

BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS

FINAL ORDER
STATE 6/15/17

In the Matter of the Proposed Adoption)
of the Financial Condition Examination)
Report as of December 31, 2015)
Sunflower State Health Plan, Inc)
NAIC No. 14345)

Docket No. 5042

CONSENT ORDER

NOW COMES on for formal disposition the matter of the proposed adoption of the financial condition examination report as of December 31, 2015 of Sunflower State Health Plan (Sunflower), a Kansas corporation. This matter is brought before the Commissioner of Insurance ("Commissioner") for adoption, rejection, or modification pursuant to the provisions of K.S.A. 40-222.

The Kansas Insurance Department ("KID") and Sunflower wish to resolve this matter by entering into this Consent Order. Sunflower hereby waives any and all rights to further administrative adjudication or review of this matter, including any and all rights conferred upon it under K.S.A. 77-501 *et seq.* This Consent Order constitutes the Final Order in this matter.

The Commissioner, having fully considered and reviewed the financial condition examination report, together with all written submissions, applicable rebuttals, and all relevant portions of the examiners' work papers, and further, being fully advised on all premises, hereby find:

Policy Reasons

It is stated policy of the State of Kansas that whenever the Commissioner deems it necessary, an examination of the affairs and financial condition of any insurance

company in the process of organization, applying for admission, or doing business in this State can be undertaken. In all cases, such an examination must occur once every five (5) years. Through the examination process, the insurance consuming public will be well served and protected.

Findings of Fact

1. The Commissioner has jurisdiction over this matter pursuant to K.S.A. 40-222.
2. An examination of Sunflower was undertaken by the Kansas Insurance Department and was completed on April 28, 2017.
3. The examiner-in-charge tendered and filed with the KID a verified written report of the examination within thirty (30) days following completion of the examination, to wit; April 28, 2017.
4. Following receipt of the verified report, the KID transmitted the report to Sunflower on May 16, 2017, with a duly executed notice advising the company of its opportunity to prepare and submit to the KID a written submission or rebuttal with respect to any and all matters contained in the report. Sunflower was further advised that any written submission or rebuttal needed to be filed with the KID no later than thirty (30) days after receipt of the verified report.
5. Sunflower filed a written rebuttal of the verified report on May 22, 2017.
6. On June 14, 2017, KID informed Sunflower that it had accepted the changes proposed in their rebuttal to the verified report.
7. Based upon the written submission tendered by Sunflower, the company took no exceptions to any other matters contained in the verified report.

9. Within thirty (30) days of the end of the time period allowed for written submission or rebuttal, the Commissioner of Insurance fully reviewed the report, together with all written submissions and rebuttals provided by Sunflower. The Commissioner further reviewed all relevant workpapers.

10. No other written submissions or rebuttals were submitted by Sunflower.

Conclusion of Law

11. K.S.A. 40-222(k)(2) provides:

"Within 30 days of the end of the period allowed for the receipt of written submissions or rebuttals, the commissioner shall fully consider and review the report, together with any written submissions or rebuttals and any relevant portions of the examiners workpapers and enter an order:

(A) Adopting the examination report as filed or with modification or corrections. If the examination report reveals that the company is operating in violation of any law, regulation or prior order of the commissioner, the commissioner may order the company to take any action the commissioner considers necessary and appropriate to cure such violations; or

(B) rejecting the examination report with directions to the examiners to reopen the examination for purposes of obtaining additional data, documentation or information, and refile pursuant to subsection (k); or

(C) call and conduct a fact-finding hearing in accordance with K.S.A. 40-281 and amendments thereto for purposes of obtaining additional documentation, data, information and testimony."

12. Based upon the Findings of Fact enumerated in paragraphs #1 through #10 above, the financial condition examination report as of December 31, 2015 of Sunflower should be adopted.

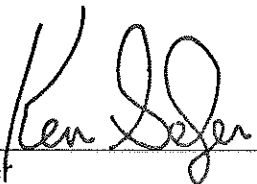
IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE, ORDERED THAT:

1. The financial condition examination report as of December 31, 2015 of Sunflower State Health Plan, Inc. is hereby adopted.


2. The Commissioner of Insurance retains jurisdiction over this matter to issue any and all further Orders deemed appropriate or to take such further action necessary to dispose of this matter.

IT IS SO ORDERED THIS 15TH DAY OF JUNE, 2017 IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.






Ken Selzer
Commissioner of Insurance

BY:


Diane Minear
General Counsel
Grace Lancaster
Staff Attorney

BY:


Donald C. Coffey, President and CEO
Sunflower State Health Plan, Inc.

NOTICE OF RIGHTS TO HEARING AND REVIEW

This Order is subject to the provisions of the Kansas Judicial Review Act, K.S.A. 77-601 et seq. In the event the company files a Petition for Judicial Review, pursuant to K.S.A. 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

Diane Minear, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

CERTIFICATE

I, KEN SELZER, Commissioner of Insurance of Kansas, do hereby certify that the following and hereto attached is a true copy of

REPORT OF EXAMINATION
OF
SUNFLOWER STATE HEALTH PLAN, INC.
8325 LENEXA DRIVE
LENEXA, KS 66214 COMPANY
AS OF
DECEMBER 31, 2015

FILED
JUN 15 2017
KEN SELZER
Commissioner of Insurance

the original of which is now on file and a matter of record in this office.

In Witness Whereof, I, KEN SELZER, Commissioner of Insurance of Kansas, have hereto affixed by signature and the seal of the Commissioner of Insurance, in the city of Topeka, Kansas this 15th day of June, 2017.



Ken Selzer

Commissioner of Insurance

REPORT ON EXAMINATION
OF
SUNFLOWER STATE HEALTH PLAN, INC.
8325 LENEXA DRIVE
LENEXA, KS 66214
AS OF
DECEMBER 31, 2015

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KEN SELZER
Commissioner of Insurance

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Topeka, Kansas
April 28, 2017

Honorable Ken Selzer
Commissioner of Insurance
Kansas Insurance Department
420 SW 9th Street
Topeka, Kansas 66612-1678

Dear Commissioner:

In accordance with your authorization and pursuant to K.S.A. 40-222 – *Examination of Condition of Company*, an examination has been conducted of the financial condition and business affairs of:

**SUNFLOWER STATE HEALTH PLAN, INC.
8325 LENEXA DRIVE
LENEXA, KANSAS 66214**

hereinafter referred to as the "Company" or "Sunflower". The following report on such examination is respectfully submitted.

SCOPE OF EXAMINATION

The examiners have performed a financial examination of Sunflower; a Kansas domiciled health maintenance organization. The organizational examination was conducted as of November 30, 2011. This examination covers the four-year period from January 1, 2012, through December 31, 2015.

The examination was conducted in accordance with the rules, regulations and directives of the Kansas Insurance Department (KID) and the observed guidelines and procedures contained in the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook* (Handbook). The Handbook requires the examiners 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 included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in K.S.A. 40-222, *Examination of Condition of Company*, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

Independent Audit Reports

Financial statements of the Company were exempt from being audited as of December 31, 2011 but were audited by KPMG, LLP for the years ending December 31, 2012, through December 31, 2015. In each of the years under examination, the auditors concluded that the financial statements present fairly, in all material respects, the admitted assets, liabilities and policyholders' surplus of the Company as of December 31 of such years and the results of its operations and its cash flows for the years

then ended in accordance with the accounting practices prescribed or permitted by the KID.

The independent auditor's work papers were reviewed and analyzed by the examiners; whereby significant reliance was placed on select work papers during the course of this examination.

SUMMARY OF SIGNIFICANT FINDINGS

No significant findings were noted during the course of the examination.

COMPANY HISTORY

The Company was incorporated in the State of Kansas on September 15, 2011 as a health maintenance organization under the provisions of K.S.A. 40-3201 et seq. - *Health Maintenance Organizations and Medicare Provider Organizations*.

The Company began operations on January 1, 2013 as a health maintenance organization under Article 32, Chapter 40 of the Kansas Statutes Annotated. The Company was organized as a for-profit corporation as set forth in its articles of incorporation with the nature of its business being:

1. To provide integrated healthcare services to Medicaid recipients in the State of Kansas; and
2. To engage in any other lawful act, activity or business for which corporations may be organized under the Kansas General Corporation Code, as amended from time to time.

Capital Stock

The Company's articles of incorporation authorize the issuance of 100 shares of no par common stock. At December 31, 2015, 100 shares were issued and held by Centene Corporation.

Dividends and Capital Contributions

The Company received capital contributions of \$71,750,000 in 2014, \$170,250,000 in 2013, and \$3,000,000 in 2012. No dividends were paid by the Company during the examination period.

MANAGEMENT AND CONTROL

The Company's bylaws consist of nine articles that provide the framework for the operation, management and control of this domestic health maintenance organization. The Company is managed by a Board of Directors (Board).

Pursuant to the bylaws, the number of Directors shall consist of no less than one (1) but not more than twelve (12) Directors. Each Director will hold office until a successor is elected and qualified or until such director's earlier resignation or removal. Those elected Directors and their principal occupations as of December 31, 2015 are:

<u>Name</u>	<u>Principal Occupation</u>
Fred Phillip Benjamin	Chief Operating Officer and Vice President, Medicalodges Inc.
Denise Renee Cyzman	Executive Director KS Assn. for the Medically Underserved
Tricia Lynn Dinkelman	Vice President of Tax Centene Corporation
Mark William Eggert	Senior Vice President Contractual and Regulatory Affairs EVP Health Plans Centene Corporation
Michael Dean McKinney	Senior Vice President Centene Corporation
Kevin John Miller	President and CEO Hutchinson Regional Healthcare System

<u>Name</u>	<u>Principal Occupation</u>
Vernon Alexander Mills, MD	President, Vernon A. Mills MD, PA
Jeffrey Alan Schwaneke	Chief Accounting Officer, and Vice President Centene Corporation
Mark Steven Siegmund	Chief Clinical and Operations Officer, Kids TLC
Keith Harvey Williamson	Senior Vice President, Secretary and General Counsel Centene Corporation
William Nelder Scheffel	EVP, CFO and Treasurer Centene Corporation
Donald Christopher Coffey	President and CEO, Sunflower State Health Plan, Inc.

The Company will have a President and a Secretary and may also have a Chairman of the Board, one or more Vice Presidents, a Treasurer, one or more Assistant Secretaries and one or more Assistant Treasurers. The bylaws direct the Board to elect at its annual meeting a President and a Secretary and may elect one or more officers as it may deem advisable. The following officers were elected by the Board and serving in their respective position as of December 31, 2015.

<u>Name</u>	<u>Company Position</u>
Donald Christopher Coffey	President and Chief Executive Officer
Keith Harvey Williamson	Secretary
Jeffrey Alan Schwaneke	Treasurer
Mark William Eggert	Senior Vice President
Tricia Lynn Dinkelman	Vice President of Tax
William Nelder Scheffel	Vice President

INSURANCE HOLDING COMPANY SYSTEM

K.S.A. 40-3301 et seq. - *Insurance Holding Companies*, requires a domestic insurer that is part of an insurance holding company system to file appropriate registration statements with the Commissioner of Insurance. The Company has submitted Form "B" and "C" registration statements to the KID for each of the years under examination. A review of the registration statements indicated that the Company is properly reporting items and events as required by statute.

The exhibit below is an organizational chart as of December 31, 2015, indicating the identities and inter-company relationships having a direct bearing on the Company.

- Centene Corporation (DE) (100% owner)
 - Bankers Reserve Life Insurance Company of Wisconsin (WI)
 - Sunflower State Health Plan, Inc. (KS)**
 - US Script, Inc. (DE)
 - Centene Management Company, LLC (WI)
 - LSM Holdco, Inc. (DE) (100% owner)
 - Lifeshare Management Group, LLC (NH)
 - U.S. Medical Management Holdings, Inc. (DE) (100% owner)
 - U.S. Medical Management, LLC (DE)
 - CenCorp Health Solutions, Inc. (DE) (100% owner)
 - NurseWise Holdings LLC (DE)
 - NurseWise, LP (DE)
 - Nurtur Health Inc. (DE)
 - Cenpatico Behavior Health, LLC (CA)
 - Involve Benefit Options, Inc. (DE) (100% owner)
 - OptiCare Vision Company, Inc. (DE)
 - Dental Health & Wellness, Inc. (DE)

Intercompany/Cost Sharing Agreements

Effective January 1, 2013, the Company entered into an Administrative and Services Agreement with Centene Management Company, LLC, whereby the Company is provided with administrative and support services necessary to fulfill its responsibilities under the terms of its contract with the Kansas Department of Health and Environment,

Division of Health Care Finance. Those administrative and support services to be provided cover the areas of:

Program Planning/Development	Provider/Enrollee Services & Records
Management Information Systems	Utilization Review
Financial Systems and Services	Quality Assurance
Claims Administration	Premium Billing & Collection
Other Management Services	

In return for these services, the Company will reimburse its parent a specified percentage of revenue which varies by member population and budgeted annual revenue as set out in the management agreement. These amounts are revised as needed based upon actual revenue for each year as included in the audited statutory financial statements. The amounts paid under this agreement were \$86,655,594, \$86,412,884 and \$96,791,136 during the years 2015, 2014 and 2013, respectively.

Effective January 1, 2013, the Company entered into an agreement with NurseWise, LP to provide triage service and nurse telephone support for its members based upon a set amount per member per month. The amounts paid under this agreement were \$1,714,965, \$1,753,880 and \$2,363,548 during the years 2015, 2014 and 2013, respectively.

Effective January 1, 2013, the Company entered into an agreement with US Script, Inc. to provide pharmacy benefit management services based upon actual invoiced claim settlements and an administration fee amount per claim. US Script, Inc. is licensed as a pharmacy benefit manager in the State of Kansas and the amounts paid under this agreement were \$145,942,872, \$146,090,522 and \$118,935,532 during the years 2015, 2014 and 2013, respectively.

Effective January 1, 2013, the Company entered into an agreement with Nurtur Health Inc. to provide disease management services based upon a set amount per

member per month. The amounts paid under this agreement were \$2,223,413, \$2,264,297 and \$2,172,538 during the years 2015, 2014 and 2013, respectively.

Effective January 1, 2013, the Company entered into an agreement with OptiCare Vision Company, Inc. to provide vision and claim benefit management services based upon a set amount per member per month. OptiCare Vision Company, Inc. is licensed as a third party administrator in the State of Kansas and the amounts paid under this agreement were \$8,256,031, \$8,194,790 and \$7,649,768 during the years 2015, 2014 and 2013, respectively.

Effective January 1, 2013, the Company entered into an agreement with Cenpatico Behavior Health, LLC to provide behavior and claim management services based upon a set amount per member per month and adjusted annually if needed for actual utilization based upon HBR below 84% or above 94%. Cenpatico Behavior Health, LLC is licensed as a utilization review organization in the State of Kansas and the amounts paid under this agreement were \$91,472,060, \$98,791,319 and \$100,916,718 during the years 2015, 2014 and 2013, respectively.

Effective August 1, 2014, the Company entered into an agreement with Dental Health & Wellness, Inc. to provide dental and claim management services based upon a set amount per member per month and adjusted annually if needed for actual utilization for HBR below 84% or above 94%. Dental Health & Wellness, Inc. is licensed as a third party administrator in the State of Kansas and the amounts paid under this agreement were \$23,716,856 and \$9,914,496 during the years 2015 and 2014, respectively.

Effective June 1, 2014, the Company entered into an agreement with Lifeshare Management Group, LLC to provide specialized long-term care management services based upon a set amount per member per month. The amounts paid under this

agreement were \$1,404,973 and \$951,691 during the years 2015 and 2014, respectively.

Effective November 1, 2014, the Company entered into an agreement with U.S. Medical Management, LLC to provide in home health management services based upon actual claims submitted for services performed. The amounts paid under this agreement were \$135,282 and \$4,255 during the years 2015 and 2014, respectively.

The Company is a party to the Centene Corporation's tax sharing agreement, which requires all participating subsidiaries reimburse or recover their portion of the income taxes as calculated on a separate company basis for settlement under the consolidated federal and state income tax returns. For the years 2015, 2014 and 2013, the Company filed consolidated income tax returns with Centene Corporation and its subsidiaries. The amounts paid/ (received) by the Company under this agreement were (\$31,970,994), (\$16,000,866), and (\$1,715,397) during the years 2015, 2014 and 2013, respectively.

TERRITORY AND PLAN OF OPERATION

In January 2013, the State of Kansas implemented the KanCare program to provide managed care for Medicaid in Kansas. Managed care services that will be provided include physical health services, dental and vision care, pharmacy, transportation, behavioral health services, and long term care, which includes nursing facility care and home and community based services (HCBS). Services include Medicaid funded inpatient and outpatient mental health and substance use disorder services, including 1915(c) HCBS waiver programs for children with a serious emotional disturbance.

The Kansas Department of Health and Environment (KDHE) and the Kansas Department for Aging and Disability Services (KDADS) administer the KanCare program. KDHE maintains financial management and contract oversight and KDADS administers the Medicaid waiver programs for disability services, mental health and substance abuse. KDHE has contracted with three health maintenance organizations that are licensed by the KID to transact health insurance business in Kansas.

The Company is only licensed in Kansas as a health maintenance organization and is only providing managed care services to the KanCare program. All members are enrolled through KDHE and are assigned membership in one of the three participating health maintenance organizations that can be changed during open enrollment by the member. This level of participation requires the Company to provide services throughout Kansas. The premium rates and retrospective premium amounts are established and authorized for payment by KDHE to the health maintenance organizations.

The Company contracts with its affiliates to provide administration and medical services under the KanCare program as indicated under the Administrative and Support Service Agreements section of this report.

GROWTH OF COMPANY

The exhibit below shows [REDACTED] the Company's financial growth (in thousands) for the period of December 31, 2012, through December 31, 2015. The financial growth amounts were obtained from annual statements filed by the Company.

	2012	2013	2014	2015
<i>(in thousands)</i>				
Admitted Assets	\$ 3,247	\$ 215,060	\$ 273,009	\$ 265,642
Liabilities	293	133,577	160,239	130,853
Capital and Surplus	2,954	81,483	112,770	134,789
Net Income	(20)	(91,040)	(39,266)	20,791
Net Premiums Written	\$ -	\$ 801,699	\$ 1,039,881	\$ 1,114,953

REINSURANCE

The Company does not assume any business through reinsurance. The Company cedes all business through an excess of loss agreement with an affiliate, Bankers Reserve Life Insurance Company of Wisconsin that is effective annually from January 1 to January 1 of the following year. Under this annual agreement the Company cedes business under a \$200,000 deductible with a maximum payable of \$2,500,000 per person. The reimbursement percentage after the deductible is met is 90% for all claims and 50% for non-approved transplant provider claims. The reinsurance transactions under the agreement for 2015 were \$8,372,795 in reinsurance premiums paid, \$5,281,547 in claim benefit reimbursements received, and \$3,245,739 of unpaid reinsurance receivable included in the December 31, 2015 unpaid claim reserves.

Bankers Reserve Life Insurance Company of Wisconsin is authorized to transact business in Kansas and the agreement contained insolvency and cancellation clauses as required by paragraph (c) of K.S.A. 40-221a—*Reinsurance of Risks of and by Kansas Companies*. Also, the agreement reviewed provided for the transfer of risk.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the KID and present the financial condition of the Company for the period ending December 31, 2015. 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.

SUNFLOWER STATE HEALTH PLAN, INC.
ANALYSIS OF ASSETS
AS OF DECEMBER 31, 2015

	Assets	Assets Nonadmitted	Net Admitted Assets
Bonds	\$ 23,222,954	\$ -	\$ 23,222,954
Cash and short-term investments	51,709,763	-	51,709,763
Investment income due & accrued	166,455	-	166,455
Uncollected premiums and agents' balances in the course of collection	97,224,985	-	97,224,985
Accrued retrospective premiums	83,847,270	-	83,847,270
Amounts recoverable from reinsurers	4,395	-	4,395
Receivable from parent, subsidiary and affiliates	466,084	-	466,084
Health care and other amounts receivable	8,676,696	661,015	8,015,681
Aggregate write-ins for other than invested assets	999,695	15,750	983,945
Total Assets	\$ 266,318,297	\$ 676,765	\$ 265,641,532

**SUNFLOWER STATE HEALTH PLAN, INC.
LIABILITIES, SURPLUS AND OTHER FUNDS
AS OF DECEMBER 31, 2015**

Claims unpaid	\$ 85,221,428
Accrued medical incentive pool and bonus amounts	571,384
Unpaid claims adjustment expenses	1,359,000
General expenses due or accrued	42,769,970
Current federal and foreign income tax payable and interest thereon	836,901
Ceded reinsurance premiums payable	94,006
<u>Total liabilities</u>	<u>130,852,689</u>
Aggregate write-ins for special surplus funds	12,395,549
Gross paid in and contributed surplus	245,000,000
Unassigned funds	(122,606,706)
<u>Surplus as regards policyholders</u>	<u>134,788,843</u>
<u>Total liabilities, capital and surplus</u>	<u>\$ 265,641,532</u>

**SUNFLOWER STATE HEALTH PLAN, INC.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015**

Net premium income	\$ 1,114,952,592
Total revenues	1,114,952,592
Hospital/medical benefits	717,317,928
Other professional services	130,969,381
Emergency room and out-of-area	21,113,470
Prescription drugs	145,070,238
Incentive pool, withhold adjustments and bonus amounts	933,473
Subtotal	1,015,404,490
Net reinsurance recoveries	5,281,547
Total hospital and medical	1,010,122,943
Claims adjustment expenses	21,491,898
General administrative expenses	101,452,369
Increase reserve for life and accident and health contracts	(36,968,937)
Total underwriting deductions	1,096,098,273
Net underwriting gain or (loss)	18,854,319
Net investment income earned	271,778
Net realized capital gains (losses)	-
Net investment gains (losses)	271,778
Net income or (loss) after capital gains tax and before all other federal income taxes	19,126,097
Federal and foreign income taxes incurred	(1,664,564)
Net income	\$ 20,790,661

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, 2014	\$ 112,770,369
Net income	20,790,661
Change in nonadmitted assets	1,227,811
Change in surplus as regards policyholders for the year	22,018,472
Surplus as regards policyholders, December 31, 2015	\$ 134,788,841

**SUNFLOWER STATE HEALTH PLAN, INC.
CAPITAL AND SURPLUS ACCOUNT
RECONCILIATION OF CAPITAL AND SURPLUS SINCE LAST EXAMINATION**

Surplus as regards policyholders, December 31, 2011			\$ <u> </u> -
Net income	2012	(19,522)	
	2013	(91,039,533)	
	2014	(39,266,000)	
	2015	<u>20,790,661</u>	(109,534,394)
Change in nonadmitted assets	2012	(26,250)	
	2013	(681,668)	
	2014	(1,196,658)	
	2015	<u>1,227,811</u>	(676,765)
Surplus adjustments paid in	2012	3,000,000	
	2013	170,250,000	
	2014	71,750,000	
	2015	<u>-</u>	245,000,000
Surplus as regards policyholders, December 31, 2015.			<u>\$ 134,788,841</u>

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

The capital and surplus of the Company, as of December 31, 2015, was \$134,788,841, which was the same amount reported by the Company in its 2015 filed Annual Statement.

COMMENTS ON FINANCIAL STATEMENTS

The items presented below represent the significant or material findings resulting from the examination in the report on examination.

SUBSEQUENT EVENTS

As of December 31, 2016, the Company had experienced \$26.3 million of favorable development on its claims reserves for 2015 and prior years as compared to the reserve established at December 31, 2015. This reduction in estimated expense resulted in a reduction of the estimate of the retrospective premium receivable from the State of Kansas by \$15 million as compared to the balance estimated at December 31, 2015.

SUMMARY OF RECOMMENDATIONS

Management Letter

There were several immaterial findings resulting from the examination that did not warrant inclusion in this report. However, these concerns were noted in a management letter that was issued to the Company's Board of Directors for review, resolution and response back to the KID.

CONCLUSION

The assistance and cooperation by the Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Mr. Richard Todd, CPA, a financial examiner representing the KID, participated in this examination.

Respectfully submitted,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right, positioned above a solid horizontal line.

Christopher W. Buchanan, CPA, CFE
Senior Insurance Examiner
Examiner-In-Charge

EXHIBIT 5
EXAMINER'S AFFIDAVIT AS TO STANDARDS AND
PROCEDURES USED IN AN EXAMINATION

State of Kansas

County of Shawnee

Christopher W. Buchanan being duly sworn, states as follows:

1. I have authority to represent the Kansas Insurance Department in the examination of Sunflower State Health Plan, Inc.
2. The Kansas Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.
3. I have reviewed the examination work papers and examination report, and the examination of Sunflower State Health Plan, Inc. was performed in a manner consistent with the standards and procedures required by K.S.A. 40-222.

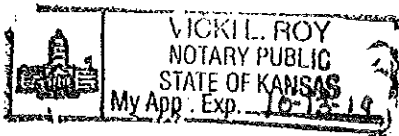
The affiant says nothing further.



Examiner's Signature

Subscribed and sworn before me by Christopher W. Buchanan
on this 16th day of June, 2017.

(SEAL)



Vicki L. Roy

Notary Public

My commission expires October 13, 2019

(date)