

Report on Examination  
of  
**UNITEDHEALTHCARE OF NEW ENGLAND, INC.**  
Warwick, Rhode Island  
as of  
December 31, 2023



State of Rhode Island  
Department of Business Regulation  
Insurance Division



**State of Rhode Island  
OFFICE OF THE HEALTH INSURANCE COMMISSIONER  
1511 Pontiac Avenue, Bldg. 69-1  
Cranston, Rhode Island 02920**

**ADOPTION ORDER**

The attached Report on Examination as of December 31, 2023, of the condition and affairs of

UNITEDHEALTHCARE OF NEW ENGLAND, INC.

was recently completed by duly qualified examiners, pursuant to the provisions of the Rhode Island General Laws.

Due consideration has been given to the comments of the examiners regarding the operation of the Company and its financial condition, as reflected in the Report.

It is therefore ORDERED that said Report be, and it is hereby, adopted and filed and made an official record of this Department as of this date.

Office of the Health Insurance Commissioner

Dated: May 6, 2025

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Cory B. King  
Health Insurance Commissioner

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May 1, 2025

The Honorable Cory King  
Health Insurance Commissioner  
State of Rhode Island  
Office of the Health Insurance Commissioner  
1511 Pontiac Avenue, Bldg. 69-1  
Cranston, Rhode Island 02920

Dear Commissioner King:

In accordance with your instructions and pursuant to Chapters 13.1 and 35 of Title 27 of the General Laws of the State of Rhode Island, an examination has been made as of December 31, 2023, of the financial condition and affairs of

**UNITEDHEALTHCARE OF NEW ENGLAND, INC.**

located at 475 Kilvert Street, Suite 310, Warwick, Rhode Island. The report of such examination is herewith submitted.

UnitedHealthcare of New England, Inc. (also referred to as “UHCNE,” or “the Company”) was previously examined as of December 31, 2018, and both the current and prior examinations were conducted by the Insurance Division of the State of Rhode Island (“Insurance Division”).

## **SCOPE OF EXAMINATION**

The last examination of the Company covered the four-year period from January 1, 2015 through December 31, 2018. The current examination covered the five-year period from January 1, 2019 through December 31, 2023, and was performed in compliance with the above-mentioned sections of the General Laws of the State of Rhode Island, as amended. The current examination was conducted in accordance with the National Association of Insurance Commissioners (“NAIC”) *Financial Condition Examiners Handbook* (“Handbook”) risk-focused examination process and was performed in conjunction with the 2023 full-scope coordinated multi-state risk-focused examination (“Coordinated Exam”) of UnitedHealth Group (“UHG”). The Lead State for the Coordinated Exam was Connecticut, with Nebraska acting as Exam Facilitator. In addition to Nebraska, the states of Arizona, Colorado, New Jersey, New York, Ohio, Rhode Island, and Texas participated in the Coordinated Exam, which included the following insurers:

NAIC Co. Code	Name of Insurer	State of Domicile
16610	Solstice Healthplans of Arizona, Inc.	AZ
95482	Rocky Mountain HMO, Inc.	CO
95591	UnitedHealthcare of the Midlands, Inc.	NE
12567	Care Improvement Plus of South Central Insurance Company	NE
95497	AmeriChoice of New Jersey, Inc.	NJ
11173	International Healthcare Services, Inc.	NJ
12830	Healthplex of NJ, Inc.	NJ
11068	Optum Networks of NJ, Inc.	NJ
60093	UnitedHealthcare Insurance Company of New York	NY
95085	UnitedHealthcare of New York, Inc.	NY
12323	UnitedHealthcare Community Plan of Ohio, Inc.	OH
95149	UnitedHealthcare of New England, Inc.	RI
16892	Solstice Healthplans of Texas, Inc.	TX
16541	KelseyCare Administrators LLC	TX

The 2023 Coordinated Exam was performed as part of a global examination plan developed and managed by the State of Connecticut to facilitate the examination of all UHG affiliates. Although all companies within the UHG holding company are examined under the singular global coordination plan, not all legal entities will be examined in the same year.

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

This examination report includes significant findings of fact 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 were separately communicated to other regulators and/or the Company.

### **SUMMARY OF SIGNIFICANT FINDINGS**

There were no material adverse or significant non-compliance findings noted during the examination conducted as of December 31, 2023.

## **COMPANY HISTORY**

The Company commenced business under the name Ocean State Master Health Plan, Inc. and was incorporated as a non-business corporation on December 14, 1979. Subsequently, the Company was licensed to transact business by the State of Rhode Island Department of Health. In 1983 the General Assembly of the State of Rhode Island enacted the “Health Maintenance Organization Act of 1983” and the Company, in accordance with the act, applied for licensing with the Rhode Island Department of Business Regulation, Insurance Division.

On November 14, 1984, the Company amended its Articles of Incorporation and changed its name to Ocean State Health Fund, Inc. On the same date, a new corporation, Ocean State Master Health Plan, Inc., was incorporated as a business corporation under the provisions of the Health Maintenance Organization Act of 1983 of the State of Rhode Island. The incorporator was Thomas A. Lynch; however, title and interest in and to said Company and its franchises passed to the Board of Directors.

On December 27, 1984, Ocean State Health Fund, Inc. transferred its assets and liabilities to Ocean State Master Health Plan, Inc. Simultaneous to this transaction, Ocean State Coordinated Health Services Corporation (“OSCHS”), an Individual Practice Association (“IPA”), through its Board of Directors, resolved to purchase the assets and liabilities of the Company in consideration for the assumption of its liabilities in return for ten (10) shares of no-par value common stock in the Company.

On May 8, 1985, an amendment to the Articles of Incorporation changed the Company’s name from Ocean State Master Health Plan, Inc. to Ocean State Physicians Health Plan, Inc.



Prior to September 1, 1991, approximately twenty-one percent (21%) of the outstanding common stock of OSCHS was owned by UHC Management Company, Inc., now known as United HealthCare Services, Inc. (“UHS”), a Minnesota-based Management Corporation which provides services to the Company under the terms of a management agreement. UHS is a wholly owned subsidiary of UnitedHealth Group Incorporated (“UHG”). On September 1, 1991, UHS purchased the remaining seventy-nine percent (79%) of the outstanding common stock of OSCHS.

On April 22, 1993, the Company’s Articles of Incorporation were amended to change the name of the Company to United Health Plans of New England, Inc.

On March 31, 1995, the Company’s former parent, OSCHS, was merged with and into the Company. The Company was the surviving entity directly owned by UHS.

On June 30, 1996, UHS purchased MetraHealth Care Plan of Massachusetts, Inc. (“Metra”), and on July 1, 1996, Metra was merged with and into the Company. The Company simultaneously changed its name to United HealthCare of New England, Inc. Effective January 25, 2002, the Company formally changed the appearance of its name to UnitedHealthcare of New England, Inc.

As of December 31, 2023, the Company continues as a for-profit corporation that is a privately held member of the UHG holding company system with one hundred percent (100%) of its shares owned by United HealthCare Services, Inc.

## **MANAGEMENT AND CONTROL**

### **Stockholders**

The Company's Bylaws, as amended on July 31, 2001, state that an annual meeting of the shareholders shall be held at such a place as fixed by the Board of Directors ("Board") on the first Monday of May in each year for the purposes of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors is not held on the day designated in the Bylaws for an annual meeting, the Board will cause the election to be held at a special meeting of the shareholders called and held as soon thereafter as is convenient.

Special meetings of the shareholders, for any purpose may be called at any time by the President, the Executive Committee or the Board, and must be called upon the request of the shareholders holding at least thirty percent (30%) of all shares entitled to vote at such meeting.

### **Board of Directors**

The Bylaws provide that management control and direction of all the affairs, business and property of the Company shall be vested in the Board of Directors, which shall consist of at least three (3) and not more than eight (8) members. Vacancies in the Board caused by death, resignation, removal, disqualification, and increase in the number of directors, or any other cause may be filled by majority vote of all the remaining directors then in office, though less than a quorum, or by the shareholders of the Company at any special meeting called for that purpose.

The annual meetings of the Board are to be held as soon as practicable following each annual election of directors, for the purpose of organization, election of Officers and the transaction of

other business. Regular meetings of the Board are to be held at least quarterly.

The members of the Board of Directors together with the principal business or professional affiliation of each director is as follows at December 31, 2023:

<b>Name</b>	<b>Business Affiliation</b>	<b>Term Expires</b>
Mary Rachel Snyder <sup>1</sup>	Chief Executive Officer, Northeast Region Medicare & Retirement Segment UnitedHealth Group, Inc.	2023
Michael Alexander Floreczyk	Chief Executive Officer, Community & State Health Plan Segment UnitedHealth Group, Inc.	2023
Timothy Callahan Archer	Chief Executive Officer, Employer & Individual Health Plan Segment UnitedHealth Group, Inc.	2023

### **Committees**

The Bylaws provide that the Board of Directors may establish an executive committee, finance committee, and such other committees as may be necessary or desirable to manage the business and affairs of the Company. At December 31, 2023, there are no standing committees of the Board of Directors.

For purposes of 230-RICR-20-45-7 (“Annual Financial Reporting”), also referred to as the “Model Audit Rule”, the company has deemed the UHS Community & State Audit Committee to be its audit committee.

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<sup>1</sup> Effective August 16, 2024, Mary R. Snyder was removed from the Board. Effective October 8, 2024, Suzanne J. Swoop O’Brien was elected as a Director.

## **Officers**

The Articles of Incorporation provide that the Board of Directors may elect such Officers as are provided for in the Bylaws of the Company.

The Bylaws provide that the principal officers of the Company shall be a President, a Vice President, a Treasurer, and a Secretary. Each officer of the Company shall be elected annually by a majority of the whole Board and shall hold office until his or her successor has been duly elected and qualified, or until death, resignation or removal. The Board may also elect one or more assistant treasurers and assistant secretaries. In addition, there may be such other subordinate officers, agents and employees as may be deemed necessary by the Board. The Board may delegate to any principal officer the power to appoint any such subordinate officers, agents or employees.

The officers serving, and their respective titles at December 31, 2023, are as follows:

Michael Alexander Florczyk	Chief Executive Officer, and Vice President, Medicaid Operations
Timothy Callahan Archer	President
Richard Michael Hersch <sup>2</sup>	Chief Financial Officer
Peter Marshall Gill <sup>3</sup>	Treasurer
Bryn Searns	Secretary
Nyle Brent Cottington	Vice President
Heather Anastasia Lang	Assistant Secretary
Jessica Leigh Zuba	Assistant Secretary

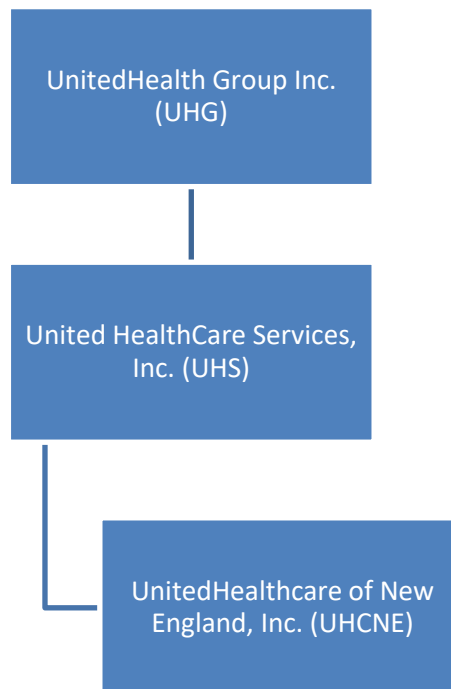
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<sup>2</sup> Effective August 1, 2024, Richard M. Hersch was removed as Chief Financial Officer. Effective October 24, 2024, Ross A. Bauerly was elected to serve as Chief Financial Officer.

<sup>3</sup> Effective August 30, 2024, Peter M. Gill was removed as Treasurer. Effective August 30, 2024, Marilyn V. Hirsch was elected to serve as Treasurer.

## **Organizational Structure**

The Company is a wholly owned subsidiary of United HealthCare Services, Inc. (“UHS”), which is a Minnesota general business corporation. UHS is a wholly owned subsidiary of UnitedHealth Group Incorporated (“UHG”). UHG is a publicly held Minnesota general business corporation which is traded on the New York Stock Exchange. The following represents an abbreviated organizational chart as of December 31, 2023. The chart is not inclusive of the entire organizational structure, but includes only the Company and its controlling affiliates:



## **Intercompany Agreements**

### **Tax Sharing Agreement**

Effective January 1, 1990, and amended on March 1, 2019, the Company entered into a Tax Sharing Agreement with UnitedHealth Group Incorporated. The Tax Sharing Agreement establishes a formal method for the allocation and settlement of federal, state and local income tax liabilities related to the consolidated federal income tax returns filed each year.

### **Subordinated Revolving Credit Agreement**

Effective October 1, 2012, the Company entered into a Subordinated Revolving Credit Agreement (“Credit Agreement”) with UnitedHealth Group Incorporated. Under the Credit Agreement, the Company is able to borrow upon demand up to a maximum amount of \$50,000,000, at a rate based on the London Interbank Offered Rate (“LIBOR”) plus 50 basis points in effect on the last business day of the month, prior to the month for which interest is being calculated. The rate shall reset each month, and any amount loaned is subject to repayment within one year, with no prepayment penalties. All loans shall be subordinated to the claims of non-affiliated creditors and loans from non-affiliated lenders of the Company.

This Credit Agreement became effective on October 1, 2012, and was terminated effective December 31, 2022.

### Promissory Note Agreement

Effective January 1, 2023, the Company entered into a Promissory Note (the “January Note”) with United HealthCare Services, Inc. (“UHS”). The maximum amount that may be borrowed by the Company from UHS under this note is not to exceed, in any year, the lesser of 3% of the Company’s admitted assets or 25% of surplus as regards policyholders, each as of the prior year end.

Effective April 1, 2023, the Company entered into a Promissory Note (the “April Note”) with UHS. Pursuant to the April Note, UHS agrees to lend to the Company an aggregate principal amount as named within the April Note for an arm’s length interest charge. The April Note may be prepaid at any time in whole or in part. Payment of principal and interest will be subordinated to the claims of non-affiliated creditors. The April Note was submitted for review and approval to the Insurance Division on February 13, 2023, and was approved on March 9, 2023. Following the approval of the April Note, the January Note was automatically terminated with no further effect or force.

No advances were made under either Promissory Note Agreement in 2023, and there was no outstanding balance under the agreement at December 31, 2023.

### Parental Guaranty Agreement

Effective February 27, 2004, the Company entered into a Parental Guaranty Agreement (“Guaranty”) with UHS, under which UHS guarantees that if at any quarter-end, UHCNE fails to maintain its Total Adjusted Capital at a level of 275% of the Authorized Control Level (as defined

in RI Gen. Laws §27-4-.7-2), UHS will make capital contributions to UHCNE or take other actions to cause UHCNE's Total Adjusted Capital to be at or above 275% of the Authorized Control Level.

#### Management Services Agreement

Pursuant to the terms of a management services agreement ("management agreement"), as amended effective July 1, 2011, UHS provides management services to the Company under a fee structure, which is based on a percentage of premium representing UHS' expenses for services or use of assets provided to the Company. UHCNE does not have any employees and is provided services that are administrative and operational in nature and cover expenses such as payroll, rent, supplies, utilities, property and equipment and other general and administrative expenses that would be incurred if the Company had its own employees. In addition, UHS provides or arranges for services on behalf of the Company using a pass-through of charges incurred by UHS on a Per Member Per Month ("PMPM") basis (where the charge incurred by UHS is on a PMPM basis) or using another allocation methodology consistent with the management agreement. These services may include, but are not limited to, integrated personal health management solutions, such as disease management, treatment decision support, and wellness services, including a 24-hour call-in service, and discount program services. The amount and types of services provided pursuant to the pass-through provision of the management agreement can change year over year as UHS becomes the contracting entity for services provided to the Company's members. Certain expenses that are not covered within the scope of the management agreement may be paid by UHS and reimbursed by the Company.

The management agreement shall continue until terminated upon the written agreement of both



parties and sixty days after any party's written notice of intent to terminate to all other parties. Termination requires prior notification to the Insurance Commissioner of the State of Rhode Island, Department of Business Regulation.

#### *Other Affiliated Agreements*

The Company is also a party to several other agreements whereby affiliated companies provide members with various services and benefits including chiropractic, dental, vision care, money-saving health programs, substance abuse, mental health, pharmacy benefits, durable medical equipment, 24-hour nurse line, healthy pregnancy, and transplant.

The Company has also entered into reinsurance agreements with affiliated companies, and these are discussed in the 'Reinsurance' section below.

## **TERRITORY AND PLAN OF OPERATION**

The Company is a member of the UnitedHealthcare network, which is headquartered in Minnetonka, Minnesota. At December 31, 2023, The Company is licensed as a health maintenance organization in the states of Maine, Massachusetts, New Hampshire, Pennsylvania, Rhode Island and Vermont. It offers enrollees a variety of managed care programs and products through contractual arrangements with health care providers.

The Company also served as a plan sponsor offering Medicare Advantage and Medicare Part D prescription drug insurance coverage under a contract with the Centers for Medicare and Medicaid Services (“CMS”). Effective January 1, 2022, the Company novated its CMS contracts to an affiliate, UnitedHealthcare of Wisconsin, Inc.

The Company also has a contract with the State of Rhode Island, Department of Human Services, to provide health care services to Medicaid-eligible beneficiaries in Rhode Island. Effective January 1, 2023, the Company also has a contract to provide Medicare services to Medicaid members who are dually eligible for Medicare.

Effective January 1, 2022, the Company began offering comprehensive commercial products in the state of Maine.

## **REINSURANCE**

### **Excess Loss Reinsurance Agreement**

Effective January 1, 1998, the Company entered into an Excess of Loss Reinsurance Agreement (“Excess of Loss Agreement”) with UnitedHealthcare Insurance Company (“UHIC”), an affiliate, for its commercial, Medicare and Medicaid members. The Excess of Loss Agreement provides for insolvency protection, member out-of-area conversion privileges, hospital inpatient claims in excess of certain limits, and small group out-of-area coverage. The Excess of Loss Agreement has been amended several times to make changes to insolvency language as requested by regulators; to include contract changes and enhancements; and, to correct an error in the original agreement. Effective January 1, 2004, the Excess of Loss Agreement was superseded by a Coinsurance Reinsurance Agreement to cover all of the Company’s business except its Medicaid business. Therefore, the Excess of Loss Agreement remains in effect for the Company’s Medicaid business.

### **Coinsurance Reinsurance Agreement**

Effective January 1, 2004, the Company and UHIC entered into a Coinsurance Reinsurance Agreement providing 60% coinsurance on behalf of the Company’s commercial business. This Coinsurance Reinsurance Agreement supersedes and replaces any and all previous reinsurance agreements entered into that covered the Company’s commercial business.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the Rhode Island Insurance Division and present the financial condition of the Company for the period ending December 31, 2023. 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:

Comparative Statement of Assets  
December 31, 2023 and December 31, 2018

Comparative Statement of Liabilities, Capital and Surplus  
December 31, 2023 and December 31, 2018

Statement of Revenue and Expenses  
Year Ended December 31, 2023

Reconciliation of Capital and Surplus  
December 31, 2018 to December 31, 2023

Analysis of Examination Adjustments  
December 31, 2023

**UNITEDHEALTHCARE OF NEW ENGLAND, INC.**  
**Comparative Statement of Assets**  
**December 31, 2023 and December 31, 2018**

	December 31, 2023	December 31, 2018	Increase (Decrease)
Bonds	\$263,882,080	\$214,926,319	\$48,955,761
Common stocks	-	11,621,975	(11,621,975)
Cash, cash equivalents, and short-term investments	175,053,114	5,663,402	169,389,712
Investment income due and accrued	1,900,626	1,314,782	585,844
Uncollected premiums and agents' balances in the course of collection	3,406,859	21,580,495	(18,173,636)
Accrued retrospective premiums and contracts subject to redetermination	8,702,633	43,170,090	(34,467,457)
Amounts recoverable from reinsurers	180,949	749,162	(568,213)
Other amounts receivable under reinsurance contracts	40,733	14,583	26,150
Amounts receivable relating to uninsured plans	463,023	2,236,239	(1,773,216)
Current federal and foreign income tax recoverable and interest thereon	9,978,261	-	9,978,261
Net deferred tax asset	3,743,326	3,278,398	464,928
Receivables from parent, subsidiaries, and affiliates	3,831,523	-	3,831,523
Health care and other amounts receivable	4,634,132	26,267,445	(21,633,313)
Aggregate write-ins for other-than-invested assets	4,601,056	152,281	4,448,775
Total Assets	<u>\$480,418,315</u>	<u>\$330,975,171</u>	<u>\$149,443,144</u>

**UNITEDHEALTHCARE OF NEW ENGLAND, INC.**  
**Comparative Statement of Liabilities, Capital and Surplus**  
**December 31, 2023 and December 31, 2018**

	December 31, 2023	December 31, 2018	Increase (Decrease)
Claims unpaid	\$47,046,323	\$112,847,609	(\$65,801,286)
Accrued medical incentive pool and bonus amounts	28,332,802	5,225,174	23,107,628
Unpaid claims adjustment expenses	400,006	916,943	(516,937)
Aggregate health policy reserves	96,128,695	11,267,481	84,861,214
Aggregate health claim reserves	504,109	593,484	(89,375)
Premiums received in advance	53,636,824	50,528,510	3,108,314
General expenses due or accrued	453,284	3,801,850	(3,348,566)
Current federal and foreign income tax payable and interest thereon	-	1,170,238	(1,170,238)
Ceded reinsurance premiums payable	37,793	553,531	(515,738)
Amounts withheld or retained for the account of others	-	156,925	(156,925)
Remittances and items not allocated	325	34,355	(34,030)
Amounts due to parent, subsidiaries, and affiliates	-	334,718	(334,718)
Payable for securities	-	4,001,250	(4,001,250)
Liability for amounts held under uninsured plans	1,055,524	6,932,065	(5,876,541)
Aggregate write-ins for other liabilities	22,316,467	6,253	22,310,214
Total Liabilities	<u>\$249,912,152</u>	<u>\$198,370,386</u>	<u>\$51,541,766</u>
Common capital stock	5,862,835	5,862,835	-
Gross paid in and contributed surplus	12,000,000	12,000,000	-
Unassigned funds (surplus)	<u>212,643,328</u>	<u>114,741,950</u>	<u>97,901,378</u>
Total capital and surplus	<u>230,506,163</u>	<u>132,604,785</u>	<u>97,901,378</u>
Total Liabilities, Capital and Surplus	<u><u>\$480,418,315</u></u>	<u><u>\$330,975,171</u></u>	<u><u>\$149,443,144</u></u>

**UNITEDHEALTHCARE OF NEW ENGLAND, INC.**  
**Statement of Revenue and Expenses**  
**Year Ended December 31, 2023**

Revenue:

Net premium income	\$686,158,208
Change in unearned premium reserves and reserve for rate credits	<u>17,165,462</u>
Total revenues	703,323,670

Hospital and Medical:

Hospital/medical benefits	463,404,780
Other professional services	256,960
Prescription drugs	130,239,926
Incentive pool, withhold adjustments, and bonus amounts	<u>39,306,599</u>
Subtotal	633,208,265

Less:

Net reinsurance recoveries	<u>4,316,558</u>	
Total hospital and medical	628,891,707	
Claims adjustment expenses	19,243,445	
General administrative expenses	<u>31,582,189</u>	
Total underwriting deductions		<u>679,717,341</u>
Net underwriting gain or (loss)		23,606,329

Investment Income:

Net investment income earned	15,565,555	
Net realized capital gains or (losses)	<u>390,379</u>	
Net investment gains or (losses)		15,955,934

Other Income:

Net gain or (loss) from agents' or premium balances charged off	<u>59,446</u>	
Net income or (loss), after capital gains tax and before all other federal income taxes		39,621,709
Federal and foreign income taxes incurred		<u>7,910,172</u>
Net income (loss)		<u><u>\$31,711,537</u></u>

**UNITEDHEALTHCARE OF NEW ENGLAND, INC.**  
**Reconciliation of Capital and Surplus**  
**December 31, 2018 to December 31, 2023**

Capital and Surplus, December 31, 2018			\$132,604,785
	<u>Gains</u>	<u>Losses</u>	
Net income	\$223,179,651		
Change in net unrealized capital gains (losses)	54,833		
Change in net deferred income tax	464,928		
Change in nonadmitted assets		(\$697,301)	
Dividends to stockholders		(125,100,733)	
Total Gains and Losses	<u>223,699,412</u>	<u>(125,798,034)</u>	
Net change in Capital and Surplus for the period			97,901,378
Capital and Surplus, December 31, 2023			<u>\$ 230,506,163</u>



**UNITEDHEALTHCARE OF NEW ENGLAND, INC.**  
**Analysis of Examination Adjustments**  
**December 31, 2023**

The examination of UnitedHealthcare of New England, Inc., performed as of December 31, 2023, did not disclose any material misstatements to the financial statements contained in its 2023 Annual Statement filing. Accordingly, the amounts reported by the Company have been accepted for purposes of this report.

## **COMMENTS ON FINANCIAL STATEMENTS**

### **Bonds**

**\$ 263,882,080**

The above amount is the net admitted value of bonds owned by the Company at December 31, 2023 and is materially the same amount reported in its 2023 Annual Statement.

All bonds are held in accordance with the terms of custodial agreements with third-party financial institutions. Approximately 0.6% of the bond portfolio, which accounts for \$1,491,526, are held in the form of special deposits with various states.

The quality designations of all securities included in the Company's bond portfolio were reviewed based upon criteria established by the NAIC's Securities Valuation Office. It was noted that 98.5% of the bond portfolio were designated NAIC 1, which are bonds of the "highest" quality, according to the NAIC Designation System, and 1.5% were designated NAIC 2 ("high" quality).

The aggregate book/adjusted carrying value, fair value, actual cost, and par value of the bond portfolio at December 31, 2023, is as follows:

Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value
\$263,882,080	\$245,372,549	\$269,886,490	\$260,440,415

<b><u>Cash, cash equivalents, and short-term investments</u></b>	<b><u>\$ 175,053,114</u></b>
Cash	\$(21,721)
Cash equivalents	175,074,835
Short-term investments	0

The above amount is the net admitted value of cash, cash equivalents, and short-term investments held by the Company at December 31, 2023 and is the same amount reported in its 2023 Annual Statement.

**Actuarially determined assets and (liabilities)**

Claims unpaid	\$(47,046,323)
Unpaid claims adjustment expenses	(400,006)
Accrued medical incentive pool and bonus amounts	(28,332,802)
Aggregate health policy reserves	(96,128,695)
Aggregate health claim reserves	(504,109)
Any other loss reserves, actuarial liabilities, or related items presented as liabilities in the Annual Statement	(77,992)
Accrued retrospective premiums	8,702,633
Health care and other amounts receivable	4,634,132

The Nebraska Department of Insurance contracted with Lewis & Ellis (“L&E”) to perform a review of UHG’s Actuarial Pricing and Reserving Key Functional Activities. The actuarially determined amounts above are the same as those reported in the Company’s 2023 Annual Statement.

The above amount for “Accrued medical incentive pool and bonus amounts” represents the Company’s liability at December 31, 2023. The balance primarily arises from Medicaid gain-sharing arrangements, under which providers can earn shared savings payments by achieving cost savings and quality targets.

The above amount for “Aggregate health policy reserves” represents the Company’s aggregate reserves for accident and health policies at December 31, 2023, including payables for return premium for contracts subject to redetermination. The balance primarily consists of Medicaid risk-sharing payments due to the State of Rhode Island.

The above amount for “Accrued retrospective premiums” is the net admitted value held by the Company at December 31, 2023. The balance primarily consists of Medicaid payments receivable from the State of Rhode Island under the risk corridor program and under a withhold arrangement in which payments are made upon the Company meeting certain Alternative Payment Methodology targets.

The above amount for “Health care and other amounts receivable” is the net admitted value held by the Company at December 31, 2023. The balance primarily consists of pharmaceutical rebates receivable.

The above amounts for “Claims unpaid” and “Unpaid claims adjustment expense” represent the Company’s unpaid claim liabilities and unpaid claims adjustment expenses at December 31, 2023. L&E reviewed the Company’s reported reserves for reasonableness. L&E relied upon the underlying data reported by the Company, and their analyses included a review of the actuarial assumptions and methods utilized in determining the reserves, and such tests of actuarial calculations as deemed necessary. The examination team either independently performed testing, or relied upon the procedures

performed by the Company's independent accounting firm, to verify the integrity of the underlying claims data, including completeness and accuracy. A combination of subjective and statistical sampling techniques was utilized in testing the claims data, as deemed appropriate.

L&E concluded that the methodologies and assumptions used by the Company's actuarial staff to establish its unpaid claim liabilities are reasonable and appropriate. L&E also concluded that the estimates for significant actuarial amounts are reasonable.

**Premiums received in advance**

**\$ 53,636,824**

The above amount represents total premiums received in advance by the Company at December 31, 2023 and is the same amount reported in its 2023 Annual Statement. This amount consists primarily (99.9%) of Medicaid premium for January 2024 paid by the State of Rhode Island in December 2023.

**Aggregate write-ins for other liabilities**

**\$ 22,316,467**

The above amount represents aggregate write-ins for other liabilities of the Company at December 31, 2023 and is the same amount reported in its 2023 Annual Statement. This amount consists primarily (99.9%) of dividends payable.

## **SUBSEQUENT EVENTS**

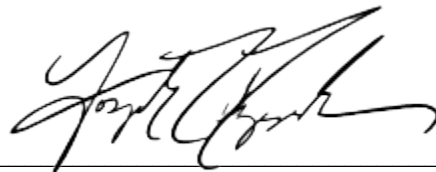
A review of financial information, the Company's records, and the minutes to the Board of Directors' meetings and its various committees for the period subsequent to the examination period was performed to ascertain whether any subsequent events have occurred which would have a material impact on the Company's operations or financial statements. In addition, an inquiry was made of the Company's management regarding subsequent events. Based upon our review, there were no significant events and/or transactions which occurred subsequent to the period covered by this examination.

## **CONCLUSION**

We have applied verification procedures to the data and information contained in this report using sampling techniques and other examination procedures as deemed appropriate. While sampling and other examination procedures do not give complete assurance that all errors and irregularities will be detected, had any been detected during the course of this examination, such errors and/or irregularities would have been disclosed in this report. Other than what has been noted in the body of this report, we were not informed of, and did not become aware of, any errors or irregularities that could have a material effect on the financial condition of the Company as presented in this report.

Participating in the examination with the undersigned was Kathleen Holmes, Senior Insurance Examiner representing the Rhode Island Insurance Division.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Joseph R. Rapczak', written over a horizontal line.

Joseph R. Rapczak, CPA, CIA, CFE  
Insurance Examiner-In-Charge  
Rhode Island Insurance Division