



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		
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.

Craig Thiele
Chief Medical Officer

L. Tarlton Thomas III
Chief Financial Officer

Bobby L. Jones
Chief Operating Officer

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

Subscribed and sworn to before me this
day of ,

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	755,654,790		755,654,790	751,632,166
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	110,547,864		110,547,864	107,596,205
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ 437,150,849), cash equivalents (\$ 48,941,905) and short-term investments (\$ 89,209,641)	575,302,395		575,302,395	609,875,903
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives	0		0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	9,757	9,757	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,441,514,806	9,757	1,441,505,049	1,469,104,274
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	7,609,852		7,609,852	6,835,142
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	177,741,343	7,858,446	169,882,897	144,987,238
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 (\$ 6,259,843) and contracts subject to redetermination (\$ 6,259,843)	6,259,843		6,259,843	4,110,823
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	12,631,467		12,631,467	14,223,636
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	31,062,104		31,062,104	25,644,759
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset	410,205		410,205	410,205
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 (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$ 101,471,626) and other amounts receivable	125,360,425	23,888,799	101,471,626	96,696,645
25. Aggregate write-ins for other-than-invested assets	200,625	200,625	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,802,790,670	31,957,627	1,770,833,043	1,762,012,722
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	1,802,790,670	31,957,627	1,770,833,043	1,762,012,722
DETAILS OF WRITE-INS				
1101. Investment in CareSource Foundation	9,757	9,757	0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	9,757	9,757	0	0
2501. Prepaid Assets	200,625	200,625	0	0
2502.			0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	200,625	200,625	0	0

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 23,880,716 reinsurance ceded)	576,792,750		576,792,750	588,988,692
2. Accrued medical incentive pool and bonus amounts	494,150		494,150	638,500
3. Unpaid claims adjustment expenses	12,448,108		12,448,108	13,143,789
4. Aggregate health policy reserves including the liability of \$ for medical loss ratio rebate per the Public Health Service Act	28,859,534		28,859,534	22,331,630
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	33,115,536		33,115,536	37,397,711
9. General expenses due or accrued	180,196,637		180,196,637	140,922,091
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))	1,096,099		1,096,099	1,124,292
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	336,243		336,243	8,824
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	23,355,838		23,355,838	27,178,671
16. Derivatives		0	0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	1,558,457		1,558,457	1,075,488
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	858,253,352		858,253,352	832,809,688
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	17,200,000	17,200,000
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	895,379,691	912,003,036
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	912,579,691	929,203,036
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,770,833,043	1,762,012,724
DETAILS OF WRITE-INS				
2301.			0	0
2302.			0	0
2303.			0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501.	XXX	XXX		0
2502.	XXX	XXX		0
2503.	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001. Contributed Surplus (Land)	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 AS OF MARCH 31, 2016 OF THE CareSource

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	4,027,990	3,953,327	15,557,976
2. Net premium income (including \$ non-health premium income)	XXX	1,736,863,356	1,683,042,021	6,707,503,283
3. Change in unearned premium reserves and reserve for rate credits	XXX	(107,404)	(1,900,000)	(4,631,630)
4. Fee-for-service (net of \$ medical expenses)	XXX		0	0
5. Risk revenue	XXX		0	0
6. Aggregate write-ins for other health care related revenues	XXX	7,741,234	720,812	21,039,731
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7).....	XXX	1,744,497,186	1,681,862,833	6,723,911,384
Hospital and Medical:				
9. Hospital/medical benefits.....		1,055,151,025	1,045,181,441	4,067,486,515
10. Other professional services.....		7,936,279	6,621,900	27,486,412
11. Outside referrals.....			0	0
12. Emergency room and out-of-area.....		82,299,182	75,058,291	306,771,450
13. Prescription drugs.....		348,880,413	322,134,285	1,318,211,803
14. Aggregate write-ins for other hospital and medical.....	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		1,582,140	1,087,542	4,416,889
16. Subtotal (Lines 9 to 15).....	0	1,495,849,039	1,450,083,459	5,724,373,069
Less:				
17. Net reinsurance recoveries.....		7,088,385	4,808,770	42,834,673
18. Total hospital and medical (Lines 16 minus 17).....	0	1,488,760,654	1,445,274,689	5,681,538,396
19. Non-health claims (net).....			0	0
20. Claims adjustment expenses, including \$ 27,882,936 cost containment expenses.....		32,111,171	29,582,116	105,978,482
21. General administrative expenses.....		232,650,216	180,225,012	767,831,741
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....			0	0
23. Total underwriting deductions (Lines 18 through 22).....	0	1,753,522,041	1,655,081,817	6,555,348,619
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	(9,024,855)	26,781,016	168,562,765
25. Net investment income earned.....		5,468,012	4,037,324	19,644,423
26. Net realized capital gains (losses) less capital gains tax of \$.....			483	4,118,700
27. Net investment gains (losses) (Lines 25 plus 26).....	0	5,468,012	4,037,807	23,763,123
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)].....			0	0
29. Aggregate write-ins for other income or expenses.....	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	(3,556,843)	30,818,823	192,325,888
31. Federal and foreign income taxes incurred.....	XXX	1,096,099	0	714,087
32. Net income (loss) (Lines 30 minus 31).....	XXX	(4,652,942)	30,818,823	191,611,801
DETAILS OF WRITE-INS				
0601. Pay for Performance Revenue (P4P).....	XXX	7,741,234	720,812	21,039,731
0602.	XXX		0	0
0603.	XXX		0	0
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	XXX	7,741,234	720,812	21,039,731
0701.	XXX		0	0
0702.	XXX		0	0
0703.	XXX		0	0
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above).....	XXX	0	0	0
1401.			0	0
1402.			0	0
1403.			0	0
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	0	0	0	0
2901.			0	0
2902.			0	0
2903.			0	0
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	929,203,035	743,533,386	743,533,386
34. Net income or (loss) from Line 32	(4,652,942)	30,818,823	191,611,801
35. Change in valuation basis of aggregate policy and claim reserves		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	359,534	3,577,489	(5,409,042)
37. Change in net unrealized foreign exchange capital gain or (loss)		0	0
38. Change in net deferred income tax	0	0	0
39. Change in nonadmitted assets	(12,092,910)	6,129,264	1,898,771
40. Change in unauthorized and certified reinsurance	0	0	0
41. Change in treasury stock		0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles		0	0
44. Capital Changes:			
44.1 Paid in		0	0
44.2 Transferred from surplus (Stock Dividend)		0	0
44.3 Transferred to surplus		0	0
45. Surplus adjustments:			
45.1 Paid in		0	0
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital	(237,030)	(478,216)	(2,431,882)
46. Dividends to stockholders		0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(16,623,348)	40,047,360	185,669,649
49. Capital and surplus end of reporting period (Line 33 plus 48)	912,579,687	783,580,746	929,203,035
DETAILS OF WRITE-INS			
4701. Dividend in Kind to Parent Company		0	0
4702.		0	0
4703.		0	0
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	1,711,874,227	1,678,123,667	6,734,311,866
2. Net investment income.....	6,438,512	4,920,738	25,397,157
3. Miscellaneous income.....	10,378,308	(2,221,864)	(6,344,403)
4. Total (Lines 1 to 3).....	1,728,691,047	1,680,822,541	6,753,364,620
5. Benefit and loss related payments.....	1,514,301,006	1,435,625,200	5,916,232,984
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	239,658,172	197,908,237	844,797,316
8. Dividends paid to policyholders.....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	1,124,292	0	0
10. Total (Lines 5 through 9).....	1,755,083,470	1,633,533,437	6,761,030,300
11. Net cash from operations (Line 4 minus Line 10).....	(26,392,423)	47,289,104	(7,665,680)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	29,530,224	59,505,488	260,413,494
12.2 Stocks.....	7,848,386	3,654,177	35,642,439
12.3 Mortgage loans.....	0	0	0
12.4 Real estate.....	0	0	0
12.5 Other invested assets.....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0	(1,015)
12.7 Miscellaneous proceeds.....	0	6,096,535	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	37,378,610	69,256,200	296,054,918
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	35,297,581	90,190,422	426,410,598
13.2 Stocks.....	10,440,988	800,646	36,884,437
13.3 Mortgage loans.....	0	0	0
13.4 Real estate.....	0	0	0
13.5 Other invested assets.....	0	0	0
13.6 Miscellaneous applications.....	0	0	535,718
13.7 Total investments acquired (Lines 13.1 to 13.6).....	45,738,569	90,991,069	463,830,752
14. Net increase (or decrease) in contract loans and premium notes.....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(8,359,958)	(21,734,869)	(167,775,835)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	(1,000,000)	(2,000,000)
16.3 Borrowed funds.....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0	0
16.5 Dividends to stockholders.....	0	0	0
16.6 Other cash provided (applied).....	178,870	(19,485,730)	639,792
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	178,870	(20,485,730)	(1,360,208)
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).....	(34,573,511)	5,068,506	(176,801,722)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	609,875,905	786,677,628	786,677,628
19.2 End of period (Line 18 plus Line 19.1).....	575,302,394	791,746,134	609,875,905

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group							
Total Members at end of:										
1. Prior Year	1,306,521	40,776	.0	0	0	.0	0	0	1,243,447	22,298
2. First Quarter	1,355,718	65,600	.0	0	0	.0	0	0	1,267,280	22,838
3. Second Quarter	0	0	.0	0	0	.0	0	0	0	0
4. Third Quarter	0									
5. Current Year	0									
6. Current Year Member Months	4,027,990	192,694							3,767,440	67,856
Total Member Ambulatory Encounters for Period:										
7. Physician	2,287,056	.71,665							2,114,802	100,589
8. Non-Physician	1,913,412	43,710							1,236,105	633,597
9. Total	4,200,468	115,375	0	0	0	0	0	0	3,350,907	734,186
10. Hospital Patient Days Incurred	175,865	4,333							157,471	14,061
11. Number of Inpatient Admissions	44,057	1,085							40,647	2,325
12. Health Premiums Written (a)	1,744,581,650	57,150,648							1,500,440,713	186,990,289
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	1,744,474,246	57,150,648							1,500,440,713	186,882,885
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	1,544,805,312	35,820,425						1,941	1,340,319,251	168,663,695
18. Amount Incurred for Provision of Health Care Services	1,495,849,037	47,334,266						(102,420)	1,296,988,858	151,628,333

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

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims unpaid (Reported)						
0199999 Individually listed claims unpaid.....	0	0	0	0	0	0
0299999 Aggregate accounts not individually listed-uncovered.....						0
0399999 Aggregate accounts not individually listed-covered	165,330,001	5,235,669	1,240,368	624,696	1,494,386	173,925,120
0499999 Subtotals	165,330,001	5,235,669	1,240,368	624,696	1,494,386	173,925,120
0599999 Unreported claims and other claim reserves	XXX	XXX	XXX	XXX	XXX	426,748,347
0699999 Total amounts withheld	XXX	XXX	XXX	XXX	XXX	
0799999 Total claims unpaid	XXX	XXX	XXX	XXX	XXX	600,673,467
0899999 Accrued medical incentive pool and bonus amounts	XXX	XXX	XXX	XXX	XXX	494,150

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	9,765,858	23,797,575	4,411,874	18,081,678	14,177,732	12,090,643
2. Medicare Supplement					0	0
3. Dental only					0	0
4. Vision only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	(345)	(1,182)	5,885	(96,702)	5,540	14,127
7. Title XIX - Medicaid	434,370,951	901,334,185	41,408,904	416,157,583	475,779,855	471,202,508
8. Other health	78,008,512	89,713,594	6,813,443	90,010,084	84,821,955	105,681,414
9. Health subtotal (Lines 1 to 8).....	522,144,976	1,014,844,172	52,640,106	524,152,643	574,785,082	588,988,692
10. Health care receivables (a).....	10,235,102	27,379,593			10,235,102	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	1,341,709	384,780	0	494,150	1,341,709	638,500
13. Totals (Lines 9-10+11+12)	513,251,583	987,849,359	52,640,106	524,646,793	565,891,689	589,627,192

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

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

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.

<u>NET INCOME</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
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
 <u>SURPLUS</u>		
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.

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

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.

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

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

NOTES TO FINANCIAL STATEMENTS

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	N
06366RLS2	5,000,000.00	4,788,200.00	5,000,000.00	N
064159CG9	10,000,000.00	10,578,600.00	10,000,000.00	N
3136G0MC2	4,992,500.00	5,002,150.00	4,993,916.84	N
3136G0PD7	5,000,000.00	5,001,300.00	5,000,000.00	N
3136G0PP0	8,500,000.00	8,501,020.00	8,500,000.00	N
3136G0ZR5	639,000.00	633,696.30	639,000.00	N
33834FAA7	7,500,000.00	7,558,275.00	7,500,000.00	N
33834JAA9	10,000,000.00	9,450,000.00	10,000,000.00	N
33834KAA6	5,000,000.00	4,700,000.00	5,000,000.00	N
33834PAB3	10,000,000.00	10,000,000.00	10,000,000.00	N
38141GHW7	7,500,000.00	7,377,975.00	7,500,000.00	N
38141GNR1	4,975,000.00	4,961,350.10	4,980,153.51	N
38147QSG2	5,000,000.00	4,874,300.00	5,000,000.00	N

NOTES TO FINANCIAL STATEMENTS

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 –

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.

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

NOTES TO FINANCIAL STATEMENTS

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

<u>Fair Value Measurements at March 31, 2016</u>	(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

<u>Fair Value Measurements at December 31, 2015</u>	(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	\$ 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			

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

NOTES TO FINANCIAL STATEMENTS

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	\$ -
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)	
Reported as revenue in premium for accident and health contracts	
4. (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
Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra	
2. Liability)	\$3,806,979
Amounts receivable relating to uninsured plans for contributions for ACA	
3. Reinsurance	\$ -
Liabilities	
Liabilities for contributions payable due to ACA Reinsurance - not reported	
4. as ceded premium	\$ -
5. Ceded reinsurance premiums payable due to ACA Reinsurance	\$336,243
Liabilities for amounts held under uninsured plans contributions for ACA	
6. Reinsurance	\$ -
Operations (Revenue & Expense)	
7. Ceded reinsurance premiums due to ACA Reinsurance	\$ -
Reinsurance recoveries (income statement) due to ACA Reinsurance	
8. payments or expected payments	\$2,745,890
9. ACA Reinsurance contributions - not reported as ceded premium	\$108,390
c. Temporary ACA Risk Corridors Program	

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

NOTES TO FINANCIAL STATEMENTS

Assets

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

Liabilities

Reserve for rate credits or policy experience rating refunds due to ACA Risk

2. 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.

Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reported Date	
				Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
1	2	3	4	5	6	7	8	9	10
Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)

a. Permanent ACA Risk Adjustment Program	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	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 held under uninsured plans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	H \$ -	\$ -
7. Subtotal ACA Transitional Reinsurance Program	\$9,500,000	\$ -	\$3,177,434	\$ -	\$6,322,566	\$ -	\$400,000	\$ -	\$6,322,566

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

NOTES TO FINANCIAL STATEMENTS

c.	Temporary ACA Risk Corridors Program Accrued retrospective premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	I	\$ -	\$ -
1.	Reserve for rate credits or policy experience rating refunds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	J	\$ -	\$ -
2.	Subtotal ACA Risk Corridors Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3.	Total for ACA Risk Sharing Provisions	\$9,500,000	\$ -	\$ -	\$3,177,434	\$ -	\$6,322,566	\$ -	\$400,000	\$634,944	\$ -	\$6,322,566	\$ -
d.													

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

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

2.2 If yes, date of change:

3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []

If yes, complete Schedule Y, Parts 1 and 1A.

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [X] No []

3.3 If the response to 3.2 is yes, provide a brief description of those changes.

CareSource Virginia Co. was added and CareSource Insurance LLC was removed from the organizational chart in January 2016.....

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [X] NA []

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2012

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2012

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 11/08/2013

6.4 By what department or departments?

Ohio Department of Insurance.....

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [] NA []

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] NA []

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

7.2 If yes, give full information:

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

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

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource**GENERAL INTERROGATORIES**

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [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.

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

.....

9.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]

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

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

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

.....

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

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

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

14.2 If yes, please complete the following:

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

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

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []

If no, attach a description with this statement.

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

GENERAL INTERROGATORIES

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$.....
16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$.....
16.3 Total payable for securities lending reported on the liability page	\$.....

17. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian Address

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?

Yes [] No [X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address

18.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed?

Yes [X] No []

18.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES
PART 2 - HEALTH

1. Operating Percentages:	
1.1 A&H loss percent.....	87.3 %
1.2 A&H cost containment percent.....	1.6 %
1.3 A&H expense percent excluding cost containment expenses.....	9.1 %
2.1 Do you act as a custodian for health savings accounts?.....	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.....	\$ _____
2.3 Do you act as an administrator for health savings accounts?.....	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.4 If yes, please provide the balance of the funds administered as of the reporting date.....	\$ _____

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

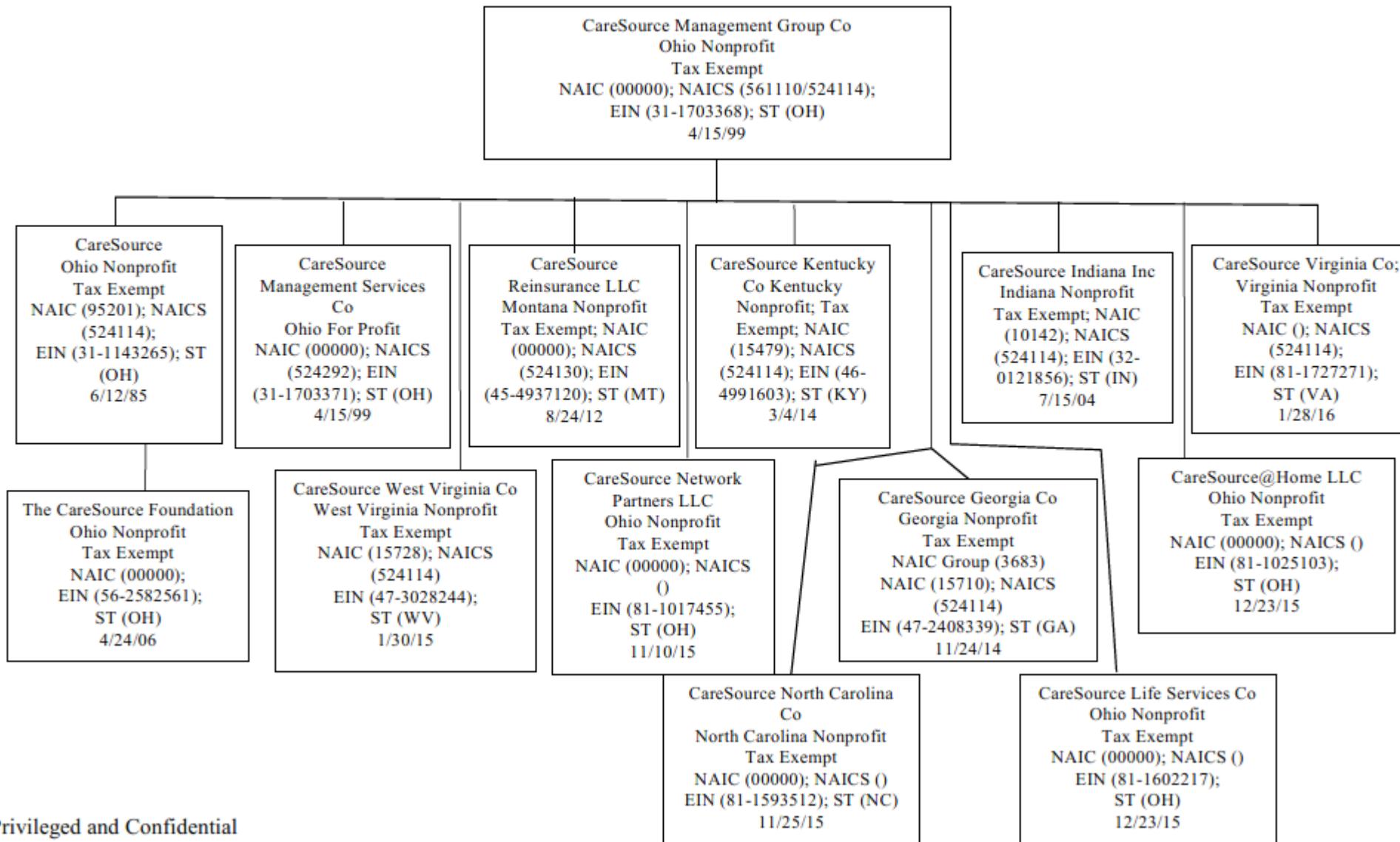
States, Etc.	1 Active Status	Direct Business Only						
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7
1. Alabama	AL							0
2. Alaska	AK							0
3. Arizona	AZ							0
4. Arkansas	AR							0
5. California	CA							0
6. Colorado	CO							0
7. Connecticut	CT							0
8. Delaware	DE							0
9. Dist. Columbia	DC							0
10. Florida	FL							0
11. Georgia	GA							0
12. Hawaii	HI							0
13. Idaho	ID							0
14. Illinois	IL							0
15. Indiana	IN							0
16. Iowa	IA							0
17. Kansas	KS							0
18. Kentucky	KY							0
19. Louisiana	LA							0
20. Maine	ME							0
21. Maryland	MD							0
22. Massachusetts	MA							0
23. Michigan	MI							0
24. Minnesota	MN							0
25. Mississippi	MS							0
26. Missouri	MO							0
27. Montana	MT							0
28. Nebraska	NE							0
29. Nevada	NV							0
30. New Hampshire	NH							0
31. New Jersey	NJ							0
32. New Mexico	NM							0
33. New York	NY							0
34. North Carolina	NC							0
35. North Dakota	ND							0
36. Ohio	OH	L 244,140,937		1,500,440,713			1,744,581,650	
37. Oklahoma	OK							0
38. Oregon	OR							0
39. Pennsylvania	PA							0
40. Rhode Island	RI							0
41. South Carolina	SC							0
42. South Dakota	SD							0
43. Tennessee	TN							0
44. Texas	TX							0
45. Utah	UT							0
46. Vermont	VT							0
47. Virginia	VA							0
48. Washington	WA							0
49. West Virginia	WV							0
50. Wisconsin	WI							0
51. Wyoming	WY							0
52. American Samoa	AS							0
53. Guam	GU							0
54. Puerto Rico	PR							0
55. U.S. Virgin Islands	VI							0
56. Northern Mariana Islands	MP							0
57. Canada	CAN							0
58. Aggregate other alien	OT	XXX 0	0	0	0	0	0	0
59. Subtotal		XXX 244,140,937		0 1,500,440,713		0 0	0 1,744,581,650	0 0
60. Reporting entity contributions for Employee Benefit Plans		XXX						0
61. Total (Direct Business)	(a) 1	244,140,937	0	1,500,440,713	0	0	0 1,744,581,650	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
58999	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX 0	0	0	0	0	0	0

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

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

**CareSource Family of Companies
Corporate Structure**



STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

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

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

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

Asterisk	Explanation
	The CareSource Board of Trustees controls both CareSource, the reporting entity, and CareSource Foundation. The CareSource Management Group Co Board of Trustees controls CareSource Management Group Co. CareSource Management Group Co. controls CSI, CareSource Kentucky Co, CareSource Reinsurance, LLC., CareSource Georgia Co., CareSource West Virginia Co., CareSource Network Partners LLC, CareSource@Home LLC, CareSource North Carolina Co., CareSource Life Services Co., and CareSource Virginia Co.....

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1.

Bar Code:

1.



9 5 2 0 1 2 0 1 6 3 6 5 0 0 0 0 1

OVERFLOW PAGE FOR WRITE-INS

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

SCHEDULE A – VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Current year change in encumbrances	0	0
4. Total gain (loss) on disposals	0	0
5. Deduct amounts received on disposals	0	0
6. Total foreign exchange change in book/adjusted carrying value	0	0
7. Deduct current year's other-than-temporary impairment recognized	0	0
8. Deduct current year's depreciation	0	0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

NONE

SCHEDULE B – VERIFICATION

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest	0	0
10. Deduct current year's other-than-temporary impairment recognized	0	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance	0	0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

NONE

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and depreciation	0	0
9. Total foreign exchange change in book/adjusted carrying value	0	0
10. Deduct current year's other-than-temporary impairment recognized	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

NONE

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	859,228,371	700,572,425
2. Cost of bonds and stocks acquired	45,738,569	463,295,035
3. Accrual of discount	63,415	173,949
4. Unrealized valuation increase (decrease)	359,534	(5,409,042)
5. Total gain (loss) on disposals	0	4,119,716
6. Deduct consideration for bonds and stocks disposed of	37,378,610	296,055,933
7. Deduct amortization of premium	1,808,625	7,467,779
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other-than-temporary impairment recognized	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7+8-9)	866,202,653	859,228,371
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	866,202,653	859,228,371

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a).....	419,852,025	8,024,290	14,244,225	(1,584,190)	412,047,900	0	0	419,852,025
2. NAIC 2 (a).....	416,376,972	49,280,786	38,105,000	(1,697,733)	425,855,024	0	0	416,376,972
3. NAIC 3 (a).....	5,913,573	0	0	1,047,933	6,961,506	0	0	5,913,573
4. NAIC 4 (a).....	0				0	0	0	0
5. NAIC 5 (a).....	0				0	0	0	0
6. NAIC 6 (a).....	0				0	0	0	0
7. Total Bonds.....	842,142,570	57,305,076	52,349,225	(2,233,990)	844,864,431	0	0	842,142,570
PREFERRED STOCK								
8. NAIC 1.....	0				0	0	0	0
9. NAIC 2.....	0				0	0	0	0
10. NAIC 3.....	0				0	0	0	0
11. NAIC 4.....	0				0	0	0	0
12. NAIC 5.....	0				0	0	0	0
13. NAIC 6.....	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock.....	842,142,570	57,305,076	52,349,225	(2,233,990)	844,864,431	0	0	842,142,570

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$0 ; NAIC 2 \$0 ;

NAIC 3 \$0 ; NAIC 4 \$0 ; NAIC 5 \$0 ; NAIC 6 \$0

S102

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	89,209,641	XXX	89,975,107	495,302	4,735

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	90,510,403	32,225,157
2. Cost of short-term investments acquired	22,007,495	96,138,530
3. Accrual of discount	202	213
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals	0	(1,015)
6. Deduct consideration received on disposals	22,819,000	36,859,000
7. Deduct amortization of premium.....	489,460	993,482
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other-than-temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	89,209,641	90,510,403
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	89,209,641	90,510,403

Schedule DB - Part A - Verification
NONE

Schedule DB - Part B - Verification
NONE

Schedule DB - Part C - Section 1
NONE

Schedule DB - Part C - Section 2
NONE

Schedule DB - Verification
NONE

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	73,973,715	404,833,157
2. Cost of cash equivalents acquired	48,941,905	73,973,715
3. Accrual of discount	0	0
4. Unrealized valuation increase (decrease)	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals	73,973,715	404,833,157
7. Deduct amortization of premium	0	0
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	48,941,905	73,973,715
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	48,941,905	73,973,715

Schedule A - Part 2
NONE

Schedule A - Part 3
NONE

Schedule B - Part 2
NONE

Schedule B - Part 3
NONE

Schedule BA - Part 2
NONE

Schedule BA - Part 3
NONE

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator ^(a)
Bonds - Industrial and Miscellaneous (Unaffiliated)									
.00507U-AB-7.....	ACTAVIS FUNDING SCS.....	R.....	.02/17/2016.....	DAVIDSON D.A. + COMPANY INC.....	5,288,831.....	5,304,000.....	12,833.....	2FE.....	
.032095-AD-3.....	AMPHENOL CORP.....		.02/10/2016.....	NATIONAL FINANCIAL SERVICES CO.....	2,497,580.....	2,500,000.....	16,253.....	2FE.....	
.126408-GJ-6.....	CSX CORP.....		.03/11/2016.....	DAVIDSON D.A. + COMPANY INC.....	2,168,450.....	2,074,000.....	43,554.....	2FE.....	
.268948-AA-4.....	EAGLE BANCORP INC (MD).....		.02/03/2016.....	DAVIDSON D.A. + COMPANY INC.....	5,087,500.....	5,000,000.....	125,382.....	2FE.....	
.718546-AJ-3.....	PHILLIPS 66.....		.02/10/2016.....	NATIONAL FINANCIAL SERVICES CO.....	3,880,413.....	3,825,000.....	32,911.....	2FE.....	
.91324P-CK-6.....	UNITEDHEALTH GROUP INC.....		.03/11/2016.....	NATIONAL FINANCIAL SERVICES CO.....	8,024,167.....	8,000,000.....	19,011.....	1FE.....	
.98389B-AK-6.....	XCEL ENERGY INC.....		.03/11/2016.....	DAVIDSON D.A. + COMPANY INC.....	8,350,640.....	8,000,000.....	205,810.....	2FE.....	
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						35,297,581.....	34,703,000.....	455,754.....	XXX.....
8399997 - Subtotals - Bonds - Part 3						35,297,581.....	34,703,000.....	455,754.....	XXX.....
8399999 - Subtotals - Bonds						35,297,581.....	34,703,000.....	455,754.....	XXX.....
Common Stocks - Mutual Funds									
.464287-46-5.....	ISHARES MSCI EAFE ETF.....		.03/23/2016.....	GOLDMAN EXECUTING & CLEARING.....	5,817,000.....	317,265.....	0.....	L.....	
.464287-49-9.....	ISHARES RUSSELL MID CAP ETF.....		.03/23/2016.....	GOLDMAN EXECUTING & CLEARING.....	2,254,000.....	338,306.....	0.....	L.....	
.46429B-68-9.....	ISHARES MSCI EAFE MIN VOLAT ETF.....		.03/23/2016.....	GOLDMAN EXECUTING & CLEARING.....	12,379,000.....	782,749.....	0.....	L.....	
.73937B-63-9.....	POWERSHARES S&P SMALLCAP LOW VOL ETF.....		.03/23/2016.....	GOLDMAN EXECUTING & CLEARING.....	18,774,000.....	613,803.....	0.....	L.....	
.73937B-64-7.....	POWERSHARES S&P MIDCAP LOW VOL ETF.....		.03/23/2016.....	GOLDMAN EXECUTING & CLEARING.....	30,710,000.....	1,036,802.....	0.....	L.....	
.73937B-77-9.....	POWERSHARES S&P 500 LOW VOLAT ETF.....		.03/23/2016.....	GOLDMAN EXECUTING & CLEARING.....	42,974,000.....	1,628,537.....	0.....	L.....	
.92206C-66-4.....	VANGUARD RUSSELL 2000 ETF.....		.03/23/2016.....	GOLDMAN EXECUTING & CLEARING.....	2,593,000.....	211,354.....	0.....	L.....	
.92206C-73-0.....	VANGUARD RUSSELL 1000 ETF.....		.03/23/2016.....	GOLDMAN EXECUTING & CLEARING.....	6,473,000.....	571,566.....	0.....	L.....	
9299999 - Common Stocks - Mutual Funds						5,500,383.....	XXX.....	0.....	XXX.....
Common Stocks - Money Market Mutual Funds									
.608993-85-3.....	HUNTINGTON CONSERVATIVE DEPOSIT ACCOUNT.....		.03/31/2016.....	Direct.....	4,940,605,390.....	4,940,605.....	0.....	V.....	
9399999 - Common Stocks - Money Market Mutual Funds						4,940,605.....	XXX.....	0.....	XXX.....
9799997 - Subtotals - Common Stocks - Part 3						10,440,988.....	XXX.....	0.....	XXX.....
9799999 - Subtotals - Common Stocks						10,440,988.....	XXX.....	0.....	XXX.....
9899999 - Subtotals- Preferred and Common Stocks						10,440,988.....	XXX.....	0.....	XXX.....
9999999 Totals						45,738,569.....	XXX.....	455,754.....	XXX.....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identifi- cation	2 Description	3 For- eign Disposal Date	4 Name of Purchaser	5 Number of Shares of Stock	6 Consideration	7 Par Value	8 Actual Cost	9 Prior Year Book/Adjusted Carrying Value	10 Unrealized Valuation Increase/ (Decrease)	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Design- ation or Market Indicator (a)				
										11 Current Year's Other Than Temporary Impairment Recognized	12 Current Year's (Amortization)/ Accretion	13 Total Change in B.A.C.V. (11+12-13)	14 Total Foreign Exchange Change in B.A.C.V.	15 Book/ Adjusted Carrying Value at Disposal Date											
Bonds - U.S. Governments																									
36202F-C6-1...	RIMBS - G2 004593...	03/21/2016..	Direct.....		22,989	.22,989	.23,840	.23,758	.0	.(766)	.0	.(766)	.0	.22,989	.0	.0	.0	.0	.0	.0	141	12/20/2039..	1...		
38374V-ZM-4...	CMO/RIMBS - GN-0954C-NB...	03/21/2016..	Direct.....		.56,535	.56,535	.58,178	.57,597	.0	.(1,062)	.0	.(1,062)	.0	.56,535	.0	.0	.0	.0	.0	.0	.0	474	06/20/2037..		
38376J-Y4-0...	CMU/RIMBS - GN-09123C-GA...	03/21/2016..	Direct.....		.201,283	.201,283	.203,166	.203,166	.0	.(1,883)	.0	.(1,883)	.0	.201,283	.0	.0	.0	.0	.0	.0	.0	1,633	01/20/2038..		
0599999 - Bonds - U.S. Governments					280,807	280,807	287,264	284,519	0	(3,712)	0	(3,712)	0	280,807	0	0	0	0	0	0	0	2,248	XXX	XXX	
Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																									
3128KU-G5-0...	RIMBS - FF AG3820...	03/15/2016..	Direct.....		1,775	1,775	1,777	1,777	.0	.(1)	.0	.(1)	.0	1,775	.0	.0	.0	.0	.0	.0	.0	10	08/01/2037..	1...	
FEDERAL AGRICULTURAL																									
31315P-SN-0...	MORTGAGE CORP.....	03/10/2016..	Maturity.....		1,000,000	1,000,000	1,002,890	1,000,117	.0	.(117)	.0	.(117)	.0	1,000,000	.0	.0	.0	.0	.0	.0	.0	13,000	03/10/2016..	1...	
31335H-UN-1...	RIMBS - FH C90589...	03/15/2016..	Direct.....		6,734	6,735	6,795	6,795	.0	.(60)	.0	.(60)	.0	6,735	.0	.0	.0	.0	.0	.0	.0	72	11/01/2022..	1...	
313381-FU-4...	FEDERAL HOME LOAN BANKS...	03/21/2016..	Redemption.....		2,850,000	2,850,000	2,850,000	2,850,000	.0	0	.0	0	.0	2,850,000	.0	.0	.0	.0	.0	.0	.0	14,250	12/21/2027..		
31371K-KE-0...	RIMBS - FN 254193...	03/25/2016..	Direct.....		8,431	8,431	8,557	8,500	.0	.(69)	.0	.(69)	.0	8,431	.0	.0	.0	.0	.0	.0	.0	89	02/01/2022..	1...	
31371N-H2-4...	RIMBS - FN 256849...	03/25/2016..	Direct.....		4,205	4,205	4,223	4,221	.0	.(16)	.0	.(16)	.0	4,205	.0	.0	.0	.0	.0	.0	.0	40	08/01/2037..		
31411N-WW-3...	RIMBS - FN 912461...	03/25/2016..	Direct.....		.977	.977	.976	.973	.0	4	.0	4	.0	.977	.0	.0	.0	.0	.0	.0	.0	7	03/01/2037..	1...	
31413T-LF-7...	RIMBS - FN 954926...	03/25/2016..	Direct.....		.833	.833	.857	.854	.0	.(21)	.0	.(21)	.0	.833	.0	.0	.0	.0	.0	.0	.0	9	07/01/2037..		
31413T-LD-0...	RIMBS - FN 954988...	03/25/2016..	Direct.....		.462	.462	.476	.474	.0	.(12)	.0	.(12)	.0	.462	.0	.0	.0	.0	.0	.0	.0	5	07/01/2037..		
677555-03-1...	OHIO ST ECONOMIC DEV REV...	03/01/2016..	Redemption.....		90,000	90,000	90,000	90,000	.0	0	.0	0	.0	90,000	.0	.0	.0	.0	.0	.0	.0	759	06/01/2022..	1FE	
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions					3,963,417	3,963,418	3,966,593	3,963,710	0	(292)	0	(292)	0	3,963,418	0	0	0	0	0	0	0	28,241	XXX	XXX	
Bonds - Industrial and Miscellaneous (Unaffiliated)																									
00182F-AR-7...	ANZ NATIONAL (INT'L) LTD	R...	03/24/2016..	Maturity.....		3,000,000	3,000,000	3,024,263	3,003,102	.0	.(3,102)	.0	.(3,102)	.0	3,000,000	.0	.0	.0	.0	.0	.0	.0	16,875	03/24/2016..	1FE
17275R-AC-6...	LONDON BRANCH.....	R...	02/22/2016..	Maturity.....		1,000,000	1,000,000	1,126,490	1,003,896	.0	.(3,896)	.0	.(3,896)	.0	1,000,000	.0	.0	.0	.0	.0	.0	.0	27,500	02/22/2016..	1FE
25156P-AH-6...	DEUTSCHE TELEKOM	R...	03/23/2016..	Maturity.....		3,616,000	3,616,000	3,933,412	3,656,244	.0	(40,244)	.0	(40,244)	.0	3,616,000	.0	.0	.0	.0	.0	.0	.0	103,960	03/23/2016..	2FE
26138E-AM-1...	DR PEPPER SNAPPLE GROUP	R...	01/15/2016..	Maturity.....		4,000,000	4,000,000	4,112,284	4,003,551	.0	.(3,551)	.0	.(3,551)	.0	4,000,000	.0	.0	.0	.0	.0	.0	.0	58,000	01/15/2016..	2FE
47836E-AR-8...	JOHNSON CONTROLS INC.	R...	01/15/2016..	Maturity.....		3,170,000	3,170,000	3,357,067	3,175,916	.0	.(5,916)	.0	.(5,916)	.0	3,170,000	.0	.0	.0	.0	.0	.0	.0	87,175	01/15/2016..	2FE
674599-BZ-7...	OCCIDENTAL PETROLEUM CORP	R...	02/01/2016..	Maturity.....		1,000,000	1,000,000	993,300	999,877	.0	123	.0	123	.0	1,000,000	.0	.0	.0	.0	.0	.0	.0	12,500	02/01/2016..	1FE
68402L-AC-8...	ORACLE CORP.....	R...	01/15/2016..	Maturity.....		1,000,000	1,000,000	1,114,260	1,000,966	.0	.(966)	.0	.(966)	.0	1,000,000	.0	.0	.0	.0	.0	.0	.0	26,250	01/15/2016..	1FE
709599-AJ-3...	PENSKE TRUCK LEASING CO	L...	03/15/2016..	Maturity.....		3,000,000	3,000,000	3,097,854	3,011,308	.0	(11,308)	.0	(11,308)	.0	3,000,000	.0	.0	.0	.0	.0	.0	.0	37,500	03/15/2016..	2FE
89236T-BD-6...	TOYOTA MOTOR CREDIT CORP	L...	03/07/2016..	Redemption.....		4,000,000	4,000,000	4,000,000	4,000,000	.0	0	.0	0	.0	4,000,000	.0	.0	.0	.0	.0	.0	.0	7,500	03/05/2017..	1FE
98978V-AE-3...	ZOETIS INC.	R...	02/01/2016..	Maturity.....		1,500,000	1,500,000	1,502,665	1,500,226	.0	.(226)	.0	.(226)	.0	1,500,000	.0	.0	.0	.0	.0	.0	.0	8,625	02/01/2016..	2FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)					25,286,000	25,286,000	26,261,595	25,355,086	0	(69,086)	0	(69,086)	0	25,286,000	0	0	0	0	0	0	0	385,885	XXX	XXX	
8399997 - Subtotals - Bonds - Part 4					29,530,224	29,530,225	30,515,452	29,603,314	0	(73,089)	0	(73,089)	0	29,530,225	0	0	0	0	0	0	0	416,374	XXX	XXX	
8399999 - Subtotals - Bonds					29,530,224	29,530,225	30,515,452	29,603,314	0	(73,089)	0	(73,089)	0	29,530,225	0	0	0	0	0	0	0	416,374	XXX	XXX	
Common Stocks - Money Market Mutual Funds																									
608993-85-3...	HUNTINGTON CONSERVATIVE DEPOSIT ACCOUNT	03/29/2016..	Direct.....		7,848,385,560	7,848,386	XXX	7,848,386	3,395,125	.0	0	0	0	0	7,848,386	0	0	0	0	0	0	0	232	XXX	Y...
9399999 - Common Stocks - Money Market Mutual Funds					7,848,386	XXX	7,848,386	3,395,125	.0	0	0	0	0	0	7,848,386	0	0	0	0	0	0	0	232	XXX	XXX
9799997 - Subtotals - Common Stocks - Part 4					7,848,386	XXX	7,848,386	3,395,125	.0	0	0	0	0	0	7,848,386	0	0	0	0	0	0	0	232	XXX	XXX
9799999 - Subtotals - Common Stocks					7,848,386	XXX	7,848,386	3,395,125	.0	0	0	0	0	0	7,848,386	0	0	0	0	0	0	0	232	XXX	XXX
9899999 - Subtotals - Preferred and Common Stocks																									

Schedule DB - Part A - Section 1
NONE

Schedule DB - Part B - Section 1
NONE

Schedule DB - Part D - Section 1
NONE

Schedule DB - Part D - Section 2
NONE

Schedule DL - Part 1
NONE

Schedule DL - Part 2
NONE

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
Fifth Third Bank.....	Dayton, Ohio.....	0.250	112,645		204,385,550	136,141,790	145,827,965	XXX
Huntington Bank.....	Dayton, Ohio.....	0.270	119,589		119,428,944	128,076,988	131,839,686	XXX
Independent Bank.....	Dayton, Ohio.....				668,151	1,265,282	88,920	XXX
US Bank.....	Dayton, Ohio.....	0.200	48,389	(31,130,740)	(36,741,844)	(46,918,429	XXX	
Charter One Bank.....	Dayton, Ohio.....		43,437		93,054,836	110,917,712	62,463,936	XXX
BBVA.....	Dayton, Ohio.....		11,926		0	50,000,000	50,011,913	XXX
0199998 Deposits in depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories	XXX	XXX						XXX
0199999 Total Open Depositories	XXX	XXX	335,986	0	386,406,741	389,659,928	437,150,849	XXX
0399999 Total Cash on Deposit	XXX	XXX	335,986	0	386,406,741	389,659,928	437,150,849	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999 Total	XXX	XXX	335,986	0	386,406,741	389,659,928	437,150,849	XXX

STATEMENT AS OF MARCH 31, 2016 OF THE CareSource

SCHEDULE E - PART 2 - CASH EQUIVALENTS