

STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER



QUALIFYING FINANCIAL EXAMINATION

OF

COORDINATED CARE OF WASHINGTON, INC.
TACOMA, WASHINGTON
SEPTEMBER 30, 2013

Order No. 13-305
Coordinated Care of Washington, Inc.
Exhibit A

Seattle, Washington
November 6, 2013

The Honorable Mike Kreidler, Commissioner
Washington State Office of Insurance Commissioner (OIC)
Insurance Building – Capitol Campus
302 Sid Snyder Avenue SW, Suite 200
Olympia, WA 98504

Dear Commissioner Kreidler:

In accordance with your instructions and in compliance with the statutory requirements of RCW 48.03.010, a qualifying examination has been made of the corporate and financial records of

Coordinated Care of Washington, Inc.

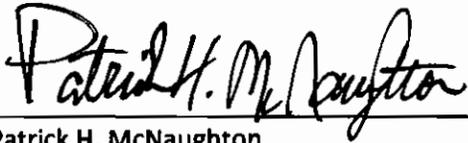
of

Tacoma, Washington

hereinafter referred to as "CCW". This report of examination is respectfully submitted showing the financial condition and related corporate matters of CCW as of September 30, 2013.

CHIEF EXAMINER'S AFFIDAVIT

I hereby certify I have read the attached Report of the Qualifying Financial Examination of Coordinated Care of Washington, Inc., of Tacoma, Washington. This report shows the financial condition and related corporate matters as of September 30, 2013.



Patrick H. McNaughton
Chief Examiner



Date

TABLE OF CONTENTS

SCOPE OF EXAMINATION	1
HISTORY	1
PLAN OF OPERATION	1
MANAGEMENT AND CONTROL.....	1
Board of Directors (BOD)	1
Officers.....	2
SURPLUS.....	2
STATUTORY DEPOSIT	2
RECOMMENDATION	2
FINANCIAL STATEMENTS.....	3
ACKNOWLEDGMENT.....	5
AFFIDAVIT	6

SCOPE OF EXAMINATION

This examination included verification of CCW's assets and liabilities as of September 30, 2013. The minimum surplus and cash deposits were tested for compliance with RCW 48.44.037. In addition, the examination included verification of compliance with the statutory requirements of RCW 48.44.015(1) and (2) regarding CCW's application and qualification for a Certificate of Registration to operate as a health care service contractor (HCSC) incorporated in the state of Washington.

HISTORY

CCW was formed by its parent, Coordinated Care Corporation (CCC). It was incorporated with the Secretary of State of Washington on April 17, 2013. On July 16, 2013, CCW submitted to the OIC an application for a Certificate of Registration to operate as a HCSC in the state of Washington and to provide managed care services to Medicaid enrollees in the state of Washington.

PLAN OF OPERATION

CCW is a for-profit corporation that will assume current operations of CCC in Tacoma, Washington. CCC is a wholly-owned subsidiary of Centene Corporation (Centene). CCW operations will include member outreach, provider services, provider contracting, network development, utilization management/care coordination, quality improvement, financial analysis, and administrative services. CCW also plans to participate in the Washington Health Benefits Exchange in 2015.

Centene will provide administrative support to CCW. These services include claims administration and provider data, information technology and data reporting, financial planning, accounting, and certain human resource functions.

MANAGEMENT AND CONTROL

Board of Directors (BOD)

BOD as of September 30, 2013:

<u>Name</u>	<u>Affiliation</u>
Karen Bedell	Centene Corporation
Robert Hitchcock	Centene Corporation
Jesse Hunter	Centene Corporation
Brent Layton	Centene Corporation
William Scheffel	Centene Corporation
Keith Williamson	Centene Corporation

Officers

Officers as of September 30, 2013:

<u>Name</u>	<u>Title</u>
Jay Fathi, M.D.	President and Chief Executive Officer
Christopher Bowers	Vice President
Tricia Dinkleman	Vice President of Tax
Robert Hitchcock	Vice President
Jesse Hunter	Vice President
William Scheffel	Vice President
Jeffery Schwaneke	Treasurer
Keith Williamson	Secretary

SURPLUS

As of September 30, 2013, CCW's surplus of \$3,000,000 meets the minimum net worth requirements pursuant to RCW 48.44.037.

STATUTORY DEPOSIT

On September 13, 2013, CCW deposited \$2,850,000 and \$150,000 with U.S. Bank National Association under an escrow agreement and depositary trust agreement between CCW and the bank. The escrow agreement was executed as required under RCW 48.06.120 and RCW 48.06.180. On October 10, 2013, U.S. Bank confirmed that \$3,000,000 has been credited into CCW's escrow and funded reserve accounts as of September 30, 2013.

RECOMMENDATION

Based on the findings and conclusions of the OIC financial examiners, CCW has sufficient surplus and meets the statutory deposit requirements to qualify for a Certificate of Registration as a health care service contractor in Washington State.

FINANCIAL STATEMENTS

**Coordinated Care of Washington, Inc.
Statement of Assets, Liabilities and Surplus
As of September 30, 2013**

	Balance Per Company	Examination Adjustments	Balance Per Examination
<u>ASSETS</u>			
Cash and cash equivalents	\$3,000,000	\$0	\$3,000,000
Investments	0		0
Other Assets	0		0
Total Assets	<u>\$3,000,000</u>	<u>\$0</u>	<u>\$3,000,000</u>
<u>LIABILITIES</u>			
Current payables	\$0	\$0	\$0
Other liabilities	0		0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<u>SURPLUS</u>			
Common stock	10,000	0	10,000
Paid-in capital	2,990,000		2,990,000
Current year retained earnings	0		0
Total Surplus	<u>3,000,000</u>		<u>3,000,000</u>
Total Liabilities and Surplus	<u>\$3,000,000</u>	<u>\$0</u>	<u>\$3,000,000</u>

Coordinated Care of Washington, Inc.
Statement of Operations
September 30, 2013

	<u>Balance Per Company</u>	<u>Examination Adjustments</u>	<u>Balance Per Examination</u>
REVENUES			
Premium revenue	\$0	\$0	\$0
Other revenues	0		0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>
EXPENSES			
Insurance expenses	0	0	0
Operating expenses - escrow fee	0		0
Total expenses	<u>0</u>	<u>0</u>	<u>0</u>
NET INCOME	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

ACKNOWLEDGMENT

Acknowledgment is hereby made of the cooperation extended to the examiners by the officers and employees of CCW during the course of this examination.

In addition to the undersigned, Michael V. Jordan, CPA, CFE, MHP, Assistant Chief Examiner and Susan Campbell, CPA, CFE, FLMI, ARA, Life and Disability Field Supervising Examiner, both from the Washington State Office of the Insurance Commissioner, participated in the examination and the preparation of this report.

Respectfully submitted,



Orlando Gabriel, CFE
Examiner-in-Charge
State of Washington

