

Subsequent to the filing of the Annual Statement, the Company discovered an overstatement in claims unpaid related to dental business. As directed by the Ohio Department of Insurance, the Annual Statement has been amended.



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013
OF THE CONDITION AND AFFAIRS OF THE
UnitedHealthcare Community Plan of Ohio, Inc.

NAIC Group Code 0707 0707 NAIC Company Code 12323 Employer's ID Number 56-2451429
(Current) (Prior)
Organized under the Laws of _____, State of Domicile or Port of Entry Ohio
Country of Domicile United States of America
Licensed as business type: Health Maintenance Organization
Is HMO Federally Qualified? Yes [] No [X]
Incorporated/Organized 03/29/2004 Commenced Business 10/01/2005
Statutory Home Office 9200 Worthington Road OH020-1000, Westerville , OH, US 43082
(Street and Number) (City or Town, State, Country and Zip Code)
Main Administrative Office 9700 Health Care Lane MN017-E900
(Street and Number)
Minnetonka , MN, US 55343, 952-979-6171
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)
Mail Address 9700 Health Care Lane MN017-E900, Minnetonka , MN, US 55343
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)
Primary Location of Books and Records 9700 Health Care Lane MN017-E900
(Street and Number)
Minnetonka , MN, US 55343, 952-979-6171
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)
Internet Website Address www.uhccommunityplan.com
Statutory Statement Contact Stephen Wells, 608-783-8610
(Name) (Area Code) (Telephone Number)
stephen.j.wells@uhc.com, 952-979-7825
(E-mail Address) (FAX Number)

OFFICERS

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

OTHER

Michelle Marie Huntley Assistant Secretary

DIRECTORS OR TRUSTEES

Richard Gordon Dunlop Joseph Gilbert Gaudio Bror Olof Hultgren

State of _____ State of _____ State of _____
County of _____ County of _____ County of _____

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

Tracy Lynn Davidson Christina Regina Palme-Krizak Dale Ray Moore
President Secretary Chief Financial Officer
Subscribed and sworn to before me this _____ day of _____
Subscribed and sworn to before me this _____ day of _____
Subscribed and sworn to before me this _____ day of _____

- a. Is this an original filing?..... Yes [] No [X]
b. If no,
1. State the amendment number..... 1
2. Date filed.....05/05/2014
3. Number of pages attached.....45

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	115,299,543	0	115,299,543	61,964,458
2. Stocks (Schedule D):				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	0	0	0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less \$0 encumbrances)	0	0	0	0
4.3 Properties held for sale (less \$0 encumbrances)	0	0	0	0
5. Cash (\$348,237 , Schedule E - Part 1), cash equivalents (\$57,999,823 , Schedule E - Part 2) and short-term investments (\$39,259,758 , Schedule DA)	97,607,818	0	97,607,818	87,644,248
6. Contract loans, (including \$0 premium notes)	0	0	0	0
7. Derivatives (Schedule DB)	0	0	0	0
8. Other invested assets (Schedule BA)	0	0	0	0
9. Receivables for securities	0	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL)	0	0	0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	212,907,361	0	212,907,361	149,608,706
13. Title plants less \$0 charged off (for Title insurers only)	0	0	0	0
14. Investment income due and accrued	1,083,496	0	1,083,496	692,489
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	18,279,690	0	18,279,690	6,772,914
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$0 earned but unbilled premiums)	0	0	0	0
15.3 Accrued retrospective premiums	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	588,044	0	588,044	962,399
16.2 Funds held by or deposited with reinsured companies	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	583,863	0	583,863	0
18.2 Net deferred tax asset	2,933,645	0	2,933,645	1,584,102
19. Guaranty funds receivable or on deposit	0	0	0	0
20. Electronic data processing equipment and software	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$0)	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0	0
24. Health care (\$6,217,404) and other amounts receivable	9,847,946	3,630,542	6,217,404	3,786,477
25. Aggregate write-ins for other than invested assets	12,082	12,082	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	246,236,127	3,642,624	242,593,503	163,407,087
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28. Total (Lines 26 and 27)	246,236,127	3,642,624	242,593,503	163,407,087
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Prepaid Expense	12,082	12,082	0	0
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	12,082	12,082	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$1,803,727 reinsurance ceded)	71,932,541	0	71,932,541	39,641,175
2. Accrued medical incentive pool and bonus amounts	1,007,825	0	1,007,825	850,000
3. Unpaid claims adjustment expenses	1,309,043	0	1,309,043	918,208
4. Aggregate health policy reserves, including the liability of \$0 for medical loss ratio rebate per the Public Health Service Act	376,468	0	376,468	0
5. Aggregate life policy reserves	0	0	0	0
6. Property/casualty unearned premium reserves	0	0	0	0
7. Aggregate health claim reserves	1,729,547	0	1,729,547	1,181,766
8. Premiums received in advance	855,808	0	855,808	0
9. General expenses due or accrued	12,700,178	0	12,700,178	8,703,281
10.1 Current federal and foreign income tax payable and interest thereon (including \$0 on realized capital gains (losses))	0	0	0	1,255,957
10.2 Net deferred tax liability	0	0	0	0
11. Ceded reinsurance premiums payable	64,962	0	64,962	41,964
12. Amounts withheld or retained for the account of others	0	0	0	0
13. Remittance and items not allocated	0	0	0	0
14. Borrowed money (including \$0 current) and interest thereon \$0 (including \$0 current)	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates	21,354,876	0	21,354,876	2,063,450
16. Derivatives	0	0	0	0
17. Payable for securities	0	0	0	0
18. Payable for securities lending	0	0	0	0
19. Funds held under reinsurance treaties (with \$0 authorized reinsurers, \$0 unauthorized reinsurers and \$0 certified reinsurers)	0	0	0	0
20. Reinsurance in unauthorized and certified (\$0) companies	0	0	0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0	0
22. Liability for amounts held under uninsured plans	0	0	0	0
23. Aggregate write-ins for other liabilities (including \$339,162 current)	373,642	0	373,642	1,651,813
24. Total liabilities (Lines 1 to 23)	111,704,891	0	111,704,891	56,307,614
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	1,000	1,000
27. Preferred capital stock	XXX	XXX	0	0
28. Gross paid in and contributed surplus	XXX	XXX	21,227,057	21,227,057
29. Surplus notes	XXX	XXX	0	0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	109,660,555	85,871,416
32. Less treasury stock, at cost: 32.1 .....0 shares common (value included in Line 26 \$0)	XXX	XXX	0	0
32.2 .....0 shares preferred (value included in Line 27 \$0)	XXX	XXX	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	130,888,612	107,099,473
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	242,593,503	163,407,087
DETAILS OF WRITE-INS				
2301. Unearned Pay for Performance (current)	26,943	0	26,943	1,633,601
2302. Unclaimed Property (non-current)	34,480	0	34,480	18,212
2303. Accrued Fines & Penalties	312,219	0	312,219	0
2308. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2309. Totals (Lines 2301 thru 2303 plus 2308)(Line 23 above)	373,642	0	373,642	1,651,813
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	1,679,642	1,445,169
2. Net premium income (including \$0 non-health premium income).....	XXX	666,284,400	531,028,434
3. Change in unearned premium reserves and reserve for rate credits	XXX	(376,468)	(653)
4. Fee-for-service (net of \$0 medical expenses).....	XXX	0	0
5. Risk revenue	XXX	0	0
6. Aggregate write-ins for other health care related revenues	XXX	1,451,406	1,645,711
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	667,359,338	532,673,492
Hospital and Medical:			
9. Hospital/medical benefits	0	371,523,138	247,504,140
10. Other professional services	0	27,037,877	36,765,422
11. Outside referrals	0	0	0
12. Emergency room and out-of-area	0	10,147,478	19,868,259
13. Prescription drugs	0	104,310,626	93,160,152
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments, and bonus amounts	0	904,867	831,449
16. Subtotal (Lines 9 to 15)	0	513,923,986	398,129,422
Less:			
17. Net reinsurance recoveries	0	3,306,740	5,738,717
18. Total hospital and medical (Lines 16 minus 17)	0	510,617,246	392,390,705
19. Non-health claims (net)	0	0	0
20. Claims adjustment expenses, including \$17,131,200 cost containment expenses	0	34,212,846	20,285,633
21. General administrative expenses	0	85,918,825	65,575,034
22. Increase in reserves for life and accident and health contracts (including \$0 increase in reserves for life only)	0	0	0
23. Total underwriting deductions (Lines 18 through 22).....	0	630,748,917	478,251,372
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	36,610,421	54,422,120
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)	0	1,734,295	1,535,756
26. Net realized capital gains (losses) less capital gains tax of \$39,498	0	53,241	111,753
27. Net investment gains (losses) (Lines 25 plus 26)	0	1,787,536	1,647,509
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$0) (amount charged off \$0)]	0	0	0
29. Aggregate write-ins for other income or expenses	0	(385,219)	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	38,012,738	56,069,629
31. Federal and foreign income taxes incurred	XXX	13,744,639	19,828,336
32. Net income (loss) (Lines 30 minus 31)	XXX	24,268,099	36,241,293
DETAILS OF WRITE-INS			
0601. Performance Based Revenue	XXX	1,451,406	1,645,711
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	1,451,406	1,645,711
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901. Fines & Penalties	0	(385,219)	0
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	(385,219)	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	107,099,473	71,223,489
34. Net income or (loss) from Line 32	24,268,099	36,241,293
35. Change in valuation basis of aggregate policy and claim reserves	0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	0	0
37. Change in net unrealized foreign exchange capital gain or (loss)	0	0
38. Change in net deferred income tax	1,349,543	816,234
39. Change in nonadmitted assets	(1,828,503)	(1,181,543)
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles.....	0	0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....	0	0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital	0	0
46. Dividends to stockholders	0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	23,789,139	35,875,984
49. Capital and surplus end of reporting period (Line 33 plus 48)	130,888,612	107,099,473
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	0

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	655,656,430	531,237,725
2. Net investment income	2,591,411	2,752,307
3. Miscellaneous income	(155,252)	(958,221)
4. Total (Lines 1 through 3)	658,092,589	533,031,811
5. Benefit and loss related payments	481,507,765	404,758,957
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	115,825,560	85,831,696
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$0 tax on capital gains (losses)	15,623,957	22,754,376
10. Total (Lines 5 through 9)	612,957,282	513,345,029
11. Net cash from operations (Line 4 minus Line 10)	45,135,308	19,686,782
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	13,804,119	10,906,893
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	13,804,119	10,906,893
13. Cost of investments acquired (long-term only):		
13.1 Bonds	68,283,551	9,847,349
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	68,283,551	9,847,349
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(54,479,432)	1,059,544
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	19,307,694	(2,540,195)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	19,307,694	(2,540,195)
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)	9,963,570	18,206,131
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	87,644,248	69,438,117
19.2 End of year (Line 18 plus Line 19.1)	97,607,818	87,644,248

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

--	--	--

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE UnitedHealthcare Community Plan of Ohio, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	666,284,400	0	0	0	0	0	0	666,284,400	0	0
2. Change in unearned premium reserves and reserve for rate credit	(376,468)	0	0	0	0	0	0	(376,468)	0	0
3. Fee-for-service (net of \$0 medical expenses)	0	0	0	0	0	0	0	0	0	XXX
4. Risk revenue	0	0	0	0	0	0	0	0	0	XXX
5. Aggregate write-ins for other health care related revenues	1,451,406	0	0	0	0	0	0	1,451,406	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	667,359,338	0	0	0	0	0	0	667,359,338	0	0
8. Hospital/medical benefits	371,523,138	0	0	0	0	0	0	371,523,138	0	XXX
9. Other professional services	27,037,877	0	0	0	0	0	0	27,037,877	0	XXX
10. Outside referrals	0	0	0	0	0	0	0	0	0	XXX
11. Emergency room and out-of-area	10,147,478	0	0	0	0	0	0	10,147,478	0	XXX
12. Prescription drugs	104,310,626	0	0	0	0	0	0	104,310,626	0	XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	904,867	0	0	0	0	0	0	904,867	0	XXX
15. Subtotal (Lines 8 to 14)	513,923,986	0	0	0	0	0	0	513,923,986	0	XXX
16. Net reinsurance recoveries	3,306,740	0	0	0	0	0	0	3,306,740	0	XXX
17. Total medical and hospital (Lines 15 minus 16)	510,617,246	0	0	0	0	0	0	510,617,246	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$17,131,200 cost containment expenses	34,212,846	0	0	0	0	0	0	34,212,846	0	0
20. General administrative expenses	85,918,825	0	0	0	0	0	0	85,918,825	0	0
21. Increase in reserves for accident and health contracts	0	0	0	0	0	0	0	0	0	XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
23. Total underwriting deductions (Lines 17 to 22)	630,748,917	0	0	0	0	0	0	630,748,917	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	36,610,421	0	0	0	0	0	0	36,610,421	0	0
DETAILS OF WRITE-INS										
0501. Performance Based Revenue	1,451,406	0	0	0	0	0	0	1,451,406	0	XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	1,451,406	0	0	0	0	0	0	1,451,406	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	483,612,036	.0	.0	.0	.0	.0	.0	483,612,036	.0	.0
1.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.3 Reinsurance ceded	2,851,315	.0	.0	.0	.0	.0	.0	2,851,315	.0	.0
1.4 Net	480,760,721	.0	.0	.0	.0	.0	.0	480,760,721	.0	.0
2. Paid medical incentive pools and bonuses	747,043	.0	.0	.0	.0	.0	.0	747,043	.0	.0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	73,736,268	.0	.0	.0	.0	.0	.0	73,736,268	.0	.0
3.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded	1,803,727	.0	.0	.0	.0	.0	.0	1,803,727	.0	.0
3.4 Net	71,932,541	.0	.0	.0	.0	.0	.0	71,932,541	.0	.0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	1,729,547	.0	.0	.0	.0	.0	.0	1,729,547	.0	.0
4.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4 Net	1,729,547	.0	.0	.0	.0	.0	.0	1,729,547	.0	.0
5. Accrued medical incentive pools and bonuses, current year	1,007,825	.0	.0	.0	.0	.0	.0	1,007,825	.0	.0
6. Net healthcare receivables (a)	4,261,844	.0	.0	.0	.0	.0	.0	4,261,844	.0	.0
7. Amounts recoverable from reinsurers December 31, current year	588,044	.0	.0	.0	.0	.0	.0	588,044	.0	.0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	40,615,121	.0	.0	.0	.0	.0	.0	40,615,121	.0	.0
8.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded	973,946	.0	.0	.0	.0	.0	.0	973,946	.0	.0
8.4 Net	39,641,175	.0	.0	.0	.0	.0	.0	39,641,175	.0	.0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	1,181,766	.0	.0	.0	.0	.0	.0	1,181,766	.0	.0
9.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.4 Net	1,181,766	.0	.0	.0	.0	.0	.0	1,181,766	.0	.0
10. Accrued medical incentive pools and bonuses, prior year	850,001	0	0	0	0	0	0	850,001	0	0
11. Amounts recoverable from reinsurers December 31, prior year	962,399	0	0	0	0	0	0	962,399	0	0
12. Incurred Benefits:										
12.1 Direct	513,019,120	.0	.0	.0	.0	.0	.0	513,019,120	.0	.0
12.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.3 Reinsurance ceded	3,306,741	0	0	0	0	0	0	3,306,741	0	0
12.4 Net	509,712,379	0	0	0	0	0	0	509,712,379	0	0
13. Incurred medical incentive pools and bonuses	904,867	0	0	0	0	0	0	904,867	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	13,606,279	.0	.0	.0	.0	.0	.0	13,606,279	.0	.0
1.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.3 Reinsurance ceded	332,835	.0	.0	.0	.0	.0	.0	332,835	.0	.0
1.4 Net	13,273,444	.0	.0	.0	.0	.0	.0	13,273,444	.0	.0
2. Incurred but Unreported:										
2.1 Direct	60,129,989	.0	.0	.0	.0	.0	.0	60,129,989	.0	.0
2.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.3 Reinsurance ceded	1,470,892	.0	.0	.0	.0	.0	.0	1,470,892	.0	.0
2.4 Net	58,659,097	.0	.0	.0	.0	.0	.0	58,659,097	.0	.0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:										
4.1 Direct	73,736,268	.0	.0	.0	.0	.0	.0	73,736,268	.0	.0
4.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3 Reinsurance ceded	1,803,727	.0	.0	.0	.0	.0	.0	1,803,727	.0	.0
4.4 Net	71,932,541	0	0	0	0	0	0	71,932,541	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	0	0	0	0	0	0
2. Medicare Supplement	0	0	0	0	0	0
3. Dental Only	0	0	0	0	0	0
4. Vision Only	0	0	0	0	0	0
5. Federal Employees Health Benefits Plan	0	0	0	0	0	0
6. Title XVIII - Medicare	0	0	0	0	0	0
7. Title XIX - Medicaid	26,817,812	454,317,263	2,497,771	71,164,318	29,315,583	40,822,941
8. Other health	0	0	0	0	0	0
9. Health subtotal (Lines 1 to 8)	26,817,812	454,317,263	2,497,771	71,164,318	29,315,583	40,822,941
10. Healthcare receivables (a)	175,461	9,500,510	0	171,975	175,461	5,586,100
11. Other non-health	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts	698,368	48,675	0	1,007,825	698,368	850,000
13. Totals (Lines 9 - 10 + 11 + 12)	27,340,719	444,865,428	2,497,771	72,000,168	29,838,490	36,086,841

(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)

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior	(10)	(10)	(10)	(10)	(10)
2.	2009	838	1,014	1,014	1,014	1,014
3.	2010	XXX	127	126	126	126
4.	2011	XXX	XXX	0	2	2
5.	2012	XXX	XXX	XXX	3	3
6.	2013	XXX	XXX	XXX	XXX	0

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior	(10)	(10)	(10)	(10)	(10)
2.	2009	1,149	1,018	1,014	1,014	1,014
3.	2010	XXX	179	126	126	126
4.	2011	XXX	XXX	0	2	2
5.	2012	XXX	XXX	XXX	3	3
6.	2013	XXX	XXX	XXX	XXX	0

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2009	1,534	1,014	837	82.5	1,851	120.7	0	0	1,851	120.7
2. 2010	195	126	(3)	(2.4)	123	63.1	0	0	123	63.1
3. 2011	9	2	6	300.0	8	88.9	0	0	8	88.9
4. 2012	(24)	3	0	0.0	3	(12.5)	0	0	3	(12.5)
5. 2013	0	0	0	0.0	0	0.0	0	0	0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior	29,081	29,278	29,292	29,270	29,208
2.	2009	277,189	312,235	312,879	312,502	312,306
3.	2010	XXX	274,413	313,847	313,371	313,273
4.	2011	XXX	XXX	290,498	321,098	321,426
5.	2012	XXX	XXX	XXX	375,030	401,611
6.	2013	XXX	XXX	XXX	XXX	454,954

Section B - Incurred Health Claims - Title XIX

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior	29,149	29,278	29,292	29,270	29,208
2.	2009	328,552	312,398	312,879	312,502	312,306
3.	2010	XXX	315,186	314,145	313,371	313,273
4.	2011	XXX	XXX	339,500	322,378	321,426
5.	2012	XXX	XXX	XXX	415,423	404,109
6.	2013	XXX	XXX	XXX	XXX	527,126

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2009	407,978	312,306	278,273	89.1	590,579	144.8	0	0	590,579	144.8
2. 2010	410,981	313,273	6,375	2.0	319,648	77.8	0	0	319,648	77.8
3. 2011	450,325	321,426	15,804	4.9	337,230	74.9	0	0	337,230	74.9
4. 2012	535,629	401,611	20,387	5.1	421,998	78.8	2,498	96	424,592	79.3
5. 2013	671,403	454,954	33,822	7.4	488,776	72.8	72,172	1,213	562,161	83.7

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior	29,071	29,268	29,282	29,260	29,198
2.	2009	278,027	313,249	313,893	313,516	313,320
3.	2010	XXX	274,540	313,973	313,497	313,399
4.	2011	XXX	XXX	290,498	321,100	321,428
5.	2012	XXX	XXX	XXX	375,033	401,614
6.	2013	XXX	XXX	XXX	XXX	454,954

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior	29,139	29,268	29,282	29,260	29,198
2.	2009	329,701	313,416	313,893	313,516	313,320
3.	2010	XXX	315,365	314,271	313,497	313,399
4.	2011	XXX	XXX	339,500	322,380	321,428
5.	2012	XXX	XXX	XXX	415,426	404,112
6.	2013	XXX	XXX	XXX	XXX	527,126

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2009	409,512	313,320	279,110	89.1	592,430	144.7	0	0	592,430	144.7
2. 2010	411,176	313,399	6,372	2.0	319,771	77.8	0	0	319,771	77.8
3. 2011	450,334	321,428	15,810	4.9	337,238	74.9	0	0	337,238	74.9
4. 2012	535,605	401,614	20,387	5.1	422,001	78.8	2,498	96	424,595	79.3
5. 2013	671,403	454,954	33,822	7.4	488,776	72.8	72,172	1,213	562,161	83.7

UNITEDHEALTHCARE COMMUNITY PLAN OF OHIO, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In thousands except capital stock share data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation

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

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

The Company has a contract with the Ohio Department of Jobs and Family Services (“ODJFS”) to provide health care services to Medicaid and Partners for Kids (“PFK”) eligible beneficiaries in Ohio. The current contract is effective through June 30, 2014, and is subject to annual renewal provisions thereafter.

A. Accounting Practices

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

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

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

	State of Domicile	2013	2012
Net Income			
(1) Company state basis	Ohio	\$ 24,268	\$ 36,241
(2) State prescribed practices that increase/(decrease) NAIC SAP: Not applicable	Ohio	-	-
(3) State permitted practices that increase/(decrease) NAIC SAP: Not applicable	Ohio	-	-
(4) NAIC SAP (1-2-3=4)	Ohio	\$ 24,268	\$ 36,241
Surplus			
(5) Company state basis	Ohio	\$ 130,888	\$ 107,099
(6) State prescribed practices that increase/(decrease) NAIC SAP: Not applicable	Ohio	-	-
(7) State permitted practices that increase/(decrease) NAIC SAP: Not applicable	Ohio	-	-
(8) NAIC SAP (5-6-7=8)	Ohio	\$ 130,888	\$ 107,099

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

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

C. Accounting Policy

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

The more significant differences are as follows:

- Cash (overdrafts), cash equivalents, and short-term investments in the statutory basis financial statements represent cash balances and investments with original maturities of one year or less from the time of acquisition, whereas under GAAP, the corresponding caption of cash, cash equivalents, and short-term investments includes cash balances and investments that will mature in one year or less from the balance sheet date;
- Outstanding checks are required to be netted against cash balances or presented as cash overdrafts if in excess of cash balances in the statutory basis statements of admitted assets, liabilities, and capital and surplus as opposed to being presented as other liabilities under GAAP;
- Certain debt investments categorized as available for sale or held to maturity are presented at the lower of amortized cost or fair value in accordance with the NAIC designations in the statutory basis financial statements, whereas under GAAP, these investments are shown at fair value or amortized cost, respectively;
- Under statutory accounting, the change to deferred tax assets and liabilities is recorded directly to unassigned surplus and deferred tax assets are subject to a valuation allowance and admissibility limitations of the assets in the statutory basis financial statements, whereas under GAAP, the change in deferred tax assets and liabilities is recorded as a component of the income tax provision within the income statement and is based on the ultimate recoverability of the deferred tax assets. Based on the admissibility criteria under statutory accounting, any deferred tax assets determined to be nonadmitted are charged directly to surplus and excluded from the statutory basis financial statements, whereas under GAAP, such assets are included in the balance sheets;
- Certain assets, including certain health care and other amounts receivables and prepaid assets are considered nonadmitted assets for statutory purposes and are excluded from the statutory basis statements of admitted assets, liabilities, and capital and surplus and charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheets;
- The reserves ceded to reinsurers for claims unpaid and aggregate health claim reserves have been reported as reductions of the related reserves rather than as assets, which would be required under GAAP;
- Comprehensive income and its components are not separately presented in the statutory basis financial statements, whereas under GAAP, it is a requirement to present comprehensive income and its components in the financial statements;
- Cash (overdrafts), cash equivalents, and short-term investments in the statutory basis statements of cash flows represent cash balances and investments with original maturities of one year or less from the time of acquisition. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and cash equivalents with maturities of three months or less. The corresponding caption of short-term investments under GAAP represents securities with a final maturity of one year or less from the balance sheet date. The statutory basis statements of cash flows are prepared in accordance with the NAIC Annual Statement Instructions.

Cash and Invested Assets —

- Cash and cash equivalents represent cash held by the Company in disbursement accounts, treasury bills, agency discount notes, and commercial paper. Claims and other payments are made from the disbursement accounts daily. Cash overdrafts are a result of timing differences in funding disbursement accounts for claims payments. Cash equivalents have original maturity dates of three months or less from the date of acquisition and are reported at cost or amortized cost depending on the nature of the underlying security, which approximates fair value;
- Short-term investments represent money market instruments, and municipal securities with a maturity of greater than three months but less than one year at the time of purchase;
- Bonds include corporate debt securities, U.S. government and state agency obligations, and municipal securities with a maturity of greater than one year at the time of purchase;
- Bonds and short-term investments are stated at amortized cost if they meet NAIC designation of one or two and stated at the lower of amortized cost or fair value if they meet an NAIC designation of three or higher. Amortization of bond premium or discount is calculated using the constant-yield interest method. Bonds and short-term investments are valued and reported using market prices published by the Securities Valuation Office of the NAIC ("SVO") in accordance with the NAIC Valuations of Securities manual prepared by the SVO or an external pricing service;
- The Company holds no mortgage loans on real estate;
- Corporate bonds and government obligations include mortgage-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of mortgage-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors. The Company's investment policy limits investments in nonagency residential mortgage-backed securities, including home equity and sub-prime mortgages, to 10% of total cash and invested assets and total investments in mortgage-backed securities to 30% of total cash and invested assets;
- The Company holds no common or preferred stock;
- The Company holds no investments in subsidiaries, controlled, or affiliated entities;
- The Company has no investment interests with respect to joint ventures, partnerships, or limited liability companies;
- The Company holds no derivatives;
- Realized capital gains and losses on sales of investments are calculated based upon specific identification of the investments sold. These gains and losses are reported as net realized capital gains less capital gains tax in the statutory basis statements of operations;
- The Company continually monitors the difference between amortized cost and estimated fair value of its investments. If any of the Company's investments experience a decline in value that the Company has determined is other-than-temporary, or if the Company has determined it will sell a security that is in an impaired status, the Company will record a realized loss in net realized capital gains less capital gains tax in the statutory basis statements of operations. The new cost basis is not changed for subsequent recoveries in fair value. The prospective adjustment method is utilized for mortgage-backed securities for periods subsequent to the loss recognition. The Company has not recorded any other-than-temporary impairments for the years ended December 31, 2013 and 2012.

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

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

Properties Occupied by the Company, Properties Held for the Production of Income, Properties Held for Sale, Furniture and Equipment, and Electronic Data Processing Equipment and Software — The Company does not carry any fixed assets on the statutory basis financial statements.

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

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

The estimates for incurred but not yet reported claims are developed using an actuarial process that is consistently applied, centrally controlled, and automated. The actuarial models consider factors such as historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The Company estimates such liabilities for physician, hospital, and other medical cost disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. These estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2013 and 2012. Management believes the amount of claims unpaid and aggregate health reserves is adequate to cover the Company's liability for unpaid claims and aggregate health reserves as of December 31, 2013; however, actual payments may differ from those established estimates. Adjustments to claims unpaid estimates and aggregate health reserves are reflected in the statutory basis statement of operations in the period in which the change in estimate is identified.

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

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

Claims Adjustment Expenses — Claims adjustment expenses ("CAE") are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the management agreement (see Note 10), effective October 1, 2012, the Company pays a management fee to United HealthCare Services, Inc. ("UHS") in exchange for administrative and management services. Prior to October 1, 2012, the Company paid Unison Administrative Services, LLC. ("UAS") for similar services. A detailed review of UHS', UAS', and the Company's administrative expenses is performed to determine the allocation between CAE and general administrative expenses to be reported in the statutory basis statement of operations. Effective October 1, 2012, it is the responsibility of UHS to pay CAE in the event the Company ceases operations. Prior to October 1, 2012, it was the responsibility of UAS. The Company has recorded an estimate of unpaid claims adjustment expenses associated with incurred but unpaid claims, which is included in unpaid claims adjustment expenses in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Management believes the amount of the liability for unpaid claims adjustment expenses as of December 31, 2013 is adequate to cover the Company's cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid claims adjustment expenses are reflected in operating results in the period in which the change in estimate is identified.

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

Revenues, Premiums and Considerations — Revenues consist of net premium income that is recognized in the period in which enrollees are entitled to receive health care services. Net premium income is shown net of reinsurance premiums. Premiums received in full during the current period that are not due until future periods are recorded as premiums received in advance in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

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

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

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

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

The Company has an insolvency-only reinsurance agreement.

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

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

Reserve for Experience Rated Refunds — A liability is established for estimated premium refunds on experience rated contracts based on actuarial methods and assumptions. Estimated accrued retrospective premiums due from the Company are recorded in aggregate health policy reserves on the statutory basis statements of admitted assets, liabilities, and capital and surplus and as a decrease to change in reserve for rate credits in the statutory basis statements of operations.

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

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

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

Direct written premiums and premiums and considerations from the ODJFS, as a percentage of total direct premiums written and total uncollected premiums are 100% and 100% as of December 31, 2013 and 100% and 100% as of December 31, 2012, respectively.

Restricted Cash Reserves — The Company is required by the State of Ohio to maintain a minimum regulatory deposit (currently \$400) and is currently holding \$449 and \$464, which is in compliance with this requirement as of December 31, 2013 and 2012, respectively. This restricted cash reserve consists principally of government obligations that are stated at amortized cost, which approximates fair value. This reserve is included in bonds in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Interest earned on this reserve accrues to the Company.

Minimum Capital and Surplus — Under the laws of the State of Ohio, the ODI requires the Company to maintain a minimum capital and surplus of \$1,700, and shall maintain total admitted assets equal to at least 110% of the liabilities of the corporation. The minimum capital and surplus requirement is \$1,700, for December 31, 2013 and 2012, respectively. The Company has \$130,888 and \$107,099 in total statutory basis capital and surplus as of December 31, 2013 and 2012, respectively, which is in compliance with the required amount.

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

Recently Issued Accounting Standards — The Company reviewed all recently issued guidance in 2012 and 2013 that has been adopted for 2013 or subsequent year's implementation and has determined that none of the items would have a significant impact to the statutory basis financial statements.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

No changes in accounting principles have been recorded during the years ended December 31, 2013 and 2012.

3. BUSINESS COMBINATIONS AND GOODWILL

A–D. The Company was not party to a business combination during the years ended December 31, 2013 and 2012, and does not carry goodwill in its statutory basis statements of admitted assets, liabilities, and capital and surplus.

4. DISCONTINUED OPERATIONS

(1–5) The Company did not discontinue any operations during 2013 and 2012.

5. INVESTMENTS AND OTHER INVESTED ASSETS

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The gross realized gains and losses on sales of investments for bonds were \$108 and (\$15), respectively, for 2013 and \$168 and \$0, respectively, for 2012. The net realized gain is included in net realized capital gains less capital gains tax in the accompanying statutory basis statements of operations. Total proceeds on the sale of investments for bonds were \$5,809 and \$2,327 and for short-term investments were \$767,345 and \$492,346 in 2013 and 2012, respectively.

As of December 31, 2013 and 2012, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company’s investments, excluding cash (overdrafts) of \$348 and \$(3,974), respectively, and cash equivalents of \$58,000 and \$1,000, respectively, are as follows:

	2013				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
U.S. government and agency securities	\$ 21,698	\$ 161	\$ (277)	\$ (76)	\$ 21,506
State and agency municipalities	29,082	592	(36)	-	29,638
City and county municipalities	26,392	279	(87)	-	26,584
Corporate debt securities	38,163	487	(272)	-	38,378
Money-market funds	39,224	-	-	-	39,224
Total bonds and short-term investments	\$ 154,559	\$ 1,519	\$ (672)	\$ (76)	\$ 155,330

	2013				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
Less than one year	\$ 46,998	\$ 55	\$ -	\$ -	\$ 47,053
One to five years	45,566	802	(63)	-	46,305
Five to ten years	40,369	427	(374)	-	40,422
Over ten years	21,626	235	(235)	(76)	21,550
Total bonds and short-term investments	\$ 154,559	\$ 1,519	\$ (672)	\$ (76)	\$ 155,330

	2012				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
U.S. government and agency securities	\$ 14,590	\$ 534	\$ -	\$ -	\$ 15,124
State and agency municipalities	21,856	841	-	-	22,697
City and county municipalities	11,328	313	-	-	11,641
Corporate debt securities	14,190	787	(4)	-	14,973
Money-market funds	90,618	-	-	-	90,618
Total bonds and short-term investments	\$ 152,582	\$ 2,475	\$ (4)	\$ -	\$ 155,053

Included in U.S. government and agency securities and corporate debt securities in the tables above are mortgage-backed securities, which do not have a single maturity date. For the years to maturity table above, these securities have been presented in the maturity group based on the securities’ final maturity date and at an amortized cost of \$15,905 and fair value of \$15,773.

The following table illustrates the fair value and gross unrealized losses, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of December 31, 2013 and 2012:

	2013					
	< 1 year		> 1 year		Total	
	Gross		Gross		Gross	
	Fair Value	Unrealized Holding Losses	Fair Value	Unrealized Holding Losses	Fair Value	Unrealized Holding Losses
U.S. government and agency securities	\$ 10,643	\$ (277)	\$ 725	\$ (76)	\$ 11,368	\$ (353)
State and agency municipalities	1,730	(36)	-	-	1,730	(36)
City and county municipalities	11,442	(87)	-	-	11,442	(87)
Corporate debt securities	<u>19,235</u>	<u>(272)</u>	<u>-</u>	<u>-</u>	<u>19,235</u>	<u>(272)</u>
Total bonds and short-term investments	<u>\$ 43,050</u>	<u>\$ (672)</u>	<u>\$ 725</u>	<u>\$ (76)</u>	<u>\$ 43,775</u>	<u>\$ (748)</u>

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

The unrealized losses on investments in U.S. government and agency securities, and corporate debt securities at December 31, 2013 and 2012, were mainly caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities. The Company evaluates impairment at each reporting period for each of the securities whereby the fair value of the investment is less than its amortized cost. The contractual cash flows of the U.S. government and agency obligations are either guaranteed by the U.S. government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, and the Company does not intend to sell the investment until the unrealized loss is fully recovered. The Company evaluated the credit ratings of the municipalities and local agency obligations and corporate obligations, noting whether a significant deterioration since purchase or other factors that may indicate an other than temporary impairment (“OTTI”), such as the length of time and extent to which fair value has been less than cost, the financial condition, and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer and the Company’s intent to sell the investment. Additionally, the Company evaluated its intent and ability to retain mortgage-backed securities for a period of time sufficient to recover the amortized cost. As a result of this review, no other than-temporary impairments were recorded by the Company as of December 31, 2013 and 2012.

A–C. The Company has no mortgage loans, real estate loans, restructured debt, or reverse mortgages. The Company also has no real estate property occupied by the Company, real estate property held for the production of income, or real estate property held for sale.

D. Loan-Backed Securities

- (1) Corporate bonds and government obligations include mortgage-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of mortgage-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors.
- (2) The Company did not recognize any OTTI on mortgage-backed securities as of December 31, 2013 and 2012.
- (3) The Company did not have mortgage-backed securities with an OTTI to report by CUSIP as of December 31, 2013 or 2012.

- (4) The following table illustrates the fair value, gross unrealized losses, and length of time that the mortgage-backed securities have been in a continuous unrealized loss position as of December 31, 2013 and 2012:

		2013
The aggregate amount of unrealized losses:		
1. Less than 12 months	\$	(221)
2. 12 Months or longer		(76)
The aggregate related fair value of securities with unrealized losses:		
1. Less than 12 months		10,625
2. 12 Months or longer		725
		2012
The aggregate amount of unrealized losses:		
1. Less than 12 months	\$	-
2. 12 Months or longer		-
The aggregate related fair value of securities with unrealized losses:		
1. Less than 12 months		983
2. 12 Months or longer		-

- (5) The Company believes that it will collect all principal and interest due on all investments that have an amortized cost in excess of fair value. The unrealized losses as of December 31, 2013 were primarily caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities.

- E. Repurchase Agreements and/or Securities Lending Transactions — Not applicable.
- F. Real Estate — Not applicable.
- G. Low-Income Housing Tax Credits — Not applicable.
- H. Restricted Assets

- (1) Restricted assets – including pledged as of December 31, 2013 and 2012:

Restricted Asset Category	1	2	3	4	5	6
	Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
b. Collateral held under security lending agreements	-	-	-	-	0.0%	0.0%
c. Subject to repurchase agreements	-	-	-	-	0.0%	0.0%
d. Subject to reverse repurchase agreements	-	-	-	-	0.0%	0.0%
e. Subject to dollar repurchase agreements	-	-	-	-	0.0%	0.0%
f. Subject to dollar reverse repurchase agreements	-	-	-	-	0.0%	0.0%
g. Placed under option contracts	-	-	-	-	0.0%	0.0%
h. Letter stock or securities restricted as to sale	-	-	-	-	0.0%	0.0%
i. On deposit with state	449	464	(15)	449	0.2%	0.2%
j. On deposit with other regulatory bodies	-	-	-	-	0.0%	0.0%
k. Pledged as collateral not captured in other categories	-	-	-	-	0.0%	0.0%
l. Other restricted assets	-	-	-	-	0.0%	0.0%
m. Total Restricted Assets	<u>\$ 449</u>	<u>\$ 464</u>	<u>\$ (15)</u>	<u>\$ 449</u>	0.2%	0.2%

(2-3) The Company has no assets pledged as collateral not captured in other categories and no other restricted assets as of December 31, 2013 or 2012.

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

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

7. INVESTMENT INCOME

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

The components of net investment income earned as of December 31, 2013 and 2012 are as follows:

	2013	2012
Bonds	\$ 1,728	\$ 1,469
Cash, cash equivalents, and short-term investments	<u>63</u>	<u>111</u>
Total investment income earned	1,791	1,580
Expenses — investment management fees	<u>(57)</u>	<u>(44)</u>
Net investment income earned	<u>\$ 1,734</u>	<u>\$ 1,536</u>

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

8. DERIVATIVE INSTRUMENTS

A–F. The Company has no derivative instruments.

9. INCOME TAXES

A. Deferred Tax Asset/Liability

(1) The components of the net deferred tax asset at December 31, 2013 and 2012, are as follows:

	2013			2012			Change		
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross deferred tax assets	\$ 2,943	\$ -	\$ 2,943	\$ 1,595	\$ -	\$ 1,595	\$ 1,348	\$ -	\$ 1,348
(b) Statutory valuation allowance adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(c) Adjusted gross deferred tax assets (1a–1b)	2,943	-	2,943	1,595	-	1,595	1,348	-	1,348
(d) Deferred tax assets nonadmitted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(e) Subtotal net admitted deferred tax asset (1c–1d)	2,943	-	2,943	1,595	-	1,595	1,348	-	1,348
(f) Deferred tax liabilities	<u>7</u>	<u>3</u>	<u>10</u>	<u>1</u>	<u>10</u>	<u>11</u>	<u>6</u>	<u>(7)</u>	<u>(1)</u>
(g) Net admitted deferred tax asset/ (net deferred tax liability) (1e–1f)	<u>\$ 2,936</u>	<u>\$ (3)</u>	<u>\$ 2,933</u>	<u>\$ 1,594</u>	<u>\$ (10)</u>	<u>\$ 1,584</u>	<u>\$ 1,342</u>	<u>\$ 7</u>	<u>\$ 1,349</u>

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

Admission Calculation Components SSAP No. 101	2013			2012			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 2,943	\$ -	\$ 2,943	\$ 1,595	\$ -	\$ 1,595	\$ 1,348	\$ -	\$ 1,348
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	-	-	-	-	-	-	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	19,193	XXX	XXX	15,827	XXX	XXX	3,366
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	-	-	-	-	-	-	-	-	-
(d) Deferred tax assets admitted as the result of application of SSAP No. 101									
Total 2(a)+2(b)+2(c))	\$ 2,943	\$ -	\$ 2,943	\$ 1,595	\$ -	\$ 1,595	\$ 1,348	\$ -	\$ 1,348

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

	2013	2012
(a) Ratio percentage used to determine recovery period and threshold limitation amount	660 %	693 %
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)(2) above (in thousands)	\$ 127,955	\$ 105,515

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

B. Unrecognized Deferred Tax Liabilities

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

C. Significant Components of Income Taxes

(1) The current federal income taxes incurred for the years ended December 31, 2013 and 2012 are as follows:

	1 2013	2 2012	3 (Col 1-2) Change
1. Current income tax			
(a) Federal	\$ 13,745	\$ 19,828	\$ (6,083)
(b) Foreign	-	-	-
(c) Subtotal	13,745	19,828	(6,083)
(d) Federal income tax on net capital gains	40	56	(16)
(e) Utilization of capital loss carryforwards	-	-	-
(f) Other	-	-	-
(g) Total federal and foreign income taxes incurred	\$ 13,785	\$ 19,884	\$ (6,099)

(2-4) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2013 and 2012, are as follows:

	1	2	3
	2013	2012	(Col 1-2) Change
2. Deferred tax assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 282	\$ 211	\$ 71
(2) Unearned premium reserve	60	-	60
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	1,271	630	641
(11) Net operating loss carryforward	-	-	-
(12) Tax credit carryforward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	<u>1,330</u>	<u>754</u>	<u>576</u>
(99) Subtotal	2,943	1,595	1,348
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	<u>-</u>	<u>-</u>	<u>-</u>
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	<u>2,943</u>	<u>1,595</u>	<u>1,348</u>
(e) Capital			
(1) Investments	-	-	-
(2) Net capital loss carryforward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	<u>-</u>	<u>-</u>	<u>-</u>
(99) Subtotal	-	-	-
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	<u>-</u>	<u>-</u>	<u>-</u>
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	<u>-</u>	<u>-</u>	<u>-</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>2,943</u>	<u>1,595</u>	<u>1,348</u>
3. Deferred tax liabilities:			
(a) Ordinary	-	-	-
(1) Investments	7	1	6
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	<u>-</u>	<u>-</u>	<u>-</u>
(99) Subtotal	<u>7</u>	<u>1</u>	<u>6</u>
(b) Capital			
(1) Investments	3	10	(7)
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	<u>-</u>	<u>-</u>	<u>-</u>
(99) Subtotal	<u>3</u>	<u>10</u>	<u>(7)</u>
(c) Deferred tax liabilities (3a99 + 3b99)	<u>10</u>	<u>11</u>	<u>(1)</u>
4. Net deferred tax assets/liabilities (2i - 3c)	<u>\$ 2,933</u>	<u>\$ 1,584</u>	<u>\$ 1,349</u>

The other ordinary deferred tax asset of \$1,330 for 2013 and \$754 for 2012 consists of bad debts.

The Company assessed the potential realization of the gross deferred tax asset and as a result no statutory valuation allowance was required and no allowance was established as of December 31, 2013 and 2012.

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

	2013	2012
Tax provision at the federal statutory rate	\$ 13,318	\$ 19,644
Tax-exempt interest	(242)	(198)
Other	-	36
Tax effect of nonadmitted assets	<u>(640)</u>	<u>(414)</u>
Total statutory income taxes	<u>\$ 12,436</u>	<u>\$ 19,068</u>
Federal income taxes incurred	\$ 13,745	\$ 19,828
Capital gains tax	40	56
Change in net deferred income tax	<u>(1,349)</u>	<u>(816)</u>
Total statutory income taxes	<u>\$ 12,436</u>	<u>\$ 19,068</u>

- E. At December 31, 2013, the Company had no net operating loss carryforwards.

Current federal income taxes (recoverable) payable of (\$583) and \$1,256 as of December 31, 2013 and 2012, respectively, are included in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Federal income taxes paid, net of refunds were \$15,624 and \$22,754 in 2013 and 2012, respectively.

Federal income taxes incurred of \$13,785 and \$19,847 for 2013 and 2012, respectively, are available for recoupment in the event of future net losses.

The Company has not admitted any aggregate amounts of deposits that are included within Section 6603 ("Deposits made to suspend running of interest on potential underpayments, etc.") of the Internal Revenue Service Code ("IRS").

- F. The Company is included in a consolidated federal income tax return with its ultimate parent, UnitedHealth Group. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y — Information Concerning Activities of Insurer Members Of A Holding Company Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The IRS has completed exams on UnitedHealth Group's consolidated income tax returns for fiscal years 2012 and prior. UnitedHealth Group's 2013 tax return is under advance review by the IRS under its Compliance Assurance Program. With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2008 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

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

10. **INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES**

A–L. Material Related Party Transactions

Effective October 1, 2012, the Company entered into a Management Agreement (Agreement) with UHS. This Agreement has been approved by the ODI and replaced the previous agreement with UAS. Pursuant to the terms of the Agreement, UHS provides management services to the Company under a fee structure, which is based on a direct charge representing UHS' expenses for services or use of assets provided to the Company. Management fees under this arrangement totaled \$58,100 and \$39,460 in 2013 and 2012, respectively, and are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. Direct expenses not included in the Agreement, such as department of insurance exam fees, and use taxes, are paid by UHS on behalf of the Company. UHS is reimbursed by the Company for these direct expenses.

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

The Company expensed as hospital and medical expenses, general administrative expenses, and claims adjustment expenses \$16,393 and \$3,330 in capitation fees to related parties during 2013 and 2012, respectively. Under the Agreement, UHS provides or arranges for services on behalf of the Company using a pass-through of charges incurred by UHS on a per member per month (“PMPM”) basis (where the charge incurred by UHS is on a PMPM basis) or using another allocation methodology consistent with the Agreement. These services include, but are not limited to, integrated personal health management solutions, such as disease management, treatment decision support, and wellness services, including a 24-hour call-in service, access to a network of transplant providers, and discount program services. OptumHealth Care Solutions, Inc. provides chiropractic and physical therapy services. Effective March 1, 2012, United Behavioral Health provides mental health and substance abuse services.

The capitation expenses, administrative services, and access fees paid to related parties, that are included as hospital and medical expenses, general administrative expenses, and claims adjustment expenses in the accompanying statutory basis statements of operations for the years ended December 31, 2013 and 2012, are shown below:

	2013	2012
UHS	\$ 2,212	\$ 446
United Behavioral Health	14,015	2,799
OptumHealth Care Solutions, Inc.	<u>166</u>	<u>85</u>
Total	<u>\$ 16,393</u>	<u>\$ 3,330</u>

The Company contracts with affiliates UHS and OptumRx to provide administrative services related to pharmacy management and pharmacy claims processing for its enrollees. Fees related to these agreements, which are calculated on a per-claim basis, of \$2,800 and \$510 in 2013 and 2012, respectively, are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations.

Effective April 1, 2013 the Company has an agreement with OptumRx to provide personal health products catalogues showing the healthcare products and benefit credits needed to redeem the respective products. OptumRx will mail the appropriate personal health products’ catalogues to the Company’s members and manage the personal health products credit balance. OptumRx also distributes personal health products to individual members based upon the terms of the agreement. Fees related to this agreement in 2013, which are calculated on a PMPM basis, of \$61 are included in hospital and medical expenses in the accompanying statutory basis statements of operations.

The Company has an agreement with OptumInsight, Inc., an affiliate of the Company, for services that lead up to and include the prevention and recovery of medical expense overpayments. Service fees are either percentages of every recovery that are retained by OptumInsight, Inc. based on the services performed and recoveries, net of fees, are returned to the Company on a monthly basis and/or all recoveries are returned to the Company by OptumInsight, Inc. on a monthly basis and a capitated service fee is charged to the Company as a PMPM. Service fees of \$1,024 and \$22 are included in hospital and medical expenses, claims adjustment expenses, and general administrative expenses in the accompanying statutory basis statements of operations for the years ended December 31, 2013 and 2012, respectively.

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

The Company has an insolvency-only reinsurance agreement with UHIC, an affiliate of the Company, to provide insolvency protection for its enrollees. Reinsurance premiums, which are calculated on a percentage of member premium income, of \$658 and \$524 in 2013 and 2012, respectively, are netted against net premium income in the accompanying statutory basis statements of operations.

The Company has a reinsurance agreement with UHIC to cover certain inpatient hospital claims in excess of defined limits. Reinsurance premiums, which are calculated on a PMPM basis, of \$4,837 and \$4,077 in 2013 and 2012, respectively, are netted against net premium income in the accompanying statutory basis statements of operations. Reinsurance recoveries of \$3,307 and \$5,738 in 2013 and 2012, respectively, are included in net reinsurance recoveries in the accompanying statutory basis statements of operations. There was \$588 and \$962 of reinsurance receivables related to this agreement as of December 31, 2013 and 2012, respectively. Failure of reinsurers to honor their obligations could result in losses to the Company.

The Company holds a \$30,000 subordinated revolving credit agreement with UnitedHealth Group at an interest rate of LIBOR plus a margin of 0.50%. This credit agreement is subordinate to the extent it does not conflict with any credit facility held by either party. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. The agreement was effective September 1, 2012. No amounts were outstanding under the line of credit as of December 31, 2013 and 2012.

At December 31, 2013 and 2012, the Company reported \$21,355 and \$2,063, respectively, as amounts due to parent, subsidiaries, and affiliates, which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 90 days from the incurred date. Any balances due to the Company that are not settled within 90 days are considered nonadmitted assets.

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

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

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

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

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

The Company has not extended any guarantees or undertakings for the benefit of an affiliate or related party.

11. DEBT

A–B. The Company had no outstanding debt with third parties or outstanding federal home loan bank agreements during 2013 and 2012.

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

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

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

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

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

(4) The Company paid no dividends nor received any infusions during 2013 or 2012.

(5) The amount of ordinary dividends that may be paid out during any given period are subject to certain restrictions as specified by state statute.

(6) There are no restrictions placed on the Company's unassigned surplus.

(7) The Company is not a mutual reciprocal or a similarly organized entity and does not have advances to surplus not repaid.

(8) The Company does not hold any stock, including stock of affiliated companies for special purposes, such as conversion of preferred stock, employee stock options, or stock purchase warrants.

(9) The Company does not have any special surplus funds.

(10) The portion of unassigned funds represented or (reduced by) each item below is as follows:

	2013	2012	Change
Net deferred income taxes	2,933	1,584	1,349
Nonadmitted assets	<u>(3,642)</u>	<u>(1,814)</u>	<u>(1,828)</u>
Total	<u>\$ (709)</u>	<u>\$ (230)</u>	<u>\$ (479)</u>

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

14. CONTINGENCIES

A. Contingent Commitments

The Company has no contingent commitments.

B. Assessments

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

C. Gain Contingencies

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

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

E. All Other Contingences

Because of the nature of its businesses, the Company is frequently made party to a variety of legal actions and regulatory inquiries, including class actions and suits brought by members, care providers, consumer advocacy organizations, customers and regulators, relating to the Company's businesses, including management and administration of health benefit plans and other services.

The Company records liabilities for its estimates of probable costs resulting from these matters where appropriate. Estimates of costs resulting from legal and regulatory matters involving the Company are inherently difficult to predict, particularly where the matters: involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or represent a shift in regulatory policy; involve a large number of claimants or regulatory bodies; are in the early stages of the proceedings; or could result in a change in business practices. Accordingly, the Company is often unable to estimate the losses or ranges of losses for those matters where there is a reasonable possibility or it is probable that a loss may be incurred. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

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

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

There are no assets that the Company considers to be impaired at December 31, 2013 and 2012, except as disclosed in Note 5 and Note 20.

- F.** The Company routinely evaluates the collectability of all receivable amounts included within the statutory basis statements of admitted assets, liabilities, and capital and surplus. Impairment reserves are established for those amounts where collectability is uncertain. Based on the Company's past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Company's statutory basis financial condition.

15. LEASES

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

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

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

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

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

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

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

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

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

20. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

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

A. Fair Value

(1 - 5) The Company does not have any financial assets that are measured and reported at fair value on the statutory basis statements of admitted assets, liabilities, and capital and surplus at December 31, 2013 and 2012.

B. Fair Value Combination — Not applicable.

C. The aggregate fair value by hierarchy of all financial instruments as of December 31, 2013 and 2012 is presented in the table below:

Types of Financial Investment	2013					Not Practical Carrying Value
	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	
U.S. government and agency securities	\$ 21,506	\$ 21,698	\$ 3,579	\$ 17,927	\$ -	\$ -
State and agency municipalities	29,638	29,082	-	29,638	-	-
City and county municipalities	26,584	26,392	-	26,584	-	-
Corporate debt securities	38,378	38,163	-	38,378	-	-
Money-market funds	39,224	39,224	39,224	-	-	-
Total bonds and short-term investments	<u>155,330</u>	<u>154,559</u>	<u>42,803</u>	<u>112,527</u>	<u>\$ -</u>	<u>\$ -</u>

Types of Financial Investment	2012					Not Practical Carrying Value
	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	
U.S. government and agency securities	\$ 15,124	\$ 14,590	\$ 4,330	\$ 10,794	\$ -	\$ -
State and agency municipalities	22,697	21,856	-	22,697	-	-
City and county municipalities	11,641	11,328	-	11,641	-	-
Corporate debt securities	14,973	14,190	-	14,973	-	-
Money-market funds	90,618	90,618	90,618	-	-	-
Total bonds and short-term investments	<u>155,053</u>	<u>152,582</u>	<u>94,948</u>	<u>60,105</u>	<u>\$ -</u>	<u>\$ -</u>

Included as Level 1 in U.S. government and agency securities in the fair value hierarchy table above are U.S. Treasury securities of \$3,579 and \$4,330 as of December 31, 2013 and 2012, respectively. These instruments are reflected in bonds in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

D. Not Practicable to Estimate Fair Value — Not applicable.

21. OTHER ITEMS

The Company elected to use rounding in reporting amounts in the notes to statutory basis financial statements.

Effective for calendar years 2013 and 2014 the Patient Protection and Affordable Care Act (ACA) has mandated that certain practicing primary care physicians (“PCPs”) are eligible to receive increased payments for specified primary care services provided to Medicaid eligible individuals. This is to encourage PCPs to serve the Medicaid population in advance of the Medicaid expansion in 2014.

ACA requires that the managed care organizations (“MCO’s”) reimburse PCPs at a rate of no less than 100 percent of Medicare fee schedule rates for specified services. The federal government will finance the difference between the state Medicaid fee schedule rate and the corresponding Medicare fee schedule rate (enhanced rate payment) during calendar years 2013 and 2014. The state will in turn fund the enhanced rate payments to the MCO’s as part of an enhanced Medicaid capitation monthly premium or as a lump sum payment of the rate differential, depending on the model selected by each state and approved by CMS. The Company recorded a receivable in premiums and considerations and payable in claims unpaid in the statutory basis statements of admitted assets, liabilities, and capital and surplus as of December 31, 2013 under this program.

- A. The Company did not encounter any extraordinary items for the years ended December 31, 2013 or 2012.
- B. The Company has no troubled debt restructurings as of December 31, 2013 or 2012.
- C. The Company does not have any amounts not recorded in the statutory basis financial statements that represent segregated funds held for others. The Company also does not have any exposures related to forward commitments.
- D. The Company has not received any business interruption insurance recoveries during 2013 and 2012.
- E. The Company has no transferrable or non-transferable state tax credits.

F. Sub-Prime Mortgage-Related Risk Exposure

- (1) The investment policy for the Company limits investments in asset-backed securities, which includes the sub-prime issuers. Further, the policy limits investments in private-issuer mortgage securities to 10% of the portfolio, which also includes sub-prime issuers. The exposure to unrealized losses on sub-prime issuers is due to changes in market prices. There are no realized losses due to not receiving anticipated cash flows. The investments covered are rated NAIC rating of 1 or 2.
- (2) The Company has no direct exposure through investments in subprime mortgage loans.
- (3) The Company has no direct exposure through other investments for the year ended December 31, 2013. Direct exposure through other investments for the year ended December 31, 2012 is as follows:

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

The Company changed its presentation in 2013 to only include securities that have sub-prime risk exposure. In 2012, the Company also included modeled commercial mortgage-backed securities.

- (4) The Company has no underwriting exposure to sub-prime mortgage risk through mortgage guaranty or financial guaranty insurance coverage.
- G. The Company does not have any retained asset accounts for beneficiaries.
- H. The Company does not have any offsetting or netting assets and liabilities as it relates to derivatives, repurchase and reverse repurchase, and securities borrowing and securities lending.

22. SUBSEQUENT EVENTS

TYPE I – Recognized Subsequent Events:

Subsequent events have been evaluated through May 1, 2014, which is the date these statutory basis financial statements were available for issuance.

There are no events subsequent to December 31, 2013, that require disclosure.

TYPE II – Nonrecognized Subsequent Events:

Subsequent events have been evaluated through May 1, 2014, which is the date these statutory basis financial statements were available for issuance.

On January 1, 2014, the Company will be subject to an annual fee under section 9010 of the ACA. This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of the health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2014. As of December 31, 2013, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates their portion of the annual health insurance industry fee to payable on September 30, 2014 to be \$9,780. The Company's Authorized Control Level RBC ("ACL RBC") ratio was 691% as of December 31, 2013. If the ACA assessment was recognized as a liability as of December 31, 2013, the ACL RBC ratio would have been 639%.

The ACA fee assessment payable as of December 31, 2013 is as follows:

A. ACA fee assessment payable	\$	9,780
B. Assessment expected to impact RBC		52 %

There are no other events subsequent to December 31, 2013 that require disclosure.

23. REINSURANCE

The Company does not have any unaffiliated reinsurance agreements (external reinsurance) in place as of December 31, 2013 or 2012.

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

A. Ceded Reinsurance Report

Section 1 — General Interrogatories

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

Yes () No (X)
- (2) Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor, or any other person not primarily engaged in the insurance business?

Yes () No (X)

Section 2 — Ceded Reinsurance Report— Part A

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

Yes () No (X)

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

Yes () No (X)

Section 3 — Ceded Reinsurance Report — Part B

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

The Company estimates there should be no aggregate reduction in surplus for termination of all reinsurance agreements as of December 31, 2013.

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

Yes () No (X)

- B. Uncollectible Reinsurance** — During 2013 and 2012, there were no uncollectible reinsurance recoverables.
- C. Commutation of Ceded Reinsurance** — There was no commutation of reinsurance in 2013 or 2012.
- D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation** – Not applicable.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

- A.** The Company estimates accrued retrospective premium adjustments for its health insurance business based on mathematical calculations in accordance with contractual terms.
- B.** Estimated accrued retrospective premiums due to (from) the Company are recorded in uncollected premiums in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as an adjustment to net premium income in the statutory basis statements of operations.
- C.** The Medicaid business contract with the state of Ohio includes Aged, Blind, and Disabled (ABD) program which is subject to retrospective rating features. The Company estimates accrued retrospective premium adjustments for its ABD program based on the contract with ODJFS. The amount of net premium income that is subject to the ABD program contract retrospective rating feature is \$ 261,302 and \$216,250, representing 38.9% and 40.7% of total direct premiums written as of December 31, 2013 and 2012, respectively.

The Medicaid business contract with ODJFS includes a provision for which a stated percentage of total direct premiums written can be eligible for a performance guarantee payment based on various quality measures. The total Medicaid direct premiums written, subject to this redetermination feature was \$9,100 and \$5,237, which represents 1.4% and 1.0% of the Company's total direct premiums written as of December 31, 2013 and 2012, respectively.

Pursuant to the Health Reform Legislation, effective for calendar years 2013 and 2014, the state has elected to administer additional PCP funds through prospective capitation increases with risk-sharing that incorporates a reconciliation model (see Note 21). Under this model, the state pays the Company prospectively but also reconciles after the contract period based on utilization and any excess or shortage is remitted to or received back from the state. The amount of Medicaid direct written premiums written subject to this legislation is \$36,103 representing 5.4% of total direct written premiums as of December 31, 2013.

- D.** Pursuant to the Health Reform Legislation, the Company does not have any business subject to specific minimum loss ratio requirements as of December 31, 2013 and December 31, 2012 (see Note 14).

25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

Changes in estimates related to the prior year incurred claims are included in total hospital and medical expenses in the current year in the accompanying statutory basis statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves, and health care receivable for 2013 and 2012:

	2013		
	Current Year Incurred Claims	Prior Years Incurred Claims	Total
Beginning of year claim reserve	\$ -	\$ (41,673)	\$ (41,673)
Paid claims, net of health care receivable and reinsurance recoveries collected	454,954	26,554	481,508
End of year claim reserve	<u>72,172</u>	<u>2,498</u>	<u>74,670</u>
Incurred claims excluding the change in health care receivable and reinsurance recoverables as presented below	527,126	(12,621)	514,505
Beginning of year health care receivable	-	6,548	6,548
End of year health care receivable and reinsurance recoverables on paid losses	<u>(10,260)</u>	<u>(176)</u>	<u>(10,436)</u>
Total incurred claims	<u>\$ 516,866</u>	<u>\$ (6,249)</u>	<u>\$ 510,617</u>

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

The liability for claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves, health care receivable and reinsurance recoverables on paid losses as of December 31, 2012 were \$35,125. As of December 31, 2013, \$26,554 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years net of health care receivables and reinsurance recoverables are \$2,322 as a result of re-estimation of unpaid claims. Therefore, there has been \$6,249 favorable prior year development since December 31, 2012 to December 31, 2013. The primary drivers consist of favorable development as a result of a change in the provision for adverse deviations in experience of \$2,917 and by favorable development of \$3,288 in retroactivity for inpatient, outpatient, physician, dental, and pharmacy claims. At December 31, 2012, the Company recorded \$18,452 of favorable development driven by a change in the provision for adverse deviations in experience of \$3,137 and favorable development of \$14,645 in retroactivity for inpatient, outpatient, physician, and pharmacy claims. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this favorable development is the impact related to retrospectively rated policies. As a result of the prior year effects, on a regular basis, the Company adjusts revenue and the corresponding liability and/or receivable related to retrospectively rated policies and the impact of the change is included as a component of change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

The Company incurred claims adjustment expenses of \$34,213 and \$20,286 in 2013 and 2012, respectively. These costs are included in the management service fees paid by the Company to UHS and UAS as a part of its management agreement (see Note 10). The following tables disclose paid CAE, incurred CAE, and the balance in the unpaid claim adjustment expenses reserve for 2013 and 2012:

	2013	2012
Total claims adjustment expenses incurred	\$ 34,213	\$ 20,286
Less current year unpaid claims adjustment expenses	(1,309)	(918)
Add prior year unpaid claims adjustment expenses	<u>918</u>	<u>1,026</u>
Total claims adjustment expenses paid	<u>\$ 33,822</u>	<u>\$ 20,394</u>

26. INTERCOMPANY POOLING ARRANGEMENTS

A–G. The Company did not have any intercompany pooling arrangements in 2013 or 2012.

27. STRUCTURED SETTLEMENTS

A–B. The Company did not have structured settlements in 2013 or 2012.

28. HEALTH CARE AND OTHER AMOUNTS RECEIVABLE

A. Pharmaceutical rebates receivable are recorded when reasonably estimated or billed by the affiliated pharmaceutical benefit manager in accordance with pharmaceutical rebate contract provisions. Information used to support rebates billed to the manufacturer is based on utilization information gathered by the pharmaceutical benefit manager and adjusted for significant changes in pharmaceutical contract provisions.

The Company evaluates admissibility of all pharmacy rebates receivable based on the administration of each underlying pharmaceutical benefit management agreement. The Company has non-admitted all pharmacy rebate receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

For each pharmaceutical management agreement for which a portion of the total pharmacy rebates receivable can be admitted based on the admissibility criteria, the transaction history is summarized as follows:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received within 90 Days of Billing	Actual Rebates Received within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days After Billing
12/31/2013	\$ 1,970	\$ -	\$ -	\$ -	\$ -
9/30/2013	1,569	1,345	213	-	-
6/30/2013	887	1,194	176	763	-
3/31/2013	758	989	11	643	402
12/31/2012	922	999	150	526	297
9/30/2012	-	658	161	488	11
6/30/2012	-	813	178	558	69
3/31/2012	-	797	59	610	128
12/31/2011	-	654	135	347	170
9/30/2011	-	-	-	-	-
6/30/2011	-	-	-	-	-
3/31/2011	-	-	-	-	-

Of the amount reported as health care and other amounts receivables, \$2,282 and \$922 relates to pharmaceutical rebate receivables as of December 31, 2013 and 2012, respectively. This increase is primarily due to increased membership along with the change in generic/name brand mix.

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

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2013 or 2012.

30. PREMIUM DEFICIENCY RESERVES

The Company has not recorded any premium deficiency reserves as of December 31, 2013 or 2012. This analysis of the premium deficiency reserve was completed as of December 31, 2013 and 2012. The Company did consider anticipated investment income when calculating the premium deficiency reserve.

The following table summarizes the Company’s premium deficiency reserves as of December 31, 2013 and 2012:

	2013
1. Liability carried for premium deficiency reserves	\$ -
2. Date of the most recent evaluation of this liability	12/31/2013
3. Was anticipated investment income utilized in this calculation?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	2012
1. Liability carried for premium deficiency reserves	\$ -
2. Date of the most recent evaluation of this liability	12/31/2012
3. Was anticipated investment income utilized in this calculation?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2013 and 2012, the Company had no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

* * * * *

GENERAL INTERROGATORIES

PART 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

666,284,400

525,117,880

2.2

Premium Denominator

666,284,400

531,028,434

2.3

Premium Ratio (2.1/2.2)

1.000

0.989

2.4

Reserve Numerator

75,046,381

41,672,941

2.5

Reserve Denominator

75,046,381

41,672,941

2.6

Reserve Ratio (2.4/2.5)

1.000

1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No []

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$ 0

5.32

Medical Only

\$ 1,240,000

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:
Hold harmless clauses in provider agreements and continuation of coverage endorsements in reinsurance agreement.

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

29,755

8.2

Number of providers at end of reporting year

33,432

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

\$ 0

9.22

Business with rate guarantees over 36 months

\$ 0

28

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE UnitedHealthcare Community Plan of Ohio, Inc.

GENERAL INTERROGATORIES

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

10.2 If yes:

10.21 Maximum amount payable bonuses.....\$1,007,825

10.22 Amount actually paid for year bonuses.....\$747,043

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 [] No [X]

11.13 An Individual Practice Association (IPA), or, . Yes [] No [X]

11.14 A Mixed Model (combination of above)? Yes [X] No []

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.\$37,902,808

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

Net worth requirement is the greater of \$1,700,000 per Ohio statute or 200% of the Company's authorized control level risk based capital.

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

1
Name of Service Area
State of Ohio
.....

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 funds administered as of the reporting date.\$0

FIVE-YEAR HISTORICAL DATA

	1 2013	2 2012	3 2011	4 2010	5 2009
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	242,593,503	163,407,087	143,162,744	119,636,596	168,560,507
2. Total liabilities (Page 3, Line 24)	111,704,891	56,307,614	71,939,255	59,212,281	108,034,983
3. Statutory surplus	37,902,808	30,440,512	1,700,000	1,700,000	1,700,000
4. Total capital and surplus (Page 3, Line 33)	130,888,612	107,099,473	71,223,489	60,424,315	60,525,524
Income Statement (Page 4)					
5. Total revenues (Line 8)	667,359,338	532,673,492	448,513,204	413,137,802	407,466,924
6. Total medical and hospital expenses (Line 18)	510,617,246	392,390,705	339,306,567	299,208,656	323,721,774
7. Claims adjustment expenses (Line 20)	34,212,846	20,285,633	16,055,586	7,292,205	10,710,638
8. Total administrative expenses (Line 21)	85,918,825	65,575,034	58,705,823	61,500,467	45,141,351
9. Net underwriting gain (loss) (Line 24)	36,610,421	54,422,120	34,445,228	45,136,474	27,893,161
10. Net investment gain (loss) (Line 27)	1,787,536	1,647,509	1,467,003	628,055	273,477
11. Total other income (Lines 28 plus 29)	(385,219)	0	0	0	0
12. Net income or (loss) (Line 32)	24,268,099	36,241,293	23,266,753	32,753,268	15,219,430
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	45,135,308	19,686,782	42,238,196	(21,052,081)	76,177,354
Risk-Based Capital Analysis					
14. Total adjusted capital	130,888,612	107,099,473	71,223,489	60,424,315	60,525,524
15. Authorized control level risk-based capital	18,951,404	15,220,256	13,142,865	11,871,974	12,808,766
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	167,699	115,096	119,766	119,095	119,300
17. Total members months (Column 6, Line 7)	1,679,642	1,445,169	1,436,935	1,454,833	1,326,443
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)	76.7	73.9	76.1	72.8	79.9
20. Cost containment expenses	2.6	2.4	2.6	1.4	1.9
21. Other claims adjustment expenses	2.6	1.5	1.0	0.4	0.7
22. Total underwriting deductions (Line 23)	94.7	90.1	92.8	89.5	93.6
23. Total underwriting gain (loss) (Line 24)	5.5	10.2	7.7	11.0	6.9
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	29,838,490	29,040,511	40,037,104	35,586,099	29,137,960
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	36,086,841	47,492,693	38,774,378	51,742,151	35,117,566
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.	0	0	0	0	0

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

Yes [] No []

If no, please explain: