

## AMENDED FILING EXPLANATION

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July 1, 2020

Mr. Eric Hronek, CPA  
Ohio Insurance Department  
Office of Risk Assessment  
50 W. Town Street  
Third Floor - Suite 300  
Columbus, OH 43215

Dear Mr. Hronek,

This letter is in response to your questions regarding the transfer of funds from Provider Partners Health Plan of Ohio (PPHPOH) to Provider Partners Management Services, LLC ("PPMS"), a related party. PPMS has been performing exploratory research related to potential Skilled Nursing Facility Partners in Ohio and other States, as well as what counties and service areas in those states could be viable during an expansion. Those costs are and were related to and incurred by PPMS, however they were erroneously coded to "Due from Provider Partners Health Plan of Ohio, Inc". Because of the related party receivable that was recorded on PPMS's balance sheet in error, a transfer was made from PPHPOH. After becoming aware of the error, PPMS transferred \$300,000 back to PPHPOH effective June 17, 2020. Additionally, the Company is amending the Notes to the Financial Statements for the three months ended March 31, 2020, to provide additional clarification of this matter. There were no changes to the Company's admitted assets, liabilities surplus or income as a result of these changes as of and for the three months ended March 31, 2020.

You specifically asked who approved the transfer of funds from PPHPOH to PPMS. The Chief Executive Officer's approval of the fund transfer was predicated on improper coding. If we can be of any further assistance, please call or email me.

Sincerely,

A handwritten signature in blue ink that reads "Mary Beth McIntyre". The signature is fluid and cursive, with "Mary Beth" on the top line and "McIntyre" on the line below it.

Mary Beth McIntyre  
Senior Director of Finance  
Provider Partners Health Plan of Ohio, Inc.



# HEALTH QUARTERLY STATEMENT

As of March 31, 2020  
of the Condition and Affairs of the

## PROVIDER PARTNERS HEALTH PLAN OF OHIO, INC.

NAIC Group Code.....4842, 4842  
(Current Period) (Prior Period)

NAIC Company Code..... 16362

Employer's ID Number.... 82-3676800

Organized under the Laws of OH

State of Domicile or Port of Entry OH

Country of Domicile US

Licensed as Business Type HEALTH MAINTENANCE ORGANIZATION Is HMO Federally Qualified? Yes [ ] No [ X ]

Incorporated/Organized..... November 9, 2017

Commenced Business..... November 9, 2017

Statutory Home Office

CORPORATION SERVICE COMPANY, 50 WEST BROAD STREET,  
COLUMBUS .. OH .. US .. 43215

Main Administrative Office

785 ELKRIDGE LANDING ROAD, SUITE 300 .. LINTHICUM HEIGHTS .. MD  
.. US .. 21090

443-275-9800

Mail Address

785 ELKRIDGE LANDING ROAD, SUITE 300 .. LINTHICUM HEIGHTS .. MD  
.. US .. 21090

(Area Code) (Telephone Number)

Primary Location of Books and Records

785 ELKRIDGE LANDING ROAD, SUITE 300 .. LINTHICUM HEIGHTS .. MD  
.. US .. 21090

443-275-9800

Internet Web Site Address

(Street and Number) (City or Town, State, Country and Zip Code)

(Area Code) (Telephone Number)

Statutory Statement Contact

MARY BETH MCINTYRE

443-275-9800

(Name)

MMCINTYRE@PPHEALTHPLAN.COM

(Area Code) (Telephone Number) (Extension)

(E-Mail Address)

(Fax Number)

### OFFICERS

Name  
1. BRUCE R GRINDROD JR.  
3. MARY BETH MCINTYRE

Title  
CEO AND PRESIDENT  
TREASURER

Name  
2. MARY BETH MCINTYRE  
4.

Title  
SECRETARY

### OTHER

SCOTT M RIFKIN MD

BRUCE R GRINROD JR

JOAN NEUSCHELER

State of..... OHIO  
County of..... UNITED STATES

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of, or in addition to the enclosed statement.

  
(Signature)  
BRUCE R GRINDROD JR.  
1. (Printed Name)  
CEO AND PRESIDENT  
(Title)

  
(Signature)  
MARY BETH MCINTYRE  
2. (Printed Name)  
SECRETARY  
(Title)

  
(Signature)  
MARY BETH MCINTYRE  
3. (Printed Name)  
TREASURER  
(Title)

Subscribed and sworn to before me  
This \_\_\_\_\_ day of \_\_\_\_\_

a. Is this an original filing?  
b. If no:  
1. State the amendment number  
2. Date filed  
3. Number of pages attached

Yes [ ] No [ X ]

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7/1/2020

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**NOTES TO FINANCIAL STATEMENTS****Note 1 – Summary of Significant Accounting Policies and Going Concern****A. Accounting Practices**

The accompanying financial statements of Provider Partners Health Plan of Ohio, Inc. (Company) have been prepared on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The state of Ohio requires insurance companies domiciled in the state of Ohio to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Ohio Department of Insurance.

There were no differences between Ohio prescribed practices and NAIC statutory accounting practices (NAIC SAP) which affect the Company.

	SSAP #	F/S Page	F/S Line #	Current Year to Date	2019
<b>NET INCOME</b>					
(1) PROVIDER PARTNERS HEALTH PLAN OF OHIO, INC. Company state basis (Page 4, Line 32, Columns 2 & 4)	XXX	XXX	XXX	\$ (563)	\$ (86,397)
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ (563)	\$ (86,397)
<b>SURPLUS</b>					
(5) PROVIDER PARTNERS HEALTH PLAN OF OHIO, INC. Company state basis (Page 3, line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 1,899,620	\$ 1,895,183
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 1,899,620	\$ 1,895,183

**B. Use of Estimates in the Preparation of the Financial Statement**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in these financial statements and notes. Actual results could differ from these estimates.

**C. Accounting Policy**

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair value.
2. Investment grade non-loan-backed bonds with NAIC designations 1 or 2 are stated at amortized value using the interest method. Non-investment grade non-loan-backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. See paragraph 6 for loan-backed and structured securities.
3. Common stocks, other than investments in stocks of subsidiaries and affiliates, are stated at fair value.
4. Investment grade redeemable preferred stocks are stated at amortized value. Investment grade perpetual preferred stocks are stated at fair value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair value.
5. Not applicable as the Company does not have investments in mortgage loans.
6. U.S. government agency loan-backed and structured securities are valued at amortized value. Other loan-backed and structured securities are valued at either amortized value or fair value, depending on many factors including: the type of underlying collateral, whether modeled by NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office), and relationship of amortized value to par value and amortized value to fair value.
7. Not applicable as the Company does not have investments in subsidiary and affiliated companies.
8. Not applicable as the Company does not have investments joint ventures, partnerships and limited liability companies.
9. Not applicable as the Company does not have investments in derivatives.
10. The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.
11. Unpaid claims and claim adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for claims incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liabilities may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
12. The Company has a written capitalization policy for prepaid expenses and purchases of items such as electronic data processing equipment, software, furniture, vehicles, other equipment and leasehold improvements. The predefined capitalization thresholds under this policy have not changed from those of the prior year.

**NOTES TO FINANCIAL STATEMENTS**

13. The Company estimates pharmaceutical rebates utilizing past experience and accumulated statistical data. These estimates are continuously reviewed and any adjustments are reflected in current operations.

**D. Going Concern**

The Company began operations during 2018. Company shareholders will have to provide capital to the Company to fund ongoing operations until the Company's membership is adequate.

**Note 2 – Accounting Changes and Corrections of Errors**

No significant changes

**Note 3 – Business Combinations and Goodwill**

No significant changes

**Note 4 – Discontinued Operations**

No significant changes

**Note 5 – Investments**

No significant changes

**Note 6 – Joint Ventures, Partnerships and Limited Liability Companies**

No significant changes

**Note 7 – Investment Income**

No significant changes

**Note 8 – Derivative Instruments**

Not applicable

**Note 9 – Income Taxes**

The Company has a policy that it does not admit deferred income taxes until the time at which it becomes profitable.

**Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties****A. Nature of the Relationship Involved**

The Company is affiliated with Mid-Atlantic Healthcare, LLC (MAHC), Provider Partners Health Plan of Pennsylvania, Inc. (PPHPPA), Provider Partners Health Plan, Inc. (PPHP), Provider Partners Health Plan of Illinois, Inc. (PPHPIL), Provider Partners Health Plan of Missouri, Inc. (PPHPMO) Provider Partners Managed Services (PPMS), Rifkin Managed Care Holdings, LLC (RMCH) and Philadelphia Nurse Practitioners (PNP) through common ownership. The Company allocates costs between these related parties as they are incurred.

**B. Transactions**

The Company allocates costs to its various related parties based on costs incurred on their behalf. During the three months ended March 31, 2020, ownership contributed capital totaling \$5,000. During the year ended December 31, 2019, ownership contributed capital totaling \$108,000.

PPMS, a related party who has a pending management agreement with the Company, began performing exploratory research related to potential Skilled Nursing Facility partners in Ohio and other states, as well as what counties and service areas in those states could be viable during an expansion. These costs are and were related to and incurred by PPMS, however, since many of the invoices stated Ohio on them, they were erroneously coded to "Due from PPHPOH" on PPMS's balance sheet. Because of the related party receivable that was recorded on PPMS's balance sheet in error, a transfer was made from PPHPOH to PPMS. After becoming aware of the error, PPMS transferred \$300,000 back to PPHPOH. Management has discussed this with staff and provided additional training. Additionally, PPMS repaid this amount to the Company effective June 17, 2020.

**C. Dollar Amounts of Transactions**

The Company had balances due from Provider Partners Management Services, LLC totaling \$266,663 at March 31, 2020, as a result of transferring \$300,000 as described in "B Transactions", above. As previously noted this \$300,000 was repaid by PPMS to the Company on June 17, 2020. The Company had a balance due to Provider Partners Health Plan of PA of \$8,067 at December 31, 2019 and a balance due to Provider Partners Management Services, LLC of \$33,337 December 31, 2019.

**D. Amounts Due From or To Related Parties**

See above

**E. Guarantees or Undertakings**

Not applicable

**F. Material Management or Service Contracts and Cost-Sharing Arrangements**

Not applicable

**G. Nature of the Control Relationship**

**NOTES TO FINANCIAL STATEMENTS**

Not applicable

H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned  
Not applicable

I. Investments in SCA that Exceed 10% of Admitted Assets  
Not applicable

J. Investments in Impaired SCAs  
Not applicable

K. Investment in Foreign Insurance Subsidiary  
Not applicable

L. Investment in Downstream Noninsurance Holding Company  
Not applicable

M. All SCA Investments  
Not applicable

N. Investment in Insurance SCAs or prescribed practices  
Not applicable

**Note 11 – Debt**

Not applicable

**Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

Not applicable

**Note 13 – Capital and Surplus, Shareholder’s Dividend Restrictions and Quasi-Reorganizations**

During the three and twelve months ended March 31, 2020 and December 31, 2019, the Company received \$5,000 and \$108,000 of capital from its parent, Rifkin Managed Care Holdings, LLC.

**Note 14 – Liabilities, Contingencies and Assessments**

No significant changes

**Note 15 – Leases**

No significant changes

**Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

No significant changes

**Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

Not applicable.

**Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Portion of Partially Insured Plans**

No significant changes

**Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

No significant changes

**Note 20 – Fair Value Measurements**

Not applicable.

**Note 21 – Other Items**

No significant changes

**Note 22 – Events Subsequent**

Subsequent events have been considered through July 1, 2020, the date the financial statements were amended. Subsequent to March 31, 2020, the Company recognized that it made an error while transferring \$300,000 to its affiliate Provider Partners Management Services, LLC. As a result, Provider Partners Management Services, LLC restated their financial statements and transferred \$300,000 back to the Company. The \$300,000 was transferred to the Company by Provider Partners Management Services, LLC on June 17, 2020. See additional details in Note 10, related parties.

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## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 23 – Reinsurance**

No significant changes

### **Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination**

The Company has not yet begun writing business, and as such, this is not applicable.

### **Note 25 – Change in Incurred Losses and Loss Adjustment Expenses**

The Company has not yet begun writing business, and as such, this is not applicable.

### **Note 26 – Intercompany Pooling Arrangements**

No significant changes

### **Note 27 – Structured Settlements**

Not applicable for Health Companies.

### **Note 28 – Health Care Receivables**

The Company has not yet begun writing business, and as such, this is not applicable.

### **Note 29 – Participating Policies**

The Company has not yet begun writing business, and as such, this is not applicable.

### **Note 30 – Premium Deficiency Reserves**

The Company has not yet begun writing business, and as such, this is not applicable.

### **Note 31 – Anticipated Salvage and Subrogation**

The Company has not yet begun writing business, and as such, this is not applicable.