



ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2014
 OF THE CONDITION AND AFFAIRS OF THE

HealthSpan Integrated Care

NAIC Group Code 00000 (Current Period) , 00000 (Prior Period) NAIC Company Code 95204 Employer's ID Number 34-0922268

Organized under the Laws of Ohio , State of Domicile or Port of Entry Ohio

Country of Domicile United States

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

Internet Web Site Address HealthSpan.org

Statutory Statement Contact Griffin Hurd , 513-981-6264
 (Name) (Area Code) (Telephone Number) (Extension)
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 (E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
<u>Kenneth Page</u>	<u>President (effective 10/1/2013)</u>	<u>Dave Nowiski</u>	<u>Treasurer</u>

OTHER OFFICERS

DIRECTORS OR TRUSTEES

<u>Robert Campbell</u>	<u>William Frank</u>	<u>R. Jeffrey Copeland</u>	<u>Walid Sidani MD</u>
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State of Ohio **ss**
 County of Cuyahoga

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

Subscribed and sworn to before me this _____ day of _____

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	27,714,020		27,714,020	400,417
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	59,046,223		59,046,223	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 (\$ 18,289,677 , Schedule E-Part 1), cash equivalents (\$ 619,723 , Schedule E-Part 2) and short-term investments (\$ 1 , Schedule DA).....	18,909,400		18,909,400	132,976,810
6. Contract loans (including \$ premium notes).....			0	0
7. Derivatives (Schedule DB).....			0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	105,669,643	0	105,669,643	199,849,028
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	233,711		233,711	0
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	14,120,279		14,120,279	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	3,012,188		3,012,188	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.....	1,993,711	1,993,711	0	0
21. Furniture and equipment, including health care delivery assets (\$ 12,295,443)	12,685,617	390,174	12,295,443	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 (\$ 9,363,736) and other amounts receivable.....	14,469,970	1,966,596	12,503,374	25,690,728
25. Aggregate write-ins for other-than-invested assets	1,072,863	1,072,863	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	153,257,982	5,423,344	147,834,638	256,040,566
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	153,257,982	5,423,344	147,834,638	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.....	1,072,863	1,072,863	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)	1,072,863	1,072,863	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$885,651 reinsurance ceded)	40,997,111		40,997,111	78,724,870
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	498,584		498,584	767,372
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act			0	9,899,519
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	705,476		705,476	6,404,074
9. General expenses due or accrued	2,256,530		2,256,530	2,990,354
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	463,101		463,101	0
12. Amounts withheld or retained for the account of others			0	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	18,909,419		18,909,419	13,508,092
16. Derivatives			0	0
17. Payable for securities	229,660		229,660	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)	28,336,060	0	28,336,060	30,082,074
24. Total liabilities (Lines 1 to 23)	92,395,941	0	92,395,941	143,491,481
25. Aggregate write-ins for special surplus funds	XXX	XXX	4,513,596	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	10,925,101	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	55,438,697	112,549,085
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	147,834,638	256,040,566
DETAILS OF WRITE-INS				
2301. Accrued Payroll and Related	6,478,903		6,478,903	8,532,087
2302. Workers Comp	0		0	150,000
2303. Other Liabilities	1,140,285		1,140,285	1,208,220
2398. Summary of remaining write-ins for Line 23 from overflow page	20,716,872	0	20,716,872	20,191,767
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	28,336,060	0	28,336,060	30,082,074
2501. Special Surplus	XXX	XXX	4,513,596	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	4,513,596	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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	919,471	990,714
2. Net premium income (including \$0 non-health premium income).....	XXX	419,159,699	473,889,046
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX	688,348	2,614,162
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	735,430	764,762
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	420,583,477	477,267,970
Hospital and Medical:			
9. Hospital/medical benefits		132,020,177	134,680,072
10. Other professional services		26,733,850	51,478,043
11. Outside referrals		72,496,622	45,012,096
12. Emergency room and out-of-area		6,806,928	24,128,654
13. Prescription drugs		55,405,626	52,390,460
14. Aggregate write-ins for other hospital and medical	0	118,771,016	134,807,006
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	412,234,219	442,496,331
Less:			
17. Net reinsurance recoveries		4,109,851	0
18. Total hospital and medical (Lines 16 minus 17)	0	408,124,368	442,496,331
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$4,870,190 cost containment expenses.....		10,081,175	9,137,699
21. General administrative expenses.....		64,067,405	41,351,295
22. Increase in reserves for life and accident and health contracts (including \$0 increase in reserves for life only).....		(9,899,519)	(5,700,481)
23. Total underwriting deductions (Lines 18 through 22)	0	472,373,429	487,284,844
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(51,789,952)	(10,016,874)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		(493,415)	2,549,063
26. Net realized capital gains (losses) less capital gains tax of \$		58,529	981,249
27. Net investment gains (losses) (Lines 25 plus 26)	0	(434,886)	3,530,312
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$0) (amount charged off \$1,871,079)].....		(1,871,079)	0
29. Aggregate write-ins for other income or expenses	0	394,870	(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	(53,701,047)	(78,392,337)
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	(53,701,047)	(78,392,337)
DETAILS OF WRITE-INS			
0601. Other Revenues.....	XXX	735,430	764,762
0602.	XXX		0
0603.	XXX		0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	735,430	764,762
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. Occupancy, Depreciation and Amortization.....		9,575,267	13,048,392
1402. Professional Liability Insurance.....			2,244,609
1403. Medical Administration and other medical expenses.....		90,000,845	97,031,171
1498. Summary of remaining write-ins for Line 14 from overflow page	0	19,194,904	22,482,834
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	118,771,016	134,807,006
2901. Miscellaneous.....		394,870	195,124
2902. Dissolution of Medical Services Agreement.....			(56,000,000)
2903. Other expenses associated with membership transfer.....			(16,100,899)
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	394,870	(71,905,775)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	112,549,085	68,308,324
34. Net income or (loss) from Line 32	(53,701,047)	(78,392,337)
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	(3,409,024)	(346,226)
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	(205,000,000)
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	39,996,736
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	(317)	287,982,588
48. Net change in capital and surplus (Lines 34 to 47)	(57,110,388)	44,240,761
49. Capital and surplus end of reporting year (Line 33 plus 48)	55,438,697	112,549,085
DETAILS OF WRITE-INS		
4701. Unassigned funds pension liability.....		3,820,306
4702. Unassigned funds post retirement liability.....		(14,402,604)
4703. Due to Kaiser Affiliates transferred to Kaiser.....		74,050,427
4798. Summary of remaining write-ins for Line 47 from overflow page	(317)	224,514,459
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	(317)	287,982,588

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	405,186,276	459,893,404
2. Net investment income	7,794,838	8,774,517
3. Miscellaneous income	13,019,208	(20,891,599)
4. Total (Lines 1 through 3)	426,000,322	447,776,322
5. Benefit and loss related payments	438,964,796	385,359,283
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	76,627,403	120,522,232
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	515,592,199	505,881,515
11. Net cash from operations (Line 4 minus Line 10)	(89,591,877)	(58,105,193)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	44,376,152	256,399,168
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	1,414	0
12.7 Miscellaneous proceeds	229,660	1,703,294
12.8 Total investment proceeds (Lines 12.1 to 12.7)	44,607,226	258,102,462
13. Cost of investments acquired (long-term only):		
13.1 Bonds	71,918,576	118,973,026
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	808,870	2,274,319
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	1,579	1,906,649
13.7 Total investments acquired (Lines 13.1 to 13.6)	72,729,025	123,153,994
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(28,121,799)	134,948,468
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	39,996,736
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	3,646,266	(74,599,103)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	3,646,266	(34,602,367)
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)	(114,067,410)	42,240,908
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	132,976,810	90,735,902
19.2 End of year (Line 18 plus Line 19.1)	18,909,400	132,976,810

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	419,159,699	248,227,517	0	0	0	39,445,706	131,486,476	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	688,348	586,114				50,483	51,751			XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	735,430	735,430	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	420,583,477	249,549,061	0	0	0	39,496,189	131,538,227	0	0	0
8. Hospital/medical benefits	132,020,177	85,323,872				14,464,247	32,230,752		1,306	XXX
9. Other professional services	26,733,850	13,913,210				2,658,191	10,161,892		557	XXX
10. Outside referrals	72,496,622	44,265,740				7,093,012	21,137,870			XXX
11. Emergency room and out-of-area	6,806,928	3,965,695				765,922	2,075,215		96	XXX
12. Prescription drugs	55,405,626	28,484,718				4,742,437	22,178,461		10	XXX
13. Aggregate write-ins for other hospital and medical	118,771,016	77,870,701	0	0	0	12,297,821	28,600,854	0	1,640	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	412,234,219	253,823,936	0	0	0	42,021,630	116,385,044	0	3,609	XXX
16. Net reinsurance recoveries	4,109,851	4,109,851								XXX
17. Total hospital and medical (Lines 15 minus 16)	408,124,368	249,714,085	0	0	0	42,021,630	116,385,044	0	3,609	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ cost containment expenses	10,081,175	7,524,810				558,497	1,997,868			
20. General administrative expenses	64,067,405	40,935,464				4,462,284	18,669,657			
21. Increase in reserves for accident and health contracts	(9,899,519)	(8,877,851)				(1,021,668)				XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	472,373,429	289,296,508	0	0	0	46,020,743	137,052,569	0	3,609	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(51,789,952)	(39,747,447)	0	0	0	(6,524,554)	(5,514,342)	0	(3,609)	0
DETAILS OF WRITE-INS										
0501. Other Revenues - KPIC fees	735,430	735,430								XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	735,430	735,430	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Occupancy, Depreciation and Amortization	9,575,267	5,853,561				979,900	2,741,656		150	XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	109,195,749	72,017,140	0	0	0	11,317,921	25,859,198	0	1,490	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	118,771,016	77,870,701	0	0	0	12,297,821	28,600,854	0	1,640	XXX

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	250,700,228		2,472,711	248,227,517
2. Medicare Supplement	0			0
3. Dental only.....				0
4. Vision only.....				0
5. Federal Employees Health Benefits Plan	39,445,706			39,445,706
6. Title XVIII - Medicare	131,486,476			131,486,476
7. Title XIX - Medicaid.....				0
8. Other health.....				0
9. Health subtotal (Lines 1 through 8)	421,632,410	0	2,472,711	419,159,699
10. Life				0
11. Property/casualty.....				0
12. Totals (Lines 9 to 11)	421,632,410	0	2,472,711	419,159,699

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct	449,488,216	281,279,367				46,590,451	121,614,196		4,202	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	212,012	212,012								
1.4 Net	449,276,204	281,067,355	0	0	0	46,590,451	121,614,196	0	4,202	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	41,882,764	26,961,308	0	0	0	4,712,545	10,208,864	0	47	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	885,651	885,651	0	0	0	0	0	0	0	0
3.4 Net	40,997,113	26,075,657	0	0	0	4,712,545	10,208,864	0	47	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a).....	411,888	280,964				29,612	101,312			
7. Amounts recoverable from reinsurers December 31, current year	3,012,188	3,012,188								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	78,724,870	54,135,774	0	0	0	9,251,754	15,336,702	0	640	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	78,724,870	54,135,774	0	0	0	9,251,754	15,336,702	0	640	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	412,234,222	253,823,937	0	0	0	42,021,630	116,385,046	0	3,609	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	4,109,851	4,109,851	0	0	0	0	0	0	0	0
12.4 Net	408,124,371	249,714,086	0	0	0	42,021,630	116,385,046	0	3,609	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	19,437,199	10,159,229				1,740,502	7,537,421		47	
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	536,203	536,203								
1.4. Net	18,900,996	9,623,026	0	0	0	1,740,502	7,537,421	0	47	0
2. Incurred but Unreported:										
2.1. Direct	22,445,565	16,802,079				2,972,043	2,671,443			
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	349,448	349,448								
2.4. Net	22,096,117	16,452,631	0	0	0	2,972,043	2,671,443	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct	0									
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1. Direct	41,882,764	26,961,308	0	0	0	4,712,545	10,208,864	0	47	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	885,651	885,651	0	0	0	0	0	0	0	0
4.4. Net	40,997,113	26,075,657	0	0	0	4,712,545	10,208,864	0	47	0

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 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 December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	50,712,805	227,342,361	(110,034)	26,185,689	50,602,771	54,135,774
2. Medicare Supplement					0	0
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan	8,545,220	38,045,231	(5,985)	4,718,530	8,539,235	9,251,754
6. Title XVIII - Medicare	16,127,332	105,486,864	1,652	10,207,212	16,128,984	15,336,703
7. Title XIX - Medicaid.....					0	0
8. Other health	38	4,164		47	38	640
9. Health subtotal (Lines 1 to 8).....	75,385,395	370,878,620	(114,367)	41,111,478	75,271,028	78,724,871
10. Healthcare receivables (a).....		411,888			0	0
11. Other non-health.....					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals (Lines 9-10+11+12)	75,385,395	370,466,732	(114,367)	41,111,478	75,271,028	78,724,871

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

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

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	21,434	261	.0	.0	
2. 2010	342,424	23,830	198	.0	
3. 2011	XXX	332,527	20,960	(91)	
4. 2012	XXX	XXX	286,612	15,823	48
5. 2013	XXX	XXX	XXX	222,549	47,122
6. 2014	XXX	XXX	XXX	XXX	231,812

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	21,761	261	.0	.0	
2. 2010	371,646	24,398	197	.0	
3. 2011	XXX	354,610	21,246	(91)	
4. 2012	XXX	XXX	304,239	15,717	48
5. 2013	XXX	XXX	XXX	276,791	47,012
6. 2014	XXX	XXX	XXX	XXX	257,868

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2010.....	370,938	366,452	8,234	2.2	374,686	101.0			374,686	101.0
2. 2011.....	346,961	353,396	7,032	2.0	360,428	103.9			360,428	103.9
3. 2012.....	296,915	302,483	7,394	2.4	309,877	104.4			309,877	104.4
4. 2013.....	273,319	269,671	6,145	2.3	275,816	100.9	(110)		275,706	100.9
5. 2014.....	248,228	231,812	7,525	3.2	239,337	96.4	26,058	372	265,767	107.1

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Pt 2C - Sn A - Paid Claims - MS

NONE

Pt 2C - Sn A - Paid Claims - DO

NONE

Pt 2C - Sn A - Paid Claims - VO

NONE

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

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

Section A – Paid Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	2,067	.28	.0	.0	
2. 2010	33,018	2,550	.26	.0	
3. 2011	XXX	35,588	2,791	(13)	
4. 2012	XXX	XXX	38,170	2,220	.8
5. 2013	XXX	XXX	XXX	31,218	7,808
6. 2014	XXX	XXX	XXX	XXX	38,410

Section B - Incurred Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	2,104	.28	.0	.0	
2. 2010	36,368	2,617	.26	.0	
3. 2011	XXX	38,306	2,829	(13)	
4. 2012	XXX	XXX	40,359	2,214	.8
5. 2013	XXX	XXX	XXX	40,475	7,802
6. 2014	XXX	XXX	XXX	XXX	43,107

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Federal Employees Health Benefits Plan Premium

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2010.....	42,263	35,594	595	1.7	36,189	85.6			36,189	85.6
2. 2011.....	41,384	38,366	961	2.5	39,327	95.0			39,327	95.0
3. 2012.....	40,058	40,398	940	2.3	41,338	103.2			41,338	103.2
4. 2013.....	41,007	39,026	847	2.2	39,873	97.2	(6)		39,867	97.2
5. 2014	39,446	38,410	558	1.5	38,968	98.8	4,696	28	43,692	110.8

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ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

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

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	7,640	83	.0	.0	
2. 2010	122,056	7,570	84	.0	
3. 2011	XXX	105,640	8,948	(46)	
4. 2012	XXX	XXX	122,359	7,925	21
5. 2013	XXX	XXX	XXX	111,468	20,377
6. 2014	XXX	XXX	XXX	XXX	100,242

Section B - Incurred Health Claims - Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	7,686	83	.0	.0	
2. 2010	126,180	7,660	84	.0	
3. 2011	XXX	114,613	8,994	(46)	
4. 2012	XXX	XXX	129,462	7,927	21
5. 2013	XXX	XXX	XXX	126,803	20,379
6. 2014	XXX	XXX	XXX	XXX	110,599

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2010.....	142,528	129,710	3,042	2.3	132,752	93.1			132,752	93.1
2. 2011.....	135,446	114,542	4,677	4.1	119,219	88.0			119,219	88.0
3. 2012.....	154,349	130,305	2,704	2.1	133,009	86.2			133,009	86.2
4. 2013.....	159,563	131,845	2,146	1.6	133,991	84.0	2		133,993	84.0
5. 2014.....	131,486	100,242	1,998	2.0	102,240	77.8	10,357	99	112,696	85.7

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

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

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior .....	.0	.0	.0	.0	
2. 2010 .....	.0	.0	.0	.0	
3. 2011	XXX	.8	.0	.0	
4. 2012	XXX	XXX	.0	.0	
5. 2013	XXX	XXX	XXX	.6	.1
6. 2014	XXX	XXX	XXX	XXX	3

Section B – Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior .....	.0	.0	.0	.0	
2. 2010 .....	.0	.0	.0	.0	
3. 2011	XXX	.0	.0	.0	
4. 2012	XXX	XXX	.0	.0	
5. 2013	XXX	XXX	XXX	.6	.1
6. 2014	XXX	XXX	XXX	XXX	4

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Other

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 20100	.0		.0	.0	.0			.0	.0
2. 2011	10	.8		.0	.8	.80			.8	.80
3. 20120	.0		.0	.0	.0			.0	.0
4. 20130	.7		.0	.7	.0			.7	.0
5. 2014	0	3		0.0	3	0.0			3	0.0

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ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

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

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior .....	.31,141	.372	.0	.0	.0
2. 2010	497,498	.33,950	.308	.0	.0
3. 2011	XXX	473,763	.32,699	(150)	.0
4. 2012	XXX	XXX	447,141	.25,968	.77
5. 2013	XXX	XXX	XXX	.365,241	.75,308
6. 2014	XXX	XXX	XXX	XXX	370,467

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior .....	.31,551	.372	.0	.0	.0
2. 2010	534,194	.34,675	.307	.0	.0
3. 2011	XXX	507,529	.33,069	(150)	.0
4. 2012	XXX	XXX	474,060	.25,858	.77
5. 2013	XXX	XXX	XXX	444,075	.75,194
6. 2014	XXX	XXX	XXX	XXX	411,578

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2010	555,729	531,756	11,871	2.2	543,627	97.8	.0	.0	543,627	97.8
2. 2011	523,801	506,312	12,670	2.5	518,982	99.1	.0	.0	518,982	99.1
3. 2012	491,322	473,186	11,038	2.3	484,224	98.6	.0	.0	484,224	98.6
4. 2013	473,889	440,549	9,138	2.1	449,687	94.9	(114)	.0	449,573	94.9
5. 2014	419,160	370,467	10,081	2.7	380,548	90.8	41,111	499	422,158	100.7

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Pt 2C - Sn B - Incurred Claims - MS

NONE

Pt 2C - Sn B - Incurred Claims - DO

NONE

Pt 2C - Sn B - Incurred Claims - VO

NONE

Part 2C - Sn C - Claims Expense Ratio MS

NONE

Part 2C - Sn C - Claims Expense Ratio DO

NONE

Part 2C - Sn C - Claims Expense Ratio VO

NONE

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

UNDERWRITING AND INVESTMENT EXHIBIT

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

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

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building)			368,423		368,423
2. Salaries, wages and other benefits	4,031,400	2,964,361	13,167,619		20,163,380
3. Commissions (less \$ceded plus \$assumed)			4,732,458		4,732,458
4. Legal fees and expenses			187,266		187,266
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services			3,440,400		3,440,400
7. Traveling expenses	30,970	30,678	383,815		445,463
8. Marketing and advertising			5,136,297		5,136,297
9. Postage, express and telephone	24,895	94,586	10,578		130,059
10. Printing and office supplies	79,875	1,108,042	354,437		1,542,354
11. Occupancy, depreciation and amortization			3,290,156		3,290,156
12. Equipment					0
13. Cost or depreciation of EDP equipment and software					0
14. Outsourced services including EDP, claims, and other services	366,654	321,818	1,977,807		2,666,279
15. Boards, bureaus and association fees			75,046		75,046
16. Insurance, except on real estate			3,666,238		3,666,238
17. Collection and bank service charges			1,445,926		1,445,926
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses				3,781,069	3,781,069
22. Real estate taxes			165,423	2,334,616	2,500,039
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes			6,006,658		6,006,658
23.3 Regulatory authority licenses and fees			135,515		135,515
23.4 Payroll taxes	303,934	123,081	749,607		1,176,622
23.5 Other (excluding federal income and real estate taxes)			0		0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	32,462	568,419	18,773,736	1,387,682	20,762,299
26. Total expenses incurred (Lines 1 to 25)	4,870,190	5,210,985	64,067,405	7,503,367	81,651,947
27. Less expenses unpaid December 31, current year		498,584	2,256,528		2,755,112
28. Add expenses unpaid December 31, prior year	0	767,372	2,990,354	0	3,757,726
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	4,870,190	5,479,773	64,801,231	7,503,367	82,654,561
DETAILS OF WRITE-INS					
2501. Information Technology Services	32,462	568,419	10,394,160		10,995,041
2502. Shared Services			4,468,638		4,468,638
2503. ACA Health Insurer Fee and Exchange Fees			3,910,938		3,910,938
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	1,387,682	1,387,682
2599. Totals (Line 2501 through 2503 plus 2598) (Line 25 above)	32,462	568,419	18,773,736	1,387,682	20,762,299

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 265,442	258,346
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 668,015	267,499
1.3 Bonds of affiliates	(a) 0	
2.1 Preferred stocks (unaffiliated)	(b) 0	
2.11 Preferred stocks of affiliates	(b) 0	
2.2 Common stocks (unaffiliated)	0	
2.21 Common stocks of affiliates	0	
3. Mortgage loans	(c)	
4. Real estate	(d)	14,719,138
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e)	
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	933,457	15,244,983
11. Investment expenses		(g) 7,503,368
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 0
14. Depreciation on real estate and other invested assets		(i) 8,235,030
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		15,738,398
17. Net investment income (Line 10 minus Line 16)		(493,415)
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

- (a) Includes \$ 44,415 accrual of discount less \$ 331,349 amortization of premium and less \$ 365,210 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ 0 paid for accrued dividends on purchases.
 (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	71,758	0	71,758		
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	(13,229)	0	(13,229)		
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	58,529	0	58,529	0	0
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	.0	.0	.0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	.0	.0	.0
2.2 Common stocks .....	.0	.0	.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	.0	.0	.0
3.2 Other than first liens .....	.0	.0	.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	.0	.0	.0
4.2 Properties held for the production of income.....	.0	.0	.0
4.3 Properties held for sale .....	.0	.0	.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	.0	.0	.0
6. Contract loans .....	.0	.0	.0
7. Derivatives (Schedule DB).....	.0	.0	.0
8. Other invested assets (Schedule BA) .....	.0	.0	.0
9. Receivables for securities .....	.0	.0	.0
10. Securities lending reinvested collateral assets (Schedule DL).....	.0	.0	.0
11. Aggregate write-ins for invested assets .....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	.0	.0	.0
13. Title plants (for Title insurers only).....	.0	.0	.0
14. Investment income due and accrued .....	.0	.0	.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	.0	608,059	608,059
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	.0	.0	.0
15.3 Accrued retrospective premiums.....	.0	.0	.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	.0	.0	.0
16.2 Funds held by or deposited with reinsured companies .....	.0	.0	.0
16.3 Other amounts receivable under reinsurance contracts .....	.0	.0	.0
17. Amounts receivable relating to uninsured plans .....	.0	.0	.0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	.0	.0	.0
18.2 Net deferred tax asset.....	.0	.0	.0
19. Guaranty funds receivable or on deposit .....	.0	.0	.0
20. Electronic data processing equipment and software.....	1,993,711	80,912	(1,912,799)
21. Furniture and equipment, including health care delivery assets.....	390,174	616,023	225,849
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	.0	.0	.0
23. Receivables from parent, subsidiaries and affiliates .....	.0	.0	.0
24. Health care and other amounts receivable.....	1,966,596	374,672	(1,591,924)
25. Aggregate write-ins for other-than-invested assets	1,072,863	334,654	(738,209)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	5,423,344	2,014,320	(3,409,024)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	5,423,344	2,014,320	(3,409,024)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid & Other Current Assets.....	1,072,863	334,654	(738,209)
2502. ....		.0	.0
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page .....	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,072,863	334,654	(738,209)

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	77,087	72,478	73,558	72,812	71,688	875,301
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	4,519	4,119	3,811	3,613	3,131	44,170
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
7. Total	81,606	76,597	77,369	76,425	74,819	919,471
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

HealthSpan Integrated Care
Notes to Financial Statements
For the Years Ended December 31, 2014 and 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	Year Ended 12/31/14	Year Ended 12/31/13
		(in thousands)	(in thousands)
NET INCOME			
HealthSpan state basis (page 4, Line 32, (1) Columns 2 & 3)	OH	\$ (53,701)	\$ (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>(53,701)</u>	<u>(78,392)</u>
SURPLUS			
HealthSpan state basis (page 3, Line 33, (5) Columns 3 & 4)	OH	\$ 55,439	\$ 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>55,439</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 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 December 31, 2014 and December 31, 2013, \$406 thousand and \$400 thousand, respectively, 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 \$6.2 million as of December 31, 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.

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.

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 HealthSpan 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.

Cost Allocations

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

2) Accounting Changes and Corrections of Errors

New Accounting Principles

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. Effective for 2014, the Company has adopted SSAP No. 106, *Affordable Care Act Assessments*, which requires recognition of the liability and expense for the ACA fee on January 1 of the year the fee is due. Additionally, SSAP No. 106 requires the Company to reclassify and disclose in 2014, an amount equal to its estimated subsequent fee year assessment from unassigned surplus to special surplus. Management has evaluated the effect of this guidance on the Company's financial statements for 2014, and has recognized expense of \$3.2 million for the initial assessment paid in September 2014. Additionally, management has reclassified \$4.5 million from unassigned surplus to special surplus to recognize the amount anticipated to be due in September 2015 for the year ended December 31, 2014.

In December 2014, the NAIC adopted SSAP No. 107, *Accounting for the Risk Sharing Provisions of the Affordable Care Act (ACA)*. This guidance clarifies the financial statement elements associated with the ACA programs known as risk adjustment, reinsurance, and risk corridors. HealthSpan has recorded and disclosed fees, recoveries, and contributions for the

year ended December 31, 2014, to the extent reasonably estimable, in accordance with SSAP No. 107.

3) Business Combinations and Goodwill

A) Statutory Purchase Method

For the year ended December 31, 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 Mercy Health, known as Catholic Health Partners (CHP) prior to July 1, 2014. Mercy Health 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. The year-to-date September 30, 2013 results were as follows (in thousands):

	KFHP Ohio results through 09/30/2013
Revenue	<u>\$ 367,085</u>
Net Income	<u>(143,294)</u>
Other Changes in Surplus:	
Change in non-admitted assets	(1,107)
Change in surplus notes	100,000
Paid in surplus	23,325
Unassigned funds pension liability	3,820
Unassigned funds post retirement liability	<u>(14,403)</u>
Total Other Changes in Surplus	<u>111,635</u>
Capital and Surplus, 12/31/2012	68,308
Capital and Surplus, 09/30/2013	<u>\$ 36,649</u>

C – D

For the years ended December 31 2014 and 2013, HealthSpan had no goodwill resulting from assumption reinsurance and recorded no impairment losses.

4) Discontinued Operations

There were no discontinued operations during the reporting periods.

5) Investments

A -C

For the years ended December 31, 2014 and 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 December 31, 2014 and 2013, HealthSpan held no loan-backed securities.

The Company has not recognized any other-than-temporary impairment (OTTI) for the year ended December 31, 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 December 31, 2014 and 2013 HealthSpan held no loan-backed securities with a recognized other-than-temporary impairment.
- (4) For the years ended December 31, 2014 and 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 years ending December 31, 2014 and 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 years ended December 31, 2014 and 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 years ending December 31, 2014 and 2013.
- G) During the years ended December 31, 2014 and 2013, HealthSpan had no investments in low-income housing credits.

H) Restricted Assets

At December 31, 2014 and 2013, the Company had \$406 thousand and \$400 thousand, respectively, 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	406	400	6	406	0.26%	0.27%
j On deposit with other regulatory bodies						
k Pledged as collateral not captured in other categories						
l Other restricted assets						
m Total Restricted Assets	<u>\$ 406</u>	<u>\$ 400</u>	<u>\$ 6</u>	<u>\$ 406</u>	<u>0.26%</u>	<u>0.27%</u>

6) Joint Ventures, Partnerships & Limited Liability Companies

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

7) Investment Income

All investment income due and accrued is admitted at December 31, 2014 and 2013.

8) Derivative Instruments

HealthSpan had no derivative instruments during the reporting periods.

9) Income Taxes

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

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:

Entity	Description of Transaction	2013 Received (Paid)
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 years ended December 31, 2014 and 2013 HealthSpan incurred expenses of \$68.1 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 a partner organization, CHP (known as Mercy Health effective July 1, 2014). For the year ended December 31, 2014, HealthSpan incurred \$9.7 million for services provided by Mercy Health.

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

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

	<u>12/31/2014</u>	<u>12/31/2013</u>
Net amounts due to:		
Mercy Health	\$ 15,912	\$ 13,508
HealthSpan Partners	<u>2,997</u>	<u>-</u>
Total due to affiliated organizations	<u>\$ 18,909</u>	<u>\$ 13,508</u>

During the years ended December 31, 2014 and 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

As of December 31, 2014 and 2013, HealthSpan had no debt.

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

a. Defined Benefit Plan- Pension

Prior to the membership substitution agreement detailed in the *Business Combinations and Goodwill* note, the Company participated in a defined benefit pension plan administered by Kaiser Foundation Health Plan (KFHP), the former corporate member of the Company. The Company participated with other organizations affiliated to KFHP in a defined benefit pension plan covering substantially all its employees. Benefits in this plan were based on age at retirement, years of credited service, and average compensation for a specified period prior to retirement. Contributions were intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

As of October 1, 2013, the date of the membership substitution, the Company no longer participates in this plan. Pension liabilities as of September 30, 2013 were assumed by KFHP. HealthSpan has no obligation to this plan. However, the Company incurred expenses related to these plans until October 1, 2013.

Plan assets for the Company were not segregated and, accordingly, are not disclosed below. However, KFHP separately accounted for the liability and expense, and allocated pension expense and related prepaid or accrued benefit costs to the Company based on participant demographics and plan provisions.

Company Allocations

The accrued pension plan liability allocated to the Company at December 31, 2012 and the change through December 31, 2013, are as follows (in thousands):

Allocated pension plan liability at December 31, 2012	\$ 54,639
Reversal of additional minimum pension liability	(39,686)
January 1, 2013 recognized transition liability	41,055
Provision	8,305
Payments	<u>(9,387)</u>
Allocated pension plan liability at September 30, 2013	54,926
Unrecognized transition liability	59,259
Additional GAAP basis provision	<u>191</u>
Allocated GAAP basis pension obligation at September 30, 2013	114,376
Pension obligation transferred from the Company to KFHP at October 1, 2013	<u>(114,376)</u>
Allocated GAAP basis pension obligation at December 31, 2013	<u><u>\$ —</u></u>

For the year ended December 31, 2013 pension expense allocated to the Company was as follows (in thousands):

	<u>2013</u>
Service cost	\$ 7,969
Interest cost	6,951
Expected return on plan assets	(6,615)
Special termination benefits	—
Amortization of net actuarial loss	4,133
Amortization of prior service cost	1,137
Amortization of incremental asset	(81)
Net pension expense	<u>13,494</u>
Other changes in plan assets and benefit obligations recognized in capital and surplus:	
Reversal of additional minimum pension liability	(39,686)
January 1, 2013 recognized transition liability	41,055
Amortization of net actuarial loss	(4,133)
Amortization of prior service cost	(1,137)
Amortization of incremental asset	81
Total recognized in surplus	<u>(3,820)</u>
Total recognized in net periodic benefit cost and surplus	<u>\$ 9,674</u>

HealthSpan had no liability for pension at December 31, 2013 or 2014.

Defined Contribution Plans

Mercy Health administers defined contribution plans for eligible employees of HealthSpan. Employer contributions and costs are based on a percentage of covered employees' eligible compensation. For the period of October 1, 2013 through December 31, 2013, plan expense, primarily employer contributions, was \$235 thousand. For the year ended December 31, 2014 plan expense was \$3.3 million.

Prior to October 1, 2013, eligible employees of the Company participated in defined contribution plans administered by KFHP. Employer contributions and costs were based on a percentage of covered employees' eligible compensation. During 2013 there were no required employee contributions. For the year ended December 31, 2013, plan expense allocated to the Company, primarily employer contributions, was \$1.5 million.

b. Postretirement Benefits Other than Pensions

Prior to the membership substitution agreement outlined in the *Business Combinations and Goodwill* note, the Company provided certain employees with postretirement health and life insurance benefits administered by Kaiser Foundation Health Plan (KFHP), the former corporate member of the Company. Benefits were available to retirees, through both affiliated and unaffiliated provider networks, and varied by employee group. Postretirement health care benefits available to retirees included subsidized Medicare premiums, medical, and prescription drug benefits.

As of October 1, 2013, the date of the membership substitution, the Company no longer provides these benefits to employees or retirees. Postretirement liabilities as of September 30, 2013 were assumed by KFHP. HealthSpan has no postretirement obligations. However, the Company incurred expenses related to these plans until October 1, 2013.

In September 2013, KFHP and affiliates modified its postretirement health care and life insurance benefit plans for substantially all non-union represented employees. Employees of the Company were not affected by the plan amendment. On September 30, 2013, the Company's postretirement health care and life insurance liability was remeasured as a result of this modification, and actuarial assumptions were updated, including assumptions for discount rate, resulting in a net actuarial gain of \$3.4 million.

The accrued liability for postretirement benefits at December 31, 2012 and the change through December 31, 2013, are as follows (in thousands):

Postretirement benefits liability at December 31, 2012	\$ 46,585
Recognized transition liability	5,962
Plan amendments	13,756
Net actuarial gain	(3,378)
Provision	3,669
Benefits paid or provided	<u>(1,011)</u>
Postretirement benefits liability at September 30, 2013	65,583
Unrecognized transition liability	<u>10,116</u>
GAAP basis accumulated postretirement obligation at September 30, 2013	75,699
Accumulated postretirement obligation transferred from the Company to KFHP at October 1, 2013	<u>(75,699)</u>
Accumulated postretirement obligation at December 31, 2013	<u><u>\$ —</u></u>

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

For the year ended December 31, 2013, postretirement expense for the plan was as follows (in thousands):

	<u>12/31/2013</u>
Service cost	\$ 1,399
Interest cost	2,270
Amortization of prior service cost	1,938
Postretirement benefits expense	<u>5,607</u>
Other changes in plan assets and benefit obligations recognized in capital and surplus:	
January 1, 2013 recognized transition liability	2,584
Additional recognized transition liability	3,378
Prior service cost	13,756
Amortization of prior service cost	(1,938)
Net actuarial gain	<u>(3,378)</u>
Total recognized in surplus	<u>14,402</u>
Total recognized in net periodic benefit cost and surplus	<u>\$ 20,009</u>

During 2013, the employer contributions and benefits paid or provided were \$1.3 million. During 2013 there were no participant contributions from active employees.

Actuarial assumptions used were as follows:

	<u>2013</u>
Weighted average discount rate for calculating postretirement benefits expense from January 1 to September 30	4.60%
Weighted average discount rate for calculating September 30 accumulated postretirement benefit obligation	5.30%

The following were the assumed health care cost trend rates used to determine postretirement benefits expense for the year ended December 31, 2013:

	Basic medical	Prescription drug	Medicare Part D	Dental	Medicare Part A&B	Medicare Part C	Supplemental medical
	<u>Pre-65/Post-65</u>	<u>Pre-65/Post-65</u>	<u>Part D</u>	<u>Dental</u>	<u>Part A&B</u>	<u>Part C</u>	<u>Supplemental medical</u>
Initial trend rate – 2013	7.50% / 6.75%	6.50% / 6.50%	6.70%	4.50%	6.25%	4.00%	7.50%
Ultimate trend rate	4.50% / 4.50%	4.50% / 4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
First year at ultimate trend rate	2026 / 2022	2025 / 2025	2025	2012	2020	2026	2026

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 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 years ended December 31, 2014 and 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 2015 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, 2014 or (b) HealthSpan's net gain from operations on a statutory basis for the year ended December 31, 2014. Accordingly, during 2015, prior approval from the ODI is required for any dividend or distribution payment, which exceeds \$5.5 million.

(7) - (8)

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

(9) As of December 31, 2014, HealthSpan has reclassified \$4.5 million from unassigned funds to special surplus, representing the Company's estimated Annual Fee on Health Insurers for the year ended December 31, 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 \$5.4 million at December 31, 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 years ended December 31, 2014 or 2013.

14) Liabilities, Contingencies and Assessments

A As of December 31, 2014 and 2013, HealthSpan was not a guarantor, and had no commitments to a subsidiary, controlled or affiliated entity.

B - C As of December 31, 2014 and 2013, HealthSpan had no assessments or gain contingencies that could have a material effect on the financial statements.

D For the years ended December 31, 2014 and 2013, HealthSpan paid the following amounts in the reporting periods to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits (in thousands):

	2014	2013
Claims related ECO and bad faith losses paid during the reporting period:	\$ -	\$ -

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

	(a)	(b)	(c)	(d)	(e)
	0 - 25 Claims	25 - 50 Claims	51 - 100 Claims	101 - 500 Claims	More than 500 Claims
2014	X				
2013	X				

The claim count information above is disclosed per claim.

E HealthSpan is involved in various legal proceedings arising in the ordinary course of business operations. Such litigation proceedings include: administrative litigation, employment litigation, breach of contract and other commercial and tort litigation, consistent with the health care industry.

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

15) Leases

A Lessee Operating Leases

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

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

	<u>2014</u>	<u>2013</u>
Minimum rentals	\$ 2,316	\$ 2,035
Contingent rentals	—	—
Imputed rent for owned and occupied medical and administrative buildings	14,719	9,042
Less: Sublease rentals	—	—
	<u>\$ 17,035</u>	<u>\$ 11,077</u>

- (2) At December 31, 2014, minimum aggregate commitments under noncancelable operating leases extending beyond one year were as follows (in thousands):

<u>Year Ending December 31</u>	<u>Operating Leases</u>
2015	\$ 1,665
2016	1,596
2017	839
2018	14
Thereafter	—
Total	<u>\$ 4,114</u>

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

B Lessor Leases

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

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

Financial instruments that potentially subject 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 December 31, 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 periods.

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 years ended December 31, 2014 and 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 HealthSpan had no ASO or ASC plans on which to report.

C (1) Medicare Cost Based Reimbursement Contract - Revenue from HealthSpan's Medicare Cost Reimbursement Contract (Medicare Cost Contract) consisted of \$74.7 million and \$88.2 million for medical and hospital related services for years ended 2014 and 2013, respectively, and \$4.7 million and \$6.2 million for administrative expenses for years ended 2014 and 2013, respectively.

(2) As of December 31, 2014 and 2013, HealthSpan has no net receivables from Medicare with an account balance greater than \$10,000 or 10% of HealthSpan's receivables from the Medicare Cost Contract.

- (3) The majority of Health Plan's Medicare revenues are paid based on cost, with interim payments using pre-established rates, and the final settlement is made after the end of the year. Estimates of final settlements of the cost report are recorded by Health Plan. At December 31, 2014 and 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 \$21.6 million and \$23.2 million, respectively.
- (4) For the years ended December 31, 2014 and 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.

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

HealthSpan does not have direct premiums written/produced by managing general agents or third party administrators during the reporting periods.

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 December 31, 2014 included (in thousands):

<u>Type of Financial Instrument</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not Practicable (Carrying Value)</u>
Bonds and other invested assets:						
U.S. Treasury and government-sponsored agencies	14,618	14,530	—	14,618	—	—
Industrial and miscellaneous bonds	13,173	13,184	—	13,173	—	—
Total bonds and other invested assets	27,791	27,714	—	27,791	—	—
Total investments	\$ 27,791	\$ 27,714	\$ —	\$ 27,791	\$ —	\$ —

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

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

D There were no investments at December 31, 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.

On December 31, 2014, the Company closed four medical office facilities. Management considered the facility closure a triggering event for impairment of the related long-lived assets. The Company recorded an impairment charge of \$1.4 million of leasehold improvements, which is reported in net investment income earned on the Statement of Revenue and Expenses.

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 December 31, 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 years ended December 31, 2014 or 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.

22) Events Subsequent

Subsequent events have been considered through March 1, 2015 for the statutory statements issued on March 1, 2015.

Type I – Recognized Subsequent Events

The company had no Type I subsequent events to report for the year ending December 31, 2014.

Type II – Nonrecognized Subsequent Events

In January 2015, the ODI approved a modification to the compensation terms of HealthSpan's provider agreement with the Physician Group. Effective January 1, 2015, HealthSpan will reimburse the Physician Group based on a capitation arrangement instead of actual cost.

In February 2015, HealthSpan received \$25 million of contributed surplus from HSP.

On January 1, 2015, the Company will be subject to an annual fee under Section 9010 of the Federal Affordable Care Act (ACA). This annual fee 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 amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurer entity's portion of the annual fee becomes payable once the entity provides health insurance for any U. S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2014, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2015, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2015 to be \$4.5 million. This amount is reflected in special surplus. The assessment is expected to reduce risk based capital (RBC) by approximately 8%. Reporting the ACA assessment as of December 31, 2014 would not have triggered an RBC action level.

	<u>Current Year</u>	<u>Prior Year</u>
A. ACA fee assessment payable for the upcoming year	\$ 4.5	\$ 2.8
B. ACA Fee assessment paid	\$ 3.2	\$
C. Premium written subject to ACA 9010 Assessment	\$ 188.0	\$ 217.1
D. Total Adjusted Capital before surplus adjustment	\$ 50.9	
E. Authorized Control Level before surplus adjustment	\$ 10.5	
F. Total Adjusted Capital after surplus adjustment	\$ 55.4	
G. Authorized Control Level after surplus adjustment	\$ 10.5	
H. Would reporting the ACA assessment as of December 31, 2014, have triggered an RBC action level (YES / NO)		NO

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

A – C

Except for premiums subject to the Affordable Care Act risk-sharing provisions, HealthSpan does not have contracts that are subject to retrospective premium adjustments.

D. HealthSpan did not incur medical loss rebates pursuant to the Public Health Service Act for 2013 or 2014.

E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

(1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES / NO)? Yes.

The company had zero balances for premium adjustments for the risk adjustment and risk corridors programs due to a lack of sufficient data to estimate the recoverable amount.

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

ACA Program	Financial Statement Element	Amount (in thousands), as of 12/31/14	
a. Permanent ACA Risk Adjustment Program	Assets		
	1. Premium adjustments receivable due to ACA Risk Adjustment (1)	\$ -	
	Liabilities		
	2. Risk adjustment user fees payable for ACA Risk Adjustment	14	
	3. Premium adjustments payable due to ACA Risk Adjustment (1)	-	
	Operations (Revenue & Expense)		
	4. Reported as revenue in premium for accident and health contracts (written / collected) due to ACA Risk Adjustment (1)	-	
	5. Reported in expenses as ACA risk adjustment user fees (incurred / paid)	14	
	b. Transitional ACA Reinsurance Program	Assets	
		1. Amount recoverable for claims paid due to ACA Reinsurance	2,109
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)		521	
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance (2)		-	
Liabilities			
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium		3,308	
5. Ceded reinsurance premiums payable due to ACA Reinsurance		463	
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance (2)		-	
Operations (Revenue & Expense)			
7. Ceded reinsurance premiums due to ACA Reinsurance		463	
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	2,630		
9. ACA Reinsurance contributions - not reported as ceded premium	3,308		
c. Temporary ACA Risk Corridors Program	Assets		
	1. Accrued retrospective premium due to ACA Risk Corridors (1)	-	
	Liabilities		
	2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors (1)	-	
	Operations (Revenue & Expense)		
	3. Effect of ACA Risk Corridors on net premium income (paid / received) (1)	-	
4. 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

(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance.

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date		
					Prior Year Accrued Less Payments (Col (1 - 3)	Prior Year Accrued Less Payments (Col (2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 -3 +7)	Cumulative Balance from Prior Years (Col 2 -4 +8)	
					1	2	3	4	5	6	7	8	9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)	
a. Permanent ACA Risk Adjustment Program												
	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
1 Premium adjustment receivable	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
2 Premium adjustment (payable)	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
3 Subtotal ACA Permanent Risk Adjustment Program	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
b. Transitional ACA Reinsurance Program												
	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
1 Amounts recoverable for claims paid	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
2 Amounts recoverable for claims unpaid (contra liability)	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
3 Amounts receivable relating to uninsured plans	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
4 Liabilities for contribution payable due to ACA Reinsurance - not reported as ceded premium	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
5 Ceded reinsurance premiums payable	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
6 Liability for amounts held under uninsured plans	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
7 Subtotal ACA Transitional Reinsurance Program	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
c. Temporary ACA Risk Corridors Program												
	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
1 Accrued retrospective premium	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
2 Reserve for rate credits or policy experience rating refunds	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
3 Subtotal ACA Risk Corridors Program	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-
d. Total for ACA Risk Sharing Provisions	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$	- \$	-

25) Change in Incurred Claims and Claim Adjustment Expenses

Analysis of claims activity as of and for the years ended December 31, 2014 and December 31, 2013 (in thousands):

	12/31/2014	12/31/2013
Claims Payable:		
Balance at Beginning of Period	\$78,725	\$27,288
Balance at End of Period	40,997	78,725
Change in Claims Payable - Increase (Decrease)	<u>(37,728)</u>	<u>51,437</u>
Incurred Claims:		
Insured Events of Current Year	411,578	444,075
Increase/(Decrease) Insured Events of Prior Year	(3,454)	(1,579)
Total Incurred Claims	<u>408,124</u>	<u>442,496</u>
Payment of Claims:		
Claims Incurred in Prior Years	75,386	25,819
Claims Incurred in Current Year	370,466	365,240
Total Claims Paid	<u>\$445,852</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

HealthSpan has no intercompany pooling arrangements.

27) Structured Settlements

Not applicable for health entities.

28) Health Care Receivables

At December 31, 2014, HeathSpan admitted a pharmacy rebate receivable of 1.4 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		
9/30/2014	\$3.7	\$3.7	\$0.5		
12/31/2014	\$1.4	\$1.4	\$1.2	\$0.9	

HealthSpan has no risk-sharing receivables.

29) Participating Policies

HealthSpan has no participating policies.

30) 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.

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

	12/31/2014	12/31/2013
1 Liability carried for premium deficiency reserves	\$ 0	\$ 9.9
2 Date of the most recent evaluation of this liability	12/31/2014	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

For 2014 HealthSpan had no salvage and subrogation included as a reduction of loss reserves. At December 31, 2013, the Company had \$24 thousand of salvage and subrogation included as a reduction of loss reserves during the reporting period.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State Regulating? Ohio.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2010
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2010
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).07/09/2012
- 3.4 By what department or departments? Ohio Department of Insurance.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A [X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A [X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Ernst & Young LLP, 1900 Scripps Center, 312 Walnut Street, Cincinnati, Ohio 45202.....
 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
 10.2 If the response to 10.1 is yes, provide information related to this exemption:
 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
 10.4 If the response to 10.3 is yes, provide information related to this exemption:
 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
 10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Glenn A. Giese, Principal, FSA, MAAA, Oliver Wyman Consulting Actuaries, 411 East Wisconsin Avenue, Suite 1300, Milwaukee, WI 53202.....
 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 12.11 Name of real estate holding company
 12.12 Number of parcels involved
 12.13 Total book/adjusted carrying value \$.....
 12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.
 14.11 If the response to 14.1 is no, please explain:
 14.2 Has the code of ethics for senior managers been amended? Yes [X] No []
 14.21 If the response to 14.2 is yes, provide information related to amendment(s)
 In December 2014, the Code of Ethics for HealthSpan Partners was revised and the revisions approved by HealthSpan's Audit and Corporate Responsibility Committee.....
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....
 - 20.12 To stockholders not officers \$.....
 - 20.13 Trustees, supreme or grand (Fraternal only) \$.....
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....
 - 20.22 To stockholders not officers \$.....
 - 20.23 Trustees, supreme or grand (Fraternal only) \$.....
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$.....
 - 21.22 Borrowed from others \$.....
 - 21.23 Leased from others \$.....
 - 21.24 Other \$.....
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....
 - 22.22 Amount paid as expenses \$.....
 - 22.23 Other amounts paid \$.....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [] No [X]
- 24.02 If no, give full and complete information, relating thereto
Held by State Street and 5/3 Bank as indicated in 28.01 below.....
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] NA [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
 - 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
 - 24.103 Total payable for securities lending reported on the liability page \$.....

GENERAL INTERROGATORIES

- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes No
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- | | |
|---|-----------------|
| 25.21 Subject to repurchase agreements | \$ |
| 25.22 Subject to reverse repurchase agreements | \$ |
| 25.23 Subject to dollar repurchase agreements | \$ |
| 25.24 Subject to reverse dollar repurchase agreements | \$ |
| 25.25 Placed under option agreements | \$ |
| 25.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock | \$ |
| 25.27 FHLB Capital Stock | \$ |
| 25.28 On deposit with states | \$405,668 |
| 25.29 On deposit with other regulatory bodies | \$ |
| 25.30 Pledged as collateral – excluding collateral pledged to an FHLB | \$ |
| 25.31 Pledged as collateral to FHLB – including assets backing funding agreements | \$ |
| 25.32 Other | \$ |

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$
28. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? Yes No

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

1 Name of Custodian(s)	2 Custodian's Address
State Street Bank and Trust.....	801 Pennsylvania, Kansas City, MO 64105.....
Fifth Third Bank.....	38 Fountain Square Plaza, Cincinnati, OH 45263.....

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

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

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes No
- 28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Key Bank.....	Fifth Third Bank.....	..11/01/2014..	Consolidate.....

GENERAL INTERROGATORIES

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

1 Central Registration Depository Number(s)	2 Name	3 Address
8158.....	Robert W. Baird & Co. Inc.....	777 East Wisconsin Avenue, Milwaukee, WI 53202.....
151829.....	PNC Bank.....	1900 E. 9th St, Cleveland, OH 44114.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [] No []

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
.....
29.2999 TOTAL		0

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....
.....
.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	27,714,020	27,790,255	76,235
30.2 Preferred Stocks.....	0		0
30.3 Totals	27,714,020	27,790,255	76,235

30.4 Describe the sources or methods utilized in determining the fair values:

IDC (FI Interactive Data).....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?

Yes [] No []

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$72,650

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Better Health Greater Cleveland.....	\$.....30,250
National Committee for Quality Assurance.....	\$.....23,400
Greater Cleveland Partnership.....	\$.....19,000

34.1 Amount of payments for legal expenses, if any? \$218,696

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Bailey Cavalieri LLC.....	\$.....178,984

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only. \$0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above \$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$0
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$419,159,699	\$	.....473,889,046
2.2	Premium Denominator	\$419,159,699	\$	.....473,889,046
2.3	Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4	Reserve Numerator	\$40,997,111	\$	.....88,624,389
2.5	Reserve Denominator	\$40,997,111	\$	.....88,624,389
2.6	Reserve Ratio (2.4/2.5)	.....1.000		.....1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No []
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No [X]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No []
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical \$800,000
- 5.32 Medical Only \$
- 5.33 Medicare Supplement \$
- 5.34 Dental and Vision \$
- 5.35 Other Limited Benefit Plan \$
- 5.36 Other \$
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No []
- 7.2 If no, give details
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year2,075
- 8.2 Number of providers at end of reporting year2,243
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [X] No []
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months6,325,357
- 9.22 Business with rate guarantees over 36 months0

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [] No [X]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$.....
- 10.22 Amount actually paid for year bonuses \$.....
- 10.23 Maximum amount payable withholds \$.....
- 10.24 Amount actually paid for year withholds \$.....
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [X] No []
- 11.13 An Individual Practice Association (IPA), or, Yes [] No [X]
- 11.14 A Mixed Model (combination of above) ? Yes [] No [X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [X] No []
- 11.3 If yes, show the name of the state requiring such net worth. Ohio.....
- 11.4 If yes, show the amount required. \$.....9,239,594
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]
- 11.6 If the amount is calculated, show the calculation
92,395,941 x 10% = 9,239,594
12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Adams.....
Allen.....
Auglaize.....
Brown.....
Butler.....
Champaign.....
Clark.....
Clermont.....
Clinton.....
Cuyahoga.....
Fulton.....
Geauga.....
Hamilton.....
Henry.....
Highland.....
Lake.....
Lorain.....
Lucas.....
Mahoning.....
Medina.....
Mercer.....
Ottawa.....
Portage.....
Preble.....
Putnam.....
Shelby.....
Stark.....
Summit.....
Trumbull.....
Van Wert.....
Wayne.....
Wood.....

- 13.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$.....
- 13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$.....
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers? Yes [] No [X] N/A []
- 14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other

15. Provide the following for Individual ordinary life insurance* policies (U.S. business Only) for the current year:
- 15.1 Direct Premium Written (prior to reinsurance ceded) \$.....
- 15.2 Total incurred claims \$.....
- 15.3 Number of covered lives

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

FIVE - YEAR HISTORICAL DATA

	1 2014	2 2013	3 2012	4 2011	5 2010
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	147,834,638	256,040,566	302,343,880	234,052,374	246,275,078
2. Total liabilities (Page 3, Line 24)	92,395,941	143,491,481	234,035,556	205,824,946	204,178,993
3. Statutory surplus	9,239,594	14,349,148	23,403,556	20,582,494	20,417,899
4. Total capital and surplus (Page 3, Line 33)	55,438,697	112,549,085	68,308,324	28,227,428	42,096,085
Income Statement (Page 4)					
5. Total revenues (Line 8)	420,583,477	477,267,970	494,628,534	527,061,029	559,402,042
6. Total medical and hospital expenses (Line 18)	408,124,368	442,496,331	472,937,479	505,476,702	532,982,365
7. Claims adjustment expenses (Line 20)	10,081,175	9,137,699	11,038,162	12,669,998	11,870,517
8. Total administrative expenses (Line 21)	64,067,405	41,351,295	55,321,888	55,967,750	50,647,646
9. Net underwriting gain (loss) (Line 24)	(51,789,952)	(10,016,874)	(63,568,995)	(39,753,421)	(47,798,486)
10. Net investment gain (loss) (Line 27)	(434,886)	3,530,312	3,629,551	2,610,330	2,400,564
11. Total other income (Lines 28 plus 29)	(1,476,209)	(71,905,775)	296,055	423,586	609,626
12. Net income or (loss) (Line 32)	(53,701,047)	(78,392,337)	(59,643,389)	(36,719,505)	(44,788,296)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(89,591,877)	(58,105,193)	(46,436,500)	(46,964,307)	(30,640,260)
Risk-Based Capital Analysis					
14. Total adjusted capital	55,438,697	112,549,085	68,308,324	28,227,428	42,096,085
15. Authorized control level risk-based capital	10,523,828	9,335,334	9,605,965	10,649,641	11,474,578
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	74,819	81,606	86,338	103,503	122,342
17. Total members months (Column 6, Line 7)	919,471	990,714	1,077,067	1,309,334	1,518,461
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	97.4	93.4	96.3	96.5	95.9
20. Cost containment expenses	1.2	0.9	1.3	1.4	1.2
21. Other claims adjustment expenses	1.2	1.1	1.0	1.0	1.0
22. Total underwriting deductions (Line 23)	112.7	102.8	113.6	108.2	109.3
23. Total underwriting gain (loss) (Line 24)	(12.4)	(2.1)	(12.9)	(7.6)	(8.6)
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	75,271,028	25,709,337	33,376,223	35,954,168	31,583,661
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	78,724,871	27,288,302	34,498,492	37,106,295	32,763,322
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above	0	0	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE HealthSpan Integrated Care

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

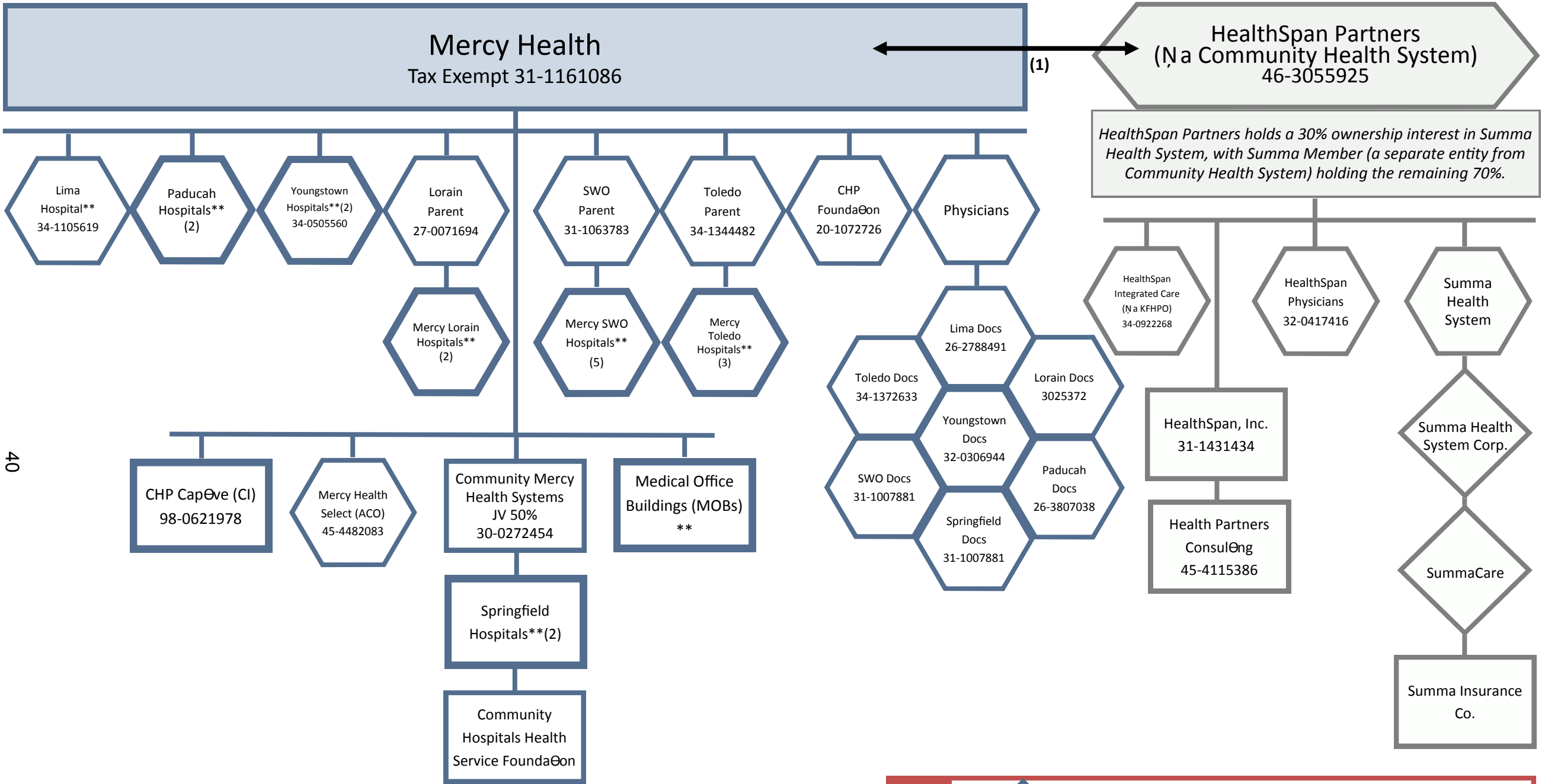
Allocated by States and Territories

State, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL								0	0
2. Alaska	AK								0	0
3. Arizona	AZ								0	0
4. Arkansas	AR								0	0
5. California	CA								0	0
6. Colorado	CO								0	0
7. Connecticut	CT								0	0
8. Delaware	DE								0	0
9. District of Columbia	DC								0	0
10. Florida	FL								0	0
11. Georgia	GA								0	0
12. Hawaii	HI								0	0
13. Idaho	ID								0	0
14. Illinois	IL								0	0
15. Indiana	IN								0	0
16. Iowa	IA								0	0
17. Kansas	KS								0	0
18. Kentucky	KY								0	0
19. Louisiana	LA								0	0
20. Maine	ME								0	0
21. Maryland	MD								0	0
22. Massachusetts	MA								0	0
23. Michigan	MI								0	0
24. Minnesota	MN								0	0
25. Mississippi	MS								0	0
26. Missouri	MO								0	0
27. Montana	MT								0	0
28. Nebraska	NE								0	0
29. Nevada	NV								0	0
30. New Hampshire	NH								0	0
31. New Jersey	NJ								0	0
32. New Mexico	NM								0	0
33. New York	NY								0	0
34. North Carolina	NC								0	0
35. North Dakota	ND								0	0
36. Ohio	OH	286,893,222	91,313,931		43,425,257			421,632,410		0
37. Oklahoma	OK								0	0
38. Oregon	OR								0	0
39. Pennsylvania	PA								0	0
40. Rhode Island	RI								0	0
41. South Carolina	SC								0	0
42. South Dakota	SD								0	0
43. Tennessee	TN								0	0
44. Texas	TX								0	0
45. Utah	UT								0	0
46. Vermont	VT								0	0
47. Virginia	VA								0	0
48. Washington	WA								0	0
49. West Virginia	WV								0	0
50. Wisconsin	WI								0	0
51. Wyoming	WY								0	0
52. American Samoa	AS								0	0
53. Guam	GU								0	0
54. Puerto Rico	PR								0	0
55. U.S. Virgin Islands	VI								0	0
56. Northern Mariana Islands	MP								0	0
57. Canada	CAN								0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	286,893,222	91,313,931	0	43,425,257	0	0	421,632,410		0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0		0
61. Total (Direct Business)	(a) 0	286,893,222	91,313,931	0	43,425,257	0	0	421,632,410		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.

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

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



40

MH Org Chart 2_20_2015
 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.

KEY

- NON PROFIT TAXABLE (Diamond)
- TAX EXEMPT (Hexagon)
- FOR PROFIT (Rectangle)
- ** Refer to p.2 of document (Double Asterisks)

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