Corrected formatting of investment note 5.K. Structured Securities, as it did not fully display the table in the electronic filing.

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QUARTERLY STATEMENT

AS OF MARCH 31, 2016

OF THE CONDITION AND AFFAIRS OF THE

CareSource

NAIC Group Code 3683 (Current Period), 3683 (Prior Period) NAIC Company Code 95201 Employer's ID Number 31-1143265

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

Country of Domicile United States

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]
Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [X]
Other [ ] Is HMO Federally Qualified? Yes [X] No [ ]

Incorporated/Organized 06/12/1985 Commenced Business 10/01/1988

Statutory Home Office 230 North Main Street (Street and Number), Dayton, OH, US 45402 (City or Town, State, Country and Zip Code)

Main Administrative Office 230 North Main Street (Street and Number) Dayton, OH, US 45402 (City or Town, State, Country and Zip Code) 937-531-3300 (Area Code) (Telephone Number)

Mail Address PO Box 8738 (Street and Number or P.O. Box), Dayton, OH, US 45401-8738 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 230 North Main Street (Street and Number) Dayton, OH, US 45402 (City or Town, State, Country and Zip Code) 937-531-2159 (Area Code) (Telephone Number)

Internet Web Site Address www.caresource.com

Statutory Statement Contact Tarlton Thomas (Name) 937-531-2159 (Area Code) (Telephone Number) (Extension)

Tarlton.Thomas@caresource.com (E-Mail Address) 937-396-3438 (FAX Number)

OFFICERS

Name	Title	Name	Title
Pamela B. Morris	President & Chief Executive Officer	L. Tarlton Thomas III	Chief Financial Officer
Bobby L. Jones	Chief Operating Officer	Craig Thiele M.D.	Chief Medical Officer

OTHER OFFICERS

Stephen L. Ringel	President, Ohio Market		

DIRECTORS OR TRUSTEES

Pamela B. Morris	Michael E. Ervin M.D.	William F. Marsteller D.C.	Gary L. LeRoy M.D.
Craig Brown	Ellen S. Leffak	Douglas A. Fecher	David T. Miller
David Kaelber M.D.			

State of Ohio
ss
County of Montgomery

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.

Stephen L. Ringel	L. Tarlton Thomas III	Bobby L. Jones
President, Ohio Market	Chief Financial Officer	Chief Operating Officer

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

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

b. If no:
1. State the amendment number 1
2. Date filed 09/06/2016
3. Number of pages attached 18

NOTES TO FINANCIAL STATEMENTS

1A. Summary of Significant Accounting Policies

Basis of Presentation – CareSource (CS's) statutory-basis financial statements are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance (ODI). The ODI requires that insurance companies domiciled in the State of Ohio prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners *Accounting Practices and Procedures Manual* (NAIC AP&P) subject to any deviation prescribed or permitted by the ODI.

Accounting practices and procedures of the NAIC, as prescribed or permitted by the insurance department of the applicable states of domicile, comprise a comprehensive basis of accounting other than accounting principles generally accepted in the United States (GAAP). The more significant differences are as follows:

Non-admitted Assets: Certain assets designated as "non-admitted," principally prepaid assets, investments in CareSource Foundation, past due healthcare receivables, uncollectable member receivables, furniture and equipment, and other assets not specifically identified as an admitted asset within the NAIC AP&P are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. In accordance with GAAP, such assets are included in the balance sheet to the extent that those assets are not impaired.

Reinsurance: Unpaid claims liabilities and premiums received in advance ceded to reinsurers have been reported as reductions of the related balances rather than as assets as would be required in accordance with GAAP.

Statements of Cash Flows: Cash, cash equivalents, and short-term investments in the statements of cash flows represent cash balances and investments with initial maturities of one year or less. In accordance with GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been quantified.

No significant differences exist between prescribed or permitted practices by the State of Ohio and NAIC SAP which materially affect the statutory basis net income or capital and surplus, as illustrated in the table below.

NET INCOME	March 31, 2016	December 31, 2015
1) State of Ohio Basis	$ (5,063,147)	$ 191,611,801
2) State prescribed practices that increase/(decrease) SAP	-	-
3) State permitted practices that increase/(decrease) SAP	-	-
4) NAIC SAP	$ (5,063,147)	$ 191,611,801
SURPLUS		
1) State of Ohio Basis	$ 912,579,691	$ 929,203,036
2) State prescribed practices that increase/(decrease) SAP	-	-
3) State permitted practices that increase/(decrease) SAP	-	-
4) NAIC SAP	$ 912,579,691	$ 929,203,036

1B. Use of Estimates – No change

1C. Accounting Policy – No change

Reinsurance
Certain premiums and benefits are ceded to another insurance company under a reinsurance agreement. The ceded reinsurance agreement provides CS with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. CS remains obligated for amounts ceded in the event that the reinsurer does not meet their obligations.

	March 31, 2016	March 31, 2015
	Written & Earned Premiums	Written & Earned Premiums
Direct premiums	$1,744,581,650	$1,692,804,461
Ceded premiums		
Non-affiliates	(7,718,294)	(9,762,440)
Affiliates	(0)	(0)
Net premiums	$1,736,863,356	$1,194,918,735

CS does not, directly or indirectly, control any reinsurer with whom CS conducts business. CS does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel the agreement.

NOTES TO FINANCIAL STATEMENTS

Significant Provider

CS has an agreement with Children's Hospital and Physicians' Healthcare Networks dba Partners for Kids (PFK), for PFK to provide medical services to CS members. In connection with this contract, CS pays medical claims billed by non-PFK providers for CS members whom are less than 19 years old in the Central and Southeast Regions, and is later reimbursed by PFK. CS has recorded a liability for the incurred but not reported (IBNR) medical claims for these non-PFK provided services, and a related receivable which was secured by an irrevocable letter of credit from PFK's financial institution to CS in the amount of the IBNR accrual. Reinsurance for CS members for which PFK is providing the medical services are delegated to PFK with approval of the State of Ohio.

As of March 31, 2016, PFK was paid $ 89,152,726 for services rendered, prior to chargebacks of $50,115,669. Chargebacks resulted from CS directly paying certain non-PFK providers under the contract. The CS membership capitated by the provider constituted approximately 13% and 14% of total CS membership in 2016 and 2015.

At March 31, 2015, CS recorded a capitation chargeback receivable from PFK for $ 18,588,093.36.

2. Accounting Changes and Correction of Errors – None
3. Business Combinations and Goodwill – None
4. Discontinued Operations – None

5. Investments

A. Mortgage Loans - None
B. Debt Restructuring - None
C. Reverse Mortgage - None
D. Loan-Backed Securities:
(1) Prepayment Assumptions - None
(2) Securities with a recognized OTTI – None
(3) Securities by CUSIP with a recognized OTTI - None
(4) Impaired Securities without recognized OTTI – None
(5) Additional information –

Management regularly reviews the value of CS's investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is other-than-temporary impairment. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c.i.) for non-interest-related declines in corporate and government bonds, the intent and ability of CS to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (c.ii.) for interest related declines in corporate and government bonds, the intent of CS to sell the investment at the reporting date, (c.iii.) for mortgage-backed securities, whether CS expects to recover the entire amortized cost basis of the security and whether CS has the intent to sell or intent and ability to hold the investments for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments, and (e) general market conditions and industry or sector specific factors. As of March 31, 2016 the Company holds $1.6M of mortgage or other loan backed securities, none of which meet the criteria for impairment.

CS does not hold any investments as of March 31, 2016 that are subject to redemption restrictions or penalties therefore all holdings can be liquidated immediately upon request, without penalty.

E. Repurchase Agreements – None
F. Real estate
(1) Impairment Losses – None
(2) Sale of Real Estate – None
(3) Change of Plans – None
(4) Retail Land Sales – None
(5) Real Estate with Mortgage Loans – None
G. Low income housing – None
H. Restricted assets (Including Pledged) – None
I. Working Capital Finance Investments – None
J. Offsetting and Netting of Assets and Liabilities –None
K. As of March 31, 2016, CS has $222.4 million in structured bonds.

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security (Y/N)
06048WQW3	$ 10,000,000.00	$ 10,005,000.00	$ 10,000,000.00	No
06366RLS2	5,000,000.00	4,788,200.00	5,000,000.00	No
064159CG9	10,000,000.00	10,578,600.00	10,000,000.00	No
3136G0MC2	4,992,500.00	5,002,150.00	4,993,916.84	No
3136G0PD7	5,000,000.00	5,001,300.00	5,000,000.00	No
3136G0PP0	8,500,000.00	8,501,020.00	8,500,000.00	No
3136G0ZR5	639,000.00	633,696.30	639,000.00	No
33834FAA7	7,500,000.00	7,558,275.00	7,500,000.00	No

NOTES TO FINANCIAL STATEMENTS

33834JAA9	10,000,000.00	9,450,000.00	10,000,000.00	No
33834KAA6	5,000,000.00	4,700,000.00	5,000,000.00	No
33834PAB3	10,000,000.00	10,000,000.00	10,000,000.00	No
38141GHW7	7,500,000.00	7,377,975.00	7,500,000.00	No
38141GNR1	4,975,000.00	4,961,350.00	4,980,153.51	No
38147QSG2	5,000,000.00	4,874,300.00	5,000,000.00	No
38148T3H0	10,000,000.00	10,005,900.00	10,000,000.00	No
38148TJR1	15,000,000.00	14,888,550.00	15,000,000.00	No
40432X7F2	5,000,000.00	4,943,000.00	5,000,000.00	No
48126D5U9	5,000,000.00	5,113,200.00	5,000,000.00	No
48126D6L8	4,962,500.00	5,149,000.00	4,968,933.66	No
48126D6V6	4,925,000.00	5,128,000.00	4,934,507.19	No
48126DBT5	4,975,000.00	4,935,750.00	4,980,700.07	No
48126DLV9	5,000,000.00	4,777,100.00	5,000,000.00	No
48126NSY4	2,970,000.00	3,106,200.00	2,974,840.30	No
78008SLL8	5,000,000.00	4,950,400.00	5,000,000.00	No
78008SWB8	5,000,000.00	5,242,750.00	5,000,000.00	No
78010UCX3	5,000,000.00	5,026,100.00	5,000,000.00	No
78010UCZ8	4,975,000.00	5,156,750.00	4,978,021.90	No
78012KAH0	10,000,000.00	9,708,100.00	10,000,000.00	No
89233P6P6	2,985,000.00	2,949,150.00	2,988,532.31	No
89233P6R2	5,000,000.00	4,882,300.00	5,000,000.00	No
89233P7J9	4,417,500.00	4,684,350.00	4,495,620.25	No
89236TBK0	4,950,000.00	5,017,200.00	4,955,722.67	No
94986RHC8	3,000,000.00	2,965,410.00	3,000,000.00	No
94986RKV2	5,000,000.00	4,912,600.00	5,000,000.00	No
94986RNK3	5,000,000.00	4,969,800.00	5,000,000.00	No
94986RNZ0	5,000,000.00	4,902,400.00	5,000,000.00	No
94986RYA3	5,000,000.00	5,000,000.00	5,000,000.00	No
Total	$ 222,266,500.00	$ 221,845,876.30	$ 222,389,948.70	

6. Joint Ventures, Partnerships and Limited Liability Companies – None

7. Investment Income – No change

8. Derivative Instruments – None

9. Income Taxes – No change

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties – No change

11. Debt – None.

12. Retirement Plans, Deferred Compensation, Post-Employment Benefits and Compensated Absences and Other Post Retirement Benefit Plans – None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations – No change

14. Contingencies – No change

15. Leases – No change

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk – Not applicable

17. Sale, transfer and servicing of financial assets and extinguishments of liabilities

a. Transfers of receivables reported as sales - None
b. Transfer and servicing of financial assets - None
c. Wash sales - None

18. Gain or Loss to the reporting entity from uninsured plans and the uninsured portion of partially insured plans – No Change

19. Direct premium written/produced by managing general agents/third party administrators – Not applicable

20. Fair Value Measurements –

NOTES TO FINANCIAL STATEMENTS

The Company uses fair value measurements to record the fair value of certain assets and to estimate the fair value of financial instruments not recorded at fair value but required to be disclosed at fair value.

Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. The Company's Level 1 assets and liabilities primarily include exchange-traded equity securities.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following discussion described the valuation methodologies utilized by the Company for assets measured or disclosed at fair value. Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial instrument, including discount rates, estimates of timing, amount of expected future cash flows, and the credit standing of the issuer.

Debt and Equity Securities

The fair values of actively traded debt and equity securities are determined through the use of third-party pricing services utilizing market observable inputs. Certain mortgage-backed securities for which the Company does not receive public quotations or for which the Company believes market activity to reflect distressed sales are valued using current market-consistent rates applicable to yield, credit quality and maturity of each security. When available, market observable inputs are used to estimate the fair values of these securities.

Cash, Cash Equivalents, and Short-Term Investments

The fair values of cash and cash equivalents are based on quoted market prices. Short term investments are stated at amortized cost, which approximates fair value.

(1) Fair Value Measurements at Reporting Date

Fair Value Measurements at March 31, 2016	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Bonds				
U.S Governments	$ -	$ -	$ -	$ -
Industrial and Misc	$ -	$ -	$ -	$ -
Hybrid Securities	$ -	$ -	$ -	$ -
Parent, Subsidiaries and Affiliates	$ -	$ -	$ -	$ -
Total Bonds	**$ -**	**$ -**	**$ -**	**$ -**
Common Stock				
Industrial and Misc	$ 110,547,864	$ -	$ -	$ 110,547,864
Parent, Subsidiaries and Affiliates	$ -	$ -	$ -	$ -
Total Common Stocks	**$ 110,547,864**	**$ -**	**$ -**	**$ 110,547,864**
Cash Equivalents	**$ -**	**$ -**	**$ -**	**$ -**
Total assets at fair value	**$ 110,547,864**	**$ -**	**$ -**	**$ 110,547,864**

Fair Value Measurements at December 31, 2015	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Bonds				
U.S Governments	$ -	$ -	$ -	$ -
Industrial and Misc	$ -	$ -	$ -	$ -
Hybrid Securities	$ -	$ -	$ -	$ -
Parent, Subsidiaries and Affiliates	$ -	$ -	$ -	$ -
Total Bonds	**$ -**	**$ -**	**$ -**	**$ -**

NOTES TO FINANCIAL STATEMENTS

Common Stock				
Industrial and Misc	$ 107,596,205	$ -	$ -	$ 107,596,205
Parent, Subsidiaries and Affiliates	$ -	$ -	$ -	$ -
Total Common Stocks	**$ 107,596,205**	**$ -**	**$ -**	**$ 107,596,205**
Total assets at fair value	**$ 107,596,205**	**$ -**	**$ -**	**$ 107,596,205**

The Company did not have any significant assets or liabilities measured at fair value on a nonrecurring basis as of March 31, 2016 or December 31, 2015. There were no transfers between Level 1 and Level 2 securities for the period ended March 31, 2016.

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy -- None

(3) CareSource recognizes transfers between fair value levels at the end of each reporting period.

(4) Level 2 securities – values determined through the use of third-party pricing services utilizing market observable inputs. CareSource does not have any investments with fair value measurements categorized within Level 3 as of March 31, 2016.

(5) Derivative Assets/Liabilities – Not applicable

B) Other Fair Value Measurements – Not applicable

C) Aggregate Value of All Financial Instruments

March 31, 2016	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	762,761,797	755,654,790		762,761,797		
Common Stock	110,547,864	110,547,864	110,547,864			
Cash, Cash Equivalents, and Short-Term Investments	575,302,395	575,302,395	575,302,395			

December 31, 2015	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	750,349,144	751,632,166	750,349,144	750,349,144		
Common Stock	107,596,205	107,596,205	107,596,205	107,596,205		
Cash, Cash Equivalents, and Short-Term Investments	609,743,861	609,875,902	609,743,861	609,743,861		

D) Fair Value Not estimable- Not applicable

21. Other Items –

A.-G- None

22. Events subsequent - Subsequent events have been considered through May 13, 2016 for the statutory statements issued on that date.

A. Type I – Recognized Subsequent Events – None

Type II – Nonrecognized Subsequent Events - None

23. Reinsurance – No change

24. Retrospectively rated contracts & contracts subject to redetermination –

A.-D. – None

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

(1) Did the entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions?- Yes – The Company is not subject to the annual fee under section 9010 of the Affordable Care Act. CS is incorporated as a nonprofit in the state of Ohio and receives greater than 80% of gross revenues from government programs that target low-income, elderly or disabled populations.

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

	AMOUNT
a. Permanent ACA Risk Adjustment Program	
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment	$ -

NOTES TO FINANCIAL STATEMENTS

Liabilities

2.	Risk adjustment user fees payable for ACA Risk Adjustment	$94,403
3.	Premium adjustments payable due to ACA Risk Adjustment	$24,335,308

Operations (Revenue & Expense)

4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	$6,635,308
5.	Reported in expenses as ACA risk adjustment user fees (incurred/paid)	$28,101

b. Transitional ACA Reinsurance Program

Assets

1.	Amounts recoverable for claims paid due to ACA Reinsurance	$5,661,477
2.	Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	$3,806,979
3.	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	$ -

Liabilities

4.	Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	$ -
5.	Ceded reinsurance premiums payable due to ACA Reinsurance	$336,243
6.	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	$ -

Operations (Revenue & Expense)

7.	Ceded reinsurance premiums due to ACA Reinsurance	$ -
8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	$2,745,890
9.	ACA Reinsurance contributions - not reported as ceded premium	$108,390

c. Temporary ACA Risk Corridors Program

Assets

1.	Accrued retrospective premium due to ACA Risk Corridors	$ -

Liabilities

2.	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	$2,330,397

Operations (Revenue & Expense)

3.	Effect of ACA Risk Corridors on net premium income (paid/received)	$ -
4.	Effect of ACA Risk Corridors on change in reserves for rate credits	$ -

(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 balances.

				Differences		Adjustments			Unsettled Balances as of the Reported Date	
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)

NOTES TO FINANCIAL STATEMENTS

a.	Permanent ACA Risk Adjustment Program											
1.	Premium adjustment receivable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	A	$ -	$ -
2.	Premium adjustments (payable)	$ -	$(17,700,000)	$ -	$ -	$ -	$ -	$ -	$ -	B	$ -	$(17,700,000)
3.	Subtotal ACA Permanent Risk Adjustment Program	$ -	$(17,700,000)	$ -	$ -	$ -	$ -	$ -	$ -		$ -	$(17,700,000)
b.	Transitional ACA Reinsurance Program											
1.	Amounts recoverable for claims paid	$7,253,647	$ -	$3,177,434	$ -	$4,076,213	$ -	$1,585,264	$ -	C	$5,661,477	$ -
2.	Amounts recoverable for claims unpaid (contra liability)	$2,246,353	$ -	$ -	$ -	$2,246,353	$ -	$(1,185,264)	$ -	D	$1,061,089	$ -
3.	Amounts receivable relating to uninsured plans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	E	$ -	$ -
4.	Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	F	$ -	$ -
5.	Ceded reinsurance premiums payable	$ -	$	$ -	$ -	$ -	$	$ -	$ -	G	$ -	$
6.	Liability for amounts hold under uninsured plans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	H	$ -	$ -
7.	Subtotal ACA Transitional Reinsurance Program	$9,500,000	$	$3,177,434	$ -	$6,322,566	$	$400,000	$ -		$6,322,566	$ -
c.	Temporary ACA Risk Corridors Program											
1.	Accrued retrospective premium	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	I	$ -	$ -
2.	Reserve for rate credits or policy experience rating refunds	$ -	$(2,330,397)	$ -	$ -	$ -	$(2,330,397)	$ -	$ -	J	$ -	$(2,330,397)
3.	Subtotal ACA Risk Corridors Program	$ -	$(2,330,397)	$ -	$ -	$ -	$(2,330,397)	$ -	$ -		$ -	$(2,330,397)
d.	Total for ACA Risk Sharing Provisions	$9,500,000	$(20,030,397)	$3,177,434	$ -	$6,322,566	$(2,330,397)	$400,000	$634,944		$6,322,566	$(20,030,397)

Explanation of Adjustments

A.

B.

C. Received partial payment from CMS. Updated paid and estimated unpaid recoverable amounts based on actual claims experience thru 3/31/2016.

D. Updated paid and estimated unpaid recoverable amounts based on actual claims experience thru 3/31/2016.

E.

F.

G.

H.

I.

J.

25. Change in Incurred Claims and Claims Adjustment Expenses

Reserves as of December 31, 2015 were $589.6 million. As of March 31, 2016, $514.0 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now $57.7 million, therefore, there has been a $17.9 million unfavorable prior-year development since December 31, 2015 to March 31, 2016. The change is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this increase, the Company experienced $29.8 million of unfavorable prior year claim development, off-set by $11.8 million of favorable experience in recoveries.

26. Intercompany Pooling Arrangements – None

27. Structured Settlements - Not applicable

28. Health Care Receivables – No change

29. Participating Policies - Not applicable

30. Premium Deficiency Reserves - Not deemed necessary

31. Anticipated Salvage and Subrogation – No change

NOTES TO FINANCIAL STATEMENTS