

Amended Statement Cover

The 1st Quarter Statement for AultCare HMO is being amended for the audit adjustments made after the filing date of 2/28/02. The audit adjustments include a reclassification of depreciation expense to an administrative fee in the amount of \$21,788 for our computer system. Another adjustment was from the prior year in the amount of \$1,781 which went to Retained Earnings. The final adjustment was for \$6,594 to adjust the federal income tax.



HEALTH QUARTERLY STATEMENT

AS OF MARCH 31, 2002
 OF THE CONDITION AND AFFAIRS OF THE
AULTCARE HMO

NAIC Group Code	<u>1204</u> (Current Period)	NAIC Company Code	<u>95200</u>	Employer's ID Number	<u>34-1758734</u>	
Organized under the Laws of	<u>Ohio</u>	State of Domicile or Port of Entry			<u>Ohio</u>	
Country of Domicile						
Licensed as business type:	Life, Accident & Health <input checked="" type="checkbox"/> Dental Service Corporation <input type="checkbox"/> Other <input type="checkbox"/>	Property/Casualty <input type="checkbox"/> Vision Service Corporation <input type="checkbox"/>	Hospital, Medical & Dental Service or Indemnity <input type="checkbox"/> Health Maintenance Organization <input type="checkbox"/>			
Date Incorporated or Organized	<u>12/02/1993</u>		Date Commenced Business	<u>04/01/1994</u>		
Statutory Home Office	<u>2600 SIXTH STREET SW</u> (Street and Number)		<u>CANTON, OH 44710</u> (City, or Town, State and Zip Code)			
Main Administrative Office	<u>2600 SIXTH STREET SW</u> (Street and Number)		<u>CANTON, OH 44710</u> (Area Code) (Telephone Number)			
Mail Address	<u>2600 SIXTH STREET SW</u> (Street and Number or P.O. Box)		<u>CANTON, OH 44710</u> (City, or Town, State and Zip Code)			
Primary Location of Books and Records	<u>2600 SIXTH STREET SW</u> (Street and Number)		<u>CANTON, OH 44710</u> (Area Code) (Telephone Number)			
Internet Website Address						
Statutory Statement Contact	<u>CHRISTOPHER JOHN INDORF</u> (Name) cindorf@aultman.com (E-Mail Address)		<u>(330)438-6360 x4057</u> (Area Code) (Telephone Number) (Extension) <u>(330)580-6658 x</u> (Fax Number)			
Policyowner Relations Contact	<u>(Street and Number)</u> (City, or Town, State and Zip Code)					<u>(Area Code) (Telephone Number) (Extension)</u>

OFFICERS

PRESIDENT	RICK L HAINES
SECRETARY	ROGER E BAKER MD
TREASURER	SHEILA M MARKLEY
VICE CHAIRMAN	FRANK G PROVO
CHAIRMAN	WILLIAM S ALFORD MD
VICE PRESIDENT OF BROKERED SALES	WILLIAM A HAMMERSTROM

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

JOHN B HUMPHREY JR MD	FRANK G PROVO
RICHARD J PRYCE	PAUL W WELCH MD
ROBERT M MANN	ROGER BAKER MD
THEODORE V BOYD	ALLEN J ROVNER MD

State of Ohio
 County of STARK ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

<u>(Signature)</u> RICK L HAINES (Printed Name) President	<u>(Signature)</u> BRADLEY R HECKER (Printed Name) Associate Vice President	<u>(Signature)</u>
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Subscribed and sworn to before me this <u> </u> day of <u> </u> , 2002	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <u>1</u> <u>10/01/2002</u> <u>6</u>
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(Notary Public Signature)

ASSETS

	1 Assets	Current Period		Prior Year
		2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds	3,210,774			3,210,774 3,126,137
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				(a)
4.1 Properties occupied by the company (less \$..... encumbrances)				
4.2 Properties held for the production of income (less \$..... encumbrances)				
4.3 Properties held for sale (less \$..... encumbrances)				
5. Cash (\$.....331,057) and short-term investments (\$.....)	331,057			331,057 535,888
6. Other long-term invested assets				
7. Receivable for securities				
8. Aggregate write-ins for invested assets				
9. Subtotal cash and invested assets (Lines 1 to 8)	3,541,831			3,541,831 3,662,025
10. Accident and health premiums due and unpaid				
11. Health care receivables	993,136	1,579	991,557	622,101
12. Amounts recoverable from reinsurers	195,574		195,574	407,801
13. Net adjustment in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued	33,565		33,565	51,909
15. Amounts due from parent, subsidiaries and affiliates	274,170		274,170	569,314
16. Amounts receivable relating to uninsured accident and health plans				
17. Furniture and equipment				
18. Amounts due from agents				
19. Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset)				
20. Electronic data processing equipment and software				
21. Other nonadmitted assets				
22. Aggregate write-ins for other than invested assets	19,701	19,701		
23. Total assets (Lines 9 plus 10 through 22)	5,057,978	21,280	5,036,698	5,313,150
DETAILS OF WRITE-INS				
0801				
0802				
0803				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above)				
2201. ACCUMULATED DEPRECIATION	19,701	19,701		
2202				
2203				
2298. Summary of remaining write-ins for Line 22 from overflow page				
2299. TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)	19,701	19,701		

(a) \$..... health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$..... reinsurance ceded)	662,392		662,392	662,392
2. Accrued medical incentive pool and bonus payments				
3. Unpaid claims adjustment expenses				
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance				
7. General expenses due or accrued	155,472		155,472	191,627
8. Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses) (including \$..... net deferred tax liability)				
9. Amounts withheld or retained for account of others				
10. Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
11. Amounts due to parent, subsidiaries and affiliates	1,758,077		1,758,077	1,837,319
12. Payable for securities				
13. Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
14. Reinsurance in unauthorized companies				
15. Net adjustments in assets and liabilities due to foreign exchange rates				
16. Liability for amounts held under uninsured accident and health plans				
17. Aggregate write-ins for other liabilities (including \$..... current)				
18. Total liabilities (Lines 1 to 17)	2,575,941		2,575,941	2,691,338
19. Common capital stock	XXX	XXX		
20. Preferred capital stock	XXX	XXX		
21. Gross paid in and contributed surplus	XXX	XXX	3,450,000	3,450,000
22. Surplus notes	XXX	XXX		
23. Aggregate write-ins for other surplus funds	XXX	XXX		
24. Unassigned funds (surplus)	XXX	XXX	(989,243)	(828,188)
25. Less treasury stock, at cost:				
25.1 shares common (value included in Line 19 \$.....)	XXX	XXX		
25.2 shares preferred (value included in Line 20 \$.....)	XXX	XXX		
26. Total capital and surplus (Lines 19 to 24, Less 25)	XXX	XXX	2,460,757	2,621,812
27. Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	5,036,698	5,313,150
DETAILS OF WRITE-INS				
1701.				
1702.				
1703.				
1798. Summary of remaining write-ins for Line 17 from overflow page				
1799. TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above)				
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX		
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year
	1 Uncovered	2 Total	3 Total
	XXX	16,196	60,756
1. Member Months	XXX	16,196	60,756
2. Net premium income	XXX	2,321,072	8,997,842
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of \$..... medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX		
7. TOTAL REVENUES (Lines 2 to 6)	XXX	2,321,072	8,997,842
Medical and Hospital:			
8. Hospital/medical benefits		815,257	2,875,882
9. Other professional services		907,268	2,958,033
10. Outside referrals		181,755	957,374
11. Emergency room and out-of-area			89,961
12. Prescription drugs			
13. Aggregate write-ins for other medical and hospital		332,812	1,902,169
14. Incentive pool and withhold adjustments			
15. Subtotal (Lines 8 to 14)		2,237,091	8,783,419
LESS:			
16. Net reinsurance recoveries			465,586
17. Total medical and hospital (Lines 15 minus 16)		2,237,091	8,317,833
18. Claims adjustment expenses			185,692
19. General administrative expenses		272,861	1,116,936
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)		2,509,952	9,620,461
22. Net underwriting gain or (loss) (Lines 7 minus 21)	XXX	(188,880)	(622,619)
23. Net investment income earned		33,964	117,247
24. Net realized capital gains or (losses)		13,561	(2,093)
25. Net investment gains or (losses) (Lines 23 plus 24)		47,526	115,154
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....), (amount charged off \$.....)]			
27. Aggregate write-ins for other income or expenses			
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		(141,354)	(507,465)
29. Federal and foreign income taxes incurred	XXX		(4,983)
30. Net income (loss) (Lines 28 minus 29)	XXX	(141,354)	(502,482)
DETAILS OF WRITE-INS			
0601	XXX		
0602	XXX		
0603	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX		
1301. INPATIENT		332,812	1,902,169
1302			
1303			
1398. Summary of remaining write-ins for Line 13 from overflow page			
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)		332,812	1,902,169
2701			
2702			
2703			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
31. Capital and surplus prior reporting year	2,621,812	2,126,684
GAINS AND LOSSES TO CAPITAL & SURPLUS		
32. Net income or (loss) from Line 30	(141,354)	(502,482)
33. Change in valuation basis of aggregate policy and claim reserves		
34. Net unrealized capital gains and losses		
35. Change in net unrealized foreign exchange capital gain or (loss)		
36. Change in net deferred income tax		
37. Change in nonadmitted assets	(19,701)	1,001
38. Change in unauthorized reinsurance		
39. Change in treasury stock		
40. Change in surplus notes		
41. Cumulative effect of changes in accounting principles		
42. Capital Changes:		
42.1 Paid in		
42.2 Transferred from surplus (Stock Dividend)		
42.3 Transferred to surplus		
43. Surplus adjustments:		
43.1 Paid in		1,000,000
43.2 Transferred to capital (Stock Dividend)		
43.3 Transferred from capital		
44. Dividends to stockholders		
45. Aggregate write-ins for gains or (losses) in surplus		(3,391)
46. Net change in capital and surplus (Lines 32 to 45)	(161,055)	495,128
47. Capital and surplus end of reporting period (Line 31 plus 46)	2,460,757	2,621,812
DETAILS OF WRITE-INS		
4501. AUDIT ADJUSTMENTS		(3,391)
4502		
4503		
4598. Summary of remaining write-ins for Line 45 from overflow page		
4599. TOTALS (Lines 4501 through 4503 plus 4598) (Line 45 above)		(3,391)

CASH FLOW

		1 Current Year To Date	2 Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance	2,321,072	8,997,842
2.	Claims and claims adjustment expenses	2,018,881	8,658,473
3.	General administrative expenses paid	307,437	1,100,364
4.	Other underwriting income (expenses)		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(5,246)	(760,995)
6.	Net investment income	52,308	106,335
7.	Other income (expenses)		
8.	Federal and foreign income taxes (paid) recovered		4,983
9.	Net cash from operations (Lines 5 to 8)	47,063	(649,677)
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1	Bonds	222,820	308,437
10.2	Stocks		
10.3	Mortgage loans		
10.4	Real estate		
10.5	Other invested assets		
10.6	Net gains or (losses) on cash and short-term investments		
10.7	Miscellaneous proceeds		
10.8	TOTAL investment proceeds (Lines 10.1 to 10.7)	222,820	308,437
11.	Cost of investments acquired (long-term only):		
11.1	Bonds	299,372	1,412,011
11.2	Stocks		
11.3	Mortgage loans		
11.4	Real estate		
11.5	Other invested assets		
11.6	Miscellaneous applications		
11.7	TOTAL investments acquired (Lines 11.1 to 11.6)	299,372	1,412,011
12.	Net cash from investments (Line 10.8 minus Line 11.7)	(76,552)	(1,103,574)
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1	Surplus notes, capital and surplus paid in		1,000,000
13.2	Net transfers from affiliates	215,902	906,017
13.3	Borrowed funds received		
13.4	Other cash provided	(21,788)	(21,788)
13.5	TOTAL (Lines 13.1 to 13.4)	194,114	1,884,229
14.	Cash applied:		
14.1	Dividends to stockholders paid		
14.2	Net transfers to affiliates		
14.3	Borrowed funds repaid		
14.4	Other applications	369,456	192,345
14.5	TOTAL (Lines 14.1 to 14.4)	369,456	192,345
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	(175,342)	1,691,884
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	(204,831)	(61,367)
17.	Cash and short-term investments:		
17.1	Beginning of period	535,888	597,254
17.2	End of period (Line 16 plus Line 17.1)	331,057	535,887