



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2012
OF THE CONDITION AND AFFAIRS OF THE

UnitedHealthcare Community Plan of Ohio, Inc.

NAIC Group Code 0707 (Current) 0707 (Prior) NAIC Company Code 12323 Employer's ID Number 56-2451429

Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

Is HMO Federally Qualified? Yes [] No [X]

Incorporated/Organized 03/29/2004 Commenced Business 10/01/2005

Statutory Home Office 9200 Worthington Road, Westerville, OH, US 43082

Main Administrative Office 9700 Health Care Lane MN017-E900, Minnetonka, MN, US 55343

Mail Address 9700 Health Care Lane MN017-E900, Minnetonka, MN, US 55343

Primary Location of Books and Records 9700 Health Care Lane MN017-E900, Minnetonka, MN, US 55343

Internet Website Address www.uhccommunityplan.com

Statutory Statement Contact Mollie Beth Viola, 952-979-6171

OFFICERS

President Tracy Lynn Davidson, Secretary Christina Regina Palme-Krizak, Chief Financial Officer Dale Ray Moore #, Treasurer Robert Worth Oberrender

OTHER

Michelle Marie Huntley Dill Assistant Secretary

DIRECTORS OR TRUSTEES

Bror Olof Hultgren #, Joseph Gilbert Gaudio #, Richard Gordon Dunlop

State of County of

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.

Tracy Lynn Davidson President, Christina Regina Palme-Krizak Secretary, Dale Ray Moore Chief Financial Officer

Subscribed and sworn to before me this day of

- 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.

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	61,964,458		61,964,458	64,031,829
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
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 (\$(3,974,297) , Schedule E - Part 1), cash equivalents (\$999,974 , Schedule E - Part 2) and short-term investments (\$90,618,571 , Schedule DA)	87,644,248		87,644,248	69,438,117
6. Contract loans, (including \$ premium notes)			0	0
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)			0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL)			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	149,608,706	0	149,608,706	133,469,946
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	692,489		692,489	741,410
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	6,772,914		6,772,914	6,985,883
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	653
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	962,399		962,399	0
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	7,989
18.1 Current federal and foreign income tax recoverable and interest thereon	0		0	0
18.2 Net deferred tax asset	1,584,102	0	1,584,102	767,868
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 (\$3,786,477) and other amounts receivable	5,586,100	1,799,623	3,786,477	1,188,995
25. Aggregate write-ins for other than invested assets	14,498	14,498	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	165,221,208	1,814,121	163,407,087	143,162,744
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	165,221,208	1,814,121	163,407,087	143,162,744
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Prepaid Expense	14,498	14,498	0	0
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	14,498	14,498	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 973,946 reinsurance ceded)	39,641,175		39,641,175	46,795,594
2. Accrued medical incentive pool and bonus amounts	850,000		850,000	800,000
3. Unpaid claims adjustment expenses	918,208		918,208	1,025,972
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves	1,181,766		1,181,766	1,704,175
8. Premiums received in advance			0	0
9. General expenses due or accrued	8,703,281		8,703,281	8,582,031
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))	1,255,957		1,255,957	4,125,882
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	41,964		41,964	45,642
12. Amounts withheld or retained for the account of others			0	0
13. Remittance 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	2,063,450		2,063,450	4,620,006
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, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$ 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			0	569
23. Aggregate write-ins for other liabilities (including \$ 1,633,601 current)	1,651,813	0	1,651,813	4,239,384
24. Total liabilities (Lines 1 to 23)	56,307,614	0	56,307,614	71,939,255
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	1,000	1,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	21,227,057	21,227,057
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	85,871,416	49,995,432
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	107,099,473	71,223,489
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	163,407,087	143,162,744
DETAILS OF WRITE-INS				
2301. Unearned Pay for Performance (current)	1,633,601		1,633,601	4,237,533
2302. Unclaimed Property (non-current)	18,212		18,212	1,851
2303.				
2308. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2309. Totals (Lines 2301 thru 2303 plus 2308)(Line 23 above)	1,651,813	0	1,651,813	4,239,384
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	1,445,169	1,436,935
2. Net premium income (including \$ non-health premium income)	XXX	531,028,434	446,089,758
3. Change in unearned premium reserves and reserve for rate credits	XXX	(653)	12,849
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	1,645,711	2,410,597
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	532,673,492	448,513,204
Hospital and Medical:			
9. Hospital/medical benefits		247,504,140	252,826,656
10. Other professional services		36,765,422	37,407,618
11. Outside referrals		0	0
12. Emergency room and out-of-area		19,868,259	24,106,870
13. Prescription drugs		93,160,152	26,341,557
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments, and bonus amounts		831,449	795,368
16. Subtotal (Lines 9 to 15)	0	398,129,422	341,478,069
Less:			
17. Net reinsurance recoveries		5,738,717	2,171,502
18. Total hospital and medical (Lines 16 minus 17)	0	392,390,705	339,306,567
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$12,583,290 cost containment expenses		20,285,633	16,055,586
21. General administrative expenses		65,575,034	58,705,823
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	478,251,372	414,067,976
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	54,422,120	34,445,228
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,535,756	1,469,594
26. Net realized capital gains (losses) less capital gains tax of \$56,115		111,753	(2,591)
27. Net investment gains (losses) (Lines 25 plus 26)	0	1,647,509	1,467,003
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
29. Aggregate write-ins for other income or expenses	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	56,069,629	35,912,231
31. Federal and foreign income taxes incurred	XXX	19,828,336	12,645,478
32. Net income (loss) (Lines 30 minus 31)	XXX	36,241,293	23,266,753
DETAILS OF WRITE-INS			
0601. Performance Based Revenue	XXX	1,645,711	2,410,597
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	1,645,711	2,410,597
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	71,223,489	60,424,315
34. Net income or (loss) from Line 32.....	36,241,293	23,266,753
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....		
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	816,234	222,930
39. Change in nonadmitted assets.....	(1,181,543)	(190,509)
40. Change in unauthorized and certified reinsurance.....	0	0
41. Change in treasury stock.....	0	0
42. Change in surplus notes.....	0	0
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in.....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....	0	0
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....		(12,500,000)
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	35,875,984	10,799,174
49. Capital and surplus end of reporting period (Line 33 plus 48)	107,099,473	71,223,489
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	0

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	531,237,725	443,420,905
2. Net investment income	2,752,307	2,603,794
3. Miscellaneous income	(958,221)	2,850,543
4. Total (Lines 1 through 3)	533,031,811	448,875,242
5. Benefit and loss related payments	404,758,957	330,588,252
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	85,831,696	72,187,759
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$56,115 tax on capital gains (losses)	22,754,376	3,861,035
10. Total (Lines 5 through 9)	513,345,029	406,637,046
11. Net cash from operations (Line 4 minus Line 10)	19,686,782	42,238,196
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	10,906,893	6,053,886
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	10,906,893	6,053,886
13. Cost of investments acquired (long-term only):		
13.1 Bonds	9,847,349	13,457,066
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	9,847,349	13,457,066
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	1,059,544	(7,403,180)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	12,500,000
16.6 Other cash provided (applied)	(2,540,195)	(2,628,301)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(2,540,195)	(15,128,301)
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)	18,206,131	19,706,715
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	69,438,117	49,731,402
19.2 End of year (Line 18 plus Line 19.1)	87,644,248	69,438,117

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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ANNUAL STATEMENT FOR THE YEAR 2012 OF THE UnitedHealthcare Community Plan of Ohio, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	531,028,434						(23,325)	531,051,759		
2. Change in unearned premium reserves and reserve for rate credit	(653)						(653)			
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	1,645,711	0	0	0	0	0	0	1,645,711	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	532,673,492	0	0	0	0	0	(23,978)	532,697,470	0	0
8. Hospital/medical benefits	247,504,140						5,470	247,498,670		XXX
9. Other professional services	36,765,422							36,765,422		XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	19,868,259							19,868,259		XXX
12. Prescription drugs	93,160,152						(569)	93,160,721		XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	831,449						2,774	828,675		XXX
15. Subtotal (Lines 8 to 14)	398,129,422	0	0	0	0	0	7,675	398,121,747	0	XXX
16. Net reinsurance recoveries	5,738,717							5,738,717		XXX
17. Total medical and hospital (Lines 15 minus 16)	392,390,705	0	0	0	0	0	7,675	392,383,030	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 12,583,290 cost containment expenses	20,285,633							20,285,633		
20. General administrative expenses	65,575,034							65,575,034		
21. Increase in reserves for accident and health contracts	0						0			XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	478,251,372	0	0	0	0	0	7,675	478,243,697	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	54,422,120	0	0	0	0	0	(31,653)	54,453,773	0	0
DETAILS OF WRITE-INS										
0501. P4P Revenue	1,645,711			0				1,645,711		XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	1,645,711	0	0	0	0	0	0	1,645,711	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				0
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	0			0
6. Title XVIII - Medicare	(23,349)	0	(24)	(23,325)
7. Title XIX - Medicaid	535,653,009		4,601,250	531,051,759
8. Other health				0
9. Health subtotal (Lines 1 through 8)	535,629,660	0	4,601,226	531,028,434
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	535,629,660	0	4,601,226	531,028,434

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	408,258,338						1,849	408,256,489		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	4,280,832							4,280,832		
1.4 Net	403,977,506	0	0	0	0	0	1,849	403,975,657	0	0
2. Paid medical incentive pools and bonuses	781,449						2,774	778,675		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	40,615,121	0	0	0	0	0	0	40,615,121	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	973,946	0	0	0	0	0	0	973,946	0	0
3.4 Net	39,641,175	0	0	0	0	0	0	39,641,175	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	1,181,766							1,181,766		
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	1,181,766	0	0	0	0	0	0	1,181,766	0	0
5. Accrued medical incentive pools and bonuses, current year	850,000							850,000		
6. Net healthcare receivables (a)	3,779,025						10	3,779,015		
7. Amounts recoverable from reinsurers December 31, current year	962,399							962,399		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	47,274,054	0	0	0	0	0	(3,061)	47,277,115	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	478,460	0	0	0	0	0	0	478,460	0	0
8.4 Net	46,795,594	0	0	0	0	0	(3,061)	46,798,655	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	1,704,175							1,704,175		
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	1,704,175	0	0	0	0	0	0	1,704,175	0	0
10. Accrued medical incentive pools and bonuses, prior year	800,000							800,000		
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred Benefits:										
12.1 Direct	397,297,971	0	0	0	0	0	4,900	397,293,071	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	5,738,717	0	0	0	0	0	0	5,738,717	0	0
12.4 Net	391,559,254	0	0	0	0	0	4,900	391,554,354	0	0
13. Incurred medical incentive pools and bonuses	831,449	0	0	0	0	0	2,774	828,675	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	8,771,650							8,771,650		
1.2 Reinsurance assumed .....	.0									
1.3 Reinsurance ceded .....	.0									
1.4 Net	8,771,650	.0	.0	.0	.0	.0	.0	8,771,650	.0	.0
2. Incurred but Unreported:										
2.1 Direct	31,843,471	.0						31,843,471		
2.2 Reinsurance assumed .....	.0									
2.3 Reinsurance ceded	973,946							973,946		
2.4 Net	30,869,525	.0	.0	.0	.0	.0	.0	30,869,525	.0	.0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....	.0									
3.2 Reinsurance assumed .....	.0							.0		
3.3 Reinsurance ceded .....	.0									
3.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:										
4.1 Direct	40,615,121	.0	.0	.0	.0	.0	.0	40,615,121	.0	.0
4.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3 Reinsurance ceded	973,946	.0	.0	.0	.0	.0	.0	973,946	.0	.0
4.4 Net	39,641,175	0	0	0	0	0	0	39,641,175	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	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	1,849				1,849	(3,061)
7. Title XIX - Medicaid	27,992,365	375,020,895	1,279,887	39,543,054	29,272,252	48,502,830
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	27,994,214	375,020,895	1,279,887	39,543,054	29,274,101	48,499,769
10. Healthcare receivables (a)	1,003,715	4,502,502		79,884	1,003,715	1,807,076
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	770,125	11,324		850,000	770,125	800,000
13. Totals (Lines 9 - 10 + 11 + 12)	27,760,624	370,529,717	1,279,887	40,313,170	29,040,511	47,492,693

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	0	0	0	0	0
2.	2008	61	51	51	51	51
3.	2009	XXX	838	1,014	1,014	1,014
4.	2010	XXX	XXX	127	126	126
5.	2011	XXX	XXX	XXX	0	2
6.	2012	XXX	XXX	XXX	XXX	3

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	0	0	0	0	0
2.	2008	98	51	51	51	51
3.	2009	XXX	1,149	1,018	1,014	1,014
4.	2010	XXX	XXX	179	126	126
5.	2011	XXX	XXX	XXX	0	2
6.	2012	XXX	XXX	XXX	XXX	3

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2008	63	51	51	100.0	102	161.9			102	161.9
2. 2009	1,534	1,014	837	82.5	1,851	120.7			1,851	120.7
3. 2010	195	126	(3)	(2.4)	123	63.1			123	63.1
4. 2011	9	2	6	300.0	8	88.9			8	88.9
5. 2012	(24)	3	0	0.0	3	(12.5)			3	(12.5)

UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)**

Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior		19,167	19,167	19,220	19,223	19,220
2. 2008		224,945	254,026	254,170	254,181	254,162
3. 2009		XXX	277,189	312,235	312,879	312,502
4. 2010		XXX	XXX	274,413	313,847	313,371
5. 2011		XXX	XXX	XXX	290,498	321,098
6. 2012		XXX	XXX	XXX	XXX	375,030

Section B - Incurred Health Claims - Title XIX

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior		19,652	19,167	19,220	19,223	19,220
2. 2008		259,541	254,094	254,170	254,181	254,162
3. 2009		XXX	328,552	312,398	312,879	312,502
4. 2010		XXX	XXX	315,186	314,145	313,371
5. 2011		XXX	XXX	XXX	339,500	322,378
6. 2012		XXX	XXX	XXX	XXX	415,243

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2008	318,065	254,162	254,027	99.9	508,189	159.8			508,189	159.8
2. 2009	407,978	312,502	278,273	89.0	590,775	144.8			590,775	144.8
3. 2010	410,981	313,371	6,375	2.0	319,746	77.8			319,746	77.8
4. 2011	450,325	321,098	15,804	4.9	336,902	74.8	1,280	28	338,210	75.1
5. 2012	535,629	375,030	20,387	5.4	395,417	73.8	40,393	890	436,700	81.5

UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)**

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	19,167	19,167	19,220	19,223	19,220
2.	2008	225,006	254,077	254,221	254,232	254,213
3.	2009	XXX	278,027	313,249	313,893	313,516
4.	2010	XXX	XXX	274,540	313,973	313,497
5.	2011	XXX	XXX	XXX	290,498	321,100
6.	2012	XXX	XXX	XXX	XXX	375,033

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	19,652	19,167	19,220	19,223	19,220
2.	2008	259,639	254,145	254,221	254,232	254,213
3.	2009	XXX	329,701	313,416	313,893	313,516
4.	2010	XXX	XXX	315,365	314,271	313,497
5.	2011	XXX	XXX	XXX	339,500	322,380
6.	2012	XXX	XXX	XXX	XXX	415,246

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2008	318,128	254,213	254,078	99.9	508,291	159.8	0	0	508,291	159.8
2. 2009	409,512	313,516	279,110	89.0	592,626	144.7	0	0	592,626	144.7
3. 2010	411,176	313,497	6,372	2.0	319,869	77.8	0	0	319,869	77.8
4. 2011	450,334	321,100	15,810	4.9	336,910	74.8	1,280	28	338,218	75.1
5. 2012	535,605	375,033	20,387	5.4	395,420	73.8	40,393	890	436,703	81.5

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UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	0								
2. Additional policy reserves (a)	0								
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including \$) for investment income	0								
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	0	0	0	0	0	0	0	0	0
7. Reinsurance ceded	0								
8. Totals (Net)(Page 3, Line 4)	0	0	0	0	0	0	0	0	0
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	1,181,766							1,181,766	
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	1,181,766	0	0	0	0	0	0	1,181,766	0
13. Reinsurance ceded	0								
14. Totals (Net)(Page 3, Line 7)	1,181,766	0	0	0	0	0	0	1,181,766	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ for occupancy of own building)	291,668	192,592	668,271		1,152,531
2. Salary, wages and other benefits	5,905,525	3,899,517	13,530,899		23,335,941
3. Commissions (less \$ ceded plus \$ assumed)					0
4. Legal fees and expenses	80,661	53,262	276,551		410,474
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	644,987	425,896	1,579,760		2,650,643
7. Traveling expenses	204,288	134,895	468,069		807,252
8. Marketing and advertising	490,845	324,113	1,124,637		1,939,595
9. Postage, express and telephone	422,740	279,142	968,593		1,670,475
10. Printing and office supplies	128,372	84,766	294,129		507,267
11. Occupancy, depreciation and amortization	101,453	66,991	232,452		400,896
12. Equipment	18,119	11,964	41,514		71,597
13. Cost or depreciation of EDP equipment and software	815,651	538,588	1,868,841		3,223,080
14. Outsourced services including EDP, claims, and other services	2,015,411	827,442	1,391,158		4,234,011
15. Boards, bureaus and association fees	19,080	12,599	43,717		75,396
16. Insurance, except on real estate	128,010	84,527	293,299		505,836
17. Collection and bank service charges	41,837	27,626	94,859		164,322
18. Group service and administration fees	56,494	37,304	(4,460)		89,338
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes	46,206	31,833	112,969		191,008
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees			40,228,389		40,228,389
23.4 Payroll taxes	339,355	244,630	887,879		1,471,864
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere			0	43,899	43,899
25. Aggregate write-ins for expenses	832,588	424,656	1,473,508	0	2,730,752
26. Total expenses incurred (Lines 1 to 25)	12,583,290	7,702,343	65,575,034	43,899	(a) 85,904,566
27. Less expenses unpaid December 31, current year	569,569	348,639	8,693,119	10,162	9,621,489
28. Add expenses unpaid December 31, prior year		1,025,972	8,563,804	18,227	9,608,003
29. Amounts receivable relating to uninsured plans, prior year			7,989		7,989
30. Amounts receivable relating to uninsured plans, current year			0		0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	12,013,721	8,379,676	65,437,730	51,964	85,883,091
DETAILS OF WRITE-INS					
2501. 25.01 Information Technology	48,828	32,242	111,877		192,947
2502. 25.02 Interest	7,899	5,216	18,099		31,214
2503. 25.03 Managed Care & Network Access	193,490	2,648	9,189		205,327
2598. Summary of remaining write-ins for Line 25 from overflow page	582,371	384,550	1,334,343	0	2,301,264
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	832,588	424,656	1,473,508	0	2,730,752

(a) Includes management fees of \$ 39,460,167 to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds	(a) 199,160	148,350
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 1,316,395	1,320,239
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract Loans		
6. Cash, cash equivalents and short-term investments	(e) 111,066	111,066
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	1,626,621	1,579,655
11. Investment expenses		(g) 43,899
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		43,899
17. Net investment income (Line 10 minus Line 16)		1,535,756
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 2,605 accrual of discount less \$ 1,178,300 amortization of premium and less \$ 11,638 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$.6 accrual of discount less \$ 10,320 amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ 43,899 investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	0	0	0	0	0
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	167,868	0	167,868	0	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	167,868	0	167,868	0	0
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset	0		0
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets			0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivable from parent, subsidiaries and affiliates		0	0
24. Health care and other amounts receivable	1,799,623	618,080	(1,181,543)
25. Aggregate write-ins for other than invested assets	14,498	14,498	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,814,121	632,578	(1,181,543)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. Total (Lines 26 and 27)	1,814,121	632,578	(1,181,543)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. Prepaid Expense	14,498	14,498	0
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	14,498	14,498	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	119,766	120,517	121,424	126,092	115,096	1,445,169
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	119,766	120,517	121,424	126,092	115,096	1,445,169
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

UNITEDHEALTHCARE COMMUNITY PLAN OF OHIO, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011 (IN THOUSANDS EXCEPT COMMON CAPITAL STOCK SHARE DATA)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation

UnitedHealthcare Community Plan of Ohio, Inc. (the “Company”), licensed as a health insuring company (HIC), offers its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. The Company is a wholly owned by Three Rivers Holdings, Inc. (TRH). TRH is a wholly owned subsidiary of AmeriChoice Corporation. AmeriChoice Corporation is a wholly owned subsidiary of UnitedHealth Group Incorporated (“UnitedHealth Group”). UnitedHealth Group is a publicly held company trading on the New York Stock Exchange.

The Company was incorporated on March 29, 2004, as a HIC and operations commenced in October 2005. The Company is certified as a HIC by the Ohio Department of Insurance (ODI). The Company has entered into contracts with physicians, hospitals, and other health care provider organizations to deliver health care services for all enrollees.

Effective January 1, 2011, the Company did not renew its contract to offer Medicare Advantage and Medicare Part D prescription drug insurance coverage (Medicare Part D program) with the United States Department of Health’s Centers for Medicare and Medicaid Services (CMS).

The Company has a contract with the Ohio Department of Jobs and Family Services (ODJFS) to provide health care services to Medicaid and Partners for Kids (PFK) eligible beneficiaries in Ohio. The current contract is effective through June 30, 2013, and is subject to annual renewal provisions thereafter.

Effective October 21, 2011, the Company is participating in a new Hospital Managed Care Incentive program which was implemented by ODJFS and is retroactive to July 1, 2011.

A. Accounting Practices

The statutory basis financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the ODI.

The ODI recognizes only statutory accounting practices, prescribed or permitted by the State of Ohio, for determining and reporting the financial condition and results of operations of health insuring company, for determining its solvency under Ohio Insurance Law. The state prescribes the use of the National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures manual (NAIC SAP) in effect for the accounting periods covered in the financial statement.

(1-8) No significant differences exist between the practices prescribed or permitted by the State of Ohio and those prescribed or permitted by the NAIC SAP which materially affect the statutory basis net income and capital and surplus, as illustrated in the table below:

	State of Domicile	2012	2011
NET INCOME			
(1) Company state basis	Ohio	\$ 36,241	\$ 23,267
(2) State Prescribed Practices that increase/(decrease) NAIC SAP: Not Applicable	Ohio	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP: Not Applicable	Ohio	-	-
(4) NAIC SAP	Ohio	\$ 36,241	\$ 23,267
SURPLUS			
(5) Company state basis	Ohio	\$ 107,099	\$ 71,223
(6) State Prescribed Practices that increase/(decrease) NAIC SAP: Not Applicable	Ohio	-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP: Not Applicable	Ohio	-	-
(8) NAIC SAP	Ohio	\$ 107,099	\$ 71,223

B. Use of Estimates in the Preparation of the Statutory Basis Financial Statements

The preparation of these statutory basis financial statements in conformity with the NAIC Annual Statement Instructions and the NAIC SAP include certain amounts that are based on the Company's estimates and judgments. These estimates require the Company to apply complex assumptions and judgments, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods. The most significant estimates relate to hospital and medical benefits, claims unpaid, and aggregate health policy reserves [including medical loss ratio rebates] and aggregate health claim reserves (collectively known as "aggregate health reserves"). The Company adjusts these estimates each period as more current information becomes available. The impact of any changes in estimates is included in the determination of net income in the period in which the estimate is adjusted.

C. Accounting Policy

(1-13) Basis of Presentation — The Company prepares its statutory basis financial statements on the basis of accounting practices prescribed or permitted by the ODI. These statutory practices differ from accounting principles generally accepted in the United States of America (GAAP).

The more significant differences are as follows:

- Cash, cash equivalents, and short-term investments in the statutory basis financial statements represent cash balances and investments with original maturities of one year or less from the time of acquisition, whereas under GAAP, the corresponding caption of cash, cash equivalents, and short-term investments includes cash balances and investments that will mature in one year or less from the balance sheet date;
- Outstanding checks are required to be netted against cash balances or presented as cash overdrafts if in excess of cash balances in the statutory basis statements of admitted assets, liabilities, and capital and surplus as opposed to being presented as other liabilities under GAAP;
- Certain debt investments categorized as available for sale or held to maturity are shown at fair value or amortized cost, respectively, under GAAP, whereas in the statutory basis financial statements, these investments are presented at the lower of amortized cost or fair value in accordance with the National Association of Insurance Commissioners' (NAIC) designations;
- Under statutory accounting, the change to deferred tax assets and liabilities is recorded directly to unassigned surplus and deferred tax assets are subject to limitations regarding the realization and admissibility of the assets in the statutory basis financial statements, whereas under GAAP, the change in deferred tax assets and liabilities is recorded as a component of the income tax provision within the income statement and is based on the ultimate recoverability of the deferred tax assets. Based on the admissibility criteria under statutory accounting, any deferred tax assets determined to be nonadmitted are charged directly to surplus and excluded from the statutory basis financial statements, whereas under GAAP, such assets are included in the balance sheets;
- Certain assets, including certain health care receivables and prepaid expenses are considered nonadmitted assets for statutory purposes and are excluded from the statutory basis statements

of admitted assets, liabilities, and capital and surplus. Nonadmitted assets are excluded from the statutory basis financial statements and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheet;

- The reserves ceded to reinsurers for claims unpaid and aggregate health claim reserves have been reported as reductions of the related reserves rather than as assets, which would be required under GAAP;
- Comprehensive income and its components are not presented in the statutory basis financial statements;
- Cash, cash equivalents, and short-term investments in the statutory basis statements of cash flows represent cash balances and investments with original maturities of one year or less from the time of acquisition. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and cash equivalents with maturities of three months or less. The corresponding caption of short-term investments under GAAP represents securities with a final maturity of one year or less from the balance sheet date. The statutory basis statements of cash flows are prepared in accordance with the NAIC Annual Statement Instructions.

Cash and Invested Assets —

- Cash and cash equivalents represent cash held by the Company in disbursement accounts, treasury bills, agency discount notes and commercial paper. Claims and other payments are made from the disbursement accounts daily. Cash overdrafts are a result of timing differences in funding disbursement accounts for claims payments. Cash equivalents have original maturity dates of three months or less from the date of acquisition and are reported at cost or amortized cost depending on the nature of the underlying security, which approximates fair value.
- Short-term investments represent money market instruments, commercial paper, corporate bonds, government and state and state agency obligations and municipal securities with a maturity of greater than three months but less than one year at the time of purchase. Bonds include corporate bonds, government and state and state agency obligations and municipal securities with a maturity of greater than one year at the time of purchase.
- Bonds include corporate bonds, government and state and state agency obligations and municipal securities with a maturity of greater than one year at the time of purchase.
- Bonds and short-term investments are stated at amortized cost if they meet NAIC designation of one or two and stated at the lower of amortized cost or fair value if they meet an NAIC designation of three or higher. Amortization of bond premium or discount is calculated using the constant-yield interest method. Bonds and short-term investments are valued and reported using market prices published by the Securities Valuation Office of the NAIC (SVO) in accordance with the NAIC Valuations of Securities manual prepared by the SVO or an external pricing service.
- The Company holds no mortgage loans on real estate.
- Corporate bonds and government obligations include mortgage-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of mortgage-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors. The Company's investment policy limits investments in non-agency residential mortgage-backed securities, including home equity and sub-prime mortgages, to 10% of total cash and invested assets and total investments in mortgage-backed securities to 30% of total cash and invested assets.
- The Company holds no common or preferred stock.
- The Company holds no investments in subsidiaries, controlled, or affiliated entities.
- The Company has no investment interests with respect to joint ventures, partnerships or limited liability companies.
- The Company holds no derivatives.
- Realized capital gains and losses on sales of investments are calculated based upon specific identification of the investments sold. These gains and losses are reported as net realized capital gains less capital gains tax in the statutory basis statements of operations.

- The Company continually monitors the difference between amortized cost and estimated fair value of its investments. If any of the Company's investments experience a decline in value that the Company has determined is other-than-temporary, or if the Company has determined it will sell a security that is in an impaired status, the Company will record a realized loss in net realized capital gains less capital gains tax in the statutory basis statements of operations. The new cost basis is not changed for subsequent recoveries in fair value. The prospective adjustment method is utilized for mortgage-backed securities for periods subsequent to the loss recognition. The Company recognized an other-than-temporary impairment of approximately \$0 and \$8 for the years ended December 31, 2012 and 2011, respectively.

Investment Income Due and Accrued — Investment income earned and due as of the reporting date in addition to investment income earned but not paid or collected until subsequent periods are reported as investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company evaluates the collectability of the amounts due and amounts determined to be uncollectible are written off in the period in which the determination is made.

Net Investment Income Earned — Net investment income earned includes investment income collected during the period, as well as the change in investment income due and accrued on the Company's holdings. Amortization of premium or discount on bonds and certain external investment management costs are also included in net investment income earned (see Note 7).

Amounts Due to Parent, Subsidiaries, and Affiliates — In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reports any unsettled amounts owed as amounts due to parent, subsidiaries, and affiliates in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

Properties Occupied by the Company, Properties Held for the Production of Income, Properties Held for Sale, Furniture and Equipment and Electronic Data Processing Equipment and Software — The Company has not modified its capitalization policy from the prior period.

Hospital and Medical Expenses, Claims Unpaid, and Aggregate Health Reserves — Hospital and medical expenses and corresponding liabilities include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and payments and liabilities for physician, hospital, and other medical costs disputes.

The estimates for incurred but not yet reported claims are developed using an actuarial process that is consistently applied, centrally controlled and automated. The actuarial models consider factors such as historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The Company estimates such liabilities for physician, hospital and other medical cost disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. These estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2012 and 2011. Management believes the amount of claims unpaid and aggregate health reserves is adequate to cover the Company's liability for unpaid claims and aggregate health reserves as of December 31, 2012; however, actual payments may differ from those established estimates. Adjustments to claims unpaid estimates and aggregate health reserves are reflected in statutory statement of operations in the period in which the change in estimate is identified.

The Company contracts with hospitals, physicians, and other providers of health care under capitated or discounted fee for service arrangements, including a hospital per diem to provide medical care services to enrollees. Some of these contracts are with related parties (see Note 10). Capitated providers are at risk for the cost of medical care services provided to the Company's enrollees; however, the Company is ultimately responsible for the provision of services to its enrollees should the capitated provider be unable to provide the contracted services.

Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held under Uninsured Plans — Receivables for amounts held under uninsured plans represent the cost reimbursement under the Medicare Part D program for the catastrophic reinsurance subsidy and the low-income member cost-sharing subsidy. The Company is fully reimbursed by CMS for costs incurred for these contract elements and, accordingly, there is no insurance risk to the Company. Amounts received for these subsidies are received monthly and are not reflected as net premium income, but rather are accounted for as deposits. If the Company incurs costs either in excess of or

less than these subsidies, a corresponding receivable is recorded in amounts receivable relating to uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Related cash flows are presented within operating expenses paid within cash provided by operations in the statutory basis statements of cash flows.

Net Deferred Tax Asset and Federal Income Taxes Incurred — Statutory accounting provides for an amount to be recorded for deferred taxes on temporary differences between the financial reporting and tax bases of assets and liabilities, subject to a valuation allowance and admissibility limitations on deferred tax assets (see Note 9). The provision for federal income taxes incurred is calculated based on applying the statutory federal income tax rate of 35% to net income before federal income taxes plus capital gains tax subject to certain adjustments (see Note 9).

Claims Adjustment Expense — Claims adjustment expenses (CAE) are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the management agreement (see Note 10), effective October 1, 2012, the Company pays a management fee to UHS in exchange for administrative and management services. Prior to October 1, 2012, the Company paid Unison Administrative Services, LLC. (UAS) for similar services). A detailed review of UHS', UAS', and the Company's administrative expenses is performed to determine the allocation between CAE and general administrative expenses. Effective October 1, 2012, it is the responsibility of UHS to pay CAE in the event the Company ceases operations. Prior to October 1, 2012, it was the responsibility of UAS. The Company has recorded an estimate of unpaid claims adjustment expenses associated with incurred but unpaid claims, which is included in unpaid claims adjustment expenses in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Management believes the amount of the liability for unpaid claims adjustment expenses as of December 31, 2012 is adequate to cover the Company's cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid claims adjustment expenses are reflected in operating results in the period in which the change in estimate is identified.

General Administrative Expenses — Pursuant to the terms of the management agreement (see Note 10), effective October 1, 2012, the Company pays a management fee to UHS in exchange for administrative and management services. Prior to October 1, 2012, the Company paid UAS for similar services. Costs for items not included within the scope of the management agreement are directly expensed as incurred. Sales and Use tax are also a component of general administrative expenses. A detailed review of UHS', UAS', and the Company's administrative expenses is performed to determine the allocation between claims adjustment expenses and general administrative expenses to be reported in the statutory basis statements of operations.

Revenues — Revenues consist of net premium income that is recognized in the period in which enrollees are entitled to receive health care services. Net premium income is shown net of reinsurance premiums.

Net premium income is made up of amounts paid by the ODJFS per member in exchange for the provision and administration of medical benefits under the Medicaid program. Premiums are contractual and are recognized in the coverage period in which members are entitled to receive services, except in the case of maternity payments. Maternity income is billed on contractual rates and recognized as income as each birth case is identified by the Company. Included in net premium income are capitated payments, maternity payments, and PFK payments. The PFK program is for uninsured children and pays providers for non-OB/GYN covered services for members in the Southeast Region, age 18 and under. The majority of net premium income recorded is based on capitated rates, which are monthly premiums paid for each member enrolled.

The Company reports uncollected premium balances from ODJFS and CMS as uncollected premium balances in the statutory basis statements of admitted assets, liabilities and capital and surplus. Uncollected premium balances that are over 90 days past due, with the exception of amounts due from government insured plans, are considered nonadmitted assets. In addition to those balances, current balances are also considered nonadmitted if the corresponding balance greater than 90 days past due is deemed more than inconsequential.

Revenues also include performance based revenue that is recognized based upon the Company's performance measured against targets established in its contracts with ODJFS. The Company receives a fixed amount per member in the period the member is entitled to receive healthcare services which is recorded as other liabilities and health care and other amounts receivable in the accompanying statutory basis statements of admitted assets, liabilities and capital and surplus. Revenue related to the program is recognized as aggregate write-ins for other health care related revenues on the statutory basis statements of revenues and expenses when ODJFS provides the Company with a final report, annually.

Reinsurance Ceded — In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding premium to other insurance enterprises or reinsurers under excess coverage contracts or specific transfer of risk agreements. The Company remains primarily liable as the direct insurer on the risks reinsured. Reinsurance premiums paid and reinsurance premiums incurred but not paid are deducted from net premium income in the accompanying statutory basis financial statements. Any amounts due to the Company pursuant to this agreement is recorded as amounts recoverable from reinsurers in the accompanying statutory basis financial statements.

The Company also has an insolvency-only reinsurance agreement.

Ceded Reinsurance Premiums Payable — The Company has excess of loss and insolvency-only reinsurance agreements with UnitedHealthcare Insurance Company (UHIC), a wholly owned subsidiary of UnitedHealthcare Insurance Company Holdings, Inc., which is a wholly owned subsidiary of UHS. The ceded reinsurance premiums payable balance represents amounts due to the affiliated reinsurer for coverage which will be paid based on the contract terms. Reinsurance premiums paid and incurred are deducted from net premium income in the accompanying statutory basis financial statements.

Amounts Recoverable from Reinsurers — The Company records amounts recoverable from reinsurers for in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as net reinsurance recoveries in the statutory basis statements of operations.

Incentive Pool — The Company has agreements with certain independent physicians and physician network organizations that provide for the establishment of a fund into which the Company places monthly premiums payable for members assigned to the physician. The Company manages the disbursement of funds from this account as well as reviews the utilization of nonprimary care medical services of members assigned to the physicians. Any surpluses or deficits in the fund are shared by the Company and the physician based upon predetermined risk-sharing percentage and the liability is included in accrued medical incentive pool and bonus amounts or health care and other receivables in the statutory basis statements of admitted assets, liabilities, and capital and surplus, and the corresponding expense is included in incentive pool, withhold adjustments, and bonus amounts in the statutory basis statements of operations.

Health Care and Other Amounts Receivable — Health care and other amounts receivables consist of pharmacy rebate receivables estimated based on the most currently available data from the Company's claims processing systems and from data provided by the Company's affiliated pharmaceutical benefit managers, OptumRx, Inc. ("OptumRx") and UAS. Health care and other amounts receivables also include receivables for amounts due to the Company for claim overpayments to providers, hospitals and other health care provider organizations, as well as amounts due from ODJFS for reimbursable claims and performance based payments. Health care and other amounts receivables are considered nonadmitted assets for statutory purposes if they do not meet admissibility requirements. Accordingly, the Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 28).

Premium Deficiency Reserves — Premium deficiency reserves and the related expenses are recognized when it is probable that expected future health care expenses, claim adjustment expenses, direct administration costs, and an allocation of indirect administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts and are recorded as aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Indirect administration costs arise from activities that are not specifically identifiable to a specific group of existing contracts and therefore, those costs are fully allocated among the various contract groupings. The allocation of indirect administration costs to each contract grouping is made proportionately to the expected margins remaining in the premiums after future health care expenses, claim adjustment expenses and direct administration costs are considered. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected in decrease in reserves for accident and health contracts in the accompanying statutory basis statements of operations in the period in which the change in estimate is identified. The Company anticipates investment income as a factor in the premium deficiency calculation (see Note 30).

Vulnerability Due to Certain Concentrations — The Company is subject to substantial federal and state government regulation, including licensing and other requirements relating to the offering of the Company's existing products in new markets and offerings of new products, both of which may restrict the Company's ability to expand its business.

Direct premium income from ODJFS, as a percentage of direct premium income, is 100% for the years ending December 31, 2012 and 2011.

Restricted Cash Reserves — The Company is required by the State of Ohio to maintain a minimum regulatory deposit (currently \$400). The Company is in compliance with this requirement as of December 31, 2012 and 2011. This restricted cash reserve consists principally of government obligations which are stated at amortized cost, which approximates fair value. This reserve is included in bonds in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Interest earned on this reserve accrues to the Company.

Minimum Capital and Surplus — Under the laws of the state of Ohio, the ODI requires the Company to maintain a minimum capital and surplus \$1,700, and shall maintain total admitted assets equal to at least 110% of the liabilities of the corporation. The minimum capital and surplus requirement is approximately \$1,700 for December 31, 2012 and 2011, respectively. The Company has approximately \$163,407 and \$143,163 in total statutory basis capital and surplus as of December 31, 2012 and 2011, respectively, which is in compliance with the required amount.

Risk-based capital (RBC) is a regulatory tool for measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The ODI requires the Company to maintain minimum capital and surplus equal to the greater of the state statute as outlined above, or the company action level as calculated by the RBC formula, or the level needed to avoid action pursuant to the trend test in the RBC formula. The Company is in compliance with the required amount.

Recently Issued Accounting Standards — In November 2011, the NAIC adopted SSAP No. 101, *Income Taxes — A Replacement of SSAP No. 10R and SSAP No. 10*, effective for 2012 interim and annual financial statements and beyond. The new standard includes revised guidance for tax contingencies, non-elective deferred tax asset admissibility test along with significant modifications to the deferred tax asset admissibility test, and disclosure modifications. A change resulting from the adoption of this revised statement shall be accounted for prospectively. The Company adopted SSAP No. 101 in 2012 and determined there is no material impact to the statutory basis financial statements.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

No changes in accounting principles have been recorded during the year ended December 31, 2012.

3. BUSINESS COMBINATIONS AND GOODWILL

A–D. The Company was not party to a business combination during the years ended December 31, 2012 and 2011, and does not carry goodwill in its statutory basis statements of admitted assets, liabilities, and capital and surplus.

4. DISCONTINUED OPERATIONS

(1–5) The Company did not discontinue any operations during 2012. Effective January 1, 2011, the Company has ceased offering the Medicare Advantage and Medicare Part D product insurance coverage with CMS, which represented approximately (\$23) and \$(4) of net premium income in 2012 and 2011. This required no regulatory approval and the operations have been classified as discontinued operations and have been reported consistently with the Company's reporting of continuing operations.

5. INVESTMENTS AND OTHER INVESTED ASSETS

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The gross realized gains and losses on sales of investments for bonds were approximately \$168 and \$0, respectively, for 2012 and approximately \$21 and \$20, respectively, for 2011. The net realized gain is included in net realized capital gains less capital gains tax in the accompanying statutory basis statements of operations.

As of December 31, 2012 and 2011, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company's investments, excluding cash (overdrafts) and cash equivalents of approximately \$(3,974) and \$2, respectively, are as follows:

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE UnitedHealthcare Community Plan of Ohio, Inc.

	2012				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
U.S. government and agency	\$ 14,591	\$ 534	\$ -	\$ -	\$ 15,125
State and state agency	21,856	841	-	-	22,697
Municipalities and local agency	11,328	313	-	-	11,641
Corporate bonds	14,190	787	(4)	-	14,973
Commercial paper and money market funds	90,618	-	-	-	90,618
Total bonds, short-term investments, and preferred stocks	<u>\$ 152,583</u>	<u>\$ 2,475</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ 155,054</u>

	2012				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
Less than one year	\$ 96,334	\$ 23	\$ -	\$ -	\$ 96,357
One to five years	28,362	938	(1)	-	29,299
Five to ten years	14,426	921	(3)	-	15,344
Over ten years	13,461	593	-	-	14,054
Total bonds, short-term investments, and preferred stocks	<u>\$ 152,583</u>	<u>\$ 2,475</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ 155,054</u>

	2011				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
U.S. government and agency	\$ 18,145	\$ 447	\$ (1)	\$ -	\$ 18,591
State and state agency	21,310	705	-	-	22,015
Municipalities and local agency	10,925	254	-	-	11,179
Corporate bonds	13,652	411	(56)	-	14,007
Commercial paper and money market funds	69,436	-	-	-	69,436
Total bonds, short-term investments, and preferred stocks	<u>\$ 133,468</u>	<u>\$ 1,817</u>	<u>\$ (57)</u>	<u>\$ -</u>	<u>\$ 135,228</u>

Included in U.S. government and agency securities and corporate bonds in the tables above are mortgage-backed securities, which do not have a single maturity date. For the years to maturity table above, these securities have been presented in the maturity group based on the securities' final maturity date and at an amortized cost of approximately \$11,820 and fair value of approximately \$12,302.

The following table illustrates the fair value and gross unrealized losses, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of December 31, 2012 and 2011:

	2012					
	< 1 year		> 1 year		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
U.S. government and agency	\$ 843	\$ -	\$ -	\$ -	\$ 843	\$ -
Corporate bonds	469	(4)	-	-	469	(4)
Total bonds, short-term investments and preferred stocks	<u>\$ 1,312</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,312</u>	<u>\$ (4)</u>

	2011					
	< 1 year		> 1 year		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
U.S. government and agency	\$ 265	\$ (1)	\$ -	\$ -	\$ 265	\$ (1)
Corporate bonds	3,807	(56)	-	-	3,807	(56)
Total bonds, short-term investments and preferred stocks	<u>\$ 4,072</u>	<u>\$ (57)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,072</u>	<u>\$ (57)</u>

The unrealized losses on investments in U.S. government and agency obligations and corporate bonds at December 31, 2012 and 2011, were mainly caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities. The Company evaluates

impairment at each reporting period for each of the securities whereby the fair value of the investment is less than its amortized cost. The contractual cash flows of the U.S. government and agency obligations are either guaranteed by the U.S. government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, and the Company does not intend to sell the investment until the unrealized loss is fully recovered. The Company evaluated the credit ratings of the municipalities and local agency obligations and corporate obligations, noting whether a significant deterioration since purchase or other factors which may indicate an other-than-temporary impairment, such as the length of time and extent to which fair value has been less than cost, the financial condition, and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer and the Company's intent to sell the investment. Additionally, the Company evaluated its intent and ability to retain mortgage-backed securities for a period of time sufficient to recover the amortized cost. As a result of this review, the Company recorded other-than-temporary impairments of approximately \$0 and \$8 as of December 31, 2012 and 2011, respectively, which is included in net realized capital gains less capital gains tax in the statutory basis statements of operations.

A–C. The Company has no mortgage loans, real estate loans, restructured debt, reverse mortgages or investments in low-income housing tax credits. The Company also has no real estate property occupied by the Company, real estate property held for the production of income, or real estate property held for sale. Total proceeds on the sale of investments for bonds were approximately \$2,327 and \$2,850 and for short-term investments were approximately \$492,346 and \$407,166 in 2012 and 2011, respectively.

D. Loan-Backed Securities

- (1) Corporate bonds and government obligations include mortgage-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of mortgage-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors.
- (2) The Company did not recognize any other-than-temporary impairments on mortgage-backed securities as of December 31, 2012 and 2011.
- (3) The Company did not have mortgage-backed securities with an other-than-temporary impairment to report by CUSIP as of December 31, 2012 or 2011.
- (4) The following table illustrates the fair value, gross unrealized losses, and length of time that the mortgage-backed securities have been in a continuous unrealized loss position at December 31, 2012:

The aggregate amount of unrealized losses:			
1. Less than 12 months		\$	-
2. 12 Months or longer			-
The aggregate related fair value of securities with unrealized losses:			
1. Less than 12 months		\$	983
2. 12 Months or longer			-

- A. Repurchase Agreements and/or Securities Lending Transactions** — Not applicable.
- B. Real Estate** — Not applicable.
- C. Low-Income Housing Tax Credits** — Not applicable.

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

A–B. The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of admitted assets and did not recognize any impairment write down for its investments in joint ventures, partnerships and limited liability companies during the statement periods.

7. INVESTMENT INCOME

- A.** The Company has admitted all investment income due and accrued in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

The components of net investment income earned at December 31, 2012 and 2011 are as follows:

	2012	2011
Bonds	\$ 1,469	\$ 1,454
Cash, cash equivalents, and short-term investments	<u>\$ 111</u>	<u>\$ 56</u>
Total investment income (loss) earned (incurred)	\$ 1,580	\$ 1,510
Expenses — investment management fees	<u>\$ (44)</u>	<u>\$ (40)</u>
Net investment income (loss) earned (incurred)	<u>\$ 1,536</u>	<u>\$ 1,470</u>

B. There were no investment income amounts excluded from the statutory basis financial statements.

8. DERIVATIVE INSTRUMENTS

A–F. The Company has no derivative instruments.

9. INCOME TAXES

A. Deferred Tax Asset/Liability

(1) The components of the net deferred tax asset for the years ended December 31, are as follows:

	(2012 information is computed under SSAP No. 101. 2011 information was computed under SSAP No. 10R)								
	2012			2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 1,595	\$ -	\$ 1,595	\$ 771	\$ -	\$ 771	\$ 824	\$ -	\$ 824
(b) Statutory valuation allowance adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(c) Adjusted gross deferred tax assets (1a–1b)	1,595	-	1,595	771	-	771	824	-	824
(d) Deferred tax assets nonadmitted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(e) Subtotal net admitted deferred tax asset (1c–1d)	1,595	-	1,595	771	-	771	824	-	824
(f) Deferred tax liabilities	<u>1</u>	<u>10</u>	<u>11</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>1</u>	<u>7</u>	<u>8</u>
(g) Net admitted deferred tax asset/ (net deferred tax liability)	<u>\$ 1,594</u>	<u>\$ (10)</u>	<u>\$ 1,584</u>	<u>\$ 771</u>	<u>\$ (3)</u>	<u>\$ 768</u>	<u>\$ 823</u>	<u>\$ (7)</u>	<u>\$ 816</u>

- (2) The components of the adjusted gross deferred tax assets admissibility calculation under SSAP No. 101, *Income Taxes — A Replacement of SSAP No. 10R and SSAP No. 10*, are as follows:

(2012 information is computed under SSAP No. 101. 2011 information was computed under SSAP No. 10R.)

Admission Calculation Components SSAP No. 101	2012			2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 1,595	\$ -	\$ 1,595	\$ 771	\$ -	\$ 771	\$ 824	\$ -	\$ 824
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	-	-	-	-	-	-	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	15,827	XXX	XXX	5,991	XXX	XXX	9,836
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	-	-	-	-	-	-	-	-	-
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 and SSAP No. 10R, respectively for 2012 and 2011									
Total 2(a)+2(b)+2(c))	<u>\$ 1,595</u>	<u>\$ -</u>	<u>\$ 1,595</u>	<u>\$ 771</u>	<u>\$ -</u>	<u>\$ 771</u>	<u>\$ 824</u>	<u>\$ -</u>	<u>\$ 824</u>

SSAP No. 101, *Income Taxes — A Replacement of SSAP No. 10R and SSAP No. 10*, is effective for 2012 interim and annual financial statements and beyond. The new standard includes revised guidance for tax contingencies, a non-elective deferred tax asset admissibility test along with significant modifications to the deferred tax assets admissibility test, and disclosure modifications. A change resulting from this adoption would be accounted for prospectively and reflected as a change in accounting principle in accordance with SSAP No. 3 — *Accounting Changes and Corrections of Errors*. The adoption of this pronouncement did not have an impact on the statutory basis financial statements.

- (3) The ratio percentage and adjusted capital and surplus used to determine the recovery period and threshold limitations for the admission calculation are presented below:

	2012	2011
(a) Ratio percentage used to determine recovery period and threshold limitation amount	693 %	N/A
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2 (b) (2) above	\$ 105,515	N/A

- (4) There was no impact to the deferred tax assets as a result of tax-planning strategies.

B. Unrecognized Deferred Tax Liabilities

- (1–4) There are no unrecognized deferred tax liabilities.

C. Significant Components of Income Taxes

(1) The current federal income taxes incurred for the years ended December 31, are as follows:

	2012	2011	Change
1. Current income tax			
(a) Federal	\$ 19,828	\$ 12,645	\$ 7,183
(b) Foreign	<u>-</u>	<u>-</u>	<u>-</u>
(c) Subtotal	19,828	12,645	7,183
(d) Federal income tax on net capital gains	56	3	53
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	<u>-</u>	<u>-</u>	<u>-</u>
(g) Total federal and foreign income taxes incurred	<u>19,884</u>	<u>12,648</u>	<u>7,236</u>

(2-4) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2012 and 2011, are as follows:

(2012 information is computed under SSAP No. 101.
2011 information was computed under SSAP No. 10R.)

	2012	2011	Change
2. Deferred tax assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 211	\$ 295	\$ (84)
(2) Unearned premium reserve	-	-	-
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	630	216	414
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	<u>755</u>	<u>260</u>	<u>495</u>
(99) Subtotal	1,596	771	825
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	<u>-</u>	<u>-</u>	<u>-</u>
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	<u>1,596</u>	<u>771</u>	<u>825</u>
(e) Capital			
(1) Investments	-	-	-
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	<u>-</u>	<u>-</u>	<u>-</u>
(99) Subtotal	-	-	-
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	<u>-</u>	<u>-</u>	<u>-</u>
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	<u>-</u>	<u>-</u>	<u>-</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>1,596</u>	<u>771</u>	<u>825</u>
3. Deferred tax liabilities:			
(a) Ordinary			
(1) Investments	1	-	1
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	<u>-</u>	<u>-</u>	<u>-</u>
(99) Subtotal	<u>1</u>	<u>-</u>	<u>1</u>
(b) Capital			
(1) Investments	10	3	7
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	<u>-</u>	<u>-</u>	<u>-</u>
(99) Subtotal	<u>10</u>	<u>3</u>	<u>7</u>
(c) Deferred tax liabilities (3a99 + 3b99)	<u>11</u>	<u>3</u>	<u>8</u>
4. Net deferred tax assets/liabilities (2i - 3c)	<u>\$ 1,585</u>	<u>\$ 768</u>	<u>\$ 817</u>

The other ordinary deferred tax asset of \$755 and \$260 for 2012 and 2011 consists of \$755 and \$260 related to bad debt for each respective year.

The Company assessed the potential realization of the gross deferred tax asset and as a result no statutory valuation allowance was required and no allowance was established as of December 31, 2012 and 2011.

- D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 35% to net income before federal income taxes plus capital gains tax. The significant items causing this difference are as follows:

	2012	2011
Tax provision at the federal statutory rate	\$ 19,644	\$ 12,570
Tax-exempt interest	(198)	(179)
Change in statutory valuation allowance	-	-
IRS exam interest	-	-
Other	35	102
Tax effect of nonadmitted assets	<u>(414)</u>	<u>(68)</u>
Total	<u>\$ 19,067</u>	<u>\$ 12,425</u>
Federal income taxes incurred	\$ 19,828	\$ 12,645
Capital gains tax	56	3
Change in net deferred income tax	<u>(817)</u>	<u>(223)</u>
Total statutory income taxes	<u>\$ 19,067</u>	<u>\$ 12,425</u>

- E. At December 31, 2012, the Company had no net operating loss carryforwards.
- F. The Company is included in a consolidated federal income tax return with its ultimate parent, UnitedHealth Group. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y — Information Concerning Activities of Insurer Members Of A Holding Company Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The U.S. Internal Revenue Service (IRS) has completed exams on UnitedHealth Group's consolidated income tax returns for fiscal years 2011 and prior. UnitedHealth Group's 2012 tax return is under advance review by the IRS under its Compliance Assurance Program (CAP). With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2007 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

- G. **Tax Contingencies** — Not applicable

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

A–L. Material Related Party Transactions

Effective October 1, 2012, the Company entered into a Management Agreement (Agreement) with UHS. This Agreement has been approved by the ODI and will replace the previous agreement with UAS. UHS will provide similar services to the Company under a revised fee structure that is changing from fee based on a percentage of premium income (Medicaid and Medicare agreements) and change in unearned premium reserves (Medicare agreement), adjusted annually to actual cost to a direct charge based on UHS' expenses for services or use of assets provided to the Company. Management fees under these arrangements totaled approximately \$39,460 and \$35,327 in 2012 and 2011, respectively, and are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. Direct expenses not included in the management agreement, such as broker commissions, DOI exam fees, premium taxes are paid by UHS on the behalf of the Company. UHS is reimbursed by the Company for these direct expenses.

Management believes that its transactions with affiliates are fair and reasonable; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

The Company expensed as hospital and medical expenses, general administrative expenses, and claims adjustment expenses \$3,330 and \$1,622 in capitation fees to related parties during 2012 and 2011, respectively. Under the Agreement UHS provides or arranges for services on behalf of the Company using a pass-through of charges incurred by UHS on a Per Member Per Month (PMPM) basis (where the charge incurred by UHS is on a PMPM basis) or using another allocation methodology consistent with the Agreement. These services include, but are not limited to, integrated personal health management solutions, such as disease management, treatment decision support and wellness services, including a 24-hour call-in service, access to a network of transplant providers and discount program services. OptumHealth Care Solutions, Inc. provides chiropractic and physical therapy services. United Behavioral Health, Inc. provides mental health and substance abuse services.

The capitation expenses, administrative services, and access fees paid to related parties, that are included as hospital and medical expenses, general administrative expenses, and claims adjustment expenses in the accompanying statutory basis statements of operations for the years ended December 31, 2012 and 2011, are shown below:

	2012	2011
UHS	\$ 446	\$ -
United Behavioral Health	2,799	1,622
OptumHealth Care Solutions, Inc.	<u>85</u>	<u>-</u>
Total	<u>\$ 3,330</u>	<u>\$ 1,622</u>

The Company contracts with affiliates (UHS, UAS, and OptumRx) to provide administrative services related to pharmacy management and pharmacy claims processing for its enrollees. Fees related to these agreements, which are calculated on a per-claim basis, of approximately \$510 and \$402 in 2012 and 2011, respectively, are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. Additionally, the affiliates and collect rebates on certain pharmaceutical products based on member utilization. Rebates related to these agreements of approximately \$3,216 and \$583 in 2012 and 2011, respectively, are included as a reduction of prescription drugs in the accompanying statutory basis statements of operations.

Effective January 1, 2011 the Company has an agreement with OptumInsight, Inc., a wholly owned subsidiary of UnitedHealth Group, for services that lead up to and include the prevention and recovery of medical expense overpayments. Service fees are either percentages of every recovery which are retained by OptumInsight, Inc. based on the services performed and recoveries, net of fees, are returned to the Company on a monthly. Service fees of approximately \$22 and \$1 are included in hospital and medical expenses, claims adjustment expenses and general administrative expenses in the accompanying statutory basis statements of operations for the years ended December 31, 2012 and 2011, respectively.

The Company has premium payments that are received and claim payments that are processed by an affiliated UnitedHealth Group entity. Both premiums and claims applicable to the Company are settled at regular intervals throughout the month via the intercompany settlement process and any amounts outstanding are reflected in amounts due to parent, subsidiaries, and affiliates in the accompanying statutory basis statements of admitted assets, liabilities and capital and surplus.

The Company has an insolvency-only reinsurance agreement with UHIC, a wholly owned subsidiary of UHIC Holdings, Inc. which is a wholly owned subsidiary of UHS, to provide insolvency protection for its enrollees. Reinsurance premiums, which are calculated on a percentage of member premium income, of approximately \$524 in 2012 and \$411 in 2011 are netted against net premium income in the accompanying statutory basis statements of operations.

The Company has a reinsurance agreement with UHIC to cover certain inpatient hospital claims in excess of defined limits. Reinsurance premiums, which are calculated on a per member per month basis, of approximately \$4,077 and \$3,821 in 2012 and 2011, respectively, are netted against net premium income in the accompanying statutory basis statements of operations. Reinsurance recoveries of approximately \$5,739 and \$2,171 in 2012 and 2011, respectively, are included in net reinsurance recoveries in the accompanying statutory basis statements of operations. There was

approximately \$962 and \$0 of reinsurance receivables related to this agreement as of December 31, 2012 and 2011, respectively. Failure of reinsurers to honor their obligations could result in losses to the Company.

The Company holds a \$30,000,000 subordinated revolving credit agreement with UnitedHealth Group at an interest rate of the London InterBank Offered Rate (LIBOR) plus a margin of 0.50%. This credit agreement is subordinate to the extent it does not conflict with any credit facility held by either party. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. The agreement was renewed effective September 1, 2012. No amounts were outstanding under the line of credit as of December 31, 2012 and 2011.

At December 31, 2012 and 2011, the Company reported approximately \$2,063 and \$4,620, respectively, as amounts due to parent, subsidiaries, and affiliates, which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 90 days from the incurred date. Any balances due to the Company that are not settled within 90 days are considered nonadmitted assets.

The Company has entered into a Tax Sharing Agreement with UnitedHealth Group (see Note 9).

The Company paid dividends of \$0 and \$12,500 in 2012 and 2011, respectively, to its parent (see Note 13).

The Company does not have any investments in a subsidiary, controlled, or affiliated entity that exceeds 10% of admitted assets.

The Company does not have any investments in impaired subsidiary, controlled, or affiliated entities.

The Company does not have any investments in foreign insurance subsidiaries.

The Company does not hold any investments in a downstream noninsurance holding company.

The Company has not extended any guarantees or undertakings for the benefit of an affiliate or related party, it does not have any investments in a foreign insurance subsidiary and it does not hold any investments in a downstream noninsurance holding company.

11. DEBT

A–B. The Company had no outstanding debt with third parties or outstanding federal home loan bank agreements during 2012 and 2011.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES, AND OTHER POSTRETIREMENT BENEFIT PLANS

A–F. The Company has no defined benefit plans, defined contribution plans, multiemployer plans, consolidated/holding company plans, postemployment benefits and compensated absences plans, and is not impacted by the Medicare Modernization Act on postretirement benefits, since all personnel are employees of UHS, which provides services to the Company under the terms of a management agreement (see Note 10).

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS, AND QUASI-REORGANIZATIONS

(1–2) The Company has 1,000 shares authorized and 1,000 shares issued and outstanding of \$1 par value common stock. The Company has no preferred stock outstanding. All issued and outstanding shares of common stock are held by the Company's parent, TRH.

(3) Under the laws of the State of Ohio, all dividends and other distributions to shareholders must be reported to the Superintendent of the ODI (the "Superintendent"). Extraordinary dividends or other extraordinary distributions must be approved by the Superintendent in advance. An extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair market value, together with that of other dividends or distributions made within the preceding twelve months, and a statement of the effect of the proposed dividend on the surplus and the reasonableness of surplus in relation to the outstanding liabilities and financial needs.

(4) The Company paid no dividends or received any infusions during 2012. The Company paid an ordinary cash dividend to TRH of \$12,500 on June 30, 2011, which required no approval

and was recorded as a reduction to unassigned surplus in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

- (5) The amount of ordinary dividends that may be paid out during any given period are subject to certain restrictions as specified by state statute.
- (6) There are no restrictions placed on the Company's unassigned surplus.
- (7) Not applicable as the Company is not a mutual reciprocal or a similarly organized entity.
- (8) The Company does not hold any stock, including stock of affiliated companies for special purposes, such as conversion of preferred stock, employee stock options or stock purchase warrants.
- (9) The Company does not have any special surplus funds
- (10) The portion of unassigned surplus represented or (reduced by) each item below is as follows:

	2012	2011
Net deferred income taxes	\$ 1,584	\$ 768
Nonadmitted assets	<u>\$ (1,814)</u>	<u>\$ (633)</u>
Total	<u>\$ (230)</u>	<u>\$ 135</u>

- (11–13) The Company does not have any outstanding surplus notes and has never been a party to a quasi-reorganization.

14. CONTINGENCIES

A. Contingent Commitments

The Company has no contingent commitments.

B. Assessments

The Company is not aware of any assessments, potential or accrued, that could have a material financial effect on the operations of the entity.

C. Gain Contingencies

The Company is not aware of any gain contingencies that should be disclosed in the statutory basis financial statements.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits — Not applicable

E. All Other Contingences

Because of the nature of the business, the Company is routinely made party to a variety of legal actions related to the design and management of its service offerings. The Company records liabilities for estimates of probable costs resulting from these matters where appropriate. These matters include, but are not limited to, claims relating to health care benefits coverage, medical malpractice actions, contract disputes, and claims related to certain other business practices. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

The Company's business is regulated at the federal, state and local levels. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products.

During the first quarter of 2010, the Patient Protection and Affordable Care Act and a reconciliation measure, the Health Care and Education Reconciliation Act of 2010 (collectively known as Health Reform Legislation), were signed into law, and after being challenged, were substantially upheld in a U.S. Supreme Court decision in the second quarter of 2012. The Health Reform Legislation expands access to coverage and modifies aspects of the commercial insurance market, as well as the Medicaid and Medicare programs, Children's Health Insurance Program (CHIP), and other aspects of the health care system. Certain provisions of the Health Reform Legislation have already taken effect, and other provisions become effective at various dates over the next several years. The Department of Health and Human Services (HHS), the Department of Labor (DOL) and the Treasury Department have issued regulations or proposed regulations on a number of aspects of Health Reform Legislation, but final rules and interim guidance on the other key aspects of the legislation remain pending.

The Health Reform Legislation and the related federal and state regulations will impact how the Company does business and could restrict revenue and enrollment growth in certain products and market segments, restrict premium growth rates for certain products and market segments, increase the Company's medical and administrative costs, expose the Company to an increased risk of liability (including increasing our liability in federal and state courts for coverage determinations and contract interpretation) or put the Company at risk for loss of business. In addition, the Company's results of operations, financial condition, including the ability to maintain the value of goodwill, and cash flows could be materially adversely affected by such changes. The Health Reform Legislation may create new or expand existing opportunities for business growth, but due to its complexity, the impact of the Health Reform Legislation remains difficult to predict and is not yet fully known.

There are no assets that the Company considers to be impaired at December 31, 2012 and 2011, except as disclosed in Note 5 and Note 20.

15. LEASES

A–B. According to the Agreement between the Company and UHS, and the previous agreement between the Company and UAS (see Note 10), operating leases for the rental of office facilities and equipment are the responsibility of UHS and UAS, respectively. Fees associated with the lease agreements are included as a component of the Company's management fee.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

(1–4) The Company does not hold any financial instruments with off-balance-sheet risk or concentrations of credit risk.

17. SALE, TRANSFER, AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A–C. The Company did not participate in any transfer of receivables, financial assets, or wash sales.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

A–C. The Company does not have any uninsured or partially insured accident and health plans.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD-PARTY ADMINISTRATORS

The Company did not have any direct premiums written or produced by managing general agents or third-party administrators.

20. FAIR VALUE MEASUREMENT

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

Level 1 — Quoted (unadjusted) prices for identical assets in active markets.

Level 2 — Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.)
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.)
- Inputs that are derived principally from or corroborated by other observable market data

Level 3 — Unobservable inputs that cannot be corroborated by observable market data.

The estimated fair values of bonds and short-term investments (investments) are based on quoted market prices, where available. The Company obtains one price for each security primarily from a third-party pricing service (pricing service), which generally uses quoted or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, non-binding broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to prices reported by its custodian, its investment consultant and third-party investment advisors. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. Based on the Company's internal price verification procedures and review of fair value methodology documentation provided by independent pricing services, the Company has not historically adjusted the prices obtained from the pricing service.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

A. Fair Value

(1) Fair Value Measurements at Reporting Date

The Company has does not have any financial assets that are measured and reported at fair value on the statutory basis statements of admitted assets, liabilities, and capital and surplus at December 31, 2012.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE UnitedHealthcare Community Plan of Ohio, Inc.

Description for each class of asset or liability	December 31, 2011			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets at fair value:				
Perpetual preferred stock				
Industrial and misc Parent, subsidiaries and affiliates	(a) \$ -	\$ -	\$ -	\$ -
Total perpetual preferred stocks	-	-	-	-
Bonds:				
U.S. governments	-	-	-	-
Industrial and misc	-	191	-	191
Hybrid securities	-	-	-	-
Parent, subsidiaries and affiliates	-	-	-	-
Total bonds	-	191	-	191
Common stock:				
Industrial and misc	-	-	-	-
Parent, subsidiaries and affiliates	-	-	-	-
Total common stock	-	-	-	-
Derivative assets:				
Interest rate contracts	-	-	-	-
Foreign exchange contracts	-	-	-	-
Credit contracts	-	-	-	-
Commodity futures contracts	-	-	-	-
Commodity forward contracts	-	-	-	-
Total derivatives	-	-	-	-
Separate account assets	-	-	-	-
Total assets at fair value	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ -</u>	<u>\$ 191</u>
Liabilities at fair value:				
Derivative liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(a) \$0 transferred from Level 1 to Level 2 as an alternative method was utilized to determine fair value as active market price was not readily available.

There were no transfers between Levels 1 and 2 during the year ended December 31, 2012 and 2011.

The Company does not have any financial assets with a fair value hierarchy of level 3.

B. Fair Value Combination — Not applicable

C. The aggregate fair value by hierarchy of all financial instruments as of December 31, 2012 and 2011 is presented in the table below:

Types of Financial Investment	2012					
	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practical Carrying Value
Bonds	\$ 155	\$ 153	\$ 95	\$ 60	\$ -	\$ -
Common stock	-	-	-	-	-	-
Perpetual preferred stock	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-
2011						
Types of Financial Investment	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practical Carrying Value
Bonds	\$ 135	\$ 133	\$ 77	\$ 58	\$ -	\$ -
Common stock	-	-	-	-	-	-
Perpetual preferred stock	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-

D. Not Practicable to Estimate Fair Value — Not applicable

21. OTHER ITEMS

The Company’s business is regulated at federal, state and local levels, and the Company must obtain and maintain regulatory approvals to market and sell many of its products. The laws and rules governing the Company’s business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. State legislatures and Congress continue to focus on health care issues.

- A. The Company did not encounter any extraordinary items for the years ended December 31, 2012 or 2011.
- B. The Company has no troubled debt restructurings as of December 31, 2012 or 2011.
- C. The Company does not have any amounts not recorded in the statutory basis financial statements that represent segregated funds held for others. The Company also does not have any exposures related to forward commitments.
- D. The Company routinely evaluates the collectability of all receivable amounts included within the statutory basis statements of admitted assets, liabilities, and capital and surplus. Impairment reserves are established for those amounts where collectability is uncertain. Based on the Company’s past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Company’s financial condition.
- E. The Company has not received any business interruption insurance recoveries during 2012 and 2011.
- F. The Company has no transferrable or non-transferable state tax credits.
- G. **(1) Sub-Prime Mortgage Related Risk Exposure** — The investment policy for the Company limits investments in asset-backed securities, which includes the sub-prime issuers. Further, the policy limits investments in private-issuer mortgage securities to 10% of the portfolio, which also includes sub-prime issuers. The exposure to unrealized losses on sub-prime issuers is due to changes in market prices. There are no realized losses due to not receiving anticipated cash flows. The investments covered are rated NAIC rating of 1 or 2. The Company has no underwriting exposure to sub-prime mortgage risk through mortgage guaranty or financial guaranty insurance coverage.

(2) Direct exposure through other investments:

	2012			
	Actual Cost	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	\$ -	\$ -	\$ -	\$ -
b. Commercial mortgage-backed securities	1,180	1,156	1,312	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investment in SCAs*	-	-	-	-
f. Other assets	-	-	-	-
g. Total	<u>\$ 1,180</u>	<u>\$ 1,156</u>	<u>\$ 1,312</u>	<u>\$ -</u>

The company has no direct exposure through other investments for the year ended December 31, 2011.

- H. The Company does not have any retained asset accounts for beneficiaries.

22. EVENTS SUBSEQUENT

Subsequent events have been evaluated through February 28, 2013, which is the date these statutory basis financial statements were available for issuance.

Effective July 1, 2013, the Company has been approved to expand its current Medicaid business to all 88 Ohio counties. As of December 31, 2012, the Company offered Medicaid business in 46 counties.

The Company received the award to participate in the State of Ohio's partnership with CMS on an Integrated Care Delivery System that will provide coordinated coverage for enrollees dually eligible for Medicare and Medicaid. The service area is the Akron, Youngstown, and Cleveland markets and this business currently has an effective date of September 1, 2013.

23. REINSURANCE

The Company does not have any unaffiliated reinsurance agreements (external reinsurance) in place as of December 31, 2012 or 2011.

Reinsurance Agreements — In the normal course of business, the Company seeks to reduce potential losses that may arise from catastrophic events that cause unfavorable underwriting results by reinsuring certain levels of such risk with affiliated (see Note 10) reinsurers. The Company remains primarily liable as the direct insurer on all risks reinsured.

A. Ceded Reinsurance Report

Section 1 — General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (X)

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor, or any other person not primarily engaged in the insurance business?

Yes () No (X)

Section 2 — Ceded Reinsurance Report— Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (X)

- (2) Does the reporting entity have any reinsurance agreements in effect that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (X)

Section 3 — Ceded Reinsurance Report — Part B

- (1) What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.

The Company estimates there should be no aggregate reduction in surplus for termination of all reinsurance agreements as of December 31, 2012.

- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes () No (X)

- B. Uncollectible Reinsurance** — During 2012 and 2011, there were no uncollectible reinsurance recoverables.
- C. Commutation of Ceded Reinsurance** — There was no commutation of reinsurance in 2012 or 2011.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

- A.** The Company estimates accrued retrospective premium adjustments for its group health insurance business based on mathematical calculations in accordance with contractual terms.
- B.** Estimated accrued retrospective premiums due to (from) the Company are recorded in uncollected premiums in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as an adjustment to net premium income in the statutory basis statements of operations.
- C.** The Medicaid business contract with the state of Ohio includes Aged, Blind, and Disabled (ABD) program which is subject to retrospective rating features. The Company estimates accrued retrospective premium adjustments for its ABD program based on the contract with OFJFS. The amount of net premium income that is subject to the ABD program contract retrospective rating feature is approximately \$216,250 and \$173,085, representing 41.2% and 42.1% of total net premium income as of December 31, 2012 and 2011, respectively.
- D.** The Company does not have any business subject to specific minimum loss ratio requirements as of December 31, 2012 pursuant to the Health Reform Legislation (See Note 14).

25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

Changes in estimates related to the prior year incurred claims are included in total hospital and medical expenses in the current year in the accompanying statutory basis statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves and health care receivables for 2012 and 2011:

	2012		Total
	Current Year Incurred Claims	Prior Years Incurred Claims	
Beginning of year claim reserve	\$ -	\$ (49,300)	\$ (49,300)
Paid claims, net of health care receivables and reinsurance recoveries collected	375,032	29,727	404,759
End of year claim reserve	<u>40,393</u>	<u>1,280</u>	<u>41,673</u>
Incurred claims excluding the change in health care receivables and reinsurance recoverables on paid losses as presented below	415,425	(18,293)	397,132
Beginning of year health care receivables	-	1,807	1,807
End of year health care receivables and reinsurance recoverables on paid losses	<u>(4,582)</u>	<u>(1,966)</u>	<u>(6,548)</u>
Total incurred claims	<u>\$ 410,843</u>	<u>\$ (18,452)</u>	<u>\$ 392,391</u>

	2011		
	Current Year Incurred Claims	Prior Years Incurred Claims	Total
Beginning of year claim reserve	\$ -	\$ (40,992)	\$ (40,992)
Paid claims, net of health care receivables and reinsurance recoveries collected	290,498	40,090	330,588
End of year claim reserve	<u>49,001</u>	<u>299</u>	<u>49,300</u>
Incurred claims excluding the change in health care receivables as presented below	339,499	(603)	338,896
Beginning of year health care receivables	-	2,218	2,218
End of year health care receivables	<u>(1,456)</u>	<u>(351)</u>	<u>(1,807)</u>
Total incurred claims	<u>\$ 338,043</u>	<u>\$ 1,264</u>	<u>\$ 339,307</u>

The liabilities for claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves and health care receivables as of December 31, 2011 were approximately \$47,493. As of December 31, 2012, approximately \$29,727 has been paid for incurred claims attributable to insured events of prior years. Receivables, net of reserves remaining for prior years are now approximately \$(686) as a result of re-estimation of unpaid claims. Therefore, there has been approximately \$18,452 favorable prior year development since December 31, 2011 to December 31, 2012. The primary drivers consist of favorable development as a result of a change in the provision for adverse deviations in experience of approximately \$3,137 and favorable development of approximately \$14,645 in retroactivity for inpatient, outpatient, physician, and pharmacy claims. At December 31, 2011, the Company recorded approximately \$(1,264) of unfavorable development related to insured events of prior years primarily as a result of ongoing analysis of loss development trends and changes to the provider settlement reserves. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this favorable (unfavorable) development is the impact related to retrospectively rated policies. As a result of the prior year effects, on a regular basis, the Company adjusts revenue and the corresponding liability and/or receivable related to retrospectively rated policies and the impact of the change is included as a component of change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

The Company incurred claims adjustment expenses (CAE) of approximately \$20,286 and \$16,056 in 2012 and 2011, respectively. These costs are included in the management service fees paid by the Company to UHS and UAS as a part of its management agreement (see Note 10). The following tables disclose paid CAE, incurred CAE, and the balance in the unpaid claim adjustment expenses reserve for 2012 and 2011:

	2012	2011
Total claims adjustment expenses incurred	\$ 20,286	\$ 16,056
Less current year unpaid claims adjustment expenses	(918)	(1,026)
Add prior year unpaid claims adjustment expenses	<u>1,026</u>	<u>783</u>
Total claims adjustment expenses paid	<u>\$ 20,394</u>	<u>\$ 15,813</u>

26. INTERCOMPANY POOLING ARRANGEMENTS

A–G. The Company did not have any intercompany pooling arrangements in 2012 or 2011.

27. STRUCTURED SETTLEMENTS

A–B. The Company did not have structured settlements in 2012 or 2011.

28. HEALTH CARE AND OTHER AMOUNTS RECEIVABLES

A. Pharmaceutical rebates receivable are recorded when reasonably estimated or billed by the affiliated pharmaceutical benefit manager in accordance with pharmaceutical rebate contract provisions. Information used to support rebates billed to the manufacturer is based on utilization information gathered by the pharmaceutical benefit manager and adjusted for significant changes in pharmaceutical contract provisions. The Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

For pharmacy rebates that meet the admissibility criteria, the collection history of pharmacy rebates is summarized as:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2012	\$ 922	\$ -	\$ -	\$ -	\$ -
9/30/2012	-	417	142	-	-
6/30/2012	-	823	177	557	-
3/31/2012	-	806	59	610	89
12/31/2011	536	657	135	347	170
9/30/2011	-	-	-	-	-
6/30/2011	-	-	-	-	-
3/31/2011	-	-	-	-	-
12/31/2010	1	1	1	-	-
9/30/2010	151	1	1	-	-
6/30/2010	1	1	1	-	-
3/31/2010	487	454	106	324	24

Of the amount reported as health care and other amounts receivables, approximately \$922 and \$173 relates to pharmaceutical rebate receivables as of December 31, 2012 and 2011, respectively.

B. The Company does not have any risk sharing receivables.

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2012 or 2011.

30. PREMIUM DEFICIENCY RESERVES

The Company has not recorded any premium deficiency reserves as of December 31, 2012 or 2011. This analysis of the premium deficiency reserve was completed as of December 31, 2012 and 2011. The Company did consider anticipated investment income when calculating the premium deficiency reserve.

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2012 and 2011, the Company had no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] N/A []
- 1.3 State Regulating? Ohio
- 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 []
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009
- 3.2 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
- 3.3 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). 10/01/2010
- 3.4 By what department or departments?
Ohio Department of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [] No []
4.12 renewals? Yes [] No []
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [] No []
4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 5.2 If yes, provide the name of the 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 |
|---------------------|------------------------|------------------------|
| | | |
- 6.1 Has the 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 []
- 6.2 If yes, give full information:
.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No []
- 7.2 If yes,
7.21 State the percentage of foreign control; %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 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 [X] No []
- 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 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 FDIC	6 SEC
OptumHealth Bank, Inc.	Salt Lake City, Utah	NO	NO	YES	NO

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Baker Tilly Virchow Krause, LLP 225 South 6th Street Suite 2300, Minneapolis, MN 55402
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
.....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
.....
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the response to 10.5 is no or n/a, please explain
.....
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Kevin Francis, FSA, MAAA, Vice President, Actuarial Services
UnitedHealthcare Community and State
MN006-W900, 9800 Healthcare Lane
Minnetonka, MN 55343
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved
- 12.13 Total book/adjusted carrying value \$
- 12.2 If, yes provide explanation:
.....
- 13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 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.
- 14.11 If the response to 14.1 is No, please explain:
.....
- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
.....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
.....

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|---|----|---|
| 20.11 To directors or other officers | \$ | 0 |
| 20.12 To stockholders not officers | \$ | 0 |
| 20.13 Trustees, supreme or grand (Fraternal Only) | \$ | 0 |
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|---|----|---|
| 20.21 To directors or other officers | \$ | 0 |
| 20.22 To stockholders not officers | \$ | 0 |
| 20.23 Trustees, supreme or grand (Fraternal Only) | \$ | 0 |
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|----------------------------|----|---|
| 21.21 Rented from others | \$ | 0 |
| 21.22 Borrowed from others | \$ | 0 |
| 21.23 Leased from others | \$ | 0 |
| 21.24 Other | \$ | 0 |
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- | | | |
|--|----|---|
| 22.21 Amount paid as losses or risk adjustment | \$ | 0 |
| 22.22 Amount paid as expenses | \$ | 0 |
| 22.23 Other amounts paid | \$ | 0 |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No []
- 24.02 If no, give full and complete information relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ 0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]

GENERAL INTERROGATORIES

24.10 For the reporting entity's security lending program state the amount of the following as December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$	0
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$	0
24.103 Total payable for securities lending reported on the liability page	\$	0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes No

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements	\$
25.22 Subject to reverse repurchase agreements	\$
25.23 Subject to dollar repurchase agreements	\$
25.24 Subject to reverse dollar repurchase agreements	\$
25.25 Pledged as collateral	\$
25.26 Placed under option agreements	\$
25.27 Letter stock or other securities restricted as to sale	\$
25.28 On deposit with state or other regulatory body	\$463,956
25.29 Other	\$

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No

27.2 If yes, state the amount thereof at December 31 of the current year. \$

28. 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 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes No

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

1 Name of Custodian(s)	2 Custodian's Address
Mellon Bank	One Mellon Center, Pittsburgh, PA 15258-0001
Northern Trust	50 S. LaSalle, Chicago, IL 60675

28.02 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)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes No

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

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

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/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 Number(s)	2 Name	3 Address
113972	Standish Mellon Asset Management Company	201 Washington Street Suite 2900 Boston, MA 02108-4408

GENERAL INTERROGATORIES

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [] No [X]
- 29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 - Total		0

- 29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	153,583,003	156,053,470	2,470,467
30.2 Preferred stocks	0		0
30.3 Totals	153,583,003	156,053,470	2,470,467

- 30.4 Describe the sources or methods utilized in determining the fair values:

For those securities that had prices in the NAIC SVO ISIS database, those prices were used; for those securities that did not have prices in the NAIC SVO ISIS database, pricing was obtained from HUB which is an external data sources vendor. HUB utilizes various pricing sources.

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
.....
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []
- 32.2 If no, list exceptions:
.....

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid

34.1 Amount of payments for legal expenses, if any?\$

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
 1.2 If yes, indicate premium earned on U.S. business only. \$ _____
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ _____
 1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above \$ _____
 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$ _____ 0

1.6 Individual policies: Most current three years:
 1.61 Total premium earned \$ 0
 1.62 Total incurred claims \$ 0
 1.63 Number of covered lives 0
All years prior to most current three years:
 1.64 Total premium earned \$ 0
 1.65 Total incurred claims \$ 0
 1.66 Number of covered lives 0

1.7 Group policies: Most current three years:
 1.71 Total premium earned \$ 0
 1.72 Total incurred claims \$ 0
 1.73 Number of covered lives 0
All years prior to most current three years:
 1.74 Total premium earned \$ 0
 1.75 Total incurred claims \$ 0
 1.76 Number of covered lives 0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	525,117,880	446,089,758
2.2 Premium Denominator	531,028,434	446,089,758
2.3 Premium Ratio (2.1/2.2)	0.989	1.000
2.4 Reserve Numerator	41,672,941	49,299,769
2.5 Reserve Denominator	41,672,941	49,299,769
2.6 Reserve Ratio (2.4/2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No []

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No []

5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No []

5.2 If no, explain:

5.3 Maximum retained risk (see instructions) 5.31 Comprehensive Medical \$
5.32 Medical Only \$ 1,240,000
5.33 Medicare Supplement \$
5.34 Dental & Vision \$
5.35 Other Limited Benefit Plan \$
5.36 Other \$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
 Hold harmless clauses in provider agreements and continuation of coverage endorsements in reinsurance agreement

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No []

7.2 If no, give details

8. Provide the following information regarding participating providers: 8.1 Number of providers at start of reporting year 13,639
8.2 Number of providers at end of reporting year 29,755

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]

9.2 If yes, direct premium earned: 9.21 Business with rate guarantees between 15-36 months.. \$
9.22 Business with rate guarantees over 36 months \$

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes No

10.2 If yes:

10.21 Maximum amount payable bonuses.....	\$	850,000
10.22 Amount actually paid for year bonuses.....	\$	781,449
10.23 Maximum amount payable withholds.....	\$	.....
10.24 Amount actually paid for year withholds.....	\$	.....

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
11.13 An Individual Practice Association (IPA), or, ..	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
11.14 A Mixed Model (combination of above)?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes No

11.3 If yes, show the name of the state requiring such net worth. Ohio

11.4 If yes, show the amount required. \$ 30,440,512

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes No

11.6 If the amount is calculated, show the calculation
 Net worth requirement is the greater of \$1,700,000 pre Ohio statute or 200% of the company's authorized control level risk based capital.

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Fulton
Henry
Williams
Hancock
Wood
Seneca
Sandusky
Ottawa
Defiance
Paulding
Putnam
Lucas
Hardin
Allen
Auglaize
Mercer
Van Wert
Wyandot
Ashland
Portage
Richland
Summit
Holmes
Stark
Wayne
Tuscarawas
Carroll
Trumbull
Mahoning
Columbiana
Athens
Meigs
Monroe
Morgan
Noble
Vinton
Washington
Belmont
Coshocton
Gallia
Guernsey
Jackson
Lawrence
Muskingum
Harrison
Jefferson
.....

13.1 Do you act as a custodian for health savings accounts? Yes No

13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$

13.3 Do you act as an administrator for health savings accounts? Yes No

13.4 If yes, please provide the balance of funds administered as of the reporting date. \$

FIVE-YEAR HISTORICAL DATA

	1 2012	2 2011	3 2010	4 2009	5 2008
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	163,407,087	143,162,744	119,636,596	168,560,507	84,949,517
2. Total liabilities (Page 3, Line 24)	56,307,614	71,939,255	59,212,281	108,034,983	43,692,715
3. Statutory surplus	30,440,512	1,700,000	1,700,000	1,700,000	1,700,000
4. Total capital and surplus (Page 3, Line 33)	107,099,473	71,223,489	60,424,315	60,525,524	41,256,802
Income Statement (Page 4)					
5. Total revenues (Line 8)	532,673,492	448,513,204	413,137,802	407,466,924	318,127,476
6. Total medical and hospital expenses (Line 18)	392,390,705	339,306,567	299,208,656	323,721,774	251,874,995
7. Claims adjustment expenses (Line 20)	20,285,633	16,055,586	7,292,205	10,710,638	7,775,975
8. Total administrative expenses (Line 21)	65,575,034	58,705,823	61,500,467	45,141,351	42,357,789
9. Net underwriting gain (loss) (Line 24)	54,422,120	34,445,228	45,136,474	27,893,161	16,118,717
10. Net investment gain (loss) (Line 27)	1,647,509	1,467,003	628,055	273,477	2,149,534
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income or (loss) (Line 32)	36,241,293	23,266,753	32,753,268	15,219,430	15,255,913
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	19,686,782	42,238,196	(21,052,081)	76,177,354	5,883,273
Risk-Based Capital Analysis					
14. Total adjusted capital	107,099,473	71,223,489	60,424,315	60,525,524	41,256,802
15. Authorized control level risk-based capital	15,220,256	13,142,865	11,871,974	12,808,766	10,096,793
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	115,096	119,766	119,095	119,300	102,731
17. Total members months (Column 6, Line 7)	1,445,169	1,436,935	1,454,833	1,326,443	1,159,992
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	73.9	76.1	72.8	79.9	79.2
20. Cost containment expenses	2.4	2.6	1.4	1.9	1.6
21. Other claims adjustment expenses	1.5	1.0	0.4	0.7	0.8
22. Total underwriting deductions (Line 23)	90.1	92.8	89.5	93.6	94.9
23. Total underwriting gain (loss) (Line 24)	10.2	7.7	11.0	6.9	5.1
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	29,040,511	40,037,104	35,586,099	29,137,960	19,652,021
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	47,492,693	38,774,378	51,742,151	35,117,566	27,416,129
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)		0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)			0		0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)			0		0
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [] No []
 If no, please explain:

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts	
		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		
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. District of 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	(23,349)	535,653,009					535,629,660	
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	CAN	N							0	
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	0	(23,349)	535,653,009	0	0	0	535,629,660	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0		
61. Total (Direct Business)	(a) 1	0	(23,349)	535,653,009	0	0	0	535,629,660	0	0
DETAILS OF WRITE-INS										
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	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.

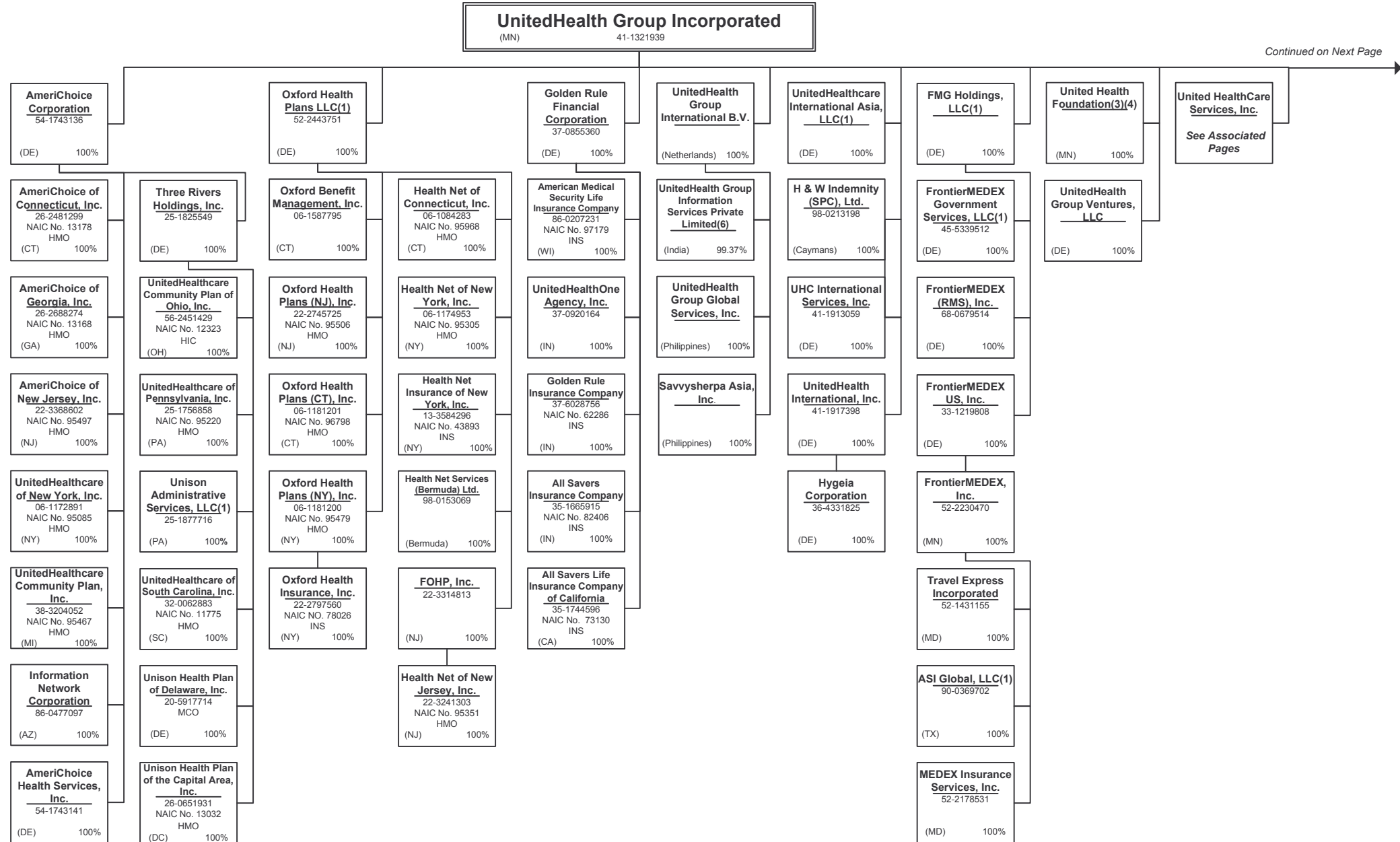
Explanation of basis of allocation by states, premiums by state, etc.

Premiums allocated by state based upon Geographic Market.

(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

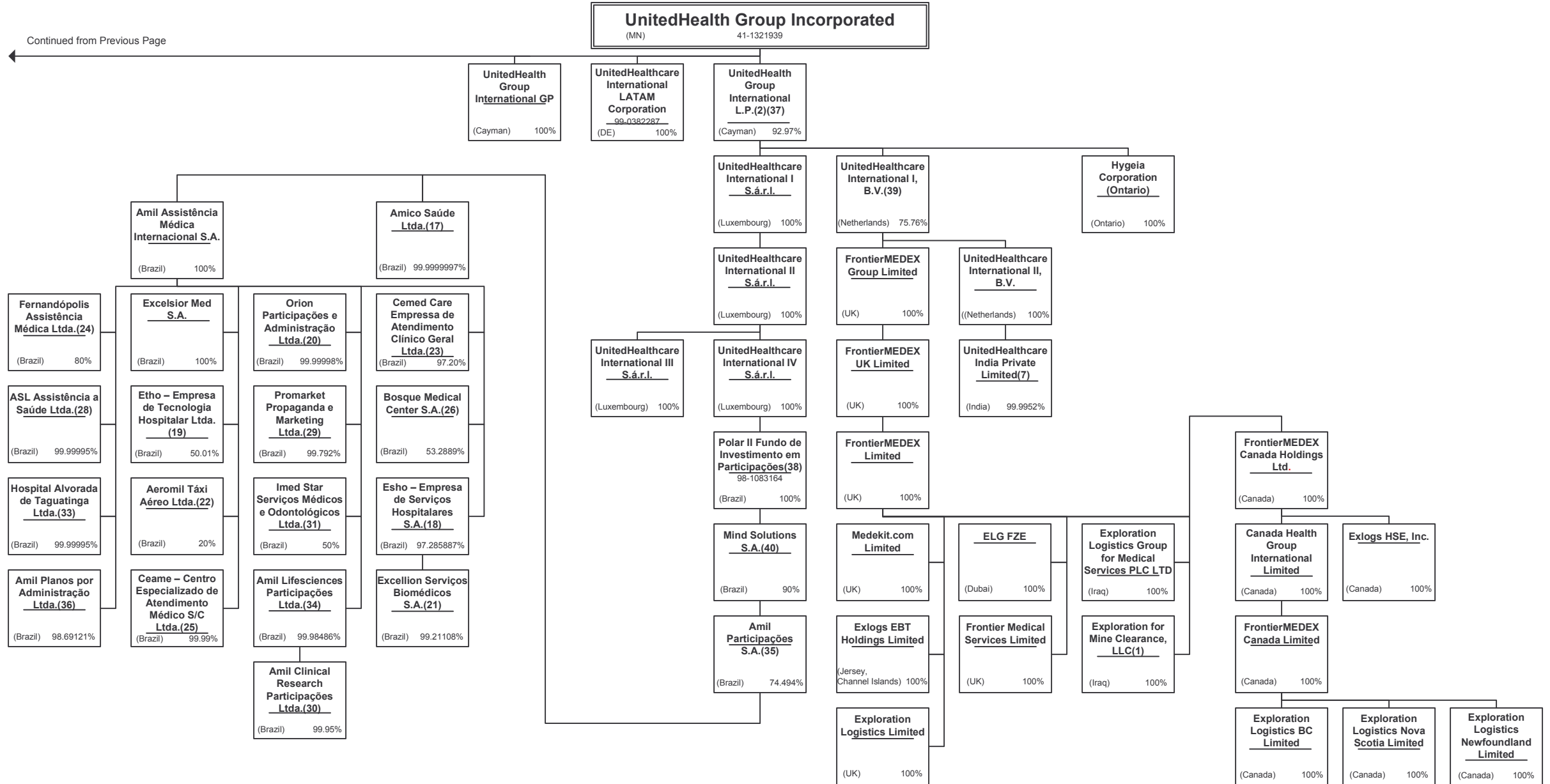
PART 1 - ORGANIZATIONAL CHART



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SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



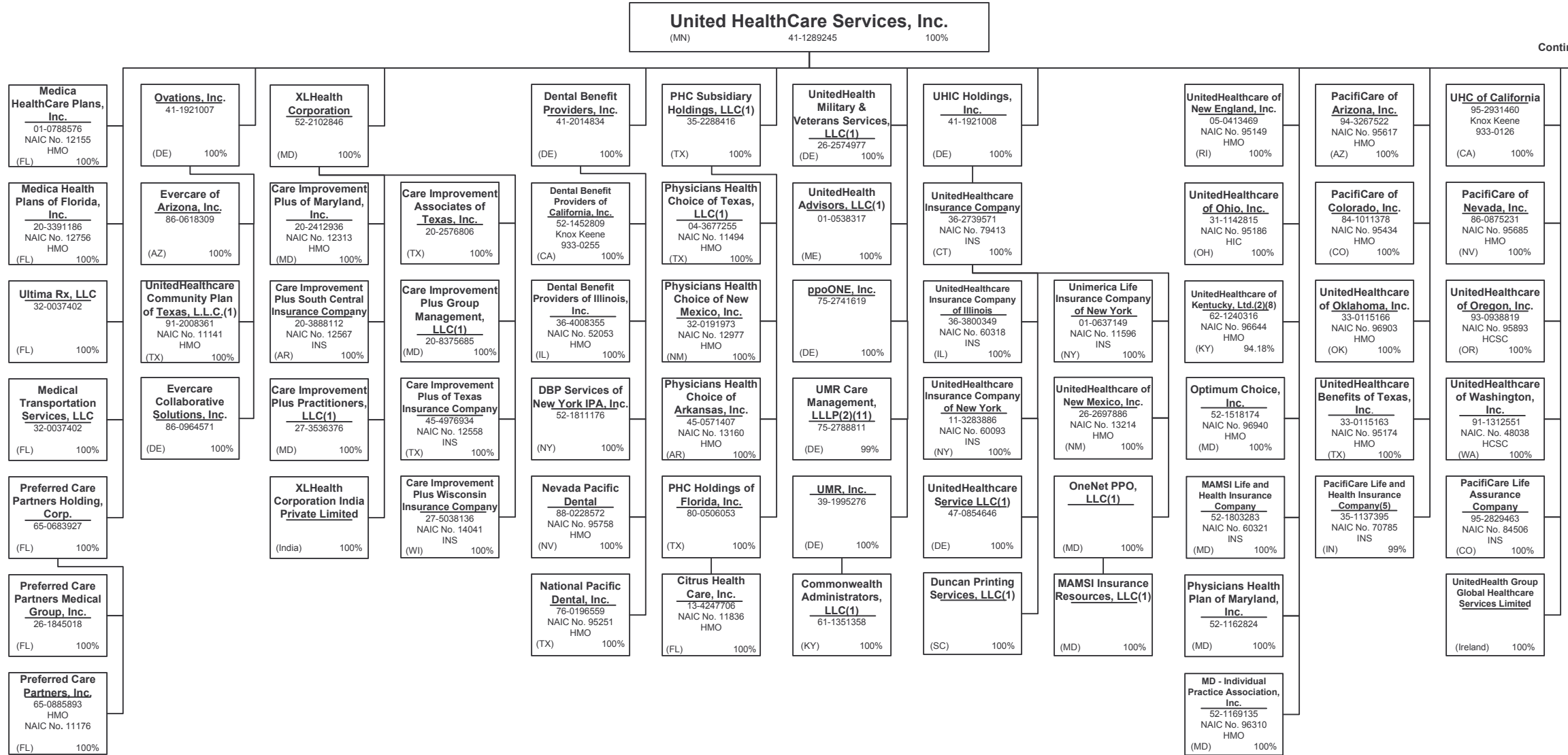
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SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

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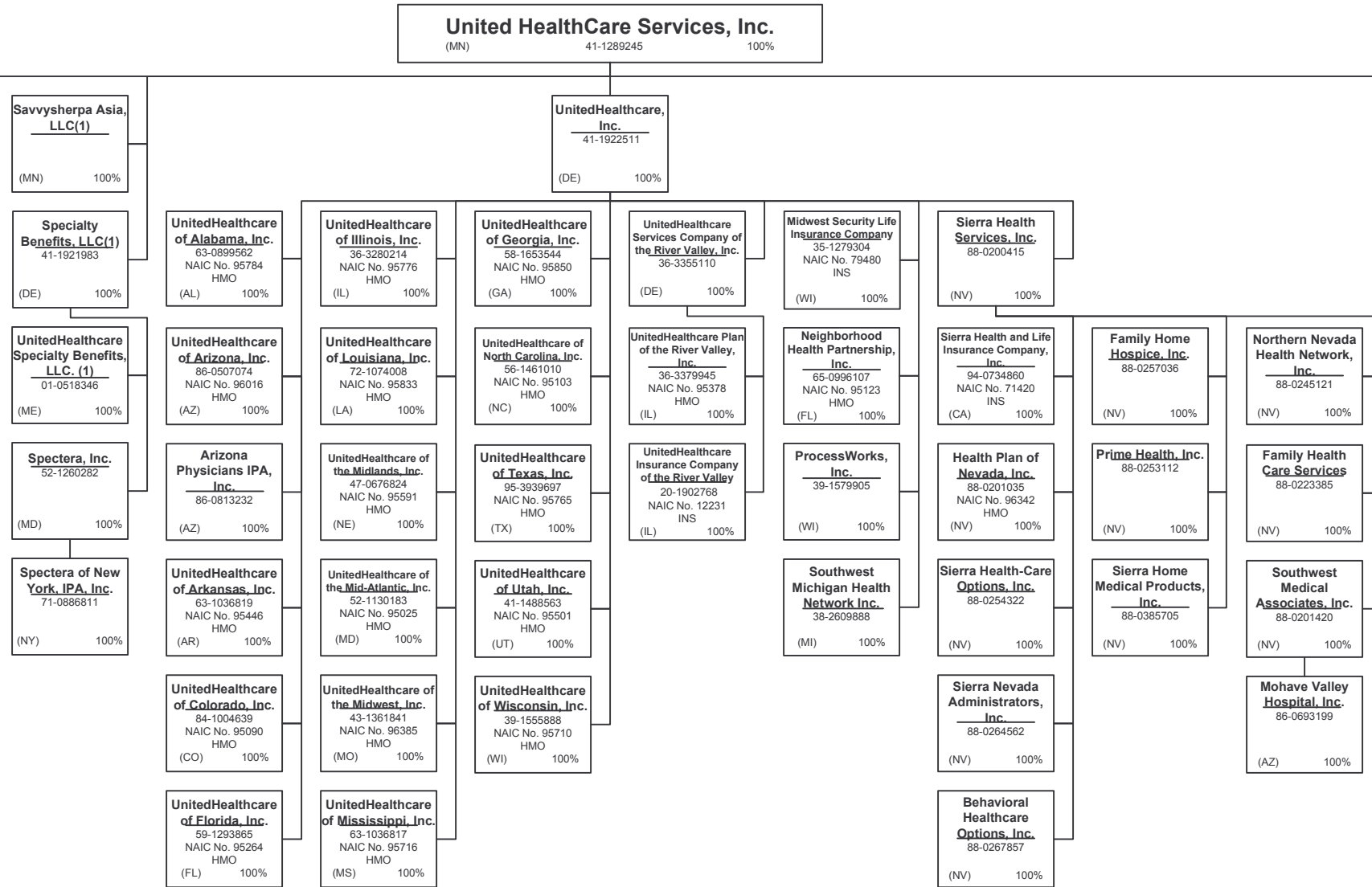
40.2

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

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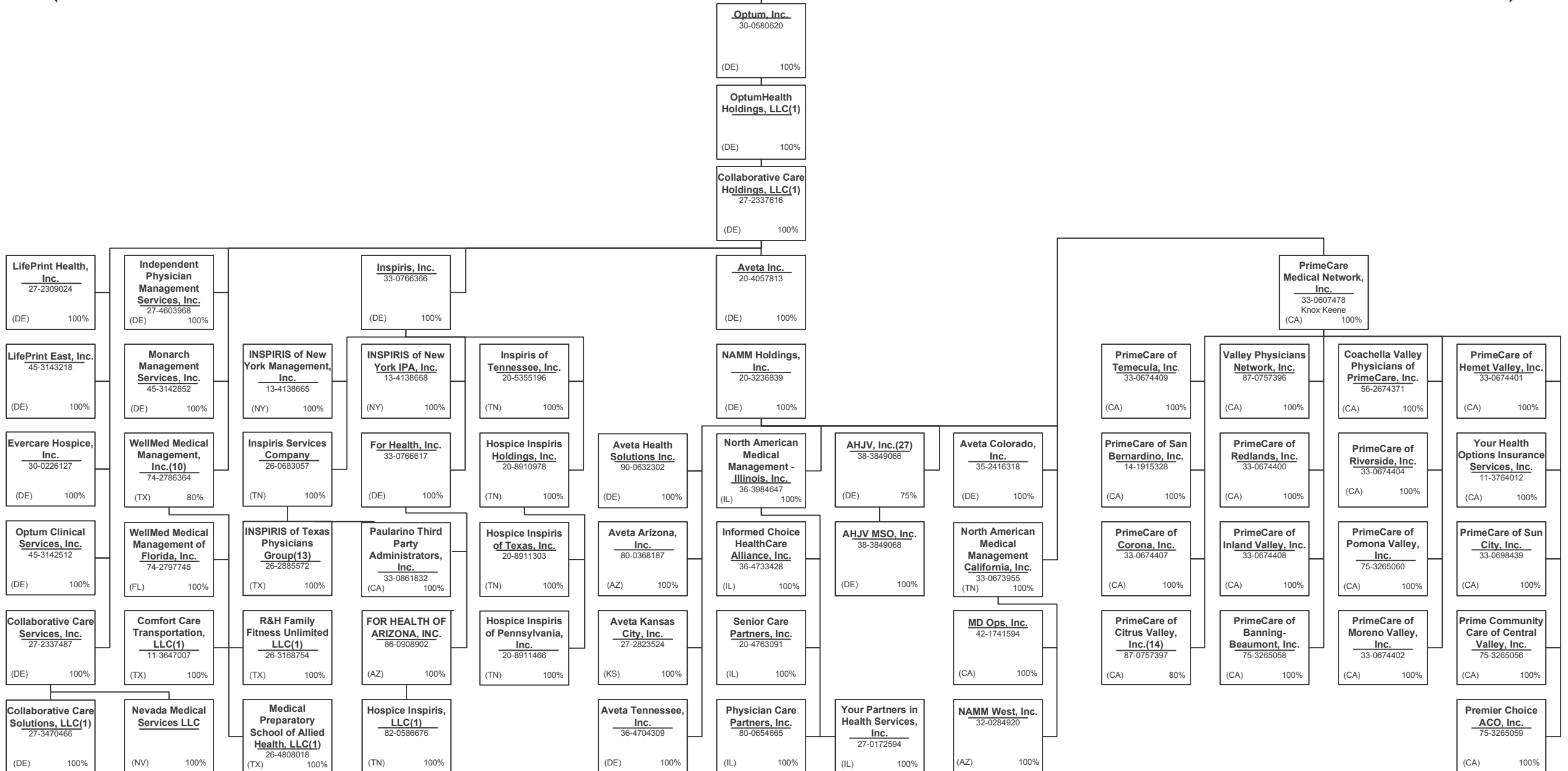
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SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

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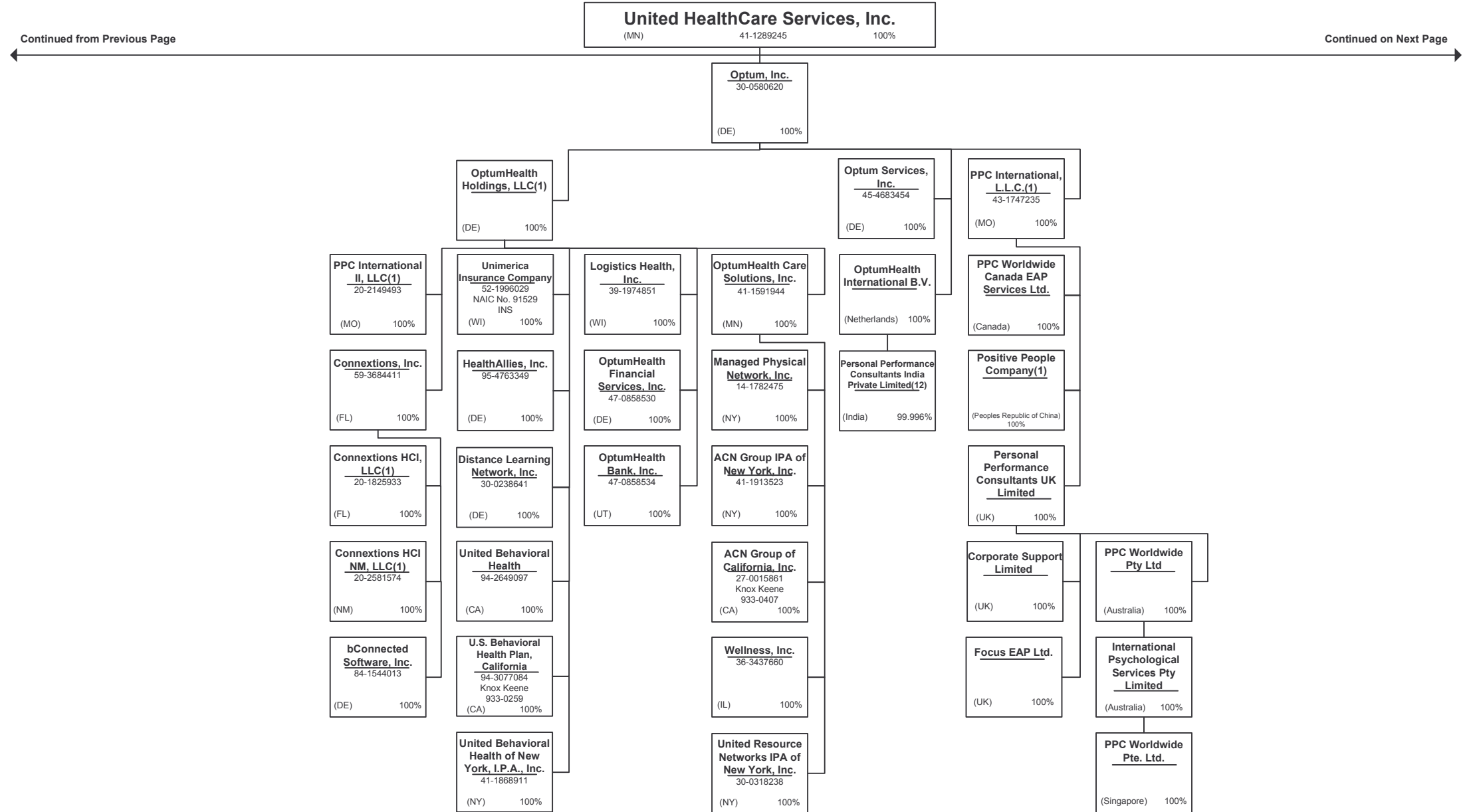
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40.4

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



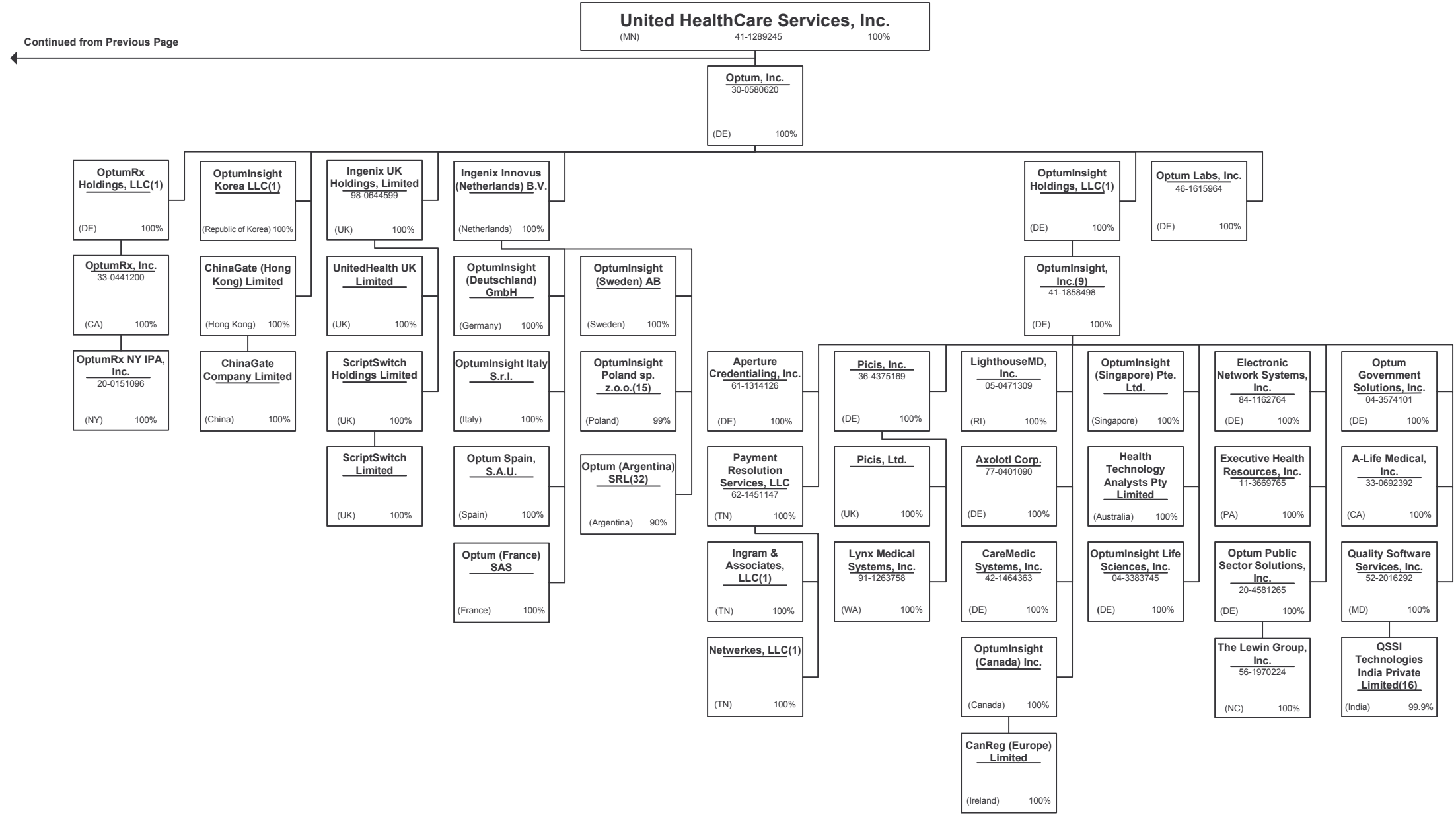
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40.5

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



Continued from Previous Page

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Notes

All legal entities on the Organization Chart are Corporations unless otherwise indicated.

(1) Entity is a Limited Liability Company

(2) Entity is a Partnership

(3) Entity is a Non-Profit Corporation

(4) Control of the Foundation is based on sole membership, not the ownership of voting securities

(5) PacifiCare Life and Health Insurance Company is 99% owned by PacifiCare Health Plan Administrators, Inc. and 1% owned by PacifiCare Health Systems, LLC

(6) UnitedHealth Group Information Services Private Limited is 99.37% owned by UnitedHealth Group International B.V.. The remaining 0.63% is owned by UnitedHealth International, Inc.

(7) United Healthcare India Private Limited is 99.9952% owned by UnitedHealthcare International II B.V. and 0.0048% owned by UnitedHealth International, Inc.

(8) General partnership interests are held by United HealthCare Services, Inc. (89.77%) and by UnitedHealthcare, Inc. (10.23%). United HealthCare Services, Inc. also holds 100% of the limited partnership interests. When combining general and limited partner interests, United HealthCare Services, Inc. owns 94.18% and UnitedHealthcare, Inc. owns 5.83%.

(9) Established a branch, Ingenix, Inc. – Abu Dhabi, located in Abut Dhabi, UAE.

(10) WellMed Medical Management, Inc. is 80% owned by Collaborative Care Holdings, LLC and 20% owned by WMG Healthcare Partners, L.P.

(11) Limited partnership interest is held by United HealthCare Services, Inc. (99%). General partnership interest is held by UMR, Inc. (1%)

(12) Personal Performance Consultants India Private Limited is 99.996% owned by OptumHealth International B.V. and 0.004 % owned by United Behavioral Health.

(13) INSPIRIS of Texas Physicians Group is a Texas non-profit (taxable) whose sole member is Inspiris Services Company.

(14) PrimeCare of Citrus Valley, Inc. is 80% owned by PrimeCare Medical Network, Inc. and 20% owned by Citrus Valley Medical Associates, Inc.

(15) OptumInsight Poland sp. z.o.o. is 99% owned by Ingenix Innovus (Netherlands) B.V. The remaining 1% is owned by OptumInsight, Inc.

(16) QSSI Technologies India Private Limited is 99.9% owned by Quality Software Services, Inc. and 0.1% owned by an Indian citizen.

(17) Amico Saúde Ltda. is 99.9999997% owned by Amil Participações S.A. and 0.0000003% owned by and officer of Amil.

(18) Esho – Empresa de Serviços Hospitalares S.A is 97.285887% owned by Amil Assistência Médica Internacional S.A.; 0.224917% owned by Amico Saúde Ltda.; 0.094901 owned by Treasury Shares and 2.4% owned by external shareholders.

(19) Etho – Empresa de Tecnologia Hospitalar Ltda. 50.01% owned by Amil Assistência Médica Internacional S.A. and 49.99% owned by an external shareholder.

(20) Orion Participações e Administração Ltda. is 99.99998% owned by Amil Assistência Médica Internacional S.A. and 0.00002% owned by Amico Saúde Ltda.

(21) Excellion Serviços Biomédicos S.A. is 99.21108% owned by Esho – Empresa de Serviços Hospitalares S.A and 0.78892% owned by external shareholders.

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SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Notes

Continued from Previous Page

- (22) Aeromil Táxi Aéreo Ltda. Is 20% owned by Amil Assistência Médica Internacional S.A. and 80% owned by the Chairman and CEO of Amil.
- (23) Cemed Care Empresa de Atendimento Clínico Geral Ltda. Is 97.20% owned by Amil Assistência Médica Internacional S.A. and 2.8% owned by Amico Saúde Ltd.
- (24) Fernandópolis Assistência Médica Ltda. is 80% owned by Amil Assistência Médica Internacional S.A. and 20% owned by an external shareholder.
- (25) Ceame – Centro Especializado de Atendimento Médico S/C Ltda. Is 99.99% owned by Amil Assistência Médica Internacional S.A. and 0.01% owned by Cemed Care Empresa de Atendimento Clínico Geral Ltda.
- (26) Bosque Medical Center S.A. is 53.2889% owned by Amil Assistência Médica Internacional S.A.; 33.7727% owned by Amico Saúde Ltd. and 12.9384% owned by Esho – Empresa de Serviços Hospitalares S.A.
- (27) AHJV, Inc. is 75% owned by NAMM Holdings, Inc. and 25% owned by Humana, Inc.
- (28) ASL Assistência a Saúde Ltda. Is 99.99995% owned by Amil Assistência Médica Internacional S.A and 0.00005% owned by an officer of Amil.
- (29) Promarket Propaganda e Marketing Ltda. is 99.792% owned by Amil Assistência Médica Internacional S.A and 0.208% owned by Amico Saúde Ltd.
- (30) Amil Clinical Research Participações Ltda. is 99.95% owned by Amil Lifesciences Participações Ltda. and .05% owned by an officer of Amil.
- (31) Imed Star Serviços Médicos e Odontológicos Ltda. is 50% owned by Amil Assistência Médica Internacional S.A and 50% owned by Amico Saúde Ltd.
- (32) Optum Argentina is 90% owned by Ingenix Innovus (Netherlands) BV and 10% owned by ScriptSwitch Holdings Limited.
- (33) Hospital Alvorada Taguatinga Ltda. Is 99.99995% owned by Amil Assistência Médica Internacional S.A. and 0.00005% owned by an officer of Amil.
- (34) Amil Lifesciences Participações Ltda. Is 99.98486% owned by Amil Assistência Médica Internacional S.A and 0.01514% owned by an officer of Amil.
- (35) Amil Participações S.A. is 74.49% owned by Mind Solutions S.A and the remaining 25.51% is owned by other parties.
- (36) Amil Planos por Administração Ltda. is 98.69121% owned by Amil Assistência Médica Internacional S.A; 1.30196% owned by Amico Saúde Ltd and 0.00683% owned by an officer of Amil.
- (37) The limited partners of UnitedHealth Group International, L.P. include FMG Holdings, LLC (4.41%), UnitedHealthcare International LATAM Corporation (2.3%), Hygeia Corporation (DE) (0.33%) and UnitedHealth Group Incorporated (92.97%). UnitedHealth Group International GP is the general partner of UnitedHealth Group International, L.P.
- (38) Polar II Fundo de Investimento em Participações is a Brazilian private equity investment fund incorporated in the form of a closed-end condominium.
- (39) UnitedHealthcare International I, B.V. is 75.76% owned by UnitedHealth Group International L.P. and 24.24% owned by UnitedHealth Group International B.V.
- (40) Mind Solutions S.A. is 90% owned by Polar II Fundo de Investimento em Participações and 10% owned by Amil's founders.

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 25

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
2504. 25.04 Miscellaneous Losses	343	227	786		1,356
2505. 25.05 Professional Fees\Consulting	1,414	934	3,239		5,587
2506. 25.06 Sundry General Expenses	580,614	383,389	1,330,318		2,294,321
2597. Summary of remaining write-ins for Line 25 from overflow page	582,371	384,550	1,334,343	0	2,301,264

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