



QUARTERLY STATEMENT

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

HealthSpan Inc

NAIC Group Code	<u>00000</u>	, <u>00000</u>	NAIC Company Code	<u>15284</u>	Employer's ID Number	<u>31-1431434</u>
	(Current Period)	(Prior Period)				
Organized under the Laws of	<u>Ohio</u>		State of Domicile or Port of Entry	<u>Ohio</u>		
Country of Domicile	<u>United States</u>					
Licensed as business type:	Life, Accident & Health [<input checked="" type="checkbox"/>]	Property/Casualty [<input type="checkbox"/>]	Hospital, Medical & Dental Service or Indemnity [<input type="checkbox"/>]			
	Dental Service Corporation [<input type="checkbox"/>]	Vision Service Corporation [<input type="checkbox"/>]	Health Maintenance Organization [<input type="checkbox"/>]			
	Other [<input type="checkbox"/>]		Is HMO Federally Qualified? Yes [<input type="checkbox"/>] No [<input type="checkbox"/>]			
Incorporated/Organized	<u>07/30/2013</u>	Commenced Business	<u>07/30/2013</u>			
Statutory Home Office	<u>225 Pictoria Dr STE 320</u>		<u>Cincinnati, OH, US 45246</u>			
	(Street and Number)		(City or Town, State, Country and Zip Code)			
Main Administrative Office	<u>225 Pictoria Dr STE 320</u>		<u>Cincinnati, OH, US 45246</u>	<u>513-551-1400</u>		
	(Street and Number)		(City or Town, State, Country and Zip Code)	(Area Code) (Telephone Number)		
Mail Address	<u>225 Pictoria Dr STE 320</u>		<u>Cincinnati, OH, US 45246</u>			
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	<u>4600 McAuley Place</u>		<u>Cincinnati, OH, US 45242</u>	<u>513-981-5300</u>		
	(Street and Number)		(City or Town, State, Country and Zip Code)	(Area Code) (Telephone Number)		
Internet Web Site Address	<u>N/A</u>					
Statutory Statement Contact	<u>Griffin Hurd</u>		<u>513-981-6264</u>			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	<u>gehurd@mercy.com</u>		<u>513-981-6118</u>			
	(E-Mail Address)		(FAX Number)			

OFFICERS

Name	Title	Name	Title
<u>Kenneth C Page</u>	<u>President</u>	<u>David A Nowiski</u>	<u>Treasurer</u>
_____	_____	_____	_____

OTHER OFFICERS

DIRECTORS OR TRUSTEES

<u>R Jeffrey Copeland</u>	<u>Kenneth C Page</u>	<u>Walid Sidani M.D. #</u>	<u>Deborah Bloomfield PhD, CPA</u>
<u>Robert Campbell</u>	<u>Allan Calonge</u>	_____	_____
_____	_____	_____	_____

State of Ohio

ss

County of Hamilton

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 C Page
President

David A Nowiski
Treasurer

Subscribed and sworn to before me this _____ day of _____, _____

a. Is this an original filing? Yes [] No []

b. If no:

1. State the amendment number 1
2. Date filed 12/05/2014
3. Number of pages attached _____

STATEMENT AS OF SEPTEMBER 30, 2014 OF THE HealthSpan Inc

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	4,890,494		4,890,494	4,886,436
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)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$5,679,486), cash equivalents (\$40,980) and short-term investments (\$ 0)	5,720,466		5,720,466	3,250,597
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)	10,610,960	0	10,610,960	8,137,032
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	8,029		8,029	1,066
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	96,311		96,311	0
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	794,169		794,169	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	4,375	4,375	0	0
21. Furniture and equipment, including health care delivery assets (\$)	548,365	548,365	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	190,023	190,023	0	380,115
24. Health care (\$) and other amounts receivable			0	0
25. Aggregate write-ins for other-than-invested assets	851,543	43,874	807,669	151,490
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	13,103,776	786,638	12,317,138	8,669,703
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	13,103,776	786,638	12,317,138	8,669,703
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Payment Innovation Receivable	0		0	151,490
2502. Prepaid Assets	35,152	35,152	0	0
2503. Other Assets	8,722	8,722	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	807,669	0	807,669	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	851,543	43,874	807,669	151,490

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded).....	4,534,034		4,534,034	0
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses			0	0
4. Aggregate health policy reserves including the liability of \$ for medical loss ratio rebate per the Public Health Service Act			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	523,681		523,681	386,098
9. General expenses due or accrued	855,529		855,529	368,091
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	0		0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	1,771,740		1,771,740	0
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans			0	0
23. Aggregate write-ins for other liabilities (including \$ current)	1,328,471	0	1,328,471	1,094,247
24. Total liabilities (Lines 1 to 23).....	9,013,455	0	9,013,455	1,848,436
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	2,000,000	2,000,000
27. Preferred capital stock	XXX	XXX	0	0
28. Gross paid in and contributed surplus	XXX	XXX	7,900,000	7,900,000
29. Surplus notes	XXX	XXX	0	0
30. Aggregate write-ins for other-than-special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	(6,596,317)	(3,078,733)
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX	0	0
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	3,303,683	6,821,267
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	12,317,138	8,669,703
DETAILS OF WRITE-INS				
2301. Payment Innovations Accrued Claims.....	932,121		932,121	604,576
2302. Salaries, Wages and Related Liabilites.....	(3,563)		(3,563)	489,671
2303. Other Current Liabilities.....	399,913		399,913	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,328,471	0	1,328,471	1,094,247
2501. Non Admitted Assets.....	XXX	XXX		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	0	0
3001. Prior Year Net Income.....	XXX	XXX		0
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 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	35,974	.0	.0
2. Net premium income (including \$ non-health premium income).....	XXX	14,079,821	.0	.0
3. Change in unearned premium reserves and reserve for rate credits	XXX		.0	.0
4. Fee-for-service (net of \$ medical expenses)	XXX		.0	.0
5. Risk revenue	XXX		.0	.0
6. Aggregate write-ins for other health care related revenues	XXX	9,957,091	.0	4,574,819
7. Aggregate write-ins for other non-health revenues	XXX	0	.0	.0
8. Total revenues (Lines 2 to 7)	XXX	24,036,912	.0	4,574,819
Hospital and Medical:				
9. Hospital/medical benefits		11,719,180	.0	.0
10. Other professional services .....			.0	.0
11. Outside referrals .....			.0	.0
12. Emergency room and out-of-area .....			.0	.0
13. Prescription drugs		1,576,862	.0	.0
14. Aggregate write-ins for other hospital and medical .....	.0	0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts .....			.0	.0
16. Subtotal (Lines 9 to 15) .....	.0	13,296,042	.0	.0
Less:				
17. Net reinsurance recoveries		794,169	.0	.0
18. Total hospital and medical (Lines 16 minus 17) .....	.0	12,501,873	.0	.0
19. Non-health claims (net).....			.0	.0
20. Claims adjustment expenses, including \$ cost containment expenses.....			.0	.0
21. General administrative expenses.....		14,478,510	.0	7,277,547
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....			.0	.0
23. Total underwriting deductions (Lines 18 through 22) .....	.0	26,980,383	.0	7,277,547
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(2,943,471)	.0	(2,702,728)
25. Net investment income earned		8,029	.0	14,000
26. Net realized capital gains (losses) less capital gains tax of \$ .....			.0	.0
27. Net investment gains (losses) (Lines 25 plus 26) .....	.0	8,029	.0	14,000
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	0	.0	.0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(2,935,442)	.0	(2,688,728)
31. Federal and foreign income taxes incurred	XXX		.0	.0
32. Net income (loss) (Lines 30 minus 31)	XXX	(2,935,442)	0	(2,688,728)
DETAILS OF WRITE-INS				
0601. PPO ACCESS FEE REVENUE.....	XXX	5,880,901	.0	2,669,602
0602. PAYMENT INNOVATION REVENUE.....	XXX	16,125,199	.0	3,855,487
0603. TAXABLE SALES - LMS.....	XXX	67,680	.0	26,930
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	(12,116,689)	.0	(1,977,201)
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	9,957,091	0	4,574,819
0701.	XXX		.0	.0
0702.	XXX		.0	.0
0703.	XXX		.0	.0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401. ....			.0	.0
1402. ....			.0	.0
1403. ....			.0	.0
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.0	0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901. ....			.0	.0
2902. ....			.0	.0
2903. ....			.0	.0
2998. Summary of remaining write-ins for Line 29 from overflow page .....	.0	0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year.....	6,821,267	0	4,527,602
34. Net income or (loss) from Line 32	(2,935,442)	0	(2,688,728)
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	(582,142)	0	(17,607)
40. Change in unauthorized and certified reinsurance	0	0	0
41. Change in treasury stock		0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles		0	0
44. Capital Changes:			
44.1 Paid in		0	0
44.2 Transferred from surplus (Stock Dividend)		0	0
44.3 Transferred to surplus		0	0
45. Surplus adjustments:			
45.1 Paid in		0	5,000,000
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	0	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(3,517,584)	0	2,293,665
49. Capital and surplus end of reporting period (Line 33 plus 48)	3,303,683	0	6,821,267
DETAILS OF WRITE-INS			
4701.		0	0
4702.		0	0
4703.		0	0
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	14,121,093	0	386,098
2. Net investment income	(2,964)	0	10,612
3. Miscellaneous income	9,957,091	0	4,574,819
4. Total (Lines 1 to 3)	24,075,220	0	4,971,529
5. Benefit and loss related payments	8,762,008	0	0
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	13,991,072	0	7,277,547
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)	22,753,080	0	7,277,547
11. Net cash from operations (Line 4 minus Line 10)	1,322,140	0	(2,306,018)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	0	0	0
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	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	0	0
13. Cost of investments acquired (long-term only):			
13.1 Bonds	29	0	(2,322)
13.2 Stocks	0	0	0
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	29	0	(2,322)
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)	(29)	0	2,322
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	5,000,000
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied).....	1,147,758	0	(628,707)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	1,147,758	0	4,371,293
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	2,469,869	0	2,067,597
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	3,250,597	0	1,183,000
19.2 End of period (Line 18 plus Line 19.1)	5,720,466	0	3,250,597

STATEMENT AS OF SEPTEMBER 30, 2014 OF THE HealthSpan Inc

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefits Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. First Quarter	5,525	5,510	15	.0	.0	.0	.0	.0	.0	.0
3. Second Quarter	13,785	13,785	.0	.0	.0	.0	.0	.0	.0	.0
4. Third Quarter	16,664	16,664								
5. Current Year	0									
6. Current Year Member Months	0									
Total Member Ambulatory Encounters for Period:										
7. Physician .....	.0									
8. Non-Physician	0									
9. Total	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	0									
11. Number of Inpatient Admissions	0									
12. Health Premiums Written (a).....	14,079,821	14,079,821								
13. Life Premiums Direct.....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned .....	.0									
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services .....	.0									
18. Amount Incurred for Provision of Health Care Services	13,296,042	13,296,042								

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

STATEMENT AS OF SEPTEMBER 30, 2014 OF THE HealthSpan Inc

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)		7,967,839		4,534,034	0	0
2. Medicare Supplement					0	0
3. Dental only					0	0
4. Vision only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8).....	0	7,967,839	0	4,534,034	0	0
10. Health care receivables (a)					0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals (Lines 9-10+11+12)	0	7,967,839	0	4,534,034	0	0

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

HealthSpan, Inc.
Notes to Financial Statements
For the Nine Months Ended September 30, 2014 and the Period Ended December 31, 2013

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory financial statements of HealthSpan, Inc. (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). The Company was issued its Certificate of Authority by the ODI on July 30, 2013. 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	Nine Months Ended 09/30/14 (in thousands)	Period Ended 12/31/13 (in thousands)
NET INCOME			
(1) HealthSpan, Inc. state basis (page 4, Line 32, Columns 2 & 4)	OH	\$ (2,935)	\$ (2,689)
(2) State Prescribed Practices that increase/ (decrease) NAIC SAP:	OH	-	-
(3) State Permitted Practices that increase/ (decrease) NAIC SAP:	OH	-	-
(4) NAIC SAP (1-2-3=4)	OH	<u>(2,935)</u>	<u>(2,689)</u>
SURPLUS			
(5) HealthSpan, Inc. state basis (page 3, Line 33, Columns 3 & 4)	OH	\$ 3,304	\$ 6,821
(6) State Prescribed Practices that increase / (decrease) NAIC SAP:	OH	-	-
(7) State Prescribed Practices that increase / (decrease) NAIC SAP:	OH	-	-
(8) NAIC SAP (5-6-7=8)	OH	<u>3,304</u>	<u>6,821</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 of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the period. Actual results could differ materially from those estimates.

C. Accounting Policies

Cash and Short Term Investments

Cash and investments that are restricted by contractual or regulatory requirements are classified as bonds and other invested assets and are excluded from cash and short-term investments.

Bonds and Other Invested Assets

Bonds and other invested assets include money market funds and U.S. Treasury securities. 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.

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

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 receivables 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.

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.

Revenue Recognition

Net premium income includes premiums from small employer groups and individuals. Revenue is recognized over the period in which the members are entitled to health care services. Premiums collected in advance are deferred and recorded as premiums received in advance.

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. 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 the projected ACA fee is currently estimated to not apply due to the projected level of premium revenues for 2014.

In March 2014, the NAIC adopted 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 three months ending September 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

For the nine months ending September 30, 2014 and the period ending December 31, 2013, the Company had no business combinations.

4. Discontinued Operations

No significant changes from the 2013 annual statement.

5. Investments

A. – C. For the nine months ended September 30, 2014 and the year ended December 31, 2013, HealthSpan had no investments in mortgage loans, restructured debt or reverse mortgages.

D. For the nine months ending September 30, 2014, HealthSpan had no loan-backed securities.

E. For the nine months ending September 30, 2014, HealthSpan was not a party to repurchase agreements or securities lending transactions.

F. No significant changes from the 2013 annual statement.

G. No significant changes from the 2013 annual statement.

I. For the nine months ending September 30, 2014, HealthSpan did not have any working capital finance investments.

6. Joint Ventures, Partnerships & Limited Liability Companies

No significant changes from the 2013 annual statement.

7. Investment Income

A. The total amount excluded was \$14,002.

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

In 2014, Mercy Health (formerly Catholic Health Partners, or CHP) sold all of the outstanding capital stock of HealthSpan, Inc. to HealthSpan Partners (HSP) for \$3,600,000 in the form of a promissory note due on December 31, 2023. 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 Mercy Health. Mercy Health is a Catholic health organization, supervising market delivery systems consisting of hospitals, nursing homes, and other organizations providing health-related services. The Company was issued its Certificate of Authority by the Ohio Department of Insurance in July 2013.

The Company contracts with Mercy Health to lease services for accounting, IT and general administrative services. Costs of these services are based on actual cost incurred to provide those services. Amounts included within the statutory financial statements and noted as due to related parties are reflective of current expense owed to Mercy Health or its subsidiaries.

The Company provides services to Mercy Health and its' affiliates for medical management and provider network services related to Mercy Health's employee health benefit plans. Revenue recognized in connection with these services is billed through a third party claims administrator and is not reflected in intercompany receivables. The Company provides Mercy Health Partners of Southwest Ohio (an affiliate of Mercy Health) services for the support of the Accountable Care Organization (ACO). Amounts reflected in the financial statements are reflective of current billings for these services.

At September 30, 2014 and December 31, 2013, amounts (due to) due from affiliated Mercy organizations - net were as follows (in thousands):

Due From Affiliated Organizations -net	9/30/2014	12/31/2013
Mercy Health	\$ -	\$ 112
Total Due From Affiliated Organizations -net	\$ -	\$ 112
Due to Affiliated Organizations -net	9/30/2014	12/31/2013
Mercy Health	\$ 1,772	\$ -
Total Due to Affiliated Organizations -net	\$ 1,772	\$ -

11. Debt

As of September 30, 2014, the Company has no debt.

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

As of September 30, 2014, the Company has no retirement plans, deferred compensation, post-employment benefits and compensated absences, and post-retirement benefit plans.

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

(1) – (9) No significant changes from the 2013 annual statement.

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains or losses at September 30, 2014 are \$12,580.

(11) – (13) No significant changes from the 2013 annual statement.

14. Contingencies

No significant changes from the 2013 annual statement.

15. Leases

A Lessee Operating Leases

(1) The Company leases office space and equipment under various operating leases that expire through 2015. Rental expense for the nine months ending September 30, 2014 was approximately \$197,000.

(2) At January 1, 2014, minimum aggregate rental commitments are as follows (in thousands):

Nine Months Ended 9/30/2014	Operating Leases
2014	\$ 143
2015	—
2016	—
2017	—
2018	—
Thereafter	—
Total	<u>\$ 143</u>

(3) No significant changes from the 2013 annual statement.

B Lessor Leases

No significant changes from the 2013 annual statement.

16. Information Regarding Off-Balance Sheet Risk-

No significant changes from the 2013 annual statement.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liability

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

A-B The Company 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 require a reporting entity to disclose any wash sales involving securities with a NAIC designation of 3 or below. The Company's investment strategy does not include purchasing any securities with a NAIC designation of 3 or below. During the quarter ended June 30, 2014, the Company did not participate in any wash sale as defined by SSAP No. 91R.

18. Gains or Loss to the Reporting Entity from Uninsured Plans

No significant changes from the 2013 annual statement.

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

No significant changes from the 2013 annual statement.

20. Fair Value Measurement

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

B. HealthSpan has no other similar measurements to disclose.

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 September 30, 2014 included (in thousands):

Type of Financial Instrument	Aggregate Fair Value	Admitted			Level 2	Level 3	Non Practicable (Carrying Value)
		Assets	Level 1	Level 3			
Bonds and other invested assets:							
U.S. Treasury Securities	\$ 4,903	\$ 4,890	\$ 4,890	\$ —	\$ —	\$ —	\$ —
Total investments	\$ 4,903	\$ 4,890	\$ 4,890	\$ 0	\$ 0	\$ 0	\$ 0

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

Type of Financial Instrument	Aggregate Fair Value	Admitted			Level 2	Level 3	Non Practicable (Carrying Value)
		Assets	Level 1	Level 3			
Bonds and other invested assets:							
U.S. Treasury Securities	\$ 4,892	\$ 4,886	\$ 4,886	\$ —	\$ —	\$ —	\$ —
Total investments	\$ 4,892	\$ 4,886	\$ 4,886	\$ 0	\$ 0	\$ 0	\$ 0

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

21. Other Items

The Company has a contract with a Medicare Advantage plan to provide medical management and provider network services. The Company acts as a pass through entity for medical claims expense on behalf of Mercy Health. Mercy Health accepts full liability for claims incurred by the Medicare Advantage plan members.

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

The admitted assets, liabilities and revenue elements of the ACA programs are as follows:

ACA Program	Financial Statement Element	Amount (in thousands), as of 09/30/14
Permanent ACA Risk Adjustment Program	Premium adjustments receivable due to ACA Risk Adjustment (1)	\$ -
	Risk adjustment user fees payable for ACA Risk Adjustment	5
	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	-
	Reported in expenses as ACA risk adjustment user fees (incurred / paid)	5
Transitional ACA Reinsurance Program	Amount recoverable for claims paid due to ACA Reinsurance (2)	-
	Amounts recoverable for claims unpaid due to ACA Reinsurance	599
	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance (2)	326
	Claims unpaid - ceded due to ACA Reinsurance	-
	Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	
	Ceded reinsurance premiums payable due to ACA Reinsurance	189
	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	-
	Ceded reinsurance premiums due to ACA Reinsurance	189
	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	326
	ACA Reinsurance contributions - not reported as ceded premium (2)	-
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 Claims Adjustment Expenses

Analysis of claims activity as of and for the nine months ending September 30, 2014 and the period ended December 31, 2013 (in thousands):

	Nine months ended 9/30/2014	Period ended 12/31/2013
Claims Payable:		
Balance at Beginning of Period	\$ 0	\$ 0
Balance at End of Period	<u>4,534</u>	<u>0</u>
Change in Claims Payable - Increase (Decrease)	<u>\$ 4,534</u>	<u>\$ 0</u>
Incurred Claims:		
Insured Events of Current Year	\$ 12,502	\$ 0
Increase/(Decrease) Insured Events of Prior Year	<u>0</u>	<u>0</u>
Total Incurred Claims	<u>\$ 12,502</u>	<u>\$ 0</u>
Payment of Claims:		
Claims Incurred in Prior Years	\$ 0	\$ 0
Claims Incurred in Current Year	<u>7,968</u>	<u>0</u>
Total Claims Paid	<u>\$ 7,968</u>	<u>\$ 0</u>

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

No significant changes from the 2013 annual statement.

29. Participating Policies

No significant changes from the 2013 annual statement.

30. Premium Deficiency Reserves

No significant changes from the 2013 annual statement.

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 [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [X] No []
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.
HealthSpan Partners acquired HealthSpan, Inc. on 7/3/14 as a part of a corporate reorganization.....
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [] NA [X]
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.07/26/2013
- 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.07/26/2013
- 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).07/26/2013
- 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 [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] NA [X]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 7.2 If yes, give full information:
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?..... Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?..... Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

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

GENERAL INTERROGATORIES

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes No
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 (c) Compliance with applicable governmental laws, rules and regulations;
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 (e) Accountability for adherence to the code.

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

- 9.2 Has the code of ethics for senior managers been amended? Yes No

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

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$0

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

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

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

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

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No

14.2 If yes, please complete the following:

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

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes No

- 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
FIFTH THIRD SECURITIES, INC.....	3050 KINGSLEY DRIVE, CINCINNATI, OH 45263.....

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..... | 88.8 % |
| 1.2 A&H cost containment percent | 0.0 % |
| 1.3 A&H expense percent excluding cost containment expenses..... | % |
- 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..... \$ _____

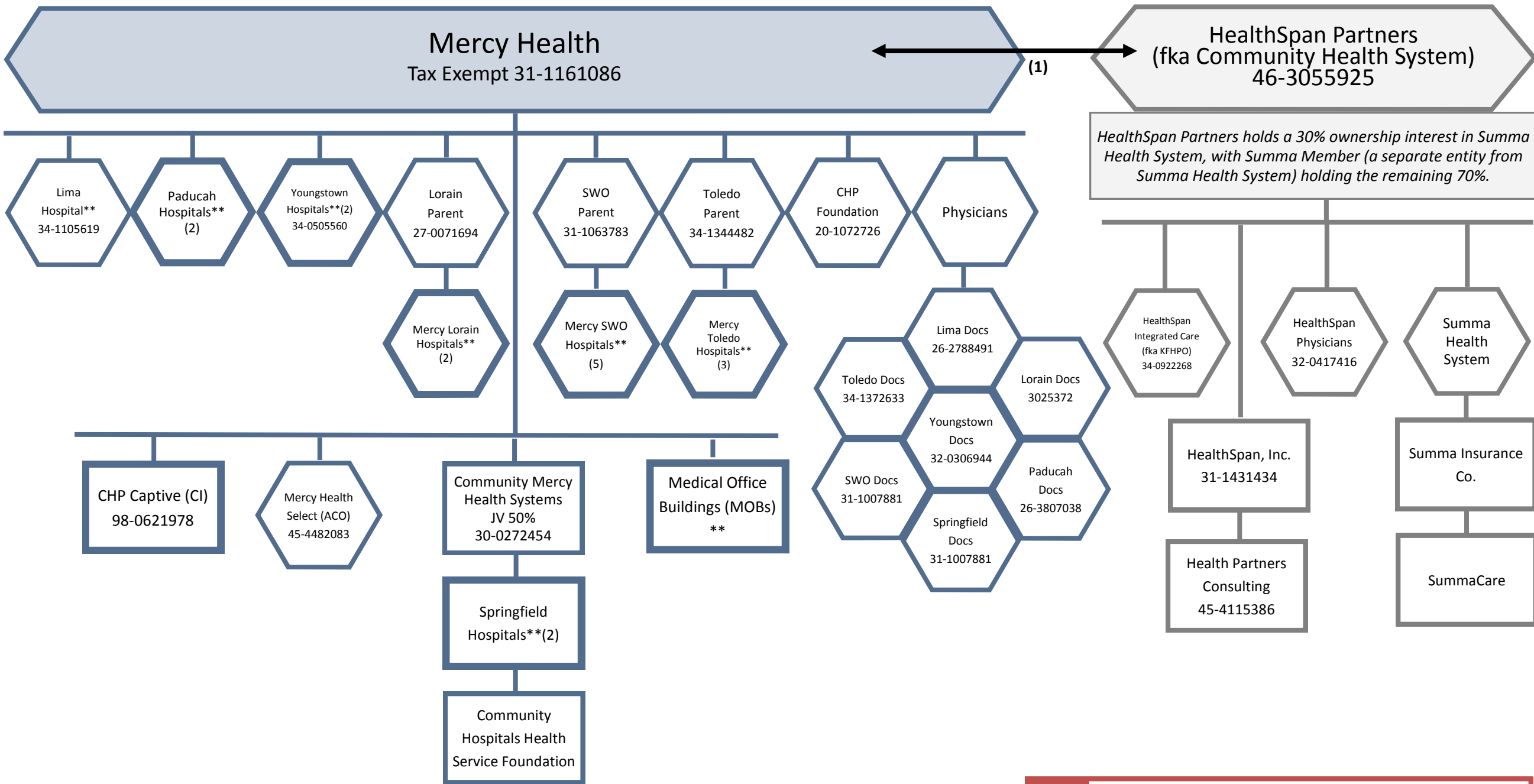
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only							8 Total Columns 2 Through 7	9 Deposit-Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums			
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	14,079,821							14,079,821	
37. Oklahoma	OK								0	
38. Oregon	OR								0	
39. Pennsylvania	PA								0	
40. Rhode Island	RI								0	
41. South Carolina	SC								0	
42. South Dakota	SD								0	
43. Tennessee	TN								0	
44. Texas	TX								0	
45. Utah	UT								0	
46. Vermont	VT								0	
47. Virginia	VA								0	
48. Washington	WA								0	
49. West Virginia	WV								0	
50. Wisconsin	WI								0	
51. Wyoming	WY								0	
52. American Samoa	AS								0	
53. Guam	GU								0	
54. Puerto Rico	PR								0	
55. U.S. Virgin Islands	VI								0	
56. Northern Mariana Islands	MP								0	
57. Canada	CAN								0	
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	14,079,821	0	0	0	0	0	0	14,079,821	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	
61. Total (Direct Business)	(a) 0	14,079,821	0	0	0	0	0	0	14,079,821	0
DETAILS OF WRITE-INS										
58001	XXX									
58002	XXX									
58003	XXX									
58998 Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	0
58999 Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0	0

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

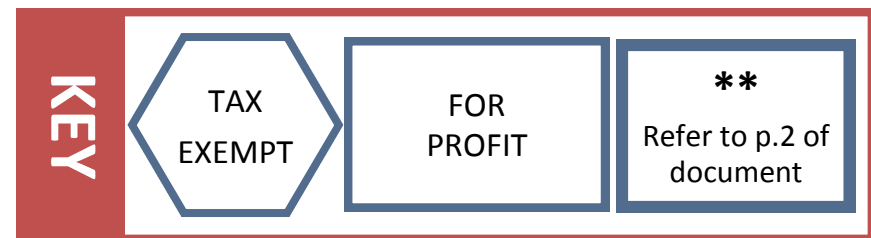
(a) Insert the number of L responses except for Canada and other Alien.



CHP Org Chart 9_3_14

Note: Ownership is based on 100% ownership or membership interest unless otherwise noted. All entities are domiciled in Ohio except as noted.

(1): The relationship between Mercy and HSP is based on the HealthSpan Partners Loan Agreement (previously filed with ODI) and common board members.



STATEMENT AS OF SEPTEMBER 30, 2014 OF THE HealthSpan Inc

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Name of Parent Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/ Person(s)	*
00000	HealthSpan Inc	15284	31-1431434				Mercy Health	.OH		Mercy Health	Ownership	100.0	Mercy Health	1
			31-1161086				Mercy Health	.OH	UDP	Mercy Health	Ownership	100.0	Mercy Health	1
			34-1105619				St. Rita's Medical Center	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			61-0600313				MHP Lourdes Hospital	.KY	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			61-0927491				Marcum and Wallace Memorial Hospital	.KY	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			34-0505560				St. Elizabeth Health Center	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			34-0505560				St. Joseph Health Center	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
							Lorraine Community Health Partners Physicians Office Buildings	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			34-1268828				Mercy Allen Medical Office Building	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			34-4504991				Jewish Hospital	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			27-1408630				Mercy West	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			31-1091597				Mercy Clermont	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			31-0830955				Mercy Anderson	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			31-0537085				Mercy Fairfield	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			31-0538532				Springfield Regional Medical Center	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			31-0785684				Mercy Memorial Hospital	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			31-0785684				St. Anne Mercy Hospital	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			34-4428250				St. Charles Mercy Hospital	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			34-4445373				St. Vincent Mercy Medical Center	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			34-4428250				CHP Foundation	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			20-1072726				Mercy Health Select	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			45-4482083				Mercy Property Holdings	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			30-0699825				Lourdes Medical Pavilion LLC	.KY	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			61-1334329				Northparke Medical Office	.OH	NIA	Mercy Health	Ownership	55.0	Mercy Health	1
			31-1391230				Community Mercy Health Systems	.OH	NIA	Mercy Health	Ownership	50.0	Mercy Health	1
			30-0272454				Southwest Ohio Physicians	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			31-1007881				Toledo Physicians	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			34-1372633				Lima Physicians	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			26-2788491				Springfield Physicians	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			31-1007881				Youngstown Physicians	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			32-0306944				Lorain Physicians	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			30-25372				Paducah Physicians	.OH	NIA	Mercy Health	Ownership	100.0	Mercy Health	1
			26-3807038					.KY	NIA	Mercy Health	Ownership	100.0	Mercy Health	1

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Asterisk	Explanation
1	Catholic Health Partners name was changed to Mercy Health effective July 1, 2014.

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

MQ002 Additional Aggregate Lines for Page 02 Line 25.

*ASSETS

	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
2504. Other Receivables.....	807,669		807,669	0
2505.			0	0
2597. Summary of remaining write-ins for Line 25 from Page 02	807,669	0	807,669	0

MQ004 Additional Aggregate Lines for Page 04 Line 6.

*REVEX1

	1	2	3	4
	Current Year To Date Uncovered	Current Year To Date Total	Prior Year To Date Total	Prior Year Ended December 31 Total
0604. RELATED PARTY CONSULTING AND HEALTH BENEFIT PLAN.....	XXX	4,194,053	0	1,771,250
0605. PAYMENT INNOVATIONS CLAIMS EXPENSE.....	XXX	(16,324,744)	0	(3,748,450)
0606. INVESTMENT REVENUE.....	XXX	14,002	0	0
0607.	XXX		0	0
0608.	XXX		0	0
0609.	XXX		0	0
0610.	XXX		0	0
0611.	XXX		0	0
0612.	XXX		0	0
0613.	XXX		0	0
0614.	XXX		0	0
0697. Summary of remaining write-ins for Line 6 from Page 04	XXX	(12,116,689)	0	(1,977,201)

SCHEDULE A – VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
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		0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

NONE

SCHEDULE B – VERIFICATION

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
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 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
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 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	4,886,436	0
2. Cost of bonds and stocks acquired		4,884,113
3. Accrual of discount	4,029	2,322
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals		0
6. Deduct consideration for bonds and stocks disposed of		0
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)	4,890,465	4,886,436
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	4,890,465	4,886,436

STATEMENT AS OF SEPTEMBER 30, 2014 OF THE HealthSpan Inc

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
BONDS								
1. NAIC 1 (a).....	4,886,436				4,886,436	4,886,436	4,886,436	4,886,436
2. NAIC 2 (a).....	.0				.0	.0	.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	4,886,436	0	0	0	4,886,436	4,886,436	4,886,436	4,886,436
PREFERRED STOCK								
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	4,886,436	0	0	0	4,886,436	4,886,436	4,886,436	4,886,436

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$; NAIC 2 \$;
NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

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Schedule DA - Part 1

NONE

Schedule DA - Verification

NONE

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.....	26,978	0
2. Cost of cash equivalents acquired	14,002	26,978
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals		0
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)	40,980	26,978
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	40,980	26,978

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

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

