



# QUARTERLY STATEMENT

AS OF JUNE 30, 2014  
OF THE CONDITION AND AFFAIRS OF THE

## CARESOURCE

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

## OFFICERS

Name	Title	Name	Title
Pamela B. Morris	President & Chief Executive Officer	L. Tarlton Thomas III	Chief Financial Officer
Bobby L. Jones	Chief Operating Officer	Craig Thiele M.D.	Chief Medical Officer

## OTHER OFFICERS

Stephen L. Ringel #	President, Ohio Market
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## DIRECTORS OR TRUSTEES

Pamela B. Morris	Michael E. Ervin M.D.	William F. Marsteller D.C.	Morris L. Brown M.D.
Craig Brown	Ellen S. Leffak	Douglas A. Fecher	David T. Miller
David Kaelber M.D. #			

State of ..... Ohio .....

ss

County of ..... Montgomery .....

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

Pamela B. Morris President & Chief Executive Officer	L. Tarlton Thomas III Chief Financial Officer	Bobby L. Jones Chief Operating Officer
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a. Is this an original filing? Yes [ X ] No [ ]

b. If no:

1. State the amendment number
2. Date filed
3. Number of pages attached

Subscribed and sworn to before me this  
day of \_\_\_\_\_,

\_\_\_\_\_

**STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE**

**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	654,947,176		654,947,176	558,865,560
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	92,944,540		92,944,540	72,702,951
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ ..... 287,507,478 ), cash equivalents (\$ ..... 249,595,578 ) and short-term investments (\$ ..... 21,123,099 ) .....	558,226,155		558,226,155	333,676,773
6. Contract loans (including \$ ..... premium notes) .....			0	0
7. Derivatives .....			0	0
8. Other invested assets .....	0		0	0
9. Receivables for securities .....			0	0
10. Securities lending reinvested collateral assets .....			0	0
11. Aggregate write-ins for invested assets .....	1,654,686	1,654,686	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	1,307,772,557	1,654,686	1,306,117,871	965,245,285
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	5,841,696		5,841,696	6,339,819
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	104,911,892		104,911,892	90,468,058
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....			0	0
15.3 Accrued retrospective premiums .....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	0		0	9,511
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....	1,499,673		1,499,673	1,245,347
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
18.2 Net deferred tax asset .....			0	0
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software .....			0	0
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....			0	0
24. Health care (\$ ..... 73,303,722 ) and other amounts receivable .....	75,470,218	2,166,496	73,303,722	65,821,378
25. Aggregate write-ins for other-than-invested assets .....	36,795	36,795	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,495,532,831	3,857,977	1,491,674,854	1,129,129,398
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	1,495,532,831	3,857,977	1,491,674,854	1,129,129,398
<b>DETAILS OF WRITE-INS</b>				
1101. Investment in CareSource Foundation .....	1,654,686	1,654,686	0	0
1102. .....			0	0
1103. .....			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	1,654,686	1,654,686	0	0
2501. Prepaid Assets .....	36,795	36,795	0	0
2502. .....			0	0
2503. .....			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	36,795	36,795	0	0

**STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE**

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 11,797,847 reinsurance ceded)	.657,452,061		.657,452,061	.404,523,771
2. Accrued medical incentive pool and bonus amounts	490,750		490,750	572,425
3. Unpaid claims adjustment expenses	15,236,153		15,236,153	7,090,353
4. Aggregate health policy reserves including the liability of \$ for medical loss ratio rebate per the Public Health Service Act			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	87,989,510		.87,989,510	.4,543,332
9. General expenses due or accrued	82,973,095		.82,973,095	.85,662,614
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	552,389		.552,389	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	11,808,724		.11,808,724	.21,106,015
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$ ) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	1,151,576		1,151,576	771,832
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	.857,654,258	0	.857,654,258	.524,270,342
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	0	0
27. Preferred capital stock	XXX	XXX	0	0
28. Gross paid in and contributed surplus	XXX	XXX	.17,200,000	.17,200,000
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	.616,820,596	.587,659,056
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$ )	XXX	XXX	0	0
32.2 shares preferred (value included in Line 27 \$ )	XXX	XXX	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	.634,020,596	.604,859,056
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,491,674,854	1,129,129,398
<b>DETAILS OF WRITE-INS</b>				
2301.			0	0
2302.			0	0
2303.			0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501.	XXX	XXX	0	0
2502.	XXX	XXX	0	0
2503.	XXX	XXX	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001. Contributed Surplus (Land)	XXX	XXX	0	0
3002.	XXX	XXX	0	0
3003.	XXX	XXX	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

**STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE**

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	6,192,932	5,399,245	11,200,810
2. Net premium income (including \$ non-health premium income)	XXX	2,507,782,339	1,910,203,406	4,154,066,540
3. Change in unearned premium reserves and reserve for rate credits	XXX	0	0	0
4. Fee-for-service (net of \$ medical expenses)	XXX	0	0	0
5. Risk revenue	XXX	0	0	0
6. Aggregate write-ins for other health care related revenues	XXX	6,252,834	8,338,080	7,865,941
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	2,514,035,173	1,918,541,486	4,161,932,481
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits		1,611,161,863	1,130,766,477	2,561,956,032
10. Other professional services		15,651,276	24,549,575	38,765,976
11. Outside referrals		0	0	0
12. Emergency room and out-of-area		110,601,072	98,286,768	201,469,157
13. Prescription drugs		426,172,703	324,282,541	697,368,329
14. Aggregate write-ins for other hospital and medical	.0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		1,349,499	968,726	1,952,858
16. Subtotal (Lines 9 to 15)	.0	2,164,936,413	1,578,854,087	3,501,512,352
<b>Less:</b>				
17. Net reinsurance recoveries		8,281,605	8,911,954	12,440,253
18. Total hospital and medical (Lines 16 minus 17)	.0	2,156,654,808	1,569,942,133	3,489,072,099
19. Non-health claims (net)		0	0	0
20. Claims adjustment expenses, including \$ 38,299,066 cost containment expenses		47,901,677	37,960,043	78,755,540
21. General administrative expenses		291,834,448	218,576,546	479,807,383
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)		0	0	0
23. Total underwriting deductions (Lines 18 through 22)	.0	2,496,390,933	1,826,478,722	4,047,635,022
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	17,644,240	92,062,764	114,297,459
25. Net investment income earned		7,752,829	7,002,039	17,740,652
26. Net realized capital gains (losses) less capital gains tax of \$		2,713,323	194,779	2,904,366
27. Net investment gains (losses) (Lines 25 plus 26)	.0	10,466,152	7,196,818	20,645,018
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ) (amount charged off \$ )]		0	0	0
29. Aggregate write-ins for other income or expenses	.0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	28,110,392	99,259,582	134,942,477
31. Federal and foreign income taxes incurred	XXX	0	0	0
32. Net income (loss) (Lines 30 minus 31)	XXX	28,110,392	99,259,582	134,942,477
<b>DETAILS OF WRITE-INS</b>				
0601. Pay for Performance Revenue (P4P)	XXX	6,252,834	8,338,080	7,865,941
0602.	XXX	0	0	0
0603.	XXX	0	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	6,252,834	8,338,080	7,865,941
0701.	XXX	0	0	0
0702.	XXX	0	0	0
0703.	XXX	0	0	0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.		0	0	0
1402.		0	0	0
1403.		0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	.0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901.		0	0	0
2902.		0	0	0
2903.		0	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page	.0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

**STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE**

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
33. Capital and surplus prior reporting year	604,859,056	534,493,076	534,493,076
34. Net income or (loss) from Line 32	28,110,392	99,259,582	134,942,477
35. Change in valuation basis of aggregate policy and claim reserves	0	0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	1,639,018	5,149,894	10,222,051
37. Change in net unrealized foreign exchange capital gain or (loss)	0	0	0
38. Change in net deferred income tax	0	0	0
39. Change in nonadmitted assets	886,788	261,498	1,059,836
40. Change in unauthorized and certified reinsurance	0	0	0
41. Change in treasury stock	0	0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles	0	0	0
44. Capital Changes:			
44.1 Paid in	0	0	0
44.2 Transferred from surplus (Stock Dividend)	0	0	0
44.3 Transferred to surplus	0	0	0
45. Surplus adjustments:			
45.1 Paid in	0	0	0
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital	(1,474,658)	(1,644,104)	(2,404,905)
46. Dividends to stockholders	0	0	(70,000,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	(3,453,479)	(3,453,479)
48. Net change in capital and surplus (Lines 34 to 47)	29,161,540	99,573,391	70,365,980
49. Capital and surplus end of reporting period (Line 33 plus 48)	634,020,596	634,066,467	604,859,056
<b>DETAILS OF WRITE-INS</b>			
4701. Dividend In Kind to Parent Company	0	(3,453,479)	(3,453,479)
4702.	0	0	0
4703.	0	0	0
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	(3,453,479)	(3,453,479)

**STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE**

**CASH FLOW**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	2,583,638,661	1,921,860,736	4,144,092,346
2. Net investment income.....	13,166,891	9,115,726	24,449,260
3. Miscellaneous income.....	325,032	14,661,461	31,252,889
4. Total (Lines 1 to 3).....	2,597,130,584	1,945,637,923	4,199,794,495
5. Benefit and loss related payments.....	1,909,945,769	1,596,648,189	3,390,958,939
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	334,528,212	263,124,343	553,462,959
8. Dividends paid to policyholders.....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	0	0	0
10. Total (Lines 5 through 9).....	2,244,473,981	1,859,772,532	3,944,421,898
11. Net cash from operations (Line 4 minus Line 10).....	352,656,604	85,865,391	255,372,597
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	106,662,664	75,646,113	139,565,476
12.2 Stocks.....	46,043,733	10,660,550	34,070,525
12.3 Mortgage loans.....	0	0	0
12.4 Real estate.....	0	0	0
12.5 Other invested assets.....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	28,312	42,989
12.7 Miscellaneous proceeds.....	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	152,706,397	86,334,976	173,678,990
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	207,625,065	167,556,744	293,753,265
13.2 Stocks.....	61,968,133	14,441,790	44,302,421
13.3 Mortgage loans.....	0	0	0
13.4 Real estate.....	0	0	0
13.5 Other invested assets.....	0	0	0
13.6 Miscellaneous applications.....	0	2,326,146	2,384,162
13.7 Total investments acquired (Lines 13.1 to 13.6).....	269,593,199	184,324,680	340,439,848
14. Net increase (or decrease) in contract loans and premium notes.....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(116,886,802)	(97,989,704)	(166,760,858)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	(2,000,000)	(2,000,000)	(2,000,000)
16.3 Borrowed funds.....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0	0
16.5 Dividends to stockholders.....	0	0	70,000,000
16.6 Other cash provided (applied).....	(9,220,420)	(4,553,918)	6,916,900
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(11,220,420)	(6,553,918)	(65,083,100)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	224,549,382	(18,678,232)	23,528,640
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	333,676,773	310,148,134	310,148,134
19.2 End of period (Line 18 plus Line 19.1).....	558,226,155	291,469,902	333,676,773

STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group							
Total Members at end of:										
1. Prior Year .....	977,010	0	.0	0	0	0	0	1,198	972,929	2,883
2. First Quarter .....	1,002,886	12,104	.0	0	0	0	0	1,184	987,106	2,492
3. Second Quarter .....	1,114,173	30,242	.0	0	0	0	0	1,093	1,066,459	16,379
4. Third Quarter .....	0	0	.0	0	0	0	0	0	0	0
5. Current Year .....	0	0	0	0	0	0	0	0	0	0
6. Current Year Member Months	6,192,932	105,217	0	0	0	0	0	6,961	6,044,409	36,345
Total Member Ambulatory Encounters for Period:										
7. Physician .....	3,025,804	21,889	.0	0	0	0	0	12,458	2,982,368	9,089
8. Non-Physician .....	1,962,308	17,480	0	0	0	0	0	7,413	1,847,735	89,680
9. Total .....	4,988,112	39,369	0	0	0	0	0	19,871	4,830,103	98,769
10. Hospital Patient Days Incurred	403,653	4,822	0	0	0	0	0	2,945	395,637	249
11. Number of Inpatient Admissions	93,377	1,399	0	0	0	0	0	762	90,679	537
12. Health Premiums Written (a).....	2,520,391,751	32,670,149	.0	0	0	0	0	9,277,876	2,415,527,648	62,916,078
13. Life Premiums Direct.....	0	0	.0	0	0	0	0	0	0	0
14. Property/Casualty Premiums Written .....	0	0	.0	0	0	0	0	0	0	0
15. Health Premiums Earned .....	2,520,391,751	32,670,149	.0	0	0	0	0	9,277,876	2,415,527,648	62,916,078
16. Property/Casualty Premiums Earned .....	0	0	.0	0	0	0	0	0	0	0
17. Amount Paid for Provision of Health Care Services .....	1,926,678,801	12,961,924	.0	0	0	0	0	8,963,373	1,888,036,339	16,717,165
18. Amount Incurred for Provision of Health Care Services	2,164,936,413	29,314,358	0	0	0	0	0	8,227,079	2,076,974,856	50,420,120

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 9,277,876

## STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

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

## Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims unpaid (Reported)						
0199999 Individually listed claims unpaid.....	0	0	0	0	0	0
0299999 Aggregate accounts not individually listed-uncovered.....						0
0399999 Aggregate accounts not individually listed-covered	108,517,939	14,912,328	513,643	562,902	1,708,326	126,215,138
0499999 Subtotals	108,517,939	14,912,328	513,643	562,902	1,708,326	126,215,138
0599999 Unreported claims and other claim reserves	XXX	XXX	XXX	XXX	XXX	543,034,771
0699999 Total amounts withheld	XXX	XXX	XXX	XXX	XXX	
0799999 Total claims unpaid	XXX	XXX	XXX	XXX	XXX	669,249,909
0899999 Accrued medical incentive pool and bonus amounts	XXX	XXX	XXX	XXX	XXX	490,750

## STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

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

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	0	12,961,924	0	15,601,820	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 .....	1,404,941	7,558,432	195,621	2,240,428	1,600,562	2,798,091
7. Title XIX - Medicaid .....	334,454,181	1,552,150,984	72,558,789	532,774,066	407,012,970	401,450,358
8. Other health .....	125,798	16,591,367	193,872	33,887,465	319,670	275,322
9. Health subtotal (Lines 1 to 8).....	335,984,920	1,589,262,707	72,948,282	584,503,779	408,933,202	404,523,771
10. Health care receivables (a).....	(1,853,857)	24,724,465	0	0	(1,853,857)	0
11. Other non-health .....	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts .....	937,219	493,955	0	490,750	937,219	572,425
13. Totals (Lines 9-10+11+12).....	338,775,996	1,565,032,197	72,948,282	584,994,529	411,724,278	405,096,196

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

## STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

# NOTES TO FINANCIAL STATEMENTS

### 1A. Summary of Significant Accounting Policies

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

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

**Non-admitted Assets:** Certain assets designated as “non-admitted,” principally prepaid assets, investments in CareSource Foundation, past due healthcare receivables, furniture and equipment, and other assets not specifically identified as an admitted asset within the NAIC AP&P are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. In accordance with GAAP, such assets are included in the balance sheet to the extent that those assets are not impaired.

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

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

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

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

<u>NET INCOME</u>	<u>June 30, 2014</u>	<u>December 31, 2013</u>
1) State of Ohio Basis	\$ 28,110,392	\$ 134,942,477
2) State prescribed practices that increase/(decrease) SAP	-	-
3) State permitted practices that increase/(decrease) SAP	-	-
4) NAIC SAP	\$ 28,110,392	\$ 134,942,477
<b>SURPLUS</b>		
1) State of Ohio Basis	\$ 634,020,596	\$ 604,859,056
2) State prescribed practices that increase/(decrease) SAP	-	-
3) State permitted practices that increase/(decrease) SAP	-	-
4) NAIC SAP	\$ 634,020,596	\$ 604,859,056

Effective May 1, 2014 CareSource started providing coverage to Dual Eligible individuals under a three year demonstration program known as MyCare Ohio. The program is designed to implement and test a Medicare-Medicaid Integrated Care Delivery System. Activity related to this program is captured in “Category 10” within the NAIC filing. This category was selected as the demonstration program does not specifically meet the definitions of any of the coverage types described in Categories 1-9 and NAIC statutory accounting practices and procedures do not specifically address the classification for this type of insurance product.

### 1B. Use of Estimates – No change

### 1C. Accounting Policy – No change

#### **Reinsurance**

Certain premiums and benefits are ceded to another insurance company under a reinsurance agreement. The ceded reinsurance agreement provides CS with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. CS remains obligated for amounts ceded in the event that the reinsurer does not meet their obligations. CS utilizes a third party insurance company, Ace American Insurance Company, and an affiliate, CareSource Insurance, LLC, to provide reinsurance coverage.

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
	<u>Written &amp; Earned Premiums</u>	<u>Written &amp; Earned Premiums</u>
Direct premiums	<u>\$2,520,391,751</u>	<u>\$1,918,518,095</u>
Ceded premiums		
Non-affiliates	<u>(12,609,411)</u>	<u>(8,314,689)</u>
Affiliates	<u>(0)</u>	<u>(0)</u>
Net premiums	<u>\$2,507,782,340</u>	<u>\$1,910,203,406</u>

## NOTES TO FINANCIAL STATEMENTS

CS does not, directly or indirectly, control any reinsurer with whom CS conducts business. CS does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel the agreement.

### Significant Provider

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

As of June 30, 2014, PFK was paid \$176,026,759 for services rendered, prior to chargebacks of \$97,051,240. Chargebacks resulted from CS directly paying certain non-PFK providers under the contract. The CS membership capitated by the provider constituted approximately 16% and 18% of total CS membership in 2014 and 2013.

At June 30, 2014, CS recorded a capitation chargeback receivable from PFK for \$14,732,236.

2. Accounting Changes and Correction of Errors – None.
3. Business Combinations and Goodwill – None.
4. Discontinued Operations – None

### 5. Investments

- A. Mortgage Loans - None
- B. Debt Restructuring - None
- C. Reverse Mortgage - None
- D. Loan-Backed Securities:
  - (1) Prepayment Assumptions - None
  - (2) Securities with a recognized OTTI – None
  - (3) Securities by CUSIP with a recognized OTTI - None
  - (4) Impaired Securities without recognized OTTI – None
  - (5) Additional information –

Management regularly reviews the value of CS's investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is an other-than-temporary impairment. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c.i.) for non-interest-related declines in corporate and government bonds, the intent and ability of CS to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (c.ii.) for interest related declines in corporate and government bonds, the intent of CS to sell the investment at the reporting date, (c.iii.) for mortgage-backed securities, whether CS expects to recover the entire amortized cost basis of the security and whether CS has the intent to sell or intent and ability to hold the investments for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments, and (e) general market conditions and industry or sector specific factors. As of June 30, 2014 the Company holds \$4.5m of mortgage or other loan backed securities, none of which meet the criteria for impairment.

CS does not hold any investments as of June 30, 2014 that are subject to redemption restrictions or penalties therefore all holdings can be liquidated immediately upon request, without penalty.

- E. Repurchase Agreements – None
- F. Real estate
  - (1) Impairment Losses – None.
  - (2) Sale of Real Estate – None.
  - (3) Change of Plans – None
  - (4) Retail Land Sales – None
  - (5) Real Estate with Mortgage Loans – None
- G. Low income housing - None

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

7. Investment Income – No change.

8. Derivative Instruments – None.

9. Income Taxes – CS is an organization exempt from income tax under Section 501 (c )(3) of the Internal Revenue Code whose activities are substantially related to their tax exempt purpose. On October 1, 2013 the Company began offering commercial insurance policies to qualified individuals on Ohio's federally facilitated exchange. The policies have an effective date of January 1, 2014. Activities conducted as part of the commercial line of business are subject to unrelated business income tax. As of June 30, 2014, this unrelated commercial line of business operated at a loss and was not material to the operations of CS

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties – No change.

## NOTES TO FINANCIAL STATEMENTS

11. Debt – None.
12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Compensated Absences and Other Post Retirement Benefit Plans – None.
13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations – No change.
14. Contingencies – No change.
15. Leases – No change.
16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk – Not applicable.
17. Sale, transfer and servicing of financial assets and extinguishments of liabilities
  - a. Transfers of receivables reported as sales - None
  - b. Transfer and servicing of financial assets - None
  - c. Wash sales - None

18. Gain or Loss to the reporting entity from uninsured plans and the uninsured portion of partially insured plans –

Effective July 1, 2013 the Company executed a contract with the Ohio Department of Medicaid to provide case management services for the Home and Community Based Waiver program. The structure of the program as an entity that solely performs administrative services and only pays related expenses once reimbursed by the State of Ohio qualifies it for classification as an uninsured, administrative services only (ASO) plan.

- a. ASO plans

The gain from operations from Administrative Service Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during 2013:

	ASO Uninsured Plan	Uninsured Portion Of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$101,756	\$0	\$101,756
b. Total net other income or expenses	\$0	\$0	\$0
c. Net gain or (loss) from operations	\$101,756	\$0	\$101,756
d. Total claims payment volume	\$0	\$0	\$0

- b. ASC plans – N/A

- c. Medicare or similarly structured cost based reimbursed contracts – N/A

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

20. Fair Value Measurements –

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

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. The Company's Level 1 assets and liabilities primarily include exchange-traded equity securities.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

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

## STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

## NOTES TO FINANCIAL STATEMENTS

### *Debt and Equity Securities*

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

### *Cash, Cash Equivalents, and Short-Term Investments*

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

#### (1) Fair Value Measurements at Reporting Date

<u>Fair Value Measurements at June 30, 2014</u>	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Bonds				
U.S Governments	\$ -	\$ -	\$ -	\$ -
Industrial and Misc	\$ -	\$ -	\$ -	\$ -
Hybrid Securities	\$ -	\$ -	\$ -	\$ -
Parent, Subsidiaries and Affiliates	\$ -	\$ -	\$ -	\$ -
<b>Total Bonds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Common Stock				
Industrial and Misc	\$ 92,944,540	\$ -	\$ -	\$ 92,944,540
Parent, Subsidiaries and Affiliates	\$ -	\$ -	\$ -	\$ -
<b>Total Common Stocks</b>	<b>\$ 92,944,540</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 92,944,540</b>
<b>Cash Equivalents</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total assets at fair value</b>	<b>\$ 92,944,540</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 92,944,540</b>

#### Fair Value Measurements at December 31, 2013

	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Bonds				
U.S Governments	\$ -	\$ -	\$ -	\$ -
Industrial and Misc	\$ -	\$ -	\$ -	\$ -
Hybrid Securities	\$ -	\$ -	\$ -	\$ -
Parent, Subsidiaries and Affiliates	\$ -	\$ -	\$ -	\$ -
<b>Total Bonds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Common Stock				
Industrial and Misc	\$ 72,702,951	\$ -	\$ -	\$ 72,702,951
Parent, Subsidiaries and Affiliates	\$ -	\$ -	\$ -	\$ -
<b>Total Common Stocks</b>	<b>\$ 72,702,951</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 72,702,951</b>
<b>Total assets at fair value</b>	<b>\$ 72,702,951</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 72,702,951</b>

The Company did not have any significant assets or liabilities measured at fair value on a nonrecurring basis as of June 30, 2014 or December 31, 2013. There were no transfers between Level 1 and Level 2 securities for the period ended June 30, 2014.

- (2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy -- None
- (3) CareSource recognizes transfers between fair value levels at the end of each reporting period.
- (4) Level 2 securities – values determined through the use of third-party pricing services utilizing market observable inputs. CareSource does not have any investments with fair value measurements categorized within Level 3 as of June 30, 2014.
- (5) Derivative Assets/Liabilities – Not applicable

B) Other Fair Value Measurements – Not applicable

C) Aggregate Value of All Financial Instruments

June 30, 2014	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)

**STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE**

**NOTES TO FINANCIAL STATEMENTS**

Bonds	658,825,975	654,947,176		658,825,975		
Common Stock	92,944,540	92,944,540	92,944,540			
Cash, Cash Equivalents, and Short-Term Investments	558,218,385	558,226,155	537,103,056	21,115,329		

December 31, 2013	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	558,368,633	558,865,560		558,368,633		
Common Stock	72,702,951	72,702,951	72,702,951			
Cash, Cash Equivalents, and Short-Term Investments	333,653,185	333,676,773	281,991,561	51,661,624		

D) Fair Value Not Estimable- Not applicable

21. Other Items –

A.-I- None

J. Risk Sharing Provisions of the Affordable Care Act

Permanent ACA Risk Adjustment Program

CS will record remaining adjustments related to this program as soon as balances are reasonably estimable.

- Premium adjustments receivable due to ACA Risk Adjustment- \$0
- Risk adjustment user fees payable for ACA Risk Adjustment- \$8,768
- Premium adjustments payable due to ACA Risk Adjustment- \$0
- Reported as revenue in premium for accident and health contracts (written/collected) due to- \$0
- Reported in expenses as ACA risk adjustment user fees (incurred/paid)- \$8,768

Transitional ACA Reinsurance Program

CS will record remaining adjustments related to this program as soon as balances are reasonably estimable.

- Amounts recoverable for claims paid due to ACA Reinsurance- \$0
- Amounts recoverable for claims unpaid due to ACA Reinsurance- \$0
- Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance- \$0
- Claims unpaid – ceded due to ACA Reinsurance- \$0
- Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium- \$964
- Ceded reinsurance premiums payable due to ACA Reinsurance- \$552,389
- Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance- \$0
- Ceded reinsurance premiums due to ACA Reinsurance- \$552,389
- Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments- \$0
- ACA Reinsurance contributions – not reported as ceded premium- \$964

Temporary ACA Risk Corridors Program

CS will record adjustments related to this program as soon as balances are reasonably estimable.

- Accrued retrospective premium due to ACA Risk Corridors- \$0
- Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors- \$0
- Effect of ACA Risk Corridors on net premium income (paid/received)- \$0
- Effect of ACA Risk Corridors on change in reserves for rate credits - \$0

22. Events subsequent - Subsequent events have been considered through August 13, 2014 for the statutory statements issued on that date.

A. Type I – Recognized Subsequent Events – None

Type II – Nonrecognized Subsequent Events - None

The Company is not subject to the annual fee under section 9010 of the Affordable Care Act. CS is incorporated as a nonprofit in the state of Ohio and receives greater than 80 percent of gross revenues from government programs that target low-income, elderly, or disabled populations.

23. Reinsurance – No change.

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

25. Change in Incurred Claims and Claims Adjustment Expenses

## STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

## NOTES TO FINANCIAL STATEMENTS

Reserves as of December 31, 2013 were \$405.1 million. As of June 30, 2014, \$338.8 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$72.9 million, therefore, there has been a \$6.6 million unfavorable prior-year development since December 31, 2013 to June 30, 2014. The change is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this decrease, the Company experienced \$7.2 million of unfavorable prior year claim development, combined with \$631 thousand of favorable experience in recoveries.

26. Intercompany Pooling Arrangements – None
27. Structured Settlements - Not applicable
28. Health Care Receivables – No change.
29. Participating Policies - Not applicable
30. Premium Deficiency Reserves - Not deemed necessary.
31. Anticipated Salvage and Subrogation – No change.

# STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES GENERAL

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

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

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

2.2 If yes, date of change: .....

3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [X] No [ ]

If yes, complete Schedule Y, Parts 1 and 1A.

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

3.3 If the response to 3.2 is yes, provide a brief description of those changes.  
.....

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

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

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

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

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ..... 12/31/2012

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ..... 12/31/2012

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ..... 11/08/2013

6.4 By what department or departments?  
.....

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

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

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

7.2 If yes, give full information:  
.....

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

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

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

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

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

**STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE****GENERAL INTERROGATORIES**

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? .....  Yes [X]  No [ ]

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

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

.....

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

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

.....

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

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

.....

**FINANCIAL**

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

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

**INVESTMENT**

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

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

.....

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

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

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

14.2 If yes, please complete the following:

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

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

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

If no, attach a description with this statement.

## STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

### GENERAL INTERROGATORIES

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$.....
16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$.....
16.3 Total payable for securities lending reported on the liability page	\$.....

17. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? ..... Yes  No

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

1 Name of Custodian(s)	2 Custodian Address
Citizens Bank aka Charter One.....	870 Westminster Street, RWR110, Providence, Rhode Island 02903.....
Fifth Third Bank.....	38 Fountain Square, Cincinnati, Ohio 45263.....
Huntington Bank.....	41 South High Street, Columbus, Ohio 43287.....
Charter One.....	1215 Superior Avenue, Cleveland, Ohio 44114.....

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? ..... Yes  No

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
.....	.....	.....

18.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? ..... Yes  No

18.2 If no, list exceptions:

.....

**STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE**

**GENERAL INTERROGATORIES**  
**PART 2 - HEALTH**

1. Operating Percentages:

1.1 A&H loss percent.....	87.5 %
1.2 A&H cost containment percent.....	1.5 %
1.3 A&H expense percent excluding cost containment expenses.....	8.3 %
2.1 Do you act as a custodian for health savings accounts?.....	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.....	\$ _____
2.3 Do you act as an administrator for health savings accounts?.....	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.4 If yes, please provide the balance of the funds administered as of the reporting date.....	\$ _____

## STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

## **SCHEDULE S - CEDED REINSURANCE**

Showing All New Reinsurance Treaties - Current Year to Date

**STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE**

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

**Current Year to Date - Allocated by States and Territories**

States, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama .....	AL							0	
2. Alaska .....	AK							0	
3. Arizona .....	AZ							0	
4. Arkansas .....	AR							0	
5. California .....	CA							0	
6. Colorado .....	CO							0	
7. Connecticut .....	CT							0	
8. Delaware .....	DE							0	
9. Dist. Columbia .....	DC							0	
10. Florida .....	FL							0	
11. Georgia .....	GA							0	
12. Hawaii .....	HI							0	
13. Idaho .....	ID							0	
14. Illinois .....	IL							0	
15. Indiana .....	IN							0	
16. Iowa .....	IA							0	
17. Kansas .....	KS							0	
18. Kentucky .....	KY							0	
19. Louisiana .....	LA							0	
20. Maine .....	ME							0	
21. Maryland .....	MD							0	
22. Massachusetts .....	MA							0	
23. Michigan .....	MI							0	
24. Minnesota .....	MN							0	
25. Mississippi .....	MS							0	
26. Missouri .....	MO							0	
27. Montana .....	MT							0	
28. Nebraska .....	NE							0	
29. Nevada .....	NV							0	
30. New Hampshire .....	NH							0	
31. New Jersey .....	NJ							0	
32. New Mexico .....	NM							0	
33. New York .....	NY							0	
34. North Carolina .....	NC							0	
35. North Dakota .....	ND							0	
36. Ohio .....	OH	1 95,586,227		9,277,876	2,415,527,648			2,520,391,751	
37. Oklahoma .....	OK							0	
38. Oregon .....	OR							0	
39. Pennsylvania .....	PA							0	
40. Rhode Island .....	RI							0	
41. South Carolina .....	SC							0	
42. South Dakota .....	SD							0	
43. Tennessee .....	TN							0	
44. Texas .....	TX							0	
45. Utah .....	UT							0	
46. Vermont .....	VT							0	
47. Virginia .....	VA							0	
48. Washington .....	WA							0	
49. West Virginia .....	WV							0	
50. Wisconsin .....	WI							0	
51. Wyoming .....	WY							0	
52. American Samoa .....	AS							0	
53. Guam .....	GU							0	
54. Puerto Rico .....	PR							0	
55. U.S. Virgin Islands .....	VI							0	
56. Northern Mariana Islands .....	MP							0	
57. Canada .....	CAN							0	
58. Aggregate other alien .....	OT	XXX	0	0	0	0	0	0	0
59. Subtotal .....		XXX	95,586,227	9,277,876	2,415,527,648	0	0	2,520,391,751	0
60. Reporting entity contributions for Employee Benefit Plans .....		XXX						0	
61. Total (Direct Business)	(a) 1	95,586,227	9,277,876	2,415,527,648	0	0	0	2,520,391,751	0
<b>DETAILS OF WRITE-INS</b>									
58001		XXX							
58002		XXX							
58003		XXX							
58998	Summary of remaining write-ins for Line 58 from overflow page.	XXX	0	0	0	0	0	0	0
58999	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0

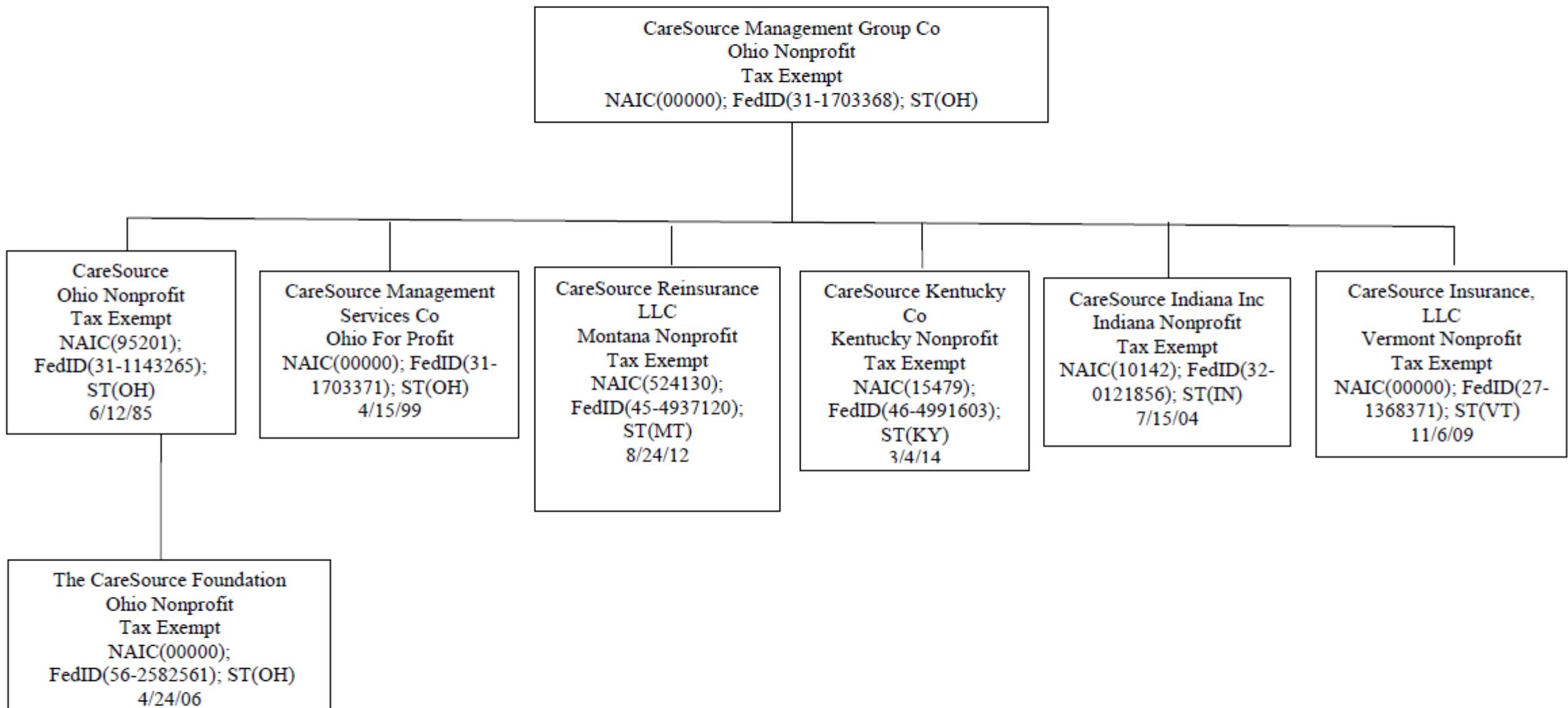
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

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

230 N Main Street, 45402-1263  
PO Box 8738, 45401-8738

**CareSource Family of Companies**  
**Corporate Structure**



## STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

**SCHEDULE Y**  
**PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

Asterisk	Explanation
	The CareSource Board of Trustees controls both CareSource, the reporting entity, and CareSource Foundation. The CareSource Management Group Co Board of Trustees controls CareSource Management Group Co. CareSource Management Group Co. controls CSI, CS Insurance LLC, and CareSource Reinsurance, LLC.

## STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

# SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

---

### RESPONSE

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

.....NO.....

**Explanation:**

1.

**Bar Code:**

1.



**OVERFLOW PAGE FOR WRITE-INS**

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**STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE**

**SCHEDULE A – VERIFICATION**

**Real Estate**

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

**NONE**

**SCHEDULE B – VERIFICATION**

**Mortgage Loans**

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

**NONE**

**SCHEDULE BA – VERIFICATION**

**Other Long-Term Invested Assets**

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

**NONE**

**SCHEDULE D – VERIFICATION**

**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	631,568,511	461,706,727
2. Cost of bonds and stocks acquired .....	269,593,199	338,055,686
3. Accrual of discount .....	104,953	206,727
4. Unrealized valuation increase (decrease) .....	1,639,018	10,222,053
5. Total gain (loss) on disposals .....	2,713,323	2,861,377
6. Deduct consideration for bonds and stocks disposed of .....	152,706,396	173,636,001
7. Deduct amortization of premium .....	5,020,892	7,848,057
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other-than-temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7+8-9) .....	747,891,715	631,568,511
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11) .....	747,891,715	631,568,511

STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a).....	437,277,646	22,756,211	36,673,429	4,780,470	437,277,646	428,140,898	0	396,311,338
2. NAIC 2 (a).....	266,071,735	28,568,957	41,074,803	(6,639,956)	266,071,735	246,925,933	0	212,217,275
3. NAIC 3 (a).....	1,017,933	0	0	(14,490)	1,017,933	1,003,444	0	1,018,412
4. NAIC 4 (a).....	1,003,596	0	0	(1,003,596)	1,003,596	0	0	1,003,747
5. NAIC 5 (a).....	0				0	0	0	0
6. NAIC 6 (a).....	0				0	0	0	0
7. Total Bonds	705,370,910	51,325,168	77,748,232	(2,877,571)	705,370,910	676,070,274	0	610,550,773
<b>PREFERRED STOCK</b>								
8. NAIC 1.....	0				0	0	0	0
9. NAIC 2.....	0				0	0	0	0
10. NAIC 3.....	0				0	0	0	0
11. NAIC 4.....	0				0	0	0	0
12. NAIC 5.....	0				0	0	0	0
13. NAIC 6.....	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	705,370,910	51,325,168	77,748,232	(2,877,571)	705,370,910	676,070,274	0	610,550,773

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

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

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STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

**SCHEDULE DA - PART 1**

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	21,123,099	XXX	21,572,064	296,289	168,750

**SCHEDULE DA - VERIFICATION**

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	51,685,212	101,174,177
2. Cost of short-term investments acquired .....	16,166,082	107,621,117
3. Accrual of discount .....		14,750
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals .....		42,989
6. Deduct consideration received on disposals .....	45,821,000	152,956,735
7. Deduct amortization of premium.....	907,195	4,211,087
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other-than-temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	21,123,099	51,685,212
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	21,123,099	51,685,212

Schedule DB - Part A - Verification  
**NONE**

Schedule DB - Part B - Verification  
**NONE**

Schedule DB - Part C - Section 1  
**NONE**

Schedule DB - Part C - Section 2  
**NONE**

Schedule DB - Verification  
**NONE**

**STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE**

**SCHEDULE E - VERIFICATION**

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	99,399,850	206,542,193
2. Cost of cash equivalents acquired .....	398,147,288	111,732,801
3. Accrual of discount .....	0	0
4. Unrealized valuation increase (decrease) .....	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals .....	247,951,560	218,719,167
7. Deduct amortization of premium .....	155,977	0
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	249,595,578	99,399,850
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	249,595,578	99,399,850

Schedule A - Part 2  
**NONE**

Schedule A - Part 3  
**NONE**

Schedule B - Part 2  
**NONE**

Schedule B - Part 3  
**NONE**

Schedule BA - Part 2  
**NONE**

Schedule BA - Part 3  
**NONE**

STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

**SCHEDULE D - PART 3**

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Special Revenue</b>									
313465-7H-2.....	FREDDIE MAC.....		06/02/2014.....	NATIONAL FINANCIAL SERVICES CO.....		10,000,000.....	10,000,000.....	0.....	1.....
<b>3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b>									
						10,000,000.....	10,000,000.....	0.....	XXX.....
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
.00182F-AR-7.....	ANZ NEW ZEALAND INTL/LDN.....	R.....	06/04/2014.....	NATIONAL FINANCIAL SERVICES CO.....		3,024,263.....	3,000,000.....	7,031.....	1FE.....
.009363-AJ-1.....	AIRGAS INC.....		05/01/2014.....	DAVIDSON (D.A.) & CO. INC.....		1,111,862.....	1,075,000.....	3,397.....	2FE.....
.023135-AK-2.....	AMAZON.COM INC.....		05/19/2014.....	DAVIDSON (D.A.) & CO. INC.....		3,414,280.....	3,400,000.....	10,743.....	2FE.....
.02665W-AB-7.....	AMERICAN HONDA FINANCE.....	R.....	06/05/2014.....	THE HUNTINGTON INVESTMENT COMPANY.....		1,009,780.....	1,000,000.....	1,969.....	1FE.....
.079860-AA-0.....	BELLSOUTH CORP.....		04/01/2014.....	Adjustment.....		6,068,136.....	6,000,000.....	177,717.....	1FE.....
.25156P-AH-6.....	DEUTSCHE TELEKOM INT FIN.....	R.....	06/05/2014.....	THE HUNTINGTON INVESTMENT COMPANY.....		3,933,412.....	3,616,000.....	44,472.....	2FE.....
.278865-AK-6.....	ECOLAB INC.....		06/04/2014.....	NATIONAL FINANCIAL SERVICES CO.....		5,258,708.....	5,000,000.....	.417.....	2FE.....
.36962G-5Z-3.....	GENERAL ELEC CAP CORP.....		05/16/2014.....	THE HUNTINGTON INVESTMENT COMPANY.....		7,609,912.....	7,500,000.....	47,057.....	1FE.....
.501044-CM-1.....	KROGER CO/THE.....		04/29/2014.....	DAVIDSON (D.A.) & CO. INC.....		.837,104.....	.800,000.....	2,687.....	2FE.....
.50540R-AH-5.....	LAB CORP OF AMER HLDGS.....		06/04/2014.....	NATIONAL FINANCIAL SERVICES CO.....		2,643,516.....	2,528,000.....	.5,267.....	2FE.....
.5655849-AJ-5.....	MARATHON OIL CORP.....		05/02/2014.....	Not Available.....		2,317,887.....	2,307,000.....	.346.....	2FE.....
.653922-AAH-7.....	NIKE INC.....		04/16/2014.....	THE HUNTINGTON INVESTMENT COMPANY.....		1,068,500.....	1,000,000.....	1,001.....	1FE.....
.709599-AJ-3.....	PENSKE TRUCK LEASING/PTL.....		06/04/2014.....	NATIONAL FINANCIAL SERVICES CO.....		3,097,854.....	3,000,000.....	17,500.....	2FE.....
.843646-AF-7.....	SOUTHERN POWER CO.....		04/02/2014.....	THE HUNTINGTON INVESTMENT COMPANY.....		.610,611.....	.580,000.....	.6,440.....	2FE.....
.92277G-AA-5.....	VENTAS REALTY LP.....		06/05/2014.....	THE HUNTINGTON INVESTMENT COMPANY.....		2,139,477.....	2,112,000.....	.6,729.....	2FE.....
.983898-AP-5.....	XCEL ENERGY INC.....		06/05/2014.....	THE HUNTINGTON INVESTMENT COMPANY.....		1,079,494.....	1,075,000.....	.694.....	2FE.....
.988498-AE-1.....	YUM! BRANDS INC.....		06/03/2014.....	THE HUNTINGTON INVESTMENT COMPANY.....		2,124,753.....	2,030,000.....	19,412.....	2FE.....
<b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
						47,349,548.....	46,023,000.....	352,879.....	XXX.....
<b>8399997 - Subtotals - Bonds - Part 3</b>									
						57,349,548.....	56,023,000.....	352,879.....	XXX.....
<b>8399999 - Subtotals - Bonds</b>									
						57,349,548.....	56,023,000.....	352,879.....	XXX.....
<b>Common Stocks - Mutual Funds</b>									
.015566-30-0.....	ALGER SPECTRA FUND-I.....		06/25/2014.....	VARIOUS.....		.21,631,340.....	.385,710.....	0.....	L.....
.025076-20-9.....	AMER CENT EQUITY INCOME-INST.....		06/18/2014.....	VARIOUS.....		.39,693,300.....	.356,040.....	0.....	L.....
.115233-79-3.....	BROWN ADVISORY-S/C FND VAL-I.....		06/25/2014.....	NO BROKER.....		.82,371,480.....	.1,957,970.....	0.....	L.....
.246100-85-7.....	DELAWARE VALUE FUND-I.....		06/25/2014.....	NO BROKER.....		.162,671,440.....	.2,837,159.....	0.....	L.....
.316071-10-9.....	FIDELITY CONTRAFUND.....		06/25/2014.....	VARIOUS.....		.4,025,440.....	.385,710.....	0.....	U.....
.316389-77-4.....	FIDELITY ADV S/C VALUE-I.....		06/25/2014.....	VARIOUS.....		.70,224,220.....	.1,433,166.....	0.....	L.....
.339128-10-0.....	JPMORGAN MID CAP VALUE-INST.....		06/25/2014.....	NO BROKER.....		.109,319,970.....	.4,137,761.....	0.....	L.....
.353533-88-8.....	FRANKLIN INTER SM CP GRW-ADV.....		06/25/2014.....	VARIOUS.....		.11,841,350.....	.269,997.....	0.....	L.....
.354713-65-3.....	FRANKLIN SMALL CAP GRW FD-AD.....		06/25/2014.....	NO BROKER.....		.198,048,030.....	.4,069,887.....	0.....	L.....
.411511-30-6.....	HARBOR INTERNATIONAL-INST.....	R.....	06/25/2014.....	VARIOUS.....		.3,681,430.....	.269,997.....	0.....	L.....
.413838-20-2.....	OAKMARK INTERNATIONAL-I.....		06/25/2014.....	VARIOUS.....		.10,069,140.....	.269,997.....	0.....	L.....
.416648-85-5.....	HARTFORD EQUITY INCOME FD-Y.....		06/25/2014.....	VARIOUS.....		.20,502,240.....	.385,710.....	0.....	L.....
.446327-46-2.....	HUNTINGTON SITUS FUND-INSTL.....		06/18/2014.....	VARIOUS.....		.10,888,210.....	.311,544.....	0.....	L.....
.464287-46-5.....	ISHARES MSCI EAFE ETF.....		06/25/2014.....	VARIOUS.....		.6,580,000.....	.450,384.....	0.....	L.....
.464287-49-9.....	ISHARES RUSSELL MID-CAP ETF.....		06/25/2014.....	VARIOUS.....		.3,616,000.....	.563,115.....	0.....	L.....
.466000-54-4.....	IVY MID CAP GROWTH FUND-CL Y.....		06/25/2014.....	VARIOUS.....		.14,049,550.....	.337,506.....	0.....	L.....
.47803W-40-6.....	JOHN HANCOCK III-DISC M/C-IS.....	I.....	06/25/2014.....	VARIOUS.....		.17,916,360.....	.337,506.....	0.....	L.....
.52468C-70-3.....	CLEARBRIDGE AGGRESSIVE GR-IS.....		06/25/2014.....	VARIOUS.....		.1,834,170.....	.385,710.....	0.....	L.....
.55273E-82-2.....	MFS INTL VALUE-I.....		06/25/2014.....	VARIOUS.....		.7,451,490.....	.269,997.....	0.....	L.....
.641220-30-9.....	NEUBERGER BEN MU/C OPP-INS.....		06/25/2014.....	VARIOUS.....		.100,429,330.....	.1,587,985.....	0.....	L.....
.68380L-40-7.....	OPPENHEIMER INTL GROWTH FD-Y.....		06/25/2014.....	VARIOUS.....		.6,954,350.....	.269,997.....	0.....	L.....
.74441C-80-8.....	PRUDENTIAL JENN M/C GROW-Z.....		06/18/2014.....	VARIOUS.....		.7,672,340.....	.311,544.....	0.....	L.....
.76628R-67-2.....	RIDGEWORTH L/C VAL EOTY-I.....		06/25/2014.....	VARIOUS.....		.22,184,800.....	.385,710.....	0.....	L.....
.779556-10-9.....	T ROWE PRICE MID CAP GR.....		06/25/2014.....	VARIOUS.....		.4,517,290.....	.337,506.....	0.....	L.....
.779562-10-7.....	T ROWE PRICE NEW HORIZONS.....		06/25/2014.....	VARIOUS.....		.7,447,150.....	.337,505.....	0.....	U.....
.780905-78-2.....	ROYCE SPECIAL EQUITY FUND-IV.....		06/18/2014.....	VARIOUS.....		.12,823,020.....	.311,544.....	0.....	L.....
.92206C-66-4.....	VANGUARD RUSSELL 2000.....		06/25/2014.....	VARIOUS.....		.3,727,000.....	.337,817.....	0.....	L.....
.92206C-73-0.....	VANGUARD RUSSELL 1000.....		06/25/2014.....	VARIOUS.....		.10,278,000.....	.901,879.....	0.....	L.....
<b>9299999 - Common Stocks - Mutual Funds</b>									
						24,196,353.....	XXX.....	0.....	XXX.....
<b>Common Stocks - Money Market Mutual Funds</b>									
608993-40-8.....	HUNTINGTON MONEY MARKET FUND IV.....		06/27/2014.....	Direct.....		.244,577,944,320.....	.24,577,944.....	0.....	V.....
<b>9399999 - Common Stocks - Money Market Mutual Funds</b>									
						24,577,944.....	XXX.....	0.....	XXX.....

## **STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE**

## **SCHEDULE D - PART 3**

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

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

E04.1

## STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE

## **SCHEDULE D - PART 4**

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

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

Schedule DB - Part A - Section 1  
**NONE**

Schedule DB - Part B - Section 1  
**NONE**

Schedule DB - Part D - Section 1  
**NONE**

Schedule DB - Part D - Section 2  
**NONE**

Schedule DL - Part 1  
**NONE**

Schedule DL - Part 2  
**NONE**

**STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE**

**SCHEDULE E - PART 1 - CASH**

**Month End Depository Balances**

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
<b>Open Depositories</b>								
Fifth Third Bank.....Dayton, OH.....		0.000	0	0	23,932,389	32,433,036	37,309,998	XXX
Huntington Bank.....Dayton, OH.....		0.250	27,537	0	46,311,785	42,995,594	42,958,669	XXX
Independent Bank.....Dayton, OH.....		0.000	0	0	445,796	218,518	838,616	XXX
US Bank.....Dayton, OH.....		0.250	27,721	0	60,011,642	(27,046,113)	10,546,030	XXX
Charter One Bank.....Dayton, OH.....		0.250	50,089	0	45,454,113	111,643,811	195,854,165	XXX
0199998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories	XXX	XXX						XXX
0199999 Total Open Depositories	XXX	XXX	105,347	0	176,155,725	160,244,846	287,507,478	XXX
0399999 Total Cash on Deposit	XXX	XXX	105,347	0	176,155,725	160,244,846	287,507,478	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
<b>0599999 Total</b>	<b>XXX</b>	<b>XXX</b>	<b>105,347</b>	<b>0</b>	<b>176,155,725</b>	<b>160,244,846</b>	<b>287,507,478</b>	<b>XXX</b>

**STATEMENT AS OF JUNE 30, 2014 OF THE CARESOURCE**

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**