

**BEFORE THE NEW MEXICO OFFICE OF SUPERINTENDENT OF INSURANCE**

**IN THE MATTER OF THE )  
PRESBYTERIAN HEALTHCARE )  
SERVICE GROUP )  
NAIC #0000, GROUP #481 )  
Respondent. )**

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**Docket No.2024-0109**

**ORDER ADOPTING EXAMINATION REPORTS**

THIS MATTER comes before the New Mexico Office of Superintendent of Insurance (“Superintendent” or “OSI”) upon the reports of examination of the New Mexico domiciled companies within PRESBYTERIAN HEALTHCARE SERVICE GROUP, Group Code 481, which includes the following companies: PRESBYTERIAN INSURANCE COMPANY INC., NAIC Company Code: 11504 (EXHIBIT A), for the period of January 1, 2022 – December 31, 2024, and PRESBYTERIAN HEALTH PLAN INC., NAIC Company Code 95330 (EXHIBIT B), for the period of January 1, 2022 – December 31, 2024, (collectively the “Examination Reports”) that were submitted to OSI by The INS Companies, on or about June 11, 2026; whereupon, having reviewed the report and being otherwise fully informed,

**THE SUPERINTENDENT HEREBY FINDS:**

1. On December 18, 2024, an Order for Examination (“Order”) was issued by the Superintendent in the above-captioned matter pursuant to NMSA 1978, § 59A-4-5 to PRESBYTERIAN HEALTHCARE SERVICE GROUP, NAIC Group Code 481 (“Respondent”) (the “Financial Examination”).

2. The INS Companies (“Examiner/Contractor”) was appointed as the Examiner or Contractor representing the Superintendent in said examination.

3. On April 6, 2026, an Amended Order for Examination (“Amended Order”) was issued on behalf of the Superintendent directing that a cybersecurity examination be conducted. Coalfire Systems, Inc., was appointed as examiner to conduct the cybersecurity examination (“Cyber Examination”).

4. Upon completion of the Financial Examination, OSI promptly provided Respondent with a copy of the Examination Reports (See Exhibit A and B).

5. The Respondent was afforded a period of twenty (20) days after receipt of the Examination Reports.

6. The Examiner had only one finding and recommendation disclosed in the Examination Reports, which did not affect the financial solvency of Respondent. On June 17, 2026, Respondent notified OSI that it accepted the Examination Reports “as final”. Respondent further stated it wished to “accelerate its filing by waiving the 20-day review period”.

7. Pursuant to NMSA 1978, § 59A-4-10, the Superintendent has fully considered and reviewed the Examination Reports and finds good cause to adopt the Examination Reports as submitted.

**IT IS THEREFORE ORDERED:**

- A. The Examination Reports are adopted as filed, effective immediately.
- B. Pursuant to NMSA 1978, § 59A-4-11, the Examination Reports shall be made part of the public record in this docket.
- C. This docket remains open pending completion of the Cyber Examination.

DONE AND ORDERED this 26<sup>th</sup> day of June, 2026.

**SUPERINTENDENT OF INSURANCE**

  
\_\_\_\_\_  
**ALICE KANE**

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that, on this 26<sup>th</sup> day of **June, 2026**, I filed the foregoing *Order* through the OSI's e-filing system, which caused the parties indicated below to be served by electronic means.

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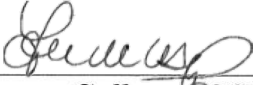
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\_\_\_\_\_  
Frances Gallegos, OSI Law Clerk



**REPORT OF EXAMINATION  
OF**

**PRESBYTERIAN HEALTH PLAN, INC.  
NAIC Company Code: 95330  
Albuquerque, New Mexico**

**as of**

**December 31, 2024**

**BY THE  
NEW MEXICO OFFICE OF SUPERINTENDENT OF INSURANCE**

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June 18, 2026

Honorable Alice T. Kane  
Superintendent  
New Mexico Office of Superintendent of Insurance  
1120 Paseo De Peralta  
Santa Fe, NM 87501

Dear Superintendent:

Pursuant to your instructions and the Order for Examination Docket No. 2024-0109, in compliance with New Mexico Statutes (NMSA) 1978 § 59A-4-5, 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, 2024, of the financial condition and corporate affairs of:

**Presbyterian Health Plan, Inc.**  
**9521 San Mateo Blvd. NE**  
**Albuquerque, New Mexico 87113**

Hereinafter referred to as the “Company” or “PHP”. The following report of examination is respectfully submitted.

## SCOPE OF EXAMINATION

### **Period Covered by Examination**

The New Mexico Office of Superintendent of Insurance (“OSI”) has performed a multi-state examination of Presbyterian Health Plan, Inc. This examination covered the period of January 1, 2022, through December 31, 2024, and the fieldwork commenced with planning with the OSI on May 13, 2025. The Company’s last full scope exam covered the period of January 1, 2019, through December 31, 2021. The examination was conducted concurrent with the examination of its affiliate, Presbyterian Insurance Company, Inc. No other states participated in this examination.

### **Examination Procedures Employed**

We conducted our examination in accordance with the NAIC *Financial Condition Examiners Handbook* (“Handbook”). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

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 herein. If, during the course of the examination, an adjustment is identified, the impact of such an adjustment will be documented separately following the Company’s financial statements.

This examination report includes findings of facts and general information about the Company 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.

## SUMMARY OF SIGNIFICANT FINDINGS

### **Current Examination Findings**

#### *Compliance with NAIC Annual Statement Instructions*

The 2024 Actuarial Memorandum (“AOM”) did not include the narrative and technical components required by the 2024 NAIC Annual Statement Instructions, Section 1C. See ACCOUNTS AND RECORDS section.

### **Previous Examination Findings**

#### *Compliance with NMSA Section 59A-9-4A*

Regarding evidence of the Board of Directors (“Board”) or designated committee’s ratification or authorization of investments purchased in the meeting minutes, the Company was not in compliance with NMSA Section 59A-9-4A, which states,

An insurer shall not make any particular investment or loan (other than policy loans or annuity contract loans of a life insurer) unless the same is authorized or ratified by the insurer's board of directors, or other appropriate governing body if a reciprocal or Lloyd's insurer, or by a committee thereof charged with supervision of investments and loans. The minutes of any such committee shall be recorded and a report submitted to the board of directors or such other appropriate governing body, at the next meeting thereof.

## COMPANY HISTORY

### **General**

The Company was incorporated in the State of New Mexico on July 11, 1986, and commenced business on July 15, 1987, as a stock health maintenance organization (“HMO”).

PHP is a federally qualified HMO under Title XIII of the Public Health Service Act and provides comprehensive health care services in New Mexico to individuals directly and through health maintenance contracts with employer groups, both on and off the New Mexico Health Insurance Exchange. The Company offers an HMO product to Medicare-eligible individuals (Medicare Advantage). The Medicare Advantage product provides managed care services that include all Medicare benefits and, in some cases, additional managed care services. PHP offers a Dual Special Needs Product (“DSNP”) to those individuals eligible for both Medicare and Medicaid. PHP also offers administrative services only (“ASO”) contracts to employers who self-insure their employee health plans. Additionally, PHP is contracted to provide managed care under New Mexico’s Centennial Care Medicaid program. The current 5-year contract began July 1, 2024, and allows PHP to provide physical health, behavioral health, and long-term care services to Medicaid eligible individuals.

The Company is part of the Presbyterian Healthcare Services group, in which the ultimate controlling parent is Presbyterian Healthcare Services (“PHS”), a New Mexico not-for-profit corporation.

**Dividends and Capital Contributions**

On June 21, 2021, and July 25, 2022, respectively, the Company paid extraordinary cash dividends to PHS in the amounts of \$90 million each.

The Company received the following capital contributions from PHS during the examination period.

<u>Year</u>	<u>Amount</u>
2022	\$ 0
2023	\$ 0
2024	\$ 120,000,000
Total	\$ 120,000,000

**Mergers and Acquisitions**

There were no mergers or acquisitions during the examination period.

**MANAGEMENT AND CONTROL**

**Directors**

The nine members of the Board of Directors (“Board”) oversee the business and affairs of the Company. The following are members of the Board as of December 31, 2024:

<u>Name</u>	<u>Principal Occupation</u>
Rishi Sikka, MD Albuquerque, New Mexico	Chief Executive Officer (CEO) Presbyterian Health Services, Inc.
John H. Bell West Simsbury, Connecticut	Retired Travelers Insurance
Dennis L. Dean Bolin Albuquerque, New Mexico	Chief Marketing Officer Health Plan Alliance

Lauren M. Cates Albuquerque, New Mexico	Executive Vice President/Chief Operating Officer Presbyterian Healthcare Services
Denise A. Gonzales, MD Albuquerque, New Mexico	Medical Directors Presbyterian Healthcare Services
Conrad D. James Albuquerque, New Mexico	Manager Multiscale Fabrications Science and Technology Department
Douglas H. Smith Albuquerque, New Mexico	Executive Vice President Presbyterian Medical Services
Krisztina Udvardi Albuquerque, New Mexico	President and Chief Executive Officer All Faiths (UNICA Behavioral Health)
Helen J. Wertheim Albuquerque, New Mexico	Retired Charter Insurance Services

### **Principal Officers**

The following are the principal officers of the Company as of December 31, 2024:

<b><u>Name</u></b>	<b><u>Position</u></b>
Antonio H. Hernandez	Interim President
Margaret R. McNett	Secretary
David E. Spalding	Treasurer
Brian. P. Brown	Vice President
Erwin Cho	Vice President
Elizabeth M. LaCouture	Vice President
Gabriel M. Parra	Vice President

### **Committees**

As of December 31, 2024, the following were the principal internal Board committees and their members:

**Executive Committee**

Norm Becker (Chair)  
Kirby Jefferson  
Lisa Eden

**Finance Committee**

Cynthia Schultz (Chair)  
Norm Becker  
Lisa Eden  
Rishi Sikka, MD  
Angela Gallegos-Marcias, MD  
Mark Humphrey  
Terri L. Kline  
Norm Becker  
Doug Smith

**Investment Subcommittee**

Bruce Criel (Chair)  
Kyle Armstrong  
Rishi Sikka, MD  
Craig Hoagland  
Cynthia Reinhart  
Norm Becker

**Quality Committee**

Rishi Sikka, MD  
Helen Wertheim  
Mary Hart Romero  
Barbara Balik  
Dion Gallant, MD  
Jessica Tsabetsaye  
Dale Maxwell  
Norm Becker

**Consumer Advisory Committee**

Bernadette T. Perez  
Katherine Blanchard  
Brenda De La Pena  
Christopher M. Bois  
Consuelo Montoya  
Sarah Grisham  
Joey Evans  
Julie Weinberg  
Lori Schutt  
Nancy A. Sandoval  
Sonya M. Quintana

Tammy Martinez  
Mark Tyndall  
Valerie Atencio  
Veena Dhillon  
Lisa Gardelle  
Martha Quintana  
Neil Kueffer  
Danielle Gutierrez  
Crystal Lawrence  
Brady Gear  
Miranda Evjen  
Patrick Sandoval  
Linda Atencio  
Katie Humphreys  
Mark Aspelin

The group maintained an Audit Committee as required by New Mexico Administrative Code (“NMAC”) Section 13.2.5.16, which provided oversight to the Company. As of December 31, 2024, the following were serving on the Compliance and Audit Committee.

**Compliance and Audit Committee**

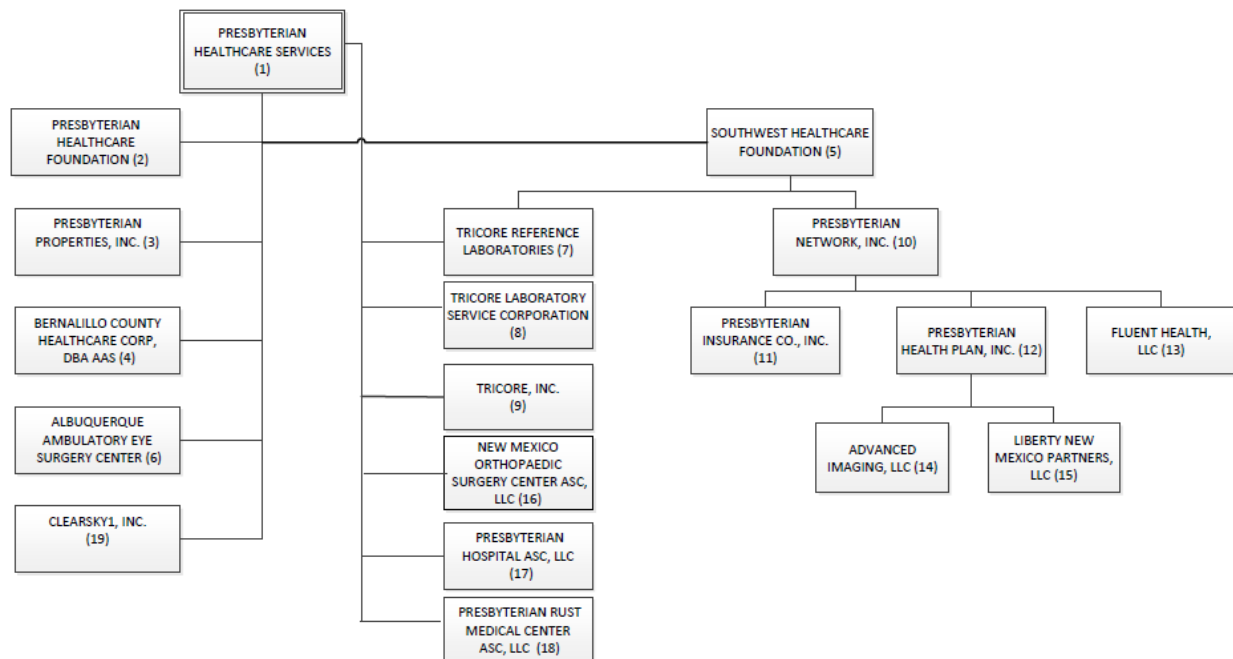
Terri L. Klein (Chair)  
John Bell  
Marjorie Bessel, MD  
Suzie Draper  
Norm Becker  
Rishi Sikka, MD

**Holding Company System**

The Company is a member of an insurance holding company system as defined by NMSA 1978 § 59A-37-2. The Company is a wholly owned subsidiary of Presbyterian Network, Inc. (“PNI”), which is an affiliate of PHS, a healthcare delivery system. The Company is affiliated with Presbyterian Insurance Company, Inc. (“PIC”), also a wholly owned subsidiary of PNI.

**Organizational Chart**

The following simplified organizational chart depicts the interrelationship of the entities within the holding company system as of December 31, 2024:



## **Transactions and Agreements with Affiliates**

### *Tax Sharing Agreement*

Effective February 19, 2002, the Company, PIC, and Southwest Magnetic Imaging Associates, Inc. (collectively the “Companies”) entered into a Tax Sharing Agreement with PNI. Pursuant to the formal written tax sharing agreement, income taxes were allocated to the Companies in an amount generally equivalent to the amount that would be expensed by the Companies as if they filed a separate return. The Companies have the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses that PIC, PHP, and Southwest Magnetic Imaging Associates, Inc. may incur, or to recoup their net losses carried forward as an offset to future net income subject to federal income taxes. Furthermore, to the extent that the consolidated group can utilize a benefit that isn’t used on a stand-alone basis, the Companies will be reimbursed by those entities for such use.

### *Cost Sharing Agreement*

Effective January 1, 2007, the Company entered into a Cost Sharing Agreement (“Agreement”) with PIC. Pursuant to the Agreement, both companies shared the services of certain employees, operations, space, and certain equipment. In consideration of the services performed by PHP, PIC will pay an amount equal to the direct and indirect costs allocated using the Company's current cost allocation method. As of December 31, 2024, PIC incurred costs of approximately \$3.7M to PHP for services allocated under the agreement.

In addition, effective December 21, 2000, the Company and PHS entered into a Cost Sharing Agreement (“Agreement”). Per the Agreement, both companies agreed to share the services of certain employees, operations, space, certain equipment, and share common material management and payroll systems. In consideration of the services performed by PHS, the Company will pay an amount equal to the direct and indirect costs allocated pursuant to the terms of the Agreement. As of December 31, 2024, PHP reported a net liability of approximately \$22.3M to PHS.

#### Administrative Services Agreement

Effective January 1, 2024, the Company entered into an Administrative Services Agreement (“Agreement”) with PHS. Pursuant to the Agreement, the Company provides certain services to PHS including, but are not limited to, claims payment and other plan administration functions necessary for the operation of PHS’s employee health plan.

In addition, effective January 1, 2017, and amended on June 1, 2018, the Company entered into an Administrative Services Agreement (“Agreement”) with Fluent Health, LLC (“Fluent”) whereby Fluent will provide or arrange for the provision of the functions and services per the Agreement, for all PHP lines of business, including but are not limited to, account management/plan liaison, strategic and program services, actuarial services, pharmacy benefits management, data and analytics services, accreditation and quality improvement, medical operation oversight, provider network oversight, risk adjustment services, financial services, etc. Per the Agreement, PHP will reimburse Fluent for the direct costs and expenses and the indirect costs and expenses incurred by Fluent for furnishing such services.

#### Cash Transfer Agreement

Effective January 1, 2007, the Company entered into a Cash Transfer Agreement (“Agreement”) with PNI and PIC. The Agreement clarified how PIC, PNI, and the Company would assist each other in transferring cash to the appropriate party.

#### Participating Provider Agreement - NMSCO

Effective February 6, 2020, PNI, PIC, and the Company entered into a Participating Provider Agreement (“Agreement”) with New Mexico Orthopedic Surgery Center, LP., DBA New Mexico Surgery Center-Orthopedics (“NMSCO”), in which NMSCO agrees to provide various provider services to members. The Agreement includes various fee schedules based on the provider services performed.

On January 1, 2021, a Letter of Agreement (“LOA”) was issued confirming the revised negotiated rates for services provided to the Company, including, but not limited to, CMS Approved ASC services.

Effective February 6, 2022, the Agreement was amended to revise the services provided to the Company as follows:

- Commercial Plans,
- Commercial Point of service [POS] plan,
- Administrative Services Only [ASO] Plan
- Commercial Preferred Provider Organization [PPO] Plan
- Select Provider Network [SPN]
- Medicare Health Maintenance Organization [HMO] Plan
- Medicare Preferred Provider Organization [MPPO] Plan
- Medicare Point of Services [POS] Plan
- Medicare Dual Eligible Special Needs [DSNP] Plan
- Centennial Care 2.0 – Medicaid Product
- ACA Exchange Products
  - Individual Select Plan
  - Individual Select Silver Plan

*Participating Provider Agreement - NMSCM*

In addition, effective February 12, 2020, PNI, PIC, the Company, and New Mexico Surgery Center Multispecialty (“NMSCM”), (collectively the “Companies”), entered into a Participating Provider Agreement (“Agreement”) whereby NMSCM provides various services in support of health benefit programs offered by the Companies. The Agreement includes various fee schedules based on provider services for members. Effective January 1, 2021, a Letter of Agreement was issued confirming the revised negotiated rates for services provided to engaged commercial plan members, including, but not limited to, CMS-approved ASC services and Implantables. Effective February 6, 2022, this Agreement was amended to revise the covered products to include, but not be limited to, certain commercial plans, POS and ASO plans, Medicare HMO Plan, and the Centennial Care 2.0 Plan.

*Participating Provider Agreement - PRMC*

Effective August 2, 2021, PNI, PIC, Presbyterian Rust Medical Center (“PRMC”), and the Company entered into a Participating Provider Agreement (“Agreement”). PRMC agrees to provide various provider services for members. The Agreement includes various fee schedules based on the provider’s services performed. Provision 10 of the agreement provides for the agreement’s termination clause.

*Amended Physician Hospital Organization Services Agreement*

Effective January 1, 2014, PNI, PIC, PHS, and the Company entered into an Amended Physician Hospital Organization Services Agreement or Amended Facility Services Agreement

("Agreement") outlining the capitation payments, fee-for-services and other reimbursement schedules for various services provided. The agreements below were executed and incorporated into this agreement.

On January 1, 2021, the Agreement was amended to include reimbursement for Medicaid dental products for NMCSM.

Effective February 6, 2022, the Agreement was amended to revise the product covered and the fees and or reimbursement structure for services provided to NMSCM.

On January 1, 2023, the Agreement was amended to revise and/or incorporate the reimbursement schedules for various hospitals and other medical facilities including but not limited to Albuquerque Hospital, Regional Hospital Services, and Urgent and Emergency Care Centers, into the existing agreement payment structure.

On January 1, 2024, the Agreement was amended to revise the reimbursement schedules for the various hospital and other medical facilities including but not limited to Albuquerque Hospital, Regional Hospital, and Albuquerque Professional Services.

## **TERRITORY AND PLAN OF OPERATION**

On July 1, 2017, the Company received an amended Certificate of Authority from the OSI to transact the business of Accident and Health, Health Maintenance Organization, Qualified Health Plan, and Limited Health Maintenance Organization and Qualified Health Plan Only. On April 29, 2014, the Company received a Certificate of Authority from the State of Arizona to transact Healthcare services. As of the examination date, there were no premiums written in Arizona.

## **REINSURANCE**

### **Assumed**

The Company did not assume any reinsurance during the examination period.

### **Ceded**

As of December 31, 2024, the Company ceded reinsurance to the following companies:

#### **The North River Company**

Effective January 1, 2024, the Company entered into an HMO Specific Excess of Loss Reinsurance Agreement ("Agreement") with The North River Insurance Company ("North

River”), agreement #NR310126. This Agreement covered Medicaid Temporary Assistance for Needy Families (“TANF”), SSI Medicaid, which includes developmentally disabled, Home & Community-Based Waiver, Institutional Care, SSI-related, and Working Disabled. PHP’s specific deductible or retention limit, per covered person, was \$1.0M, with an Aggregate Specific Deductible (“ASD”) of \$0.39, and a minimum ASD of \$1.699M. North River covers losses in excess of PHP’s \$1.0M retention limit and the minimum ASD of \$1.7M, excluding policies with a maximum payable per covered person deductible of \$5M. For losses reported and received by January 1, 2026, North River will cover 90% of the losses in excess of the specified retention limits. For losses related to Gene Therapy Services rendered by an out-of-network provider, reported and received by January 1, 2026, North River covered 50% of the losses, in excess of the specified retention limits. For losses reported and received after January 1, 2026, the reimbursement percentage was \$0 (zero). If the Agreement was terminated before the stated expiration date, North River would cover 80% of losses in excess of the specified retention limits, for losses received and reported within six (6) months of the expiration date.

#### *Aetna Life Insurance Company*

Effective January 1, 2024, this commercial fully insured and level funded group Medical Excess of Loss Reinsurance Agreement (“Agreement”) was between PIC, the Company, and Aetna Life Insurance Company (“Aetna Life”). The Agreement indemnified PHP/PIC against liabilities accruing as a result of loss or losses for policies classified as commercial fully insured, including fully insured, health exchange, and individuals, and level funded groups written or renewed during the term of the agreement by PHP/PIC on or after the effective date. Per the Agreement, PHP/PIC, retained the first \$600,000, inclusive of the self-insured retention limit, if applicable per covered person, per agreement. PHP/PIC retained 100% of the ASD in excess of the \$600,000 retention limit, calculated as (1) the sum of the total number of covered persons enrolled each month during the term of the agreement, times (2) an ASD factor of \$0.83, after all applicable coinsurances. Regarding lasered deductibles, PHP/PIC retained the following amounts on the ground-up medical expenses for these covered persons as follows: (1) Deznia \$750,000, (2) Qmcitr \$1.3M, and Cmvopp \$1.5M. Regarding non-ACA covered policies, Aetna Life was liable for 18% of the losses in excess of the Company’s \$600,000 retention limit, per covered person, per policy period, after the ASD has been met. Regarding the ACA covered persons coverage, Aetna Life was liable for 18% of the losses in excess of the Company’s \$600,000 retention limit, up to a maximum of \$1M; then 6% in excess of the \$1M maximum, per covered per person, per policy period, after the aggregate specific deductible has been met. On January 1, 2024, Amendment No. 1 was executed deleting and replacing Article 9 Retention Limits, Paragraph B. Per the amendment, PHP/PIC would retain 100% of the ASD in excess of its \$600,000 retention limit calculated as: (1) the sum of the total number of covered persons enrolled each month during the term of the agreement; times (2) an ASD factor of \$0.21, after all applicable coinsurance.

#### *Hannover Life Reassurance Company of America*

Effective January 1, 2024, this Medical Excess of Loss Reinsurance Agreement (“Agreement”) was between PIC, the Company, and Hannover Life Reassurance Company of America (“Hannover Life”). The Agreement indemnifies PHP/PIC for the liability that may accrue as a result of loss or losses for policies classified as commercial fully insured, including fully insured,

health exchange, and individuals, and level funded groups written or renewed during the term of the agreement by PHP/PIC on or after the effective date. Per the Agreement, PHP/PIC retained the first \$600,000, inclusive of the self-insured retention limit, if applicable, per covered person. PHP and PIC will retain 100% of the ASD in excess of the \$600,000 retention limit, as (1) the sum of the total number of covered persons enrolled each month during the term of the agreement, times (2) an ASD factor of \$0.83, after all applicable coinsurances. Regarding lasered deductibles, PHP and PIC will retain the following amounts on the ground-up medical expenses for these covered persons as follows: (1) Deznia \$750,000, (2) Qmcitr \$1.3M, and Cmvopp \$1.5M. Regarding non-ACA coverage, Hannover Life is liable for 72% of losses in excess of the Company's \$600,000 per covered person per policy period, after the ASD has been met. Regarding ACA-covered persons coverage, Hannover Life will cover 72% of losses in excess of the Company's \$600,000 retention limit, up to a maximum of \$1M; then 24% of the unlimited excess over \$1M, per covered person, per policy period, after the ASD has been met.

## **ACCOUNTS AND RECORDS**

The Company maintains its books and records at its main administrative office in Albuquerque, New Mexico. The Company's accounting procedures, practices, account records, and supporting documents were reviewed and tested to the extent available and as deemed necessary to substantiate the Company's financial statements.

The 2024 Actuarial Opinion Memorandum ("AOM") was reviewed, noting it was missing the technical components containing the analysis from the basic data (e.g., claim lags) to the conclusions. Additionally, the AOM did not include the reconciliation of the data used for analysis to the Underwriting and Investment Exhibit, Part 2B. The latter was not in accordance with the NAIC Annual Statement Instructions, Section 1C, which states,

The Actuarial Memorandum should contain both narrative and technical components. The narrative component should provide sufficient detail to clearly explain to company management, the regulator, or other authority the findings, recommendations and conclusions, as well as their significance. The technical component should provide sufficient documentation and disclosure for another actuary practicing in the same field to evaluate the work. This technical component must show the analysis from the basic data, (e.g., claim lags) to the conclusions.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the OSI and present the financial condition of the Company for the period ending December 31, 2024. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

**Presbyterian Health Plan, Inc.**

**Assets  
As of December 31, 2024**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 512,930,407		\$ 512,930,407
Common stocks	189,726,318		189,726,318
Cash and short-term investments	134,344,618		134,344,618
Other invested assets	12,296,836	7,181,413	5,115,423
Receivables for securities	507,526		507,526
Investment income due and accrued Premiums and considerations:	4,932,676		4,932,676
Uncollected premiums and agents' balances	23,656,701		23,656,701
Amounts recoverable from reinsurers	16,121,130	11,019,515	5,101,615
Amounts receivable relating to uninsured plans	20,862,018	164,964	20,697,054
Net deferred tax asset	17,768,302	10,648,495	7,119,807
Receivable from parent, subsidiaries and affiliates	38,277,026		38,277,026
Health care and other amounts receivable	235,485,022	29,733,339	205,751,683
Aggregate write-ins for other than invested assets	78,869,773	16,354,121	62,515,652
Total	\$1,285,778,353	75,101,847	\$1,210,676,506

**Presbyterian Health Plan, Inc.**  
**Liabilities, Capital and Surplus**  
**As of December 31, 2024**

		Total
Claims unpaid	\$	412,981,847
Unpaid claims adjustment expenses		4,614,603
Aggregate health policy reserves		77,395,430
Premiums received in advance		807,894
General expenses due and accrued		173,242,307
Amounts withheld or retained to the account of othe		5,115,423
Amounts due to parent, subsidiaries and affiliates		37,277,668
Liability for amounts held under insured plans		11,623,543
P.E.G.G. Funding		52,354
Aggregate write-ins for other liabilities		50,695,207
Total liabilities	\$	<u>773,753,922</u>
Common capital stock	\$	800,000
Gross paid in and contributed surplus		193,874,967
Aggregate write-ins for other than special surplus funds		86,630,031
Unassigned funds (surplus)		155,617,586
Total capital and surplus	\$	<u>436,922,584</u>
Total liabilities, capital and surplus	\$	<u><u>1,210,676,506</u></u>

**Presbyterian Health Plan, Inc.**  
**Statement of Revenue and Expenses**  
**As of December 31, 2024**

Member Months	5,552,675
Net premium income	<u>\$ 4,172,446,290</u>
Total revenues	4,172,446,290
<b>Hospital and Medical:</b>	
Hospital/medical benefits	3,191,880,637
Other professional services	122,668,323
Prescription drugs	467,562,984
Incentive pool, withhold adjustments and bonus	<u>405,494</u>
Subtotal	3,782,517,439
<b>Less:</b>	
Net reinsurance recoveries	<u>16,423,931</u>
Total hospital and medical	3,766,093,507
Claims adjustment expenses	141,531,200
General administrative expenses	524,153,074
Increase in reserves for life and accident and health contracts	<u>(59,699,575)</u>
Total underwriting deductions	4,372,078,206
Net underwriting gain (loss)	(199,631,916)
Net investment income earned	36,708,358
Net realized capital gains (losses)	<u>27,631,011</u>
Net investment gains (losses)	64,339,369
Aggregate write-ins for other income or expenses	<u>16,040,286</u>
Net income (loss) after capital gains tax and before all other federal income taxes	(119,252,261)
Federal and foreign income taxes incurred	<u>(45,378,094)</u>
Net income (loss)	<u><u>\$ (73,874,167)</u></u>

**Presbyterian Health Plan, Inc.**  
**Reconciliation of Capital and Surplus**  
**For the Period of 2022 through 2024**

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Surplus as regards policyholders, December 31, previous year	\$468,929,840	\$409,277,466	\$411,031,832
Net income (loss)	63,210,994	(51,894,197)	(73,874,167)
Change in net unrealized capital gain (losses)	(31,565,253)	30,896,727	9,204,555
Change in net deferred income tax	6,255,946	19,648,737	(13,812,268)
Change in nonadmitted assets	(7,554,061)	3,103,099	(15,627,370)
Surplus adjustments: Paid in	-	-	120,000,000
Dividend to stockholders	(90,000,000)	-	-
Net change in capital and surplus	<u>(59,652,374)</u>	<u>1,754,366</u>	<u>25,890,750</u>
Capital and surplus end of reporting year	<u>\$409,277,466</u>	<u>\$411,031,832</u>	<u>\$436,922,582</u>

## **ANALYSIS OF CHANGES AND COMMENTS ON FINANCIAL STATEMENT ITEMS**

There are no comments on financial statement items. In addition, there were no adjustments made to surplus as of December 31, 2024, as a result of the examination.

## **SUBSEQUENT EVENTS**

Effective November 4, 2025, Heather Thilgen was named President of the Company.

In December 2025, PNI made a \$250M cash contribution to the Company. Also, in 2025, the Company received an additional \$50M infusion from PNI, which was a dividend received PNI from Presbyterian Insurance Company (“PIC”), bringing the total contributions in 2025 to \$300M.

In 2025, PHS transferred an administrative office building to the Company with a fair market value of \$75M. Lastly, in 2025, Fluent Health, LLC, an affiliate, made a \$27M cash contribution to the Company as well.

## **SUMMARY OF RECOMMENDATIONS**

It is recommended that the Actuarial Memorandum contain technical requirements in accordance with the NAIC Annual Statement Instructions, Section 1C, which states,

The Actuarial Memorandum should contain both narrative and technical components. The narrative component should provide sufficient detail to clearly explain to company management, the regulator, or other authority the findings, recommendations and conclusions, as well as their significance. The technical component should provide sufficient documentation and disclosure for another actuary practicing in the same field to evaluate the work. This technical component must show the analysis from the basic data, (e.g., claim lags) to the conclusions.

## ACKNOWLEDGEMENT

Margaret “Peggy” Hermann, FSA, MAAA, and Frank Edwards, Jr., ASA, MAAA, of The INS Companies, performed the actuarial review. Dave Gordon, CISA, CFE (Fraud), CDFE, and John Albertini, CISA, CISSP, of The INS Companies, performed the Information Systems review. Stephen Kalargyros, AFE, CPBS, of The INS Companies, participated in the examination as Staff Examiner, and Cecilee Houdek, CFE, CPA, MCM, of The INS Companies, participated in the examination as Examination Supervisor. They join the undersigned in acknowledging the assistance and cooperation extended during the course of the examination by officers, employees, and representatives of the Company.

Respectfully submitted,

*Toni Bean*

Toni L. Bean, CIA, CFE (Financial and Fraud)  
Examiner-in-Charge  
The INS Companies  
Representing the New Mexico Office of  
Superintendent of Insurance

*Malis Rasmussen*

Malis Rasmussen, CFE  
Chief Financial Examiner  
New Mexico Office of Superintendent of Insurance



**REPORT OF EXAMINATION  
OF**

**PRESBYTERIAN INSURANCE COMPANY, INC.**

**NAIC Company Code: 11504  
Albuquerque, New Mexico**

**as of**

**December 31, 2024**

**BY THE**

**NEW MEXICO OFFICE OF SUPERINTENDENT OF INSURANCE**

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June 18, 2026

Honorable Alice T. Kane  
Superintendent  
New Mexico Office of Superintendent of Insurance  
1120 Paseo De Peralta  
Santa Fe, NM 87501

Dear Superintendent:

Pursuant to your instructions and the Order for Examination Docket No. 2024-0107, in compliance with New Mexico Statutes (NMSA) 1978 § 59A-4-5, 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, 2024, of the financial condition and corporate affairs of:

**Presbyterian Insurance Company, Inc.**  
**9521 San Mateo Blvd. NE**  
**Albuquerque, New Mexico 87113**

Hereinafter referred to as the “Company” or “PIC.” Such report of examination is herewith respectfully submitted.

## **SCOPE OF EXAMINATION**

### **Period Covered by Examination**

The New Mexico Office of Superintendent of Insurance (“OSI”) has performed an examination of Presbyterian Insurance Company, Inc. This examination covered the period of January 1, 2022, through December 31, 2024, and the fieldwork commenced with planning with the OSI on May 13, 2025. The Company’s last full scope exam covered the period of January 1, 2019, through December 31, 2021. The examination was conducted concurrent with the examination of its affiliate, Presbyterian Health Plan, Inc. No other states participated in this examination.

### **Examination Procedures Employed**

We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook (the “Handbook”). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

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 the NAIC Statements of Statutory Accounting Principles (“SSAP”). 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 facts, as mentioned in the NMSA 1978 § 59A-4-9 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 or proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

## SUMMARY OF SIGNIFICANT FINDINGS

### **Current Examination Findings**

#### *Compliance with NAIC Annual Statement Instructions*

The 2024 Actuarial Memorandum (AOM) did not include the narrative and technical components required by the 2024 NAIC Annual Statement Instructions, Section 1C. See ACCOUNTS AND RECORDS section.

### **Previous Examination Findings**

#### *Compliance with NMSA Section 59A-9-4A*

Regarding evidence of the Board of Directors (“Board”) or designated committee’s ratification or authorization of investments purchased in the meeting minutes, the Company was not in compliance with NMSA Section 59A-9-4A, which states,

An insurer shall not make any particular investment or loan (other than policy loans or annuity contract loans of a life insurer) unless the same is authorized or ratified by the insurer's board of directors, or other appropriate governing body if a reciprocal or Lloyd's insurer, or by a committee thereof charged with supervision of investments and loans. The minutes of any such committee shall be recorded and a report submitted to the board of directors or such other appropriate governing body, at the next meeting thereof.

## COMPANY HISTORY

### **General**

The Company was incorporated under the laws of the state of New Mexico on May 31, 2002. The Company commenced business on July 8, 2002, as a stock health insurer. PIC was not licensed or eligible to write premiums in other states during the period under examination.

The Company is licensed in New Mexico in the following lines of business: accident and health, and qualified health plan. PIC offers preferred provider organization (“PPO”) and indemnity products for both Medicare and employer groups. PIC also provides stop loss coverage to self-funded and level funded PHP employer groups.

As of December 31, 2024, 100% of PIC’s issued and outstanding common stock was owned by its parent, Presbyterian Network Inc. (“PNI”). At December 31, 2024, PIC’s capital structure consisted of 150,000 shares of common stock issued and outstanding with a par value of \$6.00 per share, for a total of \$900,000 in common stock, and gross paid in and contributed surplus of \$39.7M. There were no changes in common stock during the examination period. In 2020, an additional \$5M was contributed to gross paid in and contributed capital. There were no surplus

notes issued during the examination period.

### **Dividends and Capital Contributions**

The Company did not declare or pay any dividends during the period under examination. The Company did not receive any capital contributions during the examination period.

### **Mergers and Acquisitions**

The Company had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

## **MANAGEMENT AND CONTROL**

### **Directors**

The nine members of the Board of Directors (“Board”) oversee the business and affairs of the Company. The following are members of the Board as of December 31, 2024:

<b><u>Name</u></b>	<b><u>Principal Occupation</u></b>
Rishi Sikka, MD Albuquerque, New Mexico	Chief Executive Officer (CEO) Presbyterian Health Services, Inc.
John H. Bell West Simsbury, Connecticut	Retired Travelers Insurance
Dennis L. Dean Bolin Albuquerque, New Mexico	Chief Marketing Officer Health Plan Alliance
Lauren M. Cates Albuquerque, New Mexico	Executive Vice President/Chief Operating Officer Presbyterian Healthcare Services
Denise A. Gonzales, MD Albuquerque, New Mexico	Medical Directors Presbyterian Healthcare Services
Conrad D. James Albuquerque, New Mexico	Manager Multiscale Fabrications Science and Technology Department
Douglas H. Smith Albuquerque, New Mexico	Executive Vice President Presbyterian Medical Services
Krisztina Udvardi Albuquerque, New Mexico	President and Chief Executive Officer All Faiths (UNICA Behavioral Health)

Helen J. Wertheim                      Retired  
Albuquerque, New Mexico      Charter Insurance Services

### **Principal Officers**

The following are the principal officers of the Company as of December 31, 2024:

<b><u>Name</u></b>	<b><u>Position</u></b>
Antonio H. Hernandez	Interim President
David E. Spalding	Chief Financial Officer
Margaret McNett	Secretary & Assoc. General Counsel
Erwin Cho	VP Chief Consumer Officer
Gabriel M. Parra	VP Medicaid
Elizabeth M. Lacouture	VP, Population Health & Quality
Brian Brown	VP, Sales & Marketing

### **Committees**

As of December 31, 2024, the following were the principal internal Board committees and their members.

#### **Executive Committee**

Norm Becker (Chair)  
Kirby Jefferson  
Lisa Eden

#### **Finance Committee**

Cynthia Schultz (Chair)  
Norm Becker  
Lisa Eden  
Rishi Sikka, MD  
Angela Gallegos-Marcias, MD  
Mark Humphrey  
Terri L. Kline  
Norm Becker  
Doug Smith

#### **Investment Subcommittee**

Bruce Criel (Chair)  
Kyle Armstrong  
Rishi Sikka, MD  
Craig Hoagland  
Cynthia Reinhart

Norm Becker

**Quality Committee**

Rishi Sikka, MD  
Helen Wertheim  
Mary Hart Romero  
Barbara Balik  
Dion Gallant, MD  
Jessica Tsabetsaye  
Dale Maxwell  
Norm Becker

**Consumer Advisory Committee**

Bernadette T. Perez  
Katherine Blanchard  
Brenda De La Pena  
Christopher M. Bois  
Consuelo Montoya  
Sarah Grisham  
Joey Evans  
Julie Weinberg  
Lori Schutt  
Nancy A. Sandoval  
Sonya M. Quintana  
Tammy Martinez  
Mark Tyndall  
Valerie Atencio  
Veena Dhillon  
Lisa Gardelle  
Martha Quintana  
Neil Kueffer  
Danielle Gutierrez  
Crystal Lawrence  
Brady Gear  
Miranda Evjen  
Patrick Sandoval  
Linda Atencio  
Katie Humphreys  
Mark Aspelin

The group maintained an Audit Committee as required by New Mexico Administrative Code (“NMAC”) Section 13.2.5.16, which provided oversight to the Company. As of December 31, 2024, the following were serving on the Compliance and Audit Committee.

**Compliance and Audit Committee**

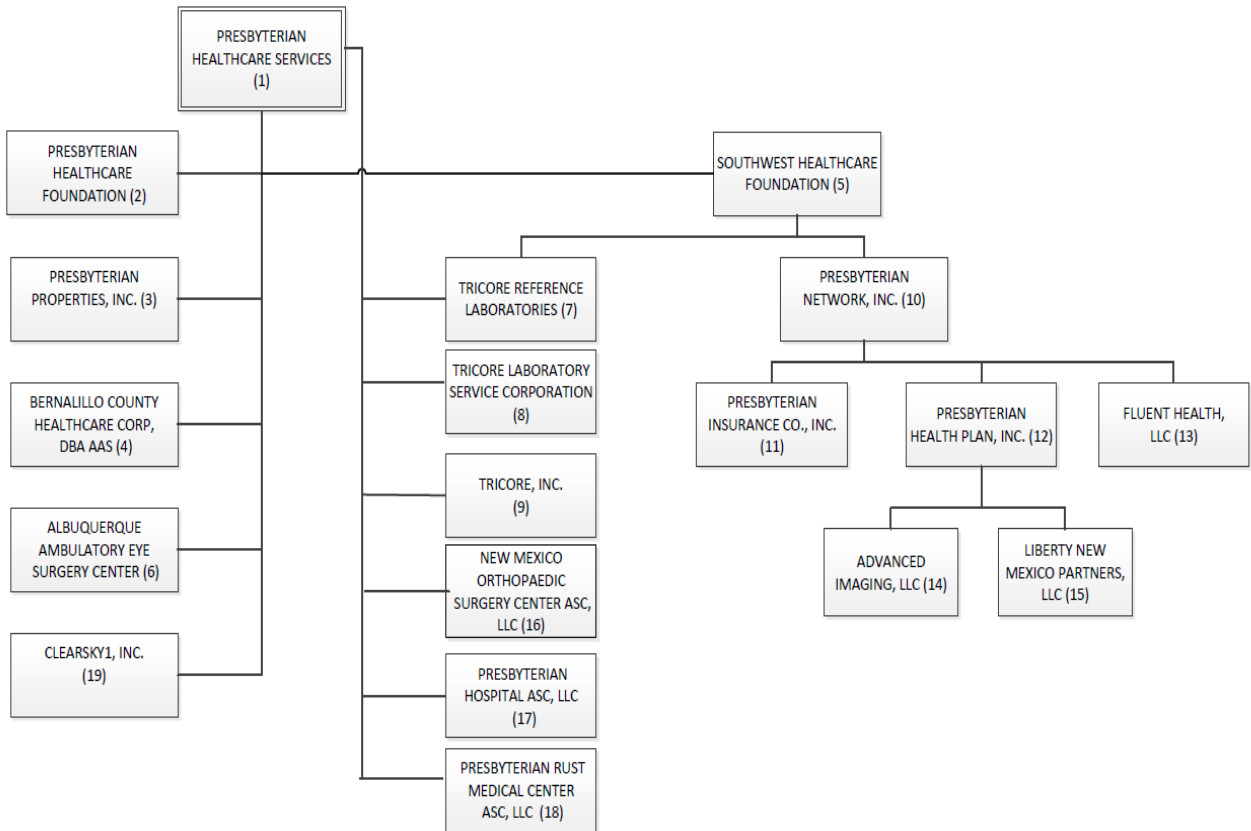
Terri L. Klein (Chair)  
John Bell  
Marjorie Bessel, MD  
Suzie Draper  
Norm Becker  
Rishi Sikka, MD

**Holding Company System**

The Company is a member of an insurance holding company system as defined by NMSA 1978 § 59A-37-2. The Company is a wholly owned subsidiary of Presbyterian Network, Inc. (“PNI”), which is an affiliate of Presbyterian Healthcare Services (“PHS”), a healthcare delivery system. The Company is also affiliated with Presbyterian Health Plan, Inc., (“PHP”), also a wholly owned subsidiary of PNI.

**Organizational Chart**

The following simplified organizational chart depicts the interrelationship of the entities within the holding company system as of December 31, 2024.



## **Transactions and Agreements with Affiliates**

### **Tax Sharing Agreement**

Effective February 19, 2002, the Company, PHP, and Southwest Magnetic Imaging Associates, Inc. (“Southwest Magnetic”), collectively the “Companies”, entered into a Tax Sharing Agreement (“Agreement”) with PNI. Pursuant to the Agreement, income taxes were allocated to the Companies in an amount generally equivalent to the amount that would be expensed by the Companies as if they filed a separate return. The Companies have the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses that PIC, PHP, and Southwest Magnetic may incur or to recoup their net losses carried forward as an offset to future net income subject to federal income taxes. Furthermore, to the extent that the consolidated group can utilize a benefit that isn’t utilized on a stand-alone basis, the Companies will be reimbursed by those entities for the utilization.

### **Cost Sharing Agreement**

Effective January 1, 2007, the Company entered into a Cost Sharing Agreement (“Agreement”) with PHP. Pursuant to the Agreement, both companies shared the services of certain employees, operations, space, and certain equipment. In consideration of the services performed, PIC will pay an amount equal to the direct and indirect cost allocated utilizing the current cost allocation method utilized by the Company. As of December 31, 2024, the company incurred costs of approximately \$3.7M to PHP for services allocated under the Agreement.

### **Administrative Services Agreement**

Effective January 1, 2017, and amended on June 1, 2018, the Company entered into an Administrative Services Agreement (“Agreement”) with Fluent Health, LLC (“Fluent”) whereby Fluent will provide or arrange for the provision of the functions and services for all lines of business, including but are not limited to, account management/plan liaison, strategic and program services, actuarial services, pharmacy benefits management, data and analytics services, accreditation and quality improvement, medical operation oversight, provider network oversight, risk adjustment services, financial services, etc. Per the Agreement, the Company will reimburse Fluent for the direct costs and expenses and the indirect costs and expenses incurred by Fluent for furnishing such services. Billings will be rendered by Fluent no less frequently than quarterly and as frequently as monthly.

### **Cash Transfer Agreement**

Effective, January 1, 2007, the Company entered into a Cash Transfer Agreement (“Agreement”) with PNI and PHP. The Agreement clarified how PIC, PNI, and PHP would assist each other in transferring cash to the appropriate party.

### Participating Provider Agreement - NMSCO

Effective February 6, 2020, PNI, PHP, and the Company entered into a Participating Provider Agreement (“Agreement”) with New Mexico Orthopedic Surgery Center, LP DBA New Mexico Surgery Center - Orthopedics (“NMSCO”), in which NMSCO agrees to provide various provider services to members. The Agreement includes various fee schedules based on the provider services performed. On January 1, 2021, a Letter of Agreement (“LOA”) was issued confirming the revised negotiated rates for services provided to the Company, including, but not limited to, CMS Approved ASC services. Effective February 6, 2022, the agreement was amended to revise the services provided to the Company as follows:

- Commercial Plans,
- Commercial Point of service [POS] plan,
- Administrative Services Only [ASO] Plan
- Commercial Preferred Provider Organization [PPO] Plan
- Select Provider Network [SPN]
- Medicare Health Maintenance Organization [HMO] Plan
- Medicare Preferred Provider Organization [MPPO] Plan
- Medicare Point of Services [POS] Plan
- Medicare Dual Eligible Special Needs [DSNP] Plan
- Centennial Care 2.0 – Medicaid Product
- ACA Exchange Products
  - Individual Select Plan
  - Individual Select Silver Plan

### Participating Provider Agreement - NMSCM

In addition, effective February 12, 2020, PNI, PHP, the Company, and New Mexico Surgery Center Multispecialty (“NMSCM”), collectively the “Companies”, entered into a Participating Provider Agreement (“Agreement”) whereby NMSCM provides various services in support of health benefit programs offered by the Companies. The Agreement includes various fee schedules based on provider services for members. Effective January 1, 2021, a Letter of Agreement (“LOA”) was issued confirming the revised negotiated rates for services provided to engaged commercial plan members, including, but not limited to, CMS-approved ASC services and Implantables.

Effective February 6, 2022, this Agreement was amended to revise the covered products to include, but not be limited to, certain commercial plans, POS and ASO plans, Medicare HMO Plan, and the Centennial Care 2.0 Plan.

### Participating Provider Agreement - PRMC

Effective August 2, 2021, PNI, PHP, Presbyterian Rust Medical Center (“PRMC”), and the Company entered into a Participating Provider Agreement (“Agreement”). PRMC agrees to

provide various provider services for members. The Agreement includes various fee schedules based on the provider's services performed. Provision 10 of the agreement provides for the agreement's termination clause.

#### Amended Physician Hospital Organization Services Agreement

Effective January 1, 2014, PNI, PHP, PHS, and the Company entered into Amended Physician Hospital Organization Services Agreement or Amended Facility Services Agreement ("Agreement") outlining the capitation payments, fee-for-services and other reimbursement schedules for various services provided. The Agreements below were executed and incorporated into this agreement.

On January 1, 2021, the Agreement was amended to include reimbursement for Medicaid dental products for NMSCM.

Effective, February 6, 2022, the Agreement was amended to revise the product covered and the fees and or reimbursement structure for services provided to NMSCM.

On January 1, 2023, the Agreement was amended to revise and/or incorporate the reimbursement schedules for various hospitals and other medical facilities including but not limited to Albuquerque Hospital, Regional Hospital Services, and Urgent and Emergency Care Centers, into the existing agreement payment structure.

On January 1, 2024, the Agreement was amended to revise the reimbursement schedules for the various hospital and other medical facilities including but not limited to Albuquerque Hospital, Regional Hospital, and Albuquerque Professional Services.

## **TERRITORY AND PLAN OF OPERATIONS**

On July 1, 2017, the Company received an amended Certificate of Authority from the OSI to transact the business of Accident and Health, Qualified Health Plan and Limited to Health and Qualified Health Plan only. As of the examination date, the Company was only licensed in New Mexico.

## **REINSURANCE**

### **Assumed**

The Company did not assume any reinsurance during the period of this examination.

## Ceded

As of December 31, 2024, the Company ceded reinsurance to the following companies:

### The North River Insurance Company

Effective January 1, 2024, the Company entered into a Specific Excess of Loss Reinsurance Agreement (“Agreement”) with The North River Insurance Company (“North River”), agreement# NR724324. This Agreement covered PHS employee health plan policies. PIC’s retention limit was \$1M, per covered person. North River covered losses in excess of PIC’s \$1M retention limit. For losses reported and received by April 1, 2025, North River covered 80% of the losses in excess of PIC’s \$1M retention limit. For losses reported and received after April 1, 2025, the covered losses were \$0 (zero). If the agreement terminated before the stated expiration date, North River covered 80% of the losses in excess of the retention limit, for losses received and reported within three months (3) of the termination date.

### Aetna Life Insurance Company

Effective January 1, 2024, this commercial fully insured and level funded group Medical Excess of Loss Reinsurance Agreement (“Agreement”) was between PHP, the Company, and Aetna Life Insurance Company (“Aetna Life”). The Agreement indemnified PHP/PIC against liabilities accruing as a result of loss or losses for policies classified as commercial fully insured, including fully insured, health exchange, and individuals, and level funded groups written or renewed during the term of the Agreement by PHP/PIC on or after the effective date. Per the Agreement, PHP/PIC, retained the first \$600,000, inclusive of the self-insured retention limit, if applicable per covered person, per agreement. PHP/PIC retained 100% of the Aggregating Specific Deductible (“ASD”) in excess of the \$600,000 retention limit, calculated as (1) the sum of the total number of covered persons enrolled each month during the term of the agreement, times (2) an ASD factor of \$0.83, after all applicable coinsurances. Regarding lasered deductibles, PHP/PIC, retained the following amounts on the ground-up medical expenses for these covered persons as follows: (1) Deznia \$750,000, (2) Qmcitr \$1.3M, and Cmvopp \$1.5M. Regarding non-ACA covered policies, Aetna Life was liable for 18% of the losses in excess of the Company's \$600,000 retention limit, per covered person, per policy period, after the aggregate specific deductible has been met. Regarding the ACA covered persons coverage, Aetna Life was liable for 18% of the losses in excess of the Company's \$600,000 retention limit, up to a maximum of \$1M; then 6% in excess of the \$1M maximum, per covered per person, per policy period, after the aggregate specific deductible has been met. On January 1, 2024, Amendment No. 1 was executed deleting and replacing Article 9 Retention Limits, Paragraph B. Per the amendment, PHP/PIC would retain 100% of the ASD in excess of its \$600,000 retention limit calculated as: (1) the sum of the total number of covered persons enrolled each month during the term of the agreement; times (2) an ASD factor of \$0.21, after all applicable coinsurance.

Effective January 1, 2024, this self-funded commercial medical Stop Loss Excess of Loss Reinsurance Agreement (“Agreement”) was between the Company and Aetna Life. The Agreement indemnified the Company against liabilities for loss or losses related to policies classified self-funded commercial medical stop loss written or renewed during the term of the agreement, on or after the effective date. Per the agreement, the Company retained the first \$1M,

inclusive of the self-insured retention limit per covered person, per policy. The Company retained 100% of ASD in excess of the Company's \$1M retention limit calculated as (1) the sum of the total number of covered persons enrolled each month during the term of the agreement; times (2) an ASD factor of \$0.33, after all applicable coinsurances. Aetna Life was liable for 18% of the losses in excess of the Company's \$1.0M retention limit, per covered person, per policy period, after the ASD has been satisfied. On January 1, 2024, Amendment No. 1 was executed deleting and replacing Article 9 Retention Limits, Paragraph B. Per the amendment, PIC would retain 100% of the ASD, in excess of its \$1M retention limit calculated as: (1) the sum of the total number of covered persons enrolled each month during the term of the agreement; times (2) an ASD factor of \$0.08, after all applicable coinsurance.

### Hannover Life Reassurance Company of America

Effective January 1, 2024, this Medical Excess of Loss Reinsurance Agreement ("Agreement") was between PHP, the Company, and Hannover Life Reassurance Company of America ("Hannover Life"). The Agreement indemnifies PHP/PIC for the liability that may accrue as a result of loss or losses for policies classified as commercial fully insured, including fully insured, health exchange, and individuals, and level funded groups written or renewed during the term of the agreement by PHP/PIC on or after the effective date. Per the agreement, PHP/PIC retained the first \$600,000, inclusive of the self-insured retention limit, if applicable, per covered person. PHP and PIC will retain 100% of ASD in excess of the \$600,000 retention limit, as (1) the sum of the total number of covered persons enrolled each month during the term of the agreement, times (2) an ASD factor of \$0.83, after all applicable coinsurances. Regarding lasered deductibles, PHP and PIC will retain the following amounts on the ground-up medical expenses for these covered persons as follows: (1) Deznia \$750,000, (2) Qmcitr \$1.3M, and Cmvopp \$1.5M. Regarding non-ACA coverage, Hannover Life is liable for 72% of losses in excess of the Company's \$600,000 per covered person per policy period, after the ASD has been met. Regarding ACA-covered persons coverage, Hannover Life will cover 72% of losses in excess of the Company's \$600,000 retention limit, up to a maximum of \$1M; then 24% of the unlimited excess over \$1M, per covered person, per policy period, after the ASD has been met.

Effective January 1, 2024, this self-funded commercial Medical Stop Loss Excess of Loss Reinsurance Agreement ("Agreement") was between the Company and Hannover Life. This Agreement covered self-funded commercial stop loss policies. Per the Agreement, the Company retained the first \$1M, inclusive of the self-insured retention limit, per covered person, per policy period. Additionally, the Company retains 100% of the aggregating specific deductible in excess of the \$1M retention calculated as: (1) the sum of the total number of covered persons enrolled each month, during the term of the agreement times an ASD factor of \$0.33, after all applicable coinsurances.

## **ACCOUNTS AND RECORDS**

The Company maintains its books and records at its main administrative office in Albuquerque, New Mexico. The Company's accounting procedures, practices, account records, and supporting

documents were reviewed and tested to the extent available and as deemed necessary to substantiate the Company's financial statements.

The 2022 – 2024 Investment Subcommittee meeting minutes were reviewed, noting that there was no documentation evidencing the authorization and ratification of individual or aggregate investment transactions. This was not in accordance with NMSA 1978 § 59A-9-4(A), which states, in part,

An insurer shall not make any particular investment or loan (other than policy loans or annuity contract loans of a life insurer) unless the same is authorized or ratified by the insurer's board of directors, or other appropriate governing body if a reciprocal or Lloyd's insurer, or by a committee thereof charged with supervision of investments and loans. The minutes of any such committee shall be recorded and a report submitted to the board of directors or such other appropriate governing body, at the next meeting thereof.

The 2024 Actuarial Opinion Memorandum (“AOM”) was reviewed, noting it was missing the technical components containing the analysis from the basic data (e.g., claim lags) to the conclusions. Additionally, the AOM did not include the reconciliation of the data used for analysis to the Underwriting and Investment Exhibit, Part 2B. The latter was not in accordance with the NAIC Annual Statement Instructions, Section 1C, which states,

The Actuarial Memorandum should contain both narrative and technical components. The narrative component should provide sufficient detail to clearly explain to company management, the regulator, or other authority the findings, recommendations and conclusions, as well as their significance. The technical component should provide sufficient documentation and disclosure for another actuary practicing in the same field to evaluate the work. This technical component must show the analysis from the basic data, (e.g., claim lags) to the conclusions.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the OSI and present the financial condition of the Company for the period ending December 31, 2024. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

**Presbyterian Insurance Company, Inc.**  
**Assets**  
**As of December 31, 2024**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 20,278,224		\$ 20,278,224
Stocks:			
Common Stocks	25,915,526		25,915,526
Cash and short-term investments	21,466,183		21,466,183
Other Invested Assets	5,492,920	5,492,920	0
Receivables for Securities	150,383		150,383
Subtotal, cash and invested assets	<u>73,303,235</u>	<u>5,492,920</u>	<u>67,810,316</u>
Investment income due and accrued	385,027		385,027
Premiums and considerations:			
Uncollected premiums and agents' balances	506,654		506,654
Reinsurance			
Amounts Recoverable from Reinsurers	620,697	259,850	360,847
Receivable from parent, subsidiaries and affiliates	815,190		815,190
Health care and other amounts receivable	2,191,184	1,113,787	1,077,397
Aggregate write-in for other than invested assets	3,083,342		3,083,342
Total	<u>\$80,905,330</u>	<u>\$6,866,557</u>	<u>\$74,038,773</u>

**Presbyterian Insurance Company, Inc.**  
**Liabilities, Capital and Surplus**  
**As of December 31, 2024**

	Total
Claims unpaid	\$ 11,312,364
Unpaid claims adjustment expenses	129,863
Aggregate health policy reserves	
Premiums received in advance	166,335
General expenses due and accrued	2,309,989
Current federal and foreign income tax payable and interest thereon	1,673,316
Net deferred tax liability	1,424,974
Amounts due to parent, subsidiaries and affiliates	170,980
Payable for securities	189,165
Aggregate write-ins for other liabilities	275,400
Total liabilities	\$ 17,652,388
Common capital stock	\$ 900,000
Gross paid in and contributed surplus	39,740,993
Aggregate write-ins for other than special surplus funds	10,649,517
Unassigned funds (surplus)	5,095,865
Total capital and surplus	\$ 56,386,385
Total liabilities, capital and surplus	\$ 74,038,773

**Presbyterian Insurance Company, Inc.**  
**Statement of Revenue and Expenses**  
**As of December 31, 2024**

Net premium income		\$ 75,298,166
Deductions:		
Hospital/medical benefits		58,569,573
Other professional services		184,271
Prescription drugs		5,858,987
Incentive pool, withhold adjustments and bonus		6,600
Subtotal		<u>64,619,431</u>
Less:		
Net reinsurance recoveries		(472,934)
Total hospital and medical		<u>65,092,365</u>
Claims adjustment expenses		1,052,994
General administrative expenses		11,609,248
Increase in reserves for life and accident and health contracts		(1,279,502)
Total underwriting deductions		<u>76,475,106</u>
Net underwriting gain (loss)		<u>(1,176,940)</u>
Net investment income earned		1,493,910
Net realized capital gains (losses)		<u>(34,840)</u>
Net investment gains (losses)		<u>1,459,070</u>
Aggregate write-ins for other income or expenses		19,015
Net income (loss) after capital gains tax and before all other federal income taxes		301,145
Federal and foreign income taxes incurred		<u>86,356</u>
Net income (loss)		<u>\$ 214,789</u>

**Presbyterian Insurance Company, Inc.**  
**Reconciliation of Capital and Surplus**  
**For the Period of 2022 through 2014**

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Surplus as regards policyholders, December 31, previous year	\$ 43,304,260	\$ 41,894,981	\$ 51,564,143
Net income (loss)	2,618,752	5,284,098	214,789
Surplus adjustments:			
Change in unrealized capital gains	(3,037,416)	3,528,983	4,153,253
Change in deferred net income tax	253,490	395,623	(78,257)
Change in nonadmitted assets	(1,244,105)	460,458	532,452
Change in surplus as regards policyholders for the Year	\$ (1,409,279)	\$ 9,669,162	\$4,822,237
Surplus as regards policyholders, December 31, current year	<u>\$ 41,894,981</u>	<u>\$ 51,564,143</u>	<u>\$ 56,386,385</u>

## **ANALYSIS OF CHANGE AND COMMENTS ON FINANCIAL STATEMENT ITEMS**

There are no comments on financial statement items. In addition, there were no adjustments made to surplus as of December 31, 2024, as a result of the examination.

## **SUBSEQUENT EVENTS**

Effective November 4, 2025, Heather Thilgen was named President of the Company.

On November 21, 2025, the Company obtained approval from the OSI to pay an extraordinary dividend of \$50M to PNI, its parent, which was paid on December 23, 2025. PNI then contributed \$50M to PHP as capital contributions.

## **SUMMARY OF RECOMMENDATIONS**

It is recommended that the Actuarial Memorandum contain technical requirements in accordance with the NAIC Annual Statement Instructions, Section 1C, which states,

The Actuarial Memorandum should contain both narrative and technical components. The narrative component should provide sufficient detail to clearly explain to company management, the regulator, or other authority the findings, recommendations and conclusions, as well as their significance. The technical component should provide sufficient documentation and disclosure for another actuary practicing in the same field to evaluate the work. This technical component must show the analysis from the basic data, (e.g., claim lags) to the conclusions.

## ACKNOWLEDGEMENT

Margaret “Peggy” Hermann, FSA, MAAA, and Frank Edwards, Jr., ASA, MAAA, of The INS Companies, performed the actuarial review. Dave Gordon, CISA, CFE (Fraud), CDFE, and John Albertini, CISA, CISSP, of The INS Companies, performed the Information Systems review. Stephen Kalargyros, AFE, CPBS, of The INS Companies, participated in the examination as Staff Examiner, and Cecilee Houdek, CFE, CPA, MCM, of The INS Companies, participated in the examination as Examination Supervisor. They join the undersigned in acknowledging the assistance and cooperation extended during the course of the examination by officers, employees, and representatives of the Company.

Respectfully submitted,

*Toni Bean*

Toni L. Bean, CIA, CFE (Financial and Fraud)  
Examiner-in-Charge  
The INS Companies  
Representing the New Mexico Office of  
Superintendent of Insurance

*Malis Rasmussen*

Malis Rasmussen, CFE  
Chief Financial Examiner  
New Mexico Office of Superintendent of Insurance