

WellCare Health Insurance of Connecticut, Inc.
WellCare of Connecticut, Inc.

Plan of Operations

Introduction

This Plan of Operations is for WellCare Health Insurance of Connecticut, Inc. a life and health insurance company domiciled in Connecticut (“WHIC”), and WellCare of Connecticut, Inc., a health care center domiciled in Connecticut (“WCC” and, together with WHIC, the “Domestic Insurers”). Capitalized terms used herein and not otherwise defined have the respective meanings ascribed to them in the Form A.

As indicated in Item 5 to the Form A (Future Plans of the Domestic Insurers), Centene has no present plans or proposals to cause the Domestic Insurers to declare any extraordinary dividend, to liquidate the Domestic Insurers, to sell the assets of the Domestic Insurers (other than in ordinary course), to merge the Domestic Insurers with any person or persons or to make any other material change in the Domestic Insurers’ business operations, corporate structure or management. Immediately following the Closing, WCC will continue to maintain its separate corporate existence and will continue its operations as currently conducted. Immediately following the Closing, WHIC will continue to maintain its separate corporate existence and will conduct operations as described in its plan of operations filed as part of its licensing application recently approved by the Department.

After the Closing, WHIC will offer Medicare Advantage (“MA”) Preferred Provider Organization (“PPO”) products in the State of Connecticut beginning in 2020 and WCC will continue to offer MA Health Maintenance Organization (“HMO”) and Dual Eligible Special Needs Plan (“D-SNP”) business in the State of Connecticut. Centene does not currently offer MA business in the State of Connecticut. After the Closing, it is anticipated that WHIC and WCC will continue to operate independently under their existing contractual arrangements with regulatory authorities.

After the Closing, as part of the ongoing integration of the operations of Centene’s and WellCare’s respective health businesses, Centene may choose, from time to time, to (i) combine the operations of two or more of its subsidiaries (including the Domestic Insurers) through a merger or other mechanism if such subsidiaries operate in the same state or other geographic area or (ii) terminate existing intercompany agreements within the WellCare group and enter into new intercompany agreements. Any such transactions would be implemented subject to required insurance regulatory approvals, as appropriate and as required by law, and would be effected in compliance with all applicable statutory and regulatory requirements.

Following the Closing, the combined company will be headquartered in St. Louis, Missouri, the location of Centene’s current headquarters, with operations throughout the country, and will continue to support substantial operations in WellCare’s home state of

Florida, consistent with the size of the business, as part of its commitment to a strong local approach.

A. WellCare Health Plans, Inc. (“WellCare”)

WellCare is a leading managed care company, headquartered in Tampa, Florida, and focused primarily on providing government-sponsored managed care services to families, children, seniors and individuals with complex medical needs primarily through Medicaid, MA and Medicare Prescription Drug Plans (“PDP”), as well as individuals in the Health Insurance Marketplace. As of December 31, 2018, WellCare served approximately 5.5 million members nationwide. WellCare’s broad range of experience and government-sponsored focus allows it to effectively serve its members, partner with its providers, government clients and communities it serves, and efficiently manage its ongoing operations.

As of December 31, 2018, WellCare operated Medicaid health plans, including states where it receives Medicaid premium revenues associated with dually eligible special needs plans, in Arizona, Florida, Georgia, Hawaii, Illinois, Kentucky, Michigan, Missouri, Nebraska, New Jersey, New York, South Carolina and Texas.

In addition, as of December 31, 2018, WellCare also operated MA coordinated care plans in Arizona, Arkansas, California, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Kentucky, Louisiana, Maine, Michigan, Mississippi, New Jersey, New York, North Carolina, Ohio, South Carolina, Tennessee and Texas. WellCare also offered stand-alone Medicare PDPs in 50 states and the District of Columbia.

In September 2018, WellCare completed the acquisition of Meridian Health Plan of Michigan, Inc., Meridian Health Plan of Illinois, Inc., and MeridianRx, a pharmacy benefit manager (“PBM”) (collectively, “Meridian”). As a result of the acquisition, WellCare expanded its Medicaid portfolio through the addition of Michigan; expanded WellCare’s Medicaid presence in Illinois; and acquired an integrated PBM platform. Meridian also serves MA members in Illinois, Indiana, Michigan, and Ohio, as well as Health Insurance Marketplace members in Michigan.

WellCare manages its business in three reportable segments: Medicaid Health Plans, Medicare Health Plans and Medicare PDPs.

B. Product Overview

WellCare Health Insurance of Connecticut, Inc.

WHIC was incorporated in October 2018 and expects to operate an MA PPO plan beginning in 2020. As bids are currently being constructed and formulated, there is no further specific plan information that may be offered at this time.

WellCare of Connecticut, Inc.

WCC was incorporated in April 1994 as a Connecticut health care center. WCC has offered MA plans in Connecticut since 2005 and also offers D-SNP plans.

C. *Distribution*

WellCare sells its Medicare Advantage Plan products through multiple channels. Any marketing follows the CMS Medicare Marketing Guidelines and any changes or updates made by CMS, and is pre-approved by CMS pursuant to the Medicare Marketing Guidelines.

WellCare's method of marketing includes: (i) approaching the market to understand the Medicare Advantage choices and other products that are being offered to the Medicare eligible population; (ii) developing a product that will meet the needs of the Medicare population and enhancing the ability to market its Medicare product; and (iii) offering a product that provides affordable benefits to the Medicare eligible population.

WellCare's method of marketing includes its licensed employees, independent 1099 agents, as well as telephonic and Internet enrollment. The approach is to utilize a prospect outreach mix primarily comprised of direct mail, television, and newspapers to educate potential members on the benefits and services we provide in its benefit plans.

D. *Management & Staffing*

Centene does not have any present plans to change the existing directors and executive officers of the Domestic Insurers; however, Centene anticipates an ongoing review of the composition of the Domestic Insurers' management, including their respective directors and executive officers. If Centene proposes to make changes as a result of such review, they would be communicated to the Department as appropriate and as required by law and would be effected in compliance with all applicable statutory and regulatory requirements.

WellCare

1. General Governance

Each WellCare subsidiary has its own Board of Directors (the "Board"). Each individual Board is fully responsible for the operation and performance of its respective company. The Boards of the licensed health plans each convene once each quarter. During the meetings, the minutes and activities of the Quality Improvement Committee ("QIC") are reviewed by the licensed health plan's Board including all annual program descriptions, summaries, and/or annual evaluations of the Utilization Medical Advisory Committee ("UMAC") and the QIC.

The Boards have adopted bylaws and a Code of Conduct and Business Ethics Program (the "Code of Conduct"), both of which are reviewed and approved by each Board. Authority is delegated through the management hierarchy, as provided in the

corporate organizational chart, the Governance Overview structure, the Code of Conduct structure, and the Quality Improvement Program Descriptions of the licensed health plans. The licensed health plans have established organizational policies and procedures to ensure all aspects of the business are conducted in an orderly manner to meet mission requirements and performance standards, such as the UMAC and the Quality Improvement Program which work in conjunction with the Code of Conduct.

Annually, the governing body authorizes, empowers and directs the officers of WellCare to implement any and all actions necessary and appropriate to enable the companies to attain their mission, goals and objectives.

2. Corporate Services

In order to provide efficient services to its members, WellCare consolidates certain core operations at its headquarters in Tampa, Florida through its affiliate management company. For WellCare's Medicare/PDP only markets, we perform the following operations in Tampa, Florida: (i) health plan operations; (ii) health services and quality (iii) finance and accounting; (iv) compliance; (v) legal services.

Certain other operations, more attuned to the particular location of membership, are performed in each specific state office, including: (i) provider network management; (ii) state government relations; and (iii) market-specific quality management.

E. Management and Administrative Services Agreements

1. Management Services.

WellCare and its subsidiaries contract with an affiliate, Comprehensive Health Management, Inc. ("CHMI"), to provide management and administrative services to the companies. WellCare consolidates its core operations in one management company to employ all of our associates, hold leases to all real estate and/or office space, own the personal property, and maintain key vendor contacts (e.g., information technology systems, auditor, etc.).

WellCare recognizes that an effective organizational structure is a critical factor for operational success. The CHMI management services structure ensures effective and appropriate decision-making with a span of control that aligns scope of authority with responsibilities as well as accountability.

Generally, and pursuant to the terms and conditions of the Management Services Agreement, CHMI supervises and manages the day-to-day operations of our health plans, including but not limited to:

- a. human resources, recruiting, payroll, and employee benefit administration;
- b. accounting and financial services;
- c. budget planning and analysis;
- d. treasury and cash management;
- e. accounts payable and receivable;

- f. risk management, including obtaining various insurance and reinsurance coverage;
- g. actuarial services;
- h. legal services;
- i. tax planning and reporting;
- j. internal audit;
- k. government relations and regulatory affairs;
- l. corporate compliance program staffing and management;
- m. coordination of external professional services (actuarial, legal, accounting, tax, etc.);
- n. management information and computer systems and related software maintenance;
- o. design and administration of products of health care expense coverage;
- p. utilization review and prior authorization of covered services;
- q. health care quality improvement activities;
- r. processing of claims for reimbursement of covered services;
- s. development and management of health care provider networks;
- t. health care provider credentialing services;
- u. development and dissemination of communications to members and providers;
- v. provision of member and provider services including appeals and grievances;
- w. advertising of products through select media channels;
- x. product marketing services through licensed insurance producers;
- y. records management and retention; and
- z. procurement and management of facilities, furniture, fixtures and equipment.

2. Pharmacy Services.

CHMI contracts with CVS Pharmacy, Inc. (“CVS”) on the behalf of all of the WellCare health plans for the provision of pharmacy benefit management services. Pursuant to this agreement, CVS (i) manages member prescription benefit programs that include general support and consultative services regarding pharmacy benefit design and implementation, formulary management, standard reporting packages, marketing, quality management and utilization management functions, the dispensing of prescription drugs by and through a network of participating retail community pharmacies, mail service pharmacies, long-term care pharmacies, Indian unit and Tribal Indian Unit pharmacies, home infusion pharmacies and specialty pharmacies and (ii) arranges for prescription benefit management and claim processing services for WellCare and its affiliates that are sponsors of various health benefit plans or programs.

3. Tax Allocation Agreement.

WellCare has entered into a Tax Allocation Agreement (the “TA Agreement”) with its affiliates. The TA Agreement establishes a method for allocating the consolidated federal income tax liability of the Affiliated Group (defined in the Agreement) among the member companies on a “separate-return” basis.

Effective on the date of the Closing, Centene plans to add each Domestic Insurer as a party to the Tax Sharing Agreement, dated as of December 31, 2002, by and among Centene and each of its wholly owned subsidiaries named therein (the “Tax Sharing Agreement”). A Form D (Prior Notice of a Transaction) in respect of the joinder of the Domestic Insurers to the Tax Sharing Agreement has been filed with the Department under separate cover.

F. Reinsurance; Investments

WCC currently has stop loss reinsurance with PartnerRe America Ins. Co., which reimburses up to 90% of complete claims received by WCC in excess of \$2,750,000 up to maximum of \$5,000,000 per member per year. We will evaluate the reinsurance program but do not currently anticipate any material changes to the program. Later in 2019, WellCare will seek reinsurance coverage for business written by WHIC prior to commencement of member services in 2020.

WellCare’s investment policy is to attempt to balance its portfolio duration to achieve investment returns consistent with the preservation of capital and maintenance of liquidity adequate to meet payment obligations of policy benefits and claims. The company invests in assets permitted under the insurance laws of Connecticut.

G. Projections

Three-year financial projections for WHIC and WCC were submitted with the Form A.