Healthy Investments: Leveraging Health Plan Capital for Affordable Housing and Community Development
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# Table of Contents

Introduction .........................................................................4
Background ..........................................................................5
The Rationale for Health Plan Investments in Housing and Community Development ..........6
Potential Investment Vehicles ............................................7
Key Decisionmakers/Stakeholders ....................................9
Conclusion .........................................................................10

Appendix 1
Examples of Health Plan Investments .........................12

Appendix 2
Massachusetts-Based Collaborative Investments .........15

Appendix 3
Sources for Health Insurer Financial Information ........16

Appendix 4
Fact Sheet: Risk based Capital .........................................17

Appendix 5
Health and Housing: Potential Impact
Investment Strategies ........................................................19
**INTRODUCTION**

Health plans provide coverage for the medical expenses of their members. Increasingly, however – and particularly in the context of a widespread shift in the health care system to value-based models – health plans’ payments are based, in part, on their members’ health outcomes. This includes paying for many supports and services that can help prevent illness or prevent existing health conditions from getting worse. The adoption of this responsibility for outcomes follows the increasingly widespread understanding of the impact of social, environmental and economic factors on our health, including safe and affordable housing.

Many federal and state policymakers, particularly those concerned with improving the health of Medicaid beneficiaries, are encouraging, and in some cases requiring, health insurers to take steps to address the social needs of their members. Medicaid programs are pursuing a variety of approaches to addressing social needs, including shifting millions of Medicaid members into new care delivery models, which often require health plans to have an explicit goal of integrating health-related social services into health care delivery.¹

At the same time, some health plans are increasingly being viewed as anchor institutions “rooted in their local communities by mission, invested capital, or relationships to customers, employees and vendors” and which “have the potential to bring crucial, and measurable, benefits to local children, families and communities.”² This potential for benefiting the community is especially apparent at a time when many health plans are highly capitalized, meaning that they have capital reserve levels far in excess of the minimum level required by regulators and as compared to the financial risks they face. Because these robust reserves are often the direct result of their participation in public programs like Medicaid, which are funded by taxpayers, health plans arguably have an increased responsibility to invest a portion of those reserves back into their communities.

This issue brief provides background on the health plan regulatory and financial landscape, offers perspectives on the feasibility of health plan investments into housing and community development without adversely affecting their financial position and describes the various options for making these investments.
Background

Health plans are in the risk business: they contract with individuals, employers and public payers (primarily Medicaid and Medicare) to assume the financial risk of medical expenses for covered members.

Regulatory Landscape

In order to ensure that health plans are able to meet their commitments to their members, plans are required to be licensed by the states in which they operate and are subjected to ongoing state regulation. A variety of federal requirements also apply to health plans, particularly those that serve Medicare and/or Medicaid members and the plans that contract with these public programs must also comply with federal and state rules governing those contracts.

The regulation of health plans is primarily governed, however, at the state level, generally by the state department of insurance. States have detailed regulatory rules regarding accounting, investments, minimum capital and regulatory actions. Plans must submit extensive quarterly financial filings in accordance with these rules.

A third source of authority comes from the National Association of Insurance Commissioners (NAIC). The NAIC, whose members include state insurance departments, sets standards in many areas and helps to ensure more consistent regulatory oversight and practices across the individual states. A major focus of the NAIC’s activities is financial oversight, including to “promote the reliability, solvency and financial solidity of insurance institutions.”

Financial Regulatory Framework

Financial oversight is a primary focus of state regulation, particularly oversight of health plan solvency. This oversight is conducted by reviewing key markers of financial health.

• Statutory Capital Reserves
  One of the primary solvency requirements imposed by regulators is that health plans maintain a minimum level of capital reserves (sometimes also referred to as “surplus”). The purpose of these minimum capital requirements is to ensure that health plans are able to meet their obligations to their members, and appropriately prepared to financially withstand unanticipated events – including those associated with health care use and cost trends – or changes in the health care market or regulatory environment. State regulators have the authority to take action if a plan fails to meet a minimum level of capital reserves.

• Admitted Assets/Permissible Investments
  Whether or not a health plan has met this minimum threshold is measured using a set of regulatory accounting rules known as “statutory accounting principles.” Under these rules, for the purposes of assessing financial condition, certain assets are permitted to be included in the plan’s financial statements (“admitted assets”) while others are not (“non-admitted assets”). If an asset is not admitted, this affects the calculation of a plan’s capital/surplus for regulatory purposes.
• *Risk Based Capital Ratio*
  
  A key measure of solvency used by regulators is the Risk Based Capital (RBC) ratio, a framework developed by the NAIC, as a primary way of assessing and regulating the solvency of health plans. Determining this ratio starts by calculating the hypothetical minimum amount of capital needed by a health plan and is based on each health plan’s particular business characteristics. The regulator then compares the health plan’s actual capital to this hypothetical minimum, which results in a ratio, expressed as a percent. The lower the RBC ratio of a plan, the weaker the solvency condition of the plan, and conversely, the higher the RBC ratio, the stronger the plan’s financial position. While there are generally accepted *minimum* RBC ratios, there is no consensus among insurance regulators on a reasonable *upper limit*, meaning that there is no generally accepted RBC ratio at which a health plan is deemed to be so financially strong that it has excess capital. (*For more information on Risk Based Capital ratio, see the RBC Fact Sheet in Appendix 4*)

In considering any potential housing investments, health plans would consider any impact of the investment on the health plan’s overall financial condition and solvency from a regulatory perspective, including whether the investment would be an admitted asset and the impact of the investment on the plan’s RBC ratio. The regulatory treatment of certain types of housing investments is clear and well-established, while the potential treatment of novel or innovative forms of housing investments could require regulatory clarification.

### The Rationale for Health Plan Investments in Housing and Community Development

*Health Plan Capital Levels*

Health plans are currently enjoying a “Golden Age of growth, sales and profits.” As shown below, the five largest health insurers in the country were highly profitable in 2018 and the first three quarters of 2019, and together total nearly $150 billion in net worth.

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*Sources available in Appendix 3.*
**Origins of Capital**
For many health plans with significant levels of capital, this capital has been generated from the profitability of their Medicare and Medicaid plans, which are funded with public revenues. \(^{vii}\) In this case, high amounts of health plan capital reserves may not represent an effective use of taxpayer-funded resources. Rather, an argument can be made that at least some of these resources might appropriately be directed to investments like affordable housing that address the causes of poor health for people covered by these public programs.

**Greater Market Stability**
Changes in the health care system, including the growing concentration of the provider and health plan markets, have made the health insurance business less competitive and less volatile and hence has arguably reduced the minimum levels of capital needed by health plans to weather certain types of financial risk. Because of the size of health plans in aggregate, it is possible to dedicate significant capital to housing and community development without having significant risk impact on most individual health plans. Indeed, as more health plans make these kinds of investments, the less likely such investments are to put any given health plan at a competitive disadvantage.

**Anchor Institution Status**
While the term “anchor institution” has typically been applied to hospitals, many health plans may also be viewed as anchor institutions, “rooted in their local communities by mission, invested capital, or relationships to customers, employees and vendors” and which “have the potential to bring crucial, and measurable, benefits to local children, families and communities.”\(^{viii}\) As such, they have an obligation to address the root causes of their members’ health issues, including the lack of safe and affordable housing. This obligation has been cited, for example, by Kaiser Permanente – which is both a health care provider and a nonprofit health plan – when it announced three new initiatives to tackle housing insecurity.\(^{ix}\) Similarly, UnitedHealthcare, pointed to the importance of “remov[ing] social barriers to better health for people in underserved communities” in announcing that its investments in affordable housing since 2011 have surpassed $400 million.\(^{x}\)

**Potential Investment Vehicles**
Health plan investments in housing could take many forms, including but not limited to, direct ownership of housing, indirect ownership through a variety of investment vehicles, and direct contributions. (See Appendix 5.)

**Investments in Private Equity Funds**
Health plans may choose to make an investment in a private equity fund, pooling their capital with that contributed by other investors. Under this model, a health plan would consider the community, environmental and health benefits, as well as financial risks and returns, liquidity and geographic-related criteria. These types of funds are an effective way to diversify across a portfolio of investments; they are considered an alternative asset class,\(^{xi}\) often have minimum investment thresholds, and typically require 7-10 year commitments.
**Debt Through Individual Loans, Loan Funds or Intermediaries**

Other methods of financing projects include providing loans directly to a borrower or through a loan fund. Typically, community investment loans have low interest rates, favorable repayment terms and longer-term amortization schedules. These loans require underwriting capacity and asset management over the term of the loan, and are best scaled by investing in a loan fund or through an intermediary like a Community Development Financial Institution (CDFI). Alternatively, other alternatives are to invest in a pooled debt fund (see Appendix 2 for two examples) or acquire notes of CDFIs. Under this approach, health plans have the potential to build a program of CDFI investments over time into their portfolio's bond ladder, allowing for bond portfolio diversification, and a range of maturity dates.

**Tax Credit Equity**

The federal Low-Income Housing Tax Credit (LIHTC), created through the Tax Reform Act of 1986, is a dollar-for-dollar tax credit for affordable housing investments. LIHTC is administered through state housing finance agencies and intermediaries. This program incentivizes developers to build more low-income rental housing units. The tax credits are offered over a ten-year period. Developer applications for LIHTC investments are competitive, with demand exceeding supply.

The federal New Market Tax Credit (NMTC) program was launched in 2000, and is administered by the Community Development Financial Institutions (CDFI) Fund. The goal of the program is to attract private capital by providing federal tax credits over a seven-year investment period. These private sector investments, in turn, provide significant subsidies to rehabilitate existing or build new commercial and/or mixed-use developments in distressed census tracts.

While these tax credit programs provide extremely valuable resources to help finance projects requiring subsidy, there are many banks competing for these investment opportunities as part of their need to comply with the Community Reinvestment Act. Demand has outpaced supply, and reduced financial returns. Moreover, additional private capital sources are needed to increase the capital more broadly available for a range of community investments, including affordable housing.

**Direct Contributions to Affordable Housing Projects**

Health plans can also consider making a direct contribution to an affordable housing project. Flexibility is a major benefit to direct investments; they can be in the form of debt, equity and/or grants. In addition, it may be possible for health plans to negotiate for housing units for their own members, as long as there are no federal tax credit programs involved in the deal structure, although the Fair Housing Act...
Collaborative Investment Approaches Across Health Plans

Despite market consolidations, health plans operate in competitive markets in most places and so may fear being disadvantaged if they make certain types of investments. In addition, investments that improve health may take some years to achieve demonstrable results and may ultimately not accrue to the health plan that made the investment. Thus, any approach that makes these investments easier and more collaborative can reduce these types of competitive concerns.

Two existing collaborative investment models in Massachusetts, *The Life Initiative* and the *Property Casualty Initiative*, are highlighted in Appendix 2. Both make investments in a range of projects that benefit low- and moderate-income households and communities, including affordable housing.

**Key Decisionmakers/Stakeholders**

While decisions around the type and amount of investment lie with a health plan’s senior leadership, such as the Chief Executive Officer and the Chief Investment Officer, other voices can be extremely valuable. Health plan board members, especially those from the finance and investment committees, can often bring expertise and guidance.

Outside of the health plan, however, there are stakeholders that can be important partners in deciding the best approach to investment in housing or community development. These include statewide or local housing or health advocacy groups or community-based organizations that focus on poverty and/or economic development such as community development corporations. Each of these organizations, because of their direct work with people who have low and moderate incomes, will have unique perspectives on the most effective approach to investment and community needs.

Health insurance regulators are also important stakeholders. When considering making investments in housing and community development, health plans will have a primary concern of ensuring that any such investments do not imperil their capital position in a way that would result in regulatory concerns or action. Regulators can help encourage investments in affordable housing and community development by clarifying regulations about admitted assets and capital held in excess of required amounts. Regulator
should also reduce uncertainty about how specific types of investments would be treated for regulatory purposes, and in some cases consider being flexible if the investments serve a desired public policy goal, and are limited in scope and amount. This could be particularly true for new or innovative forms of community investments.

**Conclusion**

There exists today great opportunity for health plans to address the social, environmental and economic factors that impact the health of their members and of their communities at-large, including expanding the availability of safe and affordable housing. Indeed, at a time when they hold exceedingly high levels of financial reserves, health plans have not only the ability but, arguably, the *responsibility* to invest a portion of those reserves in housing and community development. While plans must always consider the impact of any investments on their overall financial condition and solvency, there is already sufficient clarity about how regulators would treat many types of housing investments. With this clarity, health plans should actively explore their options to invest in projects that can result in both a positive social and financial return.
1 For example, in 2017 Massachusetts launched an Accountable Care Organization (ACO) program for Medicaid beneficiaries who choose to enroll. ACOs are required to screen new members for care needs including health-related social needs and, starting in 2020, are permitted to pay for certain health-related social supports in the areas of housing tenancy and nutrition. Similarly, in 2018, North Carolina received federal approval to require Medicaid managed care plans to screen enrollees with high physical, behavioral or social needs for needs related to housing, transportation, food insecurity and interpersonal safety/toxic stress. If enrollees identify having health-related social needs under one of these categories, health plans are then required to make referrals to community-based organizations that can address these needs.


iii National Association of Insurance Commissioners, About the NAIC. Available at http://content.naic.org/index_about.htm.

iv “Unexpected events” might include, for example: a bad flu season, a new and expensive drug or treatment, a negotiation with a provider system that results in higher-than-expected rates of payment or simply not accurately predicting premium revenue.


viii Democracy Collaborative.


xi Alternative asset classes are less traditional and more unexpected investment options. However, they may still be considered to be admitted assets.

xii Community Development Financial Institutions – which can be banks, credit unions, loan funds, microloan funds, or venture capital providers – aim to “expand…economic opportunity in low-income communities by providing access to financial products and services for local residents and businesses.” See United State Department of the Treasury, CDFI Fund, Infographic. Available at https://www.cdfifund.gov/Documents/CFDI_infographic_v08A.pdf.

xiii “Congress sets a limit on the amount of LIHTC that can be allocated in any year. For 2018, each state was originally allocated $2.765 million or $2.40 per capita, whichever was larger. But Congress provided a 12.5 percent boost through 2021, so these figures were increased to $3.1 million and $2.70, respectively. Both dollar amounts are adjusted for inflation.” See Tax Policy Center, Briefing Book: What is the Low-Income Housing Tax Credit and how does it work? Available at https://www.taxpolicycenter.org/briefing-book/what-low-income-housing-tax-credit-and-how-does-it-work.

xiv Higher demand for tax credits has led to higher prices for credit investors, which in turn, has resulted in lower yields. See Teresa Garcia, High LIHTC Pricing, Low Yields Lead to Investor Pushback. Novogradac. July 6, 2016. Available at https://www.novoco.com/periodicals/articles/high-lihtc-pricing-low-yields-lead-investor-pushback.

xv While these are all forms of direct contribution, grants will be treated as expenses, while debt and equity will be treated as investments.
Appendix 1
Examples of Health Plan Investments

CareOregon
CareOregon is a not-for-profit managed care plan based in Portland, Oregon that serves about 280,000 Medicaid and Medicare members across 28 Oregon counties. CareOregon estimates that between 2 and 4 percent of its Medicaid members are homeless, either sheltered or unsheltered. In an effort to address homelessness, in 2016, CareOregon partnered with Central City Concern (CCC), a community service agency and Federally Qualified Health Center, by contributing $4 million to its “Housing is Health” initiative, which developed approximately 382 new housing units specifically designed for individuals and families who are homeless or at risk of becoming homeless. In addition to CareOregon, five other health care organizations contributed toward a total of $21.5 million to CCC’s Housing is Health initiative as part of their community benefit commitments. As early as 2013, CCC began to identify potential Housing is Health partner health care institutions based on interest and ability to contribute, and engaged in many conversations with senior executives at those institutions to encourage participation.

While CareOregon’s participation in the project required Board approval, regulatory approval was not necessary. The Housing is Health initiative was chosen over competing projects and supports the mission of the organization and community benefit priorities. The buildings are completed and open; CareOregon patients do not receive preferential treatment for residency in these units; however, given that the membership is primarily Medicaid/Medicare, it is expected that some members may qualify. The balance of the $81 million project cost came from tax credits, the city housing bureau, a loan and a capital campaign. Central City Concern owns, operates and manages the buildings. The project budget also includes an outcomes study that will be developed by Center for Outcomes Research and Education (CORE).

UnitedHealthcare
UnitedHealthcare Community & State is one of four divisions of UnitedHealthcare, the health benefits business of UnitedHealth Group Inc., and provides Medicaid managed care solutions. UnitedHealthcare Community & State operates in 25 states and Washington, D.C. and has a long history of investing in low-income housing initiatives to support their patients in the communities served.

The health insurer is a national leader in its commitment and focus on affordable housing and housing’s link to health outcomes. In 2019, it announced that its investments in affordable housing since 2011 have surpassed $400 million.

Among many other initiatives, in 2016, UnitedHealthcare Community & State partnered with Chicanos Por La Causa, Inc. (CPLC) to help Phoenix-area low- and moderate-income individuals and families access quality, affordable housing with wraparound services for its tenants. This investment was in line with their commitment to provide both affordable housing and healthcare services in the housing environment.
UnitedHealthcare committed to provide CPLC up to $20 million in capital to acquire, develop and operate multifamily housing units in the Phoenix area, and to offer and administer need-based services to residents. The investment is structured as a below-market-interest-rate loan; a 100 percent-private deal with no federal dollars. This represents a type of capital investment that United was seeking as an alternative to the tax credit investments.

The project includes the purchase and rehabilitation of 500 housing units, 20 percent of which are deed-restricted affordable units. The first complex has 351 units and the partnership will combine affordable housing with onsite residential social-support services.

**UPMC for You**

UPMC for You is part of the UPMC Insurance Services Division. It is a non-profit health maintenance organization (HMO) offering Medicaid and Medicare Special Needs Plans. Special Needs Plans disproportionately enroll older beneficiaries with serious chronic conditions.

UPMC and UPMC for You are experienced in identifying and addressing social determinants of health, including affordable housing through focused clinical programs and investment strategies. UPMC operates a larger program that assists individuals who are homeless and experience mental health issues.

In 2010, UPMC for You began its most noteworthy housing partnership with a Pittsburgh community organization, Cultivating Health for Success Program. The program provides stable housing with supportive services to homeless members with complex needs. The program has shown significant financial and programmatic success, and UPMC for You recently announced its expansion to serve a broader population.

UPMC for You is also investing in affordable housing. In 2017, they invested $20 million in a private equity real estate investment fund under Omicelo, LLC, a mission-driven, Pittsburgh-based real estate investment and advisory firm. According to its website, Omicelo opportunistically invests in multifamily assets, single family rentals and residential whole loans. The firm is focused on neighborhood gentrification with the people who live in the neighborhood.

The private equity fund anticipates raising $25 million through private investments (Class A) and grants from foundations (Class B). Eighty percent of the investment is targeted to be located in Pennsylvania, Ohio, New York, New Jersey, and Maryland.

Omicelo’s President, Joshua Pollard, had cultivated a relationship with UPMC for You management from his previous work at Goldman Sachs. Mr. Pollard has a strong commitment to gentrification in place and community initiatives in the Pittsburgh area and the management team at UPMC believed the intersection of initiatives between the parties allowed them to move forward with the investment. However, approving the fund took approximately two years to build consensus and to allow for separate approvals by the health insurance entity and the Chief Investment Officer and Investment Committee at UPMC. Real estate private equity was both an acceptable investment from a regulatory perspective and from a UPMC for You investment policy perspective, but the fund was still fully vetted to ensure the risk
and return objectives were reasonably suited to the Institution's charitable purpose and the purpose of its investment strategy.

UPMC for You investment policy allowed for investments in private equity and the size of the investment totals approximately 5 percent of its overall portfolio. Its current investment portfolio is heavily weighted towards fixed income so the projected rate of return of the Omicelo investment is slightly more favorable than other projected returns in the portfolio. The fund has a 10-year life with protocols for extensions by the General Partner then by the Limited Partners. UPMC for You has a strong level of reserves and Risk Based Capital (RBC) level sufficiently above the necessary requirements, and it should be noted that in the event the fund fails to perform, it would have a minimal cost impact to their overall portfolio.

In addition to achieving the targeted investment returns, the fund hopes that by providing improved housing in the community people will experience better health outcomes. Although there is no preferential treatment for housing for UPMC for You patients, it is believed there may be financial and strategic benefit to the health system given the location of the Pittsburgh investment and since it is a Medicaid insurance plan. Given UPMC for You's commitment and experience in the affordable housing space this investment is an additional approach to improving the lives in the community and potentially reducing medical costs alongside a financial return.

UPMC is a healthcare leader in Pennsylvania. Management continues to evaluate initiatives to alleviate homelessness and improve the health of the community. The mission of the investment fund, the target return, and the previous relationship of the team were all factors that led UPMC to integrate social standards into their investment decisions.
APPENDIX 2
MASSACHUSETTS-BASED COLLABORATIVE INVESTMENTS

The Life Initiative
The Life Initiative (TLI) is a community investment fund created in 1998 by Massachusetts-based life insurance companies, through legislation and supported by the life insurance industry and community development groups. Eleven life insurers are currently partners in this $100 million fund, which makes investments in a variety of projects that benefit low- and moderate-income households and communities. TLI investments range from providing capital to small businesses, to supporting the expansion of community health centers, to providing loan funds for a variety of affordable housing projects.

The Property Casualty Initiative
The Property and Casualty Initiative (PCI) was created in 1999 through legislation and supported by thirteen Massachusetts-based property and casualty insurance companies. This $85 million statewide community loan fund works to promote economic development by providing loans that improve the health and welfare of low-income residents and communities across the Commonwealth. PCI has made direct loans to small businesses, supported development projects and invested in regional loan or equity funds.
## Appendix 3
### Sources for Health Insurer Financial Information

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**Fact Sheet: Risk Based Capital**

*What is Risk Based Capital?*
Risk based capital (RBC) is a regulatory approach to assessing the adequacy of a health plan's capital position and solvency based on the riskiness of its business and assets.

The RBC approach was developed several decades ago as an alternative to previous requirements that insurers have a certain minimum fixed dollar amount of capital, regardless of the riskiness of an insurer’s underlying business or financial structure.

*Why Is It Important?*
The RBC framework is designed to determine the minimum amount of capital that a health plan needs to maintain in order to protect its customers and investors. The assessment of the adequacy of RBC will vary, depending on the health plan's particular business characteristics, including the types of insurance it writes, and the types of investments it makes.

*How Is The RBC Ratio Determined?*
Regulators determine a hypothetical minimum amount of required capital (known as the Authorized Control Level Capital, or ACLC) and then compare it to the company's actual Total Adjusted Capital (TAC), to produce the plan's Risk-Based Capital (RBC) ratio, which is expressed as a percent.

The ACLC is calculated using a complicated formula that assesses needed capital in the context of four major types of financial risk that may be present to different degrees in a health plan:
1. asset risk
2. underwriting risk
3. credit rate risk
4. general business risk.

The TAC, on the other hand, is more straightforward. In most instances, the TAC for a health plan is the same as its reported statutory capital.

The two numbers that are needed to calculate a health plan's RBC ratio, TAC and ACLC are reported in the annual public regulatory financial filings of health plans, which can be obtained from the NAIC and

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**RBC Ratio:**

\[
\frac{TAC}{ACLC} = \text{RBC Ratio}
\]

*“The Healthful Plan”*

\[
\frac{TAC = \$1.070 \text{ billion}}{ACLC = \$178 \text{ million}} = \text{RBC Ratio} = 601 \text{ percent}
\]
state regulators. However, the detailed calculations of ACLC for any individual health plan are confidential and not available publicly.

**What's An Appropriate RBC Ratio?**

Generally speaking, the lower the RBC ratio of a plan, the weaker the solvency condition of the plan, and conversely, the higher the RBC ratio, the stronger the plan's financial position.

For example, an RBC ratio under 200 percent will almost certainly result in regulatory action from a state insurance department. Regulatory action can range from enhanced oversight to taking over the health plan.¹ In most states, a health plan that has an RBC ratio between 150 percent and 200 percent is at the so-called “Company Action Level”, and is required to submit to state regulators a detailed corrective action plan to address its financial condition, which must be found satisfactory by regulators. That said, even when the RBC ratio is above 200 percent, a negative trend can be of concern to a regulator causing the department to take action.

While there are generally accepted minimum RBC ratios, there is no consensus among insurance regulators on a reasonable *upper limit*. Some regulators believe that an RBC ratio above 300-400 percent would indicate that a plan is sufficiently well-capitalized while others believe that a minimum RBC ratio of 700 percent, or even higher is needed before a plan is adequately capitalized.

# Appendix 5

## Health and Housing: Potential Impact Investment Strategies

### Private Equity Funds
- Investment in a pooled private equity fund.
- Considerations: community, environmental, and health benefits; financial risks and returns; liquidity; geographic-related criteria.
- Funds are an effective way to diversify across a portfolio of investments; they are considered an alternative asset class, often have minimum investment thresholds, and typically require 7-10 year commitments.

### Loans
- Plans may provide loans via intermediaries or direct to borrower.
- Low cost debt with favorable repayment terms, and longer-term amortization schedules are especially catalytic.
- Plans may invest in a pooled debt fund.
- Plans may acquire notes of Community Development Finance Institutions (CDFIs), which offers the potential to build a program of CDFI investments over time into a bond ladder.
- Requires underwriting capacity.
- Can be difficult to scale.

### Tax Credit Equity
- Options: Low-Income Housing Tax Credits (LIHTC) and New Market Tax Credits (NMTC).
- For qualifying investors, invest equity in LIHTC Funds or in NMTC funding structures via accredited intermediaries for tax credits over 10 years or 7 years, respectively.
- LIHTC supports construction of subsidized affordable housing units.
- NMTC supports development of commercial and/or mixed-use developments in eligible distressed census tracts.

### Direct Contributions
- Few restrictions.
- Contributions can be debt, equity and/or grants.
- There exists the potential ability to negotiate for housing units for health plan members if no federal tax credit programs are involved in the deal structure. Fair housing laws under the Fair Housing Act apply.
- Requires underwriting capacity.
- More difficult to scale.