



ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2015
OF THE CONDITION AND AFFAIRS OF THE

HealthSpan Integrated Care

NAIC Group Code00000, NAIC Company Code95204Employer's ID Number34-0922268

Organized under the Laws ofOhio, State of Domicile or Port of EntryOhio

Country of DomicileUnited 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 []
Other []Is HMO, Federally Qualified? Yes [] No []

Incorporated/Organized03/29/1962Commenced Business10/27/1976

Statutory Home Office1001 Lakeside Ave. Suite 1200, Cleveland, OH, US 44114-1153

Main Administrative Office1001 Lakeside Ave. Suite 1200, Cleveland, OH, US 44114-1153, 216-621-5600

Mail Address1001 Lakeside Ave. Suite 1200, Cleveland, OH, US 44114-1153

Primary Location of Books and Records1001 Lakeside Ave. Suite 1200, Cleveland, OH, US 44114-1153, 216-621-5600

Internet Web Site AddressHealthspan.org

Statutory Statement ContactGriffin Hurd, 513-981-6264, gehurd@mercy.com, 513-981-6118

OFFICERS

Name	Title	Name	Title
Allan Greenberg #	President	Dave Nowiski	Treasurer

OTHER OFFICERS

--	--	--	--

DIRECTORS OR TRUSTEES

Jeffery J Copeland	Robert Campbell	William Franks	Allan Calonge
Walid Sidani MD			

State ofOhio.

County ofCuyahoga.

ss

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.

Allan GreenbergPresidentDave NowiskiTreasurer

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

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).....	27,111,892		27,111,892	27,714,020
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).....	16,711,879		16,711,879	59,046,223
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 (\$99,079,862 , Schedule E-Part 1), cash equivalents (\$2,324,551 , Schedule E-Part 2) and short-term investments (\$1 , Schedule DA).....	101,404,413		101,404,413	217,103,093
6. Contract loans (including \$ premium notes).....			0	0
7. Derivatives (Schedule DB).....	0		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)	145,228,184	0	145,228,184	303,863,336
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	231,165		231,165	233,711
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	17,291,806	6,225,650	11,066,156	14,699,159
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 (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	4,136,470		4,136,470	3,012,188
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	4,855,883		4,855,883	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.....			0	0
21. Furniture and equipment, including health care delivery assets (\$)	5,387,444		5,387,444	12,295,443
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	42,779,991		42,779,991	0
24. Health care (\$5,120,949) and other amounts receivable.....	7,055,580	2,247,817	4,807,763	8,732,224
25. Aggregate write-ins for other-than-invested assets	1,252,307	1,252,307	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	228,218,830	9,725,774	218,493,056	342,836,061
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	228,218,830	9,725,774	218,493,056	342,836,061
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.....	1,252,307	1,252,307	0	0
2502.	0		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)	1,252,307	1,252,307	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	28,495,612		28,495,612	40,997,111
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	621,841		621,841	498,584
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act.....	84,426,836		84,426,836	0
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	5,181,979		5,181,979	1,583,768
9. General expenses due or accrued	15,627,553		15,627,553	5,424,848
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	325,995		325,995	463,101
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	22,714,915		22,714,915	214,524,676
16. Derivatives.....		0	0	0
17. Payable for securities	769,134		769,134	229,660
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)	28,515,257	0	28,515,257	25,319,418
24. Total liabilities (Lines 1 to 23).....	186,679,122	0	186,679,122	289,041,166
25. Aggregate write-ins for special surplus funds	XXX	XXX	3,625,156	4,513,596
26. Common capital stock	XXX	XXX	0	0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	242,750,000	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	(214,561,224)	9,281,299
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	31,813,932	53,794,895
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	218,493,054	342,836,061
DETAILS OF WRITE-INS				
2301. Accrued Payroll and Related.....	1,754,341		1,754,341	7,367,463
2302. Workers Comp.....			0	0
2303. Other Liabilities.....	898,135		898,135	1,605,130
2398. Summary of remaining write-ins for Line 23 from overflow page	25,862,781	0	25,862,781	16,346,825
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	28,515,257	0	28,515,257	25,319,418
2501. Special Surplus.....	XXX	XXX	3,625,156	4,513,596
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	3,625,156	4,513,596
3001.	XXX	XXX		0
3002.	XXX	XXX		0
3003.	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	791,660	919,471
2. Net premium income (including \$0 non-health premium income).....	XXX	358,500,314	419,331,792
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		688,348
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	71,639	735,430
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	358,571,953	420,755,570
Hospital and Medical:			
9. Hospital/medical benefits		204,041,859	132,020,177
10. Other professional services		13,000,793	26,733,850
11. Outside referrals			72,496,622
12. Emergency room and out-of-area		16,588,932	6,806,928
13. Prescription drugs		73,436,979	55,405,626
14. Aggregate write-ins for other hospital and medical	0	55,422,726	118,771,016
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	362,491,289	412,234,219
Less:			
17. Net reinsurance recoveries		4,724,053	4,109,851
18. Total hospital and medical (Lines 16 minus 17)	0	357,767,236	408,124,368
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$5,133,825 cost containment expenses.....		10,978,215	10,081,175
21. General administrative expenses.....		83,695,522	63,883,300
22. Increase in reserves for life and accident and health contracts (including \$84,426,836 increase in reserves for life only).....		84,426,836	(9,899,519)
23. Total underwriting deductions (Lines 18 through 22)	0	536,867,809	472,189,324
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(178,295,856)	(51,433,754)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		434,905	(493,415)
26. Net realized capital gains (losses) less capital gains tax of \$		92,128	58,529
27. Net investment gains (losses) (Lines 25 plus 26)	0	527,033	(434,886)
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]		0	(1,871,079)
29. Aggregate write-ins for other income or expenses	0	(44,659,709)	394,870
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	(222,428,532)	(53,344,849)
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	(222,428,532)	(53,344,849)
DETAILS OF WRITE-INS			
0601. Other Revenues.....	XXX	71,639	735,430
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	71,639	735,430
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
1402. Professional Liability Insurance.....			0
1403. Medical Administration and other medical expenses.....		52,120,299	90,000,845
1498. Summary of remaining write-ins for Line 14 from overflow page	0	3,302,427	19,194,904
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	55,422,726	118,771,016
2901. Miscellaneous.....		855,404	394,870
2902. Impairment Expense.....		(45,515,113)	0
2903.			0
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	(44,659,709)	394,870

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	53,794,895	112,549,085
34. Net income or (loss) from Line 32	(222,428,532)	(53,344,849)
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	(2,302,430)	(5,409,024)
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
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	202,750,000	0
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	0	(317)
48. Net change in capital and surplus (Lines 34 to 47)	(21,980,962)	(58,754,190)
49. Capital and surplus end of reporting year (Line 33 plus 48)	31,813,933	53,794,895
DETAILS OF WRITE-INS		
4701. Unassigned funds pension liability.....		0
4702. Unassigned funds post retirement liability.....		0
4703. Due to Kaiser Affiliates transferred to Kaiser.....		0
4798. Summary of remaining write-ins for Line 47 from overflow page	0	(317)
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	(317)

CASH FLOW

Cash from Operations	1	2
	Current Year	Prior Year
1. Premiums collected net of reinsurance	443,795,608	405,657,781
2. Net investment income	769,071	7,794,838
3. Miscellaneous income	5,714,879	14,790,358
4. Total (Lines 1 through 3)	450,279,558	428,242,977
5. Benefit and loss related payments	455,819,853	438,964,796
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		.0
7. Commissions, expenses paid and aggregate write-ins for deductions	133,863,367	73,274,978
8. Dividends paid to policyholders .....		.0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	589,683,220	512,239,774
11. Net cash from operations (Line 4 minus Line 10)	(139,403,662)	(83,996,797)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	9,330,216	44,376,152
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 .....	.0	1,414
12.7 Miscellaneous proceeds	43,909,650	229,660
12.8 Total investment proceeds (Lines 12.1 to 12.7)	53,239,866	44,607,226
13. Cost of investments acquired (long-term only):		
13.1 Bonds	8,967,579	71,918,576
13.2 Stocks .....	.0	.0
13.3 Mortgage loans .....	.0	.0
13.4 Real estate	1,035,834	808,870
13.5 Other invested assets .....	.0	.0
13.6 Miscellaneous applications	0	1,579
13.7 Total investments acquired (Lines 13.1 to 13.6)	10,003,413	72,729,025
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)	43,236,453	(28,121,799)
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	202,750,000	.0
16.3 Borrowed funds .....	.0	.0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....		.0
16.5 Dividends to stockholders .....	.0	.0
16.6 Other cash provided (applied)	(222,281,472)	196,244,879
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(19,531,472)	196,244,879
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)	(115,698,681)	84,126,283
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	217,103,093	132,976,810
19.2 End of year (Line 18 plus Line 19.1)	101,404,412	217,103,093

ANNUAL STATEMENT FOR THE YEAR 2015 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	358,500,314	195,194,128	0	0	0	36,697,701	126,608,485	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue.....	0									XXX
5. Aggregate write-ins for other health care related revenues.....	71,639	0	0	0	0	0	0	0	71,639	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).....	358,571,953	195,194,128	0	0	0	36,697,701	126,608,485	0	71,639	0
8. Hospital/medical benefits	204,041,859	129,476,306				20,277,301	54,288,252			XXX
9. Other professional services	13,000,793	9,530,461				1,492,567	1,977,765			XXX
10. Outside referrals	0					0				XXX
11. Emergency room and out-of-area	16,588,932	12,160,810				1,904,506	2,523,616			XXX
12. Prescription drugs	73,436,979	37,491,113				8,715,091	27,230,775			XXX
13. Aggregate write-ins for other hospital and medical.....	55,422,726	24,610,678	0	0	0	5,720,938	25,091,110	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	0									XXX
15. Subtotal (Lines 8 to 14)	362,491,289	213,269,368	0	0	0	38,110,403	111,111,518	0	0	XXX
16. Net reinsurance recoveries	4,724,053	4,724,053				0	0			XXX
17. Total hospital and medical (Lines 15 minus 16)	357,767,236	208,545,315	0	0	0	38,110,403	111,111,518	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$5,133,825 cost containment expenses.....	10,978,215	4,874,919				1,133,212	4,970,084			
20. General administrative expenses	83,695,525	52,604,101				12,158,481	18,932,943			
21. Increase in reserves for accident and health contracts	84,426,836	61,585,453				9,997,823	12,843,560			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)	536,867,812	327,609,788	0	0	0	61,399,919	147,858,105	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(178,295,859)	(132,415,660)	0	0	0	(24,702,218)	(21,249,620)	0	71,639	0
DETAILS OF WRITE-INS										
0501. Other.....	71,639								71,639	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)	71,639	0	0	0	0	0	0	0	71,639	XXX
0601. Other-Health Care Revenue (admin services).....	0	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. Care Delivery Expense.....	52,120,299	23,144,223				5,380,049	23,596,027			XXX
1302. Community Service.....	3,302,427	1,466,455				340,889	1,495,083			XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	55,422,726	24,610,678	0	0	0	5,720,938	25,091,110	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	196,990,389		1,796,261	195,194,128
2. Medicare Supplement .....				.0
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal Employees Health Benefits Plan	36,892,577		194,876	36,697,701
6. Title XVIII - Medicare	126,694,951		86,466	126,608,485
7. Title XIX - Medicaid.....				.0
8. Other health.....	.0			.0
9. Health subtotal (Lines 1 through 8)	360,577,917	.0	2,077,603	358,500,314
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	360,577,917	0	2,077,603	358,500,314

ANNUAL STATEMENT FOR THE YEAR 2015 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	375,878,438	220,861,740				39,517,677	115,499,021			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	5,609,704	5,609,704								
1.4 Net	370,268,734	215,252,036	0	0	0	39,517,677	115,499,021	0	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	28,495,612	19,368,981	0	0	0	3,305,270	5,821,361	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	28,495,612	19,368,981	0	0	0	3,305,270	5,821,361	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0	0								
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	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).....	0									
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	41,882,764	26,961,308	0	0	0	4,712,545	10,208,864	0	47	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	885,651	885,651	0	0	0	0	0	0	0	0
8.4 Net	40,997,113	26,075,657	0	0	0	4,712,545	10,208,864	0	47	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	362,491,286	213,269,413	0	0	0	38,110,402	111,111,518	0	(47)	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	4,724,053	4,724,053	0	0	0	0	0	0	0	0
12.4 Net	357,767,233	208,545,360	0	0	0	38,110,402	111,111,518	0	(47)	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.

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	0									
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	0									
1.4. Net	0	0	0	0	0	0	0	0	0	0
2. Incurred but Unreported:										
2.1. Direct	28,495,612	19,368,981				3,305,270	5,821,361			
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	0									
2.4. Net	28,495,612	19,368,981	0	0	0	3,305,270	5,821,361	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	28,495,612	19,368,981	0	0	0	3,305,270	5,821,361	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4. Net	28,495,612	19,368,981	0	0	0	3,305,270	5,821,361	0	0	0

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)	28,294,204	194,812,636	32,939	19,336,042	28,327,143	26,075,655
2. Medicare Supplement .....					.0	.0
3. Dental Only.....					.0	.0
4. Vision Only.....					.0	.0
5. Federal Employees Health Benefits Plan	2,999,174	39,127,226	5,621	3,299,649	3,004,795	4,712,545
6. Title XVIII - Medicare	7,181,705	97,853,791	9,900	5,811,461	7,191,605	10,208,864
7. Title XIX - Medicaid.....					.0	.0
8. Other health .....					.0	.47
9. Health subtotal (Lines 1 to 8).....	38,475,083	331,793,653	48,460	28,447,152	38,523,543	40,997,111
10. Healthcare receivables (a).....					.0	.0
11. Other non-health.....					.0	.0
12. Medical incentive pools and bonus amounts .....					.0	.0
13. Totals (Lines 9-10+11+12)	38,475,083	331,793,653	48,460	28,447,152	38,523,543	40,997,111

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

ANNUAL STATEMENT FOR THE YEAR 2015 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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	24,091	198	0	0	0
2. 2011.....	332,527	20,960	(91)	0	0
3. 2012.....	XXX	286,612	15,823	48	0
4. 2013.....	XXX	XXX	222,549	47,122	(7)
5. 2014.....	XXX	XXX	XXX	231,812	28,073
6. 2015.....	XXX	XXX	XXX	XXX	242,028

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	24,659	197	0	0	0
2. 2011.....	354,610	21,246	(91)	0	0
3. 2012.....	XXX	304,239	15,717	48	0
4. 2013.....	XXX	XXX	276,791	47,012	(7)
5. 2014.....	XXX	XXX	XXX	257,868	28,109
6. 2015.....	XXX	XXX	XXX	XXX	262,783

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. 2011.....	346,961	353,396	7,032	2.0	360,428	103.9			360,428	103.9
2. 2012.....	296,915	302,483	7,394	2.4	309,877	104.4			309,877	104.4
3. 2013.....	273,319	323,796	6,145	1.9	329,941	120.7			329,941	120.7
4. 2014.....	248,414	259,885	7,525	2.9	267,410	107.6	36		267,446	107.7
5. 2015.....	194,566	242,028	8,008	3.3	250,036	128.5	20,755	621	271,412	139.5

Pt 2C - Sn A - Paid Claims - DO

NONE

Pt 2C - Sn A - Paid Claims - VO

NONE

ANNUAL STATEMENT FOR THE YEAR 2015 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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	2,578	26	0	0	
2. 2011.....	35,588	2,791	(13)	0	
3. 2012.....	XXX	38,170	2,220	8	
4. 2013.....	XXX	XXX	31,218	7,808	(1)
5. 2014.....	XXX	XXX	XXX	38,410	4,696
6. 2015.....	XXX	XXX	XXX	XXX	40,486

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	2,645	26	0	0	
2. 2011.....	38,306	2,829	(13)	0	
3. 2012.....	XXX	40,359	2,214	8	
4. 2013.....	XXX	XXX	40,475	7,802	(1)
5. 2014.....	XXX	XXX	XXX	43,107	4,702
6. 2015.....	XXX	XXX	XXX	XXX	43,958

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. 2011.....	41,384	38,366	961	2.5	39,327	95.0			39,327	95.0
2. 2012.....	40,058	40,398	940	2.3	41,338	103.2			41,338	103.2
3. 2013.....	41,007	39,025	847	2.2	39,872	97.2			39,872	97.2
4. 2014.....	39,446	43,106	558	1.3	43,664	110.7	6		43,670	110.7
5. 2015.....	36,698	40,486	1,340	3.3	41,826	114.0	3,472		45,298	123.4

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	7,653	84	0	0	
2. 2011.....	105,640	8,948	(46)	0	
3. 2012.....	XXX	122,359	7,925	21	
4. 2013.....	XXX	XXX	111,468	20,377	(1)
5. 2014.....	XXX	XXX	XXX	100,242	5,716
6. 2015.....	XXX	XXX	XXX	XXX	49,280

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	7,743	84	0	0	
2. 2011.....	114,613	8,994	(46)	0	
3. 2012.....	XXX	129,462	7,927	21	
4. 2013.....	XXX	XXX	126,803	20,379	(1)
5. 2014.....	XXX	XXX	XXX	110,599	5,722
6. 2015.....	XXX	XXX	XXX	XXX	53,500

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. 2011.....	135,446	0	4,677	0.0	4,677	3.5			4,677	3.5
2. 2012.....	154,349	0	2,704	0.0	2,704	1.8			2,704	1.8
3. 2013.....	159,563	(1)	2,146	(214,600.0)	2,145	1.3			2,145	1.3
4. 2014.....	131,472	5,716	1,998	35.0	7,714	5.9	6		7,720	5.9
5. 2015.....	126,608	49,280	1,631	3.3	50,911	40.2	4,220		55,131	43.5

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	.0	.0	.0	.0	
2. 2011 .....	.8	.0	.0	.0	
3. 2012	XXX	.0	.0	.0	
4. 2013	XXX	XXX	.6	.1	
5. 2014	XXX	XXX	XXX	.3	
6. 2015	XXX	XXX	XXX	XXX	

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	.0	.0	.0	.0	
2. 2011 .....	.0	.0	.0	.0	
3. 2012	XXX	.0	.0	.0	
4. 2013	XXX	XXX	.6	.1	
5. 2014	XXX	XXX	XXX	.4	
6. 2015	XXX	XXX	XXX	XXX	

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. 2011.....	10	.0		.0	.0	.0			.0	.0
2. 2012.....	.0	.0		.0	.0	.0			.0	.0
3. 2013.....	.0	.0		.0	.0	.0			.0	.0
4. 2014.....	.0	.0		.0	.0	.0			.0	.0
5. 2015		0		0.0	0	0.0			0	0.0

ANNUAL STATEMENT FOR THE YEAR 2015 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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	34,322	308	0	0	0
2. 2011.....	473,763	32,699	(150)	0	0
3. 2012.....	XXX	447,141	25,968	77	0
4. 2013.....	XXX	XXX	365,241	75,308	(9)
5. 2014.....	XXX	XXX	XXX	370,467	38,485
6. 2015.....	XXX	XXX	XXX	XXX	331,794

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	35,047	307	0	0	0
2. 2011.....	507,529	33,069	(150)	0	0
3. 2012.....	XXX	474,060	25,858	77	0
4. 2013.....	XXX	XXX	444,075	75,194	(9)
5. 2014.....	XXX	XXX	XXX	411,578	38,533
6. 2015.....	XXX	XXX	XXX	XXX	360,241

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. 2011.....	523,801	391,762	12,670	3.2	404,432	77.2	0	0	404,432	77.2
2. 2012.....	491,322	342,881	11,038	3.2	353,919	72.0	0	0	353,919	72.0
3. 2013.....	473,889	362,820	9,138	2.5	371,958	78.5	0	0	371,958	78.5
4. 2014.....	419,332	308,707	10,081	3.3	318,788	76.0	48	0	318,836	76.0
5. 2015.....	357,872	331,794	10,979	3.3	342,773	95.8	28,447	621	371,841	103.9

Pt 2C - Sn B - Incurred Claims - DO

NONE

Pt 2C - Sn B - Incurred Claims - VO

NONE

Part 2C - Sn C - Claims Expense Ratio DO

NONE

Part 2C - Sn C - Claims Expense Ratio VO

NONE

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).....	84,426,836	61,585,453				9,997,823	12,843,560		
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)	84,426,836	61,585,453	.0	.0	.0	9,997,823	12,843,560	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	84,426,836	61,585,453	0	0	0	9,997,823	12,843,560	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 \$84,426,836 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)		0	515,530		515,530
2. Salaries, wages and other benefits	2,104,259	3,553,792	15,080,579		20,738,630
3. Commissions (less \$ceded plus \$assumed)			4,550,891		4,550,891
4. Legal fees and expenses	0		312,236		312,236
5. Certifications and accreditation fees		17,800	38,255		56,055
6. Auditing, actuarial and other consulting services			2,184,795		2,184,795
7. Traveling expenses	15,196		155,232		170,428
8. Marketing and advertising			5,365,807		5,365,807
9. Postage, express and telephone	98	334,041	388,204		722,343
10. Printing and office supplies	24,503	637,842	308,834		971,179
11. Occupancy, depreciation and amortization			1,161,535		1,161,535
12. Equipment			34,977		34,977
13. Cost or depreciation of EDP equipment and software					0
14. Outsourced services including EDP, claims, and other services	882,393	548,890	15,713,320		17,144,603
15. Boards, bureaus and association fees			18,909		18,909
16. Insurance, except on real estate			597,626		597,626
17. Collection and bank service charges			3,508,916		3,508,916
18. Group service and administration fees	48	131,218	26,659		157,925
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries			4,171,346		4,171,346
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes			3,053,509		3,053,509
23.3 Regulatory authority licenses and fees	155,267	200,660			355,927
23.4 Payroll taxes			562,280		562,280
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	1,952,061	420,147	25,946,082	0	28,318,290
26. Total expenses incurred (Lines 1 to 25)	5,133,825	5,844,390	83,695,522	0 (a)	94,673,737
27. Less expenses unpaid December 31, current year		621,841	15,627,553		16,249,394
28. Add expenses unpaid December 31, prior year	0	498,584	5,424,848	0	5,923,432
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)	5,133,825	5,721,133	73,492,817	0	84,347,775
DETAILS OF WRITE-INS					
2501. Information Technology Services.....	226,681	420,147	6,961,239		7,608,067
2502. Shared Services.....	1,721,905		3,314,155		5,036,060
2503. ACA Health Insurer Fee and Exchange Fees.....			1,712,688		1,712,688
2598. Summary of remaining write-ins for Line 25 from overflow page	3,475	0	13,958,000	0	13,961,475
2599. Totals (Line 2501 through 2503 plus 2598) (Line 25 above)	1,952,061	420,147	25,946,082	0	28,318,290

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

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....208,707	.....73,926
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....360,875	.....151,424
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).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....	.....
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....209,555
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	569,582	434,905
11.	Investment expenses		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....0
17.	Net investment income (Line 10 minus Line 16)		434,905
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 \$ (331,620) accrual of discount less \$ amortization of premium and less \$49,184 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	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	92,128		92,128		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)			0		
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
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0	0	0
7.	Derivative instruments			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)	92,128	0	92,128	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

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.....	6,225,650	0	(6,225,650)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination	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.....	0	1,993,711	1,993,711
21. Furniture and equipment, including health care delivery assets.....	0	390,174	390,174
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.....	2,247,817	3,966,596	1,718,779
25. Aggregate write-ins for other-than-invested assets	1,252,307	1,072,863	(179,444)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	9,725,774	7,423,344	(2,302,430)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	9,725,774	7,423,344	(2,302,430)
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.....	1,252,307	1,072,863	(179,444)
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)	1,252,307	1,072,863	(179,444)

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.....	71,688	66,254	64,721	62,086	60,841	767,139
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	3,131	2,591	2,017	1,662	1,408	24,521
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
7. Total	74,819	68,845	66,738	63,748	62,249	791,660
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, 2015 and 2014

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 12/31/15 (in thousands)	Year Ended 12/31/14 (in thousands)
NET INCOME			
HealthSpan state basis (page 4, Line 32,			
(1) Columns 2 & 3)	OH	\$ (222,429)	\$ (53,345)
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	(222,429)	(53,345)
SURPLUS			
HealthSpan state basis (page 3, Line 33,			
(5) Columns 3 & 4)	OH	\$ 31,814	\$ 53,795
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	31,814	53,795

B. Parent Support Agreement

HealthSpan Partners is the parent company of HealthSpan Integrated Care. HealthSpan Partners has an agreement with its Parent CHP Mercy Health for financial support necessary to enable the Company, through at least a year from the date of issuance of these financial statements, to meet operating requirements, obligations and commitments as and when they become due, through advances, capital contributions or other means.

C. 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.

D. 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, 2015 and December 31, 2014, \$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. 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

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.

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 prepaid monthly on a per member per month capitation fee. The capitation amount is reflected in claims expense. Unpaid claims consist primarily of unpaid medical expenses owed to outside providers 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.

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.

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 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 the current year, 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 2015 and 2014, and has recognized expense of \$3.6 and \$3.2 million for the assessment paid in September 2015 and 2014, respectively. Additionally, management has reclassified \$3.6 and \$4.5 million from unassigned surplus to special surplus to recognize the amount anticipated to be due in September 2016 for the year ended December 31, 2015.

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 years ended December 31, 2015 and 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, 2015 and the year ending December 31, 2014, the Company had no business combinations accounted for under the statutory purchase method.

C – D

For the years ended December 31 2015 and 2014, HealthSpan reported goodwill impairment of \$5.7 million and \$0.

4) Discontinued Operations

There were no discontinued operations during the reporting periods.

5) Investments

A -C

For the years ended December 31, 2015 and 2014, 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, 2015 and 2014, HealthSpan held no loan-backed securities.

The Company has not recognized any other-than-temporary impairment (OTTI) for the year ended December 31, 2015 and December 31, 2014

(3) As of December 31, 2015 and 2014 HealthSpan held no loan-backed securities with a recognized other-than-temporary impairment.

(4) For the years ended December 31, 2015 and 2014, 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, 2015 and 2013, HealthSpan was not a party to repurchase agreements or securities lending transactions.

F) Real Estate

During December 31, 2015, HealthSpan wrote down the value of property and equipment to the lower of the values provided by an external appraisal firm or purchase offers from external parties. The total impairment reflected in the financial statements at December 31, 2015 and December 31, 2014 was \$41 million and \$0, respectively

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, 2015 and 2014.

G) During the years ended December 31, 2015 and 2014, HealthSpan had no investments in low-income housing credits.

H) Restricted Assets

At December 31, 2015 and 2014, 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	0.12%	0.12%
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>	0.12%	0.12%

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, 2015 and 2014.

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

As discussed in Note 13, *Minimum Capital and Surplus*, the Company received contributed surplus of \$202 million from its Parent HealthSpan Partners.

During the years ended December 31, 2015 and 2014 HealthSpan incurred expenses of \$116.2 million and \$68.1 million, respectively, for hospital and medical services provided or arranged by the Physician Group.

HealthSpan incurs costs 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, 2015 and 2014, HealthSpan incurred \$32.3 million and \$9.7 million, respectively for services provided by Mercy Health.

As discussed in the *Minimum Capital and Surplus* note, the Company received contributed surplus of \$202 million from HSP in 2015.

At December 31, 2015 and 2014, due to affiliated HSP insurance holding company organizations were as follows (in thousands):

	<u>12/31/2015</u>	<u>12/31/2014</u>
Net amounts due to:		
Mercy Health	\$ 2,134	\$ 157,161
HealthSpan Partners	12,000	57,364
HealthSpan Physicians	28,508	
HealthSpan Inc.	136	
Total due to affiliated organizations	<u>\$ 42,778</u>	<u>\$ 157,161</u>

During the years ended December 31, 2015 and 2014, 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 2015 or 2014.

11) Debt

As of December 31, 2015 and 2014, HealthSpan had no debt.

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

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 year ended December 31, 2015 and 2014 plan expense was \$1.5 and \$3.3 million, respectively.

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

(1) – (2)

HealthSpan is a nonprofit, charitable organization 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.

(3) – (6)

For the years ended December 31, 2015 and 2014, 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, 2015 or (b) HealthSpan's net gain from operations on a statutory basis for the year ended December 31, 2015.

(7) - (8)

At December 31, 2015 and December 31, 2014, HealthSpan held no stock for special purpose and is not a mutual reciprocal.

- (9) As of December 31, 2015 and 2014, HealthSpan has reclassified \$3.6 and \$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, 2015 and 2014, respectively.

- (10) No portion of surplus is represented by cumulative unrealized gains or losses.

- (11) Unassigned surplus was reduced by \$9.7 million at December 31, 2015 and \$7.4 million for the year ended December 31, 2014 for nonadmitted assets.

(12) – (13)

HealthSpan did not undergo any quasi-reorganization in the years ended December 31, 2015 or 2014.

14) Liabilities, Contingencies and Assessments

- A As of December 31, 2015 and 2014, HealthSpan was not a guarantor, and had no commitments to a subsidiary, controlled or affiliated entity.
- B - C As of December 31, 2015 and 2014, HealthSpan had no assessments or gain contingencies that could have a material effect on the financial statements.
- D For the years ended December 31, 2015 and 2014, 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):

	2015	2014
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
2015	✗				
2014	✗				

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>2015</u>	<u>2014</u>
Minimum rentals	\$ 2,142	\$ 2,316
Contingent rentals	—	—
Less: Sublease rentals	(187)	—
	<u>\$ 1,955</u>	<u>\$ 2,316</u>

- (2) At December 31, 2015, 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>
2016	\$ 1,641
2017	1,828
2018	116
2019	102
Thereafter	26
Total	<u>\$ 3,713</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, 2015 or December 31, 2014.

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, 2015 and 2014, 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 \$61.0\$ million and \$74.7 million for medical and hospital related services for years ended 2015 and 2014, respectively, and \$3.9 million and \$4.7 million for administrative expenses for years ended 2015 and 2014, respectively.
 - (2) As of December 31, 2015 and 2014, 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, 2015 and 2014, in connection with Health Plan's Medicare cost contract, Health Plan recorded allowances and reserves for adjustments of recorded revenues in the amount of \$11.2 million and \$18 million, respectively.
 - (4) For the year ended December 31, 2015 Medicare revenues were consistent with the prior year and increased in 2014, 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, 2015 included (in thousands):

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds and other invested assets:						
U.S. Treasury and government-sponsored agencies	16,319	16,319	—	16,319	—	—
Industrial and miscellaneous bonds	13,117	13,117	—	13,117	—	—
Total bonds and other invested assets	29,436	29,436	—	29,436	—	—
Total investments	\$ 29,436	\$ 29,436	\$ —	\$ 29,436	\$ —	\$ —

Investments at statement value and estimated fair value, at December 31, 2014 included (in thousands):

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
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, 2015 or December 31, 2013 for which it was not practicable to estimate fair value.

21) Other Items

A – Extraordinary Items

The 2015 results include non-recurring transactions associated with the impairment of assets and subsequent events, see Note 30.

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

At both December 31, 2015 and December 31, 2014, 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, 2015 or 2014 related to these securities.

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 February 29, 2016 for the statutory statements issued on February 29, 2016.

In the fourth quarter of 2015, HealthSpan Partners (HSP) made the decision to exit the care delivery operations of HealthSpan Physicians and dissolve the associated medical group effective March 31, 2016. Additionally, during March, 2016 HealthSpan Integrated Care will close its retail pharmacy operations that operated in the medical facilities. The land and medical facilities used in the care delivery operations are owned by HSIC and recorded as a Real Estate in the Statement of Assets. In the 2015 financial statements, HSIC recorded an impairment loss of \$36.9 million to write the real estate down to its fair market value.

Further, subsequent to year-end, HSP, HSIC and HealthSpan, Inc. (HS Inc.) executed an agreement with a Buyer to sell its insured membership and administrative services to the Buyer and transition the membership to Buyer during 2016. Effective January 1, 2017, HSIC and HS Inc. will cease operating all lines of business. As a result of this decision, HSIC recorded severance accruals of \$13.8 million in the 2015 financial statements for estimated benefits to be offered to severed employees. Additionally, during December, 2015 and January, 2016, HSP contributed capital to HSIC to fully fund the operations of HSIC throughout 2016 and the runout operations in 2017. Effective February 29, 2016, HSP and HealthSpan executed an agreement with an independent third-party buyer (the Buyer) to sell its insured membership and administrative services to the Buyer and transition the insured membership to Buyer during 2016. Effective January 1, 2017, HealthSpan will cease operating all lines of business. Additionally, during December, 2015 and January 2016, HSP contributed capital of \$137 million to HSIC to fully fund the operations of HealthSpan throughout 2016 and 2017, as necessary.

Effective February 29, 2016, HSP and HealthSpan executed an agreement with an independent third-party buyer (the Buyer) to sell its insured membership and administrative services to the Buyer and transition the insured membership to Buyer during 2016. Effective January 1, 2017, HealthSpan will cease operating all lines of business. Additionally, during January 2016, HSP contributed capital of \$12 million to HSIC to fully fund the operations of HealthSpan throughout 2016 and 2017, as necessary.

In accordance with paragraph 8 of Statement of Statutory Accounting Principles No. 72, the Ohio Department of Insurance approved the Company's request to record the subsequent receipt of \$12MM of contributed capital as surplus effective December 31, 2015.

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)	16,337
	Operations (Revenue & Expense)	
	4. Reported as revenue in premium for accident and health contracts (written / collected) due to ACA Risk Adjustment (1)	16,337 -
	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	2,822
	2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	174
	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	1,944
	5. Ceded reinsurance premiums payable due to ACA Reinsurance	326
	6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance (2)	-
	Operations (Revenue & Expense)	
	7. Ceded reinsurance premiums due to ACA Reinsurance	326
	8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	2,996
	9. ACA Reinsurance contributions - not reported as ceded premium	1,944
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		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)
Permanent ACA Risk Adjustment Program											
1 Premium adjustment receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -
2 Premium adjustment (payable)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -
3 Subtotal ACA Permanent Risk Adjustment Program	\$ -	\$ -	\$ -	\$ 13,188,115	\$ -	\$ (13,188,115)	\$ -	\$ 13,188,115		\$ -	\$ -
Transitional ACA Reinsurance Program	\$ -	\$ -	\$ -	\$ 13,188,115	\$ -	\$ (13,188,115)	\$ -	\$ 13,188,115		\$ -	\$ -
1 Amounts recoverable for claims paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -
2 Amounts recoverable for claims unpaid (contra liability)	\$ 2,108,810	\$ -	\$ 2,959,906	\$ -	\$ (851,096)	\$ -	\$ 851,096	\$ -	-	\$ -	\$ -
3 Amounts receivable relating to uninsured plans	\$ 521,610	\$ -	\$ -	\$ -	\$ 521,610	\$ -	\$ (521,610)	\$ -	-	\$ -	\$ -
4 Liabilities for contribution payable due to ACA Reinsurance - not reported as ceded premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -
5 Ceded reinsurance premiums payable	\$ -	\$ 3,307,827	\$ -	\$ 3,307,827	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -
6 Liability for amounts held under uninsured plans	\$ -	\$ 463,101	\$ -	\$ 438,294	\$ -	\$ 24,807	\$ -	\$ (24,807)		\$ -	\$ -
7 Subtotal ACA Transitional Reinsurance Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -
Temporary ACA Risk Corridors Program	\$ 2,630,420	\$ 3,770,928	\$ 2,959,906	\$ 3,746,121	\$ (329,486)	\$ 24,807	\$ 329,486	\$ (24,807)		\$ -	\$ -
1 Accrued retrospective premium	\$ -	\$ -	\$ 1,213,357	\$ -	\$ (1,213,357)	\$ -	\$ 1,213,357	\$ -	-	\$ -	\$ -
2 Reserve for rate credits or policy experience rating refunds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -
3 Subtotal ACA Risk Corridors Program	\$ -	\$ -	\$ 1,213,357	\$ -	\$ (1,213,357)	\$ -	\$ 1,213,357	\$ -	-	\$ -	\$ -
Total for ACA Risk Sharing Provisions	\$ 2,630,420	\$ 3,770,928	\$ 4,173,263	\$ 16,934,236	\$ (1,542,843)	\$ (13,163,308)	\$ 1,542,843	\$ 13,163,308		\$ -	\$ -

25) Change in Incurred Claims and Claim Adjustment Expenses

Analysis of claims activity as of and for the years ended December 31, 2015 and December 31, 2014 (in thousands):

	12/31/2015	12/31/2014
Claims Payable:		
Balance at Beginning of Period	\$40,997	\$78,725
Balance at End of Period	28,496	40,997
Change in Claims Payable - Increase (Decrease)	<u>(12,501)</u>	<u>(37,728)</u>
Incurring Claims:		
Insured Events of Current Year	364,965	411,578
Increase/(Decrease) Insured Events of Prior Year	<u>(2,474)</u>	<u>(3,454)</u>
Total Incurred Claims	<u>362,491</u>	<u>408,124</u>
Payment of Claims:		
Claims Incurred in Prior Years	38,475	75,386
Claims Incurred in Current Year	<u>336,518</u>	<u>370,466</u>
Total Claims Paid	<u>\$374,993</u>	<u>\$445,852</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, 2015, HealthSpan admitted a pharmacy rebate receivable of \$XXX million. The receivable was estimated based on prescriptions filled during 2015. 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
3/31/2015	\$1.1	\$1.1			
6/30/2015	\$2.6	\$2.6	\$0.4		
9/30/2015	\$3.7	\$3.7	\$0.5		
12/31/2015	\$1.5	\$1.5	\$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.

	12/31/2015	12/31/2014
1 Liability carried for premium deficiency reserves	\$ 84.427	\$ 0
2 Date of the most recent evaluation of this liability	12/31/2015	12/31/2014
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"/> At

December 31, 2015 and December 31, 2014, HealthSpan established premium deficiency reserves as follows (in millions): 2015 – \$84.427

31) Anticipated Salvage and Subrogation

For 2015 and 2014, HealthSpan had no salvage and subrogation included as a reduction of loss reserves.

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 [☒] 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 [☒] 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 [☒]
- 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 [☒]
- 3.6

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

Yes [☐] No [☐] N/A [☒]
- 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 [☒]
- 4.12 renewals?

Yes [☐] No [☒]
- 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 [☒]
- 4.22 renewals?

Yes [☐] No [☒]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [☐] No [☒]
- 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 [☒]
- 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 [☒]
- 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	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	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 OH 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 18A 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. Geise, 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 [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s)

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	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	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 [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$.....12,000,000

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 [X] 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

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 [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
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 [X]

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 [X] 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 [X]

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

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

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
.....
.....
.....

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 [X]

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.....	29,436,444	.....	(29,436,444)
30.2 Preferred Stocks.....	0	.....	0
30.3 Totals	29,436,444	0	(29,436,444)

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 [X] 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 [X] 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 Investment Analysis Office* been followed?

Yes [X] 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? \$
- 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
.....	\$.....
.....	\$.....
.....	\$.....

- 34.1 Amount of payments for legal expenses, if any? \$
- 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
.....	\$.....
.....	\$.....
.....	\$.....

- 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 lives

.....0

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 lives

.....0

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 lives

.....0

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 lives

.....0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$358,500,314	\$	.....419,331,792
2.2	Premium Denominator	\$358,500,314	\$	.....419,331,792
2.3	Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4	Reserve Numerator	\$112,922,448	\$	.....40,997,111
2.5	Reserve Denominator	\$112,922,448	\$	.....40,997,111
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

\$

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 year

.....2,243

8.2 Number of providers at end of reporting year

.....

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 months

.....329,379

9.22 Business with rate guarantees over 36 months

.....

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 [] No []

11.13 An Individual Practice Association (IPA), or,

Yes [] No []

11.14 A Mixed Model (combination of above) ?

Yes [] No []

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes [X] No []

11.3 If yes, show the name of the state requiring such minimum capital and surplus.

Ohio.....

11.4 If yes, show the amount required.

\$.....1,993,040

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

\$39,075,437 X 10% = \$3,907,543

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	2	3	4	Assets Supporting Reserve Credit		
				5	6	7
Company Name	NAIC Company Code	Domiciliary Jurisdiction	Reserve Credit	Letters of Credit	Trust Agreements	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 2015	2 2014	3 2013	4 2012	5 2011
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	218,493,056	342,836,061	256,040,566	302,343,880	234,052,374
2. Total liabilities (Page 3, Line 24)	186,679,122	289,041,166	143,491,481	234,035,556	205,824,946
3. Statutory minimum capital and surplus requirement	1,993,040	28,904,116	14,349,148	23,403,556	20,582,494
4. Total capital and surplus (Page 3, Line 33)	31,813,932	53,794,895	112,549,085	68,308,324	28,227,428
Income Statement (Page 4)					
5. Total revenues (Line 8)	358,571,953	420,755,570	477,267,970	494,628,534	527,061,029
6. Total medical and hospital expenses (Line 18)	357,767,236	408,124,368	442,496,331	472,937,479	505,476,702
7. Claims adjustment expenses (Line 20)	10,978,215	10,081,175	9,137,699	11,038,162	12,669,998
8. Total administrative expenses (Line 21)	83,695,522	63,883,300	41,351,295	55,321,888	55,967,750
9. Net underwriting gain (loss) (Line 24)	(178,295,856)	(51,433,754)	(10,016,874)	(63,568,995)	(39,753,421)
10. Net investment gain (loss) (Line 27)	527,033	(434,886)	3,530,312	3,629,551	2,610,330
11. Total other income (Lines 28 plus 29)	(44,659,709)	(1,476,209)	(71,905,775)	296,055	423,586
12. Net income or (loss) (Line 32)	(222,428,532)	(53,344,849)	(78,392,337)	(59,643,389)	(36,719,505)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	(139,403,662)	(83,996,797)	(58,105,193)	(46,436,500)	(46,964,307)
Risk-Based Capital Analysis					
14. Total adjusted capital.....	31,813,932	53,794,895	112,549,085	68,308,324	28,227,428
15. Authorized control level risk-based capital	9,941,389	10,623,964	9,335,334	9,605,965	10,649,641
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	62,249	74,819	81,606	86,338	103,503
17. Total members months (Column 6, Line 7)	791,660	919,471	990,714	1,077,067	1,309,334
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)	99.8	97.3	93.4	96.3	96.5
20. Cost containment expenses	1.4	1.2	0.9	1.3	1.4
21. Other claims adjustment expenses	1.6	1.2	1.1	1.0	1.0
22. Total underwriting deductions (Line 23)	149.8	112.6	102.8	113.6	108.2
23. Total underwriting gain (loss) (Line 24)	(49.7)	(12.3)	(2.1)	(12.9)	(7.6)
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	38,523,543	75,271,028	25,709,337	33,376,223	35,954,168
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	40,997,111	78,724,871	27,288,302	34,498,492	37,106,295
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
31. All other affiliated		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					

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

.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

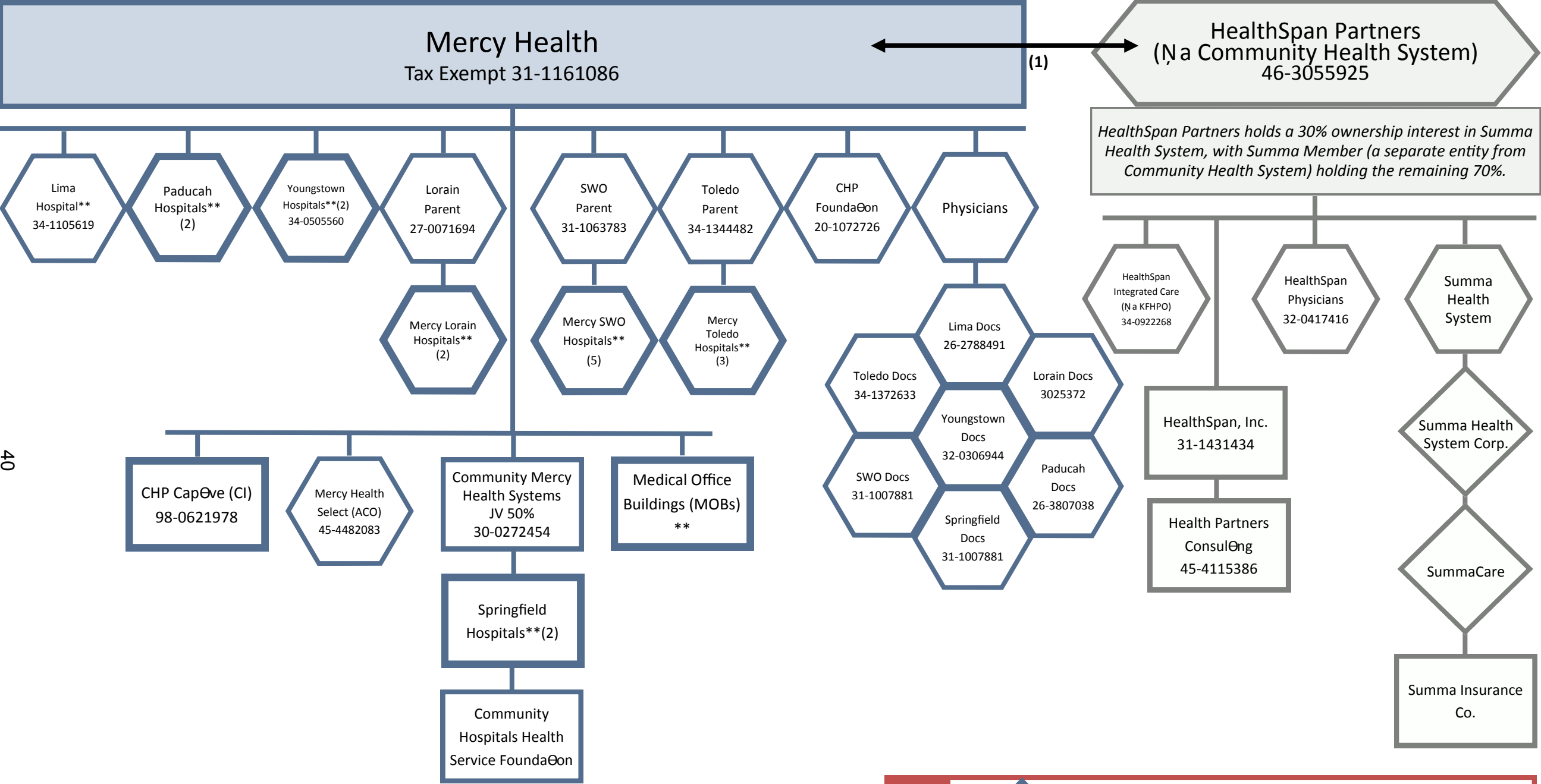
Allocated by States and Territories

			1	Direct Business Only							
			2	3	4	5	6	7	8	9	
State, Etc.			Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Consideration s	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
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		196,990,389	126,694,951		36,892,577			360,577,917	.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	196,990,389	126,694,951	.0	36,892,577	.0	.0	360,577,917	.0
60.	Reporting entity contributions for Employee Benefit Plans.....		XXX							.0	
61.	Total (Direct Business)	(a)	0	196,990,389	126,694,951	0	36,892,577	0	0	360,577,917	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. All premiums were earned in the State of Ohio

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



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

TAX
EXEMPT

FOR
PROFIT

**
Refer to p.2 of
document

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Operations by Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 – Enrollment By Product Type for Health Business Only	17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18
Exhibit 3 – Health Care Receivables	19
Exhibit 3A – Analysis of Health Care Receivables Collected and Accrued	20
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	22
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	23
Exhibit 7 – Part 1 – Summary of Transactions With Providers	24
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	24
Exhibit 8 – Furniture, Equipment and Supplies Owned	25
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	30
Five-Year Historical Data	29
General Interrogatories	27
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	26
Overflow Page For Write-Ins	44
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17
Schedule DA – Verification Between Years	SI10
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E19
Schedule DB – Part A – Verification Between Years	SI11
Schedule DB – Part B – Section 1	E20
Schedule DB – Part B – Section 2	E21
Schedule DB – Part B – Verification Between Years	SI11
Schedule DB – Part C – Section 1	SI12
Schedule DB – Part C – Section 2	SI13
Schedule DB – Part D – Section 1	E22
Schedule DB – Part D – Section 2	E23
Schedule DB – Verification	SI14
Schedule DL – Part 1	E24
Schedule DL – Part 2	E25
Schedule E – Part 1 – Cash	E26
Schedule E – Part 2 – Cash Equivalents	E27
Schedule E – Part 3 – Special Deposits	E28
Schedule E – Verification Between Years	SI15
Schedule S – Part 1 – Section 2	31
Schedule S – Part 2	32
Schedule S – Part 3 – Section 2	33
Schedule S – Part 4	34
Schedule S – Part 5	35
Schedule S – Part 6	36
Schedule S – Part 7	37
Schedule T – Part 2 – Interstate Compact	39
Schedule T – Premiums and Other Considerations	38
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y – Part 1A – Detail of Insurance Holding Company System	41
Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit – Part 1	8
Underwriting and Investment Exhibit – Part 2	9
Underwriting and Investment Exhibit – Part 2A	10
Underwriting and Investment Exhibit – Part 2B	11
Underwriting and Investment Exhibit – Part 2C	12
Underwriting and Investment Exhibit – Part 2D	13
Underwriting and Investment Exhibit – Part 3	14

