



Gavin Newsom, Governor
State of California
Health and Human Services Agency
DEPARTMENT OF MANAGED HEALTH CARE
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October 5, 2021

Via eFile

Mr. John Goodman
Chairman of the Board of Directors
EPIC Health Plan
1615 Orange Tree Lane
Redlands, CA 92374

FINAL REPORT OF A ROUTINE EXAMINATION OF EPIC HEALTH PLAN

Dear Mr. Goodman:

Enclosed is the final report (Final Report) of a routine examination for the quarter ended March 31, 2021, of the fiscal and administrative affairs of EPIC Health Plan (Plan). The examination was conducted by the Department of Managed Health Care (Department) pursuant to Section 1382 of the Knox-Keene Health Care Service Plan Act of 1975.¹

Section 1382(d) states, "If requested in writing by the plan, the director shall append the plan's response to the final report issued pursuant to subdivision (c). The plan may modify its response or statement at any time and provide modified copies to the department for public distribution not later than 10 days from the date of notification from the department that the final report will be made available to the public. The addendum to the response or statement shall also be made available to the public."

Please indicate within 10 days from the date of the Plan's receipt of this letter whether the Plan requests the Department to append its response. If so, please indicate which portions of the Plan's response should be appended, and electronically file copies of those portions excluding information held confidential pursuant to Section 1382(c). If the Plan requests the Department to append a brief statement summarizing the Plan's response, please provide an addendum no later than 10 days from the date of the Plan's receipt of this letter. Please file this addendum electronically via the corrective action plan (CAP) system within the Department's eFiling web portal at <https://wps0.dmhc.ca.gov/secure/login/>, as follows:

¹ References to "Section" are to sections of the Knox-Keene Health Care Service Plan Act of 1975, as codified in California Health and Safety Code Section 1340 et seq.

- From the main menu, select “eFiling.”
- From the eFiling menu, select “Online Forms.”
- From the Online Forms menu, select “Details” for “CAP# L21-R-483.”
- Go to the “Messages” tab, then:
 - Select “Addendum to Final Report” (note this option will only be available for 10 days after the issuance of the Final Report).
 - Select the deficiency(ies) that are applicable.
 - Create a message for the Department.
 - Attach and upload all documents with the name “Addendum to Final Report.”
 - Select “Send Message.”

Questions or problems related to the electronic transmission of any addendum should be directed to Vijon Morales at 916-255-2447 or by e-mail at Vijon.Morales@dmhc.ca.gov. You may also e-mail inquiries to wpsso@dmhc.ca.gov.

The Department will make the Final Report available to the public in 10 days from the Plan’s receipt of this letter. The Final Report will be located at the Department’s web site at <http://www.dmhc.ca.gov/LicensingReporting/ViewFinancialExaminationReports.aspx>.

If there are any questions regarding the Final Report, please contact me at 213-620-2057 or by e-mail at Suhag.Patel@dmhc.ca.gov.

Sincerely,

SIGNED BY

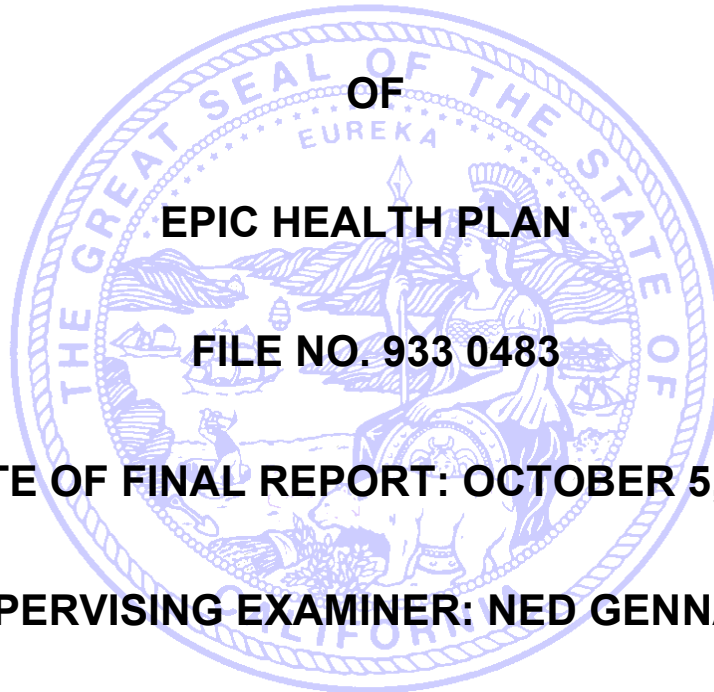
Suhag Patel
Corporation Examiner IV, Supervisor
Office of Financial Review
Division of Financial Oversight

cc: Jennifer Swartz, Executive Assistant to the Chief Executive Officer, EPIC Health Plan
Pritika Dutt, CPA, Deputy Director, Office of Financial Review
Ned Gennaoui, Supervising Examiner, Division of Financial Oversight
Francisco Garcia, Senior Examiner, Division of Financial Oversight
Ashika Chiu, Examiner, Division of Financial Oversight
Kelsey Pruden, Attorney III, Office of Plan Licensing
Laura Dooley-Beile, Supervising Health Care Service Plan Analyst, Office of Plan Monitoring
Chad Bartlett, Staff Services Manager II, Help Center

**STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE**

**OFFICE OF FINANCIAL REVIEW
DIVISION OF FINANCIAL OVERSIGHT**

FINAL REPORT OF A ROUTINE EXAMINATION



OF

EPIC HEALTH PLAN

FILE NO. 933 0483

DATE OF FINAL REPORT: OCTOBER 5, 2021

SUPERVISING EXAMINER: NED GENNAOUI

OVERSIGHT EXAMINER: SUHAG PATEL

EXAMINER-IN-CHARGE: FRANCISCO GARCIA

**FINANCIAL EXAMINERS:
JULIANA ASABOR
JOHN ATAMIAN
ZAW OO**

BACKGROUND INFORMATION FOR EPIC HEALTH PLAN

Date Plan Licensed:	October 29, 2010
Organizational Structure:	<p>EPIC Health Plan (Plan) is a for-profit, wholly-owned subsidiary of EPIC Management Services, LLC (Parent). On October 22, 2020, the Plan's Parent was purchased by Collaborative Care Holdings, LLC, whose ultimate parent is UnitedHealth Group, a publicly traded company.</p> <p>The Parent provides administrative services to the Plan pursuant to a written management services agreement. In addition, the Plan contracts with an affiliated medical group for the provision of professional medical services.</p>
Type of Plan:	<p>The Plan is a full-service health care service plan. The Plan has a restricted license, which allows it to accept global capitation in exchange for assuming professional and institutional risk for commercial and Medicare lines of business through contracts with other full-service health care service plans.</p>
Provider Network:	<p>The Plan contracts with medical groups, individual physicians, and hospitals to provide health care services to its enrollees on a capitation or fee-for-service basis. Capitation contracts often contain provisions for risk-sharing arrangements. Some of the contracted providers are affiliated with the Plan through common ownership.</p>
Plan Enrollment:	<p>As of March 31, 2021, the Plan reported 68,118 enrollees contracted from other health care service plans.</p>
Service Area:	<p>The Plan's service area includes portions of Los Angeles, Riverside, and San Bernardino counties.</p>
Date of Prior Final Routine Examination Report:	February 5, 2019

FINAL REPORT OF A ROUTINE EXAMINATION OF EPIC HEALTH PLAN

This is the final report (Final Report) for the quarter ended March 31, 2021, of a routine examination of the fiscal and administrative affairs of EPIC Health Plan (Plan). The examination was conducted by the Department of Managed Health Care (Department) pursuant to Section 1382 of the Knox-Keene Health Care Service Plan Act of 1975.¹

The Department examined the Plan's financial report filed with the Department for the quarter ended March 31, 2021, as well as other selected accounting records and controls related to the Plan's various fiscal and administrative transactions.

The Department's findings are presented in this Final Report as follows:

- Part I. Financial Statements
- Part II. Calculation of Tangible Net Equity

The Department found no deficiencies with respect to compliance with the requirements of the Sections and Rules. Therefore, no further response is required from the Plan regarding this Final Report.

¹ References to "Section" are to sections of the Knox-Keene Health Care Service Plan Act of 1975, as codified in California Health and Safety Code Section 1340 et seq. References to "Rule" are to regulations promulgated pursuant to the Knox-Keene Health Care Service Plan Act of 1975 contained within title 28 of the California Code of Regulations.

PART I. FINANCIAL STATEMENTS

The Department's examination did not result in any adjustments or reclassifications to the Plan's financial statements for the quarter ended March 31, 2021, as filed with the Department. A copy of the Plan's financial statements can be viewed by selecting "EPIC Health Plan" on the second drop-down menu of the Department's financial statement database available at <http://wps0.dmhc.ca.gov/fe/search/#top>.

No response is required to this Part.

PART II. CALCULATION OF TANGIBLE NET EQUITY (TNE)

Net Worth and TNE reported by the Plan as of quarter ended March 31, 2021	\$49,994,171
Required TNE	<u>10,428,432</u>
TNE Excess per Examination	<u>\$39,565,739</u>

The Plan was in compliance with the TNE requirements of Rule 1300.76 as of March 31, 2021.

No response is required to this Part.