



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2019  
OF THE CONDITION AND AFFAIRS OF THE

CareSource

NAIC Group Code	3683	3683	NAIC Company Code	95201	Employer's ID Number	31-1143265
	(Current Period)	(Prior Period)				
Organized under the Laws of	Ohio			State of Domicile or Port of Entry	Ohio	
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health [ ]		Property/Casualty [ ]		Hospital, Medical & Dental Service or Indemnity [ ]	
	Dental Service Corporation [ ]		Vision Service Corporation [ ]		Health Maintenance Organization [ X ]	
	Other [ ]				Is HMO Federally Qualified? Yes [ ] No [ X ]	
Incorporated/Organized	06/12/1985		Commenced Business		10/01/1988	
Statutory Home Office	230 North Main Street		Dayton, OH, US 45402			
	(Street and Number)		(City or Town, State, Country and Zip Code)			
Main Administrative Office	230 North Main Street		Dayton, OH, US 45402		937-531-3300	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	PO Box 2208		Dayton, OH, US 45401-2208			
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	230 North Main Street		Dayton, OH, US 45402		937-531-3614	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.caresource.com					
Statutory Statement Contact	Demetri Inempolidis		937-531-3614			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	demetri.inempolidis@caresource.com		937-487-1744			
	(E-Mail Address)		(FAX Number)			

OFFICERS

Name	Title	Name	Title
Stephen L. Ringel	President, Ohio Market	David W. Goltz	Chief Financial Officer
Daniel J. McCabe	Chief Administrative and Human Resource Officer	Erhardt H. Preitauer	President and Chief Executive Officer

OTHER OFFICERS

Jai P. Pillai	Chief Operating Officer
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DIRECTORS OR TRUSTEES

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

State of .....Ohio.....  
County of .....Montgomery..... ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Stephen L. Ringel President, Ohio Market	David W. Goltz Chief Financial Officer	Daniel J. McCabe Chief Administrative and Human Resource Officer
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a. Is this an original filing? Yes [ X ] No [ ]

b. If no:

1. State the amendment number \_\_\_\_\_

2. Date filed \_\_\_\_\_

3. Number of pages attached \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_,

\_\_\_\_\_

ASSETS

	Current Statement Date			4  December 31 Prior Year Net Admitted Assets
	1  Assets	2  Nonadmitted Assets	3  Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	721,562,767		721,562,767	760,040,851
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	92,332,739		92,332,739	178,259,540
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....279,672,416 ), cash equivalents (\$ .....95,844,394 ) and short-term investments (\$ .....0 ) .....	375,516,811		375,516,811	233,828,740
6. Contract loans (including \$ .....premium notes) .....			0	0
7. Derivatives .....	0		0	0
8. Other invested assets .....	0		0	0
9. Receivables for securities .....			0	2,086
10. Securities lending reinvested collateral assets .....			0	0
11. Aggregate write-ins for invested assets .....	859,080	859,080	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	1,190,271,397	859,080	1,189,412,317	1,172,131,217
13. Title plants less \$ .....charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	6,068,719		6,068,719	6,238,199
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	332,698,507	1,022,816	331,675,691	245,266,340
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....earned but unbilled premiums) .....			0	0
15.3 Accrued retrospective premiums (\$ .....48,830,048 ) and contracts subject to redetermination (\$ ..... ) .....	48,830,048		48,830,048	33,429,847
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	0		0	6,875,797
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....	46,271,897		46,271,897	25,049,973
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
18.2 Net deferred tax asset .....			0	0
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software .....			0	0
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....			0	0
24. Health care (\$ .....125,777,537 ) and other amounts receivable .....	224,114,926	98,337,389	125,777,537	166,828,938
25. Aggregate write-ins for other-than-invested assets .....	3,731,388	3,731,388	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,851,986,882	103,950,673	1,748,036,209	1,655,820,310
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	1,851,986,882	103,950,673	1,748,036,209	1,655,820,310
<b>DETAILS OF WRITE-INS</b>				
1101. Investment in CareSource Foundation .....	859,080	859,080	0	0
1102. ....			0	0
1103. ....			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	859,080	859,080	0	0
2501. Prepaid Assets .....	3,731,388	3,731,388	0	0
2502. ....			0	0
2503. ....			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	3,731,388	3,731,388	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....24,556,503 reinsurance ceded).....	765,737,286		765,737,286	668,493,877
2. Accrued medical incentive pool and bonus amounts .....	22,347,659		22,347,659	19,884,826
3. Unpaid claims adjustment expenses .....	16,659,137		16,659,137	17,081,481
4. Aggregate health policy reserves including the liability of \$ ..... for medical loss ratio rebate per the Public Health Service Act .....			0	0
5. Aggregate life policy reserves .....			0	0
6. Property/casualty unearned premium reserve .....			0	0
7. Aggregate health claim reserves .....			0	0
8. Premiums received in advance .....	19,091,986		19,091,986	31,727,501
9. General expenses due or accrued .....	158,926,817		158,926,817	140,475,910
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses)) .....			0	0
10.2 Net deferred tax liability.....			0	0
11. Ceded reinsurance premiums payable .....			0	0
12. Amounts withheld or retained for the account of others .....			0	0
13. Remittances and items not allocated .....			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....			0	0
15. Amounts due to parent, subsidiaries and affiliates .....	18,036,626		18,036,626	22,515,721
16. Derivatives.....			0	0
17. Payable for securities .....			0	164
18. Payable for securities lending .....			0	0
19. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers, \$ ..... unauthorized reinsurers and \$ ..... certified reinsurers) .....			0	0
20. Reinsurance in unauthorized and certified (\$ ..... ) companies .....			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates .....			0	0
22. Liability for amounts held under uninsured plans .....	756,260		756,260	2,600,776
23. Aggregate write-ins for other liabilities (including \$ ..... current) .....	0	0	0	0
24. Total liabilities (Lines 1 to 23).....	1,001,555,771	0	1,001,555,771	902,780,256
25. Aggregate write-ins for special surplus funds .....	XXX	XXX	0	0
26. Common capital stock .....	XXX	XXX		0
27. Preferred capital stock .....	XXX	XXX		0
28. Gross paid in and contributed surplus .....	XXX	XXX	17,200,000	17,200,000
29. Surplus notes .....	XXX	XXX		0
30. Aggregate write-ins for other-than-special surplus funds .....	XXX	XXX	0	0
31. Unassigned funds (surplus) .....	XXX	XXX	729,280,438	735,840,054
32. Less treasury stock, at cost:				
32.1 ..... shares common (value included in Line 26 \$ ..... ) .....	XXX	XXX		0
32.2 ..... shares preferred (value included in Line 27 \$ ..... ) .....	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32) .....	XXX	XXX	746,480,438	753,040,054
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,748,036,209	1,655,820,310
DETAILS OF WRITE-INS				
2301. ....			0	0
2302. ....			0	0
2303. ....			0	0
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501. ....	XXX	XXX		0
2502. ....	XXX	XXX		0
2503. ....	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001. ....	XXX	XXX		0
3002. ....	XXX	XXX		0
3003. ....	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page .....	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	11,670,203	12,434,438	16,431,778
2. Net premium income (including \$ non-health premium income).....	XXX	6,357,884,469	6,084,991,397	8,189,745,127
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	4,122,268	3,006,670	1,599,961
4. Fee-for-service (net of \$ medical expenses) .....	XXX		0	0
5. Risk revenue .....	XXX		0	0
6. Aggregate write-ins for other health care related revenues .....	XXX	102,210,660	108,455,077	143,454,031
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	6,464,217,396	6,196,453,144	8,334,799,119
Hospital and Medical:				
9. Hospital/medical benefits .....		2,737,941,769	2,582,325,815	3,463,739,101
10. Other professional services .....		1,670,670,589	1,363,565,198	1,899,140,101
11. Outside referrals .....			0	0
12. Emergency room and out-of-area .....		78,455,680	256,411,814	337,627,646
13. Prescription drugs .....		1,173,162,296	1,236,392,905	1,600,998,607
14. Aggregate write-ins for other hospital and medical.....	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		9,951,682	11,721,981	20,383,892
16. Subtotal (Lines 9 to 15) .....	0	5,670,182,016	5,450,417,713	7,321,889,347
Less:				
17. Net reinsurance recoveries .....		27,814,183	23,609,671	43,917,294
18. Total hospital and medical (Lines 16 minus 17) .....	0	5,642,367,833	5,426,808,042	7,277,972,053
19. Non-health claims (net).....			0	0
20. Claims adjustment expenses, including \$ 105,936,513 cost containment expenses.....		123,779,164	122,528,760	146,951,174
21. General administrative expenses.....		747,515,053	624,669,677	887,482,376
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....			0	0
23. Total underwriting deductions (Lines 18 through 22) .....	0	6,513,662,051	6,174,006,479	8,312,405,603
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	(49,444,655)	22,446,665	22,393,516
25. Net investment income earned .....		22,079,357	23,002,252	38,088,957
26. Net realized capital gains (losses) less capital gains tax of \$ .....		15,703,058	15,722,377	15,635,804
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	37,782,415	38,724,629	53,724,761
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ) (amount charged off \$ )] .....			0	0
29. Aggregate write-ins for other income or expenses .....	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	(11,662,240)	61,171,294	76,118,278
31. Federal and foreign income taxes incurred .....	XXX		0	0
32. Net income (loss) (Lines 30 minus 31) .....	XXX	(11,662,240)	61,171,294	76,118,278
DETAILS OF WRITE-INS				
0601. Pay for Performance Revenue (P4P).....	XXX		15,560,129	14,168,106
0602. Quality Withhold.....	XXX	102,210,660	92,894,948	129,285,925
0603. ....	XXX		0	0
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	102,210,660	108,455,077	143,454,031
0701. ....	XXX		0	0
0702. ....	XXX		0	0
0703. ....	XXX		0	0
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	XXX	0	0	0
1401. ....			0	0
1402. ....			0	0
1403. ....			0	0
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	0	0
2901. ....			0	0
2902. ....			0	0
2903. ....			0	0
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
33. Capital and surplus prior reporting year.....	753,040,053	803,958,362	803,958,362
34. Net income or (loss) from Line 32 .....	(11,662,240)	61,171,294	76,118,278
35. Change in valuation basis of aggregate policy and claim reserves .....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....	13,432,668	(4,120,165)	(38,934,556)
37. Change in net unrealized foreign exchange capital gain or (loss) .....		0	0
38. Change in net deferred income tax .....		0	0
39. Change in nonadmitted assets .....	(6,908,745)	(62,559,386)	(87,094,083)
40. Change in unauthorized and certified reinsurance .....	0	0	0
41. Change in treasury stock .....	0	0	0
42. Change in surplus notes .....	0	0	0
43. Cumulative effect of changes in accounting principles .....		0	0
44. Capital Changes:			
44.1 Paid in .....		0	0
44.2 Transferred from surplus (Stock Dividend) .....		0	0
44.3 Transferred to surplus .....		0	0
45. Surplus adjustments:			
45.1 Paid in .....		0	0
45.2 Transferred to capital (Stock Dividend) .....	0	0	0
45.3 Transferred from capital .....	(1,421,298)	(567,705)	(1,007,948)
46. Dividends to stockholders .....		0	0
47. Aggregate write-ins for gains or (losses) in surplus .....	0	0	0
48. Net change in capital and surplus (Lines 34 to 47) .....	(6,559,615)	(6,075,962)	(50,918,310)
49. Capital and surplus end of reporting period (Line 33 plus 48)	746,480,437	797,882,400	753,040,053
<b>DETAILS OF WRITE-INS</b>			
4701. ....		0	0
4702. ....		0	0
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	6,341,297,064	6,079,931,031	8,162,651,665
2. Net investment income .....	25,041,843	23,344,439	39,516,680
3. Miscellaneous income .....	7,968,522	5,420,913	29,933,199
4. Total (Lines 1 to 3) .....	6,374,307,428	6,108,696,383	8,232,101,544
5. Benefit and loss related payments .....	5,500,994,507	5,443,842,560	7,373,443,854
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	880,811,189	780,844,163	1,057,643,339
8. Dividends paid to policyholders .....		0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	0	0	0
10. Total (Lines 5 through 9) .....	6,381,805,696	6,224,686,723	8,431,087,193
11. Net cash from operations (Line 4 minus Line 10) .....	(7,498,268)	(115,990,340)	(198,985,650)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	132,709,457	88,957,535	134,637,174
12.2 Stocks .....	119,879,136	65,513,234	65,513,234
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0	0
12.7 Miscellaneous proceeds .....	1,922	502,296	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	252,590,516	154,973,065	200,150,408
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	96,715,049	288,340,803	303,156,256
13.2 Stocks .....	5,125,941	91,484,613	109,400,771
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	0	0
13.5 Other invested assets .....	0	0	0
13.6 Miscellaneous applications .....	0	409,197	1,922
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	101,840,990	380,234,612	412,558,950
14. Net increase (or decrease) in contract loans and premium notes .....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	150,749,526	(225,261,548)	(212,408,542)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	(2,000,000)	(2,000,000)	(2,000,000)
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....		0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied).....	436,813	(3,585,426)	(3,716,020)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(1,563,187)	(5,585,426)	(5,716,020)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	141,688,071	(346,837,313)	(417,110,211)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	233,828,742	650,938,953	650,938,953
19.2 End of period (Line 18 plus Line 19.1) .....	375,516,813	304,101,640	233,828,742

STATEMENT AS OF SEPTEMBER 30, 2019 OF THE CareSource

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year .....	1,321,793	69,188	.0	.0	.0	.0	.0	22,197	1,230,408	.0
2. First Quarter .....	1,309,171	56,565	.0	.0	.0	.0	.0	23,617	1,228,989	.0
3. Second Quarter .....	1,292,111	51,549	.0	.0	.0	.0	.0	23,718	1,216,844	.0
4. Third Quarter .....	1,270,821	48,244						23,284	1,199,293	
5. Current Year	0									
6. Current Year Member Months	11,670,203	468,087						212,255	10,989,861	
Total Member Ambulatory Encounters for Period:										
7. Physician .....	7,513,990	218,069						376,738	6,919,183	
8. Non-Physician .....	12,043,450	183,739						1,452,214	10,407,497	
9. Total	19,557,440	401,808	0	0	0	0	0	1,828,952	17,326,680	0
10. Hospital Patient Days Incurred	610,297	11,980						49,186	549,131	
11. Number of Inpatient Admissions	127,902	2,524						8,482	116,896	
12. Health Premiums Written (a).....	6,385,261,276	263,435,054						301,064,830	5,820,761,392	
13. Life Premiums Direct.....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned .....	6,389,383,544	263,435,054						305,187,098	5,820,761,392	
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services .....	5,677,390,751	226,137,010						308,345,323	5,142,908,418	
18. Amount Incurred for Provision of Health Care Services	5,670,182,016	201,390,007						273,728,756	5,195,063,253	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 0

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

[illegible]



UNDERWRITING AND INVESTMENT EXHIBIT  
ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid Dec. 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	35,573,005	183,638,090	2,647,107	28,095,675	38,220,112	48,655,633
2. Medicare Supplement .....					0	0
3. Dental only .....					0	0
4. Vision only .....					0	0
5. Federal Employees Health Benefits Plan .....					0	0
6. Title XVIII - Medicare .....	43,507,235	264,657,534	(1,327,078)	39,240,667	42,180,157	44,351,382
7. Title XIX - Medicaid .....	535,931,566	4,591,678,239	1,728,534	695,352,380	537,660,100	575,486,862
8. Other health .....					0	0
9. Health subtotal (Lines 1 to 8).....	615,011,806	5,039,973,863	3,048,563	762,688,722	618,060,369	668,493,877
10. Health care receivables (a) .....	77,221,180	37,130,066	11,270,652	81,237,944	88,491,832	87,046,916
11. Other non-health .....					0	0
12. Medical incentive pools and bonus amounts .....	6,830,311	658,539	12,959,126	9,388,533	19,789,437	19,884,826
13. Totals (Lines 9-10+11+12)	544,620,937	5,003,502,336	4,737,037	690,839,311	549,357,974	601,331,787

(a) Excludes \$ .....75,384,675 loans or advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

. Summary of Significant Accounting Policies

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

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

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

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

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

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements total \$(11,866,586) in net income and \$(95,132,827) in net statutory surplus.

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

NET INCOME/(LOSS)	SSAP #	F/S Page	F/S Line #	September 30, 2019	December 31, 2018
1) CS Ohio state basis (Page 4, Line 32, Columns 2 & 4)	N/A	4	32	\$ (11,662,240)	\$ 76,118,278
2) State Prescribed Practices that are an increase/(decrease) NAIC SAP:				\$ -	\$ -
3) State Permitted Practices that are an increase/(decrease) NAIC SAP:				\$ -	\$ -
4) NAIC SAP (1-2-3=4)	N/A	4	32	\$ (11,662,240)	\$ 76,118,278
SURPLUS					
1) CS Ohio state basis (Page 3, Line 33, Columns 3 & 4)	N/A	3	33	\$ 746,480,438	\$ 753,040,054
2) State Prescribed Practices that are an increase/(decrease) NAIC SAP:				\$ -	\$ -
3) State Permitted Practices that are an increase/(decrease) NAIC SAP				\$ -	\$ -
4) NAIC SAP (5-6-7=8)	N/A	3	33	\$ 746,480,438	\$ 753,040,054

## NOTES TO FINANCIAL STATEMENTS

1C. Accounting Policy – No change

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

2. Accounting Changes and Correction of Errors – None

3. Business Combinations and Goodwill – None

4. Discontinued Operations – None

5. Investments

A. Mortgage Loans - None

B. Debt Restructuring - None

C. Reverse Mortgage - None

D. Loan-Backed Securities:

(1) Prepayment Assumptions - 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) Securities with a recognized OTTI - None

(3) Securities by CUSIP with a recognized OTTI - None

(4) Impaired Securities without recognized OTTI

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	0.00
		2. 12 Months or Longer	0.00
b.	The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	0.00
		2. 12 Months or Longer	0.00

(5) Additional information –

Management regularly reviews the value of CS’s investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is other-than-temporary impairment. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c.i.) for non-interest-related declines in corporate and government bonds, the intent and ability of CS to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (c.ii.) for interest related declines in corporate and government bonds, the intent of CS to sell the investment at the reporting date, (c.iii.) for mortgage-backed securities, whether CS expects to recover the entire amortized cost basis of the security and whether CS has the intent to sell or intent and ability to hold the investments for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments, and (e) general market conditions and industry or sector specific factors. As of September 30, 2019 the Company holds \$77.6 million of mortgage or other loan backed securities.

CS does not hold any investments as of September 30, 2019 that are subject to redemption restrictions or penalties therefore all holdings can be liquidated immediately upon request, without penalty.

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

(1) Impairment Losses – None

(2) Sale of Real Estate – None

(3) Change of Plans – None

(4) Retail Land Sales – None

(5) Real Estate with Mortgage Loans – None

K. Low income housing – None

L. Restricted assets (Including Pledged)

NOTES TO FINANCIAL STATEMENTS

		1	2	3	4	5	6	7
		Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted From Prior Year	Increase/ Decrease (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Restricted (1 minus 4)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	Admitted Restricted to Total Admitted Assets (b)
a.	Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
b.	Collateral held under security lending agreements	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
c.	Subject to repurchase agreements	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
d.	Subject to reverse repurchase agreements	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
e.	Subject to dollar repurchase agreements	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
f.	Subject to dollar reverse repurchase agreements	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
g.	Placed under option contracts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
h.	Letter stock or securities restricted as to sale - excluding FHLB capital stock	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
i.	FHLB capital stock	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
j.	On deposit with states	\$ 3,500,000	\$ 3,500,000	\$ -	\$ -	\$ 3,500,000	0.2%	0.2%
k.	On deposit with other regulatory bodies	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
l.	Pledged as collateral to FHLB (including assets backing funding agreements)	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
m.	Pledged as collateral not captured in other categories	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
n.	Other restricted assets	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
o.	Total Restricted Assets	\$ 3,500,000	\$ 3,500,000	\$ -	\$ -	\$ 3,500,000	5.3%	0.2%

- M. Working Capital Finance Investments – None
- N. Offsetting and Netting of Assets and Liabilities –None
- O. As of September 30, 2019 CS has \$192.5 million in structured bonds.

As of 09/30/2019				
CUSIP Identification	Acutal Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security (Y/N)
06048WVJ6	\$ 15,000,000.00	\$ 15,039,270.00	\$ 15,000,000.00	N
06048WWR7	10,000,000.00	10,151,700.00	10,000,000.00	N
06366RLS2	5,000,000.00	4,811,350.00	5,000,000.00	N
064159CG9	10,000,000.00	10,016,000.00	10,000,000.00	N
06744CPD7	10,000,000.00	10,054,630.00	10,000,000.00	N
06746X5Q2	10,000,000.00	10,034,180.00	10,000,000.00	N
22548Q7D1	10,000,000.00	9,430,900.00	10,000,000.00	N
38147QSG2	5,000,000.00	4,950,800.00	5,000,000.00	N
38148TMS5	10,000,000.00	10,002,090.00	10,000,000.00	N
38148TMU0	5,000,000.00	5,000,550.00	5,000,000.00	N
38150A2Q7	5,000,000.00	4,995,095.00	5,000,000.00	N
40432X7F2	5,000,000.00	4,994,500.00	5,000,000.00	N
48126D5U9	5,000,000.00	4,998,150.00	5,000,000.00	N
48126D6L8	4,962,500.00	4,977,000.00	4,977,680.69	N
48126D6V6	4,925,000.00	4,998,000.00	4,947,628.34	N
48126DBT5	4,975,000.00	4,999,600.00	4,986,532.49	N
48126DLV9	5,000,000.00	4,968,650.00	5,000,000.00	N
48126NSY4	2,970,000.00	3,028,842.00	2,981,837.93	N
78008SLL8	5,000,000.00	4,940,750.00	5,000,000.00	N
78012KAH0	10,000,000.00	10,361,470.00	10,000,000.00	N
89114QM54	5,000,000.00	5,000,645.00	5,000,000.00	N
89233P6R2	5,000,000.00	4,978,650.00	5,000,000.00	N
89233P7J9	4,417,500.00	5,002,200.00	4,600,381.72	N
89236TER2	15,000,000.00	14,997,570.00	15,000,000.00	N
94986RKV2	5,000,000.00	4,946,950.00	5,000,000.00	N
94986RYA3	5,000,000.00	4,994,330.00	5,000,000.00	N
95000N3L1	10,000,000.00	9,847,800.00	10,000,000.00	N
Total	\$ 192,250,000.00	\$ 192,521,672.00	\$ 192,494,061.17	

- P. 5\*GI Securities-None
- Q. Short Sales-None

R. Prepayment Penalty and Acceleration Fees

NOTES TO FINANCIAL STATEMENTS

	General Account	
(1) Number Of CUSIPs	2	
(2) Aggregate Amount of Investment Income		7,560

1	2	3	4	5	6
CUSIP	Description	Stat Class	Category	Call Date	Investment Income
487836BC1	KELLOGG CO	Long Term (D-1)	Indust. & Misc.	09/08/2019	7,560.00
99999 Total					7,560.00

6. Joint Ventures, Partnerships and Limited Liability Companies – None
7. Investment Income – No change
8. Derivative Instruments – None
9. Income Taxes – No change
10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties – No change
11. Debt – None
12. Retirement Plans, Deferred Compensation, Post-Employment Benefits and Compensated Absences and Other Post Retirement Benefit Plans – None
13. Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations
- 1) The Company has no shares outstanding.
  - 2) The Company has no preferred stock outstanding.
  - 3) Distribution restrictions – N/A
  - 4) Dividend or distributions paid – N/A
  - 5) Portion of income payable as ordinary dividends – N/A
  - 6) Restrictions on unassigned funds (surplus) – None
  - 7) Mutual reciprocals – N/A
  - 8) Stock held – N/A
  - 9) Special surplus funds change – None
  - 10) The portion of unassigned funds (surplus) reduced by cumulative unrealized gains is \$13,432,668
  - 12) Quasi-reorganization – N/A
  - 13) Quasi-reorganization date – N/A
14. Contingencies – No change
15. Leases- No Change
16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk – Not applicable
17. Sale, transfer and servicing of financial assets and extinguishments of liabilities
- a. Transfers of receivables reported as sales - None
  - b. Transfer and servicing of financial assets - None
  - c. Wash sales - None
18. Gain or Loss to the reporting entity from uninsured plans and the uninsured portion of partially insured plans – No Change
19. Direct premium written/produced by managing general agents/third party administrators – Not applicable
20. Fair Value Measurements –

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

Debt and Equity Securities

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

Cash, Cash Equivalents, and Short-Term Investments

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

(1) Fair Value Measurements at Reporting Date

STATEMENT AS OF September 30, 2019 OF Entity 95201 - CareSource Ohio					
STAT Base Notes to Financials 20 A 1					
Fair Value Measurements at Reporting Date					
Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value					
Cash Equivalent (E-2)					
Exempt MM Mutual Fund	57,606,526	0	0	0	57,606,526
Other MM Mutual Fund	38,237,869	0	0	0	38,237,869
Total Cash Equivalent (E-2)	95,844,394	0	0	0	95,844,394
Long Term (D-1)					
Indust. & Misc.	10,043,750	0	0	0	10,043,750
Total Long Term (D-1)	10,043,750	0	0	0	10,043,750
Common Stock (D-2.2)					
Mutual Funds	92,332,739	0	0	0	92,332,739
Total Common Stock (D-2.2)	92,332,739	0	0	0	92,332,739
Separate account assets	---	---	---	---	---
Total assets at fair value	198,220,884	0	0	0	198,220,884
b. Liabilities at fair value					
Derivative liabilities	---	---	---	---	---
Total Liabilities at fair value	---	---	---	---	---

\$0.00 was transferred from level 1 to level 2 and \$0.00 was transferred level 2 to level 1  
Reporting changed to reflect everything a level 1

STATEMENT AS OF December 31, 2018 OF Entity 95201 - CareSource Ohio					
STAT Base Notes to Financials 20 A 1					
Fair Value Measurements at Reporting Date					
Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value					
Cash Equivalent (E-2)					
Exempt MM Mutual Fund	42,016,767	0	0		42,016,767
Other MM Mutual Fund	9,348,166	0	0		9,348,166
Total Cash Equivalent (E-2)	51,364,933	0	0		51,364,933
Long Term (D-1)					
Indust. & Misc.	9,718,750	0	0	0	9,718,750
Total Long Term (D-1)	9,718,750	0	0	0	9,718,750
Common Stock (D-2.2)					
Mutual Funds	178,259,540	0	0		178,259,540
Total Common Stock (D-2.2)	178,259,540	0	0		178,259,540
Separate account assets	---	---	---	---	---
Total assets at fair value	239,343,223	0	0	0	239,343,223
b. Liabilities at fair value					
Derivative liabilities	---	---	---	---	---
Total Liabilities at fair value	---	---	---	---	---

\$0.00 was transferred from level 1 to level 2 [reason] and \$0.00 was transferred level 2 to level 1 [reason]



NOTES TO FINANCIAL STATEMENTS

The Company did not have any significant assets or liabilities measured at fair value on a nonrecurring basis as of September 30, 2019 or 2018 or December 31, 2018. There were no transfers between Level 1 and Level 2 securities for the period ended September 30, 2019

- (2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy -- None
- (3) CareSource recognizes transfers between fair value levels at the end of each reporting period.
- (4) Level 2 securities – values determined through the use of third-party pricing services utilizing market observable inputs. CareSource does not have any investments with fair value measurements categorized within Level 3 as of September 30, 2019.
- (5) Derivative Assets/Liabilities – Not applicable

B) Other Fair Value Measurements – Not applicable

C) Aggregate Value of All Financial Instruments

9/30/19	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 733,442,014	\$ 721,562,767	\$ 733,442,014		\$ -	\$ -
Common Stock	\$ 92,332,739	\$ 92,332,739	\$ 92,332,739			\$ -
Cash, Cash Equivalents, and Short- Term Investments	\$ 375,516,811	\$ 375,516,811	\$ 375,516,811			\$ -

12/31/18	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)
Bonds	\$ 742,735,134	\$ 760,040,851	\$ 742,735,134		\$ -	\$ -
Common Stock	\$ 178,259,540	\$ 178,259,540	\$ 178,259,540			
Cash, Cash Equivalents, and Short- Term Investments	\$ 233,828,741	\$ 233,828,741	\$ 233,828,741			

D) Fair Value Not estimable – Not applicable

21. Other Items –  
A.-G – None

22. Events subsequent – Subsequent events have been considered through November 15, 2019 for the statutory statements issued on that date.  
A. Type I – Recognized Subsequent Events – None  
Type II – Nonrecognized Subsequent Events - None

23. Reinsurance –  
  
B. Uncollectible Reinsurance – None  
C. Commutation of Ceded Reinsurance – None  
D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – None

24. Retrospectively rated contracts & contracts subject to redetermination –  
  
A.-D. – None  
E. Risk-Sharing Provisions of the Affordable Care Act(ACA) –  
(1) Did the entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions?- Yes – The Company is not subject to the annual fee under section 9010 of the Affordable Care Act. CS is incorporated as a nonprofit in the state of Ohio and receives greater than 80% of gross revenues from government programs that target low-income, elderly or disabled populations.  
  
(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

## NOTES TO FINANCIAL STATEMENTS

	<u>AMOUNT</u>
a. Permanent ACA Risk Adjustment Program	
Assets	
1 Premium adjustments receivable due to ACA Risk Adjustment	\$ 32,624,576
Liabilities	
2 Risk adjustment user fees payable for ACA Risk Adjustment	\$ 56,170
3 Premium adjustments payable due to ACA Risk Adjustment	\$ -
Operations (Revenue & Expense)	
4 Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$ 23,345,503
5 Reported in expenses as ACA risk adjustment user fees (incurred/paid)	\$ 74,113
b. Transitional ACA Reinsurance Program	
Assets	
1 Amounts recoverable for claims paid due to ACA Reinsurance	\$ -
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 & Expense)	
7 Ceded reinsurance premiums due to ACA Reinsurance	\$ -
8 Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$ 30,727
9 ACA Reinsurance contributions - not reported as ceded premium	\$ -
c. Temporary ACA Risk Corridors Program	
Assets	
1 Accrued retrospective premium due to ACA Risk Corridors	\$ -
Liabilities	
2 Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	\$ -
Operations (Revenue & Expense)	
3 Effect of ACA Risk Corridors on net premium income	\$ -
4 Effect of ACA Risk Corridors on change in reserves for rate credits	\$ -

(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balances.



NOTES TO FINANCIAL STATEMENTS

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reported Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	1	2	3	4	5	6	7	8	9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable (Payable)
a. Permanent ACA Risk Adjustment Program										
1. Premium adjustment receivable	\$ 16,580,075	\$ -	\$ 7,301,002	\$ -	\$ 9,279,073	\$ -	\$ 2,989,402	\$ -	A	\$ 12,268,475 \$ -
2. Premium adjustments (payable)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	B	\$ - \$ -
3. Subtotal ACA Permanent Risk Adjustment Program	\$ 16,580,075	\$ -	\$ 7,301,002	\$ -	\$ 9,279,073	\$ -	\$ 2,989,402	\$ -		\$ 12,268,475 \$ -
b. Transitional ACA Reinsurance Program										
1. Amounts recoverable for claims paid	\$ 38,942	\$ -	\$ 69,669	\$ -	\$ (30,727)	\$ -	\$ 30,727	\$ -	C	\$ (0) \$ -
2. Amounts recoverable for claims unpaid (contra liability)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	D	\$ - \$ -
3. Amounts receivable relating to uninsured plans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	E	\$ - \$ -
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	F	\$ - \$ -
5. Ceded reinsurance premiums payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	G	\$ - \$ -
6. Liability for amounts held under uninsured	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	H	\$ - \$ -
7. Subtotal ACA Transitional Reinsurance	\$ 38,942	\$ -	\$ 69,669	\$ -	\$ (30,727)	\$ -	\$ 30,727	\$ -		\$ (0) \$ -
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	\$ 16,619,017	\$ -	\$ 7,370,671	\$ -	\$ 9,248,347	\$ -	\$ 3,020,128	\$ -		\$ 12,268,475 \$ -

Explanation of Adjustments

A. Current year adjustment to the 2018 Risk Adjustment Receivable and 2018 HCRPC Adjustment

B.

C. Current year adjustment to the 2016 Transitional Reinsurance Receivable

D.

E.

F.

G.

H.

I.

J.

- (4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year – None
- (5) ACA Risk Corridors Receivable as of Reporting Date

Risk Corridors Program Year		1 Estimated Amount to be Filed or Final Amount Filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts received from CMS	4 Asset Balance (Gross of Non-admissions) (1-2-3)	5 Non-admitted Amount	6 Net Admitted Asset (4-5)
a.	2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b.	2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c.	2016	\$ 32,086,446	\$ 32,086,446	\$ -	\$ -	\$ -	\$ -
d.	Total (a+b+c)	\$ 32,086,446	\$ 32,086,446	\$ -	\$ -	\$ -	\$ -
24E(5)d (Column 4) should equal 24E(3)c1 (Column 9) 25E(5)d (Column 6) should equal 24E(2)c1							
* Due to uncertainty related to the collectability of the Risk Corridors receivable for 2016, these amounts have been fully reserved for as of June 30, 2017							

25. Change in Incurred Claims and Claims Adjustment Expenses

Reserves as of December 31, 2018 were \$601.3 million. As of September 30, 2019, \$544.6 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$4.7 million, therefore, there has been a \$52.0 million favorable prior-year development since December 31, 2018 to September 30, 2019. The change is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this increase, the Company experienced \$36.5 million of favorable prior year claim development and \$15.5 million in favorable experience of recoveries and healthcare receivables.

26. Intercompany Pooling Arrangements – None

27. Structured Settlements – Not applicable

28. Health Care Receivables-

Pharmacy rebates - As of September 30, 2019 and December 31, 2018, CS recorded a pharmacy rebate receivable of \$67.3 million and \$71.0 million, of which \$3.3 million and \$4.1 million and was non-admitted, respectively. The receivable is estimated using invoiced prescriptions and rebate dollars sent to drug manufactures for reimbursement. The Company utilizes a third party to administer the program.

29. Participating Policies – Not applicable

30. Premium Deficiency Reserves – Not deemed necessary

31. Anticipated Salvage and Subrogation – No change

## NOTES TO FINANCIAL STATEMENTS

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:
- 3.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐

If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☐ No ☒
- 3.3

If the response to 3.2 is yes, provide a brief description of those changes.
- 3.4

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

Yes ☐ No ☒
- 3.5

If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.
- 4.1

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

Yes ☐ No ☒

If yes, complete and file the merger history data file with the NAIC for the annual filing corresponding to this period.
- 4.2

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

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

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ☐ No ☒ NA ☐

If yes, attach an explanation.
- 6.1

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

12/31/2017
- 6.2

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

12/31/2017
- 6.3

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

09/28/2018
- 6.4

By what department or departments?

Ohio Department of Insurance.
- 6.5

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

Yes ☒ No ☐ NA ☐
- 6.6

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

Yes ☐ No ☐ NA ☒
- 7.1

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

Yes ☐ No ☒
- 7.2

If yes, give full information:
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒
- 8.4

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

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

GENERAL INTERROGATORIES

9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? .....  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code.

Yes [X] No [ ]

9.11

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

9.2

Has the code of ethics for senior managers been amended? .....

Yes [ ] No [X]

9.21

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

9.3

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

Yes [ ] No [X]

9.31

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

FINANCIAL

10.1

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

Yes [ ] No [X]

10.2

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

INVESTMENT

11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) .....

Yes [ ] No [X]

11.2

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

12.

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

13.

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

14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates? .....

Yes [ ] No [X]

14.2

If yes, please complete the following:

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

15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB? .....

Yes [ ] No [X]

15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? .....

Yes [ ] No [ ]

If no, attach a description with this statement.

16

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

16.1

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

\$ .....0

16.2

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

\$ .....0

16.3

Total payable for securities lending reported on the liability page

\$ .....0

GENERAL INTERROGATORIES

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

Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank.....	38 Fountain Square, Cincinnati, Ohio 45263.....
Huntington Bank.....	41 S. High Street, Columbus, Ohio 43215.....
Wells Fargo Bank.....	IRT - IOWA 666 WALNUT ST MAC N8200-036 DES MOINES, IA 50309.....
Federal Home Loan Bank of Cincinnati.....	221 East Fourth Street 600 Atrium Two Cincinnati, OH 45202.....

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

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

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

Yes [ ] No [X]

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

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

17.5 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
Richard Whaley "handles securities".....	I.....
Fifth Third Bank.....	U.....
Huntington National Bank.....	U.....
Wells Fargo Bank.....	U.....

17.5097 For those firms/individuals listed in the table for Question 17.5, 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 [ ] No [X]

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity’s assets?

Yes [ ] No [X]

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of “A” (affiliated) or “U” (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
N/A.....	Caresource Internally Managed.....	549300RPGRWBFYZPX571.....	N/A.....	
628.....	Fifth Third Bank.....	THRNG6BD57P9QWTQLG42.....	Securities Exchange Commission.....	DS.....
16986.....	Huntington National Bank.....	549300XTVCVV9I7B5T19.....	Securities Exchange Commission.....	DS.....
126292.....	Wells Fargo Bank.....	OT19FZZ6Z7A27CCLDY33.....	Securities Exchange Commission.....	DS.....

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

Yes [X] No [ ]

18.2 If no, list exceptions:

.....

19. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:  
Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or  
a. 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]

20. 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.  
The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.  
c. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.  
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 [X]

GENERAL INTERROGATORIES  
PART 2 - HEALTH

1.

Operating Percentages:

1.1 A&H loss percent

90.4 %

1.2 A&H cost containment percent

1.7 %

1.3 A&H expense percent excluding cost containment expenses

5.6 %

2.1 Do you act as a custodian for health savings accounts?

Yes ☐ No ☒

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

\$

2.3 Do you act as an administrator for health savings accounts?

Yes ☐ No ☒

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

\$

3.

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

Yes ☐ No ☒

3.1 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 ☒

## SCHEDULE S - CEDED REINSURANCE

[illegible]

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

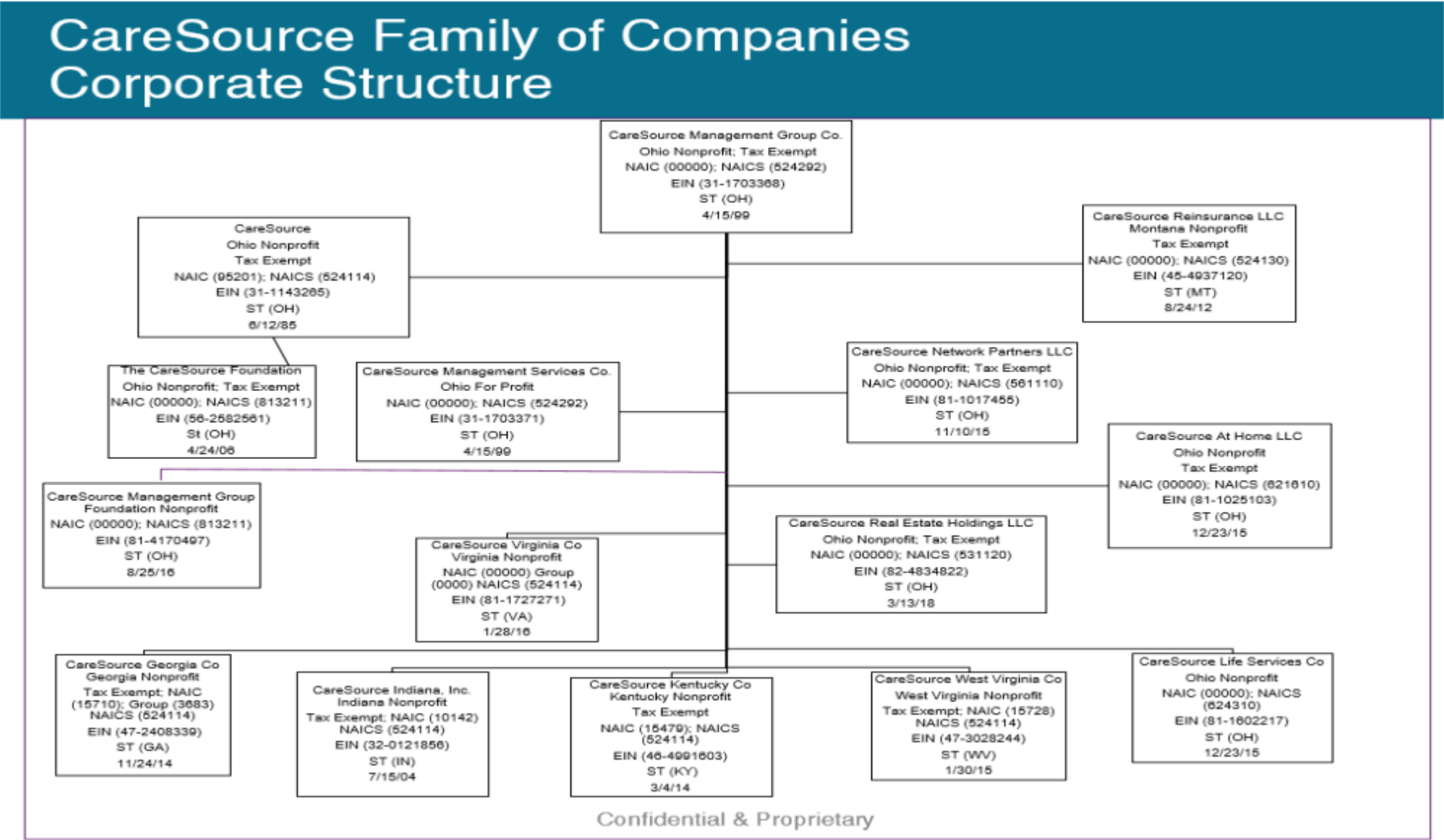
Current Year to Date - Allocated by States and Territories										
States, Etc.	1  Active Status (a)	Direct Business Only								
		2  Accident & Health Premiums	3  Medicare Title XVIII	4  Medicaid Title XIX	5  Federal Employees Health Benefits Program Premiums	6  Life & Annuity Premiums & Other Considerations	7  Property/ Casualty Premiums	8  Total Columns 2 Through 7	9  Deposit-Type Contracts	
1. Alabama .....	AL	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. Dist. 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	263,435,054	301,064,830	5,820,761,392			6,385,261,276		
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	263,435,054	301,064,830	5,820,761,392	0	0	0	6,385,261,276	0	0
60. Reporting entity contributions for Employee Benefit Plans .....	XXX							0		
61. Total (Direct Business) .....	XXX	263,435,054	301,064,830	5,820,761,392	0	0	0	6,385,261,276	0	0
DETAILS OF WRITE-INS										
58001. ....	XXX									
58002. ....	XXX									
58003. ....	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page .....	XXX	0	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above) .....	XXX	0	0	0	0	0	0	0	0	0

(a) Active Status Counts

L – Licensed or Chartered – Licensed insurance carrier or domiciled RRG .....1 R – Registered – Non-domiciled RRGs .....0  
E – Eligible – Reporting entities eligible or approved to write surplus lines in the state .....0 Q – Qualified – Qualified or accredited reinsurer .....0  
N – None of the above – Not allowed to write business in the state .....56



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



## 16

## PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

[illegible]

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

Asterisk	Explanation
	The CareSource Board of Trustees controls both CareSource, the reporting entity, and CareSource Foundation. The CareSource Management Group Co Board of Trustees controls CareSource Management Group Co. CareSource Management Group Co. controls CareSource Indiana, Inc., CareSource Kentucky Co, CareSource Reinsurance, LLC., CareSource Georgia Co., CareSource West Virginia Co., CareSource Network Partners LLC, CareSource@Home LLC, CareSource Life Services Co., CareSource Virginia Co., CareSource Real Estate Holdings LLC and CareSource Management Group Foundation. CareSource Managment Group owns 100% of CareSource Management Services Co.....

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

RESPONSE

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

.....NO.....

Explanation:

Bar Code:

1.



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

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A – VERIFICATION

Real Estate

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

SCHEDULE B – VERIFICATION

Mortgage Loans

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

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

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

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	938,300,390	752,520,236
2. Cost of bonds and stocks acquired .....	101,840,989	412,557,028
3. Accrual of discount .....	353,852	325,641
4. Unrealized valuation increase (decrease) .....	13,432,668	(38,934,556)
5. Total gain (loss) on disposals .....	15,703,057	16,138,089
6. Deduct consideration for bonds and stocks disposed of .....	252,754,653	200,260,098
7. Deduct amortization of premium .....	3,146,858	3,653,354
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other-than-temporary impairment recognized .....	0	502,286
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees .....	166,060	109,690
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10) .....	813,895,505	938,300,390
12. Deduct total nonadmitted amounts .....	0	0
13. Statement value at end of current period (Line 11 minus Line 12) .....	813,895,505	938,300,390

STATEMENT AS OF SEPTEMBER 30, 2019 OF THE CareSource

SCHEDULE D - PART 1B

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

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a).....	502,748,525	0	35,697,101	(4,530,685)	514,952,421	502,748,525	462,520,738	527,541,509
2. NAIC 2 (a).....	272,413,172	0	26,913,672	3,498,779	277,223,722	272,413,172	248,998,279	221,221,384
3. NAIC 3 (a).....	4,968,750	0	0	37,500	5,962,596	4,968,750	5,006,250	6,359,208
4. NAIC 4 (a).....	5,025,000	0	0	12,500	5,006,250	5,025,000	5,037,500	4,918,750
5. NAIC 5 (a).....	0	0	0	0	0	0	0	0
6. NAIC 6 (a).....	0	0	0	0	0	0	0	0
7. Total Bonds	785,155,447	0	62,610,774	(981,906)	803,144,988	785,155,447	721,562,767	760,040,851
<b>PREFERRED STOCK</b>								
8. NAIC 1 .....	0				0	0	0	0
9. NAIC 2 .....	0				0	0	0	0
10. NAIC 3 .....	0				0	0	0	0
11. NAIC 4 .....	0				0	0	0	0
12. NAIC 5 .....	0				0	0	0	0
13. NAIC 6 .....	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	785,155,447	0	62,610,774	(981,906)	803,144,988	785,155,447	721,562,767	760,040,851

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ .....0 ; NAIC 2 \$ .....0 ;  
NAIC 3 \$ .....0 ; NAIC 4 \$ .....0 ; NAIC 5 \$ .....0 ; NAIC 6 \$ .....0

SCHEDULE DA - PART 1  
Short-Term Investments

	1 Book/adjusted Carrying value	2 Prior Year Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999		XXX			

SCHEDULE DA - VERIFICATION  
Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	3,327,398
2. Cost of short-term investments acquired .....		0
3. Accrual of discount .....		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals .....		0
6. Deduct consideration received on disposals .....		3,327,000
7. Deduct amortization of premium.....		398
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other-than-temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	0	0
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	0	0



Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

SCHEDULE E – PART 2 – VERIFICATION  
(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	51,364,933	54,919,111
2. Cost of cash equivalents acquired .....	265,516,337	923,680,890
3. Accrual of discount .....	0	729,609
4. Unrealized valuation increase (decrease) .....	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals .....	221,036,876	927,964,677
7. Deduct amortization of premium .....	0	0
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	95,844,394	51,364,933
11. Deduct total nonadmitted amounts .....		0
12. Statement value at end of current period (Line 10 minus Line 11)	95,844,394	51,364,933

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

## E04

## E04

E04

E04

E04

STATEMENT AS OF SEPTEMBER 30, 2019 OF THE CareSource

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation and Administrative Symbol/Market Indicator <sup>(a)</sup>
Bonds - U.S. Governments																					
36202F-C6-1	G2 004593 - RMBS		09/01/2019	Paydown	XXX	510	510	529	526	0	(16)	0	(16)	0	510	0	0	0	16	12/20/2039	1
0599999 - Bonds - U.S. Governments																					
						510	510	529	526	0	(16)	0	(16)	0	510	0	0	0	16	XXX	XXX
Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																					
3128KU-G5-0	FH A63820 - RMBS		09/01/2019	Paydown	XXX	134	134	134	134	0	0	0	0	0	134	0	0	0	5	08/01/2037	1
3128MJ-2C-3	FH G08770 - RMBS		09/01/2019	Paydown	XXX	255,908	255,908	265,330	265,083	0	(9,175)	0	(9,175)	0	255,908	0	0	0	6,006	07/01/2047	1
3128MJ-2G-4	FH G08774 - RMBS		09/01/2019	Paydown	XXX	519,415	519,415	538,536	537,846	0	(18,431)	0	(18,431)	0	519,415	0	0	0	12,107	08/01/2047	1
3128MJ-2M-1	FH G08779 - RMBS		09/01/2019	Paydown	XXX	753,552	753,552	781,465	780,284	0	(26,732)	0	(26,732)	0	753,552	0	0	0	17,724	09/01/2047	1
3128MJ-2S-8	FH G08784 - RMBS		09/01/2019	Paydown	XXX	1,103,637	1,103,637	1,144,161	1,142,255	0	(38,618)	0	(38,618)	0	1,103,637	0	0	0	25,906	10/01/2047	1
3128MJ-2W-9	FH G08788 - RMBS		09/01/2019	Paydown	XXX	53,191	53,191	54,787	54,720	0	(1,529)	0	(1,529)	0	53,191	0	0	0	1,247	11/01/2047	1
31335H-UN-1	FH C90589 - RMBS		09/01/2019	Paydown	XXX	3,707	3,707	3,762	3,727	0	(20)	0	(20)	0	3,707	0	0	0	137	11/01/2022	1
31371K-KE-0	FN 254193 - RMBS		09/01/2019	Paydown	XXX	3,347	3,347	3,397	3,362	0	(15)	0	(15)	0	3,347	0	0	0	119	02/01/2022	1
31371N-H2-4	FN 256849 - RMBS		09/01/2019	Paydown	XXX	96	96	97	97	0	0	0	0	0	96	0	0	0	3	08/01/2037	1
3140H1-K2-5	FN BJ0312 - RMBS		09/01/2019	Paydown	XXX	79,302	79,302	81,384	81,283	0	(1,981)	0	(1,981)	0	79,302	0	0	0	2,004	10/01/2047	1
31411N-WW-3	FN 912461 - RMBS		09/01/2019	Paydown	XXX	3,302	3,302	3,299	3,285	0	17	0	17	0	3,302	0	0	0	116	03/01/2037	1
314131-LF-7	FN 954926 - RMBS		09/25/2019	Paydown	XXX	161,049	161,049	165,830	164,829	0	(3,780)	0	(3,780)	0	161,049	0	0	0	7,851	07/01/2037	1
31418C-PF-8	FN MA3120 - RMBS		09/01/2019	Paydown	XXX	800,654	800,654	829,521	828,208	0	(27,554)	0	(27,554)	0	800,654	0	0	0	18,736	09/01/2047	1
31418C-R8-9	FN MA3210 - RMBS		09/01/2019	Paydown	XXX	57,299	57,299	58,248	58,210	0	(912)	0	(912)	0	57,299	0	0	0	1,345	12/01/2047	1
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						3,794,592	3,794,592	3,929,951	3,923,322	0	(128,730)	0	(128,730)	0	3,794,592	0	0	0	93,307	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
126650-CE-8	CVS CAREMARK CORP		08/12/2019	Maturity @ 100.00	XXX	6,538,000	6,538,000	6,573,632	6,542,816	0	(4,816)	0	(4,816)	0	6,538,000	0	0	0	147,105	08/12/2019	2FE
233851-AR-5	DAIMLER FINANCE NORTH AMERICA LLC	C	07/31/2019	Maturity @ 100.00	XXX	7,910,000	7,910,000	7,916,091	7,910,903	0	(903)	0	(903)	0	7,910,000	0	0	0	177,975	07/31/2019	1FE
278642-AH-6	EBAY INC.		08/01/2019	Maturity @ 100.00	XXX	1,270,000	1,270,000	1,264,984	1,269,266	0	734	0	734	0	1,270,000	0	0	0	27,940	08/01/2019	2FE
33834J-AA-9	FIT AT&T 2013-E		07/15/2019	Call @ 100.00	XXX	10,000,000	10,000,000	10,000,000	10,000,000	0	0	0	0	0	10,000,000	0	0	0	350,000	01/15/2038	2FE
33834P-AB-3	FIT CONOCOPHILLIPS 2014		08/01/2019	Call @ 100.00	XXX	10,000,000	10,000,000	10,000,000	10,000,000	0	0	0	0	0	10,000,000	0	0	0	312,500	02/01/2039	1FE
38150A-C9-4	GOLDMAN SACHS GROUP INC		08/27/2019	Call @ 100.00	XXX	5,000,000	5,000,000	5,000,000	5,000,000	0	0	0	0	0	5,000,000	0	0	0	75,000	03/27/2020	1FE
41283L-AD-7	HARLEY-DAVIDSON FINANCIAL SERVICES INC.		09/15/2019	Maturity @ 100.00	XXX	5,000,000	5,000,000	5,087,273	5,014,758	0	(14,758)	0	(14,758)	0	5,000,000	0	0	0	120,000	09/15/2019	2FE
487836-BC-1	KELLOGG CO.		09/09/2019	VARIOUS	XXX	2,007,560	2,000,000	2,128,480	2,026,964	0	(21,292)	0	(21,292)	0	2,005,672	0	(5,672)	(5,672)	75,113	11/15/2019	2FE
61166W-AS-0	MONSANTO CO.	C	07/15/2019	Maturity @ 100.00	XXX	2,100,000	2,100,000	2,089,605	2,098,547	0	1,453	0	1,453	0	2,100,000	0	0	0	44,625	07/15/2019	2FE
681919-AY-2	OMNICOM GROUP INC.		07/15/2019	Maturity @ 100.00	XXX	1,000,000	1,000,000	1,016,207	1,001,145	0	(1,145)	0	(1,145)	0	1,000,000	0	0	0	62,500	07/15/2019	1FE
89233P-6P-6	TOYOTA MOTOR CREDIT CORPORATION		09/19/2019	Call @ 100.00	XXX	3,000,000	3,000,000	2,985,000	2,991,284	0	715	0	715	0	2,991,999	0	8,001	8,001	67,500	09/19/2027	1FE
94986R-NK-3	WELLS FARGO & CO.		08/22/2019	Call @ 100.00	XXX	5,000,000	5,000,000	5,000,000	5,000,000	0	0	0	0	0	5,000,000	0	0	0	131,250	02/22/2030	1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						58,825,560	58,818,000	59,061,272	53,855,683	0	(40,012)	0	(40,012)	0	58,815,671	0	2,329	2,329	1,591,508	XXX	XXX
8399997 - Subtotals - Bonds - Part 4						62,620,663	62,613,103	62,991,751	57,779,531	0	(168,758)	0	(168,758)	0	62,610,774	0	2,329	2,329	1,684,831	XXX	XXX
8399999 - Subtotals - Bonds						62,620,663	62,613,103	62,991,751	57,779,531	0	(168,758)	0	(168,758)	0	62,610,774	0	2,329	2,329	1,684,831	XXX	XXX
9999999 Totals						62,620,663	XXX	62,991,751	57,779,531	0	(168,758)	0	(168,758)	0	62,610,774	0	2,329	2,329	1,684,831	XXX	XXX

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

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

## STATEMENT AS OF SEPTEMBER 30, 2019 OF THE CareSource

## SCHEDULE E - PART 1 - CASH

[illegible]

## SCHEDULE E - PART 2 - CASH EQUIVALENTS

E13