



QUARTERLY STATEMENT

AS OF MARCH 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

CARESOURCE

NAIC Group Code	3683 (Current Period)	3683 (Prior Period)	NAIC Company Code	95201	Employer's ID Number	31-1143265
Organized under the Laws of Ohio			State of Domicile or Port of Entry			Ohio
Country of Domicile United States						
Licensed as business type:	Life, Accident & Health [] Dental Service Corporation [] Other []	Property/Casualty [] Vision Service Corporation []	Hospital, Medical & Dental Service or Indemnity [] Health Maintenance Organization [X] Is HMO, Federally Qualified? Yes [] No [X]			
Incorporated/Organized	06/12/1985	Commenced Business			10/01/1988	
Statutory Home Office	230 North Main Street (Street and Number)			Dayton, OH 45402 (City or Town, State and Zip Code)		
Main Administrative Office	230 North Main Street (Street and Number)			Dayton, OH 45402 (City or Town, State and Zip Code)	937-531-3300 (Area Code) (Telephone Number)	
Mail Address	PO Box 8738 (Street and Number or P.O. Box)			Dayton, OH 45401-8738 (City or Town, State and Zip Code)	937-531-2159 (Area Code) (Telephone Number)	
Primary Location of Books and Records	230 North Main Street (Street and Number)			Dayton, OH 45402 (City or Town, State and Zip Code)	937-531-2159 (Area Code) (Telephone Number)	
Internet Web Site Address	www.caresource.com					
Statutory Statement Contact	L. Tarlton Thomas III (Name)			937-531-2159 (Area Code) (Telephone Number) (Extension)		
	Tarlton.Thomas@caresource.com (E-mail Address)			937-396-3438 (FAX Number)		

OFFICERS

Name	Title	Name	Title
Pamela B. Morris	CEO/ PRESIDENT	Bobby Jones	COO
Craig Thiele M.D.	CMO	L. Tarlton Thomas III.	CFO

OTHER OFFICERS

DIRECTORS OR TRUSTEES			
Pamela B. Morris	Michael E. Ervin M.D.	Ellen Leffak	
William F. Marsteller D.C.	Morris Brown M.D.	David T. Miller	Craig Brown #

State of Ohio.....

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County of Montgomery.....

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of 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* manual 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. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Pamela B. Morris President & Chief Executive Officer	Bobby Jones Chief Operating Officer	L. Tarlton Thomas, III Chief Financial Officer
a. Is this an original filing? Yes [X] No []		
b. If no: 1. State the amendment number _____ 2. Date filed _____ 3. Number of pages attached _____		

Subscribed and sworn to before me this
day of _____,

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	277,138,989		277,138,989	267,339,834
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	32,351,978		32,351,978	27,621,199
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	2,100,000		2,100,000	2,100,000
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ 74,262,892), cash equivalents (\$ 416,503,844) and short-term investments (\$ 12,056,470)	502,823,206		502,823,206	220,766,198
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	1,818,632	.0	1,818,632	.65,272
12. Subtotals, cash and invested assets (Lines 1 to 11)	816,232,805	.0	816,232,805	517,892,503
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	3,363,099		3,363,099	2,715,861
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	28,768,336		28,768,336	27,076,285
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	8,505,364		8,505,364	5,713,653
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$ 42,701,458) and other amounts receivable	42,701,458		42,701,458	37,656,528
25. Aggregate write-ins for other than invested assets	44,140	.44,140	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	899,615,202	44,140	899,571,062	591,054,831
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	899,615,202	44,140	899,571,062	591,054,831
DETAILS OF WRITE-INS				
1101. Investment in CareSource Foundation	1,818,632		1,818,632	.65,272
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	.0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	1,818,632	0	1,818,632	.65,272
2501. PREPAID EXPENSES	43,813	.43,813	0	0
2502. LEASEHOLD IMPROVEMENTS327	.327	0	0
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	.0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	44,140	44,140	0	0

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 7,130,825 reinsurance ceded)	.284,684,409		.284,684,409	.222,611,416
2. Accrued medical incentive pool and bonus amounts	1,045,685		1,045,685	1,418,741
3. Unpaid claims adjustment expenses	6,233,504		6,233,504	5,924,421
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	217,700,943		217,700,943	0
9. General expenses due or accrued	54,312,677		54,312,677	57,243,640
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	6,947,971		6,947,971	9,920,859
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	809,070		809,070	645,327
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	.571,734,259	0	.571,734,259	.297,764,404
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	17,200,000	17,200,000
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	2,100,000	2,100,000
31. Unassigned funds (surplus)	XXX	XXX	308,536,803	273,990,427
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	327,836,803	293,290,427
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	899,571,062	591,054,831
DETAILS OF WRITE-INS				
2301.			0	0
2302.			0	0
2303.			0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501.	XXX	XXX		0
2502.	XXX	XXX		0
2503.	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001. Contributed Surplus (Land)	XXX	XXX	2,100,000	2,100,000
3002.	XXX	XXX		0
3003.	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	2,100,000	2,100,000

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	2,544,779	2,340,605	9,656,578
2. Net premium income (including \$ non-health premium income)	XXX	676,467,555	660,232,107	2,558,117,692
3. Change in unearned premium reserves and reserve for rate credits	XXX		0	0
4. Fee-for-service (net of \$ medical expenses).....	XXX		0	0
5. Risk revenue.....	XXX		0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	676,467,555	660,232,107	2,558,117,692
Hospital and Medical:				
9. Hospital/medical benefits		517,882,272	480,940,505	1,896,322,781
10. Other professional services		6,569,067	3,758,539	22,680,050
11. Outside referrals			0	0
12. Emergency room and out-of-area		39,329,571	40,145,757	173,420,634
13. Prescription drugs		781,344	38,521,901	37,990,319
14. Aggregate write-ins for other hospital and medical.....	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		473,451	474,950	2,573,033
16. Subtotal (Lines 9 to 15)	0	565,035,705	563,841,652	2,132,986,817
Less:				
17. Net reinsurance recoveries		4,579,543	4,577,492	10,484,656
18. Total hospital and medical (Lines 16 minus 17)	0	560,456,162	559,264,160	2,122,502,161
19. Non-health claims (net).....			0	0
20. Claims adjustment expenses, including \$ 8,218,155 cost containment expenses.....		11,241,283	12,318,789	43,491,237
21. General administrative expenses.....		75,254,561	69,271,675	291,151,293
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....			0	0
23. Total underwriting deductions (Lines 18 through 22)	0	646,952,006	640,854,624	2,457,144,691
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	29,515,549	19,377,483	100,973,001
25. Net investment income earned		3,005,834	2,949,822	11,087,300
26. Net realized capital gains (losses) less capital gains tax of \$.....	0	(441,761)	5,072	(472,105)
27. Net investment gains (losses) (Lines 25 plus 26)	0	2,564,073	2,954,894	10,615,195
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0	0
29. Aggregate write-ins for other income or expenses	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	32,079,622	22,332,377	111,588,196
31. Federal and foreign income taxes incurred	XXX		0	0
32. Net income (loss) (Lines 30 minus 31)	XXX	32,079,622	22,332,377	111,588,196
DETAILS OF WRITE-INS				
0601.....	XXX		0	0
0602.....	XXX		0	0
0603.....	XXX		0	0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701.....	XXX		0	0
0702.....	XXX		0	0
0703.....	XXX		0	0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.....			0	0
1402.....			0	0
1403.....			0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901.....			0	0
2902.....			0	0
2903.....			0	0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	293,290,427	180,796,584	180,796,584
34. Net income or (loss) from Line 32	32,079,622	22,332,377	111,588,196
35. Change in valuation basis of aggregate policy and claim reserves	0	0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	2,070,537	863,222	3,705,176
37. Change in net unrealized foreign exchange capital gain or (loss)	0	0	0
38. Change in net deferred income tax	0	0	0
39. Change in nonadmitted assets	659,206	(22,703)	(677,325)
40. Change in unauthorized reinsurance	0	0	0
41. Change in treasury stock	0	0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles	0	0	0
44. Capital Changes:			
44.1 Paid in	0	0	0
44.2 Transferred from surplus (Stock Dividend)	0	0	0
44.3 Transferred to surplus	0	0	0
45. Surplus adjustments:			
45.1 Paid in	0	0	0
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital	(262,989)	(186,993)	(1,017,795)
46. Dividends to stockholders	0	0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0	(1,104,409)
48. Net change in capital and surplus (Lines 34 to 47)	34,546,376	22,985,903	112,493,843
49. Capital and surplus end of reporting period (Line 33 plus 48)	327,836,803	203,782,487	293,290,427
DETAILS OF WRITE-INS			
4701. CONTRIBUTED SURPLUS [LAND]	0	0	0
4702. Non credit related impairment of residential mortgage-based securities	0	0	(1,104,409)
4703. 0	0	0	0
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	(1,104,409)

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	892,476,447	418,254,617	2,316,483,243
2. Net investment income.....	2,631,946	(282,613)	11,706,976
3. Miscellaneous income.....	0	0	0
4. Total (Lines 1 to 3).....	895,108,393	417,972,004	2,328,190,218
5. Benefit and loss related payments.....	505,953,701	536,155,846	2,114,254,384
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	88,953,977	75,683,031	290,690,409
7. Commissions, expenses paid and aggregate write-ins for deductions.....	0	0	0
8. Dividends paid to policyholders.....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0	0
10. Total (Lines 5 through 9).....	594,907,678	611,838,877	2,404,944,793
11. Net cash from operations (Line 4 minus Line 10).....	300,200,715	(193,866,873)	(76,754,575)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	4,606,085	8,445,966	60,875,073
12.2 Stocks.....	13,036,315	0	1,314,983
12.3 Mortgage loans.....	0	0	0
12.4 Real estate.....	0	0	0
12.5 Other invested assets.....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0	0
12.7 Miscellaneous proceeds.....	0	21,468	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	17,642,400	8,467,434	62,190,056
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	14,678,590	40,232,000	121,351,329
13.2 Stocks.....	16,141,109	0	6,599,589
13.3 Mortgage loans.....	0	0	0
13.4 Real estate.....	0	0	0
13.5 Other invested assets.....	0	0	0
13.6 Miscellaneous applications.....	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	30,819,699	40,232,000	127,950,918
14. Net increase (or decrease) in contract loans and premium notes.....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(13,177,299)	(31,764,566)	(65,760,862)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	(2,033,674)	0	(1,029,271)
16.3 Borrowed funds.....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0	0
16.5 Dividends to stockholders.....	0	0	0
16.6 Other cash provided (applied).....	(2,932,734)	487,832	3,086,530
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(4,966,408)	487,832	2,057,259
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	282,057,008	(225,143,607)	(140,458,178)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	220,766,198	361,224,376	361,224,376
19.2 End of period (Line 18 plus Line 19.1).....	502,823,206	136,080,769	220,766,198

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group							
Total Members at end of:										
1. Prior Year	839,491	0	.0	0	0	.0	0	.824	838,212	455
2. First Quarter	851,812	0	.0	0	0	.0	0	.853	850,395	564
3. Second Quarter	0	0	.0	0	0	.0	0	0	.0	.0
4. Third Quarter	0									
5. Current Year	0									
6. Current Year Member Months	2,544,779							2,559	2,540,580	1,640
Total Member Ambulatory Encounters for Period:										
7. Physician	942,641							2,140	940,496	.5
8. Non-Physician	551,987							1,955	550,023	9
9. Total	1,494,628	0	0	0	0	0	0	4,095	1,490,519	14
10. Hospital Patient Days Incurred	123,365							1,584	121,781	0
11. Number of Inpatient Admissions	37,449							348	37,101	0
12. Health Premiums Written (a)	679,213,208							2,430,720	676,628,109	154,379
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	679,213,208							2,430,720	676,628,109	154,379
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	496,869,846							1,934,155	494,776,743	158,948
18. Amount Incurred for Provision of Health Care Services	565,035,708							1,545,927	563,334,798	154,983

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 2,430,720

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims unpaid (Reported)						
0199999 Individually listed claims unpaid.....	0	0	0	0	0	0
0299999 Aggregate accounts not individually listed-uncovered.....						
0399999 Aggregate accounts not individually listed-covered	115,193,141	186,122	81,126	27,877	16,192	115,504,458
0499999 Subtotals	115,193,141	186,122	81,126	27,877	16,192	115,504,458
0599999 Unreported claims and other claim reserves	XXX	XXX	XXX	XXX	XXX	176,310,776
0699999 Total amounts withheld	XXX	XXX	XXX	XXX	XXX	
0799999 Total claims unpaid	XXX	XXX	XXX	XXX	XXX	291,815,234
0899999 Accrued medical incentive pool and bonus amounts	XXX	XXX	XXX	XXX	XXX	1,045,685

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	.0
2. Medicare Supplement					0	.0
3. Dental Only					0	.0
4. Vision Only					0	.0
5. Federal Employees Health Benefits Plan					0	.0
6. Title XVIII - Medicare	621,327	1,312,828	(39,326)	1,077,377	582,001	1,471,299
7. Title XIX - Medicaid	180,242,211	314,534,532	14,220,928	269,425,430	194,463,139	221,140,117
8. Other health		158,948			0	.0
9. Health subtotal (Lines 1 to 8).....	180,863,538	316,006,308	14,181,602	270,502,807	195,045,140	222,611,416
10. Health care receivables (a).....	(17,945)	(1,067,915)			(17,945)	.0
11. Other non-health					0	.0
12. Medical incentive pools and bonus amounts	780,700	19,819	586,950	458,735	1,367,650	1,418,741
13. Totals (Lines 9-10+11+12)	181,662,183	317,094,042	14,768,552	270,961,542	196,430,735	224,030,157

(a) Excludes \$ loans or advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies

Basis of Presentation – CareSource (CS's) statutory-basis financial statements are presented on the basis of accounting practices prescribed or permitted by the ODI. The ODI requires that insurance companies domiciled in the State of Ohio prepare their statutory financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual* (NAIC AP&P) subject to any deviation prescribed or permitted by the ODI.

Accounting practices and procedures of the NAIC, as prescribed or permitted by the insurance department of the applicable states of domicile, comprise a comprehensive basis of accounting other than accounting principles generally accepted in the United States (GAAP). The more significant differences are as follows:

Investments: Investments in bonds are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating; for GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available-for-sale. Held-to-maturity fixed investments would be reported at amortized cost, and the remaining fixed maturity investments would be reported at fair value with unrealized holding gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income for those designated as available-for-sale. Fair value for statutory purposes is based on the price published by the Securities Valuation Office of the NAIC (SVO), if available, whereas fair value for GAAP is based on quoted market prices.

All single class and multi-class mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS, and ABS securities), other than high credit quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to fair value. If high credit quality securities are adjusted, the retrospective method is used.

Nonadmitted Assets: Certain assets designated as "nonadmitted," principally past-due agents' balances, furniture and equipment, unsecured loans or cash advances to officers or agents, company's stock as collateral for loans, non-bankable checks, trade names and other intangible assets, and other assets not specifically identified as an admitted asset within the NAIC AP&P are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. In accordance with GAAP, such assets are included in the balance sheet to the extent that those assets are not impaired.

Reinsurance: Unpaid claims liabilities and premiums received in advance ceded to reinsurers have been reported as reductions of the related balances rather than as assets as would be required in accordance with GAAP.

Statements of Cash Flows: Cash, cash equivalents, and short-term investments in the statements of cash flows represent cash balances and investments with initial maturities of one year or less. In accordance with GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been quantified.

Other significant accounting practices are as follows:

Investments

Bonds and common stocks are stated at values prescribed by the NAIC, as follows:

Bonds not backed by other loans are principally stated at amortized cost using the interest method.

Single class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities.

Common stocks are reported at fair value as determined by the SVO and the related net unrealized capital gains (losses) are reported in unassigned surplus. There are no restrictions on common stock.

Realized capital gains and losses are determined using the first in first out method.

Short term investments include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost.

CS does not engage in subprime residential lending.

Other than temporary impairments

Management regularly reviews the value of CS's investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is an other-than-temporary impairment. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c) the intent and ability of CS to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments and (e) general market conditions and industry or sector specific factors.

Electronic Data Processing Equipment

The admitted value of CS's electronic data processing equipment and operating software was limited to three percent of capital and surplus. The admitted portion was reported at cost less accumulated depreciation. Electronic data processing equipment and

NOTES TO FINANCIAL STATEMENTS

operating or nonoperating software was depreciated using the straight line method over the lesser of its useful life or three years. Other furniture and equipment was depreciated using the straight line method over five years.

Pharmacy Rebate Receivable

Pharmacy rebates are attained based on agreements between CS and a third party administrator for prescription drugs. Pharmacy rebates are admitted if accrued or invoiced within 90 days of the reporting period. Pharmacy rebates are non admitted if invoiced over 90 days prior to the reporting period.

Unpaid Claims and Unpaid Claim Adjustment Expenses

Unpaid claims and unpaid claims adjustment expense liabilities represent management's best estimate of the ultimate net cost of all reported and unreported claims incurred through March 31. Significant assumptions in the estimation process include historical experience and trends in benefit costs, seasonality, utilization, provider contract terms, adjudicated claims, payment cycles, and the frequency and severity of claims incurred; all of which can vary by segment and claim type. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Premium Revenue

Substantially all of CS's premiums earned are related to two provider contracts with the Ohio Department of Job and Family Services (ODJFS). The contracts are subject to cancellation by CS upon one hundred twenty days written notice provided that termination must be effective on the last day of a calendar month. ODJFS can terminate the agreement, in certain circumstances, effective the last day of a calendar month. Cancellations or nonrenewal of these contracts would affect operating results adversely. Premiums are due monthly and are recognized as revenue in the period in which CS is obligated to provide services to its members. Premiums received in advance are recorded as unearned premium revenue. In accordance with Statement of Statutory Accounting Principle (SSAP) No. 61, *Life, Deposit-Type and Accident Health Reinsurance*, payments to a reinsurance carrier for a stop-loss arrangement are deducted from premiums earned.

Hospital and Medical Benefits Paid or Provided

CS contracts with various health care providers for the provision of certain health care services to its members. Participating physicians and hospitals are paid contractually established rates for services to members. The cost of health care services provided or contracted for is accrued in the period in which it is provided to a member, based in part, on estimates. Estimated liabilities for health care services provided to members of CS include claims reported and estimates (based upon historical experience) of health care services incurred but not reported (IBNR). These estimates are periodically reviewed and are adjusted in accordance with the latest available information in that period in which the information becomes available.

Reinsurance

Certain premiums and benefits are ceded to another insurance company under a reinsurance agreement. The ceded reinsurance agreement provides CS with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. CS remains obligated for amounts ceded in the event that the reinsurer does not meet their obligations.

	March 31, 2011	March 31, 2010
	Written & Earned	Written & Earned
Direct premiums	<u>\$679,213,208</u>	<u>\$662,010,328</u>
Ceded premiums		
Non-affiliates	<u>(2,416,401)</u>	<u>(1,778,221)</u>
Affiliates	<u>(329,252)</u>	-
Net premiums	<u>\$676,467,555</u>	<u>\$660,232,107</u>

Neither CS nor any of its related parties control, directly or indirectly, any reinsurer with whom CS conducts business. CS does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel the agreement.

Significant Provider

CS has an agreement with Children's Hospital and Physicians' Healthcare Networks dba Partners for Kids (PFK), for PFK to provide medical services to CS members. In connection with this contract, CS pays medical claims billed by non-PFK providers for CS members whom are less than 19 years old in the Central and Southeast Regions, and is later reimbursed by PFK. CS has recorded a liability for the incurred but not reported (IBNR) medical claims for these non-PFK provided services, and a related receivable which was secured by an irrevocable letter of credit from PFK's financial institution to CS in the amount of the IBNR accrual. Reinsurance for CS members for which PFK is providing the medical services for are delegated to PFK with approval of the State of Ohio.

During 2011 and 2010, PFK was paid \$58,196,698 and \$229,551,703, respectively, for services rendered, prior to chargebacks of \$29,328,155 and \$132,909,902, respectively. Chargebacks resulted from CS directly paying certain non-PFK providers under the contract. The CS membership capitated by the provider constituted approximately 19% of total CS membership in both 2011 and 2010, respectively.

As of March 31, 2011 and December 31, 2010, CS recorded a capitation chargeback receivable from PFK for \$11,217,983 and \$10,822,830 respectively.

Income Taxes

CS has been recognized by the Internal Revenue Service as an organization described in Internal Revenue Code Section 501(c)(3), and as such, is treated as exempt from federal income taxes, but is subject to unrelated business income tax.

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

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Use of Estimates

The preparation of financial statements in accordance with statutory accounting principles requires management to make estimates and assumptions that affect the reported amount of admitted assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Accounting Changes and Correction of Errors – None

3. Business Combinations and Goodwill – None

4. Discontinued Operations - None

5. Investments

- a. Mortgage Loans - None
- b. Debt Restructuring - None
- c. Reverse Mortgage - None
- d. Loan-Backed Securities:

Management regularly reviews the value of CS's investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is an other-than-temporary impairment. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c.i.) for non-interest-related declines in corporate and government bonds, the intent and ability of CS to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (c.ii.) for interest related declines in corporate and government bonds, the intent of CS to sell the investment at the reporting date, (c.iii.) for mortgage-backed securities, whether CS expects to recover the entire amortized cost basis of the security and whether CS has the intent to sell or intent and ability to hold the investments for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments, and (e) general market conditions and industry or sector specific factors.

Investments that are impaired at December 31, 2010 and 2009, for which other-than-temporary impairments have not been recognized, consist mainly of corporate securities, mortgage-backed securities, and common stocks. The impairment of investments in corporate and government bonds has been deemed as temporary due to the assigned rating and the typical fluctuations of these particular securities in the marketplace; the Company does not intend to sell these securities and has the intent and ability to hold these investments until recovery with respect to non-credit-related declines. The impairment of investments in certain mortgage-backed securities has been deemed as temporary as the Company expects to recover the entire amortized cost basis of the security, the Company did not intend to sell any of these securities at December 31, 2010, and the Company has the intent and ability to hold the securities for a period of time sufficient to recover the amortized cost basis. The impairment of investments in common stocks has been deemed as temporary due to the Company's intent and ability to hold the securities to recovery.

For mortgage-backed securities that are other-than-temporarily impaired, the security is adjusted to the present value of cash flows expected to be collected based on an estimate of the expected future cash flows of the impaired security, discounted at the security's effective interest rate, and the resulting losses are recognized in realized gains (losses) in the statements of revenues and expenses. Other-than-temporary impairments of \$0 and \$(213,053) related to mortgage-backed securities were recorded during 2010 and 2009, respectively.

The following is a list of each mortgage-backed security with a recognized other-than-temporary impairment in 2010 due to change in cash flows, as the present value of future cash flows expected to be collected is less than the amortized cost basis of the securities:

CUSIP	Amortized Cost Prior to OTTI	Present Value of Future Cash Flows		Credit Loss		Amortized Cost After OTTI	Fair Value
		Realized in Income	Amortized Cost After OTTI				
05953YBK6	\$ 908,754	\$ 887,394	\$ (21,360)	\$ 887,394	\$ 760,000		
12543TAM7	370,048	352,831	(17,217)	352,831	351,347		
126694EF1	965,301	958,429	(6,872)	958,429	849,429		
46628YAU4	1,929,774	1,869,568	(60,206)	1,869,568	1,349,041		
749581AN4	922,067	888,586	(33,481)	888,586	857,567		
74958DAF5	1,859,633	1,785,716	(73,917)	1,785,716	1,361,731		
	<u>\$ 6,955,577</u>	<u>\$ 6,742,524</u>	<u>\$ (213,053)</u>	<u>\$ 6,742,524</u>	<u>\$ 5,529,115</u>		

Each of the securities listed above were impaired on December 31, 2010. No securities were impaired due to intent to sell or inability to hold during the current period.

The following table shows gross unrealized losses and fair values of bonds and common stock aggregated by length of time that individual securities have been in a continuous loss position.

At March 31, 2011	Less than 12 Months			12 Months or More			Total		
	Fair Value		Gross Unrealized Losses		Fair Value		Gross Unrealized Losses		Fair Value
									Gross Unrealized Losses
Bonds:									
U.S. government and agencies	\$ 42,853,810	\$ (1,374,069)	\$ -	\$ -	\$ 42,853,810	\$ (1,374,069)			
Corporate securities	16,573,618	(146,660)	-	-	16,573,618	(146,660)			

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Mortgage-backed securities	5,784,096	(311,246)	-	-	\$ 5,784,096	\$ (311,246)
Total bonds	\$ 65,211,524	\$ (1,831,975)	\$ -	\$ -	\$ 65,211,524	\$ (1,831,975)
Common stock			1,450,658	(127,856)	1,450,658	(127,856)
Total	\$ 65,211,524	\$ (1,831,975)	\$ 1,450,658	\$ (127,856)	\$ 66,662,182	\$ (1,959,831)

At December 31, 2010	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Bonds:						
U.S. government and agencies	\$ 38,593,073	\$ (1,467,232)	\$ -	\$ -	\$ 38,593,073	\$ (1,467,232)
Corporate securities	31,381,383	(192,201)			31,381,383	(192,201)
Mortgage-backed securities			7,614,011	(295,646)	7,614,011	(295,646)
Total bonds	\$ 69,974,456	\$ (1,659,433)	\$ 7,614,011	\$ (295,646)	\$ 77,588,467	\$ (1,955,079)
Common stock			13,086,278	(1,135,226)	13,086,278	(1,135,226)
Total	\$ 69,974,456	\$ (1,659,433)	\$ 20,700,289	\$ (1,430,872)	\$ 90,674,745	\$ (3,090,305)

- e. Repurchase Agreements – None
- f. Real estate - None
- g. Low income housing - None

6. Joint Ventures, Partnerships and Limited Liability Companies - None

7. Investment Income – All within 90 days and admitted.

8. Derivative Instruments – None

9. Income Taxes – Not applicable; tax exempt 501(c)3 organization.

10. Information Concerning Parent, Subsidiaries and Affiliates

- a. None
- b. None
- c. None
- d. As of March 31, 2011 and December 31, 2010, CS owed CSMG \$6,908,399 and \$9,795,859, respectively, for employee compensation and other administrative expenses incurred by the related party on behalf of CS. The terms of the settlement require that these amounts be settled within 30 days.

As of March 31, 2011 and December 31, 2010, CS owed CSMS \$39,572 and \$0, respectively, for employee compensation and other administrative expenses incurred by the related party on behalf of CS.

- e. None
- f. None
- g. None
- h. None
- i. None
- j. None
- k. None
- l. None

11. Debt - None

12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Other Post Retirement Benefit Plans

- a. Defined Benefit Plan - None
- b. Defined Contribution Plan - None
- c. Multi-employer Plans - None
- d. Consolidated/Holding Company Plans - None
- e. Post Employment Benefits and Compensated Absences - None

13. Capital and Surplus, Distribution Restrictions and Quasi-Reorganizations

- a. Shares outstanding - N/A
- b. Preferred stock - N/A
- c. Distribution restrictions - Without prior approval of its domiciliary commissioner, distributions to member organizations are limited by the laws of the Company's state of incorporation, Ohio, to \$111,588,196, an amount that is based on restrictions relating to statutory surplus.
- d. Dividend or distributions paid - None
- e. Portion of income payable as ordinary dividends - Within the limitation of (c) above, there are no restrictions placed on the portion of the Company profits that may be paid as distributions to member organizations.
- f. Restrictions on unassigned funds (surplus) - None
- g. Mutual reciprocals - N/A
- h. Stock held - N/A
- i. Special surplus funds change - None
- j. The portion of unassigned funds (surplus) represented by cumulative unrealized gains is \$1,784,846.

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

NOTES TO FINANCIAL STATEMENTS

- k. Reciprocal insurance company - N/A
- l. Surplus notes - N/A
- m. Subsequent events - None
- n. Quasi-reorganization - N/A
- o. Quasi-reorganization date - N/A

14. Contingencies

- a. Contingent Commitments – None
- b. Assessments - None
- c. Gain Contingencies - None
- d. All other Contingencies – None
- e. Legal Proceedings

Other Lawsuits and Claims

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Penalties associated with violations of these laws and regulations include significant fines and penalties, exclusion from participating in publicly-funded programs, and the repayment of previously billed and collected revenues.

On January 31, 2011, CareSource settled a *Qui Tam* litigation relating to allegations in the Case Management Department for \$26 million without any admission of wrongdoing by CareSource, CareSource Management Group, or CareSource Management Services. The Settlement Agreement called for payment plus simple interest at a rate of 2.5% per annum payable quarterly beginning January 31, 2011, and concluding January 31, 2014. CareSource's allocated portion of the Settlement Agreement was \$6,754,658, which was recorded as a liability at Line 9 of the Liabilities, Surplus, and Other Funds page at December 31, 2010 and paid in January 2011.

From time to time we are involved in legal actions in the ordinary course of business, some of which seek monetary damages. Some lawsuits and claims are covered by insurance and others are not. The outcome of such legal actions is inherently uncertain. Nevertheless, we believe that these actions, when finally concluded and determined, are not likely to have a material adverse effect on our financial position, results of operations, or cash flows.

15. Leases

CS leases office space under operating leases. CSMG pays the monthly rental payments for these leases per the management agreement. Per the management agreement, CS is responsible for an allocated portion of the future minimum lease payments, which is based on revenue at the beginning of each month. The rental payments for certain office space include annual inflationary adjustments.

In addition, CareSource began occupancy of a leased headquarters facility in January 2010. CS will pay monthly rental payments for the new space, with a portion allocated to space benefiting affiliated entities. Future obligations for all leased office space are estimated to be:

2012	\$4,786,175
2013	\$4,786,175
2014	\$4,786,175
2015	\$4,731,266
2016 and thereafter	\$58,237,477
Total	\$77,327,268

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk

- No such instruments.

17. Sale, transfer and servicing of financial assets and extinguishments of liabilities

- a. Transfers of receivables reported as sales - None
- b. Transfer and servicing of financial assets - None
- c. Wash sales - None

18. Gain or Loss to the reporting entity for uninsured A&H plans and the uninsured portion of partially insured plans

a. ASO plans

The gain (loss) from operations from Administrative Service Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during 2011:

	ASO Uninsured Plan	Uninsured Portion Of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$4,419	\$0	\$4,419
b. Total net other income or expenses	\$604	\$0	\$604
c. Net gain or (loss) from operations	\$5,023	\$0	\$5,023
d. Total claims payment volume	\$136,882	\$0	\$136,882

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b. ASC plans – N/A

c. Medicare or similarly structured cost based reimbursed contracts

1. Revenue from the Company's Medicare (or similarly structured cost based reimbursement contract) contract for the year 2011 consisted of \$2,139,762 for medical and hospital related services and \$290,958 for administrative expenses.
2. As of March 31, 2011, the Company has recorded no receivables from payors whose account balances are greater than 10% of the Company's amounts receivable from uninsured accident and health plans or \$10,000.
3. In connection with the Company's Medicare (or similarly structured cost based reimbursement contract) contract, the Company has recorded no allowances and no reserves for adjustment of recorded revenues at March 31, 2011.
4. The Company has made no adjustment to revenue resulting from audit receivables related to revenues recorded in the prior period.

19. Direct premium written/produced by managing general agents/third party administrator – Not applicable.

20. Fair Value Measurements –

The Company uses fair value measurements to record the fair value of certain assets and to estimate the fair value of financial instruments not recorded at fair value but required to be disclosed at fair value.

Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. The Company's Level 1 assets and liabilities primarily include exchange-traded equity securities.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.
- Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following discussion described the valuation methodologies utilized by the Company for assets measured or disclosed at fair value. Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial instrument, including discount rates, estimates of timing, amount of expected future cash flows, and the credit standing of the issuer.

Debt and Equity Securities

The fair values of actively traded debt and equity securities are determined through the use of third-party pricing services utilizing market observable inputs. Certain mortgage-backed securities for which the Company does not receive public quotations or for which the Company believes market activity to reflect distressed sales are valued using current market-consistent rates applicable to yield, credit quality and maturity of each security. When available, market observable inputs are used to estimate the fair values of these securities.

Cash, Cash Equivalents, and Short-Term Investments

The fair values of cash and cash equivalents are based on quoted market prices. Short term investments are stated at amortized cost, which approximates fair value.

Assets measured at fair value at March 31, 2011 are outlined below:

2011	Assets Measured at	Fair Value Hierarchy Level			
		Fair Value	Level 1	Level 2	Level 3
Bonds:					
Collateralized mortgage obligations	\$ 4,679,687	\$ -	\$ 3,919,687	\$ 760,000	
Total bonds	\$ 4,679,687	\$ -	\$ 3,919,687	\$ 760,000	

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Common stock:

Small cap	\$ 5,422,911	\$ 5,422,911	\$ -	\$ -
Mid cap	6,845,291	6,845,291	-	-
Large cap	13,514,619	13,514,619	-	-
International	6,569,158	6,569,158	-	-
Total common stock	<u>\$ 32,351,979</u>	<u>\$ 32,351,979</u>	<u>\$ -</u>	<u>\$ -</u>
Total assets	<u>\$ 37,031,666</u>	<u>\$ 32,351,979</u>	<u>\$ 3,919,687</u>	<u>\$ 760,000</u>

Assets measured at fair value at December 31, 2010 are outlined below:

	Assets Measured at Fair Value	Fair Value Hierarchy Level			
		Level 1	Level 2	Level 3	
2010					
Bonds:					
Collateralized mortgage obligations	\$ 4,679,687	\$ -	\$ 3,919,687	\$ 760,000	
Total bonds	<u>4,679,687</u>	<u>-</u>	<u>3,919,687</u>	<u>760,000</u>	
Common stock:					
Small cap	3,982,911	3,982,911	-	-	
Mid cap	6,550,046	6,550,046	-	-	
Large cap	11,568,000	11,568,000	-	-	
International	5,520,242	5,520,242	-	-	
Total common stock	<u>27,621,199</u>	<u>27,621,199</u>	<u>-</u>	<u>-</u>	
Total assets	<u>\$ 32,300,886</u>	<u>\$ 27,621,199</u>	<u>\$ 3,919,687</u>	<u>\$ 760,000</u>	

The Company did not have any significant assets or liabilities measured at fair value on a nonrecurring basis as of March 31, 2011 or December 31, 2010.

Changes in the balances of Level 3 assets during the quarter ended March 31, 2011 are presented below:

	Collateralized Mortgage Obligations
Balance at January 1, 2011	\$ 760,000
Unrealized gains included in surplus	-
Net purchases and sales	-
Transfers in (out) of Level 3	-
Balance at March 31, 2011	<u>\$ 760,000</u>

The book/adjusted carrying amounts and fair values of the Company's significant financial instruments follow:

	March 31, 2011		December 31, 2010	
	Book/ Adjusted Carrying Amount	Fair Value	Book/ Adjusted Carrying Amount	Fair Value
Assets:				
Bonds	\$ 277,138,989	\$ 287,632,748	\$ 267,339,834	\$ 276,723,635
Common stocks	32,351,978	32,351,978	27,621,199	27,621,199
Cash, cash equivalents and short-term investments	502,823,206	502,823,206	220,766,198	220,766,198

21. Other Items

- a. Extraordinary items – None
- b. Troubled debt restructuring: Debtors - None
- c. Other Disclosures – None
- d. Uncollected premiums - None
- e. Business interruption insurance recoveries - None
- f. State transferable tax credits - None
- g. Subprime mortgage related risk - None

22. Events subsequent - None

23. Reinsurance

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

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- a. Unsecured Reinsurance Recoverables - \$8,505,364
- b. Reinsurance Recoverable in Dispute - None
- c. Reinsurance Assumed and Ceded - \$ 0
- d. Uncollectible Reinsurance - None
- e. Commutation of Ceded Reinsurance - None
- f. Retroactive Reinsurance - None

24. Retrospectively rated contracts & contracts subject to redetermination – None.

25. Change in Incurred Claims and Claims Adjustment Expenses Related to Prior Years

Reserves as of December 31, 2010 were \$224.0 million. As of March 31, 2011, \$181.7 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$14.8 million as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Medicaid lines of insurance. Therefore, there has been a \$27.6 million favorable prior-year development since December 31, 2010 to March 31, 2011. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this decrease, the Company experienced \$27.1 million of favorable prior year claim development on retrospectively rated policies, combined with \$0.5 million of favorable experience in recoveries.

26. Intercompany Pooling Arrangements – None

27. Structured Settlements - Not applicable

28. Health Care Receivables

As of March 31, 2011 and December 31, 2010 CS recorded a pharmacy rebate receivable of \$55,173 and \$699,132, respectively, of which \$0 and \$639,135 were considered non-admitted. The receivable is estimated using invoiced prescriptions and rebate dollars sent to drug manufactures for reimbursement. The Company utilizes a third party to administer the program.

	Estimated		Rebates	Rebates	Collected	
	Pharmacy		Collected	Collected	More Than	
	Rebates as	Pharmacy	Within 90	Within 91 to	180 Days	
	Reported on	Rebates as	Days of	180 Days of	After	Receivable
	Financial	Invoiced/	Invoicing/	Invoicing/	Invoicing/	As of
Quarter	Statements	Confirmed	Confirmation	Confirmation	Confirmation	31-Mar-11
3/31/2011	31,561	31,561		-		31,561
12/31/2010	30,999	30,999	-	7,387	-	23,612
9/30/2010	28,692	28,692	-	28,692	-	
6/30/2010	29,245	29,245	-	29,245	-	
3/31/2010	2,517,664	2,517,664	825,892	911,074	780,668	
12/31/2009	8,615,750	8,615,750	4,757,462	3,858,288	-	
9/30/2009	8,360,893	8,360,893	3,173,168	5,187,725	-	
6/30/2009	6,431,564	6,431,564		4,964,864	1,466,700	
3/31/2009	6,163,011	6,163,011	78,872	1,589,620	4,494,519	

29. Participating Policies - Not applicable

30. Premium Deficiency Reserves - Not deemed necessary

31. Anticipated Salvage and Subrogation – Not applicable.

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

2.2 If yes, date of change:

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [X] NA []

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2009

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 03/04/2011

6.4 By what department or departments?

Ohio Department of Insurance.....

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [] NA []

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] NA []

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

7.2 If yes, give full information:

.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

GENERAL INTERROGATORIES

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:
.....

9.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).
.....

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

11.2 If yes, give full and complete information relating thereto:
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$

13. Amount of real estate and mortgages held in short-term investments: \$

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No []

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$	\$
14.24 Short-Term Investments	\$	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$65,272	\$1,818,632
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$65,272	\$1,818,632
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$0	\$0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []

If no, attach a description with this statement.

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

GENERAL INTERROGATORIES

16. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes [X] No []

16.1 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Citizens Bank aka Charter One.....	870 Westminster Street RWR110 Providence, Rhode Island 02903.....
Fifth Third Bank.....	38 Fountain Square, Cincinnati, OH 45263.....
Huntington Bank.....	41 S. High Street Columbus, OH 43287.....
Huntington Bank.....	3805 Edwards Road, Suite 350, Cincinnati, OH 45209.....

16.2 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes [] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?

Yes [X] No []

17.2 If no, list exceptions:

.....

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

GENERAL INTERROGATORIES
PART 2 - HEALTH

1 Operating Percentages

1.1 A&H loss percent.....	84.1 %
1.2 A&H cost containment percent	1.2 %
1.3 A&H expense percent excluding cost containment expenses.....	7.9 %
2.1 Do you act as a custodian for health savings accounts?.....	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.....	\$ _____
2.3 Do you act as an administrator for health savings accounts?.....	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.4 If yes, please provide the balance of the funds administered as of the reporting date.....	\$ _____

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama	AL	N.						0	
2. Alaska	AK	N.						0	
3. Arizona	AZ	N.						0	
4. Arkansas	AR	N.						0	
5. California	CA	N.						0	
6. Colorado	CO	N.						0	
7. Connecticut	CT	N.						0	
8. Delaware	DE	N.						0	
9. Dist. Columbia	DC	N.						0	
10. Florida	FL	N.						0	
11. Georgia	GA	N.						0	
12. Hawaii	HI	N.						0	
13. Idaho	ID	N.						0	
14. Illinois	IL	N.						0	
15. Indiana	IN	N.						0	
16. Iowa	IA	N.						0	
17. Kansas	KS	N.						0	
18. Kentucky	KY	N.						0	
19. Louisiana	LA	N.						0	
20. Maine	ME	N.						0	
21. Maryland	MD	N.						0	
22. Massachusetts	MA	N.						0	
23. Michigan	MI	N.						0	
24. Minnesota	MN	N.						0	
25. Mississippi	MS	N.						0	
26. Missouri	MO	N.						0	
27. Montana	MT	N.						0	
28. Nebraska	NE	N.						0	
29. Nevada	NV	N.						0	
30. New Hampshire	NH	N.						0	
31. New Jersey	NJ	N.						0	
32. New Mexico	NM	N.						0	
33. New York	NY	N.						0	
34. North Carolina	NC	N.						0	
35. North Dakota	ND	N.						0	
36. Ohio	OH	L. 154,379	2,430,720	676,628,109				679,213,208	
37. Oklahoma	OK	N.						0	
38. Oregon	OR	N.						0	
39. Pennsylvania	PA	N.						0	
40. Rhode Island	RI	N.						0	
41. South Carolina	SC	N.						0	
42. South Dakota	SD	N.						0	
43. Tennessee	TN	N.						0	
44. Texas	TX	N.						0	
45. Utah	UT	N.						0	
46. Vermont	VT	N.						0	
47. Virginia	VA	N.						0	
48. Washington	WA	N.						0	
49. West Virginia	WV	N.						0	
50. Wisconsin	WI	N.						0	
51. Wyoming	WY	N.						0	
52. American Samoa	AS	N.						0	
53. Guam	GU	N.						0	
54. Puerto Rico	PR	N.						0	
55. U.S. Virgin Islands	VI	N.						0	
56. Northern Mariana Islands	MP	N.						0	
57. Canada	CN	N.						0	
58. Aggregate other alien	OT	XXX 0	0	0	0	0	0	0	0
59. Subtotal		XXX 154,379	2,430,720	676,628,109	0	0	0	679,213,208	0
60. Reporting entity contributions for Employee Benefit Plans		XXX						0	
61. Total (Direct Business)	(a) 1	154,379	2,430,720	676,628,109	0	0	0	679,213,208	0
DETAILS OF WRITE-INS									
5801.		XXX						0	
5802.		XXX						0	
5803.		XXX						0	
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX 0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		XXX 0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

**CareSource Family of Companies
Corporate Structure**

CareSource Management Group Company
Ohio Nonprofit
Tax Exempt
NAIC(00000); FedID(31-1703368); ST(OH)

CareSource
Ohio Nonprofit
Tax Exempt
NAIC(95201);
FedID(31-1143265);
ST(OH)

CareSource Michigan
Michigan Nonprofit
Tax Exempt
NAIC(95562); FedID(38-
3252216); ST(MI)

CareSource Management Services, Inc.
Ohio For Profit
NAIC(00000); FedID(31-1703371); ST(OH)

CareSource Illinois
Illinois Nonprofit
Tax Exempt
NAIC(00000);
FedID(27-2202797);
ST(IL)

CareSource Indiana
Indiana Nonprofit
Tax Exempt
NAIC(10142);
FedID(32-0121856);
ST(IN)

CareSource Insurance, LLC
Vermont Nonprofit
Tax Exempt
NAIC(00000); FedID(27-1368371);
ST(VT)

CareSource Foundation
Ohio Nonprofit
Tax Exempt
NAIC(00000);
FedID(56-2582561); ST(OH)

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1.

Bar Code:

1.



OVERFLOW PAGE FOR WRITE-INS

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

SCHEDULE A – VERIFICATION

Real Estate		1	2
		Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		2,100,000	2,100,000
2. Cost of acquired:			
2.1 Actual cost at time of acquisition		0	0
2.2 Additional investment made after acquisition		0	0
3. Current year change in encumbrances		0	0
4. Total gain (loss) on disposals		0	0
5. Deduct amounts received on disposals		0	0
6. Total foreign exchange change in book/adjusted carrying value		0	0
7. Deduct current year's other than temporary impairment recognized		0	0
8. Deduct current year's depreciation		0	0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)		2,100,000	2,100,000
10. Deduct total nonadmitted amounts		0	0
11. Statement value at end of current period (Line 9 minus Line 10)		2,100,000	2,100,000

SCHEDULE B – VERIFICATION

Mortgage Loans		1	2
		Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		0	0
2. Cost of acquired:			
2.1 Actual cost at time of acquisition		0	0
2.2 Additional investment made after acquisition		0	0
3. Capitalized deferred interest and other		0	0
4. Accrual of discount		0	0
5. Unrealized valuation increase (decrease)		0	0
6. Total gain (loss) on disposals		0	0
7. Deduct amounts received on disposals		0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0	0
10. Deduct current year's other than temporary impairment recognized		0	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		0	0
12. Total valuation allowance		0	0
13. Subtotal (Line 11 plus Line 12)		0	0
14. Deduct total nonadmitted amounts		0	0
15. Statement value at end of current period (Line 13 minus Line 14)		0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets		1	2
		Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		0	0
2. Cost of acquired:			
2.1 Actual cost at time of acquisition		0	0
2.2 Additional investment made after acquisition		0	0
3. Capitalized deferred interest and other		0	0
4. Accrual of discount		0	0
5. Unrealized valuation increase (decrease)		0	0
6. Total gain (loss) on disposals		0	0
7. Deduct amounts received on disposals		0	0
8. Deduct amortization of premium and depreciation		0	0
9. Total foreign exchange change in book/adjusted carrying value		0	0
10. Deduct current year's other than temporary impairment recognized		0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		0	0
12. Deduct total nonadmitted amounts		0	0
13. Statement value at end of current period (Line 11 minus Line 12)		0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks		1	2
		Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year		294,961,034	228,255,037
2. Cost of bonds and stocks acquired		30,819,699	127,950,918
3. Accrual of discount		143,800	159,861
4. Unrealized valuation increase (decrease)		2,070,537	3,705,177
5. Total gain (loss) on disposals		(444,548)	(259,052)
6. Deduct consideration for bonds and stocks disposed of		17,642,400	62,190,053
7. Deduct amortization of premium		417,155	1,343,392
8. Total foreign exchange change in book/adjusted carrying value		0	0
9. Deduct current year's other than temporary impairment recognized		0	1,317,462
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7+8-9)		309,490,967	294,961,034
11. Deduct total nonadmitted amounts		0	0
12. Statement value at end of current period (Line 10 minus Line 11)		309,490,967	294,961,034

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

SCHEDULE D - PART 1B

**Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class**

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	226,533,707	21,851,260	4,606,085	(203,786)	243,575,096	0	0	226,533,707
2. Class 2 (a).....	45,646,716	1,071,850	1,000,000	(98,203)	45,620,363	0	0	45,646,716
3. Class 3 (a).....	0				0	0	0	0
4. Class 4 (a).....	0				0	0	0	0
5. Class 5 (a).....	0				0	0	0	0
6. Class 6 (a).....	0				0	0	0	0
7. Total Bonds	272,180,423	22,923,110	5,606,085	(301,989)	289,195,459	0	0	272,180,423
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	272,180,423	22,923,110	5,606,085	(301,989)	289,195,459	0	0	272,180,423

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$; NAIC 2 \$;

NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

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STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	12,056,470	XXX	12,128,235	63,750	64,375

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	4,840,586	0
2. Cost of short-term investments acquired	8,244,520	4,877,034
3. Accrual of discount	1,055	5,626
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals	1,000,000	0
7. Deduct amortization of premium.....	29,691	42,074
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	12,056,470	4,840,586
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	12,056,470	4,840,586

Schedule DB - Part A - Verification
NONE

Schedule DB - Part B - Verification
NONE

Schedule DB - Part C - Section 1
NONE

Schedule DB - Part C - Section 2
NONE

Schedule DB - Verification
NONE

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	239,355,455	0
2. Cost of cash equivalents acquired	177,148,389	239,355,455
3. Accrual of discount	0	0
4. Unrealized valuation increase (decrease)	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals	0	0
7. Deduct amortization of premium	0	0
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	416,503,844	239,355,455
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	416,503,844	239,355,455

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
313372-BZ-6.....	FHLB Step-up.....		01/21/2011.....	FIFTH THIRD BANK.....		2,000,000.....	2,000,000.....	0.....	1.....
313372-D7-6.....	FHLB.....		01/27/2011.....	FIFTH THIRD BANK.....		2,000,000.....	2,000,000.....	0.....	1.....
3136FP-3F-2.....	FMMA Stepup.....		01/28/2011.....	FIFTH THIRD BANK.....		1,000,000.....	1,000,000.....	0.....	1.....
3134G1-T7-9.....	FHLMC Step Up.....		01/28/2011.....	HUNTINGTON BANK.....		1,247,500.....	1,250,000.....	0.....	1.....
31315P-RA-9.....	Farmer Mac.....		02/03/2011.....	HUNTINGTON BANK.....		2,000,000.....	2,000,000.....	0.....	1.....
31315P-SN-0.....	FAMC (Farmer Mac).....		03/10/2011.....	HUNTINGTON BANK.....		1,002,890.....	1,000,000.....	0.....	1.....
31315P-TN-9.....	FAMC (Farmer Mac).....		03/10/2011.....	HUNTINGTON BANK.....		1,003,760.....	1,000,000.....	.97.....	1.....
31315P-TU-3.....	FAMC (Farmer Mac).....		03/10/2011.....	HUNTINGTON BANK.....		1,002,590.....	1,000,000.....	116.....	1.....
0599999 - Bonds - U.S. Governments						11,256,740.....	11,250,000.....	213.....	XXX.....
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
26371G-PF-1.....	Dublin City Schools.....		02/15/2011.....	FIFTH THIRD BANK.....		350,000.....	350,000.....	0.....	1.....
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						350,000.....	350,000.....	0.....	XXX.....
Bonds - Industrial and Miscellaneous (Unaffiliated)									
524660-AV-9.....	Leggett & Platt.....		02/04/2011.....	FIFTH THIRD BANK.....		1,071,850.....	1,000,000.....	23,472.....	2FE.....
38143U-RQ-6.....	Goldman Sachs.....		02/28/2011.....	HUNTINGTON BANK.....		2,000,000.....	2,000,000.....	0.....	.1FE.....
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						3,071,850.....	3,000,000.....	23,472.....	XXX.....
8399997 - Subtotals- Bonds - Part 3						14,678,590.....	14,600,000.....	23,685.....	XXX.....
8399999 - Subtotals - Bonds						14,678,590.....	14,600,000.....	23,685.....	XXX.....
Common Stocks - Mutual Funds									
.026076-10-0.....	AmCent Eqty Income.....		03/16/2011.....	FIFTH THIRD BANK.....	290,933,694.....	2,150,000.....			A.....
.29875E-10-0.....	EuroPac.....		03/14/2011.....	FIFTH THIRD BANK.....	70,794,336.....	2,950,000.....			A.....
.316389-77-4.....	Fid Adv Sm Value.....		03/17/2011.....	FIFTH THIRD BANK.....	64,641,241.....	1,000,000.....			A.....
.464287-46-5.....	iShares:MSCI EAFE Idx.....		03/16/2011.....	FIFTH THIRD BANK.....	1,264,000.....	75,117.....			A.....
.464287-46-5.....	iShares:MSCI EAFE Idx.....		03/16/2011.....	HUNTINGTON BANK.....	1,270,000.....	75,387.....			A.....
.464287-49-9.....	iShares:Russ MC Idx.....		03/16/2011.....	FIFTH THIRD BANK.....	.856,000.....	.90,892.....			A.....
.464287-49-9.....	iShares:Russ MC Idx.....		03/16/2011.....	HUNTINGTON BANK.....	.856,000.....	.90,582.....			A.....
.476313-10-1.....	Jensen.....		03/14/2011.....	FIFTH THIRD BANK.....	76,895,565.....	2,150,000.....			A.....
.552983-69-4.....	MFS Value.....		03/15/2011.....	FIFTH THIRD BANK.....	.88,033,000.....	2,089,023.....			A.....
.76628R-67-2.....	RidgeWorth Large Cap.....		03/14/2011.....	HUNTINGTON BANK.....	187,969,925.....	2,500,000.....			A.....
.780905-78-2.....	Royce Special Equity.....		03/14/2011.....	HUNTINGTON BANK.....	.73,844,688.....	1,550,000.....			A.....
.464287-62-2.....	Russell 1000 iShare.....		03/17/2011.....	FIFTH THIRD BANK.....	2,166,000.....	156,551.....			A.....
.464287-65-5.....	Russell 2000 iShare.....		03/17/2011.....	FIFTH THIRD BANK.....	.655,000.....	.52,289.....			A.....
.779562-10-7.....	T. Rowe New Horizons.....		03/14/2011.....	FIFTH THIRD BANK.....	.28,392,959.....	1,000,000.....			A.....
.92206C-73-0.....	Vangrd:Russell 1K.....		03/16/2011.....	HUNTINGTON BANK.....	2,649,000.....	.158,304.....			A.....
.92206C-66-4.....	Vangrd:Russell 2K.....		03/16/2011.....	HUNTINGTON BANK.....	.836,000.....	.52,964.....			A.....
9299999 - Common Stocks - Mutual Funds						16,141,109.....	XXX.....	0.....	XXX.....
9799997 - Subtotals - Common Stocks - Part 3						16,141,109.....	XXX.....	0.....	XXX.....
9799999 - Subtotals - Common Stocks						16,141,109.....	XXX.....	0.....	XXX.....
9899999 - Subtotals- Preferred and Common Stocks						16,141,109.....	XXX.....	0.....	XXX.....
9999999 Totals						30,819,699.....	XXX.....	23,685.....	XXX.....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identifi- cation	2 Description	3 For- eign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Maturity Date	22 NAIC Design- ation or Market Indicator (a)		
										11 Unrealized Valuation Increase/ Decrease)	12 Current Year's (Amortization)/ Accretion)	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B.A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B.A.C.V.									
Bonds - U.S. Governments																							
31396H-V9-7	FHLMC 3117-LB		01/01/2011	FIFTH THIRD BANK		18,318	18,318	18,169	18,318		.98		.98						0	0	0	08/15/2032	.1
31396H-V9-7	FHLMC 3117-LB		02/01/2011	FIFTH THIRD BANK		14,759	14,759	14,639	14,759		.74		.74						0	0	0	08/15/2032	.1
31396H-V9-7	FHLMC 3117-LB		03/01/2011	FIFTH THIRD BANK		14,607	14,607	14,488	14,607		.68		.68						0	0	0	08/15/2032	.1
3128KU-G5-0	FHLMC GOLD POOL A63820		01/01/2011	FIFTH THIRD BANK		11,100	11,100	11,100	11,100		(10)		(10)						0	0	0	08/01/2037	.1
3128KU-G5-0	FHLMC GOLD POOL A63820		02/01/2011	FIFTH THIRD BANK		7,462	7,462	7,462	7,462		(7)		(7)						0	0	0	08/01/2037	.1
3128KU-G5-0	FHLMC GOLD POOL A63820		03/01/2011	FIFTH THIRD BANK		6,690	6,690	6,690	6,690		(6)		(6)						0	0	0	08/01/2037	.1
31335H-UN-1	FHLMC GOLD POOL C90589		01/01/2011	FIFTH THIRD BANK		13,817	13,817	14,025	13,817		(196)		(196)						0	0	0	11/01/2022	.1
31335H-UN-1	FHLMC GOLD POOL C90589		02/01/2011	FIFTH THIRD BANK		19,893	19,893	20,191	19,893		(274)		(274)						0	0	0	11/01/2022	.1
31335H-UN-1	FHLMC GOLD POOL C90589		03/01/2011	FIFTH THIRD BANK		12,287	12,287	12,472	12,287		(174)		(174)						0	0	0	11/01/2022	.1
3128K9-SW-1	FHLMC MTN AGY		01/25/2011	FIFTH THIRD BANK		1,000,000	1,000,000	1,004,066	1,000,272		(272)		(272)						0	0	0	10/00/2030	.1
3128K9-TN-0	FHLMC MTN AGY		01/14/2011	FIFTH THIRD BANK		1,000,000	1,000,000	1,000,000	1,000,000		(257)		(257)						0	0	0	10,625	.01/14/2013
3128K9-U3-2	FHLMC MTN AGY STEP-UP		03/30/2011	HUNTINGTON BANK		1,000,000	1,000,000	997,500	998,429		307		307						0	0	0	09/30/2015	.1
31371K-KE-0	FNMA POOL 254193		01/01/2011	FIFTH THIRD BANK		8,905	8,905	9,038	8,905		(134)		(134)						0	0	0	02/01/2022	.1
31371K-KE-0	FNMA POOL 254193		02/01/2011	FIFTH THIRD BANK		14,746	14,746	14,967	14,746		(209)		(209)						0	0	0	02/01/2022	.1
31371K-KE-0	FNMA POOL 254193		03/01/2011	FIFTH THIRD BANK		8,832	8,832	8,965	8,832		(132)		(132)						0	0	0	02/01/2022	.1
31371N-H2-4	FNMA POOL 256849		01/01/2011	FIFTH THIRD BANK		9,119	9,119	9,159	9,119		(39)		(39)						0	0	0	08/01/2037	.1
31371N-H2-4	FNMA POOL 256849		02/01/2011	FIFTH THIRD BANK		9,487	9,487	9,528	9,487		(41)		(41)						0	0	0	08/01/2037	.1
31371N-H2-4	FNMA POOL 256849		03/01/2011	FIFTH THIRD BANK		8,826	8,826	8,865	8,826		(38)		(38)						0	0	0	08/01/2037	.1
31411N-WW-3	FNMA POOL 912461		01/01/2011	FIFTH THIRD BANK		9,853	9,853	9,844	9,853		(9)		(9)						0	0	0	03/01/2037	.1
31411N-WW-3	FNMA POOL 912461		02/01/2011	FIFTH THIRD BANK		11,007	11,007	10,997	11,007		(10)		(10)						0	0	0	03/01/2037	.1
31411N-WW-3	FNMA POOL 912461		03/01/2011	FIFTH THIRD BANK		6,693	6,693	6,687	6,693		(6)		(6)						0	0	0	03/01/2037	.1
31413T-LF-7	FNMA POOL 954926		01/01/2011	FIFTH THIRD BANK		1,106	1,106	1,139	1,106		(39)		(39)						0	0	0	07/01/2037	.1
31413T-LF-7	FNMA POOL 954926		02/01/2011	FIFTH THIRD BANK		1,061	1,061	1,092	1,061		(96)		(96)						0	0	0	07/01/2037	.1
31413T-AM-7	FNMA POOL 954926		03/01/2011	FIFTH THIRD BANK		1,067	1,067	1,098	1,067		(96)		(96)						0	0	0	07/01/2037	.1
31413T-NB-4	FNMA POOL 954986		01/01/2011	FIFTH THIRD BANK		224	224	231	224		(11)		(11)						0	0	0	07/01/2037	.1
31413T-NB-4	FNMA POOL 954986		02/01/2011	FIFTH THIRD BANK		226	226	232	226		(23)		(23)						0	0	0	07/01/2037	.1
31413T-NB-4	FNMA POOL 954986		03/01/2011	FIFTH THIRD BANK		227	227	234	227		(23)		(23)						0	0	0	07/01/2037	.1
31413T-ND-0	FNMA POOL 954988		01/01/2011	FIFTH THIRD BANK		289	289	298	289		(30)		(30)						0	0	0	07/01/2037	.1
31413T-ND-0	FNMA POOL 954988		02/01/2011	FIFTH THIRD BANK		291	291	300	291		(10)		(10)						0	0	0	07/01/2037	.1
31413T-ND-0	FNMA POOL 954988		03/01/2011	FIFTH THIRD BANK		72,439	72,439	74,590	72,439		(2,025)		(2,025)						0	0	0	07/01/2037	.1
36202F-C6-1	GNMA 2 POOL 004593		01/01/2011	FIFTH THIRD BANK		92,431	92,431	95,853	92,431		(3,380)		(3,380)						0	0	0	12/20/2039	.1
36202F-C6-1	GNMA 2 POOL 004593		02/01/2011	FIFTH THIRD BANK		30,663	30,663	31,799	30,663		(1,127)		(1,127)						0	0	0	12/20/2039	.1
36202F-C6-1	GNMA 2 POOL 004593		03/01/2011	FIFTH THIRD BANK		1,806	1,806	1,873	1,806		(75)		(75)						0	0	0	12/20/2039	.1
0599999 - Bonds - U.S. Governments																							30,625 XXX XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																							
12543T-AM-7	COUNTRYWIDE HOME LNS		006-13 1A12	FIFTH THIRD BANK		14,672	14,672	14,737	14,672		(674)		(674)						0	0	0	09/25/2036	.12*
12543T-AM-7	COUNTRYWIDE HOME LNS		2006-13 1A12	FIFTH THIRD BANK		17,530	17,530	17,607	17,530		(2,995)		(2,995)						0	0	0	09/25/2036	.12*
12543T-AM-7	COUNTRYWIDE HOME LNS		2006-13 1A12	FIFTH THIRD BANK		29,683	29,683	29,813	29,683		(4,178)		(4,178)						0	0	0	09/25/2036	.12*
565849-AG-1	MARATHON OIL		03/18/2011	FIFTH THIRD BANK		1,135,969	1,000,000	1,061,569	1,041,682		(2,652)		(2,652)						0	0	0	38,458	.02/15/2014
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)																							
8399999 - Subtotals - Bonds - Part 4																							
8399999 - Subtotals - Bonds																							
Common Stock - Mutual Funds																							

Schedule DB - Part A - Section 1
NONE

Schedule DB - Part B - Section 1
NONE

Schedule DB - Part D
NONE

Schedule DL - Part 1
NONE

Schedule DL - Part 2
NONE

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
PNC Bank.....Ohio.....		0.000	0	0	852,441	876,236	876,237	XXX
Fifth Third Bank.....Ohio.....		0.100	4,007	0	29,221,160	21,337,057	62,478,203	XXX
Huntington Bank.....Ohio.....		0.250	0	0	(24,160,903)	250,299	1,373,937	XXX
Independent Bank.....Ohio.....		0.000	0	0	102,868	41,498	.63,055	XXX
US Bank.....Ohio.....		0.250	.36	0	(24,832,346)	(36,578,907)	9,225,558	XXX
Charter One Bank.....Ohio.....		0.150	.365	0	(2,450,642)	271,527	245,902	XXX
0199998 Deposits in depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories	XXX	XXX						XXX
0199999 Total Open Depositories	XXX	XXX	4,408	0	(21,267,422)	(13,802,290)	74,262,892	XXX
0399999 Total Cash on Deposit	XXX	XXX	4,408	0	(21,267,422)	(13,802,290)	74,262,892	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999 Total	XXX	XXX	4,408	0	(21,267,422)	(13,802,290)	74,262,892	XXX

STATEMENT AS OF MARCH 31, 2011 OF THE CARESOURCE

SCHEDULE E - PART 2 - CASH EQUIVALENTS

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