

## Amended Explanation Page

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**Adjustment** Adjustment for tax provision due to change in valuation of Paramount Advantage



12335201520100105

# **ANNUAL STATEMENT**

For the Year Ending **DECEMBER 31, 2015**

OF THE CONDITION AND AFFAIRS OF THE

## **Paramount Advantage**

12353201520100105

2015

Document Code: 201

NAIC Group Code	1212 (Current Period)	1212 (Prior Period)	NAIC Company Code	12353	Employer's ID Number	20-3376102
Organized under the Laws of	Ohio		State of Domicile or Port of Entry		Ohio	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health <input type="checkbox"/>	Property/Casualty <input type="checkbox"/>	Hospital, Medical & Dental Service or Indemnity <input type="checkbox"/>			
	Dental Service Corporation <input type="checkbox"/>	Vision Service Corporation <input type="checkbox"/>	Health Maintenance Organization <input checked="" type="checkbox"/>			
	Other <input type="checkbox"/>	Is HMO Federally Qualified? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/>				
Incorporated/Organized	08/10/2005		Commenced Business	12/01/2005		
Statutory Home Office	1901 Indian Wood Circle (Street and Number)		Maumee, OH, US 43537 (City or Town, State, Country and Zip Code)			
Main Administrative Office	1901 Indian Wood Circle (Street and Number)		Maumee, OH, US 43537 (Area Code) (Telephone Number)			
Mail Address	P.O. Box 928 (Street and Number or P.O. Box)		Toledo, OH, US 43697-0928 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	1901 Indian Wood Circle (Street and Number)		Maumee, OH, US 43537 (Area Code) (Telephone Number)			
Internet Website Address	www.paramounthealthcare.com					
Statutory Statement Contact	Jonathan Burns, Mr. (Name) jonathan.burns@promedica.org (E-Mail Address)		(419)887-2909 (Area Code)(Telephone Number)(Extension) (419)887-2020 (Fax Number)			

## OFFICERS

Name	Title
John Charles Randolph Mr.	President
Jeffrey Craig Kuhn Mr.	Secretary
Alan Michael Sattler Mr.	Treasurer
Robert William LaClair Mr.	Chairman

## OTHERS

Jeffrey William Martin Mr., Vice President, Operations  
Stacey Lee Bock Mrs., Vice President, Finance

John David Meier M.D., Vice President, Health Services

## **DIRECTORS OR TRUSTEES**

Julie Anne Bartnik Ms.  
John Charles Randolph Mr.  
Timothy Bublick Mr.  
Cathy Lynn Cantor M.D.  
Jeffrey William Boersma Mr.

Dee Ann Bialecki-Haase M.D.  
Garry Walter Roberts Mr.  
Mark Leslie Ferris Mr.  
Cynthia Ann Geronimo Ms.  
Vincent M. Davis Mr. #

State of Ohio  
County of Lucas ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the 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.

(Signature)  
John Charles Randolph  
(Printed Name)  
1.  
President  
(Title)

\_\_\_\_\_  
(Signature)  
\_\_\_\_\_  
Stacey Lee Bock  
(Printed Name)  
\_\_\_\_\_  
2.  
\_\_\_\_\_  
Vice President, Finance  
(Title)

(Signature)  
Jeffrey Craig Kuhn  
(Printed Name)  
3.  
Secretary  
(Title)

Subscribed and sworn to before me this  
day of , 2016

- a. Is this an original filing?
- b. If no,
  - 1. State the amendment number
  - 2. Date filed
  - 3. Number of pages attached

Yes [ ] No [X]  
1

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(Notary Public Signature)

**DIRECTORS OR TRUSTEES (continued)**

Amy Lynn Hall Ms. #  
Richard A. Wasserman Mr. #

Lynn Eric Olman Mr. #  
Lee William Hammerling Mr. #

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols.1-2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	71,450,186		71,450,186	60,811,165
2. Stocks (Schedule D)				
2.1 Preferred stocks .....				
2.2 Common Stocks .....				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$....174,955,068, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....635,702, Schedule DA) .....	175,590,770		175,590,770	173,909,738
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....				
9. Receivables for securities .....				
10. Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	247,040,956		247,040,956	234,720,903
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	221,685		221,685	150,006
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	9,863,725		9,863,725	9,358,342
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0) .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	985,039		985,039	
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....	1,394,150		1,394,150	
18.2 Net deferred tax asset .....				1,814,847
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....				
21. Furniture and equipment, including health care delivery assets (\$.....0) .....				
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	5,450,200		5,450,200	1,477,530
24. Health care (\$....2,401,676) and other amounts receivable .....	3,983,009	1,581,333	2,401,676	1,486,552
25. Aggregate write-ins for other than invested assets .....	2,365,893	186,970	2,178,923	7,000,000
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	271,304,657	1,768,303	269,536,354	256,008,180
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. TOTAL (Lines 26 and 27) .....	271,304,657	1,768,303	269,536,354	256,008,180
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. Prepays .....	14,500	14,500		
2502. Dividends receivable .....				7,000,000
2503. Other AR .....	172,470	172,470		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	2,178,923		2,178,923	
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	2,365,893	186,970	2,178,923	7,000,000

## LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded) .....	96,605,983		96,605,983	104,622,346
2. Accrued medical incentive pool and bonus amounts .....				
3. Unpaid claims adjustment expenses .....	1,549,000		1,549,000	1,605,000
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....				
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserves .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....				
9. General expenses due or accrued .....	17,762,381		17,762,381	14,983,775
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....				2,210,423
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....	935,034		935,034	31,674,871
13. Remittances and items not allocated .....				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....	6,462,360		6,462,360	7,627
16. Derivatives .....				
17. Payable for securities .....				
18. Payable for securities lending .....				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers) .....				
20. Reinsurance in unauthorized and certified (\$.....0) companies .....				
21. Net adjustments in assets and liabilities due to foreign exchange rates .....				
22. Liability for amounts held under uninsured plans .....				
23. Aggregate write-ins for other liabilities (including \$.....0 current) .....				
24. TOTAL Liabilities (Lines 1 to 23) .....	123,314,758		123,314,758	155,104,042
25. Aggregate write-ins for special surplus funds .....	XXX	XXX		
26. Common capital stock .....	XXX	XXX		
27. Preferred capital stock .....	XXX	XXX		
28. Gross paid in and contributed surplus .....	XXX	XXX	58,621,685	58,621,685
29. Surplus notes .....	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds .....	XXX	XXX		
31. Unassigned funds (surplus) .....	XXX	XXX	87,599,911	42,282,453
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0) .....	XXX	XXX		
32.2 .....0 shares preferred (value included in Line 27 \$.....0) .....	XXX	XXX		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....	XXX	XXX	146,221,596	100,904,138
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....	XXX	XXX	269,536,354	256,008,180
<b>DETAILS OF WRITE-INS</b>				
2301. ....				
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				
2501. ....	XXX	XXX		
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	XXX	XXX		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	XXX	XXX		
3001. ....	XXX	XXX		
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	XXX	XXX		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	XXX	XXX		

# STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
	X X X	2,694,709	2,187,212
1. Member Months .....			
2. Net premium income (including \$.....0 non-health premium income) .....	X X X	1,001,072,354	725,282,736
3. Change in unearned premium reserves and reserve for rate credits .....	X X X		
4. Fee-for-service (net of \$.....0 medical expenses) .....	X X X		
5. Risk revenue .....	X X X		
6. Aggregate write-ins for other health care related revenues .....	X X X	3,083,111	1,791,432
7. Aggregate write-ins for other non-health revenues .....	X X X		
8. TOTAL Revenues (Lines 2 to 7) .....	X X X	1,004,155,465	727,074,168
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		585,321,606	460,059,552
10. Other professional services .....		4,322,621	3,286,013
11. Outside referrals .....			
12. Emergency room and out-of-area .....		31,751,207	24,580,116
13. Prescription drugs .....		175,073,563	119,085,552
14. Aggregate write-ins for other hospital and medical .....			
15. Incentive pool, withhold adjustments and bonus amounts .....			
16. Subtotal (Lines 9 to 15) .....		796,468,997	607,011,233
<b>Less:</b>			
17. Net reinsurance recoveries .....		5,131,858	2,680,427
18. TOTAL Hospital and Medical (Lines 16 minus 17) .....		791,337,139	604,330,806
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$.....11,635,915 cost containment expenses .....		13,563,749	8,308,070
21. General administrative expenses .....		126,607,409	97,529,443
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....			
23. TOTAL Underwriting Deductions (Lines 18 through 22) .....		931,508,297	710,168,319
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X	72,647,168	16,905,849
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		752,671	403,877
26. Net realized capital gains (losses) less capital gains tax of \$.....4,670 .....		(4,468)	27,745
27. Net investment gains (losses) (Lines 25 plus 26) .....		748,203	431,622
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29. Aggregate write-ins for other income or expenses .....		153	8,869
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X	73,395,524	17,346,340
31. Federal and foreign income taxes incurred .....	X X X	26,183,546	6,865,597
32. Net income (loss) (Lines 30 minus 31) .....	X X X	47,211,978	10,480,743
<b>DETAILS OF WRITE-INS</b>			
0601. Performance revenue .....	X X X	3,083,111	1,791,432
0602. .....	X X X		
0603. .....	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X	3,083,111	1,791,432
0701. .....	X X X		
0702. .....	X X X		
0703. .....	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X		
1401. .....			
1402. .....			
1403. .....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901. Other .....		153	8,869
2902. .....			
2903. .....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....		153	8,869

# STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year .....	100,904,138	63,721,947
34. Net income or (loss) from Line 32 .....	47,211,978	10,480,743
35. Change in valuation basis of aggregate policy and claim reserves .....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	14,113	(33,643)
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....	(1,849,656)	1,390,776
39. Change in nonadmitted assets .....	(58,977)	(1,655,685)
40. Change in unauthorized and certified reinsurance .....		
41. Change in treasury stock .....		
42. Change in surplus notes .....		
43. Cumulative effect of changes in accounting principles .....		
44. Capital Changes:		
44.1 Paid in .....		
44.2 Transferred from surplus (Stock Dividend) .....		
44.3 Transferred to surplus .....		
45. Surplus adjustments:		
45.1 Paid in .....		27,000,000
45.2 Transferred to capital (Stock Dividend) .....		
45.3 Transferred from capital .....		
46. Dividends to stockholders .....		
47. Aggregate write-ins for gains or (losses) in surplus .....		
48. Net change in capital and surplus (Lines 34 to 47) .....	45,317,458	37,182,191
49. Capital and surplus end of reporting year (Line 33 plus 48) .....	146,221,596	100,904,138
<b>DETAILS OF WRITE-INS</b>		
4701. ....		
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....		
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		

**CASH FLOW**

		1 Current Year	2 Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	1,000,566,971	722,564,914
2.	Net investment income .....	1,017,057	669,601
3.	Miscellaneous income .....	3,083,111	1,791,432
4.	<b>TOTAL (Lines 1 through 3)</b> .....	<b>1,004,667,139</b>	<b>725,025,947</b>
5.	Benefit and loss related payments .....	801,552,971	547,793,673
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	137,448,399	97,419,866
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	29,792,789	6,155,801
10.	<b>TOTAL (Lines 5 through 9)</b> .....	<b>968,794,159</b>	<b>651,369,340</b>
11.	<b>Net cash from operations (Line 4 minus Line 10)</b> .....	<b>35,872,980</b>	<b>73,656,607</b>
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	41,593,842	44,146,190
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....	0	
12.8	<b>TOTAL Investment proceeds (Lines 12.1 to 12.7)</b> .....	<b>41,593,842</b>	<b>44,146,190</b>
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	52,539,138	41,485,727
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....	15,474	221,882
13.7	<b>TOTAL Investments acquired (Lines 13.1 to 13.6)</b> .....	<b>52,554,612</b>	<b>41,707,609</b>
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	<b>Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)</b> .....	<b>(10,960,770)</b>	<b>2,438,580</b>
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		27,000,000
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(23,231,178)	19,795,250
17.	<b>Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)</b> .....	<b>(23,231,178)</b>	<b>46,795,250</b>
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	1,681,032	122,890,437
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	173,909,738	51,019,301
19.2	<b>End of year (Line 18 plus Line 19.1)</b> .....	<b>175,590,770</b>	<b>173,909,738</b>

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	.....	.....	.....
20.0002	.....	.....	.....

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

The financial statements of Paramount Advantage (Company) are presented on a basis of accounting practices prescribed by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual, (NAIC SAP) has been adopted as a component of prescribed practices by the State of Ohio.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Ohio is shown below:

	State of Domicile Ohio	2015	2014
<b>NET INCOME</b>			
Paramount Advantage state basis	47,211,978	10,480,743	
State Prescribed Practices that increase/(decrease) NAIC SAP	-	-	
State Permitted Practices that increase/(decrease) NAIC SAP	-	-	
NAIC SAP	47,211,978	10,480,743	
<b>SURPLUS</b>			
Paramount Advantage state basis	146,221,596	100,904,138	
State Prescribed Practices that increase/(decrease) NAIC SAP	-	-	
State Permitted Practices that increase/(decrease) NAIC SAP	-	-	
NAIC SAP	146,221,596	100,904,138	

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

#### C. Accounting Policy

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts. Expenses incurred in connections with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds are stated at amortized cost.
3. The Company has no common stock investments.
4. The Company has no preferred stock investments.
5. The Company does not invest in mortgage loans.
6. The Company has no investments in loan-backed securities.

## **Notes to Financial Statements**

7. The Company has no investments in subsidiaries.
8. The Company has no investments in joint ventures.
9. The Company does not invest in derivatives.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts.
11. Unpaid losses and loss adjustment expenses include an amount from individual case estimates and loss reports and an amount, based on limited past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.
12. The Company has not modified its capitalization policy from the prior period.
13. The Company estimates its pharmaceutical rebate receivables based on historical cash payments and prescriptions filled.

### **Significant Providers**

The Company has an agreement with Children's Hospital and Physicians' Healthcare Networks dba Partners for Kids (PFK) and Cincinnati Children's Hospital Medical Center dba Health Network by Cincinnati Children's (HNCC), for PFK and HNCC to provide medical services to Paramount Advantage's members under a full risk arrangement. For Covered Families and Children (CFC) and Aged, Blind and Disabled (ABD) members of a certain age that are located within a designated geographic area around PFK and HNCC, PA pays a capitated per member per month amount to PFK and HNCC to provide medical services, utilization and case management services. Any claims for these members incurred at facilities or providers that are not connected to PFK or HNCC are paid to the billing provider and then deducted from the capitation payment. IBNR related to PFK members is held by PFK on their books. IBNR related to HNCC members is recognized on PA's balance sheet as a liability to HNCC. During 2015 and 2014, total capitated payments under these arrangements made by PA were \$48,664,746 and \$41,904,754, respectively. Amounts due from PFK were \$636,452 and amounts due to HNCC were \$5,067,133 at December 31, 2015.

2. Accounting Changes and Corrections of Errors

**-NOT APPLICABLE**

3. Business Combinations and Goodwill

**-NOT APPLICABLE**

4. Discontinued Operations

**-NOT APPLICABLE**

5. Investments

- A. The company does not have any Mortgage Loan investments.
- B. The company is not a creditor for any Restructured Debt.
- C. The company does not have any reverse mortgages.
- D. The company does not have any loan-backed securities.

## Notes to Financial Statements

- E. The company does not have any re-purchase agreements.
- F. The company does not have any real estate investments.
- G. The company does not have any low-income housing tax credits.
- H. Restricted Assets

	1	2	3	4	5	6
Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase/ (Decrease)	Total Current year admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which the 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						
g. Placed under option contracts						
h. Letter stock or securities restricted as to sale-excluding FHLB capital stock						
i. FHLB capital stock						
j. On deposit with states	3,401,390	3,412,758	(11,368)	3,401,390	1%	1%
k. On deposit with other regulatory bodies						
l. Pledged as collateral to FHLB (including assets backing funding agreements)						
m. Pledged as collateral not captured in other categories						
n. Other restricted assets						
o. Total Restricted Assets	3,401,390	3,412,758	(11,368)	3,401,390	1%	1%

- I. The company does not have any working capital financing investments.
- J. The company does not have any netting of assets and liabilities relating to derivatives, repurchase and reverse repurchase and securities borrowing and lending.
- K.

# Notes to Financial Statements

Cusip	Actual Cost	Fair Value	Book Value	Mortgage-Referenced Security
59156RBE7	\$ 206,878	\$ 205,209	\$ 206,502	No
59156RBK3	\$ 65,198	\$ 65,382	\$ 65,122	No
913017BZ1	\$ 150,563	\$ 148,587	\$ 150,440	No

6. Joint ventures, Partnerships and Limited Liability Companies

**-NOT APPLICABLE**

7. Investment Income

The Company does not have nonadmitted accrued investment income.

8. Derivative Instruments

**-NOT APPLICABLE**

9. Income Taxes

The application of SSAP No. 101 requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the deferred tax asset to an amount which is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the Company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be used; (6) unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit expiring unused. Although the realization is not assured, the Company believes it is more likely than not that the deferred tax assets, net of valuation allowances, will be realized. The Company has not recorded a valuation allowance as of December 31, 2015 and 2014.

A. The components of DTAs and DTLs as of December 31 are as follows:

	December 31, 2015			December 31, 2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$	\$	\$	\$ 1,814,847	\$ 34,809	\$ 1,849,656	\$ (1,814,847)	\$ (34,809)	\$ (1,849,656)
(b) Statutory valuation allowance	_____	_____	_____	_____	_____	_____	_____	_____	_____
(c) Adjusted gross deferred tax assets	_____	_____	_____	1,814,847	34,809	1,849,656	(1,814,847)	(34,809)	(1,849,656)
(d) Deferred tax assets nonadmitted	_____	_____	_____	_____	34,809	34,809	_____	(34,809)	(34,809)
(e) Subtotal net admitted deferred tax assets	_____	_____	_____	1,814,847	_____	1,814,847	(1,814,847)	_____	(1,814,847)
(f) Deferred tax liabilities	_____	_____	_____	_____	_____	_____	_____	_____	_____
(g) Net admitted deferred tax asset	\$ _____	\$ _____	\$ _____	\$ 1,814,847	\$ _____	\$ 1,814,847	\$ (1,814,847)	\$ _____	\$ (1,814,847)

# Notes to Financial Statements

	12/31/2015			12/31/2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission Calculation Components SSAP No. 101									
(a) Federal Income Taxes Paid in Prior Years									
Recoverable Through Loss Carrybacks	\$ -	\$ -	\$ 1,814,847				\$ 1,814,847	\$ (1,814,847)	0
(b) Adjusted Gross Deferred Tax Assets									
Expected To Be Realized (Excluding The									
Amount of Deferred Tax Assets from 2(a)	0	0	0	0	0	0	0	0	0
above) After Application of the Threshold									
Limitation. (The Lesser of 2(b)1 and 2(b)2									
Below)									
1. Adjusted Gross Deferred Tax Assets									
Expected to be Realized Following									
the Balance Sheet Date.	0	0	0	0	0	0	0	0	0
2. Adjusted Gross Deferred Tax Assets									
Allowed per Limitation Threshold.			21,933,239				14,863,244		7,069,995
(c) Adjusted Gross Deferred Tax Assets									
(Excluding The Amount of Deferred Tax	0	0	0	0	0	0	0	0	0
Assets from 2(a) and 2(b) above) Offset by									
Gross Deferred Tax Liabilities.									
(d) Deferred Tax Assets Admitted as the Result of									
application of SSAP No. 101.									
Total	\$ 0	\$ -	0	\$ 1,814,847	\$ -	1,814,847	\$ (1,814,847)	0	(1,814,847)

	2015	2014
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation		
Amount	479%	422%
(b) Amount of Adjusted Capital and Surplus Used To Determine Recovery Period And Threshold Limitation in 2(b)2 above	146,221,596	99,089,291

	2015		2014		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
Impact of tax planning strategies						
Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, by Tax Character as a Percentage						
(1) Adjusted gross DTAs from 9A 1c						
(2) % total adjusted gross DTAs	0	0	0	0	0	0
(3) Net admitted adjusted gross DTAs from 9A 1e						
(4) % of total net admitted adjusted gross DTAs	0	0	0	0	0	0
The Company's tax-planning strategies does not include the use of reinsurance.						

**B.** -There are no temporary differences for deferred tax liabilities that are not recognized at December 31, 2015 and 2014.

**C.** -Current income taxes incurred consisted of the following major components:

# Notes to Financial Statements

			12/31/2015	12/31/2014	Change
1. Current Income Tax					
(a) Federal			\$ 25,904,299	\$ 6,865,248	\$ 19,039,051
(b) Federal income tax on capital gains			4,670	14,940	(10,270)
(c) Other			<u>279,247</u>	<u>349</u>	<u>278,898</u>
(d) Federal income taxes incurred			<u>\$ 26,188,216</u>	<u>\$ 6,880,537</u>	<u>\$ 19,307,679</u>
2. Deferred tax assets:					
(a) Ordinary					
(1) Discounting on claims payable				328,370	(328,370)
(2) Other			<u>-</u>	<u>1,486,477</u>	<u>(1,486,477)</u>
	Subtotal		<u>-</u>	<u>1,814,847</u>	<u>(1,814,847)</u>
(b) Statutory valuation allowance adjustment					
(c) Nonadmitted			<u>-</u>	<u>-</u>	<u>-</u>
(d) Admitted ordinary deferred tax assets			<u>-</u>	<u>1,814,847</u>	<u>(1,814,847)</u>
(e) Capital					
(1) Impairment of securities			<u>-</u>	<u>-</u>	<u>-</u>
(2) Other			<u>-</u>	<u>34,809</u>	<u>(34,809)</u>
	Subtotal		<u>-</u>	<u>34,809</u>	<u>(34,809)</u>
(f) Statutory valuation allowance adjustment			<u>-</u>	<u>-</u>	<u>-</u>
(g) Nonadmitted			<u>-</u>	<u>34,809</u>	<u>(34,809)</u>
(h) Admitted capital deferred tax assets			<u>-</u>	<u>-</u>	<u>-</u>
(i) Admitted deferred tax assets			<u>-</u>	<u>1,814,847</u>	<u>(1,814,847)</u>
3. Deferred tax liabilities:					
(a) Ordinary					
(1) Discounted salvage & sub			<u>-</u>	<u>-</u>	<u>-</u>
	Subtotal		<u>-</u>	<u>-</u>	<u>-</u>
(b) Capital					
(1) Unrealized gain			<u>-</u>	<u>-</u>	<u>-</u>
	Subtotal		<u>-</u>	<u>-</u>	<u>-</u>
(c) Deferred tax liabilities			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4. Net deferred tax assets/liabilities			<u>\$ -</u>	<u>\$ 1,814,847</u>	<u>\$ (1,814,847)</u>

#### D.-Analysis of Actual Income Tax Expense

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	2015	%	2014	%
Provision computed at statutory rate	\$ 25,690,068	35 %	\$ 6,076,448	35 %
Change in non-admitted assets	586,081	1	(575,369)	(3)
IRC 337(d) Deemed Asset Sale	6,071,372	8		
Adjustment tax exempt status 10/1/15	(5,602,005)	(8)		
Write off deferred tax assets	1,044,766	2		
Non-deductible penalties	211,555			
Other	<u>1,226</u>		<u>457</u>	<u>-</u>
Total	<u>\$ 28,003,063</u>	<u>38 %</u>	<u>\$ 5,501,536</u>	<u>32 %</u>
Federal income taxes incurred	25,908,969	35 %	6,865,597	40 %
Change in net deferred income taxes	1,814,847	3	(1,379,001)	(8)
Other	<u>279,247</u>		<u>14,940</u>	<u>-</u>
Total statutory income taxes	<u>\$ 28,003,063</u>	<u>38 %</u>	<u>\$ 5,501,536</u>	<u>32 %</u>

## Notes to Financial Statements

**E.**-At December 31, 2015 and 2014, the Company had no operating loss carryforwards to utilize in future years. The Company did not have any deposits admitted under IRC 6603. The following is income tax incurred for 2013, 2014 and 2015 that is available for recoupment in the event of future net losses:

<b>Year</b>	<b>Ordinary</b>	<b>Capital</b>	<b>Total</b>
2013	\$ -	-	\$ -
2014	7,144,495	14,940	\$ 7,159,435
2015	25,904,299	4,670	\$ 25,908,969

**F.**-The Company is a party to a tax sharing agreement with the parent company, PIC, and the affiliated entities as follows: Paramount Preferred Options (PPO), Paramount Care of Michigan, Inc. (PCM), Paramount Care, Inc. (PCI), Paramount Benefits Agency (PBA), Paramount Insurance Company (PICO), Health Management Solutions, Inc. (HMS), Paramount Advantage (PA) and Paramount Preferred Solutions (PPS). Tax returns are completed on a consolidated basis. However, allocation is based upon separate return calculations with current credit for net losses. The method of allocation between the companies is subject to a written agreement approved by the Board of Directors. Intercompany tax balances are settled through the holding company, PIC.

In 2015, the Company applied for not-for-profit 501(c)(3) status. The change in tax status results in the Company no longer being subject to federal income tax. The effective date of this status change was October, 1 2015. As a result, federal income taxes disclosed on the statement of revenue and expenses for the year ended 2015 contains only 9 months of federal income tax for that entity. In addition to the reduced number of months expensed, the Company will pay a one-time "toll tax" to settle its final federal income tax payment. The total toll tax is approximately \$6,000,000 and is reflected within federal income taxes on the 2015 statement of revenue and expenses.

### **G**-Accounting for tax contingencies

For the years ended December 31, 2015 and 2014, the Company did not have tax contingencies under the principles of SSAP No. 5, *Liabilities, Contingencies and Impairment of Assets*. This is subject to change but it is not expected to significantly increase in the 12 month period following the balance sheet date.

The Company is primarily subject to U.S. federal and various U.S. state and local tax authorities. Tax years subsequent to 2011 remain open to examination by the Internal Revenue Service, and 2010 remains open to other state and local tax authorities. As of December 31, 2015, there are no U.S. federal or state returns under examination.

### 10. Information Concerning Parent, Subsidiaries and Affiliates

The Company is ultimately controlled by ProMedica Health System, Inc. ("ProMedica"), a nonprofit holding company exempt from federal taxation under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The Company's affiliates include PCI, PCM, PPO, PICO, PBA and PECM. The Company also has many area hospitals as affiliates such as Toledo Hospital, Toledo Children's Hospital, Flower Hospital, Bay Park Hospital, Emma L. Bixby Hospital, Defiance Hospital, Fostoria Hospital, Herrick Memorial Hospital and St. Luke's Hospital. ProMedica Physician Group, a group of physicians owned by ProMedica, is also an affiliate of the Company.

## Notes to Financial Statements

The Company shares employees, services and assets pursuant to a Management Services Sharing Agreement with PCI. The shared services include member services, sales, accounting, information systems, medical direction and management, claims processing, provider relations and community relations. The cost of shared services is allocated between the Company and PCI based upon the percentage of subscribers at the end of each calendar month. For the years ended December 31, 2015 and 2014, the Company was allocated general administrative expenses of \$28,114,192 and \$23,040,919 respectively.

ProMedica allocates corporate overhead to all ProMedica entities pursuant to a Cost Allocation Agreement. The Company was allocated \$15,101,086 and \$11,625,589 of overhead expense in 2015 and 2014, respectively. The amount is to compensate ProMedica for the services provided to the Company for corporate staff primarily in management, legal services, information services and investment management.

Balances outstanding with affiliated entities at December 31, 2015 and 2014:

	2015		2014	
	Due From	Due to	Due From	Due to
Paramount Care Inc.		\$ 6,455,402	\$ 886,167	
Paramount Health Solutions		2,644		
Paramount Care of Michigan	245,037		8,193	
ProMedica Health System		4,314		7,627
Paramount Insurance Co.	5,205,163		583,170	
	\$ 5,450,200	\$ 6,462,360	\$ 1,477,530	\$ 7,627

Claims paid to affiliated entities during fiscal year 2015 and 2014:

	2015		2014	
	Paid	Paid	Paid	Paid
Bay Park Community Hospital	\$ 5,317,040		\$ 4,609,234	
ProMedica North Region		29,942		31,663
Defiance Hospital		3,189,472		2,553,010
Flower Hospital		9,655,189		7,228,511
Fostoria Hospital		1,857,043		1,602,728
Lima Memorial Hospital		3,498,161		2,989,410
Memorial Hospital		1,215,942		1,154,851
Mercy Memorial Hospital		36,313		
ProMedica Physicians Group		13,618,649		12,878,418
ProMedica Continuing Care Services		2,900,666		1,690,481
St. Lukes Hospital		6,278,080		4,771,256
The Toledo Hospital		61,332,198		46,575,735
	\$ 108,928,695		\$ 86,085,297	

The Company is a party to a tax sharing agreement with the parent company, PIC, and the affiliated entities as follows: Paramount Preferred Options (PPO), Paramount Care of Michigan, Inc. (PCM), Paramount Care, Inc. (PCI), Paramount Benefits Agency (PBA), Paramount Insurance Company (PICO), Health Management Solutions, Inc. (HMS), Paramount Advantage (PA) and Paramount Preferred Services (PPS). Tax returns are completed on a consolidated basis. In 2015, the Company applied for not-for-profit 501(c)(3) status. The change in tax status results in the Company no longer being subject to federal income tax. The effective date of this status change was October, 1 2015. Tax returns are completed on a consolidated basis. However, allocation is based upon separate return calculations with current credit for net losses. The method of allocation between the companies is subject to a

## Notes to Financial Statements

written agreement approved by the Board of Directors. Intercompany tax balances are settled through the holding company, PIC.

Tax payable/receivable amounts to affiliated entities as of 2015 and 2014:

	<b>2015</b>	<b>2014</b>
Paramount Health Care	\$ 685,108	\$ 972,387
Paramount Care of Michigan	(192,918)	297,339
Paramount Benefits Agency	664	(7,884)
Paramount Preferred Options	(32,834)	68,670
Paramount Advantage	851,838	(4,866,223)
Paramount Insurance Company	(1,444,196)	(4,460,163)
Health Management Solutions	108,750	(647,386)
Paramount Preferred Solutions	87,030	
ProMedica Insurance Corporation	(63,442)	8,643,260

11. Debt

**-NOT APPLICABLE**

12. Retirement Plans, Deferred Compensation, Postemployment Benefits

**-NOT APPLICABLE**

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

- A. The Company is organized as a charitable trust in the State of Ohio and therefore, the Company does not issue any stock.
- B. The Company has no preferred stock.
- C. Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, to an amount less than 10% of admitted capital (including all dividends within the prior 12 month period). Additionally, the Company must obtain prior approval for dividends not paid from earned surplus.
- D. Within the limitations of [C] above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- E. There were no restrictions placed on the Company's surplus.
- F. The Company did not receive any capital contributions during 2015. The Company received a \$27,000,000 capital contribution from ProMedica Health System during 2014.
- G. There is no stock being held by the Company.
- H. The Company has no special surplus funds.
- I. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is: \$14,113.
- J. The Company has no surplus debentures or other outstanding obligations.
- K. The Company was not involved in a quasi-reorganization during the year.

## Notes to Financial Statements

### 14. Contingencies

As of the date of this filing, Management is not aware of any contingent commitments, assessments or other contingencies that would materially impact the company.

### 15. Leases

The Company has entered into lease agreements for office space and office equipment. Rental expense charged to operations amounted to \$100,357 and 94,417 in 2015 and 2014, respectively.

At January 1, 2016, the minimum aggregate rental commitments are as follows:

December 31	Operating Leases
2016	75,107
2017	80,151
2018	83,561
2019	21,104
2020	-
Thereafter	-

The Company is not party to any capital or leveraged lease agreements, nor is it a lessor.

### 16. Off-Balance Sheet Risk

**-NOT APPLICABLE**

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

**-NOT APPLICABLE**

### 18. Gain or loss to the Reporting Entity from Uninsured A&H Plans and the uninsured Portion of partially Insured Plans

**-NOT APPLICABLE**

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

**-NOT APPLICABLE**

### 20. Fair Value Measurement

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 71,152,363	\$ 71,450,186				71,152,363
Short Term Investments	\$ 635,702	\$ 635,702		\$ 635,702		

### 21. Other Items

## **Notes to Financial Statements**

The Company has no extraordinary items, troubled debt restructuring or other unusual disclosures to make.

**22. Subsequent Events**

Not applicable.

**23. Reinsurance**

**A. Ceded Reinsurance Report**

**Section 1**

1. None of the reinsurers listed in Schedule S as non-affiliated, are 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.
2. None of the policies issued by the company have 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 an insured or any other person not primarily engaged in the insurance business.

**Section 2**

1. The company does not 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.
2. The company does not 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.

**Section 3**

1. The aggregate reduction in surplus for termination of all reinsurance agreements, by either party, as of the date of this statement is \$0.
2. No new agreements have been executed or existing agreements amended since January 1, 2015 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.

**B. The Company does not have any uncollectible reinsurance recorded on its books.**

**C. The company had no commutation of reinsurance.**

**24. Retrospectively Rated Contracts**

**-NOT APPLICABLE**

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

Reserves as of December 31, 2014 were \$106,227,345. As of December 31, 2015, \$78,903,624 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now (\$477,803) as a result of re-estimation of unpaid claims and claim adjustment expenses on Medicaid lines of insurance. Therefore, there has been a \$27,801,524 favorable prior-year development since December 31, 2014 to December 31, 2015. The decrease is generally a result of ongoing analysis of recent development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

## Notes to Financial Statements

26. Intercompany Pooling Arrangements

**-NOT APPLICABLE**

27. Structured Settlements

**-NOT APPLICABLE**

28. Health Care Receivables

The Company estimates its pharmaceutical rebate receivables based on historical cash payments.

Quarter	Estimated Rebates	Pharmacy Rebates as Billed	Actual Rebates		
			Received within 90 days	Received within 91-180 days	Received after billing
			of billing	of billing	of billing
12/31/2015	2,961,464	2,961,464	-	-	-
9/30/2015	1,328,020	1,328,020	-	-	-
6/30/2015	1,663,713	1,266,043	-	1,266,043	-
3/31/2015	3,160,675	2,456,878	-	1,293,015	1,163,863
12/31/2014	2,768,579	2,219,644	-	-	2,219,644
9/30/2014	-	-	-	-	-
6/30/2014	474,183	1,284,196	-	-	1,284,196
3/31/2014	922,542	1,092,333	-	-	1,092,333
12/31/2013	753,233	1,096,048	-	-	1,096,048
9/30/2013	399,918	840,621	-	-	840,621
6/30/2013	259,291	628,331	-	-	628,331
3/31/2013	489,662	403,849	-	95,874	307,975

29. Participating Policies

**-NOT APPLICABLE**

30. Premium Deficiency Reserves

Liability carried for premium deficiency reserve :	\$0
Date of most recent evaluation of this liability:	1/20/2016
Was anticipated investment income utilized in the calculation?	Yes

31. Anticipated Salvage and Subrogation

**-NOT APPLICABLE**

## FIVE-YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 28) .....	269,536,354	256,008,180	130,176,603	95,103,814	84,107,990
2. TOTAL Liabilities (Page 3, Line 24) .....	123,314,758	155,104,042	66,454,656	37,102,577	35,690,163
3. Statutory minimum capital and surplus requirement .....	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
4. TOTAL Capital and Surplus (Page 3, Line 33) .....	146,221,596	100,904,138	63,721,947	58,001,237	48,417,827
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	1,004,155,465	727,074,168	389,985,080	294,763,133	240,781,087
6. TOTAL Medical and Hospital Expenses (Line 18) .....	791,337,139	604,330,806	315,501,769	236,257,744	195,753,495
7. Claims adjustment expenses (Line 20) .....	13,563,749	8,308,070	5,537,484	3,233,792	2,234,046
8. TOTAL Administrative Expenses (Line 21) .....	126,607,409	97,529,443	60,320,058	40,497,880	33,107,580
9. Net underwriting gain (loss) (Line 24) .....	72,647,168	16,905,849	8,625,769	14,773,717	9,685,966
10. Net investment gain (loss) (Line 27) .....	748,203	431,622	255,361	11,703	66,507
11. TOTAL Other Income (Lines 28 plus 29) .....	153	8,869	(17,985)		
12. Net income or (loss) (Line 32) .....	47,211,978	10,480,743	5,459,399	9,635,305	6,321,634
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	35,872,980	73,656,607	23,680,537	13,721,577	10,697,406
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	146,221,596	100,904,138	63,721,947	58,001,237	48,417,827
15. Authorized control level risk-based capital .....	30,507,023	23,467,516	13,095,122	10,419,449	8,565,181
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	227,592	221,598	141,165	94,925	94,188
17. TOTAL Members Months (Column 6, Line 7) .....	2,694,709	2,187,212	1,408,889	1,174,803	1,114,225
<b>OPERATING PERCENTAGE (Page 4)</b>					
(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) .....	79.0	83.3	81.3	80.2	81.3
20. Cost containment expenses .....	1.2	0.9	1.1	0.8	0.7
21. Other claims adjustment expenses .....	0.2	0.2	0.3	0.3	0.3
22. TOTAL Underwriting Deductions (Line 23) .....	93.1	97.9	98.3	95.0	96.0
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	7.3	2.3	2.2	5.0	4.0
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	76,539,738	38,554,907	23,953,481	20,508,158	17,527,089
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	101,853,767	45,316,634	25,388,814	26,042,481	20,924,098
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. TOTAL of Above Lines 26 to 31 .....					
33. TOTAL Investment in Parent Included in Lines 26 to 31 above .....					

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 [ ] N/A [X]

If no, please explain::