95204201220100100 2012 Document Code: 201

ANNUAL STATEMENT

For the Year Ending December 31, 2012

OF THE CONDITION AND AFFAIRS OF THE

KAISER FOUNDATION HEALTH PLAN OF OHIO

NAIC Group Code 0601 (Current Period), 0601 (Prior Period) NAIC Company Code 95204 Employer's ID Number 34-0922268

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: Life, Accident & Health[ ] Property/Casualty[ ] Hospital, Medical & Dental Service or Indemnity[ ]
Dental Service Corporation[ ] Vision Service Corporation[ ] Health Maintenance Organization[X]
Other[ ] Is HMO Federally Qualified? Yes[X] No[ ] N/A[ ]

Incorporated/Organized 03/29/1962 Commenced Business 10/27/1976

Statutory Home Office 1001 Lakeside Ave. Suite 1200 (Street and Number), Cleveland , OH, 44114-1153 (City or Town, State, Country and Zip Code)

Main Administrative Office 1001 Lakeside Ave. Suite 1200 (Street and Number)

Cleveland, OH, 44114-1153 (City or Town, State, Country and Zip Code) (216)621-5600 (Area Code) (Telephone Number)

Mail Address 1001 Lakeside Ave. Suite 1200 (Street and Number or P.O. Box), Cleveland, OH, 44114-1153 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1001 Lakeside Ave. Suite 1200 (Street and Number)

Cleveland , OH, 44114-1153 (City or Town, State, Country and Zip Code) (216)621-5600 (Area Code) (Telephone Number)

Internet Website Address KP.org

Statutory Statement Contact Scott D. Gonia (Name) (216)479-5116 (Area Code)(Telephone Number)(Extension)

Scott.D.Gonia@kp.org (E-Mail Address) (216)623-8793 (Fax Number)

OFFICERS

Name	Title
George C. Halvorson	Chairman of the Board & CEO
Donna Lynne	Group President, Regions Outside California
Patricia D. Kennedy-Scott	Regional President
Kathy Lancaster	Executive Vice President-CFO
Arthur M. Southam MD	Executive Vice President-Health Plan Operations
Bernard J. Tyson	President and Chief Operating Officer
Mark S. Zemelman	Senior Vice President, General Counsel, Secretary
Thomas R. Meier	Senior Vice President and Treasurer
Don H. Orndoff	Senior Vice President, National Facilities Service
Deborah Stokes	Senior Vice President, Controller and CAO

Vice Presidents

DIRECTORS OR TRUSTEES

George C. Halvorson	Christine K. Cassel MD	Thomas W. Chapman EdD	Daniel P. Garcia	Cynthia A. Telles PhD
Jenny J. Ming	J. Neal Purcell	J. Eugene Grigsby, III PhD	Philip A. Marineau	Kim J. Kaiser
William R. Graber	Judith A. Johansen JD	Edward Pei	Meg Porfido JD	Bernard J. Tyson

State of Ohio
County of Cuyahoga ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures 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.

(Signature)	(Signature)	(Signature)
Patricia D. Kennedy-Scott	Thomas R. Meier	
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
Regional President	Senior Vice President and Treasurer	
(Title)	(Title)	(Title)

Subscribed and sworn to before me this ______ day of ______ , 2013

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 ______

(Notary Public Signature)

ASSETS

		Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols.1-2)	Prior Year 4 Net Admitted Assets
1.	Bonds (Schedule D)	137,617,523		137,617,523	102,847,727
2.	Stocks (Schedule D)				
	2.1 Preferred stocks				
	2.2 Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens				
	3.2 Other than first liens				
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $..............0 encumbrances)	49,856,496		49,856,496	51,707,113
	4.2 Properties held for the production of income (less $..............0 encumbrances)				
	4.3 Properties held for sale (less $..............0 encumbrances)				
5.	Cash ($......17,095,693 Schedule E Part 1), cash equivalents ($..............0 Schedule E Part 2) and short-term investments ($......73,640,210 Schedule DA)	90,735,902		90,735,902	49,520,309
6.	Contract loans (including $..............0 premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)				
9.	Receivables for securities				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL)				
11.	Aggregate write-ins for invested assets				
12.	Subtotals, cash and invested assets (Lines 1 to 11)	278,209,921		278,209,921	204,075,149
13.	Title plants less $..............0 charged off (for Title insurers only)				
14.	Investment income due and accrued	718,757		718,757	704,033
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	8,914,380		8,914,380	11,435,390
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including $..............0 earned but unbilled premiums)				
	15.3 Accrued retrospective premiums				
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers				
	16.2 Funds held by or deposited with reinsured companies				
	16.3 Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon				
18.2	Net deferred tax asset				
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software	467,248	304,916	162,332	186,780
21.	Furniture and equipment, including health care delivery assets ($......12,552,071)	13,135,816	583,745	12,552,071	14,504,614
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates	70,922		70,922	965,194
24.	Health care ($.......1,552,379) and other amounts receivable	1,794,877	79,380	1,715,497	2,181,214
25.	Aggregate write-ins for other than invested assets	700,053	700,053		
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	304,011,974	1,668,094	302,343,880	234,052,374
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	Total (Lines 26 and 27)	304,011,974	1,668,094	302,343,880	234,052,374
DETAILS OF WRITE-INS					
1101.					
1102.					
1103.					
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.	Prepaid & Other Current Assets	700,053	700,053		
2502.					
2503.					
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	700,053	700,053		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year 1 Covered	Current Year 2 Uncovered	Current Year 3 Total	Prior Year 4 Total
1.	Claims unpaid (less $..............0 reinsurance ceded)	27,288,303		27,288,303	34,498,492
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	868,610		868,610	1,137,110
4.	Aggregate health policy reserves, including the liability of $..............0 for medical loss ratio rebate per the Public Health Service Act	23,300,000		23,300,000	4,400,000
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	8,331,743		8,331,743	8,488,470
9.	General expenses due or accrued	1,016,579		1,016,579	2,417,244
10.1	Current federal and foreign income tax payable and interest thereon (including $..............0 on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others	77,771		77,771	331,459
13.	Remittances and items not allocated				
14.	Borrowed money (including $..............0 current) and interest thereon $..............0 (including $..............0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	31,989,155		31,989,155	27,758,033
16.	Derivatives				
17.	Payable for securities	342,623		342,623	
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties (with $..............0 authorized reinsurers, $..............0 unauthorized reinsurers and $..............0 certified reinsurers)				
20.	Reinsurance in unauthorized and certified ($..............0) companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans				
23.	Aggregate write-ins for other liabilities (including $..............0 current)	140,820,772		140,820,772	126,794,138
24.	TOTAL Liabilities (Lines 1 to 23)	234,035,556		234,035,556	205,824,946
25.	Aggregate write-ins for special surplus funds	XXX	XXX		
26.	Common capital stock	XXX	XXX		
27.	Preferred capital stock	XXX	XXX		
28.	Gross paid in and contributed surplus	XXX	XXX	3,264	3,264
29.	Surplus notes	XXX	XXX	205,000,000	94,000,000
30.	Aggregate write-ins for other than special surplus funds	XXX	XXX		
31.	Unassigned funds (surplus)	XXX	XXX	(136,694,940)	(65,775,836)
32.	Less treasury stock, at cost:				
	32.1 ....0 shares common (value included in Line 26 $..............0)	XXX	XXX		
	32.2 ....0 shares preferred (value included in Line 27 $..............0)	XXX	XXX		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	68,308,324	28,227,428
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	XXX	XXX	302,343,880	234,052,374
DETAILS OF WRITE-INS					
2301.	Post Retirement	46,584,537		46,584,537	44,186,266
2302.	Accrued Payroll and Related	12,683,714		12,683,714	10,462,429
2303.	Professional and Public Liability				
2398.	Summary of remaining write-ins for Line 23 from overflow page	81,552,521		81,552,521	72,145,443
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	140,820,772		140,820,772	126,794,138
2501.		XXX	XXX		
2502.		XXX	XXX		
2503.		XXX	XXX		
2598.	Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX		
3001.		XXX	XXX		
3002.		XXX	XXX		
3003.		XXX	XXX		
3098.	Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	1,077,067	1,309,334
2.	Net premium income (including $...............0 non-health premium income)	X X X	491,322,325	523,800,795
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of $...............0 medical expenses)	X X X	2,745,905	2,311,363
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	560,304	948,871
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL Revenues (Lines 2 to 7)	X X X	494,628,534	527,061,029
Hospital and Medical:				
9.	Hospital/medical benefits		138,617,809	157,401,648
10.	Other professional services		68,692,548	68,299,684
11.	Outside referrals		39,139,633	52,622,392
12.	Emergency room and out-of-area		32,543,007	37,797,607
13.	Prescription drugs		52,942,352	55,244,593
14.	Aggregate write-ins for other hospital and medical		141,002,130	134,110,778
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)		472,937,479	505,476,702
Less:				
17.	Net reinsurance recoveries			
18.	TOTAL Hospital and Medical (Lines 16 minus 17)		472,937,479	505,476,702
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including $.......6,142,540 cost containment expenses		11,038,162	12,669,998
21.	General administrative expenses		55,321,888	55,967,750
22.	Increase in reserves for life and accident and health contracts (including $...............0 increase in reserves for life only)		18,900,000	(7,300,000)
23.	TOTAL Underwriting Deductions (Lines 18 through 22)		558,197,529	566,814,450
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(63,568,995)	(39,753,421)
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		2,545,862	2,501,001
26.	Net realized capital gains (losses) less capital gains tax of $...............0		1,083,689	109,329
27.	Net investment gains (losses) (Lines 25 plus 26)		3,629,551	2,610,330
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $...............0) (amount charged off $...............0)]			
29.	Aggregate write-ins for other income or expenses		296,055	423,586
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(59,643,389)	(36,719,505)
31.	Federal and foreign income taxes incurred	X X X		
32.	Net income (loss) (Lines 30 minus 31)	X X X	(59,643,389)	(36,719,505)
DETAILS OF WRITE-INS				
0601.	Other Revenues	X X X	560,304	948,871
0602.		X X X		
0603.		X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	560,304	948,871
0701.		X X X		
0702.		X X X		
0703.		X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	Occupancy, Depreciation and Amortization		14,421,032	11,861,807
1402.	Medical Office Facilities		33,153,345	32,156,294
1403.	Professional Liability Insurance		4,831,635	3,176,428
1498.	Summary of remaining write-ins for Line 14 from overflow page		88,596,118	86,916,249
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		141,002,130	134,110,778
2901.	Miscellaneous		296,055	423,586
2902.				
2903.				
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)		296,055	423,586

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year	2 Prior Year
	CAPITAL & SURPLUS ACCOUNT		
33.	Capital and surplus prior reporting year	28,227,428	42,096,085
34.	Net income or (loss) from Line 32	(59,643,389)	(36,719,505)
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of $..............0		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	811,365	306,961
40.	Change in unauthorized and certified reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes	111,000,000	34,000,000
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
	44.1 Paid in		
	44.2 Transferred from surplus (Stock Dividend)		
	44.3 Transferred to surplus		
45.	Surplus adjustments:		
	45.1 Paid in		
	45.2 Transferred to capital (Stock Dividend)		
	45.3 Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus	(12,087,080)	(11,456,113)
48.	Net change in capital and surplus (Lines 34 to 47)	40,080,896	(13,868,657)
49.	Capital and surplus end of reporting year (Line 33 plus 48)	68,308,324	28,227,428
DETAILS OF WRITE-INS			
4701.	Change in restricted donations		(8,779)
4702.	Additional minimum liability pension	(11,779,236)	(11,447,334)
4703.	Reduction in asset retirement obligation liability	(307,844)	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	(12,087,080)	(11,456,113)

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	512,586,608	515,825,343
2.	Net investment income	3,082,145	3,231,667
3.	Miscellaneous income	3,949,524	2,638,984
4.	Total (Lines 1 through 3)	519,618,277	521,695,994
5.	Benefit and loss related payments	499,047,668	500,784,505
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	67,007,109	67,875,796
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $..............0 tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	566,054,777	568,660,301
11.	Net cash from operations (Line 4 minus Line 10)	(46,436,500)	(46,964,307)
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	63,295,476	46,509,800
	12.2 Stocks		
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets		
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds	4,578,764	6,477,550
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	67,874,240	52,987,350
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	97,532,590	52,422,609
	13.2 Stocks		
	13.3 Mortgage loans		
	13.4 Real estate	2,255,086	1,755,046
	13.5 Other invested assets		
	13.6 Miscellaneous applications	122,019	400,841
	13.7 Total investments acquired (Lines 13.1 to 13.6)	99,909,695	54,578,496
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(32,035,455)	(1,591,146)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes	111,000,000	34,000,000
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		
	16.6 Other cash provided (applied)	8,687,548	(4,985,557)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	119,687,548	29,014,443
	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)	41,215,593	(19,541,010)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	49,520,309	69,061,320
	19.2 End of year (Line 18 plus Line 19.1)	90,735,902	49,520,309

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1.	Net premium income	491,322,325	296,914,914				40,058,444	154,348,967			
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of $..............0 medical expenses)	2,745,905	2,421,394				266,239	58,272			XXX
4.	Risk revenue										XXX
5.	Aggregate write-ins for other health care related revenues	560,304	560,304								XXX
6.	Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7.	TOTAL Revenues (Lines 1 to 6)	494,628,534	299,896,612				40,324,683	154,407,239			
8.	Hospital/medical benefits	138,617,809	90,379,506				12,059,193	36,179,106		4	XXX
9.	Other professional services	68,692,548	44,787,887				5,975,976	17,928,685			XXX
10.	Outside referrals	39,139,633	25,519,238				3,404,991	10,215,404			XXX
11.	Emergency room and out-of-area	32,543,007	21,218,205				2,831,111	8,493,691			XXX
12.	Prescription drugs	52,942,352	29,193,208				3,891,150	19,857,994			XXX
13.	Aggregate write-ins for other hospital and medical	141,002,130	91,934,098				12,266,620	36,801,412			XXX
14.	Incentive pool, withhold adjustments and bonus amounts										XXX
15.	Subtotal (Lines 8 to 14)	472,937,479	303,032,142				40,429,041	129,476,292		4	XXX
16.	Net reinsurance recoveries										XXX
17.	TOTAL Hospital and Medical (Lines 15 minus 16)	472,937,479	303,032,142				40,429,041	129,476,292		4	XXX
18.	Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19.	Claims adjustment expenses including $.......6,142,540 cost containment expenses	11,038,162	7,393,813				940,061	2,704,288			
20.	General administrative expenses	55,321,888	36,690,151				2,984,952	15,646,785			
21.	Increase in reserves for accident and health contracts	18,900,000	13,471,133				1,492,622	3,936,245			XXX
22.	Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23.	TOTAL Underwriting Deductions (Lines 17 to 22)	558,197,529	360,587,239				45,846,676	151,763,610		4	
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	(63,568,995)	(60,690,627)				(5,521,993)	2,643,629		(4)	
DETAILS OF WRITE-INS											
0501.	Other revenues	560,304	560,304								XXX
0502.											XXX
0503.											XXX
0598.	Summary of remaining write-ins for Line 5 from overflow page										XXX
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	560,304	560,304								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		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301.	Occupancy, Depreciation and Amortiztion	14,421,032	9,402,585				1,254,572	3,763,875			XXX
1302.	Medical Office Facilities	33,153,345	21,616,148				2,884,208	8,652,989			XXX
1303.	Professional and Public Liability	4,831,635	3,150,250				420,333	1,261,052			XXX
1398.	Summary of remaining write-ins for Line 13 from overflow page	88,596,118	57,765,115				7,707,507	23,123,496			XXX
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	141,002,130	91,934,098				12,266,620	36,801,412			XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical)	337,874,011			337,874,011
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan	43,221,814			43,221,814
6. Title XVIII - Medicare	110,226,500			110,226,500
7. Title XIX - Medicaid				
8. Other health				
9. Health subtotal (Lines 1 through 8)	491,322,325			491,322,325
10. Life				
11. Property/casualty				
12. TOTALS (Lines 9 to 11)	491,322,325			491,322,325

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	480,147,669	307,768,645				40,987,993	131,391,372		(341)	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	480,147,669	307,768,645				40,987,993	131,391,372		(341)	
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	27,288,302	17,914,068				2,225,961	7,148,273			
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	27,288,302	17,914,068				2,225,961	7,148,273			
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	34,498,492	22,650,571				2,784,914	9,063,353		(346)	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	34,498,492	22,650,571				2,784,914	9,063,353		(346)	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	472,937,479	303,032,142				40,429,040	129,476,292		5	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	472,937,479	303,032,142				40,429,040	129,476,292		5	
13. Incurred medical incentive pools and bonuses										

(a) Excludes $..............0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Compre-hensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	16,850,345	9,988,744				1,367,276	5,494,325			
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	16,850,345	9,988,744				1,367,276	5,494,325			
2. Incurred but Unreported:										
2.1 Direct	10,437,957	7,925,324				858,685	1,653,948			
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	10,437,957	7,925,324				858,685	1,653,948			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	27,288,302	17,914,068				2,225,961	7,148,273			
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	27,288,302	17,914,068				2,225,961	7,148,273			

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	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	21,548,332	286,220,312	286,331	17,627,737	21,834,663	22,650,571
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan	2,866,124	38,121,870	37,392	2,188,569	2,903,516	2,784,914
6. Title XVIII - Medicare	8,592,320	122,799,052	45,724	7,102,549	8,638,044	9,063,353
7. Title XIX - Medicaid						
8. Other health		(341)				(346)
9. Health subtotal (Lines 1 to 8)	33,006,776	447,140,893	369,447	26,918,855	33,376,223	34,498,492
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pool and bonus amounts						
13. TOTALS (Lines 9 - 10 + 11 + 12)	33,006,776	447,140,893	369,447	26,918,855	33,376,223	34,498,492

(a) Excludes $..............0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	30,697	82			
2. 2008	479,753	31,386	1		
3. 2009	XXX	497,531	31,140	372	
4. 2010	XXX	XXX	497,498	33,950	308
5. 2011	XXX	XXX	XXX	473,763	32,699
6. 2012	XXX	XXX	XXX	XXX	447,141

Section B - Incurred Health Claims

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	30,740	82			
2. 2008	512,319	31,975	1		
3. 2009	XXX	529,706	31,550	372	
4. 2010	XXX	XXX	534,194	34,675	307
5. 2011	XXX	XXX	XXX	507,536	33,069
6. 2012	XXX	XXX	XXX	XXX	474,060

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	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	555,538	511,140	7,768	1.520	518,908	93.406			518,908	93.406
2. 2009	562,158	529,043	9,614	1.817	538,657	95.820			538,657	95.820
3. 2010	555,729	531,756	11,871	2.232	543,627	97.822			543,627	97.822
4. 2011	523,801	506,462	12,670	2.502	519,132	99.109	368		519,500	99.179
5. 2012	491,322	447,141	11,038	2.469	458,179	93.254	26,920	869	485,968	98.910

UNDERWRITING AND INVESTMENT EXHIBIT

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

Hospital and Medical

Section A - Paid Health Claims

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	23,445	62			
2.	2008	366,886	23,694	1		
3.	2009	X X X	375,591	21,433	261	
4.	2010	X X X	X X X	342,424	23,830	198
5.	2011	X X X	X X X	X X X	332,527	20,960
6.	2012	X X X	X X X	X X X	X X X	286,612

Section B - Incurred Health Claims

	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	23,513	62			
2.	2008	391,791	24,138	1		
3.	2009	X X X	399,880	21,760	261	
4.	2010	X X X	X X X	371,646	24,398	197
5.	2011	X X X	X X X	X X X	354,610	21,246
6.	2012	X X X	X X X	X X X	X X X	304,239

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

	Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	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	424,841	390,581	5,940	1.521	396,521	93.334			396,521	93.334
2.	2009	424,380	397,285	7,258	1.827	404,543	95.326			404,543	95.326
3.	2010	370,938	366,452	8,234	2.247	374,686	101.010			374,686	101.010
4.	2011	346,961	353,487	7,032	1.989	360,519	103.908	286		360,805	103.990
5.	2012	296,915	286,612	7,394	2.580	294,006	99.020	17,628	582	312,216	105.153

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT

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

Federal Employees Health Benefits Plan Premiums

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	1,873	5			
2. 2008	29,318	2,103			
3. 2009	X X X	33,340	2,067	28	
4. 2010	X X X	X X X	33,018	2,550	26
5. 2011	X X X	X X X	X X X	35,588	2,791
6. 2012	X X X	X X X	X X X	X X X	38,170

Section B - Incurred Health Claims

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	1,877	5			
2. 2008	31,308	2,143			
3. 2009	X X X	35,496	2,104	28	
4. 2010	X X X	X X X	36,368	2,617	26
5. 2011	X X X	X X X	X X X	38,306	2,829
6. 2012	X X X	X X X	X X X	X X X	40,359

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	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	33,950	31,421	475	1.512	31,896	93.950			31,896	93.950
2. 2009	37,670	35,435	644	1.817	36,079	95.776			36,079	95.776
3. 2010	42,263	35,594	595	1.672	36,189	85.628			36,189	85.628
4. 2011	41,384	38,379	961	2.504	39,340	95.061	37		39,377	95.150
5. 2012	40,058	38,170	940	2.463	39,110	97.633	2,189	74	41,373	103.283

UNDERWRITING AND INVESTMENT EXHIBIT

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

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	5,379	15			
2. 2008	83,549	5,589			
3. 2009	XXX	88,600	7,640	83	
4. 2010	XXX	XXX	122,056	7,570	84
5. 2011	XXX	XXX	XXX	105,640	8,948
6. 2012	XXX	XXX	XXX	XXX	122,359

Section B - Incurred Health Claims

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	5,350	15			
2. 2008	89,220	5,694			
3. 2009	XXX	94,330	7,686	83	
4. 2010	XXX	XXX	126,180	7,660	84
5. 2011	XXX	XXX	XXX	114,613	8,994
6. 2012	XXX	XXX	XXX	XXX	129,462

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	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	96,747	89,138	1,353	1.518	90,491	93.534			90,491	93.534
2. 2009	100,108	96,323	1,712	1.777	98,035	97.929			98,035	97.929
3. 2010	142,528	129,710	3,042	2.345	132,752	93.141			132,752	93.141
4. 2011	135,446	114,588	4,677	4.082	119,265	88.054	46		119,311	88.088
5. 2012	154,349	122,359	2,704	2.210	125,063	81.026	7,103	213	132,379	85.766

UNDERWRITING AND INVESTMENT EXHIBIT

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

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009					
4. 2010		XXX			
5. 2011		XXX	XXX		
6. 2012	XXX	XXX	XXX	XXX	

NONE

Section B - Incurred Health Claims

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					
2. 2008					
3. 2009					
4. 2010		XXX			
5. 2011		XXX	XXX		
6. 2012	XXX	XXX	XXX	XXX	

NONE

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	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										
2. 2009										
3. 2010										
4. 2011										
5. 2012										

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

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

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX	8	
6. 2012	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims

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					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX	7	
6. 2012	XXX	XXX	XXX	XXX	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	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										
2. 2009										
3. 2010										
4. 2011	10	8			8	80.000	(1)		7	70.000
5. 2012										

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Compre-hensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Unearned premium reserves									
2. Additional policy reserves (a)	23,300,000	16,607,270				1,840,111	4,852,619		
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including $..............0 for investment income)									
5. Aggregate write-ins for other policy reserves									
6. TOTALS (Gross)	23,300,000	16,607,270				1,840,111	4,852,619		
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)	23,300,000	16,607,270				1,840,111	4,852,619		
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. TOTALS (Gross)									
13. Reinsurance ceded									
14. TOTALS (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)									

(a) Includes $..............0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent ($..............0 for occupancy of own building)					
2.	Salaries, wages and other benefits	4,531,874	3,839,355	19,337,831		27,709,060
3.	Commissions (less $..............0 ceded plus $..............0 assumed)			4,970,409		4,970,409
4.	Legal fees and expenses					
5.	Certifications and accreditation fees			43,759		43,759
6.	Auditing, actuarial and other consulting services			696,118		696,118
7.	Traveling expenses	10,190	9,612	270,551		290,353
8.	Marketing and advertising		972,008	7,447,896		8,419,904
9.	Postage, express and telephone	25,565	9,759	375,509		410,833
10.	Printing and office supplies	55,523	58,603	89,550		203,676
11.	Occupancy, depreciation and amortization			905,053		905,053
12.	Equipment		3,651	16,736		20,387
13.	Cost or depreciation of EDP equipment and software		2,634	2,401		5,035
14.	Outsourced services including EDP, claims, and other services	1,519,017		139,521		1,658,538
15.	Boards, bureaus and association fees					
16.	Insurance, except on real estate			15,070		15,070
17.	Collection and bank service charges			68,803		68,803
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses				1,582,385	1,582,385
22.	Real estate taxes			157,800	1,808,295	1,966,095
23.	Taxes, licenses and fees:					
	23.1 State and local insurance taxes			85		85
	23.2 State premium taxes			3,894,438		3,894,438
	23.3 Regulatory authority licenses and fees			35,648		35,648
	23.4 Payroll taxes			1,065,597		1,065,597
	23.5 Other (excluding federal income and real estate taxes)			7,751		7,751
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses	371		15,781,361		15,781,732
26.	TOTAL Expenses Incurred (Lines 1 to 25)	6,142,540	4,895,622	55,321,887	3,390,680	(a)... 69,750,729
27.	Less expenses unpaid December 31, current year		868,610	1,016,579		1,885,189
28.	Add expenses unpaid December 31, prior year		1,137,110	2,417,244		3,554,354
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	6,142,540	5,164,122	56,722,552	3,390,680	71,419,894
DETAILS OF WRITE-INS						
2501.	Information Technology Services			6,115,509		6,115,509
2502.	Shared Services	371		9,665,852		9,666,223
2503.	Regional Admin Allocation					
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	371		15,781,361		15,781,732

(a) Includes management fees of $..............0 to affiliates and $..............0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 256,602	145,805
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 2,876,047	2,262,435
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)	7,696,175
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 2,323	145
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	3,134,972	10,104,560
11.	Investment expenses		(g) 3,390,680
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 171,362
14.	Depreciation on real estate and other invested assets		(i) 3,996,656
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		7,558,698
17.	Net Investment income (Line 10 minus Line 16)		2,545,862
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

(a) Includes $..............0 accrual of discount less $..............0 amortization of premium and less $..............0 paid for accrued interest on purchases.
(b) Includes $..............0 accrual of discount less $..............0 amortization of premium and less $..............0 paid for accrued dividends on purchases.
(c) Includes $..............0 accrual of discount less $..............0 amortization of premium and less $..............0 paid for accrued interest on purchases.
(d) Includes $..............0 for company's occupancy of its own buildings; and excludes $..............0 interest on encumbrances.
(e) Includes $..............0 accrual of discount less $..............0 amortization of premium and less $..............0 paid for accrued interest on purchases.
(f) Includes $..............0 accrual of discount less $..............0 amortization of premium.
(g) Includes $..............0 investment expenses and $..............0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $..............0 interest on surplus notes and $..............0 interest on capital notes.
(i) Includes $..............0 depreciation on real estate and $..............0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	71,842	(46,610)	25,232		
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)	1,133,866	(75,409)	1,058,457		
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	1,205,708	(122,019)	1,083,689		
DETAILS OF WRITE-INS						
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

EXHIBIT OF NONADMITTED ASSETS

		1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
	2.1 Preferred stocks			
	2.2 Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
	3.1 First liens			
	3.2 Other than first liens			
4.	Real estate (Schedule A):			
	4.1 Properties occupied by the company			
	4.2 Properties held for the production of income			
	4.3 Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives (Schedule DB)			
8.	Other invested assets (Schedule BA)			
9.	Receivables for securities			
10.	Securities lending reinvested collateral assets (Schedule DL)			
11.	Aggregate write-ins for invested assets			
12.	Subtotals, cash and invested assets (Lines 1 to 11)			
13.	Title plants (for Title insurers only)			
14.	Invested income due and accrued			
15.	Premium and considerations:			
	15.1 Uncollected premiums and agents' balances in the course of collection			
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
	15.3 Accrued retrospective premiums			
16.	Reinsurance:			
	16.1 Amounts recoverable from reinsurers			
	16.2 Funds held by or deposited with reinsured companies			
	16.3 Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset			
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software	304,916	336,202	31,286
21.	Furniture and equipment, including health care delivery assets	583,745	916,629	332,884
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates			
24.	Health care and other amounts receivable	79,380	256,978	177,598
25.	Aggregate write-ins for other than invested assets	700,053	969,650	269,597
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,668,094	2,479,459	811,365
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	Total (Lines 26 and 27)	1,668,094	2,479,459	811,365
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198.	Summary of remaining write-ins for Line 11 from overflow page			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.	Prepaid & Other Current Assets	700,053	969,650	269,597
2502.	Other Property and Equip and Long Term Assets			
2503.				
2598.	Summary of remaining write-ins for Line 25 from overflow page			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	700,053	969,650	269,597

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

	Total Members at End of					6
Source of Enrollment	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health Maintenance Organizations	92,716	86,745	85,047	83,061	81,405	1,002,910
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service	10,787	7,530	6,076	5,702	4,933	74,157
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	103,503	94,275	91,123	88,763	86,338	1,077,067
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

Kaiser Foundation Health Plan of Ohio
Notes to Financial Statements
For the Year Ended December 31, 2012 and the Year Ended December 31, 2011

1) Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory financial statements of Kaiser Foundation Health Plan of Ohio ("Health Plan") have been prepared in conformity with the National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures* manual, ("NAIC SAP"), the NAIC Annual Statement Instructions, and other accounting practices as prescribed or permitted by the State of Ohio – Ohio Department of Insurance (ODI). There were no reported differences to net income, statutory surplus, or risked based capital for specific practices, prescribed or permitted by the State of Ohio, that deviate from NAIC SSAP in the reported periods.

		State of Domicile	2012	2011
	NET INCOME		**(in thousands)**	**(in thousands)**
(1)	Health Plan state basis (page 4, Line 32, Columns 2 & 3)	OH	$ (59,643)	$ (36,720)
(2)	State Prescribed Practices that increase / (decrease) NAIC SAP:	OH	-	-
(3)	State Permitted Practices that increase / (decrease) NAIC SAP:	OH	-	-
(4)	NAIC SAP (1-2-3=4)	OH	(59,643)	(36,720)
	SURPLUS			
(5)	Health Plan state basis (page 3, Line 33, Columns 3 & 4)	OH	$ 68,308	$ 28,227
(6)	State Prescribed Practices that increase / (decrease) NAIC SAP:	OH	-	-
(7)	State Permitted Practices that increase / (decrease) NAIC SAP:	OH	-	-
(8)	NAIC SAP (5-6-7=8)	OH	68,308	28,227

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

The preparation of the statutory financial statements in conformity with NAIC SAP, the NAIC Annual Statement Instructions, and other accounting practices as prescribed or permitted by the ODI requires management to make estimates and assumptions that affect the reported amounts. The fair value of securities, allowance for uncollectible premiums and healthcare receivables, Medicare revenue accruals, Medicare payables and reserves, incurred but not reported medical claims, pension and other retirement benefit liabilities, premium deficiency reserves, self-insured workers' compensation liabilities, real estate, property and equipment, and investment impairments represent significant estimates. Actual results could differ materially from those estimates. With respect to employee benefit plans, as occurs from time to time, negotiations with labor partners may result in changes to compensation and benefits. These changes are reflected in the statutory financial statements as appropriate when agreements are finalized.

C. Accounting Policies

Notes to Financial Statements

Cash and Short Term Investments
Cash (overdraft) and short-term investments – net include interest-bearing deposits purchased with an original or remaining maturity of twelve months or less.

Premiums and Heath Care Receivables
Premiums and health care receivables exclude nonadmitted balances. Certain receivables are not admissible in accordance with the NAIC SAP. Nonadmitted amounts include all nongovernmental premiums and health care receivable greater than 90 days past due. In addition, when premiums and health care receivables greater than 90 days past due are more than a de minimus portion of the entire premiums and health care receivable balance, the entire premiums and health care receivable balance is nonadmitted.

Bonds and Other Invested Assets
Bonds and other invested assets include U.S. Treasury and government-sponsored agencies, loan-backed and or structured securities, industrial and miscellaneous bonds and all other government bonds. Recognized gains and losses are recorded on the specific identification basis. Interest income is included in net investment and other income.

Bonds are reported in accordance with NAIC Annual Statement Instructions (Statement Value). Accordingly, bonds that are designated highest quality, NAIC Designation 1 and 2, are reported at amortized cost using the effective interest method, and bonds that are classified as NAIC Designation 3 or lower are reported at lower of amortized cost or fair value.

Adjustments are made prospectively and repayment assumptions are obtained from a third party vendor data source for loan-backed and/or structured securities. The amortization method used is the scientific method.

Investments are regularly reviewed for impairment and a charge is recognized when the fair value is below cost basis and is judged to be other-than-temporary. Impairment is included in recognized losses. In its review of assets for impairment that is deemed other-than-temporary, management generally follows the following guidelines:

- Substantially all investments are managed by outside investment managers who do not need KFHP's management pre-approval for sales, therefore substantially all declines in value below amortized cost are recognized as impairments that are other-than-temporary.
- For other securities, losses are recognized for known matters, such as bankruptcies, regardless of ownership period, and investments that have been continuously below book value for an extended period of time are evaluated for impairment that is other-than-temporary.

Health Plan's investment transactions are recorded on a trade-date basis.

Health Plan is required to keep investments on deposit in the State of Ohio, where it is licensed. At both December 31, 2012 and 2011, $400 thousand in long-term U.S. Treasury notes were restricted to satisfy the state's regulatory requirements.

Real Estate, Property and Equipment
Real estate, property and equipment, which include land, buildings and improvements, furniture, equipment and software are stated at cost less accumulated depreciation and amortization. Interest is capitalized on facilities construction in progress and is added to the cost of the underlying asset, in accordance with Statement of Statutory Accounting Principles (SSAP) No. 44, *Capitalization of Interest Cost*. Depreciation begins when the project is substantially complete and ready for its intended use. Software is amortized on a straight-line basis over three years. Buildings and equipment are depreciated on a straight line basis over the shorter of the asset's useful life or the estimated useful lives of the various classes of assets, generally ranging from 3 to 33 years. Leasehold improvements are depreciated on a straight-line basis over the lesser of the useful life or the terms of the base period, generally 5 years.

Management evaluates alternatives for delivering services that may affect the current and future utilization of existing and planned assets and could result in an adjustment to the carrying values of such land, buildings, equipment and software in the future. Management evaluates and records impairment losses, where applicable, based on expected utilization, projected cash flows and recoverable values.

Notes to Financial Statements

Maintenance and repairs are expensed as incurred. Major improvements that increase the estimated useful life of an asset are capitalized. Upon the sale or retirement of assets, recorded cost and related accumulated depreciation are removed from the accounts, and any gain or loss on disposal is reflected in operations.

Included in property and equipment are health care delivery assets representing pharmaceutical inventory, as well as medical center furniture, fixtures and equipment used in the direct delivery of care. Pharmaceutical inventory is included in the furniture and equipment category.

Pharmaceutical inventory is not subject to depreciation. Medical center furniture, fixtures and equipment used in the direct delivery of care are depreciated over their estimated useful lives but for a period not to exceed three years.

Insured and Self Insured Risks

Health Plan purchases insurance including professional and general liabilities coverage. Certain insurance is purchased from affiliated organizations, as discussed in the *Information Concerning Parent, Subsidiaries and Affiliates* note. Health Plan self insures other risks, including workers'compensation and other legal liabilities. Costs associated with self-insured risks are charged to operations based upon actual and estimated claims. The estimate for incurred but not reported self-insured claims is based on actuarial projections of costs using historical claims and other relevant data. Estimates are monitored and reviewed and, as settlements are made or estimates are revised, adjustments are reflected in current operations. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate payments for self-insured claims are dependent on future developments, management is of the opinion that the reserve for self-insured risks is adequate. Insurance coverage, in excess of the per occurrence self-insured retention, has been secured with affiliated and unaffiliated insurers or reinsurers for specified amounts for workers' compensation liabilities. Decisions relating to the limit and scope of the self-insured layer and the amounts of excess insurance purchased are reviewed each year, subject to management's analysis of actuarial loss projections and the price and availability of acceptable commercial insurance.

Reserves for Unpaid Claims and Claims Adjustment Expense

The cost of health care services is recognized in the period in which services are provided. Reserves for unpaid claims and claims adjustment expense consists of unpaid health care expenses, which include an estimate of the cost of services provided to Health Plan's members by third-party providers that have been incurred but not reported. The estimate for incurred but not reported claims is based on actuarial projections of costs using historical paid claims and other relevant data. Estimates are monitored and reviewed and, as settlements are made or estimates are revised, adjustments are reflected in current operations. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate amount of paid claims is dependent on future developments, management is of the opinion that the reserves for unpaid claims and claims adjustment expense are adequate to cover such claims. Negative amounts reported for incurred related to prior years result from claims being adjudicated and paid for amounts less than originally estimated.

The Ohio Permanente Medical Group, P.C. (the Medical Group) cooperates with Health Plan in conducting the Kaiser Permanente Medical Care Program. Health Plan contracts with the Medical Group to provide or arrange for hospital and medical services for members. Contract payments to the Medical Group represent a substantial portion of the expenses for medical services reported in the statutory financial statements. Included in the reserves for unpaid claims and claims adjustment expense is Health Plan's due to associated medical group. Due to associated medical group consists primarily of unpaid medical expenses owed to the Medical Group for medical services provided to members under a medical services agreement with Health Plan. Under the agreement, Health Plan reimburses the Medical Group for the cost of physician services provided by Medical Group and claims expense for referred medical services. The cost of medical services, including an estimate of claims incurred but not reported, is recognized by Health Plan in the period in which services are provided and is reflected as a component of medical and hospital expenses.

The payable to the Medical Group was $8.5 million and $13.2 million as of December 31, 2012 and 2011, respectively. Based upon the terms of the agreement with the Medical Group, Health Plan paid $84.5 million and $95.6 million to the Medical Group for the years ended December 31, 2012 and 2011, respectively.

Notes to Financial Statements

Receivables and Payables for Securities

Receivables and payables for securities represent current amounts for unsettled securities purchases or sales.

Donations and Grants Made or Received

Donations and grants made are recognized at fair value in the period in which a commitment is made, provided the payment of the donation or grant is probable and the amount is determinable. Donations or grants received, including research grants, are recognized at fair value in the period the donation or grant was committed unconditionally by the grantor or in the period the donation or grant requirements are met, if later.

Revenue Recognition

Net premium revenue includes premiums from employer groups, individuals and Medicare. Revenue is recognized over the period in which the members are entitled to health care services.

In addition, Medicare benefits include a voluntary prescription drug benefit (Part D). Revenues for Part D include capitated payments made from Medicare adjusted for health risk factor scores. Revenues also include amounts to reflect a portion of the health care costs for low-income Medicare beneficiaries and a risk-sharing arrangement to limit the exposure to unexpected expenses. Related accruals are recognized monthly based on cumulative experience and membership data. Part D revenue is finalized after all data is submitted to Medicare, and the final settlement is made after the end of the fiscal year.

Medicare Cost revenue and Medicare Part D revenue are subject to governmental audits and potential payment adjustments. The Centers for Medicare & Medicaid Services (CMS) performs coding audits to validate the supporting documentation maintained by Health Plan and its care providers.

Estimates of retrospective adjustments resulting from coding audits, cost reports and other contractual adjustments are recorded in the time period in which members are entitled to health care services. Actual retroactive adjustments may differ from initial estimates.

Premiums collected in advance are deferred and recorded as premiums received in advance. Revenue is adjusted to reflect estimates of collectability, including retroactive membership adjustment trends and economic conditions. Revenue and related receivables are exclusive of charity care. A portion of revenues derived under contracts with the United States Office of Personnel Management is subject to audit and potential retrospective adjustments.

Pension and Other Postretirement Benefits

Health Plan participates in defined benefit pension and postretirement plans that are administered by KFHP. The plans are accounted for within the framework of SSAP No. 89, *Accounting for Pensions*, *A Replacement of SSAP No. 8*, and SSAP No. 14, *Postretirement Benefits Other Than Pensions*, respectively. The plans are actuarially evaluated and involve various assumptions. Critical assumptions include the discount rate and the expected rate of return on plan assets (for pension) and the rate of increase for health care costs (for postretirement benefit plans other than pension), which are important elements of expense and/or liability measurement. Other assumptions involve demographic factors such as retirement age, mortality, turnover and the rate of compensation increases. KFHP evaluates assumptions annually or when significant plan adjustments occur and modifies them as appropriate. Pension and postretirement costs are allocated over the service period of the employees in the plan.

KFHP uses a discount rate to determine the present value of the future benefit obligations. The discount rate is established based on rates available for high-quality fixed-income debt at the measurement date whose maturity dates match the expected cash flows of the retirement plans.

Differences between actual and expected plan experience and changes in actuarial assumptions, in excess of a 10% corridor around the larger of plan assets or plan liabilities, are recognized into benefits expense over the expected average future service of active participants. Prior service costs and credits arise from plan amendments and are amortized into postretirement benefits expense over the expected average future service to full eligibility of active participants.

The defined benefit pension plan (Plan) administered by KFHP constitutes a single plan in which multiple employers who are related parties participate. The Employee Retirement Income Security Act provides for joint and several liability for all employers in the Health

Notes to Financial Statements

Plan's tax controlled group. The pension liability for Health Plan represents the estimated amount of liability for current and former employees of Health Plan only. Management believes it is remote that Health Plan would be required to pay benefits attributable to current or former employees of other controlled group members.

The other post-retirement benefits (primarily healthcare) are generally offered through a multiple-employer welfare plan. Under the terms of the Plan, each participating employer is legally liable for the benefits for their own employees and retirees, and the Employee Retirement Income Security Act does not specify joint and several liability for all employers participating in a multiple-employer welfare plan. Management believes it is remote that Health Plan would be required to pay benefits attributable to current or former employees of any other employers participating in the Plan.

Guarantee Funds and Assessments

Health Plan participates in the State of Ohio Health Reinsurance Program Open Enrollment Pool. This pool is designed to provide reinsurance for small group plans. There was no liability at December 31, 2012 and 2011.

Health Plan is annually required to support the operations of the ODI through an administrative expenses assessment. There was no liability at December 31, 2012 and 2011.

The Patient Protection and Affordable Care Act (PPACA) imposes a new Patient-Centered Outcomes Research Institute (PCORI) fee on issuers of individual and group health insurance policies. Health Plan is subject to the PCORI fee and as of December 31, 2012 has accrued $63 thousand for policies issued in 2012 with policy years ending after September 31, 2012.

Cost Allocations

For reporting lines of business activity, expenses are allocated based on utilization and experience.

New Accounting Pronouncements

In 2011, the NAIC adopted revisions to SSAP No. 100 *Fair Value Measurements* (SSAP No. 100). The revisions require new disclosures of the fair value hierarchy, as well as the method used to obtain the fair value measurement. The revisions also require a gross presentation of purchases, sales, issues and settlement (each separately) within the reconciliation for fair value measurements categorized within Level 3 of the fair value hierarchy. The SSAP No. 100 revisions, adopted by Health Plan in 2012, did not have a material effect on Health Plan's statutory financial statements.

In March 2012, the NAIC adopted SSAP No. 92 *Accounting for Postretirement Benefits Other Than Pensions* and SSAP No. 102 *Accounting for Pensions*. These new statutory reporting standards are effective January 1, 2013. Companies may choose to recognize the effect of this guidance as of January 1, 2013 or adopt a phase in period of up to 10 years. Health Plan has elected a 10 year phase in period. Management has evaluated the effect of this guidance on Health Plan's financial statements for 2013. Effective January 1, 2013, Health Plans will record additional liability for statutory reporting for retirement benefits of $2.6 million. Had Health Plan chosen to adopt immediate recognition of the impact, an additional liability of $76.7 million would have been required for statutory reporting as of January 1, 2013. Retirement benefits expense for statutory reporting in 2013 will include accruals for both vested and unvested plan participants. Statutory accounting principles in effect prior to these new standards did not require expense accruals for unvested plan participants. Health Plan expects to continue to exceed minimum statutory net worth requirements in 2013.

In August 2012, the NAIC adopted revisions to SSAP No. 35R *Guaranty Fund and Other Assessments.* The revisions incorporate a 2013 disclosure for entities subject to section 9010 of the Affordable Care Act. The required disclosure is consistent with guidance provided under SSAP No. 9 *Subsequent Events* as a Type II subsequent event. Management is evaluating the effect of the guidance on the statutory financial statements.

2) Accounting Changes and Corrections of Errors

Notes to Financial Statements

Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures* manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds ("surplus") in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. There were no accounting changes or corrections of errors in 2012 or 2011.

3) Business Combinations and Goodwill

There were no business combinations during the reporting periods. Health Plan does not carry goodwill in its financial statements.

4) Discontinued Operations

There were no discontinued operations during the reporting periods.

5) Investments

A -C

For the years ending December 31, 2012 and 2011, Health Plan had no investments in mortgage loans, restructured debt or reverse mortgages.

D) Loan-Backed Securities

(1) & (2) Fair Values and Concentrations of Credit Risk

Health Plan's accounting policies regarding investments, including prepayment assumptions, are described in Note 1, "Summary of Significant Accounting Policies."

At December 31, 2012, Health Plan held loan-backed securities with the following fair values and concentrations of credit risk (in thousands):

Type	Class	Book Value	Fair Value
Commercial Mortgage Backed and Other Loan-Backed and Structured Securities	Industrial & Misc	$ 12,891	$ 12,969
	Total	$12,891	$12,969

At December 31, 2011, Health Plan held loan-backed securities with the following fair values and concentrations credit risk (in thousands):

Type	Class	Book Value	Fair Value
Commercial Mortgage Backed and Other Loan-Backed and Structured Securities	Industrial & Misc	$ 5,547	$ 5,589
	Total	$5,547	$5,589

Other-than-temporary impairment (OTTI) recognized for the year ended December 31, 2012 related to loan-backed securities is as follows (in thousands):

Notes to Financial Statements

	(1) Amortized Cost Basis Before Other-than-Temporary Impairment	(2) Other-than-Temporary Impairment Recognized in Loss	(3) Fair Value (1) - (2)
OTTI recognized 1st Quarter	$ -	$ -	$ -
a. Intent to sell	$ -	$ -	$ -
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.	$ 354	$ 1	$ 353
c. Total 1st Quarter	**$ 354**	**$ 1**	**$ 353**
OTTI recognized 2nd Quarter	$ -	$ -	$ -
d. Intent to sell	$ -	$ -	$ -
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.	$ 852	$ 2	$ 850
f. Total 2nd Quarter	**$ 852**	**$ 2**	**$ 850**
OTTI recognized 3rd Quarter	$ -	$ -	$ -
g. Intent to sell	$ -	$ -	$ -
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.	$ -	$ -	$ -
i. Total 3rd Quarter	**$ -**	**$ -**	**$ -**
OTTI recognized 4th Quarter	$ -	$ -	$ -
j. Intent to sell	$ -	$ -	$ -
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.	$ 489	$ 1	$ 488
l. Total 4th Quarter	**$ 489**	**$ 1**	**$ 488**
m. Annual Aggregate Total		**$ 4**	

Other-than-temporary impairment (OTTI) recognized for the year ended December 31, 2011 related to loan-backed securities is as follows (in thousands):

Notes to Financial Statements

	(1) Amortized Cost Basis Before Other-than-Temporary Impairment	(2) Other-than-Temporary Impairment Recognized in Loss	(3) Fair Value (1) - (2)
OTTI recognized 1st Quarter	$ -	$ -	$ -
a. Intent to sell	$ -	$ -	$ -
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.	$ 1,021	$ 2	$ 1,019
c. Total 1st Quarter	**$ 1,021**	**$ 2**	**$ 1,019**
OTTI recognized 2nd Quarter	$ -	$ -	$ -
d. Intent to sell	$ -	$ -	$ -
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.	$ 920	$ 3	$ 917
f. Total 2nd Quarter	**$ 920**	**$ 3**	**$ 917**
OTTI recognized 3rd Quarter	$ -	$ -	$ -
g. Intent to sell	$ -	$ -	$ -
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.	$ 3,933	$ 15	$ 3,918
i. Total 3rd Quarter	**$ 3,933**	**$ 15**	**$ 3,918**
OTTI recognized 4th Quarter	$ -	$ -	$ -
j. Intent to sell	$ -	$ -	$ -
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.	$ 1,008	$ 1	$ 1,007
l. Total 4th Quarter	**$ 1,008**	**$ 1**	**$ 1,007**
m. Annual Aggregate Total		**$ 21**	

(3) Loan-backed securities held as of December 31, 2012 with a 2012 recognized other-than-temporary impairment are as follows (in thousands):

(1) CUSIP	(2) Book/Adj usted Carrying Value Amortized Cost Before Current Period OTTI	(3) Present Value of Projected Cash Flows	(4) Recognized Other-Than-Temporary Impairment	(5) Amortized Cost after Other-Than-Temporary Impairment	(6) Fair Value at time of OTTI	(7) Date of Financial Statement Where Reported
52108HXMI	$292	$291	$1	$291	$291	12/31/2012
36828QHK5	$351	$350	$1	$350	$350	6/30/2012
34529VAD4	$501	$500	$1	$500	$500	6/30/2012
36828QHK5	$354	$353	$1	$353	$353	3/31/2012
Total	$1,498	$1,494	$4	$1,494	$1,494	

Loan-backed securities held as of December 31, 2011 with a 2011 recognized other-than-temporary impairment are as follows (in thousands):

Notes to Financial Statements

(1) CUSIP	(2) Book/Adj usted Carrying Value Amortized Cost Before Current Period OTTI	(3) Present Value of Projected Cash Flows	(4) Recognized Other-Than-Temporary Impairment	(5) Amortized Cost after Other-Than-Temporary Impairment	(6) Fair Value at time of OTTI	(7) Date of Financial Statement Where Reported
52108HUM4	$461	$459	$2	$459	$459	3/31/2011
14041NED9	$561	$560	$1	$560	$560	3/31/2011
07383FAT5	$470	$468	$2	$468	$468	6/30/2011
70659PAB7	$449	449	$0	$449	$449	6/30/2011
36828QDN3	$940	$937	$3	$937	$937	9/30/2011
20047AAD2	$914	$911	$3	$911	$911	9/30/2011
12513EAF1	$475	$474	$1	$474	$474	9/30/2011
59023BAD6	$297	$295	$2	$295	$295	9/30/2011
36828QRX6	$171	$169	$2	$169	$169	9/30/2011
36828QRX6	$121	$120	$1	$120	$120	9/30/2011
20047GBQ9	$550	$549	$1	$549	$549	9/30/2011
07383FAT5	$464	$463	$1	$463	$463	9/30/2011
07383FAT5	$459	$458	$1	$458	$458	12/31/2011
20047GBQ9	$550	$549	$1	$549	$549	12/31/2011
Total	$6,882	$6,861	$21	$6,861	$6,861	

(4) For the years ended December 31, 2012 and 2011 there were no impaired loan-backed securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss.

E) For the years ending December 31, 2012 and 2011, Health Plan was not a party to repurchase agreements or securities lending transactions.

F) Real Estate

There were no impairment losses on real estate for the years ended December 31, 2012 or December 31, 2011. Additionally, Health Plan held no real estate investments held for sale, and had no real estate investments with participating mortgage loan features during the years ending December 31, 2102 and 2011.

G) During the years ended December 31, 2012 and 2011, Health Plan had no investments in low-income housing credits.

6) Joint Ventures, Partnerships & Limited Liability Companies

Health Plan has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

7) Investment Income

All investment income due and accrued is admitted at December 31, 2012 and December 31, 2011.

8) Derivative Instruments

Health Plan has no derivative instruments during the reporting period.

9) Income Taxes

Health Plan is a nonprofit corporation and is exempt from federal and state income taxes.

10) Information Concerning Parent, Subsidiaries and Affiliates

A - L

Health Plan is a subsidiary of Kaiser Foundation Health Plan, Inc. (KFHP). KFHP is affiliated with Kaiser Foundation Hospitals (Hospitals) because their governing boards and management are substantially the same. Health Plan contracts with Kaiser Foundation

Notes to Financial Statements

Hospitals to provide or arrange hospital services to members. Based upon the terms of the Hospital Service Agreement, Health Plan was charged $52.3 million and $59.3 million by Hospitals in 2012 and 2011, respectively.

Costs of services provided by KFHP and Hospitals to Health Plan were based on the actual cost incurred to provide those services. Services provided include, but are not limited to the following: information technology, treasury, general management, administrative support, and transaction processing. In addition to the services noted above, effective January 2013, many of Health Plan's accounts payable and accounting transactions will be processed by KFHP under the terms of the amended Administrative Services Agreement. Charges for services provided by KFHP and Hospitals were approximately $57.6 million and $59.1 million for the years ended December 31, 2012 and 2011, respectively. Health Plan received $6 thousand and $60 thousand in 2012 and 2011, respectively, in investment income from Hospitals. In addition, Health Plan was charged interest expense of $81 thousand and $115 thousand by KFHP and Hospitals with respect to amounts paid by KFHP and Hospitals on behalf of Health Plan in 2012 and 2011, respectively.

Additionally, Health Plan purchased professional liability and other insurance from affiliated organizations primarily Lokahi Assurance, Ltd. (Lokahi). Health Plan's premium expense under these arrangements for 2012 and 2011 was $5 million and $3.3 million, respectively. In March 2011, $13.9 million in professional liability was transferred from Health Plan to Lokahi, with an offsetting cash transfer.

Health Plan contracts with Kaiser Permanente Insurance Company, a subsidiary of KFHP, to provide administrative services including, but not limited to, product development, rating and underwriting, marketing and sales, advertising, claims adjudication, member services, utilization management, and premium billing and collection. Pursuant to this contract, Health Plan received revenues of $560 thousand and $931 thousand for the years ended December 31, 2012 and 2011, respectively. In addition, Health Plan and KPIC cooperate in the delivery of services under Point of Service products. Under this arrangement, premiums from customers are allocated between Health Plan and KPIC based on prospective estimates of utilization. Pursuant to this arrangement, Health Plan received $16.9 million and $30.8 million in premium revenue from KPIC for the years ended December 31, 2012 and 2011, respectively.

Health Plan has also entered into reciprocal business relationships with KFHP whereby Health Plan and KFHP and its subsidiaries provided medical services to visiting members. Net revenue recorded for services provided by Health Plan in 2012 and 2011 was $1,147 thousand and $986 thousand, respectively. Net expense for services provided to Health Plan members in 2012 and 2011 was $932 thousand and $1.1 million, respectively.

Health Plan has a guaranty agreement with the parent, KFHP, in which the parent, without exception, guarantees all obligations of Health Plan, including a guarantee to provide health care services to Health Plan's subscribers, enrollees and dependents in the event that Health Plan is discontinued prior to the expiration of Health Plan's contracts. In addition, Hospitals has loaned certain subordinated debt to Health Plan as described in the footnote *Minimum Capital and Surplus.*

Due from (due to) Hospitals generally represents funds transferred by Hospitals to Health Plan to satisfy Health Plan's operational requirements and liability for payment of Hospitals' claims payable of $7.7 million and $10.4 million at December 31, 2012 and 2011, respectively. Hospitals' claims expense is included in Health Plan's operating expenses, primarily hospital services. Health Plan used proceeds from the sale of short-term investments to settle $28.9 million and $40 million due Hospitals in the second quarters of 2012 and 2011, respectively.

Amounts due from (due to) affiliated organizations at December 31, 2012 and December 31, 2011 (in thousands):

Notes to Financial Statements

		12/31/2012		12/31/2011
Due to Related Parties:				
Kaiser Foundation Health Plan, Inc.	$	6,121	$	8,655
Kaiser Foundation Hospitals		24,756		17,065
Kaiser Permanente Insurance Corp		837		1,607
Other Related Parties		275		431
Total Due to Related Parties	$	31,989	$	27,758
Due from Related Parties:				
Lokahi Assurance, Ltd.		68		965
Other Related Parties		3		-
Total Due from Related Parties	$	71	$	965

During 2012 and 2011, Health Plan had no amount deducted from its asset value or from KFHP's asset value due to their affiliation. Additionally, Health Plan had no investments in subsidiary, controlled or affiliated entities in 2012 or 2011.

11) Debt

As of December 31, 2012 and 2011 Health Plan has no debt.

12) Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences, and Post-retirement Benefit Plans

A <u>Defined Benefit Plans</u>

Postretirement Benefits other than Pensions

Certain employees may become eligible for postretirement health care and life insurance benefits while working for Health Plan. Benefits available to retirees, through both affiliated and unaffiliated provider networks, vary by employee group. Postretirement health care benefits available to retirees include subsidized Medicare premiums, medical and prescription drug benefits.

During 2012, various Health Plan postretirement and health care and life insurance benefit plans were modified for certain union-represented employees. Under the terms of these agreements, Health Plan's retiree medical cost in future periods for affected participants will be based on a fixed maximum amount of employer funding toward the costs for retiree medical coverage. These agreements have been accounted for as negative plan amendments and resulted in a reduction in liability for postretirement benefits obligation of \$1.7 million. On June 30, 2012, Health Plan's postretirement health care and life insurance liability was remeasured as a result of many of these agreements, and actuarial assumptions were updated, leading to different assumptions for health care trend rates for the six months ended June 30, 2012 versus the six months ended December 31, 2012.

At December 31, the accrued liability for postretirement benefits was as follows (in thousands):

Notes to Financial Statements

			2012	2011
1)	Change in benefit obligation:			
A	Benefit obligation at beginning of year	$	55,182	58,347
B	Service cost		2,174	3,677
C	Interest cost		1,784	3,544
D	Plan participant contributions		—	—
E	Net actuarial loss (gain)		(13,965)	(9,702)
F	Foreign currency exchange rate changes		—	—
G	Benefits paid or provided		(1,207)	(1,135)
H	Plan amendments		(1,746)	451
I	Business combinations, divestitures, curtailments, settlements and special termination benefits		—	—
J	Benefit obligation at end of year	$	42,222	55,182
2)	Change in plan assets:			
A	Fair value of plan assets at beginning of year	$	—	—
B	Actual return on plan assets		—	—
C	Foreign currency exchange rate changes		—	—
D	Employer contributions		1,207	1,135
E	Plan participants' contributions		—	—
F	Benefits paid or provided		(1,207)	(1,135)
G	Business conbinations, divestitures and settlements		—	—
H	Fair value of plan assets at end of year	$	—	—
3)	Funded status			
A	Unamortized prior service (cost) credit		2,759	1,201
B	Unrecognized net gain or (loss)		1,604	(12,158)
C	Remaining net obligation or net asset at initial date of application		—	(39)
D	Prepaid assets or (accrued liabilities)		(46,585)	(44,186)
E	Intangible asset		—	—
4)	Accumulated benefit obligation for vested employees and partially vested employees to the extent vested	$	—	—

			Postretirement Benefits for KFHP (in thousands)	
5)	Benefit obligation for non-vested employees		2012	2011
A	Projected pension obligation	$	-	-
B	Accumulated benefit obligation	$	-	-

6) For the years ended December 31, postretirment benefits expense (in thousands):

			2012	2011
A	Service cost	$	2,174	3,677
B	Interest cost		1,784	3,544
C	Expected return on plan assets		-	-
D	Amortization of unrecognized transition obligation or transition asset		18	39
E	Amount of recognized gains and losses		(203)	1,118
F	Amount of prior service cost recognized		(167)	(134)
G	Amount of gain or loss recognized due to a settlement or curtailment		-	-
H	TOTAL Net Periodic Benefit Cost	$	3,606	8,244

The unrecognized transition obligation represents the excess of the benefit obligation at January 1, 1993 over amounts previously accrued for this liability. Health Plan has elected to recognize the liability for the transition obligation over a twenty-year period.

7) Not applicable

Notes to Financial Statements

8) Weighted-average assumptions used to determine net periodic benefit cost as of December 31 were as follows:

	Post-retirement 2012	Post-retirement 2011
A Weighted-average discount rate from January 1 to June 30	5.25%	6.00%
Weighted-average discount rate from July 1 to December 31	4.90%	6.00%
Weighted-average assumptions used to determine December 31 postretirement benefit obligation		
D Weighted-average discount rate	4.60%	5.25%

9) The measurement date used to determine postretirement valuations was December 31.

10) For the six months ended June 30, 2012, the assumed health care trend rates used to determine postretirement benefits expense were as follows:

	Basic and supplemental medical Pre-65/Post-65	Prescription Drug Pre-65/Post-65	Medicare Part D	Dental	Medicare Part B premium	Medicare Part C
Initial trend rate – 2012	7.50% / 7.00%	7.50% / 7.50%	11.50%	5.00%	7.00%	1.00%
Ultimate trend rate	5.00% / 5.00%	5.00% / 5.00%	5.00%	5.00%	5.00%	5.00%
First year at ultimate trend rate	2017 / 2017	2022 / 2022	2019	2011	2017	2019

The following were the assumed health care cost trend rates used to determine the December 31, 2012 benefit obligation and postretirement benefits expense for the six months ended December 31, 2012 :

	Basic and medical Pre-65/Post-65	Prescription Drug Pre-65/Post-65	Medicare Part D	Dental	Medicare Part A & B	Supplemental medical
Initial trend rate – 2012	7.50% / 6.75%	6.50% / 6.50%	8.10%	4.50%	6.25%	7.50%
Initial trend rate – 2013	7.50% / 6.75%	6.50% / 6.50%	6.70%	4.50%	6.25%	7.50%
Ultimate trend rate	4.50% / 4.50%	4.50% / 4.50%	4.50%	4.50%	4.50%	4.50%
First year at ultimate trend rate	2026 / 2022	2025 / 2025	2025	2012	2020	2026

11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects (in millions):

	1 Percentage Point Increase	1 Percentage Point Decrease
A Effect on total of service and interest cost components	$ 0.2	$ (0.2)
B Effect on postretirement benefit obligation	$ 5.3	$ (4.4)

12) Not applicable

Notes to Financial Statements

13) The following postretirement benefit payments, which reflect expected future service, were expected to be paid or provided (in thousands):

Years		Amount
2013	$	1,210
2014		1,380
2015		1,582
2016		1,750
2017		1,983
Thereafter Total		13,890

14) During 2012 and 2011, the employer contributions and benefits paid or provided were $1.2 million and $1.1 million, respectively. During 2012 and 2011, there were no participant contributions from active employees.

15) – 19) Not applicable

B Defined Contribution Plans

KFHP administers defined contribution plans for eligible employees of Health Plan. Employer contributions and costs are based on a percentage of covered employees' eligible compensation. During 2012 and 2011, there were no required employee contributions. For the years ended December 31, 2012 and 2011, plan expense allocated to Health Plan, primarily employer contributions, was $2.1 million and $2.0 million, respectively.

C Multiemployer Plans

Health Plan does not participate in any multi-employer plans.

D Consolidated /Holding Company Plans

Defined Benefit Pension Plan

Health Plan participates with affiliated organizations in a defined benefit pension plan covering substantially all its employees. Benefits are based on age at retirement, years of credited service, and average compensation for a specified period prior to retirement. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

For financial reporting purposes, the projected unit credit method is used. At December 31, 2012 and 2011, substantially all pension fund assets were held in a group trust. At December 31, 2012 and 2011, the trust's assets are invested in fixed-income and equity securities, with approximately 11% and 9% of trust assets, net of liabilities, invested in alternative investments.

The pension plan is administered by KFHP. Plan assets for Health Plan are not segregated and, accordingly, are not disclosed below. However, KFHP separately accounts for Health Plan liability and expense, and KFHP allocates pension expense and related prepaid or accrued benefit costs to Health Plan based on participant demographics and plan provisions.

Notes to Financial Statements

At December 31, the funded status of the plan was as follows (in millions):

		2012		2011
Change in projected benefit obligation (PBO):				
Benefit obligation at beginning of year	$	10,446	$	8,307
Service cost		897		727
Interest cost		535		466
Plan amendments		1		(27)
Net actuarial loss		1,990		1,203
Benefits paid		(288)		(230)
Benefit obligation at end of year	$	13,581	$	10,446
Accumulated benefit obligation (ABO) at end of yea	$	10,184	$	7,838
Nonvested PBO at end of year	$	291	$	246
Nonvested ABO at end of year	$	164	$	139
Change in KFHP's, Hospitals', and their subsidiaries' share of trust assets:				
Fair value of plan assets at beginning of year	$	5,452	$	4,779
Actual return on plan assets		782		208
Contributions		1,383		695
Benefits paid		(288)		(230)
Fair value of plan assets at end of year	$	7,329	$	5,452
Reconciliation of pension liability:				
Funded status	$	(6,252)	$	(4,994)
Unrecognized net loss since transition		5,592		4,202
Unrecognized prior service cost – net		38		52
Unrecognized incremental asset		(37)		(102)
Pension liability		(659)		(842)
Additional minimum pension liability		(2,195)		(1,544)
Net amount recognized at end of year	$	(2,854)	$	(2,386)

The measurement date used to determine pension valuations was December 31.

For the years ended December 31, pension expense was as follows (in millions):

		2012		2011
Service cost	$	897	$	727
Interest cost		535		466
Expected return on plan assets		(461)		(401)
Amortization of net actuarial loss		279		172
Amortization of prior service cost		15		17
Amortization of incremental asset		(65)		(37)
Net pension expense	$	1,200	$	944

Actuarial assumptions used were as follows:

	2012	2011
Weighted average discount rate at January 1 for calculating pension expense	5.10%	5.60%
Weighted average discount rate for calculating December 31 PBO	4.35%	5.10%
Weighted average salary scale for calculating pension expense and December 31 PBO	4.60%	4.60%
Expected long-term rate of return on plan assets for calculating pension expense	7.75%	7.75%

During 2013, KFHP, Hospitals, and their subsidiaries expect to contribute approximately $852 million to their pension plan.

Notes to Financial Statements

The following benefit payments, which reflect expected future service, are expected to be paid (in millions):

2013	$	394
2014		438
2015		482
2016		533
2017		579
2018 - 2022		3,390

Explanation of Investment Strategies and Policies

A total return investment approach is employed for the defined benefit pension plan whereby the plan invests in a mix of equity, fixed-income, and alternative asset classes to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by outperforming plan liabilities over the long run. Risk tolerance is established through consideration of plan liabilities, plan funded status, and corporate financial condition. The investment portfolio will consist over time of a varying but diversified blend of equity, fixed-income, and alternative investments. Diversification includes such factors as geographic location, equity capitalization size and style, placement in the capital structure, and security type. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset/liability studies, and quarterly investment portfolio reviews. The Plan's investment policy has restrictions relating to credit quality, industry/sector concentration, duration, concentration of ownership, and use of derivatives.

Capital Market Assumption Methodology

To determine the long-term rate of return assumption for plan assets, management incorporates historical relationships among the various asset classes and subclasses to be accessed over the investment horizon. Management's intent is to maximize portfolio efficiency. This will be accomplished by seeking the highest returns prudently available among the available asset classes. Overall portfolio volatility is managed through diversification among asset classes. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. From time to time, management reviews its long-term investment strategy and reconciles that strategy with the long-term liabilities of the pension plan. This asset-liability study produces a range of expected returns over medium and long-term time periods. Those intermediate and long-term investment projections form the basis for the expected long-term rate of return on assets.

At December 31, 2012, the estimated fair value of total pension trust assets - net by level was as follows (in millions):

Notes to Financial Statements

	Quoted prices in active markets for identical assets level 1	Significant other observable inputs level 2	Significant unobservable inputs level 3	Total
Assets:				
Cash and cash equivalents	$ 69	367	$ —	$ 436
Broker receivables	—	689	—	689
Securities lending collateral	—	1,496	—	1,496
Equity:				
U.S. large capitalization	1,962	348	—	2,310
U.S. small-medium capitalization	747	—	—	747
International developed markets	2,567	675	—	3,242
Global developed markets	650	340	2	992
Emerging markets	518	786	—	1,304
Debt securities issued by the U.S. and U.S. government corporations and agencies	—	1,586	—	1,586
Debt securities issued by U.S. states and political subdivisions of states	—	160	—	160
Foreign government debt securities	—	351	1	352
Corporate debt securities	—	3,001	1	3,002
Residential mortgage-backed securities, including Fannie Mae and Freddie Mac	—	762	—	762
Commercial mortgage-backed securities	—	135	—	135
Emerging market debt securities	—	353	—	353
Other	1	700	—	701
Alternative investments:				
Absolute return	—	658	716	1,374
Private equity	—	—	624	624
Total assets	6,514	12,407	1,344	20,265
Liabilities:				
Broker payables	—	951	—	951
Securities lending payable	—	1,496	—	1,496
Other liabilities	33	329	—	362
Total liabilities	33	2,776	—	2,809
Fair value of pension trust assets - net	$ 6,481	$ 9,631	$ 1,344	$ 17,456

At December 31, 2012, KFHP's, Hospitals', and their subsidiaries' share of pension trust assets was 42.0%, or $7.3 billion. The remaining share of pension trust assets is for Medical Groups and a related party associated with Medical Groups.

At December 31, 2011, the estimated fair value of total pension trust assets - net by level was as follows (in millions):

Notes to Financial Statements

	Quoted prices in active markets for identical assets level 1	Significant other observable inputs level 2	Significant unobservable inputs level 3	Total
Assets:				
Cash and cash equivalents	$ 3	$ 610	$ —	$ 613
Broker receivables	—	1,315	—	1,315
Securities lending collateral	—	1,442	—	1,442
Equity:				
U.S. large capitalization	1,784	299	—	2,083
U.S. small-medium capitalization	895	—	—	895
International developed markets	1,527	577	—	2,104
Global developed markets	343	326	—	669
Emerging markets	217	449	—	666
Debt securities issued by the U.S. and U.S. government corporations and agencies	—	1,601	—	1,601
Debt securities issued by U.S. states and political subdivisions of states	—	140	—	140
Foreign government debt securities	—	154	—	154
Corporate debt securities	—	2,587	—	2,587
Residential mortgage-backed securities, including Fannie Mae and Freddie Mac	—	781	—	781
Commercial mortgage-backed securities	—	225	—	225
Emerging market debt securities	—	112	—	112
Other	—	529	—	529
Alternative investments:				
Absolute return	—	494	420	914
Private equity	—	—	299	299
Total assets	4,769	11,641	719	17,129
Liabilities:				
Broker payables	—	1,413	—	1,413
Securities lending payable	—	1,442	—	1,442
Other liabilities	—	427	—	427
Total liabilities	—	3,282	—	3,282
Fair value of pension trust assets - net	$ 4,769	$ 8,359	$ 719	$ 13,847

At December 31, 2011, KFHP's, Hospitals', and their subsidiaries' share of pension trust assets was 39.4%, or $5.5 billion. The remaining share of pension trust assets is for Medical Groups and a related party associated with Medical Groups.

Notes to Financial Statements

For the year ended December 31, 2012, the reconciliation of assets with fair value measurements using significant unobservable inputs (level 3) was as follows (in millions):

	Equity securities	Debt securities	Alternative investments	Total
Beginning balance	$ —	$ —	$ 719	$ 719
Transfers into level 3	—	—	—	—
Changes related to actual return on plan assets	1	—	76	77
Purchases, sales, and settlements - net	1	2	545	548
Ending balance	$ 2	$ 2	$ 1,340	$ 1,344
Total year-to-date net gains related to assets held at December 31, 2012	$ 1	$ —	$ 76	$ 77

For the year ended December 31, 2011, the reconciliation of assets with fair value measurements using significant unobservable inputs (level 3) was as follows (in millions):

	Equity securities	Debt securities	Alternative investments	Total
Beginning balance	$ —	$ —	$ 91	$ 91
Transfers into level 3	—	—	162	162
Changes related to actual return on plan assets	—	—	15	15
Purchases, sales, and settlements - net	—	—	451	451
Ending balance	$ —	$ —	$ 719	$ 719
Total year-to-date net gains related to assets held at December 31, 2011	$ —	$ —	$ 15	$ 15

During the years ended December 31, 2012 and 2011, there were no significant transfers of assets with inputs with quoted prices in active markets for identical assets (level 1) and assets with inputs with significant other observable inputs (level 2).

The target asset allocation and expected long-term rate of return on assets (“ELTRA”) for calculating pension expense were as follows:

	2012 and 2011 Target Range	2012 and 2011 ELTRA
Cash and cash equivalents	0%-3%	3.00%
Equity securities	45%-55%	9.35%
Debt securities	30%-45%	5.75%
Alternative investments	10%-20%	8.00%
Total	100%	7.75%

Alternative investments, which include absolute return and private equity, held in the pension trust are reported at net asset value as a practical expedient for fair value. Absolute return investments use advanced investment strategies, including derivatives, to generate positive long-term risk adjusted returns. Private equity investments consist of funds that make direct investments in private companies. At December 31, 2012, the trust had original commitments related to alternative investments of $1.3 billion, of which $598 million was invested, leaving $730 million of remaining commitments. At December 31, 2011, the trust had original commitments related to alternative investments of $1.0 billion, of which $297 million was invested, leaving $721 million of remaining commitments.

Absolute return and private equity investments include redemption restrictions. Absolute return investments require 10 to 90 day written notice of intent to withdraw and are often subject to the approval and capital requirements of the fund manager. Absolute return investments of $100 million are subject to a 24 month lock-up period. Private equity agreements do not include provisions for redemption. Distributions will be received as the underlying investments of the funds are liquidated, which is expected over the next 11 years.

Health Plan Allocations

Health Plan's 2012 contributions made, allocation of pension expense, total accrued liability, and total additional minimum liability from KFHP were $15.7 million, $15.9 million, $14.9 million, and $39.7 million, respectively. Health Plan's 2011 contributions made, allocation of pension expense, total accrued liability, and total additional minimum liability from KFHP were $8.8 million, $13.3 million, $14.7 million, and $27.9 million, respectively.

E Postemployment Benefits and Compensated Absences

Health Plan accrues obligations for postemployment benefits and compensated absences.

13) Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

(1) – (2)

Health Plan is a nonprofit, charitable corporation and does not issue stock. KFHP is the sole corporate member of Health Plan and no individual or entity has any ownership interest in Health Plan. Health Plan, KFHP and Hospitals share a common Board of Directors in addition to sharing certain corporate officers.

(3) – (6)

In 2012 and 2011, Health Plan paid no dividends. In accordance with the Ohio Revised Code, Health Plan must receive approval from the ODI to pay a dividend or distribution during 2013 which, when combined with dividends or distributions paid within the preceding 12 months exceeds the greater of either (a) 10% of Health Plan's statutory capital and surplus at December 31, 2012 or (b) Health Plan's net gain from operations on a statutory basis for the year ended December 31, 2012. Accordingly, during 2013, prior approval from the ODI is required for any dividend or distribution payment, which exceeds $6.8 million.

(7) - (9)

At December 31, 2012 and 2011, Health Plan held no stock for special purposes. Additionally, Health Plan is not a mutual reciprocal, and had no special surplus funds.

(10) No portion of surplus is represented by cumulative unrealized gains or losses.

(11) Subordinated notes (the Notes) issued by Health Plan to Hospitals were as follows (in thousands):

Date issued	Interest rate	Par value (Face Amount of Notes)	Carrying Value of Note	Interest And / Or Principal Paid Current Year	Total Interest And / Or Principal Paid	Unapproved Interest And / Or Principal	Date of Maturity
December 28, 2009	8.50%	-	$ 5,000			$ 1,289	December 28, 2016
December 28, 2009	8.50%	-	10,000			2,578	December 28, 2016
September 2, 2010	7.50%	-	25,000			4,377	September 2, 2017
September 27, 2010	7.50%	-	20,000			3,386	September 27, 2017
March 31, 2011	7.50%	-	5,000			660	March 29, 2018
October 31, 2011	7.50%	-	10,000			879	October 31, 2018
November 30, 2011	7.50%	-	15,000			1,227	November 30, 2018
December 28, 2011	7.50%	-	4,000			304	December 28, 2018
January 30, 2012	7.50%	-	11,000			762	January 30, 2019
May 7, 2012	7.50%	-	10,000			491	May 7, 2019
August 17, 2012	7.50%	-	20,000			563	August 17, 2019
October 18, 2012	7.50%	-	15,000			231	October 18, 2019
December 28, 2012	7.50%	-	55,000			45	December 28, 2019
			205,000			16,792	

Payment of principal or interest is subject to approval by the ODI. Payment of the principal or interest of these Notes is subordinated to the prior payment of all general liabilities of Health Plan and the claims of its policyholders and all classes of creditors. Unapproved interest payable at December 31, 2012 and 2011 totaled $16.8 million and $7.5 million, respectively. The Notes, which have been issued to maintain risk-based capital requirement, have been recorded as an increase to capital for statutory purposes. Unapproved interest payable is not accrued for statutory purposes.

Unassigned surplus is reduced by $1.7 million for the year ended December 31, 2012 and $2.5 million for the year ended December 31, 2011 for nonadmitted assets.

(12) – (13)

Health Plan did not undergo any quasi-reorganization in 2012 or 2011.

14) Contingencies

A As of December 31, 2012 and 2011, Health Plan was not a guarantor, and had no commitments to a subsidiary, controlled or affiliated entity.

B -C As of December 31, 2012 and 2011, Health Plan had no assessments or gain contingencies that could have a material effect on the financial statements.

D For the years ended December 31, 2012 and 2011, Health Plan paid the following amounts in the reporting periods to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits (in thousands):

	2012	2011
Claims related ECO and bad faith losses paid during the reporting period:	$ -	$ -

The number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period were:

	(a) 0 - 25 Claims	(b) 25 - 50 Claims	(c) 51 - 100 Claims	(d) 101 - 500 Claims	(e) More than 500 Claims
2012	X				
2011	X				

The claim count information above is disclosed per claim.

E Health Plan is involved in various legal proceedings arising, for the most part, in the ordinary course of business operations. Such litigation proceedings include: professional liability, administrative litigation, employment litigation, breach of contract and other commercial and tort litigation, consistent with the health care industry. In addition, Health Plan indemnifies the Medical Group against various claims, including professional liability claims.

In the opinion of management, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the financial position or results of operations of Health Plan. Where appropriate, reserves have been established in accordance with SSAP No. 5R, *Liabilities, Contingencies, and Impairment of Assets.* The outcome of litigation and other legal and regulatory matters is inherently uncertain, however, and it is possible that one or more of the legal or regulatory matters currently pending or threatened could have a material adverse effect.

Notes to Financial Statements

15) Leases

A Lessee Operating Leases

(1) Health Plan leases primarily office space, medical facilities and equipment under various operating leases that expire through 2020. Certain leases contain rent escalation clauses and renewal options for additional periods.

Total operating lease expense for all operating leases except those with terms of a month or less that were not renewed was (in thousands):

		2012		2011
Minimum rentals	$	2,758	$	2,260
Contingent rentals		—		—
Imputed rent for owned and occupied medical and administrative buildings		7,696		7,688
Less: Sublease rentals		—		—
	$	10,454	$	9,948

(2) At January 1, 2013, minimum aggregate rental commitments are as follows (in thousands):

Year Ending December 31		Operating Leases
2013	$	2,122
2014		2,176
2015		1,904
2016		1,844
2017		1,031
Thereafter		245
Total	$	9,322

(3) Health Plan is not involved in any material sales-leaseback transactions.

B Lessor Leases

Leasing is not a material part of Health Plan's activities in terms of revenue, net income, or assets.

16) Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Financial instruments that potentially subject Health Plan to concentrations of credit risk consist primarily of investment securities and accounts receivable. All investments in securities are managed within guidelines established by Health Plan's management, which, as a matter of policy, limit the amounts that may be invested in each type of security, with any one issuer, and in various credit quality classifications. Concentrations of credit risk with respect to accounts receivable is limited due to the large number of payers comprising Health Plan's customer base. Accordingly, Health Plan does not believe any significant concentration of off-balance sheet or credit risk existed at December 31, 2012 and 2011.

17) Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Health Plan has no transactions subject to the disclosure requirements of this footnote during the reporting period.

A-B Health Plan had no transfers of receivables or transfers of financial assets.

C SSAP No. 91R, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities (SSAP No.91R),* paragraph 100 requires a reporting entity to disclose any wash sales involving securities with a NAIC designation of 3 or below. Health Plan's investment strategy does not include purchasing any securities with a NAIC designation of 3 or below. During 2012 and 2011, Health Plan did not participate in any wash sale as defined by SSAP No. 91.

Notes to Financial Statements

18) Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.

A-B Health Plan had no ASO or ASC plans on which to report.

C (1) Medicare Cost Based Reimbursement Contract - Revenue from Health Plan's Medicare Cost Reimbursement Contract (Medicare Cost Contract) consisted of $85.8 million and $89.7 million for medical and hospital related services for years ended 2012 and 2011, respectively, and $6.6 million and $6.2 million for administrative expenses for years ended 2012 and 2011, respectively.

(2) As of December 31, 2012 and 2011, Health Plan has no net receivables from Medicare with an account balance greater than $10,000 or 10% of Health Plan's receivables from the Medicare Cost Contract.

(3) The majority of Health Plan's Medicare revenues are paid based on cost, with interim payments using pre-established rates, and the final settlement is made after the end of the fiscal year. Estimates of final settlements of the cost report are recorded by Health Plan. In connection with Health Plan's Medicare cost contract, Health Plan recorded allowances and reserves for adjustments of recorded revenues in the amount of $25.9 million and $28.5 million at December 31, 2012 and 2011, respectively.

(4) For the years ended December 31, 2012 and 2011, Medicare revenues increased approximately $9.3 million and decreased approximately $11.8 million, respectively, due to prior year retroactive adjustments in excess of amounts previously estimated.

19) Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Health Plan had no direct premiums written/produced by managing general agents or third party administrators during the reporting period.

20) Fair Value Measurements

A - B Health Plan has no assets or liabilities that are measured and reported at fair value in the statement of financial position after initial recognition.

C Health Plan utilizes a three-level valuation hierarchy for fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. For instruments classified in Level 1 of the hierarchy, valuation inputs are quoted prices for identical instruments in active markets at the measurement date. For instruments classified in Level 2 of the hierarchy, valuation inputs are directly observable but do not qualify as Level 1 inputs. Examples of Level 2 inputs include: quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in inactive markets; other observable inputs such as interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates; and market-correlated inputs that are derived principally from or corroborated by observable market data. For instruments classified in Level 3 of the hierarchy, valuation inputs are unobservable inputs for the instrument. Level 3 inputs incorporate assumptions about the factors that market participants would use in pricing the instrument.

Investments are reported at lower of amortized cost or fair value, with impairment recorded if amortized cost is greater than fair value. The fair values of investments are based on quoted market prices, if available, or estimated using quoted market prices for similar investments. If listed prices or quotes are not available, fair value is based upon other observable inputs or models that primarily use market-based or independently sourced market parameters as inputs. In addition to market information, models also incorporate transaction details such as maturity. Fair value adjustments, including credit, liquidity and other factors, are included, as appropriate, to arrive at a fair value measurement.

Investments at statement value and estimated fair value, at December 31, 2012 included (in thousands):

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Short-term investments:						
Money market funds	$ 73,640	$ 73,640	$ —	$ 73,640	$ —	$ —
Total short-term investments	73,640	73,640	—	73,640	—	—
Bonds and other invested assets:						
U.S. Treasury and government-sponsored agencies	12,369	12,175	—	12,175	—	—
All other government bonds	8,801	8,711	—	8,711	—	—
Loan-backed and/or structured securities	12,969	12,891	—	12,891	—	—
Industrial and miscellaneous bonds	105,923	103,841	—	103,841	—	—
Total bonds and other invested assets	140,062	137,618	—	137,618	—	—
Total investments	$ 213,702	$ 211,258	$ —	$ 211,258	$ —	$ —

Investments at statement value and estimated fair value, at December 31, 2011 included (in thousands):

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Short-term investments:						
Money market funds	$ 32,597	$ 32,597	$ —	$ 32,597	$ —	$ —
Total short-term investments	32,597	32,597	—	32,597	—	—
Bonds and other invested assets:						
U.S. Treasury and government-sponsored agencies	31,606	31,036	—	31,036	—	—
All other government bonds	4,460	4,397	—	4,397	—	—
Loan-backed and/or structured securities	5,589	5,547	—	5,547	—	—
Industrial and miscellaneous bonds	63,127	61,867	—	61,867	—	—
Total bonds and other invested assets	104,782	102,847	—	102,847	—	—
Total investments	$ 137,379	$ 135,444	$ —	$ 135,444	$ —	$ —

D There were no investments at December 31, 2012 or 2011 for which it was not practicable to estimate fair value.

21) Other Items

A - F

Health Plan had no extraordinary items, debt restructuring, unrecorded amounts representing segregated funds held for others, forward commitments, business interruption insurance recoveries or state transferable or non-transferable tax credits. Additionally, Health Plan had no uncollectible assets covered by SSAP No. 6, SSAP No. 47, or SSAP 66.

G – Subprime Mortgage – Related Risk Exposure

Health Plan defines its exposure to subprime-mortgage-related risk as securities that are backed by loan portfolios that include loans offered to borrowers who do not meet the lending standards of the typical borrower. Indications of below-standard lending include factors such as interest rates higher than prime, credit scores and documentation of income. Information considered in determining exposure to subprime-mortgage-related risk includes default and repayment risk. Exposure to subprime-mortgage- related risk may include exposure related to changes in asset values, losses caused by receiving less than anticipated cash flows or from the potential sale of assets to meet future cash flow requirements. Management periodically reviews its exposure to subprime-mortgage-related risk and, as necessary, takes steps to mitigate or manage Health Plan's exposure to such risk.

At both December 31, 2012 and 2011, Health Plan did not own fixed income securities with exposure to subprime-mortgage-related risk. Health Plan recognized no OTTI losses during 2012 and 2011 related to these securities.

In determining its subprime-mortgage-related risk exposure, management surveyed internal and external managers and examined trustee security listings to develop a listing of individual securities with subprime-mortgage-related risk exposure.

H- Retained Assets

Health Plan had no retained assets held for beneficiaries during the reporting periods.

Notes to Financial Statements

22) Events Subsequent

Health Plan has no subsequent events to report.

Notes to Financial Statements

23) Reinsurance

Health Plan has no reinsurance contracts for its insured business.

24) Retrospectively Rated Contracts

Health Plan currently does not have any contracts that are subject to retrospective premium adjustments.

25) Change in Incurred Claims and Claim Adjustment Expenses

Analysis of claims activity as of and for the years ended December 31, (in thousands):

	12/31/2012	12/31/2011
Claims Payable:		
Balance at Beginning of Period	$34,498	$37,106
Balance at End of Period	27,288	34,498
Change in Claims Payable - Increase (Decrease)	(7,210)	(2,608)
Incurred Claims:		
Insured Events of Current Year	474,060	506,630
Increase/(Decrease) Insured Events of Prior Year	(1,122)	(1,153)
Total Incurred Claims	472,938	505,477
Payment of Claims:		
Claims Incurred in Prior Years	33,007	35,230
Claims Incurred in Current Year	447,141	472,855
Total Claims Paid	$480,148	$508,085

No additional premiums or return premiums have been accrued as a result of the prior-year effects.

26) Intercompany Pooling Arrangements

Health Plan has no intercompany pooling arrangements.

27) Structured Settlements

Not applicable for Health Entities.

28) Health Care Receivables

Health Care receivables exclude nonadmitted balances. Certain receivables are not admissible in accordance with the NAIC SAP. Nonadmitted amounts include all nongovernmental health care receivables greater than 90 days past due and other amounts deemed uncollectible. In addition, when health care receivables greater than 90 days past due are more than a de minimus portion of the entire health care receivables balance, the entire health care receivables balance is nonadmitted.

Health Plan has no pharmaceutical rebate receivables or risk-sharing receivables.

29) Participating Policies

Health Plan has no participating policies.

30) Premium Deficiency Reserves

Premium deficiency reserves and the related expense are recognized when it is probable that expected future health care and maintenance costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries over the contract period. Expected investment income and interest expense is included in the calculation for premium deficiency reserves, as appropriate. The level at which contracts are grouped for evaluation purposes is generally by geographic region. The methods for making such estimates and for establishing the resulting reserves are reviewed and updated, and any resulting adjustments are reflected in current operations. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided.

At December 31, 2012 and 2011, Health Plan established premium deficiency reserves as follows (in thousands):

		2012	2011
1	Liability carried for premium deficiency reserves	$ 23.3	$ 4.4
2	Date of the most recent evaluation of this liability	12/31/2012	12/31/2011
3	Was anticipated investment income utilized in the calculation?	Yes [X] No [ ]	Yes [X] No [ ]

31) Anticipated Salvage and Subrogation

For 2012 and 2011, Health Plan had $60 thousand and $65 thousand, respectively, of salvage and subrogation included as a reduction of loss reserves during the reporting period.

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[X] 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[X] 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[X]

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. 12/31/2010

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. 12/31/2010

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). 07/09/2012

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[X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[ ] No[ ] N/A[X]

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[X]
4.12 renewals? Yes[ ] No[X]

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[X]
4.22 renewals? Yes[ ] No[X]

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

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[X]

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[X]

7.2 If yes,
7.21 State the percentage of foreign control 0.000%
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, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

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

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

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

8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial 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
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, One Cleveland Center, 1375 East Ninth St, Suite 2600, Cleveland, OH 44114-1796

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 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 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?
Kerry Hindsley, Director Of Actuarial Services, Kaiser Foundation Health Plan, Inc, Nine Piedmont Center, 3495 Piedmont Road NE, Atlanta, GA 30305

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes[ ] No[X]

GENERAL INTERROGATORIES (Continued)

12.11 Name of real estate holding company
12.12 Number of parcels involved 0
12.13 Total book/adjusted carrying value $ 0
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[ ] N/A[X]
13.3 Have there been any changes made to any of the trust indentures during the year? Yes[ ] No[ ] N/A[X]
13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes[ ] No[ ] N/A[X]

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).

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
15.2001				

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 or is likely to 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 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[X] No[ ]
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[ ] No[X]
24.02 If no, give full and complete information, relating thereto
Held by Key Bank Association and State Street Bank and Trust Company, as indicated in 28.01 below.
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]

GENERAL INTERROGATORIES (Continued)

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]

24.10 For the reporting entity's security lending program, state the amount of the following as of 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[X]

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

25.21 Subject to repurchase agreements $ 0
25.22 Subject to reverse repurchase agreements $ 0
25.23 Subject to dollar repurchase agreements $ 0
25.24 Subject to reverse dollar repurchase agreements $ 0
25.25 Pledged as collateral $ 0
25.26 Placed under option agreements $ 0
25.27 Letter stock or securities restricted as to sale $ 0
25.28 On deposit with state or other regulatory body $ 0
25.29 Other $ 0

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[X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[ ] N/A[X]
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[X]

27.2 If yes, state the amount thereof at December 31 of the current year. $ 0

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 I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] 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
Key Bank Association	PO Box 94718 Cleve OH 44114
State Street Bank and Trust Company	2 Ave de Lafayette, Boston, MA 02111

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[X]

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

1 Central Registration Depository Number(s)	2 Name	3 Address
104973	Wells Capital Management	525 Market St, 10th Fl, San Francisco, CA 94510

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		

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

GENERAL INTERROGATORIES (Continued)

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	137,617,523	140,061,510	2,443,987
30.2	Preferred stocks			
30.3	Totals	137,617,523	140,061,510	2,443,987

30.4 Describe the sources or methods utilized in determining the fair values
VERIFICATION WITH KEY BANK -- 400,000 BOND IS AT KEY BANK, REMAINDER WITH THE CUSTODIAN USING 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[X] No[ ]
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[X] No[ ] N/A[ ]
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:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? $ 43,759
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
National Committee for Quality Assurance	43,759

34.1 Amount of payments for legal expenses, if any? $ 237,913
34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Bricker & Eckler LLP	125,116
Zashin & Rich Co. LPA	74,701

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? $ 0
35.2 List the name of 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 (Continued)

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: $ 0
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ 0
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. $ 0
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	491,322,325	523,800,795
2.2	Premium Denominator	491,322,325	523,800,795
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	50,588,303	38,898,492
2.5	Reserve Denominator	50,588,303	38,898,492
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[X] N/A[ ]

5.1 Does the reporting entity have stop-loss reinsurance? Yes[ ] No[X]
5.2 If no, explain:
The company does not have stop-loss reimsurance
5.3 Maximum retained risk (see instructions):
5.31 Comprehensive Medical $ 0
5.32 Medical Only $ 0
5.33 Medicare Supplement $ 0
5.34 Dental & Vision $ 0
5.35 Other Limited Benefit Plan $ 0
5.36 Other $ 0

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:
Contractual arrangements exist with providers to provide services during term of enrollment contracts if HIC unable to pay; hold harmless provisions exist as well

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 2,037
8.2 Number of providers at end of reporting year 2,093

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes[X] No[ ]
9.2 If yes, direct premium earned:
9.21 Business with rate guarantees between 15-36 months 592,566
9.22 Business with rate guarantees over 36 months 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes[ ] No[X]
10.2 If yes:
10.21 Maximum amount payable bonuses $ 0
10.22 Amount actually paid for year bonuses $ 0
10.23 Maximum amount payable withholds $ 0
10.24 Amount actually paid for year withholds $ 0

11.1 Is the reporting entity organized as:
11.12 A Medical Group/Staff Model, Yes[X] No[ ]
11.13 An Individual Practice Association (IPA), or, Yes[ ] No[X]
11.14 A Mixed Model (combination of above)? Yes[ ] No[X]
11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes[X] No[ ]
11.3 If yes, show the name of the state requiring such net worth.
Ohio
11.4 If yes, show the amount required. $ 23,403,556
11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes[ ] No[X]
11.6 If the amount is calculated, show the calculation.
234,035,556 x 10% = $23,403,556 (10% of Total Liabilities pg. 3)

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

1 Name of Service Area
Cuyahoga, Geauga, Lake, Lorain, Medina, Portage,
Stark, Summit, Wayne counties

13.1 Do you act as a custodian for health savings accounts? Yes[ ] No[X]
13.2 If yes, please provide the amount of custodial funds held as of the reporting date: $ 0
13.3 Do you act as an administrator for health savings accounts? Yes[ ] No[X]
13.4 If yes, please provide the balance of the funds administered as of the reporting date: $ 0

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)	302,343,880	234,052,374	246,275,078	205,387,400	179,511,580
2. TOTAL Liabilities (Page 3, Line 24)	234,035,556	205,824,946	204,178,993	164,743,297	141,701,352
3. Statutory surplus	23,403,556	20,582,494	20,417,899	17,977,115	
4. TOTAL Capital and Surplus (Page 3, Line 33)	68,308,324	28,227,428	42,096,085	40,644,103	37,810,228
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	494,628,534	527,061,029	559,402,042	567,230,743	565,149,181
6. TOTAL Medical and Hospital Expenses (Line 18)	472,937,479	505,476,702	532,982,365	524,605,248	508,498,204
7. Claims adjustment expenses (Line 20)	11,038,162	12,669,998	11,870,517	9,614,987	9,502,722
8. TOTAL Administrative Expenses (Line 21)	55,321,888	55,967,750	50,647,646	50,695,925	45,997,386
9. Net underwriting gain (loss) (Line 24)	(63,568,995)	(39,753,421)	(47,798,486)	(17,685,417)	1,150,869
10. Net investment gain (loss) (Line 27)	3,629,551	2,610,330	2,400,564	10,659,585	2,861,501
11. TOTAL Other Income (Lines 28 plus 29)	296,055	423,586	609,626	658,567	426,910
12. Net income or (loss) (Line 32)	(59,643,389)	(36,719,505)	(44,788,296)	(6,367,265)	4,439,280
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(46,436,500)	(46,964,307)	(30,640,260)	(23,290,199)	(121,704)
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	68,308,324	28,227,428	42,096,085	40,644,103	37,810,228
15. Authorized control level risk-based capital	9,605,965	10,649,641	11,474,578	11,397,099	11,348,417
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	86,338	103,503	122,342	134,946	137,669
17. TOTAL Members Months (Column 6, Line 7)	1,077,067	1,309,334	1,518,461	1,634,432	1,656,230
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)	96.3	96.5	95.9	93.3	91.1
20. Cost containment expenses	1.3	1.4	1.2	0.8	0.5
21. Other claims adjustment expenses	1.0	1.0	1.0	0.9	0.9
22. TOTAL Underwriting Deductions (Line 23)	113.6	108.2	109.3	104.0	101.1
23. TOTAL Underwriting Gain (Loss) (Line 24)	(12.9)	(7.6)	(8.6)	(3.1)	0.2
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	33,376,223	35,954,168	31,583,661	32,055,659	30,720,589
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	34,498,492	37,106,295	32,763,322	32,629,864	33,226,760
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					
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[ ] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

ALLOCATED BY STATES AND TERRITORIES

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	L	337,874,011	110,226,500		43,221,814			491,322,325	
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Marianas Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	XXX								
59. Subtotal	XXX	337,874,011	110,226,500		43,221,814			491,322,325	
60. Reporting entity contributions for Employee Benefit Plans	XXX								
61. TOTAL (Direct Business)	(a) 1	337,874,011	110,226,500		43,221,814			491,322,325	
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX								

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

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

Explanation of basis of allocation of premiums by states, etc.: The Company only has business in the State of Ohio. Medicare line of business revenue includes both Medicare Cost Contract revenue received from CMS and premim revenue received from groups and individual members for Medicare products.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

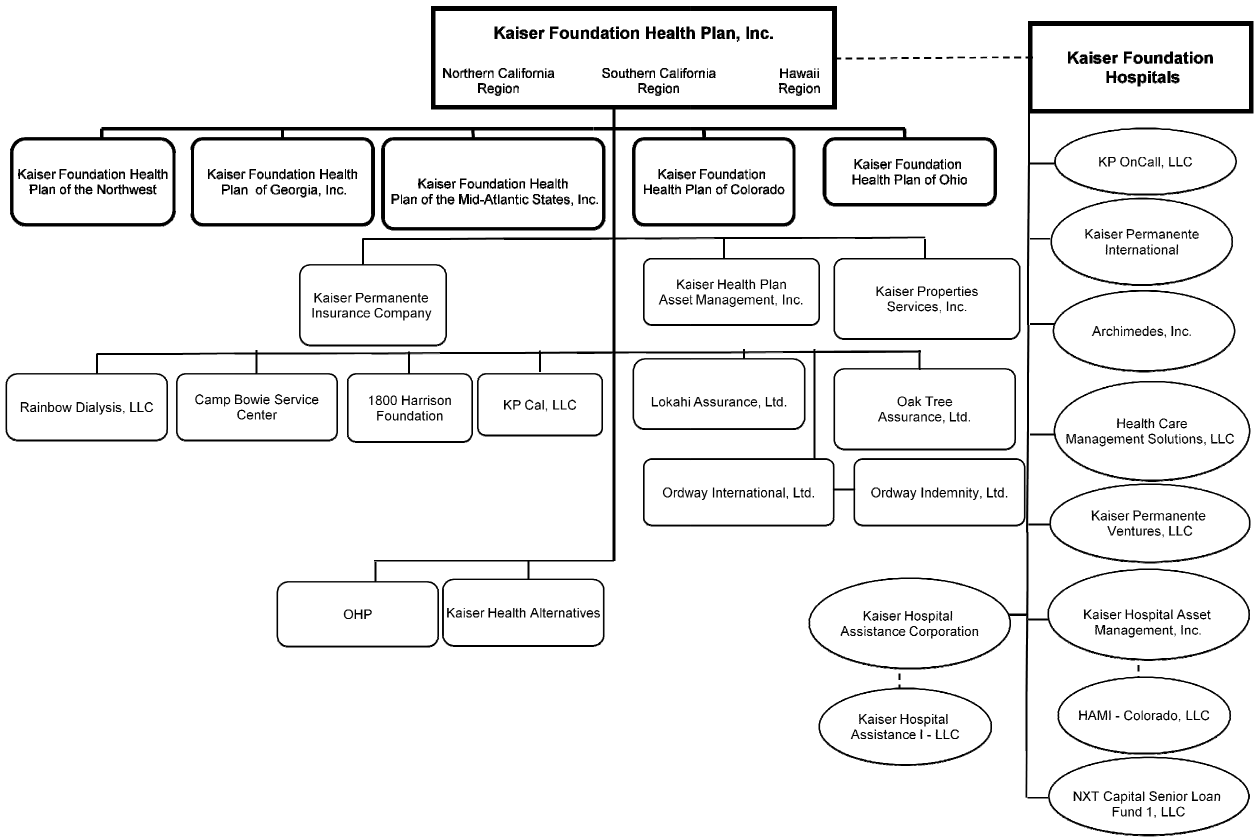
MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

KAISER FOUNDATION HEALTH PLAN, INC. AND KAISER FOUNDATION HOSPITALS

SUBSIDIARIES AND AFFILIATED CORPORATIONS

DECEMBER 31, 2012



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