

Amending the Q2 2014 filing to match the 2013 audited financial statements.



QUARTERLY STATEMENT

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

HealthSpan Integrated Care

NAIC Group Code	00000	00000	NAIC Company Code	95204	Employer's ID Number	34-0922268
	(Current Period)	(Prior Period)				
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 [ X ] No [ ]	
Incorporated/Organized	03/29/1962		Commenced Business		10/27/1976	
Statutory Home Office	1001 Lakeside Ave. Suite 1200			Cleveland, OH, US 44114-1153		
	(Street and Number)			(City or Town, State, Country and Zip Code)		
Main Administrative Office	1001 Lakeside Ave. Suite 1200		Cleveland, OH, US 44114-1153		216-621-5600	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1001 Lakeside Ave. Suite 1200		Cleveland, OH, US 44114-1153			
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	1001 Lakeside Ave. Suite 1200		Cleveland, OH, US 44114-1153		216-621-5600	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	HealthSpan.org					
Statutory Statement Contact	William Trexler			216-479-5116		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	WLTrexler@healthspan.org			216-623-8793		
	(E-Mail Address)			(FAX Number)		

OFFICERS

Name	Title	Name	Title
Kenneth Page	President (effective 10/1/2013)	Dave Nowiski	Treasurer
Robert Campbell	Secretary (effective 10/1/2013)		

OTHER OFFICERS

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DIRECTORS OR TRUSTEES

Robert Campbell	Sr. Doris Gottemoeller RSM, PhD	R. Jeffrey Copeland	

State of .....OH.....  
County of .....Cuyahoga.....  
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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.

Kenneth Page President (effective 10/1/2013)	Dave Nowiski Treasurer	a. Is this an original filing? Yes [ ] No [ X ]
Subscribed and sworn to before me this day of , ,		b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached
		1 09/26/2014

ASSETS

	Current Statement Date			4  December 31 Prior Year Net Admitted Assets
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	56,819,603		56,819,603	400,417
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....			0	0
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) .....	63,065,083		63,065,083	66,471,801
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 (\$ ..... 12,681,043 ), cash equivalents (\$ ..... 1,357,308 ) and short-term investments (\$ ..... 7,332,111 ) .....	21,370,462		21,370,462	132,976,810
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 .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	141,255,148	0	141,255,148	199,849,028
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	373,001		373,001	0
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	11,385,198		11,385,198	14,673,813
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
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
18.2 Net deferred tax asset .....			0	0
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software .....	133,871	133,871	0	0
21. Furniture and equipment, including health care delivery assets (\$ ..... 15,168,270 ) .....	15,668,258	499,988	15,168,270	15,826,997
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 (\$ ..... 6,165,492 ) and other amounts receivable .....	25,625,229		25,625,229	25,690,728
25. Aggregate write-ins for other-than-invested assets .....	726,476	726,476	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	195,167,181	1,360,335	193,806,846	256,040,566
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	195,167,181	1,360,335	193,806,846	256,040,566
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 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501. Prepaid & Other Current Assets .....	726,476	726,476	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) .....	726,476	726,476	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....1,753,150 reinsurance ceded).....	34,508,115		34,508,115	78,724,870
2. Accrued medical incentive pool and bonus amounts .....			0	0
3. Unpaid claims adjustment expenses .....	474,159		474,159	767,372
4. Aggregate health policy reserves including the liability of \$ ..... for medical loss ratio rebate per the Public Health Service Act.....	9,899,519		9,899,519	9,899,519
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 .....	6,397,594		6,397,594	6,404,074
9. General expenses due or accrued .....	3,010,466		3,010,466	2,990,354
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 .....	202,030		202,030	0
12. Amounts withheld or retained for the account of others .....	1,330,821		1,330,821	1,115,126
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 .....	26,206,858		26,206,858	13,508,092
16. Derivatives.....			0	0
17. Payable for securities .....	262,708		262,708	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 .....			0	0
23. Aggregate write-ins for other liabilities (including \$ ..... current) .....	28,281,988	0	28,281,988	30,082,074
24. Total liabilities (Lines 1 to 23).....	110,574,258	0	110,574,258	143,491,481
25. Aggregate write-ins for special surplus funds .....	XXX	XXX	2,248,663	0
26. Common capital stock .....	XXX	XXX		0
27. Preferred capital stock .....	XXX	XXX		0
28. Gross paid in and contributed surplus .....	XXX	XXX	40,000,000	40,000,000
29. Surplus notes .....	XXX	XXX		0
30. Aggregate write-ins for other-than-special surplus funds .....	XXX	XXX	0	0
31. Unassigned funds (surplus) .....	XXX	XXX	40,983,925	72,549,085
32. Less treasury stock, at cost:				
32.1 ..... shares common (value included in Line 26 \$ ..... ) .....	XXX	XXX		0
32.2 ..... shares preferred (value included in Line 27 \$ ..... ) .....	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32) .....	XXX	XXX	83,232,588	112,549,085
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	193,806,846	256,040,566
DETAILS OF WRITE-INS				
2301. Post Retirement.....	0		0	0
2302. Accrued Payroll and Related.....	5,750,925		5,750,925	8,532,087
2303. Workers Comp.....	306,250		306,250	150,000
2398. Summary of remaining write-ins for Line 23 from overflow page .....	22,224,813	0	22,224,813	21,399,987
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	28,281,988	0	28,281,988	30,082,074
2501. Special Surplus - ACA Annual Fee on Health Insurers.....	XXX	XXX	2,248,663	0
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 through 2503 plus 2598) (Line 25 above)	XXX	XXX	2,248,663	0
3001. ....	XXX	XXX		0
3002. ....	XXX	XXX		0
3003. ....	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page .....	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

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	461,813	500,408	990,714
2. Net premium income (including \$ non-health premium income).....	XXX	208,051,107	235,891,486	473,889,046
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		0	0
4. Fee-for-service (net of \$ medical expenses) .....	XXX	1,025,941	1,061,106	2,614,162
5. Risk revenue .....	XXX		0	0
6. Aggregate write-ins for other health care related revenues .....	XXX	438,776	443,483	764,762
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	209,515,824	237,396,075	477,267,970
Hospital and Medical:				
9. Hospital/medical benefits .....		67,994,965	72,768,189	134,680,072
10. Other professional services .....		11,493,290	32,466,027	51,478,043
11. Outside referrals .....		27,817,269	18,888,970	45,012,096
12. Emergency room and out-of-area .....		12,731,632	11,889,325	24,128,654
13. Prescription drugs .....		27,910,710	25,133,540	52,390,460
14. Aggregate write-ins for other hospital and medical.....	0	74,751,246	66,736,502	134,807,006
15. Incentive pool, withhold adjustments and bonus amounts.....			0	0
16. Subtotal (Lines 9 to 15) .....	0	222,699,112	227,882,553	442,496,331
Less:				
17. Net reinsurance recoveries .....		1,753,150	0	0
18. Total hospital and medical (Lines 16 minus 17) .....	0	220,945,962	227,882,553	442,496,331
19. Non-health claims (net).....			0	0
20. Claims adjustment expenses, including \$ 1,276,346 cost containment expenses.....		3,607,428	4,521,461	9,137,699
21. General administrative expenses.....		15,824,827	25,641,927	41,351,295
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....			(600,000)	(5,700,481)
23. Total underwriting deductions (Lines 18 through 22) .....	0	240,378,217	257,445,941	487,284,844
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	(30,862,393)	(20,049,866)	(10,016,874)
25. Net investment income earned .....		191,577	(238,736)	2,549,063
26. Net realized capital gains (losses) less capital gains tax of \$ .....		27,320	524,076	981,249
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	218,897	285,340	3,530,312
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ) (amount charged off \$ )] .....			0	0
29. Aggregate write-ins for other income or expenses .....	0	402,577	73,552	(71,905,775)
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	(30,240,919)	(19,690,974)	(78,392,337)
31. Federal and foreign income taxes incurred .....	XXX		0	0
32. Net income (loss) (Lines 30 minus 31) .....	XXX	(30,240,919)	(19,690,974)	(78,392,337)
DETAILS OF WRITE-INS				
0601. Other Revenues.....	XXX	438,776	443,483	764,762
0602. ....	XXX		0	0
0603. ....	XXX		0	0
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	438,776	443,483	764,762
0701. ....	XXX			
0702. ....	XXX			
0703. ....	XXX			
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. Occupancy, Depreciation and Amortization.....		4,456,637	6,342,569	13,048,392
1402. Medical Office Facilities.....		21,740,955	15,520,237	34,069,350
1403. Professional Liability Insurance.....		0	1,518,257	2,244,609
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	48,553,654	43,355,439	85,444,655
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	74,751,246	66,736,502	134,807,006
2901. Miscellaneous.....		402,577	73,552	195,124
2902. Dissolution of Medical Services Agreement.....			0	(56,000,000)
2903. Other expenses associated with membership transfer.....			0	(16,100,899)
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	402,577	73,552	(71,905,775)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
33. Capital and surplus prior reporting year.....	112,549,085	68,308,324	68,308,324
34. Net income or (loss) from Line 32 .....	(30,240,919)	(19,690,974)	(78,392,337)
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
37. Change in net unrealized foreign exchange capital gain or (loss) .....		0	0
38. Change in net deferred income tax .....		0	0
39. Change in nonadmitted assets .....	653,985	(3,481,508)	(346,226)
40. Change in unauthorized and certified reinsurance .....	0	0	0
41. Change in treasury stock .....		0	0
42. Change in surplus notes .....	0	0	(205,000,000)
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 .....		(3,263)	39,996,736
45.2 Transferred to capital (Stock Dividend) .....	0	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 .....	270,437	798,489	287,982,588
48. Net change in capital and surplus (Lines 34 to 47) .....	(29,316,497)	(22,377,256)	44,240,761
49. Capital and surplus end of reporting period (Line 33 plus 48)	83,232,588	45,931,068	112,549,085
<b>DETAILS OF WRITE-INS</b>			
4701. Unassigned funds pension liability.....		2,090,779	3,820,306
4702. Unassigned funds post retirement liability.....		(1,292,290)	(14,402,604)
4703. Due to Kaiser Affiliates transferred ot Kaiser.....		0	74,050,427
4798. Summary of remaining write-ins for Line 47 from overflow page .....	270,437	0	224,514,459
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	270,437	798,489	287,982,588

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.....	212,143,331	232,576,523	459,893,404
2. Net investment income .....	(63,083)	98,193	8,774,517
3. Miscellaneous income .....	1,904,888	(1,033,342)	(20,891,599)
4. Total (Lines 1 to 3) .....	213,985,136	231,641,374	447,776,322
5. Benefit and loss related payments .....	265,162,717	227,563,696	385,359,283
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 .....	19,302,779	29,379,792	120,522,232
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) .....	284,465,496	256,943,488	505,881,515
11. Net cash from operations (Line 4 minus Line 10) .....	(70,480,360)	(25,302,114)	(58,105,193)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	5,702,054	46,250,450	256,399,168
12.2 Stocks .....	0	0	0
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0	0
12.7 Miscellaneous proceeds .....	3,762,883	3,546,208	1,703,294
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	9,464,937	49,796,658	258,102,462
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	62,212,261	98,542,212	118,973,026
13.2 Stocks .....	0	0	0
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	93,457	555,350	2,274,319
13.5 Other invested assets .....	0	0	0
13.6 Miscellaneous applications .....	0	374,978	1,906,649
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	62,305,718	99,472,540	123,153,994
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) .....	(52,840,781)	(49,675,882)	134,948,468
<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.....	0	(3,264)	39,996,736
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied).....	11,714,793	6,840,768	(74,599,103)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	11,714,793	6,837,504	(34,602,367)
<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) .....	(111,606,348)	(68,140,492)	42,240,908
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	132,976,810	90,735,902	90,735,902
19.2 End of period (Line 18 plus Line 19.1) .....	21,370,462	22,595,410	132,976,810

STATEMENT AS OF JUNE 30, 2014 OF THE HealthSpan Integrated Care

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year .....	81,606	3,578	53,185	.0	.0	.0	6,542	18,301	.0	.0
2. First Quarter .....	76,597	2,686	51,326	.0	.0	.0	6,134	16,451	.0	.0
3. Second Quarter .....	77,369	6,086	48,976	.0	.0	.0	6,061	16,246	.0	.0
4. Third Quarter .....	.0									
5. Current Year	0									
6. Current Year Member Months	461,813	21,955	304,678				36,773	98,407		
Total Member Ambulatory Encounters for Period:										
7. Physician .....	148,741	3,955	77,920				11,660	55,206		
8. Non-Physician .....	103,000	2,722	55,656				7,470	37,152		
9. Total	251,741	6,677	133,576	0	0	0	19,130	92,358	0	0
10. Hospital Patient Days Incurred	0									
11. Number of Inpatient Admissions	2,545	42	1,165				192	1,146		
12. Health Premiums Written (a).....	208,051,107	7,154,982	123,907,593				19,036,248	57,952,284		
13. Life Premiums Direct.....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned .....	208,051,107	7,154,982	123,907,593				19,036,248	57,952,284		
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services .....	265,162,717	7,974,622	162,945,344				27,125,429	67,108,032		9,290
18. Amount Incurred for Provision of Health Care Services	222,699,112	7,473,259	134,373,096				21,708,383	59,134,301		10,073

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 47,928,753



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

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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  Claims Incurred in Prior Years (Columns 1 + 3)	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) .....	50,677,330	120,600,572	813,227	22,495,787	51,490,557	54,135,774
2. Medicare Supplement .....					0	0
3. Dental only .....					0	0
4. Vision only .....					0	0
5. Federal Employees Health Benefits Plan .....	8,297,342	18,876,816	44,232	3,790,475	8,341,574	9,251,754
6. Title XVIII - Medicare .....	16,028,024	49,254,961	(12,212)	7,375,183	16,015,812	15,336,703
7. Title XIX - Medicaid .....					0	0
8. Other health .....	2,949	6,341		1,423	2,949	640
9. Health subtotal (Lines 1 to 8).....	75,005,645	188,738,690	845,247	33,662,868	75,850,892	78,724,871
10. Health care receivables (a) .....		(1,418,382)			0	0
11. Other non-health .....					0	0
12. Medical incentive pools and bonus amounts .....					0	0
13. Totals (Lines 9-10+11+12)	75,005,645	190,157,072	845,247	33,662,868	75,850,892	78,724,871

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

HealthSpan Integrated Care  
Notes to Financial Statements  
For the Six Months Ended June 30, 2014 and the Year Ended December 31, 2013

1) Summary of Significant Accounting Policies

A. Accounting Practices

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

	State of Domicile	Six Months Ended 06/30/14 (in thousands)	Year Ended 12/31/13 (in thousands)
<b>NET INCOME</b>			
HealthSpan state basis (page 4, Line 32, (1) Columns 2 & 3)	OH	\$ (30,241)	\$ (78,392)
State Prescribed Practices that increase / (2) (decrease) NAIC SAP:	OH	-	-
State Permitted Practices that increase / (3) (decrease) NAIC SAP:	OH	-	-
(4) NAIC SAP (1-2-3=4)	OH	<u>(30,241)</u>	<u>(78,392)</u>
<b>SURPLUS</b>			
HealthSpan state basis (page 3, Line 33, (5) Columns 3 & 4)	OH	\$ 83,233	\$ 112,549
State Prescribed Practices that increase / (6) (decrease) NAIC SAP:	OH	-	-
State Permitted Practices that increase / (7) (decrease) NAIC SAP:	OH	-	-
(8) NAIC SAP (5-6-7=8)	OH	<u>83,233</u>	<u>112,549</u>

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

The preparation of the statutory financial statements in conformity with NAIC SAP, the NAIC Annual Statement Instructions, and other accounting practices as prescribed or permitted by the ODI requires management to make estimates and assumptions that affect the reported amounts. The allowance for uncollectable premiums and health care receivables; the estimated fair value of investments; Medicare revenue accruals; Medicare payables and reserves; the reserves for unpaid claims and claims adjustment expense; the premium deficiency reserves; legal liabilities; real estate, property, and equipment impairment and useful lives; and investment impairments represent significant estimates. Actual results could differ materially from those estimates.

## C. Accounting Policies

### Cash and Short Term Investments

Cash and short-term investments – net include interest-bearing deposits purchased with an original or remaining maturity of twelve months or less. Cash and investments that are restricted by contractual or regulatory requirements are classified as bonds and other invested assets and excluded from cash and short-term investments.

### Premiums and Health Care Receivables

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

### Bonds and Other Invested Assets

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

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

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

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

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

The Company's investment transactions are recorded on a trade-date basis.

HealthSpan is required to keep investments on deposit in the State of Ohio, where it is licensed. At both June 30, 2014 and December 31, 2013, \$400 thousand in long-term U.S. Treasury notes were restricted to satisfy the state's regulatory requirements.

#### Real Estate, Property and Equipment

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

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

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

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

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

#### Insured and Self Insured Risks

Prior to the October 1, 2013 membership substitution (as described in Note 3, *Business Combinations and Goodwill*), the Company's professional liability insurance was provided by Lokahi Assurance, Ltd, a subsidiary of Kaiser Foundation Health Plan, Inc. (KFHP). Effective October 1, 2013, the Physician Group carries their own professional liability insurance.

The Company was self-insured for worker's compensation prior to October 1, 2013. The worker's compensation accrual for incurred but not reported claims was based on actuarial projections of costs using historical claims and other relevant data. Insurance coverage in excess of the per occurrence self-insured retention was secured with reinsurers. As of October 1, 2013, HealthSpan participates in a state-funded worker's compensation program administered by the Ohio Bureau of Worker's Compensation. Premiums for this program are assessed based on prior-year claim experience.

#### Reserves for Claims Unpaid and Unpaid Claims Adjustment Expenses

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

As of October 1, 2013, HealthSpan Physicians (Physician Group) provides or arranges hospital and medical services for HealthSpan members. Payments from HealthSpan constitute substantially all of the revenues for the Physician Group. Payments to the Physician Group represent a substantial portion of the expenses for medical services reported in the Company's statutory financial statements. The Physician Group is a fully owned subsidiary of HealthSpan Partners (HSP). Because the Physician Group is not controlled by HealthSpan, its operations are not included in the statutory financial statements.

Amounts due to the Physician Group are included in the reserves for unpaid claims and consist primarily of unpaid medical expenses owed to the Physician Group for the medical services provided to HealthSpan members. The cost of medical services, including an estimate of claims incurred but not reported, is recognized by Health Span in the period in which services are provided and is reflected as a component of medical and hospital expenses. The payable to the Physician Group was \$4.0 million as of June 30, 2014 and \$13.6 million as of December 31, 2013.

Prior to October 1, 2013, hospital and medical services were provided or arranged by the Ohio Permanente Medical Group. For the year ended December 31, 2013, the Company incurred \$67.0 million associated with the terms of Company's agreement with the Ohio Permanente Medical Group.

#### Premium Deficiency Reserves

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

#### Receivables and Payables for Securities

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

#### Donations and Grants Made or Received

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

#### Revenue Recognition

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

The majority of Health Plan's Medicare revenues are paid based on cost, with interim payments using pre-established rates, and the final settlement is made after the end of the year. Estimates of final settlements of the cost report are recorded by Health Plan. At June 30, 2014 and December 31, 2013, in connection with Health Plan's Medicare cost contract, Health Plan recorded allowances and reserves for adjustments of recorded revenues in the amount of \$24.0 million and \$23.2 million, respectively. For the six months ended June 30, 2014 and the year ended December 31, 2013, Medicare revenues increased by approximately \$5.2 million and \$ 9.3 million, respectively, due to prior year retrospective adjustments in excess of amounts previously estimated.

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

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

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

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

#### Pension and Other Postretirement Benefits

Prior to the membership substitution agreement discussed in Note 3, *Business Combinations and Goodwill*, the Company participated in defined benefit pension and other postretirement benefit plans administered by Kaiser Foundation Health Plan (KFHP), the former corporate member of the Company. As of October 1, 2013, the date of the membership substitution, the Company no longer participates in these plans. All pension and post-retirement liabilities as of September 30, 2013 were assumed by KFHP. HealthSpan has no obligation related to these plans. However, the Company incurred expenses related to these plans until October 1, 2013.

Effective January 1, 2013, the plans were accounted for within the framework of SSAP No. 102 *Accounting for Pensions* and SSAP No. 92 *Accounting for Postretirement Benefits Other Than Pensions*. The plans were actuarially evaluated and involved various assumptions. Critical assumptions included the discount rate and the expected rate of return on plan assets (for pension) and the rate of increase for health care costs (for postretirement benefit plans other than pension), which were important elements of expense and/or liability measurement. Other assumptions involved demographic factors such as retirement age, mortality, turnover and the rate of compensation increases. The Company evaluated assumptions annually or upon significant plan adjustments and modified the assumptions as appropriate. Pension and postretirement costs were allocated over the service period of the employees in the plan.

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

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



### Guarantee Funds and Assessments

HealthSpan participates in the State of Ohio Health Reinsurance Program Open Enrollment Pool. This pool is designed to provide reinsurance for small group plans. There was no liability at June 30, 2014 and December 31, 2013.

### Cost Allocations

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

### New Accounting Pronouncements

The Patient Protection and Affordable Care Act, as amended by the HealthCare and Education Reconciliation Act (the Acts), imposes an annual fee on health insurers for each calendar year beginning on or after January 1, 2014. The annual fee for the health insurance industry will be allocated to individual insurers based on the ratio of the amount of an entity's net premiums written during the preceding calendar year to the total amount of health insurance premium for any U.S. health risk that is written during the preceding calendar year. In August 2012 and December 2013, the NAIC adopted revisions to SSAP No. 35R *Guaranty Fund and Other Assessments* to address the annual fee on health insurers. In accordance with these revisions, HealthSpan's 2013 annual statement included disclosure of its estimated assessment due on September 30, 2014 of \$2.8 million. The December 2013 revision to SSAP No. 35R, effective for annual years ending January 1, 2014, adopted, with modification, the guidance of Accounting Standards Update (ASU) 2011-06, *Fees Payable to the Federal Government by Health Insurers*, to require recognition of the liability and expense for the ACA fee on January 1 of the fee year. Additionally, the December revisions require the Company to reclassify and disclose in 2014, an amount equal to its estimated subsequent fee year assessment from unassigned surplus to special surplus. In June 2014, the NAIC incorporated the ACA section 9010 revisions to SSAP No. 35R into SSAP No. 106, *Affordable Care Act Assessments*, and adopted additional disclosures effective beginning year end 2014. Management has evaluated the effect of this guidance on the Company's financial statements for 2014, and has recognized a liability and expense of \$3.2 million for the initial assessment due September 30, 2014. Additionally, management has reclassified \$2.2 million from unassigned surplus to special surplus to recognize the amount anticipated to be due in September 2015 for the six months ending June 30, 2014.

In March 2014, the NAIC finalized INT No. 13-04, *Accounting for the Risk Sharing Provisions of the Affordable Care Act (ACA)*. This guidance interprets SSAP Nos. 6, 35R, 47, 54, 61, 63, 66, and 84 as they pertain to the ACA programs known as risk adjustment, reinsurance, and risk corridors that went into effect on January 1, 2014. This guidance clarifies the financial statement elements associated with each ACA program and health insurance product. HealthSpan has recorded fees, recoveries, and contributions for the six months ending June 30, 2014, to the extent reasonably estimable, in accordance with INT No. 13-04.

SSAP No. 35 R, *Guaranty Fund and Other Assessments*, was revised in March 2014 to adopt "balance" disclosures pertaining to the risk sharing provisions of the ACA, including risk adjustment, reinsurance, and risk corridors. The new disclosures were required beginning the first quarter of 2014. In accordance with this revision, the Company has disclosed the admitted assets, liabilities, and revenue elements of each of the three risk sharing programs in

Note 21, *Other Items*. In June 2014, the NAIC adopted additional edits to the risk sharing disclosures in SSAP 35R, including a roll forward schedule required for the year ending December 31, 2014.

The NAIC also adopted revisions to IP 99, *Nonapplicable GAAP Pronouncements*, in March 2014 to reject ASU 2012-14, *Technical Corrections and Improvements*, as not applicable to statutory accounting. This guidance was effective immediately. ASU 2012-14 was issued to conform terminology throughout the Financial Accounting Standards Board (FASB) Accounting Standards Codification and clarify certain guidance, including fair value measurement requirements, and did not significantly change U.S. GAAP. Management has evaluated this guidance and concluded that the revisions to IP 99 do not have a material effect on the Company.

2) Accounting Changes and Corrections of Errors

No significant changes from the 2013 annual statement.

3) Business Combinations and Goodwill

A) Statutory Purchase Method

For the six months ending June 30, 2014 and the year ending December 31, 2013, the Company had no business combinations accounted for under the statutory purchase method.

B) Statutory Merger

- (1) Prior to October 1, 2013, HealthSpan was known as Kaiser Foundation Health Plan of Ohio (KFHPO), a fully owned subsidiary of Kaiser Foundation Health Plan (KFHP). On October 1, 2013, HealthSpan Partners (HSP) became the sole corporate member of KFHPO through a member substitution agreement, and assumed the assets of KFHPO with the exception of short-term investments and some cash. KFHP retained a significant portion of liabilities, including pension and post-retirement obligations, affiliate balances, and certain payables related to the membership transfer. HSP assumed the remaining liabilities, including medical claims, Medicare reserves and deferred revenue. No consideration was transferred at the time of the membership substitution. Contingent consideration of at least \$50 million but not more than \$100 million will be paid by HSP to KFHP prior to June 30, 2019. HSP executed a guarantee for payment and performance of obligations associated with the agreement. In connection with the membership substitution, KFHPO was renamed HealthSpan Integrated Care.

HSP is a distinct, secular and tax-exempt organization with the primary objective of developing provider networks and insurance products. HSP is a partner organization of Catholic Health Partners (CHP). CHP is a Catholic health organization, supervising market delivery systems consisting of hospitals, nursing homes and other organizations providing health-related services.

- (2) The membership substitution agreement was accounted for as a statutory merger.

(3) HealthSpan is a nonprofit, charitable corporation and does not issue stock. The transaction was a member substitution agreement.

(4) The 2013 results include results of operations incurred while operating as Kaiser Foundation Health Plan (KFHP) of Ohio through September 30, 2013. The year-to-date September 30, 2013 results include an impairment loss of \$58.5 million recorded by KFHP in the third quarter and reversed by HealthSpan in the fourth quarter.

#### C – D

For the six months ended June 30, 2014 and the year ended December 31, 2013, HealthSpan had no goodwill resulting from assumption reinsurance and recorded no impairment losses.

#### 4) Discontinued Operations

No significant changes from the 2013 annual statement.

#### 5) Investments

##### A-C

For the six months ended June 30, 2014 and the year ended December 31, 2013, HealthSpan had no investments in mortgage loans, restructured debt or reverse mortgages.

#### D) Loan-Backed Securities

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

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

At June 30, 2014 and December 31, 2013, HealthSpan held no loan-backed securities.

The Company has not recognized any other-than-temporary impairment (OTTI) for the six months ended June 30, 2014. Other-than-temporary impairment (OTTI) recognized for the year ended December 31, 2013 related to loan-backed securities is as follows (in thousands):

	(1)	(2)	(3)
	Amortized Cost Basis Before Other-than- Temporary Impairment	Other-than- Temporary Impairment Recognized in Loss	Fair Value (1) - (2)
OTTI recognized 1st Quarter			
a. Intent to sell	\$ -	\$ -	\$ -
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.	\$ 3,410	\$ 10	\$ 3,400
c. Total 1st Quarter	<u>\$ 3,410</u>	<u>\$ 10</u>	<u>\$ 3,400</u>
OTTI recognized 2nd Quarter			
a. Intent to sell	\$ -	\$ -	\$ -
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.	\$ 14,838	\$ 57	\$ 14,781
c. Total 2nd Quarter	<u>\$ 14,838</u>	<u>\$ 57</u>	<u>\$ 14,781</u>

(3) As of June 30, 2014 and December 31, 2013 HealthSpan held no loan-backed securities with a recognized other-than-temporary impairment.

(4) For six months ended June 30, 2014 and the year ended December 31, 2013, there were no impaired loan-backed securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss.

E) For the six months ended June 30, 2014 and the year ending December 31, 2013, HealthSpan was not a party to repurchase agreements or securities lending transactions.

F) Real Estate

(1) and (2)

There were no impairment losses on real estate for the six months ended June 30, 2014 or the year ended December 31, 2013, and no real estate investments held for sale.

3) and (4)

HealthSpan did not engage in retail land sales operations and had no real estate investments with participating mortgage loan features during the six months ended June 30, 2014 and the year ending December 31, 2013.

G) During the six months ended June 30, 2014 and the year ended December 31, 2013, HealthSpan had no investments in low-income housing credits.

H) Restricted Assets

At both June 30, 2014 and December 31, 2013, the Company had \$400 thousand on deposit with the State of Ohio.

(in thousands)						
Restricted Asset Category	1 Total Gross Restricted from Current Year	2 Total Gross Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Percentage Gross Restricted to Total Assets	6 Percentage Admitted Restricted to Total Admitted Assets
a Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$		
b Collateral held under security lending agreements						
c Subject to repurchase agreements						
d Subject to reverse repurchase agreements						
e Subject to dollar repurchase agreements						
f Subject to dollar reverse repurchase agreements						
i On deposit with states	400	400	-	400	0.20%	0.21%
j On deposit with other regulatory bodies						
k Pledged as collateral not captured in other categories						
l Other restricted assets						
m Total Restricted Assets	\$ 400	\$ 400	\$ -	\$ 400	0.20%	0.21%

6) Joint Ventures, Partnerships & Limited Liability Companies

No significant changes from the 2013 annual statement.

7) Investment Income

No significant changes from the 2013 annual statement.

8) Derivative Instruments

No significant changes from the 2013 annual statement.

9) Income Taxes

No significant changes from the 2013 annual statement.

10) Information Concerning Parent, Subsidiaries and Affiliates

A – L

Prior to October 1, 2013, the Company was a member of the KFHP insurance company holding group. A summary of the Company's transactions during 2013 with members of the KFHP insurance company holding group follows, in millions:

<b>Entity</b>	<b>Description of Transaction</b>	<b>2013 Received (Paid)</b>
Kaiser Foundation Hospitals (Hospitals)	Hospital services provided to the Company	(\$42.8)
KFHP and Hospitals	Information technology, treasury, general management, administrative support, and transaction processing services provided to the Company	(\$38.3)
KPIC	Cooperation of KPIC and the Company in the delivery and premium sharing of point of service products	\$11.3
Lokahi Assurance, Ltd.	Professional liability and other insurance provided to the Company	(\$2.5)

As discussed in Note 13, *Minimum Capital and Surplus*, the Company received contributed surplus of \$23.3 million from Hospitals in 2013 related to the transfer of real estate, furniture and equipment from Hospitals to the Company. Additionally, Hospitals loaned certain subordinated debt to the Company, which was extinguished on October 1, 2013.

As outlined in Note 3, *Business Combinations and Goodwill*, the Company experienced a change in membership interest from KFHP to HSP on October 1, 2013. Consequently, the Company is no longer a member of the KFHP insurance holding group. HealthSpan is now a member of the HSP insurance holding company group.

During the six months ended June 30, 2014 and the year ended December 31, 2013 HealthSpan incurred expenses of \$32 million and \$11 million, respectively, for hospital and medical services provided or arranged by the Physician Group.

Beginning on October 1, 2013, HealthSpan incurred 2013 expenses of \$1.7 million for information technology, treasury, general management, administrative support, accounting and accounts payable processing services provided by CHP, a partner organization. For the six months ending June 30, 2014, HealthSpan incurred \$5.5 million for services provided by CHP.

As discussed in the *Minimum Capital and Surplus* note, the Company received contributed surplus of \$40.0 million from HSP in 2013.

At June 30, 2014 and December 31, 2013, due to affiliated HSP insurance holding company organizations were as follows (in thousands):

	<u>06/30/2014</u>	<u>12/31/2013</u>
Net amounts due to:		
Catholic Health Partners	\$ 21,219	\$ 13,508
HealthSpan Partners	<u>4,988</u>	<u>-</u>
Total due to affiliated organizations	<u>\$ 26,207</u>	<u>\$ 13,508</u>

During the six months ended June 30, 2014 and the year ended December 31, 2013, the Company had no amount deducted from its asset value or its parent's asset value due to their affiliation. Additionally, the Company had no investments in subsidiary, controlled or affiliated entities in 2014 or 2013.

11) Debt

No significant changes from the 2013 annual statement.

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

No significant changes from the 2013 annual statement.

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

(1) – (2)

HealthSpan is a nonprofit, charitable corporation and does not issue stock. HealthSpan Partners (HSP) is the sole corporate member of HealthSpan and no individual or entity has any ownership interest in HealthSpan. HealthSpan and HSP share a common Board of Directors in addition to sharing certain corporate officers.

Prior to the October 1, 2013 membership substitution outlined in Note 3, *Business Combinations and Goodwill*, the Company was a subsidiary of Kaiser Foundation Health Plan, Inc. (KFHP), and was also affiliated with Kaiser Foundation Hospitals (Hospitals). In September 2013, the Company received contributed surplus of \$23.3 million from Hospitals related to the transfer of real estate, furniture and equipment from Hospitals to the Company.

On October 1, 2013, in conjunction with the membership substitution, HealthSpan received contributed surplus of \$40.0 million from HSP. Additionally, the membership interest change included the transfer of net liabilities of \$298.6 million, including subordinated notes, from the Company to KFHP.

(3) – (6)

For the six months ended June 30, 2014 and the year ended December 31, 2013, the Company paid no dividends. In accordance with the Ohio Revised Code, HealthSpan must receive approval from the ODI to pay a dividend or distribution during 2014 which, when combined with dividends or distributions paid within the preceding 12 months exceeds the greater of either (a) 10% of HealthSpan's statutory capital and surplus at December 31, 2013 or (b) HealthSpan's net gain from operations on a statutory basis for the year ended December 31, 2013. Accordingly, during 2014, prior approval from the ODI is required for any dividend or distribution payment, which exceeds \$11.3 million.

(7) - (8)

At June 30, 2014 and December 31, 2013, HealthSpan held no stock for special purpose and is not a mutual reciprocal.

- (9) As of June 30, 2014, HealthSpan has reclassified \$2.2 million from unassigned funds to special surplus, representing the Company's estimated Annual Fee on Health Insurers for the six months ending June 30, 2014.
- (10) No portion of surplus is represented by cumulative unrealized gains or losses.
- (11) In conjunction with the membership substitution outlined in Note 3, *Business Combinations and Goodwill*, \$305 million of subordinated notes (the Notes) issued by the Company to Hospitals, an affiliate of KFHP, were extinguished on October 1, 2013. The Notes extinguished included a \$100 million note issued on September 30, 2013 at 7.5% interest and due on September 30, 2020.

Payment of principal or interest on the Notes was subject to approval by the ODI and was subordinated to the prior payment of all general liabilities of the Company and



the claims of its policyholders and all classes of creditors. The Notes, which were issued to maintain risk-based capital requirement, were recorded as an increase to capital for statutory purposes

Beginning January 1, 2013, Hospitals waived, on a prospective basis, certain amounts of interest on the Notes issued as of December 28, 2012, and any notes issued after December 28, 2012, to the extent interest due per the terms of the Notes exceeded the cost of debt to Hospitals, which was determined on a monthly basis. The waiver extended for four consecutive rolling quarters, subject to termination and reversion by Hospitals.

Unassigned surplus was reduced by \$1.4 million at June 30, 2014 and \$2.0 million for the year ended December 31, 2013 for nonadmitted assets.

(12) – (13)

HealthSpan did not undergo any quasi-reorganization in the six months ended June 30, 2014 or the year ended December 31, 2013.

14) Contingencies

No significant changes from the 2013 annual statement.

15) Leases

No significant changes from the 2013 annual statement.

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

Financial instruments that potentially subject HealthSpan to concentrations of credit risk consist primarily of investment securities and accounts receivable. All investments in securities are managed within guidelines established by HealthSpan's management, which, as a matter of policy and procedure, limit the amounts that may be invested in each type of security, with any one issuer, and in various credit quality classifications. Concentrations of credit risk with respect to accounts receivable is limited due to the large number of payers comprising HealthSpan's customer base. Accordingly, HealthSpan does not believe any significant concentration of off-balance sheet or credit risk existed at June 30, 2014 or December 31, 2013.

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

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

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

- C SSAP No. 91R, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities (SSAP No.91R)*, paragraph 100 requires a reporting entity to disclose any wash sales involving securities with a NAIC designation of 3 or below. HealthSpan's investment strategy does not include purchasing any securities with a NAIC designation of 3 or below. During the six months ended June 30, 2014 and the year ended December 31, 2013, HealthSpan did not participate in any wash sale as defined by SSAP No. 91.

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

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

- C (1) – (4) No significant changes from the 2013 annual statement.

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

HealthSpan's direct premiums written/produced by managing general agents or third party administrators did not meet the disclosure threshold during the reporting period.

20) Fair Value Measurements

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

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

Investments are reported at lower of amortized cost or fair value, with impairment recorded if amortized cost is greater than fair value. The fair values of investments are based on quoted market prices, if available, or estimated using quoted market prices for similar investments. If listed prices or quotes are not available, fair value is based upon other observable inputs or models that primarily use market-based or independently sourced market parameters as

inputs. In addition to market information, models also incorporate transaction details such as maturity. Fair value adjustments, including credit, liquidity and other factors, are included, as appropriate, to arrive at a fair value measurement.

Investments at statement value and estimated fair value, at June 30, 2014 included (in thousands):

<b>Type of Financial Instrument</b>	<b>Aggregate Fair Value</b>	<b>Admitted Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Not Practicable (Carrying Value)</b>
Short-term investments:						
U.S. Treasury and government-sponsored agencies	7,007	7,007	—	7,007	—	—
Industrial and miscellaneous bonds	325	325	—	325	—	—
Total short-term investments	7,332	7,332	—	7,332	—	—
Bonds and other invested assets:						
U.S. Treasury and government-sponsored agencies	28,697	28,561	—	28,697	—	—
Industrial and miscellaneous bonds	28,383	28,259	—	28,383	—	—
Total bonds and other invested assets	57,080	56,820	—	57,080	—	—
Total investments	<u>\$ 64,412</u>	<u>\$ 64,152</u>	<u>\$ —</u>	<u>\$ 64,412</u>	<u>\$ —</u>	<u>\$ —</u>

Investments at statement value and estimated fair value, at December 31, 2013 included (in thousands):

<b>Type of Financial Instrument</b>	<b>Aggregate Fair Value</b>	<b>Admitted Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Not Practicable (Carrying Value)</b>
Bonds and other invested assets:						
U.S. Treasury and government-sponsored agencies	\$ 400	\$ 400	\$ —	\$ 400	\$ —	\$ —
Total investments	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 0</u>	<u>\$ 400</u>	<u>\$ 0</u>	<u>\$ 0</u>

- D There were no investments at June 30, 2014 or December 31, 2013 for which it was not practicable to estimate fair value.

## 21) Other Items

### A – Extraordinary Items

The 2013 results include several non-recurring transactions associated with the membership transfer described in Note 3, *Business Combinations and Goodwill*. HealthSpan recorded a \$56 million charge on September 30, 2013 related to dissolution of its Medical Services Agreement (MSA) with the Medical Group. An additional \$16.1 million of payroll-related expenses associated with the transaction were also recorded as expenses in September 2013. The dissolution and payroll-related expenses were reported in the Statement of Revenue and Expense as write-ins for other expense. The liabilities associated with the MSA dissolution and payroll expenses related to the membership transfer were assumed by KFHP on October 1, 2013 and were not included in the Company's balance sheet at December 31, 2013.

### B – F

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

### G – Subprime Mortgage – Related Risk Exposure

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

At both June 30, 2014 and December 31, 2013, HealthSpan did not own fixed income securities with exposure to subprime-mortgage-related risk. The Company recognized no OTTI losses during the six months ended June 30, 2014 or the year ended December 31, 2013 related to these securities.

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

### H - I Retained Assets

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

## J – Risk Sharing Provisions of the Affordable Care Act (ACA)

In 2014, HealthSpan wrote health insurance premium which is subject to the Affordable Care Act risk sharing provisions. The admitted assets, liabilities and revenue elements of the ACA programs are as follows:

ACA Program	Financial Statement Element	Amount (in thousands), as of 06/30/14
Permanent ACA Risk Adjustment Program	Premium adjustments receivable due to ACA Risk Adjustment (1)	\$ -
	Risk adjustment user fees payable for ACA Risk Adjustment	7
	Premium adjustments payable due to ACA Risk Adjustment (1)	-
	Reported as revenue in premium for accident and health contracts (written / collected) due to ACA Risk Adjustment (1)	-
	Reported in expenses as ACA risk adjustment user fees (incurred / paid)	7
Transitional ACA Reinsurance Program	Amount recoverable for claims paid due to ACA Reinsurance (2)	-
	Amounts recoverable for claims unpaid due to ACA Reinsurance	1,046
	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance (2)	-
	Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	1,705
	Ceded reinsurance premiums payable due to ACA Reinsurance	202
	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance (2)	-
	Ceded reinsurance premiums due to ACA Reinsurance	202
	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	1,046
	ACA Reinsurance contributions - not reported as ceded premium	1,075
Temporary ACA Risk Corridors Program	Accrued retrospective premium due to ACA Risk Corridors (1)	-
	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors (1)	-
	Effect of ACA Risk Corridors on net premium income (paid / received) (1)	-
	Effect of ACA Risk Corridors on change in reserves for rate credits. (1)	-

(1) Insufficient data to make an estimate

(2) Estimated balance is zero

## 22) Events Subsequent

HealthSpan has no subsequent events to report.

23) Reinsurance

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 such 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.

None

(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**

HealthSpan has not written off any uncollectible reinsurance during the reporting periods.

**C. Commutation of Ceded Reinsurance**

HealthSpan has not commuted any ceded reinsurance during the reporting periods.

**D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation**

HealthSpan has not ceded insurance to a certified reinsurer whose rating has been downgraded or was subject to revocation during the reporting periods.

**24) Retrospectively Rated Contracts**

No significant changes from the 2013 annual statement.

**25) Change in Incurred Claims and Claim Adjustment Expenses**

Analysis of claims activity as of and for the six months ended June 30, 2014 and the year ended December 31, 2013 (in thousands):

	6/30/2014	12/31/2013
Claims Payable:		
Balance at Beginning of Period	\$78,725	\$27,288
Balance at End of Period	34,508	78,725
Change in Claims Payable - Increase (Decrease)	<u>(44,217)</u>	<u>51,437</u>
Incurred Claims:		
Insured Events of Current Year	223,820	444,075
Increase/(Decrease) Insured Events of Prior Year	<u>(2,874)</u>	<u>(1,579)</u>
Total Incurred Claims	<u>220,946</u>	<u>442,496</u>
Payment of Claims:		
Claims Incurred in Prior Years	75,006	25,819
Claims Incurred in Current Year	<u>190,157</u>	<u>365,240</u>
Total Claims Paid	<u>\$265,163</u>	<u>\$391,059</u>

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

26) Intercompany Pooling Arrangements

No significant changes from the 2013 annual statement.

27) Structured Settlements

No significant changes from the 2013 annual statement.

28) Health Care Receivables

At June 30, 2014, HeathSpan admitted a pharmacy rebate receivable of \$2.6 million. The receivable was estimated based on prescriptions filled during 2014. Pharmaceutical rebate receivables, in millions, were 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
3/31/2014	\$1.1	\$1.1			
6/30/2014	\$2.6	\$2.6	\$0.4		

HealthSpan has no risk-sharing receivables.

29) Participating Policies

No significant changes from the 2013 annual statement.

30) Premium Deficiency Reserves

At June 30, 2014 and December 31, 2013, HealthSpan established premium deficiency reserves as follows (in millions):

	6/30/2014	12/31/2013
1 Liability carried for premium deficiency reserves	\$ 9.9	\$ 9.9
2 Date of the most recent evaluation of this liability	6/30/2014	12/31/2013
3 Was anticipated investment income utilized in the calculation?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

31) Anticipated Salvage and Subrogation

No significant changes from the 2013 annual statement.



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 ☒
- 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 ☒
- 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 ☒ 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 ☒
- 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 ☒
- 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	2	3
Name of Entity	NAIC Company Code	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 ☐ 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.

12/31/2010
- 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.

12/31/2010
- 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).

07/09/2012
- 6.4

By what department or departments?

Ohio Department of Insurance
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ NA ☒
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☐ 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 ☒
- 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 ☒
- 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 ☒
- 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	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

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? .....  
(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.

Yes [X] No [ ]

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: .....\$ .....0

13.

Amount of real estate and mortgages held in short-term investments: .....\$ .....0

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	2
	Prior Year-End Book/Adjusted Carrying Value	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.

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 [X] 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
Key Bank Association.....	P0 Box 94718 Cleveland, OH 44114.....
State Street Bank and Trust Company.....	2 Ave de Lafayette, Boston, MA 02111.....

- 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 [X]

- 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 [X] No [ ]

- 18.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES  
PART 2 - HEALTH

1.	Operating Percentages:	
1.1	A&H loss percent.....	106.8 %
1.2	A&H cost containment percent .....	0.6 %
1.3	A&H expense percent excluding cost containment expenses.....	8.7 %
2.1	Do you act as a custodian for health savings accounts?.....	Yes [ ] No [X]
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 [ ] No [X]
2.4	If yes, please provide the balance of the funds administered as of the reporting date.....	\$

13

13

13

13

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

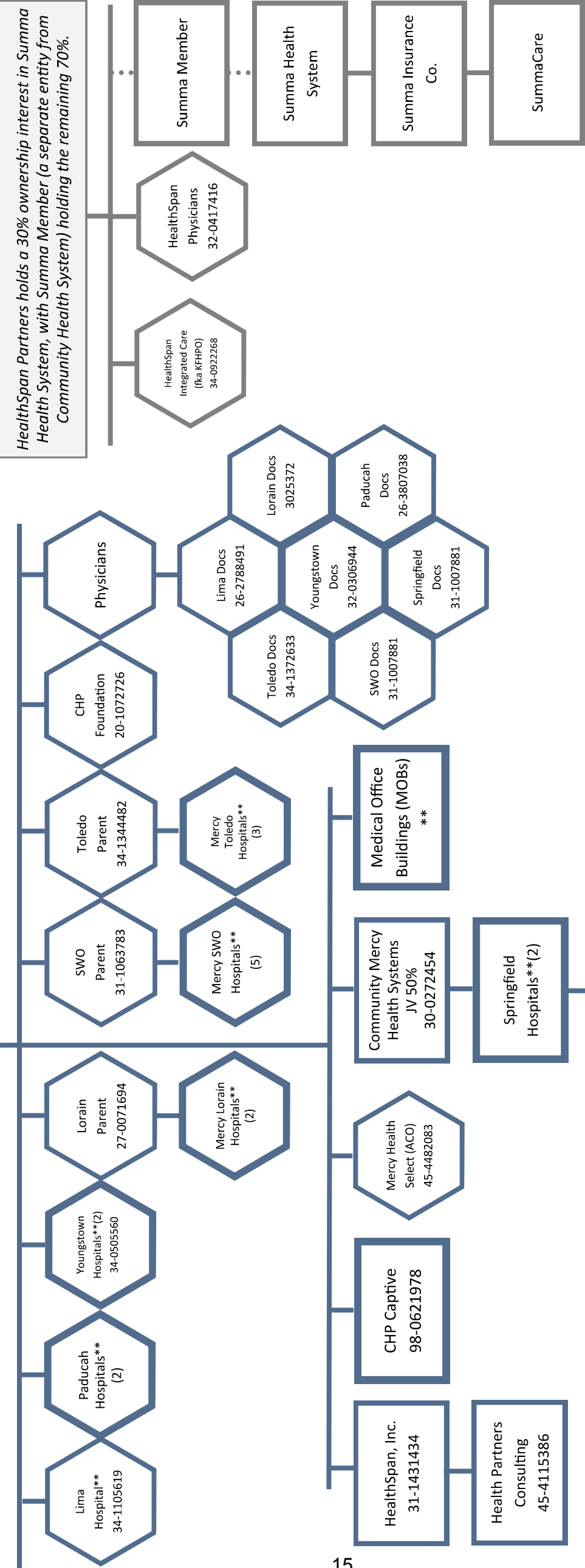
Current Year to Date - Allocated by States and Territories									
States, Etc.	1  Active Status	Direct Business Only							
		2  Accident & Health Premiums	3  Medicare Title XVIII	4  Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	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	138,005,772	47,928,753		22,116,582			208,051,107	
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	XXX0	0	0	0	0	0	0	0
59. Subtotal .....	XXX	138,005,772	47,928,753	0	22,116,582	0	0	208,051,107	0
60. Reporting entity contributions for Employee Benefit Plans .....	XXX							0	
61. Total (Direct Business) .....	(a)0	138,005,772	47,928,753	0	22,116,582	0	0	208,051,107	0
DETAILS OF WRITE-INS									
58001 .....	XXX								
58002 .....	XXX								
58003 .....	XXX								
58998 Summary of remaining write-ins for Line 58 from overflow page .....	XXX	0	0	0	0	0	0	0	0
58999 Totals (Lines 58001 through 58003 plus 58998) (Line 58 above) .....	XXX	0	0	0	0	0	0	0	0

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

Catholic Health Partners  
Tax Exempt 31-1161086

HealthSpan Partners  
(fka Community Health System)  
46-3055925

HealthSpan Partners holds a 30% ownership interest in Summa Health System, with Summa Member (a separate entity from Community Health System) holding the remaining 70%.



KEY

TAX EXEMPT

FOR PROFIT

\*\* Refer to p.2 of document

## 16

## 16

## 16

1616



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

MQ003 Additional Aggregate Lines for Page 03 Line 23.  
\*LIAB

	1 Covered	2 Uncovered	3 Total	4 Total
2304. Rent Payable.....	978,878		978,878	1,208,220
2305. Medicare Reserves / Payables.....	14,732,488		14,732,488	20,191,767
2306. Premium Tax Payable.....	1,558,720		1,558,720	0
2307. Affordable Care Act Payable.....	4,954,727		4,954,727	0
2308. ....			0	0
2397. Summary of remaining write-ins for Line 23 from Page 03	22,224,813	0	22,224,813	21,399,987

MQ004 Additional Aggregate Lines for Page 04 Line 14.  
\*REVEX1

	1 Current Year To Date Uncovered	2 Current Year To Date Total	3 Prior Year To Date Total	4 Prior Year Ended December 31 Total
1404. Medical Administration.....		38,311,703	35,433,958	62,961,821
Other Benefits (Home Care, Hospice, Admn Excep, DME) excluding payroll.....		1,943,635	1,706,311	8,470,408
1406. Community Service.....		8,298,316	6,215,170	14,012,426
1407. ....			0	0
1408. ....			0	0
1409. ....			0	0
1410. ....			0	0
1411. ....			0	0
1412. ....			0	0
1413. ....			0	0
1414. ....			0	0
1497. Summary of remaining write-ins for Line 14 from Page 04	0	48,553,654	43,355,439	85,444,655

MQ005 Additional Aggregate Lines for Page 05 Line 47.  
\*REVEX2

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
4704. Payroll related liabilities transferred to Kaiser.....		0	23,251,190
4705. PDR liability transferred to Kaiser.....		0	15,500,000
4706. Pension liability transferred to Kaiser.....		0	54,925,644
4707. Post retirement liability transferred to Kaiser.....		0	65,583,205
4708. Other liabilities transferred to Kaiser.....		0	65,254,420
4709. Other gains and (losses) in surplus.....	270,437		
4797. Summary of remaining write-ins for Line 47 from Page 05	270,437	0	224,514,459

SCHEDULE A – VERIFICATION

Real Estate

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	66,471,801	49,856,495
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	93,457	21,489,047
2.2 Additional investment made after acquisition .....		0
3. Current year change in encumbrances .....		0
4. Total gain (loss) on disposals .....		0
5. Deduct amounts received on disposals .....		0
6. Total foreign exchange change in book/adjusted carrying value .....		0
7. Deduct current year's other-than-temporary impairment recognized .....		0
8. Deduct current year's depreciation .....	3,500,175	4,873,741
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) .....	63,065,083	66,471,801
10. Deduct total nonadmitted amounts .....	0	0
11. Statement value at end of current period (Line 9 minus Line 10) .....	63,065,083	66,471,801

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		0
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and mortgage interest points and commitment fees .....		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....		0
10. Deduct current year's other-than-temporary impairment recognized .....		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
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	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		0
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and depreciation .....		0
9. Total foreign exchange change in book/adjusted carrying value .....		0
10. Deduct current year's other-than-temporary impairment recognized .....		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	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	400,417	137,617,523
2. Cost of bonds and stocks acquired .....	62,212,261	118,973,026
3. Accrual of discount .....	11,215	135,113
4. Unrealized valuation increase (decrease) .....		0
5. Total gain (loss) on disposals .....	27,320	2,545,275
6. Deduct consideration for bonds and stocks disposed of .....	5,702,054	256,399,166
7. Deduct amortization of premium .....	129,556	907,328
8. Total foreign exchange change in book/adjusted carrying value .....		0
9. Deduct current year's other-than-temporary impairment recognized .....		1,564,026
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	56,819,603	400,417
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11) .....	56,819,603	400,417

STATEMENT AS OF JUNE 30, 2014 OF THE HealthSpan Integrated Care

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).....	78,426,812	33,230,575	50,440,564	(394,144)	78,426,812	60,822,680	0	400,417
2. NAIC 2 (a).....	842,663	4,113,582	541,913	272,009	842,663	4,686,341	0	0
3. NAIC 3 (a).....	0				0	0	0	0
4. NAIC 4 (a).....	0				0	0	0	0
5. NAIC 5 (a).....	0				0	0	0	0
6. NAIC 6 (a).....	0				0	0	0	0
7. Total Bonds	79,269,475	37,344,158	50,982,477	(122,135)	79,269,475	65,509,022	0	400,417
<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	79,269,475	37,344,158	50,982,477	(122,135)	79,269,475	65,509,022	0	400,417

(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 \$ .....325,139 ; NAIC 2 \$ ..... ;

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

SCHEDULE DA - PART 1  
Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	7,332,111	XXX	7,336,083	4,375	4,793

SCHEDULE DA - VERIFICATION  
Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	73,640,209
2. Cost of short-term investments acquired .....	7,336,083	246,597,074
3. Accrual of discount .....		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals .....		0
6. Deduct consideration received on disposals .....		320,237,283
7. Deduct amortization of premium.....	3,972	0
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).....	7,332,111	0
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	7,332,111	0

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

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.....	0	0
2. Cost of cash equivalents acquired .....	77,590,803	6,894,110
3. Accrual of discount .....		4,991
4. Unrealized valuation increase (decrease) .....		0
5. Total gain (loss) on disposals.....		425
6. Deduct consideration received on disposals .....	76,233,495	6,899,526
7. Deduct amortization of premium .....		0
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) .....	1,357,308	0
11. Deduct total nonadmitted amounts .....		0
12. Statement value at end of current period (Line 10 minus Line 11)	1,357,308	0

## SCHEDULE A - PART 2

1 Description of Property	2 Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2 City	3 State						
Acquired by purchase								
Air handler replacement.....	Parma.....	Ohio.....	..03/31/2014..	Comfort Control Systems.....	55,371.....		55,371.....	
New signage various locations.....	Various.....	Ohio.....	..03/31/2014..	Brilliant Electric Signs.....	48,338.....		48,338.....	
New signage various locations.....	Various.....	Ohio.....	..06/30/2014..	Becker Signs Incorporated.....	7,832.....		7,832.....	
Elevator replacement.....	Parma.....	Ohio.....	..03/31/2014..	Otis Elevator.....	16,885.....		16,885.....	
Paint/repair signage.....	Various.....	Ohio.....	..03/31/2014..	Garbow.....	5,638.....		5,638.....	
Paint/repair signage.....	Various.....	Ohio.....	..06/30/2014..	Garbow.....	565.....		565.....	
Fuel tank replacement.....	Parma.....	Ohio.....	..03/31/2014..	Service Station Equipment Co. Inc.....	3,531.....		3,531.....	
Fire alarm system.....	Strongsville.....	Ohio.....	..06/30/2014..	Siemens Bldg Technologies.....	25,098.....		25,098.....	
					0.....			
0199999 - Acquired by purchase					163,258.....	0.....	163,258.....	0.....
Acquired by internal transfer								
Storage tank.....	Brooklyn Hts.....	Ohio.....	..06/30/2014..	Internal Transfer.....	(86,750).....		(86,750).....	
Miscellaneous.....	Parma.....	Ohio.....	..06/30/2014..	Internal Transfer.....	16,951.....		16,951.....	
0299999 - Acquired by internal transfer					(69,799).....	0.....	(69,799).....	0.....
0399999 Totals					93,459.....	0.....	93,459.....	0.....

## SCHEDULE A - PART 3

[illegible]

EO1



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 HealthSpan Integrated Care

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator <sup>(a)</sup>
Bonds - U.S. Governments									
912828-NR-7	US TREASURY 2.375% 07/31/17		04/09/2014	Barclays		4,690,738	4,500,000	21,552	1
912828-NT-3	US TREASURY 2.625% 08/15/20		06/30/2014	Various		(1,282,808)	(1,250,000)	(1,958)	1
912828-QY-9	US TREASURY 2.250% 07/31/18		04/09/2014	Barclays		1,548,345	1,500,000	6,806	1
912828-RX-0	US TREASURY 0.875% 12/31/16		04/01/2014	Barclays		1,503,516	1,500,000	3,299	1
912828-SJ-0	US TREASURY 0.875% 02/28/17		04/01/2014	Various					1
912828-SP-6	US TREASURY 0.375% 04/15/15		04/01/2014	Various		15		(15)	1
912828-ST-8	US TREASURY 1.250% 04/30/19		05/30/2014	Various		1,399,036	1,425,000	5,076	1
912828-TP-5	US TREASURY 0.250% 09/15/15		04/01/2014	Banc of America		1,500,820	1,500,000	173	1
912828-UM-0	US TREASURY 0.375% 02/15/16		04/01/2014	Various					1
912828-WF-3	US TREASURY 0.625% 11/15/16		04/01/2014	Various					1
912828-SK-7	US TREASURY 0.375% 03/15/15		03/25/2014	Barclays		(1,503,457)	(1,500,000)	(153)	1
0599999 - Bonds - U.S. Governments						7,856,205	7,675,000	34,780	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)									
00206R-BD-3	AT&T INC 3.000% 02/15/22		04/01/2014	BNP Paribas Securities Corp.		487,055	500,000	1,958	1FE
02581F-YE-3	AMERICAN EXPR CENTURION SERIES BKN1 6		04/01/2014	JP Morgan		287,065	250,000	792	1FE
0258MO-DM-8	AMERICAN EXPRESS CREDIT SERIES MTN 1.1		06/02/2014	Deutsche Bank		299,268	300,000		1FE
037411-AV-7	APACHE CORP 6.900% 09/15/18		04/02/2014	Morgan Stanley		258,679	215,000	907	1FE
037833-AM-2	APPLE INC 1.050% 05/05/17		04/29/2014	Deutsche Bank		524,722	525,000		1FE
054937-AE-7	BB&T CORPORATION 5.200% 12/23/15		04/01/2014	Banc of America		268,338	250,000	3,647	1FE
05531F-AK-9	BB&T CORPORATION SERIES MTN 2.150% 03/		04/01/2014	Goldman		175			1FE
064058-AA-8	BANK OF NEW YORK MELLON 1.969% 06/20/1		04/11/2014	FTN Financial		256,133	250,000	1,586	1FE
06406H-BS-7	BANK OF NEW YORK MELLON SERIES MTN 2.5		04/01/2014	JP Morgan		1,715			1FE
075887-BB-4	BECTON DICKINSON 1.750% 11/08/16		04/11/2014	Citigroup		205,080	200,000	1,536	1FE
084664-BS-9	BERKSHIRE HATHAWAY FIN 1.600% 05/15/17		04/01/2014	Various		(328,946)	(325,000)	(1,907)	1FE
084670-BD-9	BERKSHIRE HATHAWAY INC 1.900% 01/31/17		04/01/2014	Wells Fargo		255,905	250,000	818	1FE
120568-AV-2	BUNGE LIMITED FINANCE CO 3.200% 06/15/		04/01/2014	FTN Financial		259,920	250,000	2,378	2FE
126117-AQ-3	CNA FINANCIAL CORP 5.875% 08/15/20		04/03/2014	Citigroup		288,843	250,000	2,162	2FE
14040H-AN-5	CAPITAL ONE FINANCIAL CO 6.150% 09/01/		04/09/2014	JP Morgan		282,631	253,000	1,859	2FE
172967-EH-0	CITIGROUP INC 6.000% 08/15/17		04/02/2014	Wells Fargo		283,765	250,000	2,167	1FE
20029P-AG-4	COMCAST CABLE COMMUNICATIONS 8.875% 05		04/01/2014	Wells Fargo		306,200	250,000	9,430	1FE
20030N-AP-6	COMCAST CORP 6.500% 01/15/17		04/01/2014	Various		315,607	275,000	3,873	1FE
200339-CG-2	COMERICA BANK SERIES BKNT 5.750% 11/21		04/01/2014	Market Axess		331,008	295,000	6,267	1FE
20825C-AR-5	CONOCOPHILLIPS 5.750% 02/01/19		04/11/2014	Susquehanna Intl		303,266	258,000	3,091	1FE
24422E-SH-3	JOHN DEERE CAPITAL CORP SERIES MTN 1.0		04/01/2014	UBS Securities		326,219	325,000	720	1FE
25468P-CV-6	WALT DISNEY COMPANY/THE SERIES MTN 1.1		04/30/2014	Wells Fargo		695,247	700,000	3,294	1FE
26875P-AH-4	EOG RESOURCES INC 2.500% 02/01/16		04/01/2014	JP Morgan		258,285	250,000	1,059	1FE
278642-AG-8	EBAY INC 1.350% 07/15/17		04/01/2014	Barclays		926			1FE
29273R-AQ-2	ENERGY TRANSFER PARTNERS 5.200% 02/01/		04/02/2014	Banc of America		270,793	250,000	2,383	2FE
30219G-AC-2	EXPRESS SCRIPTS HOLDING 3.500% 11/15/1		04/01/2014	Banc of America		196,028	185,000	2,500	2FE
30231G-AA-0	EXXON MOBILE CORPORATION/ 0.921% 03/15		04/01/2014	Various		91			1FE
31677Q-AY-5	FIFTH THIRD BANK SERIES BKNT 1.150% 11		04/01/2014	Suntrust Bank		325,969	325,000	1,360	1FE
345397-VP-5	FORD MOTOR CREDIT CO LLC 6.625% 08/15/		04/01/2014	Goldman		288,938	250,000	2,254	2FE
35671D-BG-9	FREEPORT-MCMORAN C & G 3.100% 03/15/20		04/22/2014	Nomura		198,178	200,000	689	2FE
36962G-5N-0	GENERAL ELEC CAP CORP 2.900% 01/09/17		04/02/2014	Various		339,992	325,000	2,304	1FE
416515-AV-6	HARTFORD FINL SVCS GRP SERIES MTN 6.00		04/03/2014	FTN Financial		289,965	250,000	3,458	2FE
437076-AP-7	HOME DEPOT INC 5.400% 03/01/16		04/01/2014	HSBC		272,625	250,000	1,163	1FE
458140-AL-4	INTEL CORP 1.350% 12/15/17		04/01/2014	Wells Fargo		1,292			1FE
459200-HC-8	IBM CORP 1.250% 02/06/17		04/01/2014	Stifel Nicolaus & Co Inc.		1,313			1FE
46623E-JY-6	JPMORGAN CHASE & CO SERIES MTN 1.350%		04/01/2014	Various		(650,837)	(650,000)	(999)	1FE
46625H-GY-0	JPMORGAN CHASE & CO 6.000% 01/15/18		04/01/2014	JP Morgan		287,423	250,000	3,208	1FE
548661-CY-1	LOWE'S COMPANY INC 1.625% 04/15/17		04/01/2014	Various		2,435			1FE
564760-CA-2	MANUF & TRADERS TRUST CO 6.625% 12/04/		05/05/2014	Susquehanna Intl		291,340	250,000	7,085	2FE
590188-JN-9	BANK OF AMERICA CORP 6.875% 11/15/18		04/01/2014	JP Morgan		224,485	188,000	4,990	1FE
61747Y-CG-8	MORGAN STANLEY SERIES GMTN 7.300% 05/1		04/01/2014	JP Morgan		303,643	250,000	7,148	1FE
628530-AW-7	MYLAN INC 1.800% 06/24/16		04/25/2014	JP Morgan		254,220	250,000	1,575	2FE
637432-LR-4	NATIONAL RURAL UTIL COOP 10.375% 11/01/		04/11/2014	FTN Financial		340,933	250,000	11,888	1FE
665501-AH-5	NORTHERN NATURAL GAS CO SERIES 144A 5		04/11/2014	Banc of America		286,193	250,000	3,634	1FE
674599-CB-9	OCCIDENTAL PETROLEUM COR 1.750% 02/15/		04/11/2014	Banc of America		255,353	250,000	741	1FE
68268N-AJ-2	ONEOK PARTNERS LP 3.375% 10/01/22		04/08/2014	Banc of America		231,018	237,000	222	2FE

## E04.1

## E04.1

## E04.1

## E04.1

## SCHEDULE D - PART 4

[illegible]

E05

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 HealthSpan Integrated Care**

## SCHEDULE E - PART 1 - CASH

[illegible]

## SCHEDULE E - PART 2 - CASH EQUIVALENTS

[illegible]