amp; Assistant Secretary</td>
</tr>
</tbody>
</table>

Management Services Agreement

Effective with the start of operations on January 1, 2019, the Company and Comprehensive Health Management, Inc. ("CHMI") will enter into a Management Services Agreement. Pursuant to the agreement, CHMI agrees to provide management and administrative support services to the Company including, but not limited to, human resources, finance, operational services, procurement, legal and compliance services, provider, vendor, ancillary and other agreements, claims payment, health services, customer service, provider network and credentialing services, insurance and risk management, information services and data management, employee wages, facilities, sales and marketing, and licenses and permits.

Income Tax Allocation Agreement

Effective August 1, 2002, WellCare and its subsidiaries entered into an Income Tax Allocation Agreement, whereby they file a consolidated federal income tax return. The Company will be subject to, and participate in, this agreement in 2018. Under the terms of the agreement, the Group established a method for allocating the consolidated federal income tax liability of the Group among the members. The Group agreed to compensate any member company for use of its net operating and net capital losses, and tax credits utilized in computing consolidated federal taxable income. The Agreement provides for the allocation and payment of any refund arising from a carryback of net operating or capital losses, or tax credits generated in subsequent taxable
years. As operations have not yet commenced, the Company has not incurred any expenses under the terms of this agreement.

TERRITORY AND PLAN OF OPERATIONS
The Company was incorporated to focus on the provision of Medicaid products for individuals who the New Mexico Human Services Department ("HSD") determines is eligible to receive Medicaid managed care services including, Temporary Assistance for Needy Families (TANF); State Children’s Health Insurance Programs (CHIP); Long term supports and services (LTSS); Aged, blind and/or disabled; Intellectual disabilities and developmental disabilities (IDD/DD); Foster care and/or adoption assistance; and Medicaid expansion.

REINSURANCE
WellCare reinsures high dollar claim risk for its Medicare Advantage and Medicaid businesses by ceding high dollar claim risk to an external reinsurance vendor. Terms of the reinsurance agreement address accumulated member claims during a policy year that exceed a per-member-per-year ("PMPY") deductible. Recoveries are determined based on actual qualifying paid claims incurred during the coverage period without additional repricing to standard fee schedules. There is an annual maximum recovery of $5.0 million PMPY. The Company has not participated in the reinsurance program as operations have not commenced.

ACCOUNTS AND RECORDS
The Company’s accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. No activity has been recorded as the Company has not commenced operations. The Company will utilize the services of WellCare’s independent auditor, Deloitte & Touche, LLP.

INFORMATION TECHNOLOGY
The Company will rely upon its parent for information technology and transactional processes. WellCare has mature claims and policy administration systems. The significant systems utilized will include a commercial information processing system. This program complies fully with all applicable state and federal requirements including the HIPAA Administrative simplification Standards, the portions of 45 CFR 160, 162, 164, and HITECH. Internally developed claims processing systems ensure the proper and timely adjudication of claims.
STATUTORY DEPOSIT
As operations are not planned to begin until January 1, 2019, no statutory deposit has been provided to OSI.
FINANCIAL STATEMENTS
WELLCARE OF NEW MEXICO, INC.

Assets
December 31, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Per Examination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; cash equivalents (including state deposits)</td>
<td>$ 1,500,000</td>
</tr>
<tr>
<td>TOTAL Assets</td>
<td>$ 1,500,000</td>
</tr>
</tbody>
</table>

Liabilities and Equity
December 31, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Per Examination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
</tr>
<tr>
<td>General expenses due and accrued, other</td>
<td>$ 0</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$ 0</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
</tr>
<tr>
<td>Common stock, paid in surplus</td>
<td>$ 1,500,000</td>
</tr>
<tr>
<td>Total Equity</td>
<td>$ 1,500,000</td>
</tr>
<tr>
<td>TOTAL Liabilities, Capital and Surplus</td>
<td>$ 1,500,000</td>
</tr>
</tbody>
</table>
WELLCARE OF NEW MEXICO, INC.

Statement of Revenue and Expenses

December 31, 2017

<table>
<thead>
<tr>
<th>Item</th>
<th>Per Examination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium income</td>
<td>$0</td>
</tr>
<tr>
<td>Claims expense</td>
<td>0</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>0</td>
</tr>
<tr>
<td>Net underwriting (loss)</td>
<td>0</td>
</tr>
<tr>
<td>Net investment income</td>
<td>0</td>
</tr>
<tr>
<td>Net loss before federal income tax</td>
<td>0</td>
</tr>
<tr>
<td>Federal income tax recoveries</td>
<td>0</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$0</td>
</tr>
</tbody>
</table>
COMMENTS ON FINANCIAL STATEMENTS
There were no recommended adjustments to the financial statements as of December 31, 2017, based on the results of this examination.

SUBSEQUENT EVENTS
There were no subsequent events noted in this Report of Examination.

SUMMARY OF RECOMMENDATIONS
Based upon the limited-scope procedures performed, the approval of the issuance of a Certificate of Authority is recommended.

Respectfully submitted,

[Signature]
DANIEL P. MCBAY, CFE
Examiner-in-Charge
New Mexico Office of Superintendent of Insurance