



ANNUAL STATEMENT

For the Year Ended December 31, 2018

of the Condition and Affairs of the

Molina Healthcare of Ohio, Inc.

NAIC Group Code..... 1531, 1531
(Current Period) (Prior Period)

NAIC Company Code..... 12334

Employer's ID Number..... 20-0750134

Organized under the Laws of OH

State of Domicile or Port of Entry OH

Country of Domicile US

Licensed as Business Type Health Maintenance Organization

Is HMO Federally Qualified? Yes [] No [X]

Incorporated/Organized..... November 19, 2003

Commenced Business..... October 24, 2005

Statutory Home Office

3000 Corporate Exchange Drive .. Columbus .. OH .. US .. 43231
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office

3000 Corporate Exchange Drive .. Columbus .. OH .. US .. 43231
(Street and Number) (City or Town, State, Country and Zip Code)

888-562-5442
(Area Code) (Telephone Number)

Mail Address

3000 Corporate Exchange Drive .. Columbus .. OH .. US .. 43231
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records

3000 Corporate Exchange Drive .. Columbus .. OH .. US .. 43231
(Street and Number) (City or Town, State, Country and Zip Code)

888-562-5442
(Area Code) (Telephone Number)

Internet Web Site Address

www.molinahealthcare.com

Statutory Statement Contact

Daniel Joseph Gudz
(Name)

888-562-5442-210653
(Area Code) (Telephone Number) (Extension)

daniel.gudz@molinahealthcare.com
(E-Mail Address)

614-899-2376
(Fax Number)

OFFICERS

Name	Title	Name	Title
1. Ami Lee Cole	President	2. Daniel Joseph Gudz	Chief Financial Officer
3. Jeffrey Don Barlow	Secretary	4.	

OTHER

DIRECTORS OR TRUSTEES

Ami Lee Cole Mark William Bloom M.D. Bridget Leigh Galatas #

State of..... Ohio
County of..... Franklin

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.

(Signature)
Ami Lee Cole

1. (Printed Name)
President

(Title)

(Signature)
Daniel Joseph Gudz

2. (Printed Name)
Chief Financial Officer

(Title)

(Signature)
Jeffrey Don Barlow

3. (Printed Name)
Secretary

(Title)

Subscribed and sworn to before me
This _____ day of _____ 2019

a. Is this an original filing? Yes [X] No []
b. If no
1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	91,275,510		91,275,510	111,798,396
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....27,092,569, Schedule E-Part 1), cash equivalents (\$.....342,096,634, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	369,189,203		369,189,203	278,933,466
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	460,464,713	0	460,464,713	390,731,862
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	809,653		809,653	1,027,959
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	78,869,750		78,869,750	34,283,884
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums (\$.....217,190) and contracts subject to redetermination (\$.....6,238,834).....	6,456,024		6,456,024	5,845,985
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	2,091,827		2,091,827	214,372
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....	8,351,053		8,351,053	9,546,955
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	6,588,045
18.2 Net deferred tax asset.....	9,219,821	505,710	8,714,111	5,006,315
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....	2,732,502	2,732,502	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....			0	
24. Health care (\$.....43,348,259) and other amounts receivable.....	74,274,827	30,926,568	43,348,259	32,052,501
25. Aggregate write-ins for other-than-invested assets.....	918,480	918,480	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	644,188,650	35,083,260	609,105,390	485,297,878
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	644,188,650	35,083,260	609,105,390	485,297,878

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			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).....	0	0	0	0
2501. Prepays, deposits, and other assets.....	918,480	918,480	0	
2502.			0	
2503.			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).....	918,480	918,480	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	.....257,255,737	.....694,172	.....257,949,909	.....192,653,354
2. Accrued medical incentive pool and bonus amounts.....	.....1,636,232		.....1,636,232	.....930,688
3. Unpaid claims adjustment expenses.....	.....3,403,779	.....11,270	.....3,415,049	.....2,753,039
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....	.....1,909,982		.....1,909,982	.....8,924,606
5. Aggregate life policy reserves.....			.....0	
6. Property/casualty unearned premium reserves.....			.....0	
7. Aggregate health claim reserves.....			.....0	
8. Premiums received in advance.....	.....2,871,874		.....2,871,874	.....4,159,933
9. General expenses due or accrued.....	.....40,681,452		.....40,681,452	.....26,645,000
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....	.....1,042,090		.....1,042,090	
10.2 Net deferred tax liability.....			.....0	
11. Ceded reinsurance premiums payable.....			.....0	
12. Amounts withheld or retained for the account of others.....			.....0	
13. Remittances and items not allocated.....			.....0	
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			.....0	
15. Amounts due to parent, subsidiaries and affiliates.....	.....3,532,549		.....3,532,549	.....5,831,497
16. Derivatives.....			.....0	
17. Payable for securities.....			.....0	
18. Payable for securities lending.....			.....0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers).....			.....0	
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			.....0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			.....0	
22. Liability for amounts held under uninsured plans.....			.....0	
23. Aggregate write-ins for other liabilities (including \$.....18,145,902 current).....	.....18,145,902	.....0	.....18,145,902	.....13,930,969
24. Total liabilities (Lines 1 to 23).....	.....330,479,597	.....705,442	.....331,185,039	.....255,829,086
25. Aggregate write-ins for special surplus funds.....	XXX.....	XXX.....	.....0	.....34,200,000
26. Common capital stock.....	XXX.....	XXX.....	.....1,500	.....1,500
27. Preferred capital stock.....	XXX.....	XXX.....		
28. Gross paid in and contributed surplus.....	XXX.....	XXX.....	.....82,888,500	.....82,888,500
29. Surplus notes.....	XXX.....	XXX.....		
30. Aggregate write-ins for other-than-special surplus funds.....	XXX.....	XXX.....	.....0	.....0
31. Unassigned funds (surplus).....	XXX.....	XXX.....	.....195,030,351	.....112,378,792
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 \$.....0).....	XXX.....	XXX.....		
32.2 .....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX.....	XXX.....		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX.....	XXX.....	.....277,920,351	.....229,468,792
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX.....	XXX.....	.....609,105,390	.....485,297,878

DETAILS OF WRITE-INS

2301. Amounts due to government agencies.....	.....18,145,902		.....18,145,902	.....13,930,969
2302. ....			.....0	
2303. ....			.....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).....	.....18,145,902	.....0	.....18,145,902	.....13,930,969
2501. 2018 health insurer fee accrual estimate.....	XXX.....	XXX.....		.....34,200,000
2502.	XXX.....	XXX.....		
2503.	XXX.....	XXX.....		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX.....	XXX.....	.....0	.....0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	XXX.....	XXX.....	.....0	.....34,200,000
3001.	XXX.....	XXX.....		
3002.	XXX.....	XXX.....		
3003.	XXX.....	XXX.....		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX.....	XXX.....	.....0	.....0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above).....	XXX.....	XXX.....	.....0	.....0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX.....	3,976,327.....	4,146,023.....
2. Net premium income (including \$.....0 non-health premium income).....	XXX.....	2,586,377,418.....	2,389,471,206.....
3. Change in unearned premium reserves and reserve for rate credits.....	XXX.....	6,659,541.....	9,227,924.....
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX.....		
5. Risk revenue.....	XXX.....		
6. Aggregate write-ins for other health care related revenues.....	XXX.....	0.....	0.....
7. Aggregate write-ins for other non-health revenues.....	XXX.....	0.....	0.....
8. Total revenues (Lines 2 to 7).....	XXX.....	2,593,036,959.....	2,398,699,130.....
Hospital and Medical:			
9. Hospital/medical benefits.....		1,388,525,495.....	1,364,283,824.....
10. Other professional services.....		133,371,805.....	48,642,489.....
11. Outside referrals.....	6,812,510.....	67,828,041.....	68,269,337.....
12. Emergency room and out-of-area.....		130,536,894.....	121,197,227.....
13. Prescription drugs.....		319,336,635.....	317,983,316.....
14. Aggregate write-ins for other hospital and medical.....0		0.....	0.....
15. Incentive pool, withhold adjustments and bonus amounts.....		2,905,025.....	4,187,176.....
16. Subtotal (Lines 9 to 15).....	6,812,510.....	2,042,503,895.....	1,924,563,369.....
Less:			
17. Net reinsurance recoveries.....		4,251,832.....	987,506.....
18. Total hospital and medical (Lines 16 minus 17).....	6,812,510.....	2,038,252,063.....	1,923,575,863.....
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....71,300,197 cost containment expenses.....		76,633,084.....	77,501,025.....
21. General administrative expenses.....		325,069,000.....	328,835,605.....
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....			
23. Total underwriting deductions (Lines 18 through 22).....	6,812,510.....	2,439,954,147.....	2,329,912,493.....
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX.....	153,082,812.....	68,786,637.....
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		7,833,169.....	4,292,554.....
26. Net realized capital gains or (losses) less capital gains tax of \$.....(4,092).....		(15,392).....	56,980.....
27. Net investment gains or (losses) (Lines 25 plus 26).....	0.....	7,817,777.....	4,349,534.....
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....			
29. Aggregate write-ins for other income or expenses.....0		2,382,448.....	(2,514,853).....
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.....	163,283,037.....	70,621,318.....
31. Federal and foreign income taxes incurred.....	XXX.....	43,006,865.....	25,954,144.....
32. Net income (loss) (Lines 30 minus 31).....	XXX.....	120,276,172.....	44,667,174.....

DETAILS OF WRITE-INS			
0601.	XXX.....		
0602.	XXX.....		
0603.	XXX.....		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX.....	0.....	0.....
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	XXX.....	0.....	0.....
0701.	XXX.....		
0702.	XXX.....		
0703.	XXX.....		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX.....	0.....	0.....
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above).....	XXX.....	0.....	0.....
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0.....	0.....	0.....
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	0.....	0.....	0.....
2901. Fines and penalties.....		2,382,448.....	(2,514,853).....
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0.....	0.....	0.....
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0.....	2,382,448.....	(2,514,853).....

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	.....229,468,792	.....234,884,606
34. Net income or (loss) from Line 32.....	.....120,276,172	.....44,667,174
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....0.....		
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	.....3,550,571	.....(939,663)
39. Change in nonadmitted assets.....	.....(15,375,184)	.....(4,143,325)
40. Change in unauthorized and certified reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....		
43. Cumulative effect of changes in accounting principles.....		
44. Capital changes:		
44.1 Paid in.....		
44.2 Transferred from surplus (Stock Dividend).....		
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....		
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....	.....(60,000,000)	.....(45,000,000)
47. Aggregate write-ins for gains or (losses) in surplus.....	.....0	.....0
48. Net change in capital and surplus (Lines 34 to 47).....	.....48,451,559	.....(5,415,814)
49. Capital and surplus end of reporting period (Line 33 plus 48).....	.....277,920,351	.....229,468,792

DETAILS OF WRITE-INS

4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	.....0	.....0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above).....	.....0	.....0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	2,546,204,912	2,357,106,926
2. Net investment income.....	8,663,877	5,008,400
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	2,554,868,789	2,362,115,326
5. Benefit and loss related payments.....	2,001,301,251	1,902,226,900
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	385,131,735	422,197,018
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....(4,092) tax on capital gains (losses).....	35,372,638	30,353,245
10. Total (Lines 5 through 9).....	2,421,805,624	2,354,777,163
11. Net cash from operations (Line 4 minus Line 10).....	133,063,165	7,338,163
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	19,891,000	65,491,178
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		(438)
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	19,891,000	65,490,740
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....		60,994,692
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	0	60,994,692
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	19,891,000	4,496,048
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	60,000,000	45,000,000
16.6 Other cash provided (applied).....	(2,698,428)	4,671,881
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(62,698,428)	(40,328,119)
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).....	90,255,737	(28,493,907)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	278,933,466	307,427,373
19.2 End of year (Line 18 plus Line 19.1).....	369,189,203	278,933,466
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plans	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income.....	2,586,377,418	112,616,068					272,391,473	2,201,369,877		
2. Change in unearned premium reserves and reserve for rate credit.....	6,659,541						2,004,473	4,655,068		
3. Fee-for-service (net of \$.....0 medical expenses).....	0									XXX
4. Risk revenue.....	0									XXX
5. Aggregate write-ins for other health care related revenues.....	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6).....	2,593,036,959	112,616,068	0	0	0	0	274,395,946	2,206,024,945	0	0
8. Hospital/medical benefits.....	1,388,525,495	45,852,388					156,172,475	1,186,500,632		XXX
9. Other professional services.....	133,371,805	23,320					2,692,745	130,655,740		XXX
10. Outside referrals.....	67,828,041	6,701,048					15,958,032	45,168,961		XXX
11. Emergency room and out-of-area.....	130,536,894	6,165,453					24,177,068	100,194,373		XXX
12. Prescription drugs.....	319,336,635	16,118,921					15,138,358	288,079,356		XXX
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	2,905,025						2,325	2,902,700		XXX
15. Subtotal (Lines 8 to 14).....	2,042,503,895	74,861,130	0	0	0	0	214,141,003	1,753,501,762	0	XXX
16. Net reinsurance recoveries.....	4,251,832	15					20,660	4,231,157		XXX
17. Total hospital and medical (Lines 15 minus 16).....	2,038,252,063	74,861,115	0	0	0	0	214,120,343	1,749,270,605	0	XXX
18. Non-health claims (net).....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$.....71,300,197 cost containment expenses.....	76,633,084	2,824,129					19,436,387	54,372,568		
20. General administrative expenses.....	325,069,000	19,464,376					13,668,493	291,936,131		
21. Increase in reserves for accident and health contracts.....	0									XXX
22. Increase in reserve for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22).....	2,439,954,147	97,149,620	0	0	0	0	247,225,223	2,095,579,304	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23).....	153,082,812	15,466,448	0	0	0	0	27,170,723	110,445,641	0	0

DETAILS OF WRITE-INS

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1.	Comprehensive (hospital and medical).....	112,811,849		195,781	112,616,068
2.	Medicare supplement.....				0
3.	Dental only.....				0
4.	Vision only.....				0
5.	Federal employees health benefits plan.....				0
6.	Title XVIII - Medicare.....	272,470,268		78,795	272,391,473
7.	Title XIX - Medicaid.....	2,205,270,294		3,900,417	2,201,369,877
8.	Other health.....				0
9.	Health subtotal (Lines 1 through 8).....	2,590,552,411	0	4,174,993	2,586,377,418
10.	Life.....				0
11.	Property/casualty.....				0
12.	Totals (Lines 9 to 11).....	2,590,552,411	0	4,174,993	2,586,377,418

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	2,001,476,147	77,900,021					211,147,067	1,712,429,059		
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	2,374,377	207,204					20,660	2,146,513		
1.4 Net.....	1,999,101,770	77,692,817	0	0	0	0	211,126,407	1,710,282,546	0	0
2. Paid medical incentive pools and bonuses.....	2,199,481						2,325	2,197,156		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	257,949,909	8,850,871					31,056,664	218,042,374		
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	257,949,909	8,850,871	0	0	0	0	31,056,664	218,042,374	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0									
4.2 Reinsurance assumed.....	0									
4.3 Reinsurance ceded.....	0									
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	1,636,232							1,636,232		
6. Net healthcare receivables (a).....	27,173,832	183,665					2,444,547	24,545,620		
7. Amounts recoverable from reinsurers December 31, current year.....	2,091,827	7,183						2,084,644		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	192,653,354	11,706,097					25,620,506	155,326,751		
8.2 Reinsurance assumed.....	0									
8.3 Reinsurance ceded.....	0									
8.4 Net.....	192,653,354	11,706,097	0	0	0	0	25,620,506	155,326,751	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	0									
9.2 Reinsurance assumed.....	0									
9.3 Reinsurance ceded.....	0									
9.4 Net.....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	930,688							930,688		
11. Amounts recoverable from reinsurers December 31, prior year.....	214,372	214,372								
12. Incurred benefits:										
12.1 Direct.....	2,039,598,870	74,861,130	0	0	0	0	214,138,678	1,750,599,062	0	0
12.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	4,251,832	15	0	0	0	0	20,660	4,231,157	0	0
12.4 Net.....	2,035,347,038	74,861,115	0	0	0	0	214,118,018	1,746,367,905	0	0
13. Incurred medical incentive pools and bonuses.....	2,905,025	0	0	0	0	0	2,325	2,902,700	0	0

(a) Excludes \$.0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	47,594,837	1,114,590					4,414,572	42,065,675		
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	47,594,837	1,114,590	0	0	0	0	4,414,572	42,065,675	0	0
2. Incurred but unreported:										
2.1 Direct.....	210,355,072	7,736,281					26,642,092	175,976,699		
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	0									
2.4 Net.....	210,355,072	7,736,281	0	0	0	0	26,642,092	175,976,699	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	0									
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	257,949,909	8,850,871	0	0	0	0	31,056,664	218,042,374	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	257,949,909	8,850,871	0	0	0	0	31,056,664	218,042,374	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical).....	6,221,632	71,678,374	947,311	7,903,560	7,168,943	11,706,097
2. Medicare supplement.....					0	
3. Dental only.....					0	
4. Vision only.....					0	
5. Federal employees health benefits plan.....					0	
6. Title XVIII - Medicare.....	12,446,590	198,679,817	1,152,913	29,903,751	13,599,503	25,620,506
7. Title XIX - Medicaid.....	111,714,982	1,596,482,920	4,610,093	213,432,281	116,325,075	155,326,751
8. Other health.....					0	
9. Health subtotal (Lines 1 to 8).....	130,383,204	1,866,841,111	6,710,317	251,239,592	137,093,521	192,653,354
10. Healthcare receivables (a).....	5,591,283	67,070,395		1,613,149	5,591,283	47,100,995
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....	930,688	1,268,793	1,142,232	494,000	2,072,920	930,688
13. Totals (Lines 9 - 10 + 11 + 12).....	125,722,609	1,801,039,509	7,852,549	250,120,443	133,575,158	146,483,047

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	83,866	83,866	83,866	83,866	83,866
2. 2014.....	1,204,731	1,339,824	1,339,824	1,339,824	1,339,824
3. 2015.....	XXX	1,583,733	1,712,574	1,712,574	1,712,574
4. 2016.....	XXX	XXX	1,594,920	1,718,776	1,718,776
5. 2017.....	XXX	XXX	XXX	1,775,498	1,905,882
6. 2018.....	XXX	XXX	XXX	XXX	1,866,841

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	83,866	83,866	83,866	83,866	83,866
2. 2014.....	1,389,343	1,339,560	1,339,560	1,339,560	1,339,560
3. 2015.....	XXX	1,747,326	1,713,495	1,713,495	1,713,495
4. 2016.....	XXX	XXX	1,755,736	1,718,405	1,718,405
5. 2017.....	XXX	XXX	XXX	1,969,453	1,913,734
6. 2018.....	XXX	XXX	XXX	XXX	2,118,575

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2014.....	1,781,828	1,339,824	47,084	3.5	1,386,908	77.8			1,386,908	77.8
2. 2015.....	2,273,509	1,712,574	58,905	3.4	1,771,479	77.9			1,771,479	77.9
3. 2016.....	2,201,210	1,718,776	66,588	3.9	1,785,364	81.1			1,785,364	81.1
4. 2017.....	2,401,420	1,905,882	77,501	4.1	1,983,383	82.6	7,852	113	1,991,348	82.9
5. 2018.....	2,597,212	1,866,841	76,633	4.1	1,943,474	74.8	251,734	3,303	2,198,511	84.6

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....					
2. 2014.....	575	759	759	759	759
3. 2015.....	XXX	6,292	6,725	6,725	6,725
4. 2016.....	XXX	XXX	25,515	28,827	28,827
5. 2017.....	XXX	XXX	XXX	69,332	75,554
6. 2018.....	XXX	XXX	XXX	XXX	71,678

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....					
2. 2014.....	862	759	759	759	759
3. 2015.....	XXX	7,347	6,731	6,731	6,731
4. 2016.....	XXX	XXX	29,401	28,684	28,684
5. 2017.....	XXX	XXX	XXX	81,181	76,501
6. 2018.....	XXX	XXX	XXX	XXX	79,582

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2014.....	862	759	26	3.4	785	91.0			785	91.0
2. 2015.....	10,416	6,725	308	4.6	7,033	67.5			7,033	67.5
3. 2016.....	40,632	28,827	1,157	4.0	29,984	73.8			29,984	73.8
4. 2017.....	87,284	75,554	1,910	2.5	77,464	88.7	947	18	78,429	89.9
5. 2018.....	112,812	71,678	2,824	3.9	74,502	66.0	7,904	128	82,534	73.2

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	955	955	955	955	955
2. 2014.....	25,707	33,025	33,025	33,025	33,025
3. 2015.....	XXX	182,904	200,936	200,936	200,936
4. 2016.....	XXX	XXX	177,165	196,996	196,996
5. 2017.....	XXX	XXX	XXX	203,373	215,820
6. 2018.....	XXX	XXX	XXX	XXX	198,680

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

12.XV

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	955	955	955	955	955
2. 2014.....	30,223	32,989	32,989	32,989	32,989
3. 2015.....	XXX	213,736	201,116	201,116	201,116
4. 2016.....	XXX	XXX	203,257	197,191	197,191
5. 2017.....	XXX	XXX	XXX	228,798	216,973
6. 2018.....	XXX	XXX	XXX	XXX	228,584

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2014.....	30,390	33,025	261	0.8	33,286	109.5			33,286	109.5
2. 2015.....	200,259	200,936	1,451	0.7	202,387	101.1			202,387	101.1
3. 2016.....	217,525	196,996	7,198	3.7	204,194	93.9			204,194	93.9
4. 2017.....	258,819	215,820	20,076	9.3	235,896	91.1	1,153	22	237,071	91.6
5. 2018.....	274,475	198,680	19,436	9.8	218,116	79.5	29,904	481	248,501	90.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	.....82,911	.....82,911	.....82,911	.....82,911	.....82,911
2. 2014.....	.....1,178,449	.....1,306,040	.....1,306,040	.....1,306,040	.....1,306,040
3. 2015.....	.....XXX	.....1,394,537	.....1,504,913	.....1,504,913	.....1,504,913
4. 2016.....	.....XXX	.....XXX	.....1,392,240	.....1,492,953	.....1,492,953
5. 2017.....	.....XXX	.....XXX	.....XXX	.....1,502,793	.....1,614,508
6. 2018.....	.....XXX	.....XXX	.....XXX	.....XXX	.....1,596,483

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	.....82,911	.....82,911	.....82,911	.....82,911	.....82,911
2. 2014.....	.....1,358,258	.....1,305,812	.....1,305,812	.....1,305,812	.....1,305,812
3. 2015.....	.....XXX	.....1,526,243	.....1,505,648	.....1,505,648	.....1,505,648
4. 2016.....	.....XXX	.....XXX	.....1,523,078	.....1,492,530	.....1,492,530
5. 2017.....	.....XXX	.....XXX	.....XXX	.....1,659,474	.....1,620,260
6. 2018.....	.....XXX	.....XXX	.....XXX	.....XXX	.....1,810,409

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2014.....	.....1,750,575	.....1,306,040	.....46,797	.....3.6	.....1,352,837	.....77.3			.....1,352,837	.....77.3
2. 2015.....	.....2,062,834	.....1,504,913	.....57,146	.....3.8	.....1,562,059	.....75.7			.....1,562,059	.....75.7
3. 2016.....	.....1,943,053	.....1,492,953	.....58,233	.....3.9	.....1,551,186	.....79.8			.....1,551,186	.....79.8
4. 2017.....	.....2,055,317	.....1,614,508	.....55,515	.....3.4	.....1,670,023	.....81.3	.....5,752	.....73	.....1,675,848	.....81.5
5. 2018.....	.....2,209,925	.....1,596,483	.....54,373	.....3.4	.....1,650,856	.....74.7	.....213,926	.....2,694	.....1,867,476	.....84.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	NONE				
2. 2014.....					
3. 2015.....		XXX			
4. 2016.....		XXX	XXX		
5. 2017.....		XXX	XXX	XXX	
6. 2018.....		XXX	XXX	XXX	XXX

SECTION B - INCURRED HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior.....	NONE				
2. 2014.....					
3. 2015.....		XXX			
4. 2016.....		XXX	XXX		
5. 2017.....		XXX	XXX	XXX	
6. 2018.....		XXX	XXX	XXX	XXX

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 3 + Col. 4)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2014.....		0		0.0	0	0.0			0	0.0
2. 2015.....		0		0.0	0	0.0			0	0.0
3. 2016.....		0		0.0	0	0.0			0	0.0
4. 2017.....		0		0.0	0	0.0			0	0.0
5. 2018.....		0		0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	0								
2. Additional policy reserves (a).....	0								
3. Reserve for future contingent benefits.....	0								
4. Reserve for rate credits or experience rating refunds (including \$.0 for investment income).....	29,217						29,217		
5. Aggregate write-ins for other policy reserves.....	1,880,765	1,330,076	0	0	0	0	550,689	0	0
6. Totals (gross).....	1,909,982	1,330,076	0	0	0	0	579,906	0	0
7. Reinsurance ceded.....	0								
8. Totals (net) (Page 3, Line 4).....	1,909,982	1,330,076	0	0	0	0	579,906	0	0
9. Present value of amounts not yet due on claims.....	0								
10. Reserve for future contingent benefits.....	0								
11. Aggregate write-ins for other claim reserves.....	0	0	0	0	0	0	0	0	0
12. Totals (gross).....	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded.....	0								
14. Totals (net) (Page 3, Line 7).....	0	0	0	0	0	0	0	0	0

DETAILS OF WRITE-INS

0501. Risk adjustment liabilities.....	1,880,765	1,330,076					550,689		
0502.	0								
0503.	0								
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	1,880,765	1,330,076	0	0	0	0	550,689	0	0
1101.	0								
1102.	0								
1103.	0								
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0	0	0	0	0	0

(a) Includes \$.0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building).....			7,225,532		7,225,532
2. Salaries, wages and other benefits.....	53,220,503	1,857,180	68,828,468		123,906,151
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....			1,231,155		1,231,155
4. Legal fees and expenses.....	8,039		1,975,023		1,983,062
5. Certifications and accreditation fees.....	5,455		6,054		11,509
6. Auditing, actuarial and other consulting services.....	541,266	40,804	6,572,599		7,154,669
7. Traveling expenses.....	767,233	1,580	822,691		1,591,504
8. Marketing and advertising.....	274,674	-	2,994,998		3,269,672
9. Postage, express and telephone.....	227,803	1,868	3,303,974		3,533,645
10. Printing and office supplies.....	52,494	5,172	2,293,829		2,351,495
11. Occupancy, depreciation and amortization.....			10,124,557		10,124,557
12. Equipment.....	870	144	305,494		306,508
13. Cost or depreciation of EDP equipment and software.....	268,210	1,149	11,094,680		11,364,039
14. Outsourced services including EDP, claims, and other services.....	11,900,378	3,281,169	13,886,444		29,067,991
15. Boards, bureaus and association fees.....	17,503		310,829		328,332
16. Insurance, except on real estate.....	226,369		637,939		864,308
17. Collection and bank service charges.....			399,221	16,997	416,218
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....			964,221		964,221
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....			128,631,974		128,631,974
23.3 Regulatory authority licenses and fees.....	30,144		44,572,114		44,602,258
23.4 Payroll taxes.....	3,759,256	143,821	5,434,357		9,337,434
23.5 Other (excluding federal income and real estate taxes).....			167		167
24. Investment expenses not included elsewhere.....				88,519	88,519
25. Aggregate write-ins for expenses.....	0	0	13,452,680	0	13,452,680
26. Total expenses incurred (Lines 1 to 25).....	71,300,197	5,332,887	325,069,000	105,516	(a).....401,807,600
27. Less expenses unpaid December 31, current year.....		3,415,049	40,681,452		44,096,501
28. Add expenses unpaid December 31, prior year.....		2,753,039	26,645,000		29,398,039
29. Amounts receivable relating to uninsured plans, prior year.....			9,546,955		9,546,955
30. Amounts receivable relating to uninsured plans, current year.....			8,351,053		8,351,053
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	71,300,197	4,670,877	309,836,646	105,516	385,913,236

DETAILS OF WRITE-INS

2501. Charitable contributions.....			1,184		1,184
2502. Borrowing costs.....			13,128,599		13,128,599
2503. Other administrative expenses.....			322,897		322,897
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above).....	0	0	13,452,680	0	13,452,680

(a) Includes management fees of \$.....150,417,577 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....11,606	.....10,779
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....2,237,446	.....2,026,004
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....5,907,938	.....5,901,903
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....8,156,991	.....7,938,685
11. Investment expenses.....	.....	(g).....105,516
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....105,516
17. Net investment income (Line 10 minus Line 16).....	.....	.....7,833,169

DETAILS OF WRITE-INS

0901. ....	.....	.....
0902. ....	.....	.....
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....153,365 accrual of discount less \$.....765,768 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....2,651,756 accrual of discount less \$.....65,188 amortization of premium and less \$.....19,199 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....105,516 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....0	.....	.....
1.1 Bonds exempt from U.S. tax.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....(19,484)	.....	.....(19,484)	.....	.....
1.3 Bonds of affiliates.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....0	.....	.....
2.11 Preferred stocks of affiliates.....0	.....	.....
2.2 Common stocks (unaffiliated).....0	.....	.....
2.21 Common stocks of affiliates.....0	.....	.....
3. Mortgage loans.....0	.....	.....
4. Real estate.....0	.....	.....
5. Contract loans.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....0	.....	.....
7. Derivative instruments.....0	.....	.....
8. Other invested assets.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....(19,484)	.....0	.....(19,484)	.....0	.....0

DETAILS OF WRITE-INS

0901. ....	.....	.....	.....0	.....	.....
0902. ....	.....	.....	.....0	.....	.....
0903. ....	.....	.....	.....0	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page...	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....0		0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....0	0	0	0
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....505,710	505,710	662,935	157,225
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....			0
21. Furniture and equipment, including health care delivery assets.....2,732,502	2,732,502	3,440,769	708,267
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....			0
24. Health care and other amounts receivable.....30,926,568	30,926,568	15,048,494	(15,878,074)
25. Aggregate write-ins for other-than-invested assets.....918,480	918,480	555,878	(362,602)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....35,083,260	35,083,260	19,708,076	(15,375,184)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....35,083,260	35,083,260	19,708,076	(15,375,184)

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			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).....0	0	0	0
2501. Prepays, deposits, and other assets.....918,480	918,480	555,878	(362,602)
2502.			0
2503.			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).....918,480	918,480	555,878	(362,602)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....	326,597	328,476	320,108	315,449	301,811	3,976,327
2. Provider service organizations.....						
3. Preferred provider organizations.....						
4. Point of service.....						
5. Indemnity only.....						
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total.....	326,597	328,476	320,108	315,449	301,811	3,976,327

DETAILS OF WRITE-INS

0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

Molina Healthcare of Ohio, Inc. (the Plan) was incorporated under the laws of the state of Ohio on November 19, 2003. The Plan is a wholly owned subsidiary of Molina Healthcare, Inc. (Molina), a multi-state managed care organization that arranges for the delivery of health care services to persons eligible for Medicaid, Medicare, the Health Insurance Marketplace (Marketplace), and other government-sponsored health care programs for low-income families and individuals.

The Plan is a health maintenance organization (HMO), licensed in the state of Ohio, that provides comprehensive health care services to Medicaid enrollees under contracts with the Ohio Department of Medicaid (ODM) and Medicare enrollees under its contract with the Centers for Medicare and Medicaid Services (CMS) in exchange for monthly interim payments. The Plan may terminate the Medicaid contract with a 240-day written notice of intent. The Plan participates in the Medicare-Medicaid Plans (MMP), CMS’s demonstration programs to integrate Medicare and Medicaid services for dual-eligible individuals. The plan also serves individuals through the state’s Marketplace. In some instances, the Marketplace allows individuals to purchase health insurance that is federally subsidized. Such contracts represent the majority of the Plan’s source of premium income for the years ended December 31, 2018 and 2017.

The Plan contracts with independent physician associations, hospitals and other providers to provide medical services to its members. As an HMO, the Plan is at risk for all covered outpatient and inpatient claims incurred by its beneficiaries.

The financial statements of the Plan are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance (the Department).

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

Such prescribed accounting practices have no significant effect on the Plan’s statutory basis financial statements for the periods presented.

	SSAP #	F/S Page	F/S Line #	2018	2017
NET INCOME					
(1) Company state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ 120,276,172	\$ 44,667,174
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP					
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 120,276,172	\$ 44,667,174
SURPLUS					
(5) Company state basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 277,920,351	\$ 229,468,792
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP					
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 277,920,351	\$ 229,468,792

B. Use of Estimates in the Preparation of the Financial Statement

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

C. Accounting Policy

The Plan applies the following accounting policies:

- (1) Basis for Short-Term Investments: Short-term investments consist primarily of U.S. treasury notes and investments in corporate debt securities with maturity dates of greater than three months but less than one year at the time of acquisition. The basis of short-term investments is the same as for bonds as stated in Note C(2) below.
- (2) Basis for Bonds and Amortization Schedule: Bonds include U.S. government and other debt securities with maturity dates of greater than one year at the time of purchase. Bonds not backed by other loans are principally stated at amortized cost using the scientific method. Bonds with NAIC designations of one or two are stated at amortized cost. Bonds with NAIC designations of three or higher are stated at the lower of amortized cost or fair value. Amortization of bond premium or accretion of discount is computed using the scientific (constant-yield) interest method. Realized capital gains and losses are determined using the specific-identification method and were not significant for the years ended December 31, 2018 and 2017. There were no significant unrealized gains or losses on investments, and the Plan recognized no losses from other-than-temporary impairments for the years ended December 31, 2018 and 2017.
- (3) Investments in common stock: None.
- (4) Investments in preferred stock: None.
- (5) Investments in mortgage loans: None.
- (6) Basis for Loan-Backed Securities and Adjustment Methodology:

Loan-backed securities are stated at amortized cost or lower of amortized cost or fair value. The Plan’s investments in loan-backed securities consist of auction rate securities. Prepayment assumptions using a prospective approach were obtained from broker-dealer survey values or internal estimates.

NOTES TO FINANCIAL STATEMENTS

- (7) Investments in subsidiaries, controlled or affiliated companies: None.
- (8) Investments in joint ventures, partnerships and limited liability companies: None.
- (9) Investments in derivatives: None.
- (10) Anticipated Investment Income Used in Premium Deficiency Calculation: The Plan assesses the profitability of its medical care policies to identify groups of contracts where current operating results or forecasts include probable future losses. The Plan anticipates investment income as a factor in the premium deficiency calculation, in accordance with Statement of Statutory Accounting Principles (SSAP) No. 54, *Individual and Group Accident and Health Contracts*. If anticipated future variable costs exceed anticipated future premiums and investment income, a premium deficiency reserve is recognized. Refer to Note 30, "Premium Deficiency Reserves", for further information.
- (11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses for Accident & Health Contracts: Claims unpaid and unpaid claims adjustment expenses represent management's best estimate of the ultimate net cost of all reported and unreported claims incurred through December 31. Claims unpaid are based on actual historical experience and estimates of medical expenses incurred but not paid (IBNP). The Plan employs its own actuaries to estimate IBNP monthly based on a number of factors, including prior claims experience, health care service utilization data, cost trends, product mix, seasonality, prior authorization of medical services, and other factors. The Plan also considers uncertainties related to fluctuations in provider billing patterns, claims payment patterns, membership, and medical cost trends. The Plan continually reviews and updates the estimation methods and the resulting reserves. Any adjustments to reserves are reflected in current operations. Many of the Plan's medical contracts are complex in nature and may be subject to differing interpretations regarding amounts due for the provision of various services. Such differing interpretations may not come to light until a substantial period of time has passed following the contract implementation, leading to potential adjustment of some costs in the period in which they are first recorded. The Plan believes that its process for estimating IBNP is adequate, but all estimates are subject to uncertainties. Any deficiency in the Plan's estimates of IBNP would negatively affect its results of operations. Refer to Note 25, "Change in Incurred Losses and Loss Adjustment Expenses," for further information.
- (12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period: The Plan has not modified its capitalization policy from the prior period.
- Furniture and equipment and leasehold improvements, which are non-admitted, are generally depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense related to furniture and equipment and leasehold improvements totaled \$0.7 million for each of the years ended December 2018 and 2017.
- (13) Method Used to Estimate Pharmaceutical Rebate Receivables: Amounts receivable for pharmaceutical rebates are estimated based upon historical and current utilization of prescription drugs and contracts terms. Income from pharmaceutical rebates is reported as a reduction of hospital and medical expenses in the statutory basis statements of revenues and expenses. The Plan admits estimated pharmaceutical rebate receivables relating to the three months immediately preceding the reporting date in accordance with SSAP No. 84, *Certain Health Care Receivables and Receivables Under Government Insured Plans*. Refer to Note 28, "Health Care Receivables", for further information.

The Plan has also deemed the following to be significant accounting policies and/or differences between statutory practices and accounting principles generally accepted in the United States of America (GAAP):

Cash and Invested Assets

Cash and cash equivalents are defined as cash and short-term highly liquid investments that are both readily convertible into known amounts of cash and so near maturity that they represent insignificant risk of changes in value because of changes in interest rates. Cash overdraft balances are recorded as a reduction to cash, whereas under GAAP cash overdraft balances would be classified as liabilities. Only investments with original maturities of three months or less when purchased qualify under this definition with the exception of money market mutual funds registered under the Investment Company Act of 1940 (the Act) and regulated under rule 2a-7 of the Act as described in SSAP 2R, *Cash, Cash Equivalents, Drafts and Short-Term Investments*. Under GAAP, the corresponding caption of cash, cash equivalents, and short-term investments include cash balances and investments that will mature in one year or less from the balance sheet date.

Investments in bonds are reported at amortized cost or fair value based on their NAIC designation. Under GAAP, investments in bonds are grouped into three separate categories for accounting and reporting purposes: available-for-sale securities, held-to-maturity securities, and trading securities. Available-for-sale securities are recorded at fair value and unrealized gains and losses, if any, are recorded in stockholders' equity as other comprehensive income, net of applicable income taxes. Held-to-maturity securities are recorded at amortized cost, which approximates fair value, and unrealized holding gains or losses are not generally recognized. Realized gains and losses and unrealized losses judged to be other than temporary with respect to available-for-sale and held-to-maturity securities are included in the determination of net income. Trading securities are recorded at fair value, and holding gains and losses are recognized in net income.

Premiums Due and Unpaid

Premiums due and unpaid at December 31, 2018 and 2017, consist primarily of amounts due from ODM and CMS. Receivables are stated at net realizable value based on management's judgment of the ultimate collectibility of the accounts. Collection trends are monitored and any adjustments required are reflected in current earnings. All premiums receivable balances outstanding greater than 90 days due, with the exception of premiums due from governmental agencies, are non-admitted in accordance with NAIC SAP.

Net Deferred Tax Assets or Liabilities

The Plan follows the guidance of SSAP No. 101, *Income Taxes*, for deferred income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their amounts reported on the financial statements, using statutory rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as a change in surplus in the period that includes the enactment date. SSAP No. 101 includes a valuation allowance criterion whereby only gross deferred tax assets that are more likely than not (defined as a likelihood of more than 50%) to be realized are potentially admissible, subject to certain limitations and admissibility tests. Under GAAP, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in future years, and a valuation allowance is established for deferred tax assets not realizable.

The Plan recognizes the financial statement benefit of a tax position after determining that the relevant tax authority would more likely than not sustain the position following an audit, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. Interest and penalties, if incurred, are recognized in the statutory basis statements of revenues and expenses as federal income tax expense. The Plan has not recognized any interest, penalties or income tax contingencies for the years ended December 31, 2018 and 2017.

NOTES TO FINANCIAL STATEMENTS

Receivables from or Amounts Due to Parents, Subsidiaries and Affiliates

The Plan has various transactions with related parties. The Plan reports any unsettled amounts due as receivables from parent, subsidiaries and affiliates and unsettled amounts owed as amounts due to parent, subsidiaries and affiliates. Refer to Note 10, "Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties", for further information.

Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans

Amounts receivable relating to uninsured plans are amounts due from, and liability for amounts held under uninsured plans are amounts due to CMS. Such amounts relate to reinsurance subsidies for Medicare members with high drug costs, and/or premium or cost-sharing subsidies for qualifying low-income Medicare members' prescription drug benefits. The Plan is fully reimbursed by CMS and there is no risk to the Plan.

Accrued Retrospective Premiums and Contracts Subject to Redetermination and Aggregate Health Policy Reserves

Accrued retrospective premiums and contracts subject to redetermination, and aggregate health policy reserves relate to amounts recorded under various programs and contractual provisions discussed in Note 24, "Retrospectively Rated Contracts and Contracts Subject to Redetermination".

Net Premium Income and Change in Reserve for Rate Credits

The Plan recognizes premiums from members as income in the period for which health plan coverage relates. Premiums collected in advance of a coverage period are recorded as premiums received in advance. Premium revenue is fixed in advance of the periods covered and, except as described below and in Retrospectively Rated Contracts and Contracts Subject to Redetermination, is not generally subject to significant accounting estimates.

Medical cost floors (medical loss ratio) and corridors: For certain Medicaid premiums, amounts may be returned to ODM if certain minimum amounts are not spent on defined medical care costs, or the Plan may receive additional premiums if amounts spent on medical care costs exceed a defined maximum threshold. Additionally, sanctions may be levied by ODM if the amounts spent on medical care costs as a percentage of premiums are not within a specified range. These sanctions include the requirements to file a corrective action plan as well as an auto assignment freeze. The Plan may be required to return a portion of Medicare and Marketplace premiums if certain minimum amounts are not spent on defined medical care costs in accordance with the requirements established by the federal government.

Quality incentive premiums: Under the Plan's contract with ODM, 1.25% of Medicaid premiums and 3% of Dual Eligible premiums are withheld and paid to the Plan subject to certain performance bonus measures being met.

Medicare Revenue Risk Adjustment: The Plan's Medicare revenue is subject to retroactive increase or decrease based on the health status of its Medicare members (as measured by member risk score). The Plan estimates its members' risk scores and the related amount of Medicare revenue that will ultimately be realized for the periods presented based on its knowledge of its members' health status, risk scores and CMS practices.

Risk Sharing Provisions of the Affordable Care Act: Under the risk sharing provisions of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the Affordable Care Act, or ACA), Marketplace premiums are subject to redetermination through the risk adjustment program in which risk scores are used to determine the final premium amount.

Risk Corridors: The Plan is subject to a medical loss ratio corridor with ODM, applicable to the Plan's Medicaid expansion program. The Plan estimates accrued retrospective premium based on the experience to date using a mathematical approach.

Profit Sharing: The Plan's Medicaid contract with ODM contains gain-sharing provisions for certain programs under which the Plan refunds amounts to ODM if the Plan generates a profit above a certain percentage in accordance with a tiered rebate schedule. The Plan is limited in the amount of administrative costs that may be considered in determining the level of profit under these provisions.

The Plan receives certain payments from the Medicaid program, which are fully passed through to designated providers. The Plan therefore serves as a fiscal intermediary between the state and providers and does not assume insurance risk in such arrangements. The Plan received pass-through payments amounting to approximately \$36.3 million and \$27.1 million in 2018 and 2017, respectively, which are recognized as net premium income, with an aggregate corresponding charge recognized in hospital and medical and general administrative expenses.

The Plan also received pass-through payments amounting to approximately \$5.4 million and \$3.7 million in 2018 and 2017, respectively, which are not reflected as revenue or expenses in the income statement.

Hospital and Medical Expenses

Medical care costs include primarily fee-for-services expenses. Nearly all hospital services and the majority of the Plan's primary care and physician specialist services are paid on a fee-for-service basis. Under fee-for-service arrangements, the Plan retains the financial responsibility for medical care provided and incurs costs based on actual utilization of services. Such expenses are recorded in the period in which the related services are dispensed. Medical care costs include amounts that have been paid by the Plan through the reporting date, as well as estimated liabilities for medical care costs incurred but not paid by the Plan as of the reporting date. See below for further information.

The Plan has also entered into agreements to pay a fixed capitated amount per member per month with certain providers. These payments are expensed in the period the providers are obligated to provide the service.

The Plan has contracts with medical provider organizations that require incentive payments if certain provisions of the contracts are met, and it records estimates for such incentive payments.

Reinsurance

The Plan has an excess risk reinsurance agreement with a non-affiliated company to limit its risk of catastrophic losses and its exposure to large claims by individuals with chronic or high cost conditions. The Plan maintains medical claims reinsurance with a deductible of \$1.0 million for Medicaid, \$1.2 million for Marketplace, \$0.6 million for Medicare, and \$0.5 million for MMP. The reinsurance pays 90% of losses in excess of the deductible. The annual limit for Medicaid and Medicare is \$2.0 million per member per year, and is unlimited for Marketplace. Reinsurance expense is reported as a reduction of net premium income, and amounted to approximately \$4.2 million and \$2.7 million for the years ended December 31, 2018 and 2017, respectively. Due to its participation in the Marketplace, the Plan was also part of the ACA Transitional Reinsurance Program. Refer to Note 24, "Retrospectively Rated Contracts and Contracts Subject to Redetermination", for further information. Reinsurance recoveries not received as of year-end are recorded as either amounts recoverable from reinsurers or a reduction to claims unpaid in the statutory basis statements of admitted assets, liabilities, capital and surplus.

NOTES TO FINANCIAL STATEMENTS

Reinsurance contracts do not relieve the Plan from its obligations to subscribers. The Plan remains liable to its subscribers for the portion reinsured to the extent that the reinsurance company does not meet the obligations assumed under the reinsurance contract.

Concentrations

The Plan has cash and invested assets deposited in financial institutions in which the balances exceed the Federal Deposit Insurance Corporation insured limit. The Plan has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk. The Plan's investments and a portion of its cash are managed by professional portfolio managers operating under documented investment guidelines.

Concentration of credit risk with respect to receivables is limited because the Plan's primary payors are ODM and CMS.

Risks and Uncertainties

The Plan's sole Medicaid customer is ODM. The loss of its contract with ODM would have a material adverse effect on the Plan's financial position, results of operations and cash flows. The Plan's ability to arrange for the provision of medical services to its members is dependent upon its ability to develop and maintain adequate provider networks. The inability to develop or maintain such networks could, in certain circumstances, have a material adverse effect on the Plan's financial position, results of operations or cash flows.

The Plan's profitability depends in large part on accurately predicting and effectively managing medical care costs. Management continually reviews the Plan's premium and benefit structure as well as its underlying claims experience and revised actuarial data. However, several factors could adversely affect medical care costs. These factors, which include changes in health care practices, inflation, new technologies, major epidemics, natural disasters and malpractice litigation, are beyond the Plan's control and could adversely affect its ability to accurately predict and effectively control medical care costs. Costs in excess of those anticipated could have a material adverse effect on the Plan's financial condition, results of operations or cash flows.

The Plan is subject to thorough and extensive regulations by multiple state and federal agencies. Its failure to comply with various regulations and requirements could limit the Plan's revenue or increase costs. In certain circumstances, a failure to comply with regulations or the cost incurred in complying with regulations could have a material adverse effect on the Plan's financial position, results of operations or cash flows.

Cash Flow

The statutory basis statements of cash flow reconcile cash, cash equivalents, and short-term investments with maturity dates of one year or less at the time of acquisition; whereas under GAAP, the statements of cash flow reconcile the corresponding captions of cash and cash equivalents with maturities of three months or less. In addition, there are classification differences within the presentation of the cash flow categories between GAAP and statutory reporting.

Comprehensive Income

The presentation of the statutory basis statements of admitted assets, liabilities, capital and surplus is not in conformity with U.S. GAAP with respect to the reporting of other comprehensive income.

Minimum Capital and Surplus

Section 1751.28 of the Ohio statutes requires that the Plan to maintain a minimum capital and surplus \$1.7 million. At December 31, 2018 and 2017, the Plan's capital and surplus exceeded the statutory minium net worth requirement by \$276.2 million and \$227.8 million, respectively.

The NAIC adopted Risk Based Capital (RBC) standards to measure the minimum amount of capital appropriate for a managed care organization to support its overall business operations. The state of Ohio has passed legislation to adopt RBC. At December 31, 2018 and 2017, the Plan's capital and surplus exceeded the RBC requirement by \$130.8 million and \$92.8 million, respectively.

D. Going Concern

The Plan is not aware of any relevant conditions or events that raise substantial doubt about its abilities to continue as a going concern.

Note 2 – Accounting Changes and Correction of Errors

There were no accounting changes or corrections of errors during the year ended December 31, 2018.

Note 3 – Business Combinations and Goodwill

None.

Note 4 – Discontinued Operations

None.

Note 5 – Investments

The following tables summarize the Plan's investments including gross unrealized gains and losses as of the dates indicated:

	12/31/2018			
	Cost or amortized cost	Unrealized gains	Unrealized losses	Fair value
Open depositories	\$ 27,092,569	\$ -	\$ -	\$ 27,092,569
Industrial and miscellaneous	147,351,496	-	877,694	146,473,802
Political subdivisions	5,011,139	-	87,239	4,923,900
Special revenue & assessment obligations	23,010,498	4,239	257,822	22,756,915
States, territories & possessions	6,508,603	-	169,843	6,338,760
U.S. Government	40,350,198	1,463	905	40,350,756
Exempt money market mutual fund	83,146,966	-	-	83,146,966
Other money market mutual fund	127,993,244	-	-	127,993,244
Totals	<u>\$ 460,464,713</u>	<u>\$ 5,702</u>	<u>\$ 1,393,503</u>	<u>\$ 459,076,912</u>

NOTES TO FINANCIAL STATEMENTS

The amortized cost and fair value of the Plan's investments by contractual maturities, were as follows:.

	12/31/2018	
	Amortized cost	Fair value
Due in one year or less	\$ 238,232,779	\$ 238,232,779
Due in over one year through five years	221,231,934	219,856,633
Due after ten years	1,000,000	987,500
Totals	\$ 460,464,713	\$ 459,076,912

A. Mortgage Loans, including Mezzanine Real Estate Loans: None.

B. Debt Restructuring: None.

C. Reverse Mortgages: None.

D. Loan-Backed Securities

(1) Description of Sources Used to Determined Prepayment Assumptions: For fixed-rate agency mortgage-backed securities, Clearwater Analytics calculates prepayment speeds utilizing Mortgage Industry Advisory Corporation (MIAC) Mortgage Industry Medians (MIMs). MIMs are derived from a semi-monthly dealer-consensus survey of long-term prepayment projections. For other mortgage-backed, loan-backed, and structured securities, Clearwater utilizes prepayment assumptions from Moody's Analytics. Moody's applies a flat economic credit model and utilizes a vector of multiple monthly speeds as opposed to a single speed for more robust projections. In instances where Moody's projections are not available, Clearwater uses data from Reuters, which utilizes the median prepayment speed from contributors' models.

(2), (3) Recognized other-than-temporary impairment (OTTI) securities: None.

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:	1. Less than 12 Months	\$
	2. 12 Months or Longer	\$ 12,500
b. The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	\$
	2. 12 Months or Longer	\$ 987,500

(5) Information Investor Considered in Reaching Conclusion that Impairments are Not Other-Than-Temporary: Because the decline in the market values of the securities was not due to the credit quality of the issuers, and because the Plan does not intend to sell nor does it expect to be required to sell these securities before a recovery in their cost basis, the Plan does not consider the securities to be other-than-temporarily impaired at December 31, 2018.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions: None.

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing: None.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing: None.

H. Repurchase Agreements Transactions Accounted for as a Sale: None.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale: None.

J. Real Estate: None.

K. Low-Income Housing Tax Credits (LIHTC): None.

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

	1	2	3	4	5	6	7
Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase (Decrease) (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted (1 minus 4)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	Additional Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$	\$	%	%
b. Collateral held under security lending arrangements						%	%
c. Subject to repurchase agreements						%	%
d. Subject to reverse repurchase agreements						%	%
e. Subject to dollar repurchase agreements						%	%
f. Subject to dollar reverse						%	%

NOTES TO FINANCIAL STATEMENTS

	1	2	3	4	5	6	7
Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase (Decrease) (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted (1 minus 4)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	Additional Restricted to Total Admitted Assets (b)
repurchase agreements							
g. Placed under option contracts						%	%
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock						%	%
i. FHLB capital stock						%	%
j. On deposit with states	409,681	408,109	1,572	-	409,681	0.1%	0.1%
k. On deposit with other regulatory bodies						%	%
l. Pledged as collateral to FHLB (including assets backing funding agreements)						%	%
m. Pledged as collateral not captured in other categories						%	%
n. Other restricted assets						%	%
o. Total Restricted Assets	\$ 409,681	\$ 408,109	\$ 1,572	\$	\$ 409,681	0.1%	0.1%

(a) Column 1 divided by Asset Page, Column 1, Line 28

(b) Column 5 divided by Asset Page, Column 1, Line 28

- (2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contacts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate): None.
- (3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate): None.
- (4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements: None.

- M. Working Capital Finance Investments: None.
- N. Offsetting and Netting of Assets and Liabilities: None.
- O. Structured Notes: None.
- P. 5GI Securities: None.
- Q. Short Sales: None.
- R. Prepayment Penalty and Acceleration Fees

(1) Number of CUSIPs	1
(2) Aggregate Amount of Investment Income	\$ 14,610

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

None.

Note 7 – Investment Income

The Plan had no investment income that was excluded in 2018 or 2017. All of the Plan's investments and the income derived from such investments meet the criteria for admitted receivables.

Note 8 – Derivative Instruments

None.

Note 9 – Income Taxes

- A. Deferred Tax Assets/(Liabilities)
1. Components of Net Deferred Tax Asset/(Liability)

	2018			2017			Change		
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Gross deferred tax assets	\$ 9,473,875	\$	\$ 9,473,875	\$ 5,721,035	\$	\$ 5,721,035	\$ 3,752,840	\$	\$ 3,752,840
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	\$ 9,473,875	\$	\$ 9,473,875	\$ 5,721,035	\$	\$ 5,721,035	\$ 3,752,840	\$	\$ 3,752,840
d. Deferred tax assets nonadmitted	505,710		505,710	662,935		662,935	(157,225)		(157,225)
e. Subtotal net admitted deferred tax asset (1c-1d)	\$ 8,968,165	\$	\$ 8,968,165	\$ 5,058,100	\$	\$ 5,058,100	\$ 3,910,065	\$	3,910,065
f. Deferred tax liabilities	254,054		254,054	51,785		51,785	202,269		202,269
g. Net admitted	\$ 8,714,111	\$	\$ 8,714,111	\$ 5,006,315	\$	\$ 5,006,315	\$ 3,707,796	\$	\$ 3,707,796

NOTES TO FINANCIAL STATEMENTS

		2018			2017			Change	
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
deferred tax assets/(net deferred tax liability) (1e-1f)									

2. Admission Calculation Components SSAP No. 101, *Income Taxes*:

	2018			2017			Change		
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 8,663,667	\$	\$ 8,663,667	\$ 4,954,917	\$	\$ 4,954,917	\$ 3,708,750	\$	\$ 3,708,750
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	50,444		50,444	51,398		51,398	(954)		(954)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	50,444		50,444	51,398		51,398	(954)		(954)
2. Adjusted gross deferred tax assets allowed per limitation threshold			40,380,936			33,669,372			6,711,564
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	254,054		254,054	51,785		51,785	202,269		202,269
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	\$ 8,968,165	\$	\$ 8,968,165	\$ 5,058,100	\$	\$ 5,058,100	\$ 3,910,065	\$	\$ 3,910,065

3. Other Admissibility Criteria

	2018	2017
a. Ratio percentage used to determine recovery period and threshold limitation amount	365.9%	328.6%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 269,206,240	\$ 224,462,477

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	2018		2017		Change	
	1	2	3	4	5	6
	Ordinary	Capital	Ordinary	Capital	(Col. 1-3) Ordinary	(Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 9,473,875	\$	\$ 5,721,035	\$	\$ 3,752,840	\$
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	%	%	%	%	%	%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 8,968,165	\$	\$ 5,058,100	\$	\$ 3,910,065	\$
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact	%	%	%	%	%	%

NOTES TO FINANCIAL STATEMENTS

	2018		2017		Change	
	1	2	3	4	5	6
	Ordinary	Capital	Ordinary	Capital	(Col. 1-3) Ordinary	(Col. 2-4) Capital
of tax planning strategies						

(b) Does the company's tax planning strategies include the use of reinsurance? NO

B. Deferred Tax Liabilities Not Recognized: None.

C. Current and Deferred Income Taxes

1. Current Income Tax

	1	2	3
	2018	2017	(Col 1-2) Change
a. Federal	\$ 44,610,765	\$ 25,010,774	\$ 19,599,991
b. Foreign	\$	\$	\$
c. Subtotal	\$ 44,610,765	\$ 25,010,774	\$ 19,599,991
d. Federal income tax on net capital gains	\$ (4,092)	\$ 30,682	\$ (34,774)
e. Utilization of capital loss carry-forwards	\$	\$	\$
f. Other	\$ (1,603,900)	\$ 943,370	\$ (2,547,270)
g. Federal and Foreign income taxes incurred	\$ 43,002,773	\$ 25,984,826	\$ 17,017,947

2. Deferred Tax Assets

	1	2	3
	2018	2017	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 1,314,084	\$ 941,424	\$ 372,660
2. Unearned premium reserve	120,619	174,717	(54,098)
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets	370,847	413,547	(42,700)
8. Compensation and benefits accrual	233,694	193,598	40,096
9. Pension accrual			
10. Receivables - nonadmitted	3,803,131	3,010,664	792,467
11. Net operating loss carry-forward			
12. Tax credit carry-forward			
13. Other (items <=5% and >5% of total ordinary tax assets)	3,631,500	987,085	2,644,415
Other (items listed individually >5%of total ordinary tax assets)			
99. Subtotal	9,473,875	5,721,035	3,752,840
b. Statutory valuation allowance adjustment			
c. Nonadmitted	505,710	662,935	(157,225)
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	8,968,165	5,058,100	3,910,065
e. Capital:			
1. Investments	\$	\$	\$
2. Net capital loss carry-forward			
3. Real estate			
4. Other (items <=5% and >5% of total capital tax assets)			
Other (items listed individually >5% of total capital tax assets)			
99. Subtotal	\$	\$	\$
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)			
i. Admitted deferred tax assets (2d+2h)	\$ 8,968,165	\$ 5,058,100	\$ 3,910,065

3. Deferred Tax Liabilities

	1	2	3
	2018	2017	(Col 1-2) Change
a. Ordinary:			
1. Investments	\$	\$	\$
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (items <=5% and >5% of total ordinary tax liabilities)	254,054	51,785	202,269
Other (items listed individually >5% of total ordinary tax liabilities)			

NOTES TO FINANCIAL STATEMENTS

99. Subtotal	254,054	51,785	202,269
b. Capital:			
1. Investments			
2. Real estate			
3. Other (Items <=5% and >5% of total capital tax liabilities)			
Other (items listed individually >5% of total capital tax liabilities)			
99. Subtotal			
c. Deferred tax liabilities (3a99+3b99)	\$ 254,054	\$ 51,785	\$ 202,269
4. Net Deferred Tax Assets (2i – 3c)	\$ 8,714,111	\$ 5,006,315	\$ 3,707,796

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the change in nonadmitted assets is reported separately from the change in deferred income taxes in the surplus section of the Annual Statement):

	12/31/2018	12/31/2017	Change
Total deferred tax assets	\$ 9,473,875	\$ 5,721,035	\$ 3,752,840
Total deferred tax liabilities	(254,054)	(51,785)	(202,269)
Net deferred tax asset (liability)	\$ 9,219,821	\$ 5,669,250	\$ 3,550,571
Tax effect of unrealized (gains)/losses			-
Change in net deferred income tax assets - increase (decrease)			\$ 3,550,571

The Tax Cuts and Jobs Act ("TCJA") was enacted on December 22, 2017. The TCJA, in part, reduces the U.S. federal corporate tax rate from 35% to 21% effective January 1, 2018. TCJA's change in the federal rate requires that the Plan remeasure deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally the new 21% federal corporate tax rate. At December 31, 2017, the Plan had not completed its accounting for all of the enactment-date income tax effects of the TCJA for the remeasurement of deferred tax assets and liabilities and recorded a provisional amount of \$3.8 million. Upon further analysis of certain aspects of the TCJA and refinement of calculations during the 12 months ended December 31, 2018, the Plan adjusted the provisional amount downward by \$0.6 million, which is included as a component of income tax expense from continuing operations. The Plan has now completed its accounting for all of the enactment-date income tax effects of the TCJA.

The Plan is subject to taxation in the United States. With few exceptions, the Plan is no longer subject to U.S. federal tax examination for the tax years before 2015.

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

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

	Tax Effect	Effective Tax Rate (%)
Taxes on income at federal statutory tax rate	\$ 34,288,578	21.00%
Changes in nonadmitted assets	(3,261,806)	-2.00%
Non-deductible health insurance providers fee	8,390,554	5.14%
Other	34,876	0.02%
Totals	\$ 39,452,202	24.16%
Federal and foreign income taxes incurred	\$ 43,006,865	26.33%
Realized capital gains (losses) tax	(4,092)	0.00%
Change in net deferred income taxes	3,550,571	-2.17%
Total statutory income taxes	\$ 39,452,202	24.16%

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

At December 31, 2018, the Plan did not have any unused operating loss carryforwards available to offset against future taxable income.

The amount of federal income taxes incurred that will be available for recoupment in the event of future net losses is approximately:

Year	Amount
2018	\$ 44,606,673
2017	\$ 23,440,006

The Plan did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. Consolidated Federal Income Tax Return

The Plan is included in the consolidated federal income tax return with its ultimate parent, Molina. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group. Federal income taxes are paid to or refunded by Molina pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses the Plan receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of Molina.

G. Federal or Foreign Federal Income Tax Loss Contingencies

NOTES TO FINANCIAL STATEMENTS

The Plan does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

- H. Repatriation Transition Tax (RTT) - RTT owed under the TCJA: None.
- I. Alternative Minimum Tax (AMT Credit): None.

Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. The Plan is a wholly owned subsidiary of Molina. Molina and its subsidiaries provide quality managed care to people receiving government assistance. Molina offers healthcare services for persons served by Medicaid, Medicare, and the Marketplace, and products to assist government agencies in their administration of the Medicaid program. Molina has wholly owned operating subsidiaries in various states as indicated in Schedule Y, Parts 1 and 1A
- B. – C. The Plan paid Molina an extraordinary dividend in cash amounting to \$60.0 million on September 10, 2018. The Plan received approval from the Department on August 31, 2018. The Plan paid Molina an ordinary dividend amounting to \$45.0 million on December 29,2017.

The Plan has an agreement with Molina whereby Molina provides certain management services to the Plan. Expenses incurred relating to this agreement amounted to \$150.4 million and \$160.4 million for the years ended December 31, 2018 and 2017, respectively.

The Plan subleases office space from Molina who is a master lessee under an arrangement with a third party that commenced in 2013. Rental expense relating to these leases totaled \$1.8 million for each of the years ended December 31, 2018 and 2017, respectively. Minimum future lease commitments for this lease are included in the operating lease table in Note 15.
- D. As of December 31, 2018 and 2017 amounts due to Molina and affiliates totaled \$3.5 million and \$5.8 million, respectively. Intercompany receivables and payables are generally settled on a monthly basis.
- E. The Plan is not a guarantor and does not participate in any undertakings.
- F. The Plan has a services agreement with Molina, as described in Note 10.C. above.
- G. As indicated in Note 10.A. above, the Plan is a wholly owned subsidiary of Molina. The entities under common ownership of Molina are indicated in Schedule Y, Parts 1 and 1A.
- H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned: None.
- I. Investment in Subsidiary, Controlled or Affiliated (SCA) Entity that Exceeds 10% of the Admitted Assets: None.
- J. Investment in Impaired SCA Entities: None.
- K. Investment in Foreign Subsidiary: None.
- L. Investment in Downstream Noninsurance Holding Company: None.
- M. All SCA Investments: None.
- N. Investment in Insurance SCAs: None.
- O. SCA Loss Tracking: None.

Note 11 – Debt

- A. Debt Including Capital Notes: None.
- B. FHLB (Federal Home Loan Bank) Agreements: None.

Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. – D. Defined Benefit Plan: None.
- E. Defined Contribution Plans: See Note 12.G. below.
- F. Multiemployer Plans: None.
- G. Consolidated/Holding Company Plans: The employees of the Plan are eligible to participate in a defined contribution 401(k) plan sponsored by Molina subject to the participation eligibility set forth in the plan. Eligible employees are allowed to contribute up to the maximum allowed by law. The Plan matches up to the first 4% of compensation contributed by the employees subject to a one-year cliff vesting requirement. The Plan has no legal obligation to provide benefits under the plan. The Plan's expense recognized in connection with the 401(k) plan was \$1.5 million and \$1.8 million for the years ended December 31, 2018 and 2017, respectively.
- H. Postemployment Benefits and Compensated Absences: None.
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17): None.

Note 13 – Capital and Surplus, Shareholder’s Dividend Restrictions and Quasi-Reorganizations

- (1) The Plan has 1,500 shares of \$1 par value common stock authorized, 1,500 shares issued and outstanding. All issued and outstanding shares of common stock are held by Molina
- (2) Preferred stock: None.
- (3) Dividend restrictions: The payment of dividends by the Plan to Molina is limited and can only be made from earned profits unless prior approval is received from the Department. The amount of dividend that may be paid by insurance companies without prior approval of the Ohio Insurance Commissioner is also

NOTES TO FINANCIAL STATEMENTS

subject to restrictions relating to statutory surplus and net income. At December 31, 2018 and 2017, no extraordinary dividends were paid without the Department’s approval. A dividend/distribution cannot decrease unassigned funds below zero. Ordinary dividends do not require prior approval by the Department.

- (4) Dividends paid by the Plan to Molina during the years 2018 and 2017 were as follows:
- The Plan paid Molina an extraordinary dividend in cash amounting to \$60.0 million on September 10, 2018. The Plan received approval from the Department on August 31, 2018. The Plan paid Molina an ordinary dividend amounting to \$45.0 million on December 29,2017.
- (5) Subject to the limitations of (3) above, no restrictions have been placed on the portion of the Plan’s profits that may be paid as ordinary dividends to Molina.
- (6) Restrictions placed on unassigned funds (surplus): None.
- (7) Advances to surplus not repaid: None.
- (8) Stock held for special purposes: None.
- (9) Changes in the balance of special surplus funds: In accordance with SSAP No. 106, *Affordable Care Act Assessments*, the Plan reclassifies an amount equal to the estimated health insurer fee due in the following calendar year from unassigned surplus to special surplus. Due to the moratorium on the health insurer fee for the 2019 calendar year, the Plan did not reclassify amounts to special surplus at December 31, 2018. The special surplus balance at December 31, 2017 represented the Plan’s estimated health insurer fee for 2018.
- (10) The portion of unassigned surplus or deficit, excluding the apportionment of estimated Section 9010 ACA subsequent fee year assessment, net income, and dividends, represented or reduced by each item below is as follows:

	12/31/2018	12/31/2017	Change
Net deferred income taxes	\$ 9,219,821	\$ 5,669,250	\$ 3,550,571
Nonadmitted assets	(35,083,260)	(19,708,076)	(15,375,184)
Totals	<u>\$ (25,863,439)</u>	<u>\$ (14,038,826)</u>	<u>\$ (11,824,613)</u>

- (11) Surplus debentures or similar obligations: None.
- (12) The impact of any restatement due to prior quasi-reorganizations: None.
- (13) The effective dates of all quasi-reorganizations in the prior 10 years: None.

Note 14 – Liabilities, Contingencies and Assessments

- A. Contingent Commitments: The Plan has no contingent commitments.
- B. Assessments: None.
- C. Gain Contingencies: None.
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - Total SSAP 97 and SSAP48 Contingent Liabilities: None.
- E. Joint and Several Liabilities: None.
- F. All Other Contingencies: From time to time, the Plan may be involved in legal actions in the normal course of business, some of which involve a demand for both compensatory and punitive damages not covered by insurance. Currently, there are no pending or threatened actions which, to the knowledge and in the opinion of management and the Plan’s counsel, would have a material adverse effect on the Plan’s financial position, results of operations or cash flow.

The Plan routinely evaluates the collectability of all receivable amounts included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Impairment reserves are established for those amounts where collectability is uncertain. Based on the Plan’s past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Plan’s financial position, results of operation or cash flow.

There are no assets that the Plan considers to be impaired at December 31, 2018 and 2017.

Note 15 – Leases

- A. Lessee Operating Lease
- (1) The Plan leases office facilities and equipment under noncancelable long-term operating leases. Some of the leases contain escalation clauses and renewal options. Rental expense relating to these leases totaled \$1.8 million for each of the years ended December 31, 2018 and 2017, respectively.
- (2) Leases with Initial or Remaining Noncancelable Lease Terms in Excess of One Year

a. At January 1, 2019 the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases
2019	\$ 1,064,375
2020	1,120,910
2021	1,029,621
2022	1,055,975
2023	947,903
Thereafter	16,913,952
Total	<u>\$ 22,132,737</u>

NOTES TO FINANCIAL STATEMENTS

b. Total of Minimum Rentals to be Received in the Future under Noncancelable Subleases: None.

(3) For Sale-Leaseback Transactions: None.

B. Lessor Leases: None.

Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

None.

Note 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.

Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans: None.

B. ASC Plans: None.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract: The Medicare Part D program is a partially insured plan. The Plan recorded amounts receivable of \$8.4 million and \$9.5 million relating to uninsured plans at December 31, 2018 and 2017, respectively, for cost reimbursements under the Medicare Part D program

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None.

Note 20 – Fair Value Measurements

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

Level 1 – Certain inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Certain inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specific (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.);
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.);
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Certain inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Bonds and short-term investments are based on quoted market prices, where available.

A. Fair Value Measurements

(1) Fair Value Measurements at Reporting Date: The Plan's assets measured and reported at fair value on a recurring basis are listed in the table below. The Plan receives monthly statements from investment brokers that provide market pricing. There were no transfers between Level 1 and Level 2 of the fair value hierarchy as of December 31, 2018. The Plan does not have any assets measured and reported at fair value on a recurring basis as of December 31, 2017.

Description for Each Type of Asset or Liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
Assets at Fair Value					
Exempt money market mutual fund	\$ -	\$ 83,146,966	\$ -	\$ -	\$ 83,146,966
Other money market mutual fund	\$ -	\$ 127,993,244	\$ -	\$ -	\$ 127,993,244
Total	\$ -	\$ 211,140,210	\$ -	\$ -	\$ 211,140,210

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

(3) Policies when Transfers Between Levels are Recognized: None.

(4) Fair value measurements categorized within Level 2 and Level 3: None.

(5) Fair Value Disclosures: None.

NOTES TO FINANCIAL STATEMENTS

B. Fair Value Reporting under SSAP No. 100, *Fair Value Measurements*, and Other Accounting Pronouncements: In addition to bonds and short-term investments (see below), the Plan’s statutory basis balance sheets typically include the following financial instruments: investment income due and accrued, federal income tax recoverable (payable), receivables, and current liabilities. The Plan believes the carrying amounts of these financial instruments approximate the fair value of these financial instruments because of the relatively short period of time between the origination of the instruments and their expected realization or payment.

C. Aggregate Fair Value Hierarchy

The aggregate fair value hierarchy of all financial instruments as of December 31, 2018 is presented in the table below:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Open depositories	\$ 27,092,569	\$ 27,092,569	\$ 27,092,569	\$ -	\$ -	\$ -	\$ -
Industrial and miscellaneous	146,473,802	147,351,496	-	146,473,802	-	-	-
Political subdivisions	4,923,900	5,011,139	-	4,923,900	-	-	-
Special revenue & assessment obligations	22,756,915	23,010,498	-	21,769,415	987,500	-	-
States, territories, and possessions	6,338,760	6,508,603	-	6,338,760	-	-	-
U.S. Government	40,350,756	40,350,198	-	40,350,756	-	-	-
Exempt money market mutual fund	83,146,966	83,146,966	-	83,146,966	-	-	-
Other money market mutual fund	127,993,244	127,993,244	-	127,993,244	-	-	-
Total financial instruments	\$ 459,076,912	\$ 460,464,713	\$ 27,092,569	\$ 430,996,843	\$ 987,500	\$ -	\$ -

D. Not Practicable to Estimate Fair Value: None.

E. NAV Practical Expedient Investments: None.

Note 21 – Other Items

A. Unusual or Infrequent Items: None.

B. Troubled Debt Restructuring Debtors: None.

C. Other Disclosures and Unusual Items:

The state of Ohio is participating in CMS’s dual eligible demonstration to integrate Medicare and Medicaid services for dual eligible individuals. The Plan refers to the demonstration as its MMP implementation. Results for the Medicare component of the MMP have been reported under the Medicare category, and results for the Medicaid component of the MMP have been reported under the Medicaid category. Ending membership and member months for MMP enrollees have been reported under the Medicare category.

Under an equity incentive plan adopted by the Parent, the Plan’s employees may be awarded restricted stock or other equity incentives. Restricted stock awards generally vest in equal annual installments over periods of up to four years from the date of grant.

The Parent has an employee stock purchase plan under which the eligible employees of the Plan may purchase common shares at 85% of the lower of the fair market value of the Parent’s common stock on either the first or last trading day of each six-month offering period. Each participant is limited to a maximum purchase of \$25,000 (as measured by the fair value of the stock acquired) per year through payroll deductions.

The state of Ohio has submitted a three-year extension of its duals demonstration program with CMS, through December 31, 2022.

D. Business Interruption Insurance Recoveries: None.

E. State Transferable and Non-Transferable Tax Credits: None.

F. Subprime Mortgage Related Risk Exposure: None.

G. Retained Assets: None.

H. Insurance-Linked Securities (ILS) Contracts: None.

Note 22 – Events Subsequent

Type I – Recognized Subsequent Events: None.

NOTES TO FINANCIAL STATEMENTS

Type II – Nonrecognized Subsequent Events:

The Plan is subject to an annual health insurer fee under section 9010 of the Federal Affordable Care Act (ACA). This annual fee is allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. Due to the moratorium on the health insurer fee for the 2019 calendar year, the Plan did not reclassify amounts to special surplus at December 31, 2018. The special surplus balance at December 31, 2017 represented the Plan's estimated health insurer fee for 2018.

A.	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?		Yes [X]	No []
		2018	2017	
B.	ACA fee assessment payable for the upcoming year	\$ -	\$ 34,200,000	
C.	ACA fee assessment paid	\$ 39,955,019	\$ -	
D.	Premium written subject to ACA 9010 assessment	\$ -	\$ 2,412,441,179	
E.	Total adjusted capital before surplus adjustment (Five-Year Historical Line 14)	\$ 277,920,351		
F.	Total adjusted capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 277,920,351		
G.	Authorized control level (Five-Year Historical Line 15)	\$ 73,583,629		
H.	Would reporting the ACA assessment as of December 31, 2018 have triggered an RBC action level (YES/NO)?		Yes []	No [X]

The Plan evaluated its December 31, 2018, statutory basis financial statements for subsequent events through February 26, 2019, the date the statutory basis financial statements were available to be issued. The Plan is not aware of any subsequent events that would require recognition or disclosure in these statutory basis financial statements.

Note 23 – Reinsurance

A. Ceded Reinsurance Report

Section1 – General Interrogatories

- (1) Are any of the reinsurers listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? No.
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business? No.

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? No.
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? No.

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0.
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? No.

B. Uncollectible Reinsurance: None.

C. Commutation of Ceded Reinsurance: None.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation: None.

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. – C. Based on member encounter data that the Plan submits to CMS, Medicare premiums are subject to retroactive increase or decrease based upon member medical conditions for up to two years after the original year of service. The Plan estimates the amount of Medicare revenue that will ultimately be realized for the periods presented based on its knowledge of its members' health care utilization patterns and CMS practices. The Plan had net premiums written of \$272.4 million and \$258.3 million for its Medicare business for the years ended December 31, 2018 and 2017, representing 10.5% and 10.8% of total net premiums written in 2018 and 2017, respectively.

The Plan began serving members through the Marketplace in January 2014. Under the risk sharing provisions of the ACA, Marketplace premiums are subject to redetermination through the risk adjustment program in which the risk scores of enrollees are used to determine the final premium amount. In addition, Marketplace premiums are subject to retrospective rating through the risk corridor program in which the Plan and the Federal government share in loss experience above or below a specified range. The Plan estimates accrued retrospective premium adjustments for its Marketplace business through a mathematical approach with inputs that may include premiums, claims costs, administrative expenses, reinsurance recoveries, and risk adjustment transfer payments. The Plan had net premiums written of \$112.6 million and \$85.5 million for its Marketplace business for the years ended December 31, 2018 and 2017, representing 4.4% and 3.6% of the total net premiums written in 2018 and 2017, respectively.

The Plan records accrued retrospective premium as an adjustment to earned premium.

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act

	1	2	3	4	5
	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year					

NOTES TO FINANCIAL STATEMENTS

	1	2	3	4	5
	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
(1) Medical loss ratio rebates incurred	\$ (877,611)	\$	\$	\$	\$ (877,611)
(2) Medical loss ratio rebates paid	\$	\$	\$	\$	\$
(3) Medical loss ratio rebates unpaid	\$	\$	\$	\$	\$
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	\$
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	\$
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	\$	\$	\$	\$	\$
(8) Medical loss ratio rebates paid	\$	\$	\$	\$	\$
(9) Medical loss ratio rebates unpaid	\$	\$	\$	\$	\$
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	\$
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	\$
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$

E. Risk Sharing Provisions of the Affordable Care Act

(1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions

Yes [X] No []

(2) Impact of Risk Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year:

a. Permanent ACA Risk Adjustment Program	AMOUNT
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment (including high risk pool payments)	\$ 479
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	\$ 32,580
3. Premium adjustments payable due to ACA Risk Adjustment (including high risk pool premium)	\$ 1,330,076
Operations (Revenue & Expenses)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$ (2,964,381)
5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	\$ (32,473)

b. Transitional ACA Reinsurance Program	AMOUNT
Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance	\$ 7,183
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	\$
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	\$
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$
Operations (Revenue & Expenses)	
7. Ceded reinsurance premiums due to ACA Reinsurance	\$
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$
9. ACA Reinsurance contributions – not reported as ceded premium	\$

c. Temporary ACA Risk Corridors Program	AMOUNT
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	\$
Operations (Revenue & Expenses)	
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 balance:

	Accrued During the Prior Year on Business Written Before Dec. 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec. 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting 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		0	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium	\$ 2,217,458	\$	\$ 582,674	\$	\$ 1,634,784	\$	\$ (1,634,305)	\$	A	\$ 479	\$

NOTES TO FINANCIAL STATEMENTS

	Accrued the Prior Business Before the Prior	During Year on Written Dec. 31 of Year	Received or the Current Business Before the Prior	Paid as of Year on Written Dec. 31 of Year	Differences		Adjustments		Ref	Unsettled as of the	Balances Reporting 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		0	10
					Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
adjustments receivable (including high risk pool payments)											
2. Premium adjustments (payable) (including high risk pool premium)									B		
3. Subtotal ACA Permanent Risk Adjustment Program	\$ 2,217,458	\$	\$ 582,674	\$	\$ 1,634,784	\$	\$ (1,634,305)	\$		\$ 479	\$
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	\$ 214,372	\$	\$ 207,189	\$	\$ 7,183	\$	\$	\$	C	\$ 7,183	\$
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 premiums									F		
5. Ceded reinsurance premiums payable									G		
6. Liability for amounts held under uninsured plans									H		
7. Subtotal ACA Transitional Reinsurance Program	\$ 214,372	\$	\$ 207,189	\$	\$ 7,183	\$	\$	\$		\$ 7,183	\$
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	I	\$	\$
2. Reserve for rate credits or policy experience rating refunds									J		
3. Subtotal ACA Risk Corridors Program	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$
d. Total for ACA Risk Sharing Provisions	\$ 2,431,830	\$	\$ 789,863	\$	\$ 1,641,967	\$	\$ (1,634,305)	\$		\$ 7,662	\$

Explanations of Adjustments

A. Adjusted to reflect the final settlement amount communicated by CMS in July 2018.

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year: None.

(5) ACA Risk Corridors Receivable as of Reporting Date: The Plan had no ACA risk corridor receivables for the periods from 2014 to 2016.

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

A. Change in Incurred Losses and Loss Adjustment Expenses

The change in prior year estimated claims reserves represents favorable development in claims experience as of December 31, 2018 and 2017, respectively. Original estimates are increased or decreased as additional information becomes known regarding incurred reported claims. Claims unpaid activity during 2018 and 2017 is summarized below:

	Year ended 12/31/2018	Year ended 12/31/2017
Unpaid claims liabilities, accrued medical incentives, and claims adjustment expenses, beginning of period	\$ 196,337,081	\$ 164,238,022
Add provision for claims, net of reinsurance:		
Current year	2,051,313,157	1,929,584,565
Prior years	(13,061,094)	(6,008,702)
Net incurred claims during the current year	2,038,252,063	1,923,575,863

Deduct paid claims, net of reinsurance:

NOTES TO FINANCIAL STATEMENTS

Current year	1,870,918,047	1,778,371,176
Prior years	130,383,204	123,855,724
Net paid claims during the current year	2,001,301,251	1,902,226,900
Change in claims adjustment expenses	662,010	252,033
Change in health care receivables	27,173,832	11,622,310
Change in amounts due from reinsurers	1,877,455	(1,124,247)
Unpaid claims liabilities, accrued medical incentives, and claims adjustment expenses, end of period	\$ 263,001,190	\$ 196,337,081

B. Information about Significant Changes in Methodologies and Assumptions: The Plan did not make any significant changes in methodologies and assumptions used in the calculation of the liability for claims unpaid and unpaid claim adjustment expenses in 2018 or 2017.

Note 26 – Intercompany Pooling Arrangements

None.

Note 27 – Structured Settlements

None.

Note 28 – Health Care Receivables

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days After Billing
12/31/2018	\$ 9,678,894	\$ -	\$ -	\$ -	\$ -
09/30/2018	\$ 8,793,092	\$ -	\$ -	\$ -	\$ -
06/30/2018	\$ 8,978,455	\$ -	\$ -	\$ 7,289,448	\$ -
03/31/2018	\$ 13,954,147	\$ -	\$ -	\$ 7,294,726	\$ 583,647
12/31/2017	\$ 8,039,468	\$ -	\$ -	\$ 6,914,647	\$ 1,338,904
09/30/2017	\$ 7,845,665	\$ -	\$ -	\$ 6,543,366	\$ 1,311,076
06/30/2017	\$ 7,317,868	\$ -	\$ -	\$ 7,083,047	\$ 902,142
03/31/2017	\$ 7,161,283	\$ -	\$ -	\$ 7,035,181	\$ 333,412
12/31/2016	\$ 6,571,634	\$ -	\$ -	\$ 6,501,833	\$ 204,545
09/30/2016	\$ 6,591,795	\$ -	\$ -	\$ 6,312,986	\$ 74,542
06/30/2016	\$ 6,424,247	\$ -	\$ -	\$ 6,063,028	\$ 136,574
03/31/2016	\$ 5,484,572	\$ -	\$ -	\$ 5,924,496	\$ 54,354

B. Risk Sharing Receivables: None.

Note 29 – Participating Policies

None.

Note 30 – Premium Deficiency Reserves

	Year ended 12/31/2018	Year ended 12/31/2017
1. Liability carried for premium deficiency reserve:	\$ -	\$ -
2. Date of most recent evaluation of this liability:	December 31, 2018	December 31, 2017
3. Was anticipated investment income utilized in the calculation?	Yes	Yes

Note 31 – Anticipated Salvage and Subrogation

None.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes [X] No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] N/A []

1.3

State regulating? Ohio

1.4

Is the reporting entity publicly traded or a member of publicly traded group?

Yes [X] No []

1.5

If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.

1179929

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:

12/31/2015

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2015

3.2

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

12/31/2015

3.3

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

11/08/2016

3.4

By what department or departments?
Ohio Department of Insurance

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes [] No [] N/A [X]

3.6

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

Yes [] No [] N/A [X]

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes [] No [X]

4.12

renewals?

Yes [] No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes [] No [X]

4.22

renewals?

Yes [] No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?
If the answer is YES, complete and file the merger history data file with the NAIC.

Yes [] No [X]

5.2

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	2	3
Name of Entity	NAIC Company Code	State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2

If yes,

7.21

State the percentage of foreign control

%

7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1	2
Nationality	Type of Entity

8.1

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

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

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Grant Thornton LLP, 90 State House Square, 10th Floor, Hartford, CT 06103

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [] No [X]

10.2

If the response to 10.1 is yes, provide information related to this exemption:

10.3

Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes [] No [X]

10.4

If the response to 10.3 is yes, provide information related to this exemption:

10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [] No [X] N/A []

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 10.6

If the response to 10.5 is no or n/a, please explain:
The Plan is a direct wholly owned subsidiary of Molina. Molina is a publicly traded company and is subject to compliance with the Sarbanes-Oxley Act. An Audit Committee is maintained at the Corporate level (Molina).
11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Ben Lynam, FSA, MAAA, Chief Actuary, 200 Oceangate, Suite 100, Long Beach, CA 90802 , Employee of the reporting entity
- 12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [☐] No [☒]

12.11

Name of real estate holding company

12.12

Number of parcels involved

0

12.13

Total book/adjusted carrying value

\$0
- 12.2

If yes, provide explanation
13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [☐] No [☐]
- 13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [☐] No [☐]
- 13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [☐] No [☐] N/A [☐]
- 14.1

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

Yes [☒] No [☐]

(a)

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b)

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c)

Compliance with applicable governmental laws, rules and regulations;

(d)

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e)

Accountability for adherence to the code.
- 14.11

If the response to 14.1 is no, please explain:
- 14.2

Has the code of ethics for senior managers been amended?

Yes [☐] No [☒]
- 14.21

If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [☐] No [☒]
- 14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1

Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes [☐] No [☒]
- 15.2

If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount
			\$

BOARD OF DIRECTORS

16.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof?

Yes [☒] No [☐]
17.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes [☒] No [☐]
18.

Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [☒] No [☐]

FINANCIAL

19.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes [☐] No [☒]
- 20.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11

To directors or other officers

\$0

20.12

To stockholders not officers

\$0

20.13

Trustees, supreme or grand (Fraternal only)

\$0
- 20.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21

To directors or other officers

\$0

20.22

To stockholders not officers

\$0

20.23

Trustees, supreme or grand (Fraternal only)

\$0
- 21.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement?

Yes [☐] No [☒]
- 21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Rented from others

\$0

21.22

Borrowed from others

\$0

21.23

Leased from others

\$0

21.24

Other

\$0
- 22.1

Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?

Yes [☒] No [☐]
- 22.2

If answer is yes:

22.21

Amount paid as losses or risk adjustment

\$(582,674)

22.22

Amount paid as expenses

\$4,062,430

22.23

Other amounts paid

\$0
- 23.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [☐] No [☒]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

23.2

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

\$0

INVESTMENT

24.01

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?

Yes [X]No []

24.02

If no, give full and complete information, relating thereto:

24.03

For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

24.04

Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*?

Yes []No []N/A [X]

24.05

If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$0

24.06

If answer to 24.04 is no, report amount of collateral for other programs

\$0

24.07

Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes []No []N/A [X]

24.08

Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes []No []N/A [X]

24.09.

Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes []No []N/A [X]

24.10

For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101

Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:

\$0

24.102

Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:

\$0

24.103

Total payable for securities lending reported on the liability page:

\$0

25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.)

Yes [X]No []

25.2

If yes, state the amount thereof at December 31 of the current year:

25.21

Subject to repurchase agreements

\$0

25.22

Subject to reverse repurchase agreements

\$0

25.23

Subject to dollar repurchase agreements

\$0

25.24

Subject to reverse dollar repurchase agreements

\$0

25.25

Placed under option agreements

\$0

25.26

Letter stock or securities restricted as sale – excluding FHLB Capital Stock

\$0

25.27

FHLB Capital Stock

\$0

25.28

On deposit with states

\$409,681

25.29

On deposit with other regulatory bodies

\$0

25.30

Pledged as collateral – excluding collateral pledged to an FHLB

\$0

25.31

Pledged as collateral to FHLB – including assets backing funding agreements

\$0

25.32

Other

\$0

25.3

For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		\$

26.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes []No [X]

26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes []No []N/A [X]

27.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes []No [X]

27.2

If yes, state the amount thereof at December 31 of the current year:

\$0

28.

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

Yes [X]No []

28.01

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

1 Name of Custodian(s)	2 Custodian's Address
US Bank	60 Livingston Ave, St. Paul, MN 55107
Morgan Stanley	2000 Westchester Ave, Purchase, NY 10577

28.02

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

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

28.03

Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes []No [X]

28.04

If yes, give full and complete information relating thereto:

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

28.05

Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts", "... handle securities"].

1 Name of Firm or Individual	2 Affiliation

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

Morgan Stanley	U
----------------	---

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes [X] No []

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [] No [X]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	Investment Management Agreement (IMA) Filed
149777	Morgan Stanley		SEC	NO

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
		\$
29.2999 TOTAL		\$

29.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
		\$	

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

		1	2	3
		Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	\$ 222,231,934	\$ 220,844,134	\$ (1,387,800)
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 222,231,934	\$ 220,844,134	\$ (1,387,800)

30.4 Describe the sources or methods utilized in determining the fair values:

Fair values are provided by third party vendor, Clearwater Analytics, who uses unit prices published by the Securities Valuation Office of the NAIC (SVO) when available. For securities not priced by the SVO Clearwater Analytics receives pricing from S&P Capital IQ Pricing. Securities with short maturities and infrequent secondary market trades such as Commercial Paper and Certificates of Deposit, Clearwater will calculate prices by accreting the purchase price to face value at maturity.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No []

32.2 If no, list exceptions:

33. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designation 5GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities? Yes [] No [X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes [] No []

OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 162,929

35.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Ohio Association of Health Plans	\$ 115,054

36.1 Amount of payments for legal expenses, if any? \$ 0

36.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
---	---

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

	Name	Amount Paid
		\$
37.1	Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?	\$ 108,403
37.2	List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.	
	1 Name	2 Amount Paid
	State of Ohio	\$ 48,358
	Ohio Association of Health Plans	\$ 29,045
	Ohio Department of Insurance	\$ 29,000

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [☐] No [☒]

1.2

If yes, indicate premium earned on U.S. business only.

\$ 0

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31

Reason for excluding:

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$ 0

1.62

Total incurred claims

\$ 0

1.63

Number of covered lives

0

All years prior to most current three years:

1.64

Total premium earned

\$ 0

1.65

Total incurred claims

\$ 0

1.66

Number of covered lives

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$ 0

1.72

Total incurred claims

\$ 0

1.73

Number of covered lives

0

All years prior to most current three years:

1.74

Total premium earned

\$ 0

1.75

Total incurred claims

\$ 0

1.76

Number of covered lives

0

2.

Health Test:

2.1

Premium Numerator

\$ 2,586,377,418

2.2

Premium Denominator

\$ 2,586,377,418

2.3

Premium Ratio (2.1/2.2)

100.0%

2.4

Reserve Numerator

\$ 261,496,123

2.5

Reserve Denominator

\$ 261,496,123

2.6

Reserve Ratio (2.4/2.5)

100.0%

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [☐] No [☒]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [☒] No [☐]

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [☐] No [☒]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [☒] No [☐]

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$ 1,267,500

5.32

Medical Only

\$ 0

5.33

Medicare Supplement

\$ 0

5.34

Dental and Vision

\$ 0

5.35

Other Limited Benefit Plan

\$ 0

5.36

Other

\$ 0

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

28

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

The Company is insured under an annual HMO excess risk reinsurance agreement effective 1/1/18-12/31/18 with Odyssey Reinsurance Company. Subscribers are also protected against the Company's insolvency through provider agreements, evidence of coverage, and/or member handbooks.

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

47,392

8.2

Number of providers at end of reporting year

52,032

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees with rate guarantees between 15-36 months

\$ 0

9.22

Business with rate guarantees over 36 months

\$ 0

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [X] No []

10.2

If yes:

10.21

Maximum amount payable bonuses

0

10.22

Amount actually paid for year bonuses

2,199,481

10.23

Maximum amount payable withholds

0

10.24

Amount actually paid for year withholds

0

11.1

Is the reporting entity organized as:

11.12

A Medical Group/Staff Model,

Yes [] No [X]

11.13

An Individual Practice Association (IPA), or,

Yes [] No [X]

11.14

A Mixed Model (combination of above)?

Yes [X] No []

11.2

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

Yes [X] No []

11.3

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

11.4

If yes, show the amount required.

\$ 1,700,000

11.5

Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [] No [X]

11.6

If the amount is calculated, show the calculation

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
All Counties

13.1

Do you act as a custodian for health savings accounts?

Yes [] No [X]

13.2

If yes, please provide the amount of custodial funds held as of the reporting date.

\$ 0

13.3

Do you act as an administrator for health savings accounts?

Yes [] No [X]

13.4

If yes, please provide the balance of the funds administered as of the reporting date.

\$ 0

14.1

Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers?

Yes [] No [] N/A [X]

14.2

If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
	0		\$	\$	\$	\$

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).

15.1

Direct Premium Written

\$ 0

15.2

Total Incurred Claims

\$ 0

15.3

Number of Covered Lives

0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary guarantee)
Universal Life (with or without secondary guarantee)
Variable Universal Life (with or without secondary guarantee)

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

16.

Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?

Yes [☐] No [☒]
- 16.1

If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity?

Yes [☐] No [☒]

FIVE-YEAR HISTORICAL DATA

	1 2018	2 2017	3 2016	4 2015	5 2014
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28).....	609,105,390	485,297,878	507,198,541	440,428,785	464,139,951
2. Total liabilities (Page 3, Line 24).....	331,185,039	255,829,086	272,313,935	249,769,744	281,487,305
3. Statutory minimum capital and surplus requirement.....	1,700,000	136,632,034	122,926,278	120,982,498	1,700,000
4. Total capital and surplus (Page 3, Line 33).....	277,920,351	229,468,792	234,884,606	190,659,041	182,652,646
Income Statement Items (Page 4)					
5. Total revenues (Line 8).....	2,593,036,959	2,398,699,130	2,198,466,692	2,270,786,246	1,781,827,630
6. Total medical and hospital expenses (Line 18).....	2,038,252,063	1,923,575,863	1,713,637,117	1,693,325,358	1,351,464,312
7. Claims adjustment expenses (Line 20).....	76,633,084	77,501,025	66,588,117	58,904,765	47,083,942
8. Total administrative expenses (Line 21).....	325,069,000	328,835,605	330,722,026	334,454,032	285,253,605
9. Net underwriting gain (loss) (Line 24).....	153,082,812	68,786,637	87,519,432	184,102,091	98,025,771
10. Net investment gain (loss) (Line 27).....	7,817,777	4,349,534	2,947,790	2,193,716	1,109,281
11. Total other income (Lines 28 plus 29).....	2,382,448	(2,514,853)	(1,795,223)	(768,822)	(3,890,299)
12. Net income or (loss) (Line 32).....	120,276,172	44,667,174	45,859,304	110,034,061	55,873,718
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	133,063,165	7,338,163	60,927,938	48,876,752	194,625,334
Risk-Based Capital Analysis					
14. Total adjusted capital.....	277,920,351	229,468,792	234,884,606	190,659,041	182,652,646
15. Authorized control level risk-based capital.....	73,583,629	68,316,017	61,463,139	60,491,249	45,179,102
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7).....	301,811	326,597	332,102	327,022	346,662
17. Total member months (Column 6, Line 7).....	3,976,327	4,146,023	4,041,660	4,073,792	3,649,981
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19).	78.6	80.2	77.9	74.6	75.8
20. Cost containment expenses.....	2.7	3.0	2.8	2.3	2.4
21. Other claims adjustment expenses.....	0.2	0.3	0.2	0.3	0.3
22. Total underwriting deductions (Line 23).....	94.1	97.1	96.0	91.9	94.5
23. Total underwriting gain (loss) (Line 24).....	5.9	2.9	4.0	8.1	5.5
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5).....	133,575,158	123,880,855	129,078,402	134,829,789	61,890,811
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	146,483,047	126,258,331	140,161,347	166,906,467	82,001,666
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....					
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....					
32. Total of above Lines 26 to 31.....	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status (a)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama.....AL	N.....							.....0	
2.	Alaska.....AK	N.....							.....0	
3.	Arizona.....AZ	N.....							.....0	
4.	Arkansas.....AR	N.....							.....0	
5.	California.....CA	N.....							.....0	
6.	Colorado.....CO	N.....							.....0	
7.	Connecticut.....CT	N.....							.....0	
8.	Delaware.....DE	N.....							.....0	
9.	District of Columbia.....DC	N.....							.....0	
10.	Florida.....FL	N.....							.....0	
11.	Georgia.....GA	N.....							.....0	
12.	Hawaii.....HI	N.....							.....0	
13.	Idaho.....ID	N.....							.....0	
14.	Illinois.....IL	N.....							.....0	
15.	Indiana.....IN	N.....							.....0	
16.	Iowa.....IA	N.....							.....0	
17.	Kansas.....KS	N.....							.....0	
18.	Kentucky.....KY	N.....							.....0	
19.	Louisiana.....LA	N.....							.....0	
20.	Maine.....ME	N.....							.....0	
21.	Maryland.....MD	N.....							.....0	
22.	Massachusetts.....MA	N.....							.....0	
23.	Michigan.....MI	N.....							.....0	
24.	Minnesota.....MN	N.....							.....0	
25.	Mississippi.....MS	N.....							.....0	
26.	Missouri.....MO	N.....							.....0	
27.	Montana.....MT	N.....							.....0	
28.	Nebraska.....NE	N.....							.....0	
29.	Nevada.....NV	N.....							.....0	
30.	New Hampshire.....NH	N.....							.....0	
31.	New Jersey.....NJ	N.....							.....0	
32.	New Mexico.....NM	N.....							.....0	
33.	New York.....NY	N.....							.....0	
34.	North Carolina.....NC	N.....							.....0	
35.	North Dakota.....ND	N.....							.....0	
36.	Ohio.....OH	L.....	...112,811,849	...272,470,268	2,205,270,294				..2,590,552,411	
37.	Oklahoma.....OK	N.....							.....0	
38.	Oregon.....OR	N.....							.....0	
39.	Pennsylvania.....PA	N.....							.....0	
40.	Rhode Island.....RI	N.....							.....0	
41.	South Carolina.....SC	N.....							.....0	
42.	South Dakota.....SD	N.....							.....0	
43.	Tennessee.....TN	N.....							.....0	
44.	Texas.....TX	N.....							.....0	
45.	Utah.....UT	N.....							.....0	
46.	Vermont.....VT	N.....							.....0	
47.	Virginia.....VA	N.....							.....0	
48.	Washington.....WA	N.....							.....0	
49.	West Virginia.....WV	N.....							.....0	
50.	Wisconsin.....WI	N.....							.....0	
51.	Wyoming.....WY	N.....							.....0	
52.	American Samoa.....AS	N.....							.....0	
53.	Guam.....GU	N.....							.....0	
54.	Puerto Rico.....PR	N.....							.....0	
55.	U.S. Virgin Islands.....VI	N.....							.....0	
56.	Northern Mariana Islands.....MP	N.....							.....0	
57.	Canada.....CAN	N.....							.....0	
58.	Aggregate Other alien.....OT	XXX.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
59.	Subtotal.....	XXX.....	...112,811,849	...272,470,268	2,205,270,294	.....0	.....0	.....0	..2,590,552,411	.....0
60.	Reporting entity contributions for Employee Benefit Plans.....	XXX.....							.....0	
61.	Total (Direct Business).....	XXX.....	...112,811,849	...272,470,268	2,205,270,294	.....0	.....0	.....0	..2,590,552,411	.....0

DETAILS OF WRITE-INS

58001.								.....0	
58002.								.....0	
58003.								.....0	
58998.	Summary of remaining write-ins for line 58.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
58999.	Total (Lines 58001 through 58003 + 58998).....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

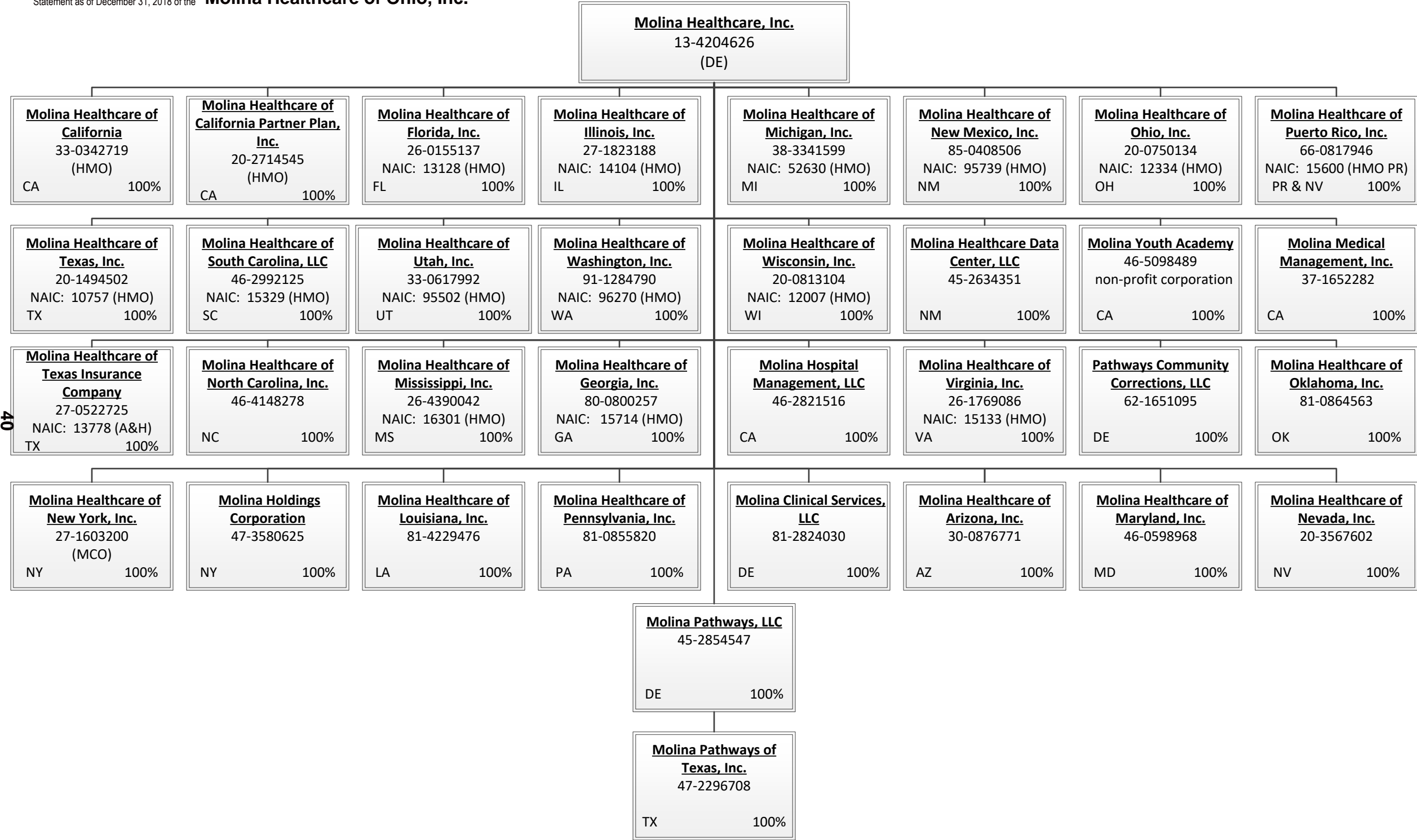
Explanation of basis of allocation by states, premiums by state, etc.
All premiums written within the state of Ohio.

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....	1
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state	0

R - Registered - Non-domiciled RRGs.....	0
Q - Qualified - Qualified or accredited reinsurer.....	0
N - None of the above - Not allowed to write business in the state.....	56

Molina Healthcare of Ohio, Inc.



2018 ALPHABETICAL INDEX
HEALTH ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7	Schedule D – Part 6 – Section 2	E16
Assets	2	Schedule D – Summary By Country	SI04
Cash Flow	6	Schedule D – Verification Between Years	SI03
Exhibit 1 – Enrollment By Product Type for Health Business Only	17	Schedule DA – Part 1	E17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DA – Verification Between Years	SI10
Exhibit 3 – Health Care Receivables	19	Schedule DB – Part A – Section 1	E18
Exhibit 3A – Health Care Receivables Collected and Accrued	20	Schedule DB – Part A – Section 2	E19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21	Schedule DB – Part A – Verification Between Years	SI11
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	22	Schedule DB – Part B – Section 1	E20
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	23	Schedule DB – Part B – Section 2	E21
Exhibit 7 – Part 1 – Summary of Transactions With Providers	24	Schedule DB – Part B – Verification Between Years	SI11
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	24	Schedule DB – Part C – Section 1	SI12
Exhibit 8 – Furniture, Equipment and Supplies Owned	25	Schedule DB – Part C – Section 2	SI13
Exhibit of Capital Gains (Losses)	15	Schedule DB – Part D – Section 1	E22
Exhibit of Net Investment Income	15	Schedule DB – Part D – Section 2	E23
Exhibit of Nonadmitted Assets	16	Schedule DB – Verification	SI14
Exhibit of Premiums, Enrollment and Utilization (State Page)	30	Schedule DL – Part 1	E24
Five-Year Historical Data	29	Schedule DL – Part 2	E25
General Interrogatories	27	Schedule E – Part 1 – Cash	E26
Jurat Page	1	Schedule E – Part 2 – Cash Equivalents	E27
Liabilities, Capital and Surplus	3	Schedule E – Verification Between Years	SI15
Notes To Financial Statements	26	Schedule E – Part 3 – Special Deposits	E28
Overflow Page For Write-ins	44	Schedule S – Part 1 – Section 2	31
Schedule A – Part 1	E01	Schedule S – Part 2	32
Schedule A – Part 2	E02	Schedule S – Part 3 – Section 2	33
Schedule A – Part 3	E03	Schedule S – Part 4	34
Schedule A – Verification Between Years	SI02	Schedule S – Part 5	35
Schedule B – Part 1	E04	Schedule S – Part 6	36
Schedule B – Part 2	E05	Schedule S – Part 7	37
Schedule B – Part 3	E06	Schedule T – Part 2 – Interstate Compact	39
Schedule B – Verification Between Years	SI02	Schedule T – Premiums and Other Considerations	38
Schedule BA – Part 1	E07	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule BA – Part 2	E08	Schedule Y – Part 1A – Detail of Insurance Holding Company System	41
Schedule BA – Part 3	E09	Schedule Y – Part 2 – Summary of Insurer’s Transactions With Any Affiliates	42
Schedule BA – Verification Between Years	SI03	Statement of Revenue and Expenses	4
Schedule D – Part 1	E10	Summary Investment Schedule	SI01
Schedule D – Part 1A – Section 1	SI05	Supplemental Exhibits and Schedules Interrogatories	43
Schedule D – Part 1A – Section 2	SI08	Underwriting and Investment Exhibit – Part 1	8
Schedule D – Part 2 – Section 1	E11	Underwriting and Investment Exhibit – Part 2	9
Schedule D – Part 2 – Section 2	E12	Underwriting and Investment Exhibit – Part 2A	10
Schedule D – Part 3	E13	Underwriting and Investment Exhibit – Part 2B	11
Schedule D – Part 4	E14	Underwriting and Investment Exhibit – Part 2C	12
Schedule D – Part 5	E15	Underwriting and Investment Exhibit – Part 2D	13
Schedule D – Part 6 – Section 1	E16	Underwriting and Investment Exhibit – Part 3	14