

EXAMINATION REPORT
OF
CARECENTRIX OF NEW JERSEY, INC.
OVERLAND PARK, KANSAS
AS OF
DECEMBER 31, 2024
NAIC COMPANY CODE 14403

FILED

JUN 03 2026

**COMMISSIONER
NJ DEPT OF BANKING & INSURANCE**

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State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE
OFFICE OF SOLVENCY REGULATION
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May 19, 2026

Honorable Susan Ochs
Acting Commissioner
Department of Banking and Insurance
State of New Jersey
20 West State Street
P.O. Box 325
Trenton, New Jersey 08625

Acting Commissioner:

In accordance with the authority vested in you by the Revised Statutes of New Jersey, an examination has been made of the assets and liabilities, method of conducting business and other affairs of the:

CARECENTRIX OF NEW JERSEY, INC.
OVERLAND PARK, KANSAS 66211
NAIC COMPANY CODE 14403

a domestic insurer duly authorized to transact the business of insurance in the State of New Jersey. Hereinafter, CareCentrix of New Jersey, Inc. will be referred to in this report as the "Company".

SCOPE OF THE EXAMINATION

The New Jersey Department of Banking and Insurance, hereinafter referred to as “NJDOBI”, has performed a full scope risk-focused examination of CCXNJ. This risk-focused examination was called by the Commissioner of Banking and Insurance of the State of New Jersey in accordance with N.J.S.A. 17:48H-17.

This examination was performed as a single state examination and covers the period January 1, 2020, to December 31, 2024 (the “Examination Period”), with a review of such prior and subsequent transactions as deemed necessary.

The Company is classified by the NJDOBI as a Licensed Organized Delivery System (LODS) in accordance with, and the conduct of this examination will be governed by, the statutes and regulations of the State of New Jersey.

The NJDOBI conducted the examination in accordance with the 2024 edition of the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (the “NAIC Handbook”). The NAIC Handbook requires NJDOBI to plan and perform the examination in order to evaluate the financial condition and identify prospective risks of the Company. To meet these objectives NJDOBI obtained information regarding the Company’s corporate governance environment, identified and assessed inherent risks to which it is exposed and evaluated the Company’s system of internal controls and procedures used to mitigate identified risks. 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 NAIC 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 enhanced approach, the examiner 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 and NJDOBI.

HISTORY AND KIND OF BUSINESS

The Company became a New Jersey licensed Organized Delivery System in December 2011 and was licensed on March 27, 2012. A Licensed Organized Delivery System is a legal entity that enters into a contract with a carrier to provide, or arrange for the provision of, health care services to individuals covered under the carrier’s health benefits plan and is compensated on a basis

which entails the assumption of financial risk. However, an LODS is not itself a licensed health care facility or a licensed health care provider.

The Company, a wholly owned subsidiary of CareCentrix, Inc. (the “Parent”), provides a home health care benefits management program to health plans, namely those offered by the Horizon Blue Cross Blue Shield of New Jersey Insurance Group (collectively, “Horizon”). The home health care services offered by the Company to Horizon consist of home medical equipment and supplies and orthotics and prosthetics equipment, all of which are provided through the Parent’s network of credentialed providers. As part of its arrangements, the Company also assumes responsibility for utilization management, network management, the coordination of services for patients, and claims payments.

The Company’s sole contract is an arrangement with Horizon, with such contract representing 100% of revenue earned by the Company. The current Horizon contract was renewed in 2023 and runs through 2026.

Pursuant to Order No. A22-04 dated August 24, 2022, NJDOBI approved the Form A filed by Walgreens Boots Alliance, Inc. (WBA) and its wholly owned subsidiary, WBA Acquisition 3, LLC regarding the acquisition of control of the Company. On March 31, 2023, the Company became a privately held, wholly owned subsidiary of WBA, a public company.

PARENT, SUBSIDIARIES AND AFFILIATES

The Company is a member of an insurance holding company system as defined within N.J.S.A. 17:27A-1. It is a wholly owned subsidiary of the Parent. During the Examination Period, the Parent was a wholly owned subsidiary of Walgreens Boots Alliance, Inc., a public company.

The following is an organizational list applicable during the Examination Period:

- Walgreens Boots Alliance, Inc.
- WBA Acquisition 3, LLC 100%
- CareCentrix Holding, Inc. 100%
- CareCentrix, Inc. 100%**
- CareCentrix of New Jersey, Inc. 100%

INTERCOMPANY AGREEMENTS

There is a proposed intercompany agreement which contemplates the Company’s Parent performing various administrative services on behalf of the Company to support the contract with Horizon. Those services include patient staffing, provider contracting and credentialing, utilization management, and network provider claims and billing. The proposed agreement has been under review by the NJDOBI since October 2025. Once this agreement is approved, it will be executed.

TERRITORY AND PLAN OF OPERATION

Through its parent company, the Company utilizes a network of credentialed providers to coordinate services such as durable medical equipment, home health, home infusion therapy, and post-acute care transitions.

All the Company's books and records are located at 11501 Outlook Street, Suite 225, Overland Park, Kansas 66211. The registered agent upon whom process may be served is Corporation Service Company, Princeton South Corporate Center, Suite 160, 100 Charles Ewing Blvd., Ewing, NJ 08628.

MANAGEMENT AND CONTROL

Board of Directors

The affairs of the Company are managed, and its corporate powers are exercised by two members of the Board. The Board of Directors as of December 31, 2024, are as follows:

Directors	Occupation
Steven Horowitz *	President
Phillip Shiver	Treasurer
Gisele Molloy	Secretary

* Steven Horowitz was replaced by Haley Sofiane on October 1, 2025.

Officers

The Company's by-laws indicate that officers are to be chosen by the Board and shall consist of a President, a Secretary, and a Treasurer. Additionally, a Chairman of the Board, a Vice-Chairman of the Board, an Executive Vice-President, one or more other Vice Presidents, one or more Assistance Secretaries, one or more Assistant Treasurers, and such other officers may be appointed by the Board.

The Officers as of December 31, 2024, are as follows:

Officers	Occupation
Steven Horowitz*	President
Phillip Shiver	Treasurer
Gisele Molloy	Secretary

* Steven Horowitz was replaced by Haley Sofiane on October 1, 2025.

Committees

The Company's by-laws authorize the Board of Directors to designate one or more committees, each committee to consist of one or more of the Directors of the Corporation.

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.”

However, N.J.S.A. 17:27A-4d(5) states, “The provisions of paragraphs (3) and (4) of this subsection 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), as its ultimate parent, meets the requirements of this statute.

CORPORATE RECORDS

A review of the minutes provided of the meetings of the Stockholders, Directors and Committees indicates that the Directors adequately approve and support Company transactions and events.

CONFLICT OF INTEREST

The Company has established procedures for the reporting of conflicts of interest by directors, officers and key employees. Directors, officers and key employees are required to complete Conflict of Interest Statements on an annual basis. Additionally, the directors, officers and key employees stipulate that they will notify management immediately if a potential conflict arises in the interim. No exceptions were noted during the examination review.

FIDELITY BOND AND OTHER INSURANCE COVERAGES

The Company is covered per an omnibus named insured endorsement. The amount of the Bond meets the recommendation amount suggested by the NAIC Financial Condition Handbook. The Company also maintains the appropriate amounts of other insurance coverages, such as workers compensation, umbrella, cyber, directors and officers, etc.

ACCOUNTS AND RECORDS

The Company utilizes JD Edwards as its general ledger system. The Company does not receive insurance premiums and does not engage in any investment activities. Its claims system is an internally developed and maintained proprietary system.

The Company does not receive premiums. Instead, revenue is generated through monthly capitation payments from its sole health plan client, Horizon, and is collected by the Parent. The health plan client submits per member per month (PMPM) payment to the Parent monthly. Amounts due to the Company are subsequently settled and remitted by the Parent on a quarterly basis. Revenue is recognized based on the number of enrolled members and the applicable contractual PMPM rates. The Company does not pay commissions.

The only interest income earned by the Company relates to cash deposits held at financial institutions. Such interest is credited to the applicable accounts by the financial institutions monthly.

Claims are processed by the Parent on behalf of the Company. Providers within the network submit claims for services rendered to the Parent. Following the completion of required claim edits, the claims are submitted to the health plan client for final adjudication. Upon adjudication, the health plan client communicates the results to the Parent, and the Parent communicates the health plan client's adjudication decision to the providers and issues any applicable payments.

The Company does not pay dividends to its sole stockholder. Any dividends would require authorization from both the Company's board of directors and the board of directors of the Parent's ultimate parent. The Company has never declared or paid dividends and does not anticipate paying dividends in the future.

INFORMATION SYSTEMS CONTROL REVIEW

The Company has a formal disaster recovery plan that includes backup procedures, failover precautions, emergency contacts, cybersecurity, anti-virus support and a dedicated offsite storage location in order to maintain the stability and continuity of the Company's operations in the event of a man-made or natural disaster. The IT Examiner reviewed the plan without exception and confirmed that the Company performs annual data restoration tests in compliance with NAIC standards.

Based on the Information Technology (IT) examination, the overall risk mitigation strategies/controls related to the information systems identified for the Company have been determined to be Effective.

In the opinion of the IT examiner, there are no IT-related examination report comments or recommendations.

FINANCIAL STATEMENTS AND OTHER EXHIBITS

Exhibit A – Balance Sheet as of December 31, 2024

Exhibit B – Underwriting and Investment Exhibit, Five-Year Period
Ended December 31, 2024

Exhibit C – Capital and Surplus Account, Five-Year Period
Ended December 31, 2024

EXHIBIT A

BALANCE SHEET AS OF DECEMBER 31, 2024

	Balance per <u>Company</u> 12/31/2024	Balance per <u>Examination</u> 12/31/2024	<u>Note</u>
<u>Assets:</u>			
Cash & short-term investments	\$4,156,941	\$4,156,941	
Receivables from parent, subsidiaries and affiliates	<u>9,095,901</u>	<u>9,095,901</u>	
Total Assets	<u>\$13,252,842</u>	<u>\$13,252,842</u>	
<u>Liabilities:</u>			
Claims unpaid	\$0	\$0	1
Unpaid claims adjustment expenses	0	0	
Amounts due to parent, subsidiaries and affiliates	<u>6,354,723</u>	<u>6,354,723</u>	1
Total liabilities	<u>\$6,354,723</u>	<u>\$6,354,723</u>	
Common capital stock	\$10	\$10	
Gross paid in and contributed surplus	4,156,931	4,156,931	
Unassigned funds	<u>2,741,178</u>	<u>2,741,178</u>	
Total capital and surplus	<u>\$6,898,119</u>	<u>\$6,898,119</u>	2
TOTALS	<u>\$13,252,842</u>	<u>\$13,252,842</u>	

UNDERWRITING AND INVESTMENT EXHIBIT
FIVE-YEAR PERIOD ENDED DECEMBER 31, 2024

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Risk Revenues	\$28,407,222	\$28,465,060	\$26,579,077	\$26,734,591	\$25,052,783
Deductions:					
Total Hospital and Medical Expenses	\$24,675,456	\$24,408,046	\$22,293,101	\$21,945,143	\$21,530,954
General Administrative Expenses	<u>\$3,492,502</u>	<u>\$5,700,678</u>	<u>\$3,322,385</u>	<u>\$3,341,824</u>	<u>\$3,131,598</u>
Net Underwriting Gain or (Loss)	\$239,264	\$(1,643,664)	\$963,591	\$1,447,624	\$390,231
Federal and Foreign Income Taxes Incurred	<u>\$48,547</u>	<u>\$(384,867)</u>	<u>\$250,534</u>	<u>\$376,382</u>	<u>\$101,460</u>
Net Income (Loss)	<u>\$190,717</u>	<u>\$(1,258,797)</u>	<u>\$713,057</u>	<u>\$1,071,242</u>	<u>\$288,771</u>

EXHIBIT B

EXHIBIT C

CAPITAL AND SURPLUS ACCOUNT
FIVE-YEAR PERIOD ENDED DECEMBER 31, 2024

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Capital and surplus prior reporting year:					
December 31, prior year	\$5,541,650	\$5,740,568	\$4,482,907	\$5,300,508	\$6,488,258
Net income or (loss)	190,717	(1,258,797)	713,057	1,071,242	288,771
Surplus adjustments:					
Paid in surplus	8,201	1,137	104,543	116,508	121,090
Dividends to stockholders	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in capital and surplus	<u>\$198,918</u>	<u>\$(1,257,660)</u>	<u>\$817,600</u>	<u>\$1,187,750</u>	<u>\$409,861</u>
Capital and surplus end of reporting year	<u>\$5,740,568</u>	<u>\$4,482,908</u>	<u>\$5,300,507</u>	<u>\$6,488,258</u>	<u>\$6,898,119</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 1– LOSSES

The Company did not report Unpaid claims and Claims unpaid adjustment expenses on page 3 Line 1 and Line 3 of its Annual Statement as of December 31, 2024; however, Unpaid claims and Claims unpaid adjustment expenses were included in Line 15 (Amounts due to parent, subsidiaries and affiliates). At the request of the NJDOBI, the Company began reclassifying reserves from Line 15 to Line 1 and Line 3 on page 3 of the Company’s Quarterly Statement as of September 30, 2025.

The Life and Health Actuarial Division of the NJDOBI reviewed the analysis prepared by Lewis & Ellis, LLC and concurred with their findings.

Note 2 – CAPITAL AND SURPLUS

This examination determined total capital and surplus to be in the amount of \$6,898,119, which agrees with the amount reported by the Company at December 31, 2024, as summarized:

Common Capital Stock	\$	10
Gross Paid-In and Contributed Surplus		4,156,931
Unassigned Funds (Surplus)		2,741,178
Total		<u>\$6,898,119</u>

The Company had authorized 1,000 shares of common stock to be issued of which 100 shares were issued to the Parent. All other shares were unissued as of December 31, 2024.

The Company was in compliance with the statutory minimum capital and surplus requirements of the State of New Jersey at December 31, 2024.

The examination resulted in no material findings affecting the Company’s surplus as stated.

SUBSEQUENT EVENTS

On March 6, 2025, Walgreens Boots Alliance, Inc. announced that it had entered into a definitive agreement to be acquired by an entity affiliated with Sycamore Partners (“Sycamore”). The transaction would see Sycamore acquire a controlling interest in the Company, prompting the parties to file a Form A with the Department in accordance with N.J.S.A. 17:27A-2 and N.J.A.C. 11:1-35.6. The Form A filing underwent review with the Department, who on July 31, 2025 formally approved Sycamore’s acquisition of a controlling interest in the Company, via Order A25-03. On August 28, 2025, Sycamore completed its acquisition of WBA, in a transaction valued at up to \$23.7 billion. As a result of the acquisition, WBA ceased trading on the NASDAQ and transitioned from a publicly traded company to a privately held entity after nearly 100 years as a public company.

At the request of the NJDOBI, the Company began reclassifying reserves from Line 15 (Amounts Due to Parent, Subsidiaries and Affiliates) to Line 1 (Claims Unpaid) and Line 3 (Unpaid Claims Adjustment Expenses) on page 3 of the Company's Quarterly Statement as of September 30, 2025.

There is a proposed intercompany agreement which contemplates the Company's Parent performing various administrative services on behalf of the Company to support the contract with Horizon. Those services include patient staffing, provider contracting and credentialing, utilization management, and network provider claims and billing. The proposed agreement has been under review by the NJDOBI since October 2025. Once this agreement is approved, it will be executed.

SUMMARY OF EXAMINATION RECOMMENDATIONS

There were no recommendations.

CONCLUSION

The undersigned hereby certifies that an examination has been made of CareCentrix of New Jersey, Inc. and the foregoing report is true to the best of my knowledge and belief.

Respectfully submitted,



Lori Ruggiero, CFE, CIE, MCM
Examiner-in-Charge
The NOVO Consulting Group, LLC
Representing the State of New Jersey Department of
Banking and Insurance

Under the supervision of:



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

NOTARIZATION

CareCentrix of New Jersey, Inc.

I, Lori Ruggiero, 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, 2024, to the best of my information, knowledge, and belief.

Respectfully Submitted,

Lori Ruggiero

Lori Ruggiero, CFE, CIE, MCM
Examiner-in-Charge
The NOVO Consulting Group, LLC
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, *Margaret M. Greco*, on
this *20th* day of *May*, 2026.

[Signature]

Notary Public of New Jersey

My commission expires: *3/17/29*

