

**STATE OF NORTH DAKOTA
BISMARCK, NORTH DAKOTA**

REPORT ON THE ORGANIZATION

OF THE

**GOOD SAMARITAN INSURANCE PLAN OF
NORTH DAKOTA, LLC
BISMARCK, NORTH DAKOTA**

**AS OF
MARCH 31, 2017**

STATE OF NORTH DAKOTA
DEPARTMENT OF INSURANCE

I, the undersigned, Commissioner of Insurance of the State of North Dakota do hereby certify that I have compared the annexed copy of the Report of Organization of:

Good Samaritan Insurance Plan of North Dakota, LLC


Statutory Home Office
301 Lorraine Drive
Bismarck, ND 58503

Administrative Offices
4800 West 57th Street
Sioux Falls, South Dakota, 57117-5038

as of March 31, 2017, with the original on file in this Department and that the same is a correct transcript there from and of the whole of said original.

IN WITNESS WHEREOF, I have hereunto
set my hand and affixed my official seal at my
office in the City of Bismarck, this 15 day of
September, 2017.





Jon Godfread
Insurance Commissioner

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Bismarck, North Dakota
June 27, 2017

Honorable Jon Godfread
Commissioner of Insurance
State of North Dakota
600 East Boulevard Avenue
Bismarck, ND 58505

Commissioner:

Pursuant to your instructions and statutory requirements, an organizational examination has been made of:

**Good Samaritan Insurance Plan of North Dakota, LLC
Bismarck, North Dakota**

Wherever the designations "Company" or "GSIPND" appear herein without qualification, they should be understood to indicate Good Samaritan Insurance Plan of North Dakota, LLC.

SCOPE OF EXAMINATION

This examination comprised a complete verification of the issuance of the Company's capital stock, the receipt of capital and surplus funds, and the determination of the Company's assets and liabilities. The records examined were the Company's Uniform Certificate of Authority Application (UCAA), Articles of Organization, By-laws, Certificate of Organization, Certificate of Authority, Service and Provider Agreements entered into by the Company as of the examination date.

INCORPORATION

The Evangelical Lutheran Good Samaritan Society (The Society) and AllyAlign Health, Inc. (AllyAlign) formed a joint venture, Good Samaritan Insurance Plan of North Dakota, LLC, to market an Institutional-Special Needs Plan or I-SNP ("The Plan") to the Society's long-term care residents in North Dakota.

The Company was incorporated under the laws of the State of North Dakota on November 14, 2016.

As of the examination date, the Company's Board of Directors was comprised of the following members:

<u>Name and Address</u>	<u>Business Affiliations</u>
George Tribble	EVP & CFO

Sioux Falls, SD

The Evangelical Lutheran Good Samaritan Society

Dale Thompson
Edina, MN

Retired Health Care Consultant
Benedictine Health System.

Will Saunders
Glen Allen, VA

CEO
AllyAlign Health, Inc.

Officers

The Bylaws provide the following Officers will serve until their successors are chosen, unless they resign or are removed in accordance with the Operating Agreement or the North Dakota Limited Liability Company Act.

<u>Name</u>	<u>Office</u>
David Horazdovsky	President
Grant Tribble	Treasurer
Will Saunders	Vice President
Sara Goldstine	Secretary

CAPITALIZATION AND SUBSCRIPTION

The Society owns 85 percent of the Company and AllyAlign owns the remaining 15 percent. As of March 31, 2017, the Society had contributed \$817,000 and AllyAlign had contributed \$195,857 of the \$1,012,857 total.

AUTHORIZATION POWERS AND MINIMUM CAPITAL REQUIRED

The Company received a Certificate of Authority to transact the Accident & Health lines of business as defined in N.D.C.C. § 26.1-05-02 on April 21, 2017.

The minimum funding requirements outlined in N.D.C.C. § 26.1-05-04(3) require capital of \$500,000 and surplus of \$500,000. The Company's capital and surplus at March 31, 2017 was \$1,012,857, which meets the minimum under this statute.

Conflict of Interest

The Company has a Conflict of Interest Policy that requires Officers, Directors, and key employees of the Company to disclose any perceived conflicts on an annual basis. Any potential or actual conflict of interest must be disclosed to the Board within 30 working days after discovery including all financial interests and material facts. Signed affirmation signifies the policy has been received, read and understood, agreed, and that all applicable or potential conflicts have been disclosed. Records are kept of the signed conflict of interest statements.

Corporate Records

There were no amendments to the Bylaws or Articles of Incorporation during the period under examination.

Board of Directors Meetings

The minutes of the Board of Directors actions for the period under examination were reviewed.

AFFILIATED COMPANIES

General

The Company's parent, Good Samaritan Insurance Plan, LLC (GSIP), is an 85/15 joint venture between The Society and AllyAlign. GSIP is the parent of two additional risk-bearing entities, Good Samaritan Insurance Plan of Nebraska, Inc., and Good Samaritan Insurance Plan of South Dakota, Inc.

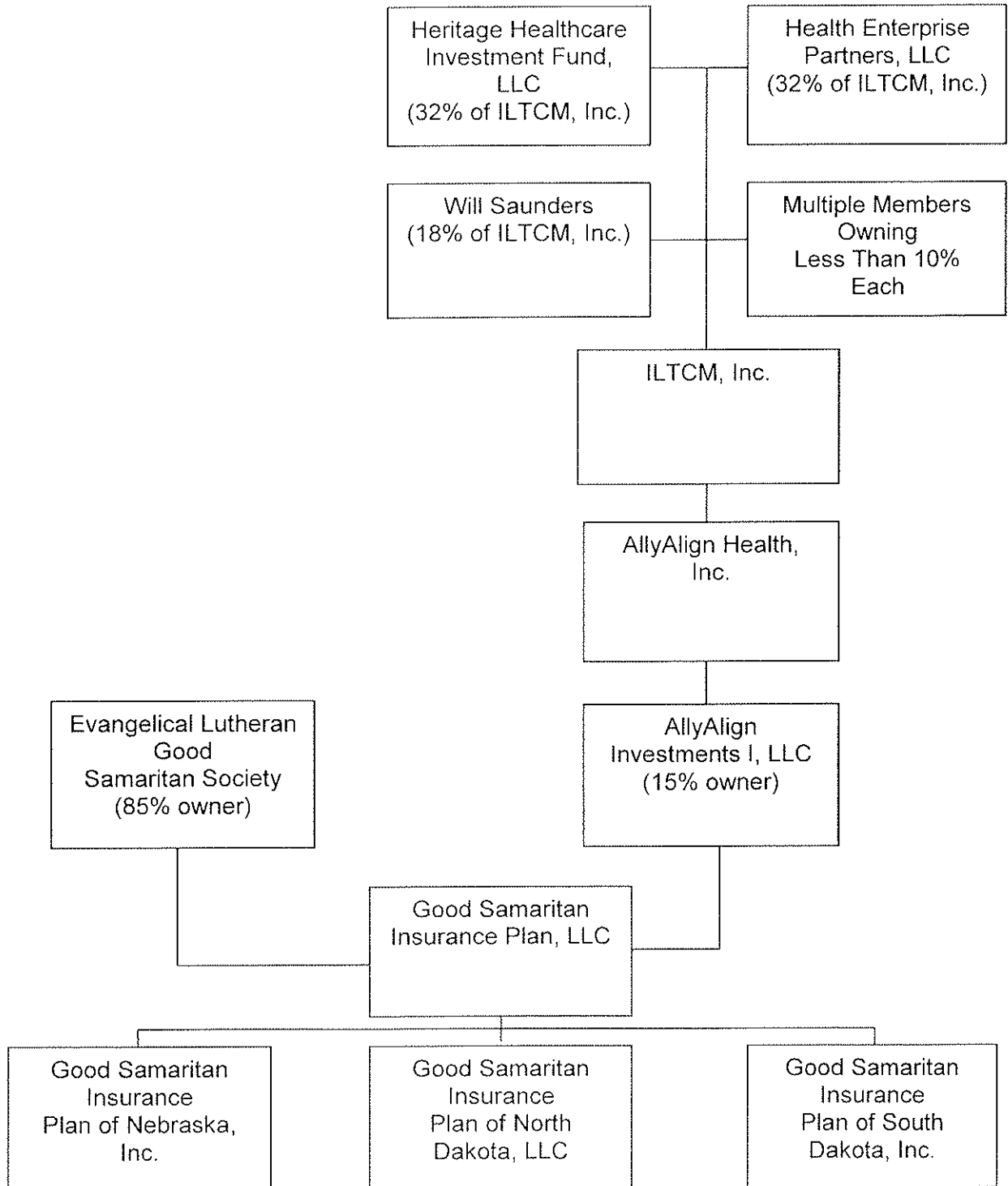
The Society was established in 1922 and offers numerous services for the elderly, primarily focusing on long-term care. The Society is based out of Sioux Falls, South Dakota and operates in more than 240 locations across the country. At December 31, 2016, it had \$753 Million in net assets.

The management and administration for the Plan is provided by AllyAlign out of Glen Allen, Virginia. AllyAlign is experienced in this industry and has similarly structured affiliations with the following Companies:

- PruittHealth Premier, Inc. I-SNP
- Signature Advantage, LLC. I-SNP
- Lifeworks Advantage, LLC I-SNP
- West Virginia Senior Advantage, Inc. I-SNP
- NHC Advantage, LLC I-SNP
- Marquis Advantage, Inc. d/b/a AgeRight Advantage Health Plan I-SNP
- Missouri Medicare Select, LLC I-SNP

Organizational Chart

An organizational chart listing the holding company system in which the Company is a member as of March 31, 2017, is as follows:



INTERCOMPANY AGREEMENTS

Management Services Agreement

Effective July 1, 2017 the Company entered into a Management Services Agreement with AlllyAlign, a licensed TPA, to provide the following services:

Core Infrastructure:

1. Administrative information systems
2. Financial systems and services
3. Claims administration and premium collection
4. Prompt payment of claims
5. Administration of payment to providers

Network Management:

6. Network provider and covered member services
7. ID cards and enrollment forms
8. Utilization review and management for contracting and appeals
9. Care Coordination Platform (Align360)
10. Development and management of provider network

Enrollment:

11. Credentialing/re-credentialing of network providers
12. Plan development and administration

Centralized Administrative Functions:

13. Quality assurance/quality improvement
14. Underwriting and rating
15. Monthly and quarterly reporting
16. Personnel selection/training
17. Compliance with statutes and laws

Termination of this agreement shall go into effect upon either a mutual agreement in writing by each party, without cause and upon 18 months prior written notice of intent not to renew, occurrence of any license revocations, insolvencies, bankruptcies, liquidation, felonies, gross negligence or Government expulsions, and thirty days prior written notice in the event of material default or breach. Management service fees will begin on January 1, 2018 and the due date will be the 10th of each month. Service fees are 11 percent of the Plan's revenues for part C and \$25 per member per month of prescription drug benefits for part D.

The 11 percent service fee for the Plan's revenues, which are listed above are broken down accordingly:

- Core Infrastructure – 6%
- Network Management – 3%
- Enrollment – 1%
- Centralized Administrative Functions – 1%

Reinsurance Agreement

Effective January 1, 2018 and upon regulatory approval, the Company plans to enter into a reinsurance agreement with U.S. Advisors, Inc. The Reinsurance Policy will consist of a \$100,000 deductible per member per contract year and a coinsurance of 90%.

Employee Lease Agreement

As of April 2017, the Company entered into an agreement with the Society for the services of leased employees. The agreement will continue for a period of five years unless otherwise terminated. Either party may terminate the agreement at any time during the period by providing 30 days advance written notice of the termination. The Company pays monthly leasing fees consisting of salary/benefits, payroll taxes, hiring costs, training costs, unemployment compensation costs, workers compensation insurance costs, administration costs, and any other associated costs.

The leased employees will remain employees of The Society, but work under the direction GSIPND and consist of the following individuals:

Executive Director-Oversees plan enrollment, sets strategic goals, manages revenue campaigns, recommends risk score improvements, develops outreach activities, and ensures compliance with requirements.

Compliance Officer-Ensures cases of non-compliance and/or misconduct are reported to the regulatory authorities, administers educational training programs, coordinates internal investigations and audits, along with implementing corrective action plans.

Pharmacy Benefit Management Services Agreement

Effective October 15, 2017, the Company entered into an agreement with Navitus Health Solutions, LLC (Navitus), a licensed Pharmacy Benefit Manager. Benefits under the Medicare Part D Prescription Drug Program include prescription drugs and medical devices. Services provided include the following:

1. Claims processing, clinical, and consultative services
2. Compliance with Federal laws and regulations
3. Implementation services
4. Client services
5. Grievances and redeterminations
6. Pharmacy help desk call center
7. Pharmacy network
8. Explanation of benefits
9. Collection of deductible, co-payment, or coinsurance by pharmacies
10. Client claims file and eligibility
11. On-line access
12. Financial Information Reporting transaction processing
13. Monthly and quarterly reporting
14. Part D data validation
15. Compliance Program Guidelines
16. Prescription Drug Event reconciliation
17. Contract and CMS compliance
18. Medicare Prescription Drug Plan Finder

This agreement may be terminated at any time. Termination for cause includes not less than a 60 day notice for material breach, immediate termination for untimely deposit of funds, or written notice for a bankruptcy or insolvency. The administrative pricing schedule consists of a minimum monthly fee of \$2,675 with a 3% annual increase along with adjudication fees and a one-time implementation charge of \$5,000 for a conditional approval.

Other Agreements in Force during the Examination Period

The Company is a party to the master software and services agreement between Orange Health Solutions, Inc. dba Citra Health Solutions and AllyAlign Health, LLC. The agreement has a five-year term with automatic annual renewals. Termination may be executed by either party and requires written notice at least 60 days prior to renewal date.

The monthly license fee for software is \$0.707 per member per month (PMPM) with a minimum monthly fee of \$3,535. For claims, fees are priced at \$0.44 per claim per month (PCPM) and claim edits at \$0.09 per claim.

FIDELITY BOND AND OTHER INSURANCE

The Company has an Employee Dishonesty policy with Cincinnati Insurance Company with a coverage limit of \$100,000 and a deductible of \$1,000. The amount of coverage meets the minimum amount recommended in the NAIC *Examiners Handbook*.

TERRITORY AND PLAN OF OPERATION

The Company will use captive agents to market The Plan to residents of the Society's long-term care facilities located in North Dakota. At March 31, 2017, those locations include:

Provider Name	County	City
Good Samaritan Society-Bottineau	Bottineau	Bottineau
Good Samaritan Society-Bismarck	Bismarck	Bismarck
Good Samaritan Society-Arthur	Cass	Arthur
Good Samaritan Society-Oakes	Dickey	Oakes
Good Samaritan Society-Larimore	Grand Forks	Larimore
Good Samaritan Society-Mott	Hettinger	Mott
Souris Valley Care Center	McHenry	Velva
Good Samaritan Society-Lakota	Nelson	Lakota
Good Samaritan Society-Devils Lake	Ramsey	Devils Lake
Good Samaritan Society-Mohall	Renville	Mohall
Good Samaritan Society-Park River	Walsh	Park River

STATUTORY DEPOSITS

On May 22, 2017, the Company provided the commissioner with a security deposit with a \$305,000 par value to meet the requirements of N.D.C.C. § 26.1-18.1-12(2).

ACCOUNTS AND RECORDS

The Company's accounting procedures, internal controls, and transaction cycles were reviewed during the course of the examination and a trial balance as of March 31, 2017 was extracted from the general ledger and traced to the Company's March 31, 2017 financial statements. The Company's ledgers are maintained electronically by its TPA, AllyAlign.

FINANCIAL STATEMENTS

The following pages present the Company's financial statements as of March 31, 2017 in the following order:

Statement of Assets, Liabilities, Surplus, and Other Funds, as of March 31, 2017

Summary of Operations, as of March 31, 2017

Good Samaritan Insurance Plan of North Dakota, LLC
Statement of Assets, Liabilities, Surplus, and Other Funds
as of March 31, 2017

	Ledger Assets	Non-admitted Assets	Net Admitted Assets
Bonds			
Cash and cash equivalents	\$ 1,012,942		\$1,012,942
Short-term investments			
Investment income due and accrued			
Uncollected premium and agents balances in the course of collection			
Amounts recoverable from reinsurers			
Federal income tax recoverable and interest thereon			
Net deferred tax asset			
Receivables from parent, subsidiaries and affiliates			
Total Assets	\$1,012,942	\$0	\$1,012,942

**Good Samaritan Insurance Plan of North Dakota, LLC
Statement of Assets, Liabilities, Surplus, and Other Funds
as of March 31, 2017**

Unpaid Claims		\$ 0
Incurred But Not Reported Claims		0
Payable to parent, subsidiaries, and affiliates		0
Total Liabilities		\$ 0
Gross paid-in and contributed surplus	1,012,942	
Unassigned funds (surplus)	0	
Surplus as regards policyholders		1,012,942
Total		\$1,012,942

**Good Samaritan Insurance Plan of North Dakota, LLC
Summary of Operations
for the Period Ended March 31, 2017**

Premiums and other revenue

Premiums and annuity considerations		\$0
Net investment income		0
Commissions and expense allowances on reinsurance ceded		0
Total Premiums and other revenue		\$0

Benefits paid or provided

Claims paid	\$0	
Increase in aggregate reserves	0	
Total Benefits paid or provided		\$0

Insurance expenses and other deductions

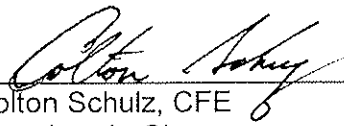
Commissions on premiums	\$ 0	
Bank Fees	15	
Insurance taxes, licenses and fees	0	
Total Expenses and other deductions		15
Loss from operations		\$(15)
Net realized capital, gains or (losses)	\$0	
Net income (loss) before federal income taxes		\$(15)
Federal income taxes incurred		0
Net income		\$(15)

CONCLUSION

The financial condition of the Company, as of March 31, 2017, as determined by this examination is summarized as follows:

Total Assets		<u>\$1,012,942</u>
Total Liabilities	\$	0
Surplus as Regards Policyholders		<u>1,012,942</u>
Liabilities, Surplus, and Other Funds		<u>\$1,012,942</u>

Respectfully submitted,



Colton Schulz, CFE
Examiner-in-Charge
North Dakota Insurance Department