

REPORT ON EXAMINATION AS TO CONDITION OF

OPTUM NETWORKS OF NEW JERSEY, INC.

WHITE PLAINS, NY 10605

AS OF DECEMBER 31, 2023

NAIC GROUP CODE 707

NAIC COMPANY CODE 11068

FILED

May 9, 2025

Commissioner

New Jersey Department

Of

Banking and Insurance

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State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

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May 1, 2025

Honorable Justin Zimmerman
Commissioner of Banking & Insurance
State of New Jersey
20 West State Street
P.O. Box 325
Trenton, New Jersey 08625

Commissioner:

Pursuant to the Revised Statutes of the State of New Jersey, an examination has been made of the condition and affairs of the assets and liabilities, method of conducting business and other affairs of:

Optum Networks of New Jersey, Inc.
1311 Mamaroneck Avenue
White Plains, NY 10605
Group Code 707
NAIC Company Code 11068

A domestic licensed organized delivery system (ODS) duly authorized to transact business of insurance in the State of New Jersey. Hereinafter, Optum Networks of New Jersey, Inc. will be referred to in this report "the Company" or "ONNJ".

SCOPE OF EXAMINATION

This risk-focused examination was called by the Commissioner of the New Jersey Department of Banking and Insurance (hereafter “NJDOBI” or “Department”) to the authority granted by N.J.S.A. Section 17:48H-17 of the New Jersey Revised Statutes.

The examination was made as of December 31, 2023, and addressed the five-year period from January 1, 2019, to December 31, 2023. The examination was conducted remotely. During this five-year period under examination the Company’s admitted assets increased by \$220,064,775 to \$223,646,990 from \$3,582,215. Liabilities increased by \$118,725,680 to \$118,793,899 from \$68,219. Capital and surplus increased by \$101,339,095 to \$104,853,091 from \$3,513,996.

The examination was part of the coordinated examination of UnitedHealth Group (UHG) conducted by the Connecticut Insurance Department (CID) and facilitated by the Nebraska Department of Insurance (NEDOI). The examination was conducted in accordance with the 2023 edition of the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (Handbook). This examination for common subject matter, relied upon CID’s review of Information Technology (IT) General Controls (ITGCs) and Corporate Governance and NEDOI’s identification of risk classifications and inherent risks of key functional activities. NEDOI was also responsible for the preparation of risk matrices that identify controls and risk mitigation strategies. Finally, NEDOI determined residual risk and prepared substantive test procedures deemed necessary. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation, management’s compliance with Statutory Accounting Principles and Annual Statement instructions when applicable to domestic state regulations.

According to the Handbook, “One of the increased benefits of the enhanced risk focused approach is to include consideration of other than financial risks that could impact the insurer’s future solvency. By utilizing the risk focused approach, the examiners reviewed the “financial” and “enterprise” risks that existed at the examination “as of” date and will be positioned to assess “financial” and “enterprise” risks that extend or commence during the time the examination was conducted and “prospective” risks which are anticipated to arise or extend past the point of examination completion. Using this approach, examiners will be better positioned to make recommendations for appropriate future supervisory plans (i.e., earlier statutory exams, limited-scope exams, key areas for financial analysts to monitor, etc.) for each insurer.”

All accounts and activities of the Company were considered in accordance with the risk focused examination process. The examination report only addresses regulatory information revealed by the examination process in accordance with the NAIC Handbook. All other financial matters were reviewed and determined not to be material for discussion in this report.

HISTORY

ONNJ was incorporated on September 10, 1998, as OrthoNet of the Mid-Atlantic Inc. and changed its name effective on August 23, 2019. ONNJ is a Delaware general business corporation, maintaining its principal executive office at 1311 Mamaroneck Avenue, Suite 240, White Plains, New York, 10605. Effective August 23, 2019, the corporation’s name was changed to Optum Networks of New Jersey, Inc. ONNJ is a licensed ODS in the State

of New Jersey and, pursuant to such ODS license, provides network and related administrative services and care management services including, utilization management, claims services, and all systems and personnel related to ODS services for New Jersey health plans. ONNJ currently contracts exclusively with fellow UHG insurance affiliates operating Medicare Advantage plans.

ONNJ became part of the UnitedHealth Group Incorporated (UHG) insurance holding company system on December 19, 2014, when its parent company, OrthoNet Holdings, Inc. (Holdings), was acquired by and became a wholly owned subsidiary of OptumHealth Care Solutions, LLC (OptumHealth). This acquisition was approved in advance by the New Jersey Department of Banking and Insurance.

OptumHealth is an indirect wholly owned subsidiary of UHG. ONNJ is a wholly owned immediate subsidiary of Holdings, and its ultimate parent company is UHG.

The registered office of ONNJ is located at 820 Bear Tavern Road, West Trenton, NJ 08628. The registered agent for whom due process may be served is CT Corporation.

STATUTORY DEPOSITS

As of December 31, 2023, the Company, in accordance with N.J.A.C. 11:22-4.8 (e) had a market value of \$89,571,047 for the New Jersey minimum required Statutory Deposit. (See NOTES TO FINANCIAL STATEMENTS Note 1)

TERRITORY AND PLAN OF OPERATION

The Company contracts with health insurers to arrange for the delivery of covered services to members, including inpatient and outpatient services consistent with those covered by Medicare Part A and B; the Company also provides the network and administrative services necessary to support such arrangements as well. ONNJ currently participates in risk-sharing arrangements with UnitedHealthcare (UHC) affiliates exclusively, including UnitedHealthcare Insurance Company (UHIC), Oxford Health Plans (CT), Inc. (OHPCT), and UnitedHealthcare Insurance Company of the River Valley, Inc. (UHICRV), pursuant to which the Company arranges for the delivery of covered services to their Medicare Advantage members on a prepaid basis. Effective January 1, 2022, the Company also began arranging for the delivery of covered services to Sierra Health and Life Insurance Company, Inc. (SHLIC) and Care Improvement Plus South Central Insurance Company Inc. (CIPSC)'s Institutional-Equivalent Special Needs Plans members, as well as Oxford Health Plans (NJ), Inc. (OHPNJ)'s Institutional Special Needs Plans members, on a prepaid basis.

REINSURANCE

The Company does not assume or cede business under any quota share, excess of loss (XOL), stop loss, or other type of reinsurance arrangement.

CORPORATE RECORDS

As a member of a holding company group, the Company utilizes common systems for recording its transactions. The general ledger system is Oracle PeopleSoft which maintains GAAP and statutory data. The Company uses Eagle Wings filing software to produce its

statutory Annual Statements. The books and records of the Company are maintained in White Plains, New York.

The UHG staff were able to respond to the vast majority of examiners' inquiries timely and professionally. Examiners executed procedures mandated by the Handbook including review of Board of Directors (Board) meeting minutes, articles of incorporation and other significant financial records such as quarterly and annual statement filings and the general ledger.

The minutes of the Board and the Optum Entities Audit Committee of UHS meetings held during the period of examination were reviewed and found to be in accordance with their provisions in the Company's By-Laws. The review indicated that transactions and events of the Company were adequately approved and supported.

MANAGEMENT AND CONTROL

The Amended and Restated Bylaws effective August 23, 2019, were filed with the Department and approved on August 27, 2019. According to the Amended and Restated Bylaws, annual meetings of the stockholders shall be held, and the stockholders shall elect a Board. Directors need not be stockholders.

On August 8, 2019, an amendment to the Restated Certificate of Incorporation was adopted by the Board to change the name of the Company from OrthoNet of the Mid-Atlantic to ONNJ. The Company was authorized to cancel a stock certificate when the name change becomes effective and issue a new stock certificate with the new name to the Company's sole stockholder, OrthoNet Holdings, Inc. A Certificate of Amendment of Restated Certificate of Incorporation was filed effective August 23, 2019, to change the name of the company.

The business and affairs of ONNJ shall be managed under the direction of the Board, subject to any limitation set forth in the Certificate of Incorporation or otherwise may be provided in the Delaware General Corporation Law.

Directors

According to the Amended and Restated Bylaws, the number of directors of the corporation shall be determined from time to time by the Board but in no case shall the number of directors be less than one.

Directors duly elected and serving at December 31, 2023, together with their principal business affiliations, are presented as follows:

<u>Name</u>	<u>Principal Occupation</u>
Alyssa Robin Pepper	VP General Management ProHEALTH Medical Management
Guarang R. Brahmbhatt, M.D.	VP General Management Secaucus Internal Medicine

Officers

Officers serving the Company as of December 31, 2023, are as follows:

<u>Name</u>	<u>Office</u>
Alyssa Robin Pepper	Chief Executive Officer, President
Gaurang Ravaji Brahmbhatt M.D.	Medical Director
John George Liethen	Secretary
Peter Marshall Gill	Treasurer
Heather Anastasia Lang	Assistant Secretary
Clint Matthew Egenes	Vice President

Committees

The Board may designate one or more committees, each committee consisting of one or more directors. On November 19, 2021, ONNJ designated the Optum Entities Audit Committee of the indirect controlling party, UHS, to serve as the Audit Committee for the purposes of complying with the Model Audit Rule.

The UHG Audit Committee only reviews consolidated results and does not review local financial results unless specifically requested. However, should negative or adverse developments be noted by the UHS' Optum Entities Audit Committee, these results are discussed during UHG Audit Committee meetings.

N.J.S.A. 17:27A-4d(3) states, "Not less than one-third of the domestic insurer, and not less than one-third of the members of each committee of the board of directors of any domestic insurer, shall be persons who are not officers or employees of that insurer or of any entity controlling, controlled by, or under common control with, that insurer and who are not beneficial owners of a controlling interest in the voting securities of that insurer or any such entity. At least one such person shall be included in any quorum for the transaction of business at any meeting of the board of directors or any committee thereof."

N.J.S.A. 17:27A-4d(4) states, "The board of directors of a domestic insurer shall establish one or more committees comprised solely of directors who are not officers or employees of the insurer or of any entity controlling, controlled by, or under common control with, the insurer and who are not beneficial owners of a controlling interest in the voting securities of the insurer or any such entity. The committee shall be responsible for recommending the selection of independent certified public accountants, reviewing the insurer's financial condition, the scope and results of the independent audit, nominating candidates for director for election by shareholders or policyholders, evaluating the performance of officers deemed to be principal officers of the insurer and recommending

to the board of directors the selection and compensation, including bonuses or other special payments, of the principal officers.”

N.J.S.A. 17:27A-4d(5) states, “The provisions of paragraphs (3) and (4) of this subsection d. shall not apply to a domestic insurer if the person controlling the insurer is an entity having a board of directors and committees thereof that substantially meet the requirements of those paragraphs.”

The Company satisfies the requirements of N.J.S.A. 17:27A-4d(5) since its ultimate parent, UHG, meets the requirements of this statute.

CORPORATE GOVERNANCE

A review was performed of the Company’s Corporate Governance structure, utilizing Exhibit M of the Handbook as guidance. The review included an assessment of the Board, Executive Management, Internal Audit function, and the Business Risk Management function. Overall, it was determined that the Company’s Corporate Governance structure was found to be effective with the following observations:

Board of Directors – The UHG Board appears to provide effective oversight of the organization. The Board is independent and has a number of subcommittees in place to address key strategic issues. There appears to be an appropriate “tone at the top”, and ethical standards are promoted throughout the Company.

Executive Management – Numerous members of the management team were interviewed. Management appears committed to the long-term strategic initiatives. In addition, management takes a conservative approach to accepting risks.

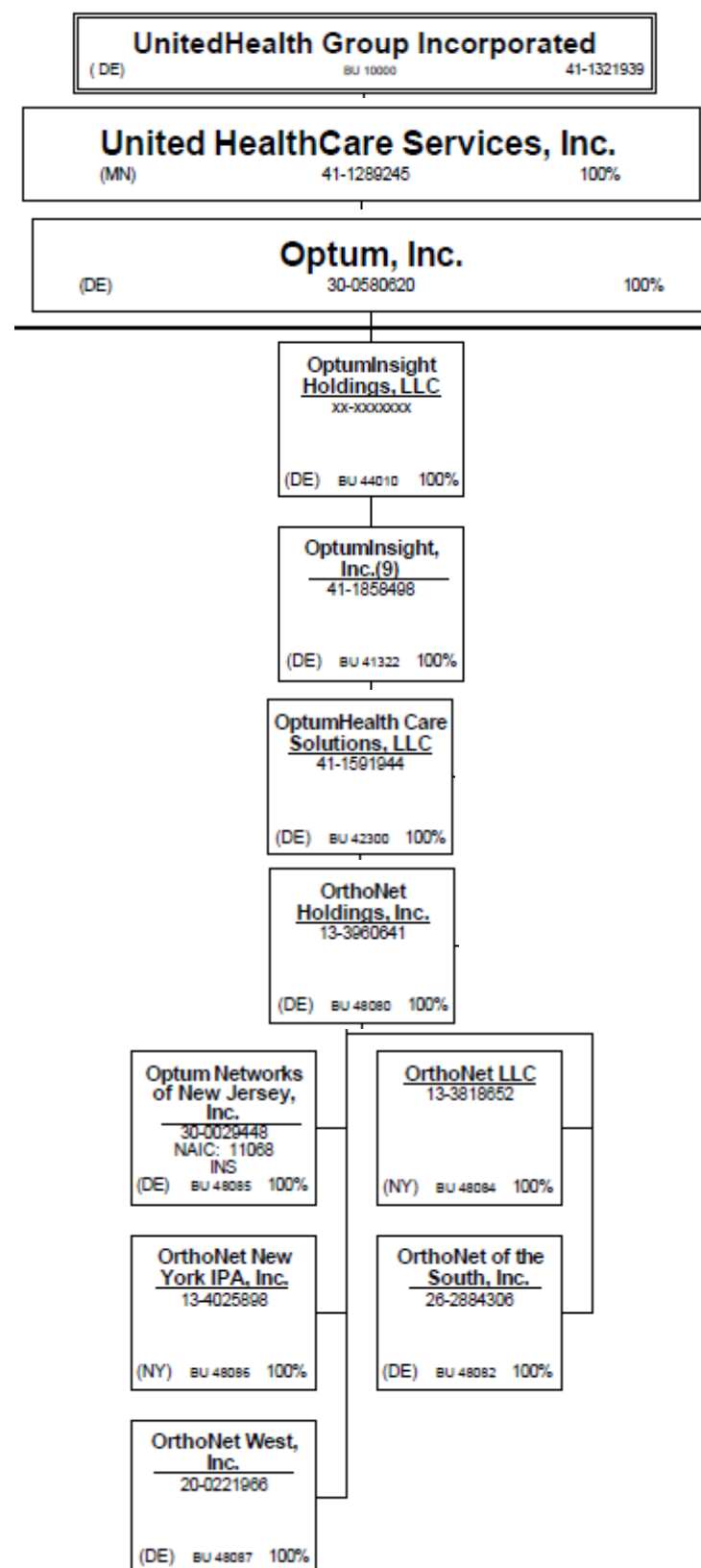
Internal Audit – Both internal and external resources are utilized to perform this function. Ernst & Young is contracted to provide the bulk of the annual internal audit hours. This provides the Company with a source of well-qualified personnel that are independent and has substantial expertise.

Enterprise Risk Management (ERM) – The Company has an ERM function which coordinates the identification and mitigation of risks across the entire organization. There are ERM owners embedded within the business segments responsible for identifying key risks and documenting mitigation strategies. The ERM team identifies gaps and works with management to ensure action plans are implemented.

REGULATION ON INSURANCE HOLDING COMPANY SYSTEMS

The Company is a member of an insurance holding company system as defined in N.J.S.A. 17:27A-1 and is subject to the registration requirements of N.J.S.A. 17:27A-3. The Company is a wholly owned subsidiary of Holdings, and its ultimate parent company is UHG. ONNJ became part of the UHG insurance holding company system on December 19, 2014 when ONNJ’s parent company, Holdings, was acquired by and became a wholly owned subsidiary of OptumHealth. This acquisition was approved in advance by the Department. OptumHealth is an indirect wholly owned subsidiary of UHG.

Included below is a partial organizational chart.



INTERCOMPANY AGREEMENTS

Amended and Restated Management Services Agreement

Effective January 1, 2020, ONNJ entered into an Amended and Restated Management Services Agreement (“Restated MSA”) with Collaborative Care Services, Inc. (“CCC”). The Restated MSA supersedes and replaces the Management Services Agreement that was in effect since July 13, 2006. Under the Restated MSA, CCC will provide ONNJ with an array of services including Financial and accounting, claims and provider payments, maintenance of financial records, utilization management administration, provider services and insurance. The Restated MSA was filed with the Department on October 9, 2019, and it was non-approved on December 24, 2020.

The associated management fees for this agreement during the 2023 calendar year were \$34,586,369.

Tax Sharing Agreement

OrthoNet of the Mid-Atlantic, Inc., entered into an Amended and Restated Tax Sharing Agreement effective March 1, 2019, with UnitedHealth Group Incorporated (“UHG”). The agreement is a restatement of the First Restated Tax Sharing Agreement effective December 19, 2014. The agreement establishes a formal method for the allocation and payment of federal, state and local income tax liabilities related to the consolidated federal tax returns of United and its subsidiaries filed each year. The Agreement was submitted to the Department for review and approval on January 28, 2019, and was non-disapproved on March 21, 2019. The filing was made pursuant to N.J.S.A. 17:27A-4.

The tax liability associated with the Agreement for the calendar year 2023 was \$1,093,686.

Promissory Note

Effective April 1, 2023, ONNJ desired to enter into a Promissory Note (the “April Note”) with UHS. Pursuant to the April Note, UHS agreed to lend to ONNJ 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 Department on January 30, 2023, and was non-disapproved on March 17, 2023.

On June 9, 2023, ONNJ borrowed \$10,000,000 from UHS. Registrant repaid the loan including interest in the amount \$10,017, 569,44 on June 20, 2023.

On July 10, 2023, ONNJ borrowed \$15,000,000 from UHS. Registrant repaid the loan including interest in the amount \$15,110,410.38 on August 24, 2023

Landmark Program Services Agreements

Effective March 1, 2023, ONNJ entered into the Landmark Program Services Agreement between the ONNJ and Care Improvement Plus Central Insurance Company (CIPSC). The purpose of the Agreement is for ONNJ to make its evidence-based program for coordinated care (the “Landmark Program”) available to CIPSC and arrange for same on behalf of CIPSC. The Landmark Program is intended to improve the health and quality of care of individuals suffering from multiple chronic conditions. Pursuant to the Agreement, ONNJ will provide CIPSC with the care management, administrative and technical components of the Landmark Program, including certain delegated managed care activities. The Agreement was submitted for review and approval by the Department on January 27, 2023, and it was non-disapproved on July 7, 2023.

Effective March 1, 2023, ONNJ entered into the Landmark Program Services Agreement between ONNJ and SHLIC. The purpose of the Agreement is for ONNJ to make the Landmark Program available to SHLIC and arrange for same on behalf of SHLIC. The Landmark Program is intended to improve the health and quality of care of individuals suffering from multiple chronic conditions, and has several medical and related care management components (collectively, the “Landmark Program Services”), including (1) programmatic and technical components; and (2) the arrangement for and provision of accountable, value-based health care services to certain of SHLIC’s Medicare Advantage members through the use of interdisciplinary care teams. The Agreement was submitted for review and approval by the Department on January 27, 2023, and it was non-disapproved on July 20, 2023.

LifePrint Health, Inc. – Services Agreement

Effective January 1, 2022, ONNJ entered into the intercompany Medical Services Agreement between ONNJ and Optum for the provision of medical management services to certain of Registrant’s Medicare Advantage Members in the State of New Jersey. Submitted for review and approval to the Department of Insurance on September 12, 2022, and it was non-disapproved on August 11, 2022.

Optum Health Networks, Inc. Services Agreement

Effective January 1, 2022, ONNJ entered into the intercompany Medical Services Agreement between ONNJ and Optum Health Networks for the provision of medical management services to certain of ONNJ’s Medicare Advantage Members in the State of New Jersey. Submitted for review and approval to the Department of Insurance on September 12, 2022, and it was non-disapproved on August 11, 2022.

Effective January 1, 2023, ONNJ entered into the intercompany Medical Services Agreement between ONNJ and Optum Health Networks for the provision of medical management services to certain of ONNJ’s Medicare Advantage Members in the State of New Jersey. Submitted for review and approval to the Department on November 14, 2022, and it was non-disapproved on January 25, 2024.

Effective January 1, 2024, ONNJ entered into the intercompany Health Services Agreement with Optum Health Networks, Inc. for Provider Group and Provider Group Participating Providers desire to participate in prepaid health service delivery system by providing or arranging covered services to Medicare Advantage Members. Submitted for review and approval to the Department on November 14, 2023, and it was non-disapproved on June 13, 2024.

During the calendar year ended December 31, 2023, ONNJ paid \$0.00 for the services described in this agreement.

Health Services Agreement

Effective January 1, 2020, UnitedHealthcare Insurance Company (“UHIC”) entered into a Health Services Agreement with ONNJ. Pursuant to the Agreement, ONNJ is responsible for the health care needs and arranges for medical services through a network of providers for its Medicare Advantage Members, for specific H Plans. The Health Services Agreement was submitted to the Department for review and approval on September 10, 2019, and it was non-disapproved on September 30, 2019.

Effective February 1, 2020, OHPCT entered into the First Amendment to the Health Services Agreement with ONNJ. The Health Services Agreement was submitted to the Department for review and approval on December 13, 2019, and it was non-disapproved on November 17, 2020.

Effective January 1, 2021, ONNJ entered into the Second Amendment to the Health Services Agreement that was submitted to the Department for review and approval on August 25, 2021, and it was non-disapproved on January 8, 2021.

Effective January 1, 2022, ONNJ entered into the Third Amendment to the Health Services Agreement that was submitted to the Department for review and approval on September 14, 2021, and it was non-disapproved on January 8, 2021.

Effective January 1, 2023, ONNJ entered into the Fourth Amendment to the Health Services Agreement that was submitted to the Department for review and approval on October 26, 2022, and it was non-disapproved on December 19, 2023.

During the calendar year December 31, 2023, ONNJ paid \$0.00 for the services described in this agreement.

POLICY ON CONFLICTS OF INTEREST

UHG Code of Conduct Principles of Ethics & Integrity includes conflict of interest considerations applicable to all employees and officers of the Company. UHG has a formal Director Conflict of Interest Policy applicable to its Board. There are established procedures to report actual or potential conflicts of interests and to assess the disclosed conflicts to determine the appropriate course of action.

INFORMATION SYSTEMS

Information systems were reviewed at the Group level and results were presented to all participating examination teams. The IT examination team’s procedures considered a customized range of IT risks contained within the NAIC Exhibit C Part 2 Work Program, focusing on both IT governance and IT operational controls. Overall, the IT examination team concluded that the UHG’s IT General Controls (ITGCs) are Effective, resulting in the conclusion that ITGCs are reliable for the purposes of this financial examination.

FIDELITY BOND AND OTHER INSURANCE COVERAGES

The Company is covered by several insurance policies which were obtained by its ultimate parent, UHG. UHG maintains a blanket crime policy with \$25,000,000 of coverage, covering all of its employees. This exceeds the NAIC suggested minimum for fidelity bond coverage. General property, directors and officers and general liability coverage also appear adequate to protect the Company's interests.

FINANCIAL STATEMENTS AND OTHER EXHIBITS

Exhibit - A Statement of Assets, Liabilities and Unassigned Funds as of
December 31, 2023

Exhibit - B Summary of Operations for the Five-Year Period Ended
December 31, 2023

Exhibit - C Surplus Account for the Five-Year Period Ended December
31, 2023

Optum Networks of New Jersey, Inc.
Balance Sheet as of December 31, 2023
Exhibit A

	Current Examination 12/31/2023	Balance per Company 12/31/2023	Examination Change	Notes
<u>Assets</u>				
Bonds	\$ 89,571,048	\$ 89,571,048	\$ -	1
Cash, cash equivalents, and short-term investments	111,715,726	111,715,726	-	
Investment income due and accrued	1,257,224	1,257,224	-	
Current federal and foreign income tax recoverable and interest	2,201,314	2,201,314	-	
Net deferred tax asset	2,336,815	2,336,815	-	
Aggregate write-ins for other than invested assets:	16,564,863	16,564,863	-	
Risk revenue receivables of \$16,025,615 and State Tax receivables of \$539,251				
 Total admitted assets	 \$223,646,990	 \$223,646,990	 \$ -	
<u>Liabilities and Surplus</u>				
Claims unpaid	\$ 76,915,195	\$ 76,915,195	\$ -	2
Accrued medical incentive pool and bonus amounts	11,927,003	11,927,003	-	
Unpaid claims adjustment expense	1,720,543	1,720,543	-	
Aggregate health policy reserves	16,015,206	16,015,206	-	
Aggregate health claims reserves	6,793	6,793	-	
General expenses due and accrued	927,457	927,457	-	
Amounts due to parent, subsidiaries, and affiliates	11,281,562	11,281,562	-	
Aggregate write-ins for other liabilities	140	140	-	
 Total liabilities	 \$118,793,899	 \$118,793,899	 \$ -	
Common capital stock	1	1	-	
Gross paid-in and contributes surplus	100,000,000	100,000,000	-	
Unassigned funds	4,853,090	4,853,090	-	
Total capital and surplus	\$104,853,091	\$104,853,091	\$ -	3
 Total liabilities, capital and surplus	 \$223,646,990	 \$223,646,990	 \$ -	

Optum Networks of New Jersey, Inc.
Summary of Revenue and Expenses for the Five-Year Period Ending December 31, 2023
Exhibit B

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Total Revenues:</u>					
Net premium income	\$ -	\$ -	\$ -	\$ -	\$ -
Risk revenue	570,154,600	392,340,600	151,973,084	115,597,595	-
Total Revenue:	570,154,600	392,340,600	151,973,084	115,597,595	-
<u>Underwriting deductions:</u>					
Hospital/medical benefits	-	-	-	-	-
Other professional services	499,089,399	344,885,522	138,122,153	95,995,095	(3,257)
Incentive pool, withhold adjustments and bonus payments	14,617,897	8,531,198	1,275,758	4,251,389	1,737,825
Claims adjustment expense	11,085,495	8,550,420	3,909,893	3,550,340	-
General administrative expenses	46,161,261	25,491,208	3,324,263	3,958,944	2,299,018
Increase in reserves for life and accident health contracts	16,015,206	(12,298,886)	9,337,061	(5,149,105)	8,110,930
Total underwriting deductions	586,969,258	375,159,462	155,969,128	102,606,663	12,144,516
Net underwriting gain (loss)	(16,814,658)	17,181,138	(3,996,044)	12,990,932	(12,144,516)
Net investment income earned	5,596,912	480,923	20,659	7,502	15,534
Net realized capital gains (losses) less capital gains tax	-	-	-	-	-
Net investment gains (losses)	5,596,912	480,923	20,659	7,502	15,534
Aggregate write-ins for other income or expenses	-	-	-	-	-
Net gain (loss) after capital gains tax and before all other federal income taxes	(11,217,746)	17,662,061	(3,975,385)	12,998,434	(12,128,982)
Federal and foreign income taxes incurred	1,093,686	1,311,895	1,125,952	1,648,359	(843,790)
<u>Net income (loss)</u>	<u>\$ (12,311,432)</u>	<u>\$ 16,350,166</u>	<u>\$ (5,101,337)</u>	<u>\$ 11,350,075</u>	<u>\$ (11,285,192)</u>

Optum Networks of New Jersey, Inc.
Capital and Surplus Account for the Five-Year Period Ending December 31, 2023
Exhibit C

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Capital and surplus prior reporting year	\$ 65,013,336	\$ 21,060,308	\$ 19,180,125	\$ 7,248,378	\$ 3,513,996
Net income	(12,311,432)	16,350,166	(5,101,337)	11,350,075	(11,285,192)
Change in net deferred income tax	2,151,187	(2,397,138)	1,955,271	607,921	19,574
Change in paid-in capital	-	-	-	-	(9)
Change in non-admitted assets	-	-	26,249	(26,249)	-
Change in paid-in surplus	50,000,000	30,000,000	5,000,000		15,000,000
Transferred from Capital to Surplus	-	-	-	-	9
Net change in capital and surplus for the year	<u>39,839,755</u>	<u>43,953,028</u>	<u>1,880,183</u>	<u>11,931,747</u>	<u>3,734,382</u>
Capital and surplus end of reporting period	<u>\$ 104,853,091</u>	<u>\$ 65,013,336</u>	<u>\$ 21,060,308</u>	<u>\$ 19,180,125</u>	<u>\$ 7,248,378</u>

NOTES TO FINANCIAL STATEMENTS

Note 1 – Bonds, Stock, Cash and Short-Term Investments

The following securities were held on special deposit by New Jersey on behalf of the Company at December 31, 2023:

State	Statement Value	Fair Value
New Jersey	\$ 89,571,048	\$89,102,600

As of December 31, 2023, the Company was in compliance with N.J.A.C. 11:22-4.8 (e).

Note 2 – Claims Unpaid and Unpaid Claims Adjustment Expenses

The Company reported a total of \$106,584,740 at December 31, 2023, for claims unpaid and unpaid claims adjustment expenses as of December 31, 2023.

Jonathan W. Rasmussen, F.S.A, M.A.A.A., Vice President and Actuary of Optum, Inc., an affiliate of the Company, appointed by the Board, rendered an unqualified opinion on the reasonable provision for the claims unpaid liability including estimates of claim payments related to claims incurred on or before December 31, 2023 for the Company.

NEDOI contracted with Jason R. Dunavin, FSA, MAAA of Lewis & Ellis, LLC Actuaries and Consultants to review the UHG's loss reserves and actuarial liabilities and the NEDOI Examination Actuary determined the recorded amounts were reasonably stated.

NJDOBI contracted with Margaret R. Hermann, FSA, MAAA of The INS Companies' Life/Health Actuary, to review the 2023 UHG Actuarial Report who agreed the UHG's loss reserves and actuarial liabilities were reasonably stated.

Summarized below are the recorded estimates which were included in the Examination Actuary's review:

Claims unpaid	\$ 76,915,195
Accrued medical incentive pool and bonus amounts	11,927,003
Unpaid claims adjustment expense	1,720,543
Aggregate health policy reserves	16,015,206
Aggregate health claim reserves	6,793
Total	<u>\$ 106,584,740</u>

The Life and Health Actuarial Unit of the NJDOBI, Office of Solvency Regulation performed a review and evaluation of the outstanding gross and net loss and loss adjustment expense reserves. This review determined the year-end loss provisions established by the Company were reasonably stated.

Note 3 – Capital and Surplus

The Company reported capital and surplus at December 31, 2023, of \$104,853,091, which consisted of \$100,000,000 of Gross paid in and contributed surplus and unassigned funds (surplus) of \$4,853,091.

Pursuant to the state of New Jersey, the Company is required to maintain minimum capital and surplus levels of \$39,254,451 as of December 31, 2023. The Company's statutory net worth, as determined by this examination, of \$104,853,091 exceeds the net worth and NJDOBI internal monitoring requirements according to N.J.A.C. 11:22-4.8(a).

SUMMARY OF EXAMINATION RECOMMENDATIONS

There were no material findings or recommendations as a result of the examination.

SUBSEQUENT EVENTS

No material subsequent events occurred after December 31, 2024.

CONCLUSION

The undersigned hereby certifies that an examination has been made of ONNJ and the foregoing report is true to the best of my knowledge and belief.

Respectfully Submitted,

Colette M. Hogan

Colette M. Hogan, CFE, MCM
Examiner-in-Charge
The INS Companies
Representing the New Jersey Department of
Banking and Insurance

Under the supervision of:

Nancy Lee Chice

Nancy Lee Chice, CFE
CFE Reviewer – Supervising Examiner
New Jersey Department of Banking and Insurance

OPTUM NETWORKS OF NEW JERSEY, INC.

I, Colette M. Hogan, do solemnly swear that the foregoing report of examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2023, to the best of my knowledge and belief.

Respectfully Submitted,

Colette M. Hogan

Colette M. Hogan, CFE, MCM
Examiner-in-Charge
The INS Companies
Representing the State of New Jersey
Department of Banking and Insurance

Under the supervision of:

Nancy Lee Chice

Nancy Lee Chice, CFE
CFE Reviewer – Supervising Examiner
New Jersey Department of Banking and Insurance

State of New Jersey
County of Mercer

Subscribed and sworn to before me, Sheila Tkacs on
this 7th day of May, 2025.

Sheila M. Tkacs
Notary Public of New Jersey

My commission expires: July 2025