



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2016  
OF THE CONDITION AND AFFAIRS OF THE

CareSource

NAIC Group Code	3683	3683	NAIC Company Code	95201	Employer's ID Number	31-1143265
	(Current Period)	(Prior Period)				
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 [ ] No [ X ]	
Incorporated/Organized	06/12/1985		Commenced Business		10/01/1988	
Statutory Home Office	230 North Main Street		Dayton, OH, US 45402			
	(Street and Number)		(City or Town, State, Country and Zip Code)			
Main Administrative Office	230 North Main Street		Dayton, OH, US 45402		937-531-3300	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	PO Box 8738		Dayton, OH, US 45401-8738			
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	230 North Main Street		Dayton, OH, US 45402		937-531-2159	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.caresource.com					
Statutory Statement Contact	Tarlton Thomas		937-531-2159			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	Tarlton.Thomas@caresource.com		937-396-3438			
	(E-Mail Address)		(FAX Number)			

OFFICERS

Name	Title	Name	Title
Pamela B. Morris	President & Chief Executive Officer	L. Tarlton Thomas III	EVP, Operations and Chief Financial Officer
Stephen L. Ringel	President, Ohio Market	Craig Thiele M.D.	Chief Medical Officer

OTHER OFFICERS

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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.....

County of .....Montgomery.....

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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.

Pamela B. Morris President & Chief Executive Officer	L. Tarlton Thomas III EVP, Operations and Chief Financial Officer	Stephen L. Ringel President, Ohio Market
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 ,		

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 .....	705,851,338		705,851,338	751,632,166
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	131,051,266		131,051,266	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 (\$ .....359,773,190 ), cash equivalents (\$ .....76,155,046 ) and short-term investments (\$ .....62,495,308 ) .....	498,423,544		498,423,544	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 .....	(102,302)	(102,302)	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	1,335,223,846	(102,302)	1,335,326,148	1,469,104,274
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	6,527,659		6,527,659	6,835,142
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	176,725,761	10,121,727	166,604,034	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 (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....	3,237,653		3,237,653	4,110,823
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	7,349,973		7,349,973	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 .....	48,134,859		48,134,859	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 (\$ ..... ) and other amounts receivable .....	126,990,558	12,823,635	114,166,923	96,696,645
25. Aggregate write-ins for other-than-invested assets .....	192,265	192,265	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,704,792,779	23,035,325	1,681,757,454	1,762,012,722
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27)	1,704,792,779	23,035,325	1,681,757,454	1,762,012,722
<b>DETAILS OF WRITE-INS</b>				
1101. Investment in CareSource Foundation .....	(102,302)	(102,302)	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) .....	(102,302)	(102,302)	0	0
2501. Prepaid Assets .....	192,265	192,265	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) .....	192,265	192,265	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....21,816,581 reinsurance ceded).....	619,636,372		619,636,372	588,988,692
2. Accrued medical incentive pool and bonus amounts .....	0		0	638,500
3. Unpaid claims adjustment expenses .....	15,578,414		15,578,414	13,143,789
4. Aggregate health policy reserves including the liability of \$ ..... for medical loss ratio rebate per the Public Health Service Act.....	24,367,118		24,367,118	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 .....	53,100,092		53,100,092	37,397,711
9. General expenses due or accrued .....	125,672,342		125,672,342	140,922,091
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses)) .....	0		0	1,124,292
10.2 Net deferred tax liability.....			0	0
11. Ceded reinsurance premiums payable .....	968,404		968,404	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 .....	21,066,150		21,066,150	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 .....	2,112,452		2,112,452	1,075,488
23. Aggregate write-ins for other liabilities (including \$ ..... current) .....	0	0	0	0
24. Total liabilities (Lines 1 to 23).....	862,501,344	0	862,501,344	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	802,056,109	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	819,256,109	929,203,036
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,681,757,453	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 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	12,261,069	11,693,721	15,557,976
2. Net premium income (including \$ non-health premium income).....	XXX	5,201,487,008	4,997,418,836	6,707,503,283
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	(83,689)	(2,743,835)	(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	29,533,699	9,428,982	21,039,731
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	5,230,937,018	5,004,103,983	6,723,911,384
Hospital and Medical:				
9. Hospital/medical benefits .....		3,271,744,108	3,157,530,397	4,067,486,515
10. Other professional services .....		24,457,241	20,381,531	27,486,412
11. Outside referrals .....			0	0
12. Emergency room and out-of-area .....		246,005,952	228,667,066	306,771,450
13. Prescription drugs .....		1,086,280,237	971,874,625	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.....		8,305,598	2,712,458	4,416,889
16. Subtotal (Lines 9 to 15) .....	0	4,636,793,136	4,381,166,077	5,724,373,069
Less:				
17. Net reinsurance recoveries .....		13,686,686	23,382,359	42,834,673
18. Total hospital and medical (Lines 16 minus 17) .....	0	4,623,106,450	4,357,783,718	5,681,538,396
19. Non-health claims (net).....			0	0
20. Claims adjustment expenses, including \$ 77,483,218 cost containment expenses.....		89,232,958	89,302,566	105,978,482
21. General administrative expenses.....		646,506,071	544,063,724	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	5,358,845,479	4,991,150,008	6,555,348,619
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	(127,908,461)	12,953,975	168,562,765
25. Net investment income earned .....		17,123,291	14,467,303	19,644,423
26. Net realized capital gains (losses) less capital gains tax of \$ .....		(120,717)	(691,146)	4,118,700
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	17,002,574	13,776,157	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	(110,905,887)	26,730,132	192,325,888
31. Federal and foreign income taxes incurred .....	XXX	1,096,099	841,260	714,087
32. Net income (loss) (Lines 30 minus 31) .....	XXX	(112,001,986)	25,888,872	191,611,801
DETAILS OF WRITE-INS				
0601. Pay for Performance Revenue (P4P).....	XXX	29,533,699	9,428,982	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	29,533,699	9,428,982	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	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
33. Capital and surplus prior reporting year.....	929,203,035	743,533,386	743,533,386
34. Net income or (loss) from Line 32 .....	(112,001,986)	25,888,872	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 \$ .....	7,574,758	(5,794,597)	(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
39. Change in nonadmitted assets .....	(3,170,607)	(1,896,254)	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 .....	(2,349,089)	(1,281,484)	(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) .....	(109,946,924)	16,916,537	185,669,649
49. Capital and surplus end of reporting period (Line 33 plus 48)	819,256,111	760,449,923	929,203,035
<b>DETAILS OF WRITE-INS</b>			
4701. Dividend In Kind to Parent Company.....		0	0
4702. ....		0	0
4703. ....			
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

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	5,213,815,879	5,011,457,565	6,734,311,866
2. Net investment income .....	22,483,045	18,791,022	25,397,157
3. Miscellaneous income .....	12,122,760	(2,221,864)	(6,344,403)
4. Total (Lines 1 to 3) .....	5,248,421,684	5,028,026,723	6,753,364,620
5. Benefit and loss related payments .....	4,602,645,969	4,415,034,164	5,916,232,984
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	777,922,450	676,639,289	844,797,316
8. Dividends paid to policyholders .....		0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	2,220,391	0	0
10. Total (Lines 5 through 9) .....	5,382,788,810	5,091,673,453	6,761,030,300
11. Net cash from operations (Line 4 minus Line 10) .....	(134,367,126)	(63,646,730)	(7,665,680)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	151,483,457	194,279,830	260,413,494
12.2 Stocks .....	24,916,546	8,221,763	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 .....	(45,729)	(1,015)	(1,015)
12.7 Miscellaneous proceeds .....	0	2,988,371	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	176,354,274	205,488,948	296,054,918
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	111,070,589	318,415,813	426,410,598
13.2 Stocks .....	40,555,098	10,214,232	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 .....	1,048	0	535,718
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	151,626,735	328,630,045	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) .....	24,727,539	(123,141,097)	(167,775,835)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	(2,000,000)	(2,000,000)	(2,000,000)
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....		0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied).....	187,230	383,200	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).....	(1,812,770)	(1,616,800)	(1,360,208)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(111,452,357)	(188,404,627)	(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) .....	498,423,548	598,273,000	609,875,905

STATEMENT AS OF SEPTEMBER 30, 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	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
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 .....	1,378,207	62,847	.0	.0	.0	.0	.0	.0	1,292,121	23,239
4. Third Quarter .....	1,370,369	57,422							1,289,586	23,361
5. Current Year	0									
6. Current Year Member Months	12,260,747	564,736							11,489,308	206,703
Total Member Ambulatory Encounters for Period:										
7. Physician .....	7,147,614	229,773							6,559,153	358,688
8. Non-Physician .....	6,657,192	153,380							4,298,269	2,205,543
9. Total	13,804,806	383,153	0	0	0	0	0	0	10,857,422	2,564,231
10. Hospital Patient Days Incurred	561,337	13,728							508,088	39,521
11. Number of Inpatient Admissions	127,503	3,099							116,466	7,938
12. Health Premiums Written (a).....	5,219,711,528	152,540,211							4,471,739,383	595,431,934
13. Life Premiums Direct.....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned .....	5,219,627,838	152,540,211							4,471,739,383	595,348,244
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services .....	4,734,309,551	131,951,124						31,456	4,069,658,557	532,668,414
18. Amount Incurred for Provision of Health Care Services	4,636,793,137	138,136,335						18,295	4,010,340,319	488,298,188

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

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

∞

[illegible]



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  Claims Incurred in Prior Years (Columns 1 + 3)	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) .....	11,594,566	113,744,095	(2,220,319)	23,308,013	9,374,247	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 .....	88,347	(10,597)			88,347	14,127
7. Title XIX - Medicaid .....	493,583,141	3,558,819,153	(33,146,588)	547,635,638	460,436,553	471,202,508
8. Other health .....	94,113,220	438,681,421	(821,257)	84,880,886	93,291,963	105,681,414
9. Health subtotal (Lines 1 to 8).....	599,379,274	4,111,234,072	(36,188,164)	655,824,537	563,191,110	588,988,692
10. Health care receivables (a) .....	13,982,673	112,477,500	.0	.0	13,982,673	.0
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts .....	7,196,522	1,747,576	.0	.0	7,196,522	638,500
13. Totals (Lines 9-10+11+12)	592,593,123	4,000,504,148	(36,188,164)	655,824,537	556,404,959	589,627,192

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

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 total \$4,575,806 in net income and \$23,035,325 in net statutory surplus.

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>September 30, 2016</u>	<u>December 31, 2015</u>
1) State of Ohio Basis	\$ (112,001,988)	\$ 191,611,801
2) State prescribed practices that increase/(decrease) SAP	-	-
3) State permitted practices that increase/(decrease) SAP	-	-
4) NAIC SAP	\$ (112,001,988)	\$ 191,611,801
<u>SURPLUS</u>		
1) State of Ohio Basis	\$ 819,256,109	\$ 929,203,036
2) State prescribed practices that increase/(decrease) SAP	-	-
3) State permitted practices that increase/(decrease) SAP	-	-
4) NAIC SAP	\$ 819,256,109	\$ 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>September 30, 2016</u>	<u>September 30, 2015</u>
	<u>Written &amp; Earned</u>	<u>Written &amp; Earned</u>
	<u>Premiums</u>	<u>Premiums</u>
Direct premiums	\$5,219,711,528	\$5,026,344,026
Ceded premiums		
Non-affiliates	(18,224,520)	(28,925,190)
Affiliates	(0)	(0)
Net premiums	\$5,201,487,008	\$4,997,418,836

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

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 September 30, 2016, PFK was paid \$265,894,641 for services rendered, prior to chargebacks of \$153,104,232. 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 September 30, 2016, CS recorded a capitation chargeback receivable from PFK for \$15,637,550.

1D. Going Concern – Management has determined that there is no doubt about the entity’s ability to continue as a going concern.

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 September 30, 2016 the Company holds \$916K of mortgage or other loan backed securities, none of which meet the criteria for impairment.

CS does not hold any investments as of September 30, 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 September 30, 2016, CS has \$216 million in structured bonds.

CUSIP Identification	Acutal Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security (Y/N)
06048WQW3	\$ 10,000,000.00	\$ 10,007,400.00	\$ 10,000,000.00	N
06366RLS2	5,000,000.00	4,842,300.00	5,000,000.00	N
064159CG9	10,000,000.00	10,773,500.00	10,000,000.00	N
079860AA0	10,298,493.07	10,183,000.00	10,174,050.89	N
22548Q7D1	10,000,000.00	10,000,000.00	10,000,000.00	N
33834FAA7	7,500,000.00	7,555,650.00	7,500,000.00	N
33834JAA9	5,000,000.00	5,000,000.00	5,000,000.00	N
33834JAA9	5,000,000.00	5,000,000.00	5,000,000.00	N
33834KAA6	5,000,000.00	5,000,000.00	5,000,000.00	N

## NOTES TO FINANCIAL STATEMENTS

33834PAB3	10,000,000.00	10,000,000.00	10,000,000.00	N
38147QSG2	5,000,000.00	4,916,150.00	5,000,000.00	N
38148TJR1	5,000,000.00	4,916,200.00	5,000,000.00	N
38148TJR1	5,000,000.00	4,916,200.00	5,000,000.00	N
38148TJR1	5,000,000.00	4,916,200.00	5,000,000.00	N
38148TMS5	10,000,000.00	10,032,600.00	10,000,000.00	N
38148TMU0	5,000,000.00	5,017,850.00	5,000,000.00	N
40432X7F2	5,000,000.00	4,934,500.00	5,000,000.00	N
48126D5U9	5,000,000.00	5,107,600.00	5,000,000.00	N
48126D6L8	4,962,500.00	5,224,500.00	4,970,186.17	N
48126D6V6	4,925,000.00	5,208,500.00	4,936,386.04	N
48126DBT5	4,975,000.00	4,970,450.00	4,981,535.23	N
48126DLV9	5,000,000.00	4,924,800.00	5,000,000.00	N
48126NSY4	2,970,000.00	3,150,600.00	2,975,842.31	N
78008SLL8	5,000,000.00	4,990,250.00	5,000,000.00	N
78008SWB8	5,000,000.00	5,320,300.00	5,000,000.00	N
78010UCX3	5,000,000.00	4,996,450.00	5,000,000.00	N
78010UCZ8	4,975,000.00	5,262,300.00	4,978,648.19	N
78012KAH0	10,000,000.00	9,699,100.00	10,000,000.00	N
89233P6P6	2,985,000.00	2,957,580.00	2,989,033.41	N
89233P6R2	5,000,000.00	4,964,600.00	5,000,000.00	N
89233P7J9	4,417,500.00	4,809,650.00	4,510,621.31	N
89236TBK0	4,950,000.00	5,090,350.00	4,957,400.95	N
94986RHC8	3,000,000.00	2,971,500.00	3,000,000.00	N
94986RKV2	5,000,000.00	5,018,650.00	5,000,000.00	N
94986RNK3	5,000,000.00	4,996,850.00	5,000,000.00	N
94986RNZ0	5,000,000.00	4,986,450.00	5,000,000.00	N
94986RYA3	5,000,000.00	5,043,750.00	5,000,000.00	N
Total	\$ 215,958,493.07	\$ 217,705,780.00	\$ 215,973,704.48	

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

<b>Fair Value Measurements at September 30, 2016</b>		(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	\$	-	\$	-	\$	-
<b>Total Bonds</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>
Common Stock						
Industrial and Misc	\$	131,051,266	\$	-	\$	131,051,266
Parent, Subsidiaries and Affiliates	\$	-	\$	-	\$	-
<b>Total Common Stocks</b>	<b>\$</b>	<b>131,051,266</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>131,051,266</b>
<b>Total assets at fair value</b>	<b>\$</b>	<b>131,051,266</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>131,051,266</b>

<b>Fair Value Measurements at December 31, 2015</b>		(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	\$	-	\$	-	\$	-
<b>Total Bonds</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>
Common Stock						

NOTES TO FINANCIAL STATEMENTS

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 September 30, 2016 or December 31, 2015. There were no transfers between Level 1 and Level 2 securities for the period ended September 30, 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 September 30, 2016.

- (5) Derivative Assets/Liabilities – Not applicable

B) Other Fair Value Measurements – Not applicable

C) Aggregate Value of All Financial Instruments

September 30, 2016	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	715,787,856	705,851,337		715,787,856		
Common Stock	131,051,266	131,051,266	131,051,266			
Cash, Cash Equivalents, and Short-Term Investments	498,496,307	498,423,544	498,496,307			

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		
Common Stock	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			

D) Fair Value Not estimable- Not applicable

21. Other Items –

A.-G- None

22. Events subsequent - Subsequent events have been considered through November 14, 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

## NOTES TO FINANCIAL STATEMENTS

1.	Premium adjustments receivable due to ACA Risk Adjustment	\$ -
Liabilities		
2.	Risk adjustment user fees payable for ACA Risk Adjustment	\$148,659
3.	Premium adjustments payable due to ACA Risk Adjustment	\$19,916,039
Operations (Revenue & Expense)		
4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	(\$18,969,039)
5.	Reported in expenses as ACA risk adjustment user fees (incurred/paid)	\$82,357
b.	Transitional ACA Reinsurance Program	
Assets		
1.	Amounts recoverable for claims paid due to ACA Reinsurance	\$6,563,151
2.	Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	\$1,957,232
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	\$968,404
6.	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$ -
Operations (Revenue & Expense)		
7.	Ceded reinsurance premiums due to ACA Reinsurance	\$317,664
8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$7,724,042
9.	ACA Reinsurance contributions - not reported as ceded premium	\$ -
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	\$ -

NOTES TO FINANCIAL STATEMENTS

(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		R e f	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)
				5	6	7	8		9	10
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																	
1.	Premium adjustment receivable	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	A	\$	-	\$	-
2.	Premium adjustments (payable)	\$	-	\$(17,700,000)	\$	-	\$	-	\$	-	\$(17,700,000)	\$	-	B	\$	-	\$(16,752,739)	
3.	Subtotal ACA Permanent Risk Adjustment Program	\$	-	\$(17,700,000)	\$	-	\$	-	\$	-	\$(17,700,000)	\$	-		\$	-	\$(16,752,739)	
b.	Transitional ACA Reinsurance Program																	
1.	Amounts recoverable for claims paid	\$9,500,000	\$	-	\$8,230,135	\$	-	\$1,269,865	\$	-	\$(260,196)	\$	-	C	\$1,009,669	\$	-	
2.	Amounts recoverable for claims unpaid (contra liability)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	D	\$	-	\$	-
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	\$	-	\$8,230,135	\$	-	\$1,269,865	\$	-	\$(260,196)	\$	-		\$1,009,669	\$	-	
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)	\$8,130,135	\$	-	\$1,269,865	\$(20,030,397)	\$(260,196)	\$	947,261		\$1,009,669		\$(19,083,136)			

Explanation of Adjustments	
A.	
B.	Updated receivable to final CMS payment amount.
C.	Received partial payment from CMS. Updated receivable to final CMS payment amount.
D.	
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 September 30, 2016, \$592.6 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 (\$36.2) million, therefore, there has been a \$33.2 million favorable prior-year development since December 31, 2015 to September 30, 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 \$11.8 million of favorable prior year claim development and \$21.5 million in favorable experience of recoveries and healthcare receivables.

26. Intercompany Pooling Arrangements – None

27. Structured Settlements - Not applicable



## NOTES TO FINANCIAL STATEMENTS

- 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

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 ☒
- 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 ☒
- 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 ☒ 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 ☐ No ☒
- 3.3

If the response to 3.2 is yes, provide a brief description of those changes.
- 4.1

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

Yes ☐ No ☒
- 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 ☒ 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 ☒ No ☐ NA ☐
- 6.6

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

Yes ☒ 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 ☒
- 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 ☒
- 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 ☒
- 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

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? .....  
(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.

Yes [X] No [ ]

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	2
	Prior Year-End Book/Adjusted Carrying Value	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.

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	2
Name of Custodian(s)	Custodian Address
Fifth Third Bank.....	38 Fountain Square, Cincinnati, OH 45263.....
Huntington National Bank.....	41 S. High St., Columbus, OH 43287.....
Wells Fargo Bank.....	Richmond, VA 23219.....

- 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	2	3
Name(s)	Location(s)	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	2	3	4
Old Custodian	New Custodian	Date of Change	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	2	3
Central Registration Depository	Name(s)	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.....	90.4 %
1.2	A&H cost containment percent .....	1.5 %
1.3	A&H expense percent excluding cost containment expenses.....	8.2 %
2.1	Do you act as a custodian for health savings accounts?.....	Yes [ ] No [X]
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 [ ] No [X]
2.4	If yes, please provide the balance of the funds administered as of the reporting date.....	\$

**STATEMENT AS OF SEPTEMBER 30, 2016 OF THE CareSource**

## SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

[illegible]

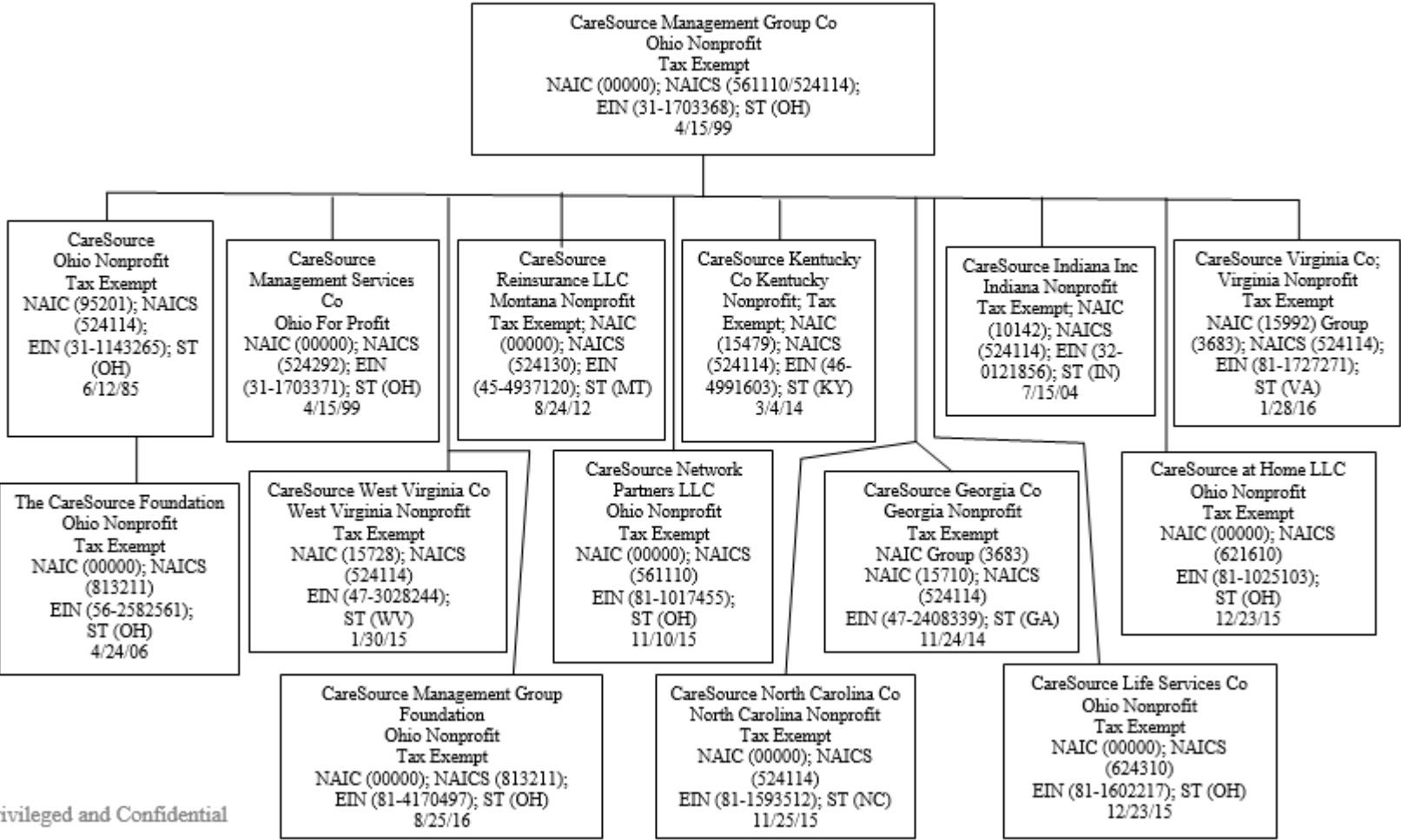
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

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	9 Deposit-Type Contracts
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	747,972,145	4,471,739,383				5,219,711,528	
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	747,972,145	0	4,471,739,383	0	0	0	5,219,711,528	0
60. Reporting entity contributions for Employee Benefit Plans .....	XXX							0	
61. Total (Direct Business) .....	(a) 1	747,972,145	0	4,471,739,383	0	0	0	5,219,711,528	0
DETAILS OF WRITE-INS									
58001 .....	XXX								
58002 .....	XXX								
58003 .....	XXX								
58998 Summary of remaining write-ins for Line 58 from overflow page .....	XXX	0	0	0	0	0	0	0	0
58999 Totals (Lines 58001 through 58003 plus 58998) (Line 58 above) .....	XXX	0	0	0	0	0	0	0	0

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



Privileged and Confidential



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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Name of Parent Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/ Person(s)	*
03683	CareSource Management Group Co.	00000	45-4937120				CareSource Reinsurance, LLC	MT	IA	CareSource Management Group Co.	Board of Trustees	0.0	CareSource Management Group Co.	0
03683	CareSource Management Group Co.	95201	31-1143265				CareSource	OH	RE	CareSource Board of Trustees	Other (See explanation below)	0.0	Board of Trustees	0
00000	CareSource Management Group Co.	00000	31-1703368				CareSource Management Group Co.	OH	UDP	CareSource Management Group Co.	Board of Trustees	0.0	Board of Trustees	0
00000	CareSource Management Group Co.	00000	31-1703371				CareSource Management Services Co.	OH	NIA	CareSource Management Group Co.	Ownership	100.0	CareSource Management Group Co.	0
00000	CareSource Management Group Co.	00000	56-2582561				The CareSource Foundation	OH	DS	CareSource	Board of Trustees	0.0	CareSource Board of Trustees	0
03683	CareSource Management Group Co.	10142	32-0121856				CareSource Indiana, Inc.	IN	IA	CareSource Management Group Co.	Board of Directors	0.0	CareSource Management Group Co.	0
03683	CareSource Management Group Co.	15479	46-4991603				CareSource Kentucky Co.	KY	IA	CareSource Management Group Co.	Board of Trustees	0.0	CareSource Management Group Co.	0
03683	CareSource Management Group Co.	15710	47-2408339				CareSource Georgia Co.	GA	IA	CareSource Management Group Co.	Board of Trustees	0.0	CareSource Management Group Co.	0
03683	CareSource Management Group Co.	15728	47-3028244				CareSource West Virginia Co.	WV	IA	CareSource Management Group Co.	Board of Trustees	0.0	CareSource Management Group Co.	0
00000	CareSource Management Group Co.	00000	81-1017455				CareSource Network Partners LLC	OH	NIA	CareSource Management Group Co.	Board of Trustees	0.0	CareSource Management Group Co.	0
00000	CareSource Management Group Co.	00000	81-1025103				CareSource@Home LLC	OH	NIA	CareSource Management Group Co.	Board of Trustees	0.0	CareSource Management Group Co.	0
00000	CareSource Management Group Co.	00000	81-1593512				CareSource North Carolina Co.	NC	NIA	CareSource Management Group Co.	Board of Trustees	0.0	CareSource Management Group Co.	0
00000	CareSource Management Group Co.	00000	81-1602217				CareSource Life Services Co.	OH	NIA	CareSource Management Group Co.	Board of Trustees	0.0	CareSource Management Group Co.	0
03683	CareSource Management Group Co.	15992	81-1727271				CareSource Virginia Co.	VA	IA	CareSource Management Group Co.	Board of Trustees	0.0	CareSource Management Group Co.	0
00000	CareSource Management Group Co.	00000	81-4170497				CareSource Management Group Foundation	OH	NIA	CareSource Management Group Co.	Board of Trustees	0.0	CareSource Management Group Co.	0

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., CareSource Virginia Co., and CareSource Management Group Foundation.....

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.



**OVERFLOW PAGE FOR WRITE-INS**

---

SCHEDULE A – VERIFICATION

Real Estate

	1	2
	Year To Date	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
2.2 Additional investment made after acquisition .....		0
3. Current year change in encumbrances .....		0
4. Total gain (loss) on disposals .....		0
5. Deduct amounts received on disposals .....		0
6. Total foreign exchange change in book/adjusted carrying value .....		0
7. Deduct current year's other-than-temporary impairment recognized .....		0
8. Deduct current year's depreciation .....		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

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year To Date	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
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and mortgage interest points and commitment fees .....		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....		0
10. Deduct current year's other-than-temporary impairment recognized .....		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
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

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	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
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and depreciation .....		0
9. Total foreign exchange change in book/adjusted carrying value .....		0
10. Deduct current year's other-than-temporary impairment recognized .....		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

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	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 .....	151,625,687	463,295,035
3. Accrual of discount .....	195,008	173,949
4. Unrealized valuation increase (decrease) .....	7,575,807	(5,409,042)
5. Total gain (loss) on disposals .....	(74,988)	4,119,716
6. Deduct consideration for bonds and stocks disposed of .....	176,400,003	296,055,933
7. Deduct amortization of premium .....	5,247,279	7,467,779
8. Total foreign exchange change in book/adjusted carrying value .....		0
9. Deduct current year's other-than-temporary impairment recognized .....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	836,902,603	859,228,371
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11) .....	836,902,603	859,228,371

STATEMENT AS OF SEPTEMBER 30, 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
<b>BONDS</b>								
1. NAIC 1 (a).....	435,808,894	3,522,116	34,133,177	(1,192,732)	412,047,900	435,808,894	404,005,102	419,852,025
2. NAIC 2 (a).....	423,999,356		66,063,117	(5,283,157)	425,855,024	423,999,356	352,653,083	416,376,972
3. NAIC 3 (a).....	2,056,338			4,491,472	6,961,506	2,056,338	6,547,810	5,913,573
4. NAIC 4 (a).....	5,081,250			59,400	0	5,081,250	5,140,650	0
5. NAIC 5 (a).....	0				0	0	0	0
6. NAIC 6 (a).....	0				0	0	0	0
7. Total Bonds	866,945,839	3,522,116	100,196,293	(1,925,017)	844,864,431	866,945,839	768,346,645	842,142,570
<b>PREFERRED STOCK</b>								
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	866,945,839	3,522,116	100,196,293	(1,925,017)	844,864,431	866,945,839	768,346,645	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

SCHEDULE DA - PART 1
Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	62,495,308	XXX	62,331,897	160,134	5,710

SCHEDULE DA - VERIFICATION
Short-Term Investments

	1	2
	Year To Date	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 .....	75,786,608	96,138,530
3. Accrual of discount .....	224,290	213
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals .....	(45,729)	(1,015)
6. Deduct consideration received on disposals .....	103,146,883	36,859,000
7. Deduct amortization of premium.....	833,382	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).....	62,495,308	90,510,403
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	62,495,308	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



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 .....	76,155,046	73,973,715
3. Accrual of discount .....		0
4. Unrealized valuation increase (decrease) .....		0
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals .....	73,973,715	404,833,157
7. Deduct amortization of premium .....		0
8. Total foreign exchange change in book/adjusted carrying value .....		0
9. Deduct current year's other than temporary impairment recognized .....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	76,155,046	73,973,715
11. Deduct total nonadmitted amounts .....		0
12. Statement value at end of current period (Line 10 minus Line 11)	76,155,046	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

## E04

[illegible]

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0

STATEMENT AS OF SEPTEMBER 30, 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	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments																					
36202F-C6-1...	RMBS - G2 004593		09/20/2016	Direct		34,276	34,276	35,545	35,418	0	(1,142)	0	(1,142)	0	34,276	0	0	0	1,173	12/20/2039	1
38374V-ZM-4...	CMO/RMBS - GNR 0954C NB		07/20/2016	Direct		20,103	20,103	20,687	20,480	0	(378)	0	(378)	0	20,103	0	0	0	586	06/20/2037	1
38376J-Y4-0...	CMO/RMBS - GNR 09123C GA		09/20/2016	Direct		224,358	224,358	228,775	226,457	0	(2,099)	0	(2,099)	0	224,358	0	0	0	7,148	01/20/2038	1
0599999 - Bonds - U.S. Governments						278,737	278,737	285,007	282,356	0	(3,619)	0	(3,619)	0	278,737	0	0	0	8,907	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...	RMBS - FH A63820		09/15/2016	Direct		4,454	4,454	4,458	4,458	0	(4)	0	(4)	0	4,454	0	0	0	178	08/01/2037	1
31335H-UN-1...	RMBS - FH C90589		09/15/2016	Direct		6,330	6,330	6,425	6,386	0	(56)	0	(56)	0	6,330	0	0	0	252	11/01/2022	1
313660-PP-0...	FEDERAL NATIONAL MORTGAGE ASSOCIATION		09/28/2016	Redemption		8,500,000	8,500,000	8,500,000	8,500,000	0	0	0	0	0	8,500,000	0	0	0	159,375	06/28/2032	1FE
313660-ZR-5...	FEDERAL NATIONAL MORTGAGE ASSOCIATION		08/29/2016	Redemption		639,000	639,000	639,000	639,000	0	0	0	0	0	639,000	0	0	0	15,975	08/27/2027	1
31371K-KE-0...	RMBS - FN 254193		09/26/2016	Direct		9,715	9,715	9,861	9,795	0	(80)	0	(80)	0	9,715	0	0	0	388	02/01/2022	1
31371N-H2-4...	RMBS - FN 256849		09/26/2016	Direct		2,394	2,394	2,405	2,404	0	(9)	0	(9)	0	2,394	0	0	0	96	08/01/2037	1
31411N-WW-7...	RMBS - FN 912461		09/26/2016	Direct		7,503	7,503	7,496	7,468	0	34	0	34	0	7,503	0	0	0	264	03/01/2037	1
31413T-LF-7...	RMBS - FN 954926		09/26/2016	Direct		864	864	890	864	0	(22)	0	(22)	0	864	0	0	0	37	07/01/2037	1
31413T-ND-0...	RMBS - FN 954988		09/26/2016	Direct		180	180	185	185	0	(5)	0	(5)	0	180	0	0	0	8	07/01/2037	1
677555-Q3-1...	OHIO ST ECONOMIC DEV REV		09/29/2016	Redemption		1,570,000	1,570,000	1,570,000	1,570,000	0	0	0	0	0	1,570,000	0	0	0	113,721	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						10,740,440	10,740,440	10,740,719	10,740,581	0	(141)	0	(141)	0	10,740,440	0	0	0	290,295	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
071813-AW-9...	BAXTER INTERNATIONAL INC.		09/01/2016	Maturity		2,400,000	2,400,000	2,569,032	2,480,970	0	(80,970)	0	(80,970)	0	2,400,000	0	0	0	141,600	09/01/2016	2FE
126650-BE-9...	CVS CORP.		08/15/2016	Maturity		2,000,000	2,000,000	2,225,100	2,023,939	0	(23,939)	0	(23,939)	0	2,000,000	0	0	0	122,500	08/15/2016	2FE
127055-AG-6...	CABOT CORP.		09/28/2016	Redemption		1,425,000	1,425,000	1,507,960	1,466,629	0	(41,172)	0	(41,172)	0	1,425,457	0	(457)	(457)	71,182	10/01/2016	2FE
14040H-AX-3...	CAPITAL ONE FINANCIAL CORP.		07/15/2016	Maturity		3,000,000	3,000,000	3,084,210	3,033,505	0	(33,505)	0	(33,505)	0	3,000,000	0	0	0	94,500	07/15/2016	2FE
19122T-AD-1...	COCA-COLA ENTERPRISES INC		08/19/2016	Maturity		3,475,000	3,475,000	3,535,569	3,500,984	0	(25,984)	0	(25,984)	0	3,475,000	0	0	0	69,500	08/19/2016	2FE
25468P-CE-4...	WALT DISNEY CO.		09/15/2016	Maturity		2,000,000	2,000,000	2,088,280	2,008,746	0	(8,746)	0	(8,746)	0	2,000,000	0	0	0	112,500	09/15/2016	1FE
38148T-3H-0...	GOLDMAN SACHS GROUP INC.		08/18/2016	Redemption		10,000,000	10,000,000	10,000,000	10,000,000	0	0	0	0	0	10,000,000	0	0	0	150,000	05/18/2020	2FE
46625H-JA-9...	J.P. MORGAN CHASE & CO		07/05/2016	Maturity		3,700,000	3,700,000	3,802,601	3,743,814	0	(43,814)	0	(43,814)	0	3,700,000	0	0	0	116,550	07/05/2016	1FE
53079E-AK-0...	LIBERTY MUTUAL GROUP INC.		08/15/2016	Maturity		5,000,000	5,000,000	5,378,242	5,175,337	0	(175,337)	0	(175,337)	0	5,000,000	0	0	0	335,000	08/15/2016	2FE
86366T-AC-5...	STRYKER CORP.		09/30/2016	Maturity		3,310,000	3,310,000	3,375,836	3,343,363	0	(33,363)	0	(33,363)	0	3,310,000	0	0	0	66,200	09/30/2016	1FE
87612E-AN-6...	TARGET CORP.		07/15/2016	Maturity		1,000,000	1,000,000	1,043,700	1,003,868	0	(3,868)	0	(3,868)	0	1,000,000	0	0	0	58,750	07/15/2016	1FE
883203-BR-1...	TEXTRON INC.		09/21/2016	Maturity		2,341,000	2,341,000	2,468,163	2,404,421	0	(63,421)	0	(63,421)	0	2,341,000	0	0	0	108,271	09/21/2016	2FE
922776-AA-5...	VENTAS REALTY LP		07/07/2016	Redemption		2,117,005	2,112,000	2,139,477	2,120,850	0	(6,191)	0	(6,191)	0	2,114,660	0	2,346	2,346	25,552	09/26/2016	2FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						41,768,005	41,763,000	43,218,170	42,306,426	0	(540,309)	0	(540,309)	0	41,766,116	0	1,889	1,889	1,472,106	XXX	XXX
8399997 - Subtotals - Bonds - Part 4						52,787,182	52,782,177	54,243,896	53,329,362	0	(544,069)	0	(544,069)	0	52,785,293	0	1,889	1,889	1,771,308	XXX	XXX
8399999 - Subtotals - Bonds						52,787,182	52,782,177	54,243,896	53,329,362	0	(544,069)	0	(544,069)	0	52,785,293	0	1,889	1,889	1,771,308	XXX	XXX
Common Stocks - Money Market Mutual Funds																					
608993-85-3...	HUNTINGTON CONSERVATIVE DEPOSIT ACCOUNT		09/26/2016	Direct	6,567,078.250	6,567,078	XXX	6,567,078	0	0	0	0	0	0	6,567,078	0	0	0	246	XXX	V
993086-12-3...	WFB INSTITUTIONAL BANK DEPOSIT		09/30/2016	Direct	3,980,116.740	3,980,117	XXX	3,980,117	0	0	0	0	0	0	3,980,117	0	0	0	423	XXX	V
9399999 - Common Stocks - Money Market Mutual Funds						10,547,195	XXX	10,547,195	0	0	0	0	0	0	10,547,195	0	0	0	669	XXX	XXX
9799997 - Subtotals - Common Stocks - Part 4						10,547,195	XXX	10,547,195	0	0	0	0	0	0	10,547,195	0	0	0	669	XXX	XXX
9799999 - Subtotals - Common Stocks						10,547,195	XXX	10,547,195	0	0	0	0	0	0	10,547,195	0	0	0	669	XXX	XXX
9899999 - Subtotals - Preferred and Common Stocks						10,547,195	XXX	10,547,195	0	0	0	0	0	0	10,547,195	0	0	0	669	XXX	XXX
9999999 Totals						63,334,377	XXX	64,791,091	53,329,362	0	(544,069)	0	(544,069)	0	63,332,488	0	1,889	1,889	1,771,977	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 0.

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 SEPTEMBER 30, 2016 OF THE CareSource

## SCHEDULE E - PART 1 - CASH

[illegible]

## SCHEDULE E - PART 2 - CASH EQUIVALENTS

[illegible]