



ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2017
 OF THE CONDITION AND AFFAIRS OF THE

Harmony Health Plan, Inc.

NAIC Group Code 01199 , 01199 NAIC Company Code 11229 Employer's ID Number 36-4050495
(Current Period) (Prior Period)

Organized under the Laws of Illinois , State of Domicile or Port of Entry Illinois
 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 08/18/1995 Commenced Business 07/01/1996

Statutory Home Office 29 North Wacker Drive, Suite 300 , Chicago, IL, US 60606
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 8735 Henderson Road
(Street and Number)
Tampa, FL, US 33634 813-206-6200
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address P.O. Box 31391 , Tampa, FL, US 33631-3391
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 8735 Henderson Road
(Street and Number)
Tampa, FL, US 33634 813-206-6200
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number) (Extension)

Internet Web Site Address www.wellcare.com

Statutory Statement Contact Mike Wasik , 813-206-2725
(Name) (Area Code) (Telephone Number) (Extension)
michael.wasik@wellcare.com 813-675-2899
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
<u>David Thomas Reynolds</u>	<u>President</u>	<u>Michael Troy Meyer</u>	<u>Assistant Treasurer, VP and Corporate Controller</u>
<u>Richard Charles Fisher #</u>	<u>CFO and Vice President</u>	<u>Tammy Lynn Meyer #</u>	<u>Assistant Secretary and Vice President</u>

OTHER OFFICERS

<u>Goran Jankovic #</u>	<u>Treasurer and Vice President</u>	<u>Michael Warren Haber</u>	<u>Secretary and Vice President</u>
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DIRECTORS OR TRUSTEES

<u>Michael Troy Meyer</u>	<u>David Thomas Reynolds</u>	<u>Paul Hubert Frank</u>	<u>Andrew Lynn Asher</u>
<u>Patrick Albert Burke #</u>	<u>Olumide Adetokunbo Idowu #</u>		

State of

County of **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.

David Thomas Reynolds
President

Michael Troy Meyer
Assistant Treasurer, VP and Corporate Controller

Richard Charles Fisher
CFO and Vice President

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

- 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 _____

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	3,654,253		3,654,253	10,868,524
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
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 (\$95,002,349 , Schedule E-Part 1), cash equivalents (\$189,300,605 , Schedule E-Part 2) and short-term investments (\$0 , Schedule DA).....	284,302,954		284,302,954	201,340,992
6. Contract loans (including \$ premium notes).....			0	0
7. Derivatives (Schedule DB).....	0		0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	287,957,206	0	287,957,206	212,209,516
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	259,730		259,730	113,989
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	125,513,481	0	125,513,481	131,547,193
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)	5,316,483		5,316,483	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	0		0	0
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	1,143,665		1,143,665	6,736,802
18.1 Current federal and foreign income tax recoverable and interest thereon	12,576,440		12,576,440	0
18.2 Net deferred tax asset.....	11,522,044	0	11,522,044	2,862,299
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	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	0	0
24. Health care (\$17,392,874) and other amounts receivable.....	22,615,382	451,960	22,163,422	28,215,920
25. Aggregate write-ins for other-than-invested assets	2,630,285	495,029	2,135,256	2,590,975
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	469,534,716	946,989	468,587,727	384,276,694
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	469,534,716	946,989	468,587,727	384,276,694
DETAILS OF WRITE-INS				
1101.			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)	0	0	0	0
2501. State and other tax recoverable.....	2,135,256		2,135,256	2,590,975
2502. Other non-admitted assets (prepaids).....	495,029	495,029	0	0
2503.	0	0	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)	2,630,285	495,029	2,135,256	2,590,975

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	196,012,171		196,012,171	146,304,799
2. Accrued medical incentive pool and bonus amounts	433,848		433,848	310,000
3. Unpaid claims adjustment expenses	1,296,230		1,296,230	965,945
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act	63,112,356		63,112,356	15,960,825
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	0		0	0
9. General expenses due or accrued	29,031,213		29,031,213	26,933,753
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))	0		0	501,342
10.2 Net deferred tax liability	0		0	0
11. Ceded reinsurance premiums payable	0		0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated	0		0	623,370
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	1,886,312		1,886,312	479,269
16. Derivatives		0	0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	41,558,802		41,558,802	38,883,479
23. Aggregate write-ins for other liabilities (including \$ current)	1,427,973	0	1,427,973	1,653,393
24. Total liabilities (Lines 1 to 23)	334,758,905	0	334,758,905	232,616,175
25. Aggregate write-ins for special surplus funds	XXX	XXX	23,321,000	0
26. Common capital stock	XXX	XXX	600,000	600,000
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	127,560,710	97,560,710
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	(17,652,888)	53,499,808
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	133,828,822	151,660,518
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	468,587,727	384,276,694
DETAILS OF WRITE-INS				
2301. Unclaimed property payable	1,427,973		1,427,973	1,653,393
2302.	0		0	0
2303.				
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)	1,427,973	0	1,427,973	1,653,393
2501. Estimated ACA Industry Fee (following year)	XXX	XXX	23,321,000	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	23,321,000	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		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	2,674,578	3,128,903
2. Net premium income (including \$0 non-health premium income).....	XXX	1,209,274,612	1,069,730,404
3. Change in unearned premium reserves and reserve for rate credits	XXX	290,434	0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
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	1,209,565,046	1,069,730,404
Hospital and Medical:			
9. Hospital/medical benefits		872,946,279	706,096,891
10. Other professional services		17,867,301	15,151,084
11. Outside referrals			0
12. Emergency room and out-of-area		56,953,201	46,906,949
13. Prescription drugs		101,196,640	106,653,723
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		123,849	(170,000)
16. Subtotal (Lines 9 to 15)	0	1,049,087,270	874,638,646
Less:			
17. Net reinsurance recoveries		0	40,185
18. Total hospital and medical (Lines 16 minus 17)	0	1,049,087,270	874,598,461
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$6,294,524 cost containment expenses.....		15,051,250	11,967,895
21. General administrative expenses.....		163,691,958	149,794,073
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		45,579,968	0
23. Total underwriting deductions (Lines 18 through 22)	0	1,273,410,446	1,036,360,429
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(63,845,400)	33,369,975
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		1,798,146	1,272,722
26. Net realized capital gains (losses) less capital gains tax of \$			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	1,798,146	1,272,722
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	(282,597)	(179,449)
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	(62,329,851)	34,463,248
31. Federal and foreign income taxes incurred	XXX	(5,152,170)	17,866,408
32. Net income (loss) (Lines 30 minus 31)	XXX	(57,177,681)	16,596,839
DETAILS OF WRITE-INS			
0601.	XXX		0
0602.	XXX		0
0603.	XXX		0
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		0
0702.	XXX		0
0703.	XXX		0
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.			0
1402.			0
1403.			0
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.....		(282,597)	(179,449)
2902.			0
2903.			0
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	(282,597)	(179,449)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	151,660,518	180,932,584
34. Net income or (loss) from Line 32	(57,177,681)	16,596,839
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	0	0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax	8,659,745	(779,774)
39. Change in nonadmitted assets	686,240	4,906,919
40. Change in unauthorized and certified reinsurance	0	3,950
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	30,000,000	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders	0	(50,000,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(17,831,696)	(29,272,066)
49. Capital and surplus end of reporting year (Line 33 plus 48)	133,828,822	151,660,518
DETAILS OF WRITE-INS		
4701.		0
4702.		0
4703.		0
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

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,211,853,838	1,003,578,873
2. Net investment income	1,793,748	1,397,602
3. Miscellaneous income		0
4. Total (Lines 1 through 3)	1,213,647,586	1,004,976,475
5. Benefit and loss related payments	992,629,555	859,826,578
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	167,873,881	95,893,529
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	7,925,612	20,816,101
10. Total (Lines 5 through 9)	1,168,429,048	976,536,208
11. Net cash from operations (Line 4 minus Line 10)	45,218,538	28,440,267
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	9,305,000	4,300,000
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	9,305,000	4,300,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds	2,232,071	7,900,951
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	2,232,071	7,900,951
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	7,072,929	(3,600,951)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	30,000,000	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	50,000,000
16.6 Other cash provided (applied)	670,495	810,517
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	30,670,495	(49,189,483)
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)	82,961,962	(24,350,167)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	201,340,992	225,691,159
19.2 End of year (Line 18 plus Line 19.1)	284,302,954	201,340,992

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,209,274,612	0	0	0	0	0	864,133,980	346,150,853	(1,010,221)	0
2. Change in unearned premium reserves and reserve for rate credit	290,434						290,434			
3. Fee-for-service (net of \$ 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)	1,209,565,046	0	0	0	0	0	864,424,414	346,150,853	(1,010,221)	0
8. Hospital/medical benefits	872,946,280						600,720,207	272,226,073		XXX
9. Other professional services	17,867,301						7,157,800	10,709,501		XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	56,953,201						34,336,478	22,616,723		XXX
12. Prescription drugs	101,196,640						51,709,886	51,720,682	(2,233,928)	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	123,848						123,848			XXX
15. Subtotal (Lines 8 to 14)	1,049,087,270	0	0	0	0	0	694,048,219	357,272,979	(2,233,928)	XXX
16. Net reinsurance recoveries	0									XXX
17. Total hospital and medical (Lines 15 minus 16)	1,049,087,270	0	0	0	0	0	694,048,219	357,272,979	(2,233,928)	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ 6,294,524 cost containment expenses	15,051,251						9,926,663	5,124,588		
20. General administrative expenses	163,691,957						110,258,651	53,588,084	(154,778)	
21. Increase in reserves for accident and health contracts	45,579,968							45,579,968		XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	1,273,410,446	0	0	0	0	0	814,233,533	461,565,619	(2,388,706)	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(63,845,400)	0	0	0	0	0	50,190,881	(115,414,766)	1,378,485	0
DETAILS OF WRITE-INS										
0501.	0									XXX
0502.	0									XXX
0503.	0									XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0									XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....				.0
2. Medicare Supplement .....				.0
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare	864,179,058		45,078	864,133,980
7. Title XIX - Medicaid.....	346,237,169		86,316	346,150,853
8. Other health.....	(1,010,221)			(1,010,221)
9. Health subtotal (Lines 1 through 8)	1,209,406,006	0	131,394	1,209,274,612
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	1,209,406,006	0	131,394	1,209,274,612

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & 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	994,947,615						664,227,792	339,125,614	(8,405,791)	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	994,947,615	0	0	0	0	0	664,227,792	339,125,614	(8,405,791)	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	196,012,171	0	0	0	0	0	108,514,973	87,336,901	160,297	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	196,012,171	0	0	0	0	0	108,514,973	87,336,901	160,297	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	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	433,848						433,848			
6. Net healthcare receivables (a).....	(4,308,435)						3,950,257	(594,109)	(7,664,583)	
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	146,304,799	0	0	0	0	0	74,868,138	69,783,646	1,653,015	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	146,304,799	0	0	0	0	0	74,868,138	69,783,646	1,653,015	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	310,000						310,000			
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	1,048,963,422	0	0	0	0	0	693,924,370	357,272,978	(2,233,926)	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	1,048,963,422	0	0	0	0	0	693,924,370	357,272,978	(2,233,926)	0
13. Incurred medical incentive pools and bonuses	123,848	0	0	0	0	0	123,848	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT 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. Reported in Process of Adjustment:										
1.1. Direct	70,745,220						29,630,729	40,954,194	160,297	
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	0									
1.4. Net	70,745,220	0	0	0	0	0	29,630,729	40,954,194	160,297	0
2. Incurred but Unreported:										
2.1. Direct	125,266,951						78,884,244	46,382,707		
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	0									
2.4. Net	125,266,951	0	0	0	0	0	78,884,244	46,382,707	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	196,012,171	0	0	0	0	0	108,514,973	87,336,901	160,297	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	196,012,171	0	0	0	0	0	108,514,973	87,336,901	160,297	0

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

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 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 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 December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....					.0	.0
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	51,940,230	625,590,669	5,206,162	103,308,811	57,146,392	74,868,137
7. Title XIX - Medicaid.....	63,212,010	277,099,183	16,939,297	70,397,604	80,151,307	69,783,645
8. Other health	1,628,914	(2,370,122)		160,297	1,628,914	1,653,017
9. Health subtotal (Lines 1 to 8).....	116,781,154	900,319,730	22,145,459	173,866,712	138,926,613	146,304,799
10. Healthcare receivables (a).....	60,217	17,784,617			60,217	.0
11. Other non-health.....					.0	.0
12. Medical incentive pools and bonus amounts			123,852	309,996	123,852	310,000
13. Totals (Lines 9-10+11+12)	116,720,937	882,535,113	22,269,311	174,176,708	138,990,248	146,614,799

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

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (\$000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	2,177,182	2,177,182	2,177,351	2,177,351	2,177,351
2. 2013	584,344	658,174	658,174	658,174	658,174
3. 2014	XXX	420,955	473,334	473,334	473,334
4. 2015	XXX	XXX	433,446	486,115	486,115
5. 2016	XXX	XXX	XXX	460,538	512,419
6. 2017	XXX	XXX	XXX	XXX	608,396

Section B - Incurred Health Claims - Medicare

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	2,177,434	2,177,351	2,177,351	2,177,351	2,177,351
2. 2013	665,884	659,548	658,174	658,174	658,174
3. 2014	XXX	495,469	476,699	473,334	473,334
4. 2015	XXX	XXX	493,641	488,799	486,115
5. 2016	XXX	XXX	XXX	532,553	517,625
6. 2017	XXX	XXX	XXX	XXX	711,705

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2013.....	804,584	658,174		0.0	658,174	81.8			658,174	81.8
2. 2014.....	585,102	473,334		0.0	473,334	80.9			473,334	80.9
3. 2015.....	588,584	486,115		0.0	486,115	82.6			486,115	82.6
4. 2016.....	669,489	512,419		0.0	512,419	76.5	5,206		517,625	77.3
5. 2017.....	864,179	608,396	9,740	1.6	618,136	71.5	103,309	711	722,156	83.6

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (\$000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	745,907	748,272	748,272	748,272	748,272
2. 2013	135,793	152,906	152,906	152,906	152,906
3. 2014	XXX	147,883	175,622	175,622	175,622
4. 2015	XXX	XXX	256,267	309,249	309,249
5. 2016	XXX	XXX	XXX	275,022	338,233
6. 2017	XXX	XXX	XXX	XXX	276,509

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	748,272	748,272	748,272	748,272	748,272
2. 2013	161,509	158,589	152,906	152,906	152,906
3. 2014	XXX	189,245	181,785	175,622	175,622
4. 2015	XXX	XXX	317,941	319,638	309,249
5. 2016	XXX	XXX	XXX	334,417	355,172
6. 2017	XXX	XXX	XXX	XXX	346,907

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2013	194,412	152,906		0.0	152,906	78.7			152,906	78.7
2. 2014	225,802	175,622		0.0	175,622	77.8			175,622	77.8
3. 2015	358,091	309,249		0.0	309,249	86.4			309,249	86.4
4. 2016	372,095	338,233		0.0	338,233	90.9	16,939		355,172	95.5
5. 2017	346,237	276,509	5,014	1.8	281,523	81.3	70,398	585	352,506	101.8

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (\$000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	1,562,242	1,562,242	1,562,242	1,562,242	1,562,242
2. 2013	35,136	44,090	44,090	44,090	44,090
3. 2014	XXX	49,878	55,307	55,307	55,307
4. 2015	XXX	XXX	21,779	22,343	22,343
5. 2016	XXX	XXX	XXX	18,744	20,373
6. 2017	XXX	XXX	XXX	XXX	(2,370)

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	1,562,242	1,562,242	1,562,242	1,562,242	1,562,242
2. 2013	44,595	44,090	44,090	44,090	44,090
3. 2014	XXX	62,265	55,307	55,307	55,307
4. 2015	XXX	XXX	22,438	22,343	22,343
5. 2016	XXX	XXX	XXX	20,397	20,373
6. 2017	XXX	XXX	XXX	XXX	(2,210)

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Other

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2013	58,046	44,090		0.0	44,090	76.0			44,090	76.0
2. 2014	66,402	55,307		0.0	55,307	83.3			55,307	83.3
3. 2015	21,571	22,343		0.0	22,343	103.6			22,343	103.6
4. 2016	28,147	20,373		0.0	20,373	72.4			20,373	72.4
5. 2017	(1,010)	(2,370)	(31)	1.3	(2,401)	237.7	160		(2,241)	221.9

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ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (\$'000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	4,485,331	4,487,696	4,487,865	4,487,865	4,487,865
2. 2013	755,273	855,170	855,170	855,170	855,170
3. 2014	XXX	618,716	704,263	704,263	704,263
4. 2015	XXX	XXX	711,492	817,707	817,707
5. 2016	XXX	XXX	XXX	754,304	871,025
6. 2017	XXX	XXX	XXX	XXX	882,535

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	4,487,948	4,487,865	4,487,865	4,487,865	4,487,865
2. 2013	871,988	862,227	855,170	855,170	855,170
3. 2014	XXX	746,979	713,791	704,263	704,263
4. 2015	XXX	XXX	834,020	830,779	817,707
5. 2016	XXX	XXX	XXX	887,367	893,170
6. 2017	XXX	XXX	XXX	XXX	1,056,402

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2013	1,057,042	855,170	0	0.0	855,170	80.9	0	0	855,170	80.9
2. 2014	877,306	704,263	0	0.0	704,263	80.3	0	0	704,263	80.3
3. 2015	968,246	817,707	0	0.0	817,707	84.5	0	0	817,707	84.5
4. 2016	1,069,730	871,025	0	0.0	871,025	81.4	22,145	0	893,170	83.5
5. 2017	1,209,406	882,535	14,723	1.7	897,258	74.2	173,867	1,296	1,072,421	88.7

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ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

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 & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	45,579,968							45,579,968	
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income).....	17,532,388						5,055,068	6,156,409	6,320,911
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross)	63,112,356	.0	.0	.0	.0	.0	5,055,068	51,736,377	6,320,911
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	63,112,356	0	0	0	0	0	5,055,068	51,736,377	6,320,911
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. ....	.0								
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)	0	0	0	0	0	0	0	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 \$45,579,968 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 (\$for occupancy of own building)	137,538	191,338	3,649,262		3,978,138
2. Salaries, wages and other benefits	2,835,656	3,944,868	66,447,664		73,228,188
3. Commissions (less \$ceded plus \$assumed)			16,632,598		16,632,598
4. Legal fees and expenses	75,046	104,401	1,228,211		1,407,658
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	34,115	47,459	610,924		692,498
7. Traveling expenses	48,091	66,902	1,537,225		1,652,218
8. Marketing and advertising	18,604	25,882	7,550,197		7,594,683
9. Postage, express and telephone	220,139	306,250	5,167,022		5,693,411
10. Printing and office supplies	296,232	412,108	7,934,778		8,643,118
11. Occupancy, depreciation and amortization	94,381	131,299	1,758,955		1,984,635
12. Equipment	8,629	12,004	181,225		201,858
13. Cost or depreciation of EDP equipment and software	588,307	818,433	9,641,551		11,048,291
14. Outsourced services including EDP, claims, and other services	1,413,935	1,967,018	29,913,347		33,294,300
15. Boards, bureaus and association fees	303,298	421,938	5,727,551		6,452,787
16. Insurance, except on real estate	39,002	54,259	638,319		731,580
17. Collection and bank service charges	7,948	11,057	462,714		481,719
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					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			(501,192)		(501,192)
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees					0
23.4 Payroll taxes	173,203	240,952	4,491,786		4,905,941
23.5 Other (excluding federal income and real estate taxes)	400	558	619,821		620,779
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	0	0	0	0
26. Total expenses incurred (Lines 1 to 25)	6,294,524	8,756,726	163,691,958	0 (a)	178,743,208
27. Less expenses unpaid December 31, current year		1,296,230	29,031,212		30,327,442
28. Add expenses unpaid December 31, prior year	0	965,945	26,933,753	0	27,899,698
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	6,294,524	8,426,441	161,594,499	0	176,315,464
DETAILS OF WRITE-INS					
2501.					0
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598) (Line 25 above)	0	0	0	0	0

(a) Includes management fees of \$144,095,644 to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 228,529	119,890
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a) 0	
2.1 Preferred stocks (unaffiliated)	(b) 0	
2.11 Preferred stocks of affiliates	(b) 0	
2.2 Common stocks (unaffiliated)	0	
2.21 Common stocks of affiliates	0	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 1,565,219	1,678,256
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	1,793,748	1,798,146
11. Investment expenses		(g)
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)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		0
17. Net investment income (Line 10 minus Line 16)		1,798,146
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 \$ 85 accrual of discount less \$ 141,427 amortization of premium and less \$ 16,364 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ 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 \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ 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)			0		
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans			0		
6. Cash, cash equivalents and short-term investments			0	0	0
7. Derivative instruments			0		
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	0	0	0	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	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	.0	.0	.0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	.0	.0	.0
2.2 Common stocks .....	.0	.0	.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	.0	.0	.0
3.2 Other than first liens .....	.0	.0	.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	.0	.0	.0
4.2 Properties held for the production of income.....	.0	.0	.0
4.3 Properties held for sale .....	.0	.0	.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	.0	.0	.0
6. Contract loans .....	.0	.0	.0
7. Derivatives (Schedule DB).....	.0	.0	.0
8. Other invested assets (Schedule BA) .....	.0	.0	.0
9. Receivables for securities .....	.0	.0	.0
10. Securities lending reinvested collateral assets (Schedule DL).....	.0	.0	.0
11. Aggregate write-ins for invested assets .....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	.0	.0	.0
13. Title plants (for Title insurers only).....	.0	.0	.0
14. Investment income due and accrued .....	.0	.0	.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	.0	.0	.0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	.0	.0	.0
15.3 Accrued retrospective premiums and contracts subject to redetermination .....	.0	.0	.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	.0	.0	.0
16.2 Funds held by or deposited with reinsured companies .....	.0	.0	.0
16.3 Other amounts receivable under reinsurance contracts .....	.0	.0	.0
17. Amounts receivable relating to uninsured plans .....	.0	.0	.0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	.0	.0	.0
18.2 Net deferred tax asset.....	.0	.0	.0
19. Guaranty funds receivable or on deposit .....	.0	.0	.0
20. Electronic data processing equipment and software.....	.0	.0	.0
21. Furniture and equipment, including health care delivery assets .....	.0	.0	.0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	.0	.0	.0
23. Receivables from parent, subsidiaries and affiliates .....	.0	89,999	89,999
24. Health care and other amounts receivable.....	451,960	1,025,956	573,996
25. Aggregate write-ins for other-than-invested assets	495,029	517,274	22,245
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	946,989	1,633,229	686,240
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	946,989	1,633,229	686,240
DETAILS OF WRITE-INS			
1101. ....		.0	.0
1102. ....		.0	.0
1103. ....		.0	.0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Other non-admitted assets (prepaids).....	495,029	517,274	22,245
2502. ....			.0
2503. ....		.0	.0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	495,029	517,274	22,245

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.....	229,669	229,463	221,607	217,412	218,174	2,674,578
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business.....	34,374	.0	.0	.0	.0	.0
7. Total	264,043	229,463	221,607	217,412	218,174	2,674,578
DETAILS OF WRITE-INS						
0601. Medicare Part D.....	34,374					
0602. ....	.0					
0603. ....	.0					
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)	34,374	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The financial statements of Harmony Health Plan, Inc. (the “Company”), domiciled in the state of Illinois, are presented on the basis of accounting practices prescribed or permitted by the Insurance Department of Illinois.

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

A reconciliation of the Company’s net (loss) income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Illinois is shown below:

	SSAP #	F/S Page	F/S Line #	2017	2016
NET INCOME					
1. Company state basis (Page 4, Line 32, Columns 2&3)	xxx	xxx	xxx	\$ (57,177,681)	\$ 16,596,839
2. State Prescribed Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
3. State Permitted Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
4. NAIC SAP (1-2-3=4)	xxx	xxx	xxx	<u>\$ (57,177,681)</u>	<u>\$ 16,596,839</u>
SURPLUS					
5. Company state basis (Page 3, Line 33, Columns 3&4)	xxx	xxx	xxx	\$ 133,828,822	\$ 151,660,518
6. State Prescribed Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
7. State Permitted Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
8. NAIC SAP (5-6-7=8)	xxx	xxx	xxx	<u>\$ 133,828,822</u>	<u>\$ 151,660,518</u>

B. Uses of Estimates in the Preparation of the Financial Statements.

The preparation of financial statements in accordance with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The primary use of estimates are related to the Company’s reserve for claims unpaid. Actual results could differ significantly from those estimates.

C Accounting Policy

Net Premium Income

The Company earns net premium income through participation in Medicaid, Medicaid-related and Medicare programs, including both the Medicare Advantage (“MA”) and the Medicare Part D prescription drug program (“PDP”). Medicaid contracts with state agencies generally are multi-year contracts subject to annual renewal provisions, while Medicare contracts with the Center for Medicare and Medicaid Services (“CMS”) renew annually. Medicare and Medicaid contracts establish fixed, monthly premium rates per member, which are generally determined at the beginning of each new contract renewal period; however, premiums may be adjusted by CMS and state agencies throughout the terms of the contracts in certain cases. Premium rate changes are recognized in the period the change becomes effective, when the effect of the change in the rate is reasonably estimable, and collection is assured.

NOTES TO FINANCIAL STATEMENTS

Medicare Risk-Adjusted Premiums

CMS provides risk-adjusted payments for MA Plans and PDPs based on the demographics and health severity of enrollees. The risk-adjusted premiums received are based on claims and encounter data submitted to CMS within prescribed deadlines. Estimates for risk-adjusted premiums are developed utilizing historical experience, or other data, and predictive models as sufficient member risk score data becomes available over the course of each CMS plan year. Periodic changes to risk-adjusted premiums are recognized as net premium income when the amounts are determinable and collection is reasonably assured, which is possible as additional diagnosis code information is reported to CMS, when the ultimate adjustment settlements are received from CMS, or we receive notification of such settlement amounts. CMS adjusts premiums on two separate occasions on a retrospective basis. The first retrospective adjustment for a given plan year generally occurs during the third quarter of that year. This initial settlement represents the update of risk scores for the current plan year based on the severity of claims incurred in the prior plan year. CMS then issues a final retrospective risk adjusted premium settlement for that plan year in the following year. Historically, there have not been significant differences between estimates and amounts ultimately received. The data provided to CMS to determine members' risk scores is subject to audit by CMS even after the annual settlements occur. An audit may result in the refund of premiums to CMS. While experience to date has not resulted in a material refund, future refunds could materially reduce premium net premium income in the year in which CMS determines a refund is required and could be material to our financial statements.

Risk Corridor Provisions

MA and PDP premiums are subject to risk sharing through the CMS Medicare Part D risk corridor provisions. The risk corridor calculation compares actual experience to the target amount of prescription drug costs, limited to costs under the standard coverage as defined by CMS, less rebates included in the submitted plan year bid. The Company receives additional premium from CMS if actual experience is more than 5% above the target amount. The Company refunds premiums to CMS if actual experience is more than 5% below the target amount. Based on the risk corridor provision and PDP activity-to-date, an estimated risk-sharing receivable or payable is recorded as an adjustment to net premium income. After the close of the annual plan year, CMS performs the risk corridor calculation and any differences are settled between CMS and the Company. Historically, there have not been material differences between recorded estimates and the subsequent CMS settlement amounts.

Medicare Part D Settlements

The Company receives certain Part D prospective subsidy payments from CMS for MA and PDP members as a fixed monthly per member amount, based on the estimated costs of providing prescription drug benefits over the plan year, as reflected in bids. Approximately nine to ten months subsequent to the end of the plan year, or later in the case of the coverage gap discount subsidy, a settlement payment is made between CMS and the Company based on the difference between the prospective payments and actual claims experience. The subsidy components under Part D are described below:

Low-Income Cost Sharing Subsidy ("LICS")-For qualifying low-income subsidy members, CMS reimburses the Company for all or a portion of the low income subsidy member's deductible, coinsurance and co-payment amounts above the out-of-pocket threshold.

Catastrophic Reinsurance Subsidy-CMS reimburses the Company for 80% of the drug costs after a member reaches his or her out-of-pocket catastrophic threshold through a catastrophic reinsurance subsidy.

Coverage Gap Discount Subsidy ("CGDS")-CMS provides monthly prospective payments for pharmaceutical manufacturer discounts made available to members.

Catastrophic reinsurance subsidies and LICS subsidies represent cost reimbursements under the Medicare Part D program. The Company is fully reimbursed by CMS for costs incurred for these contract elements and, accordingly, there is no insurance risk to the Company. Therefore, amounts received for these subsidies are not considered net premium income, and are reported, net of the subsidy benefits paid, as deposits. Costs incurred over deposits received are recorded as a receivable for amounts paid for uninsured plans and deposits received in excess of costs incurred are recorded as liability for amounts held under uninsured plans. Historically, the settlement payments between the Company and CMS have not been materially different from our estimates.

CGDS advance payments are recorded as a receivable for amounts paid for uninsured plans. Receivables are set up for manufacturer-invoiced amounts. Manufacturer payments reduce the receivable as payments are received. After the end of the contract year, during the Medicare Part D Payment reconciliation process for the CGDS, CMS will perform a cost-based reconciliation to ensure the Medicare Part D sponsor is paid for gap discounts advanced at the point of sale, based on accepted prescription drug event data.

Medicare Minimum Loss Ratio

Beginning in 2014, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the "ACA"), requires the establishment of a minimum medical loss ratio ("MLR") for MA and PDP plans, requiring them to spend not less than 85% of premiums on medical benefits. The rules implementing the minimum MLR impose financial and other penalties for failing to achieve the minimum MLR, including requirements to refund to CMS shortfalls in amounts spent on medical benefits and termination of a plan's MA contract for prolonged failure to achieve the minimum MLR. MLR is determined by adding a plan's spending for clinical services, prescription drugs and other direct patient benefits, plus its total spending on quality improvement activities and dividing the total by earned premiums (after subtracting specific identified taxes and other fees. At December 31, 2017 and 2016, the Company had a payable of \$0 and \$290,434 to CMS for MLR, respectively.

NOTES TO FINANCIAL STATEMENTS

Medicaid Minimum Loss Ratio

The Company's Medicaid contract with Illinois Department of Health and Family Services ("IDHFS") includes a provision whereby the Company is required to expend a minimum of 85% of the premiums received related to on allowable medical benefits expense, as defined in the contract MLR provision"). To the extent that the Company expends less than the minimum percentage of the premiums, offset by allowable taxes and assessments, on allowable medical benefits expense, including allowable quality improvement expenses, in any contract year as required by the minimum MLR provision, the Company is required to refund to IDHFS all of the difference between the minimum and our actual allowable medical benefits expense. The Company performs a calculation of the minimum MLR provision each reporting period and accrues an estimate for amounts to be refunded based on its current estimates of ultimate loss experience for the contract period. At December 31, 2017, no premium refund was due or accrued for the Calendar Year 2017 or 2016 plan periods associated with these contract provisions. The Company has a \$6,156,408 payable to IDHFS for calendar year 2015 plan period.

1. *Short-term investments* - are stated at amortized cost.
2. *Bonds* – Bonds not backed by other loans are stated at amortized cost using a straight line method of amortization (accretion) of discounts or premiums.
3. *Common Stocks* – None
4. *Preferred Stocks* – None
5. *Mortgage Loans* – None
6. *Loan-Backed Securities* – None
7. *Investment in Subsidiaries, Controlled and Affiliated Companies* – None
8. *Investments in Joint Ventures, Partnerships and Limited Liability Companies* – None
9. *Derivatives* – None

10. *Premium Deficiency* – the Company's contracts are evaluated to determine if it is probable that a loss will be incurred. A premium deficiency reserve ("PDR") is established when it is probable that expected claims payments or incurred costs, claims adjustment expenses, and general administration expenses will exceed future premiums and reinsurance recoveries for the remainder of a contract period. For purposes of determining a PDR, investment income is excluded and contracts are grouped in a manner consistent with the method of acquiring, servicing and measuring the profitability of such contracts. A PDR is initially recorded as an aggregate health policy reserves and as an increase in reserves for life and accident and health contracts. Once established, a PDR is reduced over the contract period as an offset to actual losses. The PDR estimates are re-evaluated each reporting period and, if estimated future losses differ from those in the current PDR estimate, the liability is adjusted through increase in reserves for life and accident and health contracts, as necessary. The Company had a PDR liability of \$45,579,968 and \$0 within its liabilities as of December 31, 2017 and 2016, respectively.

11. *Unpaid Losses and Loss Adjustment Expenses* – The Company recognizes the cost of medical benefits in the period in which services are provided, including an estimate of the cost of medical benefits incurred but not reported ("IBNR"). Medical benefits incurred and claims adjustment expenses include claim payments, capitation payments, and pharmacy costs net of rebates, allocations of certain centralized expenses, legal and administrative costs to settle claims, and various other costs incurred to provide health insurance coverage to members.

The Company also records direct medical expenses for estimated referral claims related to health care providers under contract with the Company who are financially troubled or insolvent and who may not be able to honor their obligations for the costs of medical services provided by others. In these instances, the Company may be required to honor these obligations for legal or business reasons. Based on the current assessment of providers under contract with the Company, such losses have not been and are not expected to be significant. The Company records direct medical expense for estimates of provider settlements due to clarification of contract terms, out-of-network reimbursement, claims payment differences and amounts due to contracted providers under risk-sharing arrangements.

Claims unpaid represents amounts for claims fully adjudicated but not yet paid and estimates for IBNR. The Company's estimate of IBNR is the most significant estimate included in the financial statements. The Company determines the best estimate of the base liability for IBNR utilizing consistent standard actuarial methodologies based upon key assumptions which vary by business segment. The assumptions include current payment experience, trend factors, and completion factors. Trend factors in standard actuarial methodologies include contractual requirements, historic utilization trends, the interval between the date services are rendered and the date claims are paid, denied claims activity, disputed claims activity, benefit changes, expected health care cost inflation, seasonality patterns, maturity of lines of business, changes in membership and other factors.

After determining an estimate of the base liability for IBNR, the Company makes an additional estimate, also using standard actuarial techniques, to account for adverse conditions that may cause actual claims to be higher than the estimated base reserve. This additional liability is referred to as the provision for moderately adverse conditions. The estimate of the provision for moderately adverse conditions captures the potential adverse development from factors such as:

- entry into new geographical markets;
- provision of services to new populations such as the aged, blind and disabled;
- variations in utilization of benefits and increasing medical costs, including higher drug costs;

NOTES TO FINANCIAL STATEMENTS

- changes in provider reimbursement arrangements;
- variations in claims processing speed and patterns, claims payment and the severity of claims; and
- health epidemics or outbreaks of disease such as the flu or enterovirus.

The Company evaluates estimates of medical benefits payable claims unpaid as it obtains more complete claims information and medical expense trend data over time. The Company records differences between actual experience and estimates used to establish the liability, which is referred to as favorable and unfavorable prior period developments, as increases or decreases to medical benefits hospital and medical expense in the period the Company identifies the differences.

12. *Capitalization Policy* – N/A

13. *Pharmacy Rebates* - Pharmacy rebates are recorded on an accrual basis and are estimated based on invoices that have been prepared using actual prescriptions filled, historical utilization of specific pharmaceuticals and contract terms and records such amounts as a reduction of total hospital and medical cost.

D. Going Concern – None

2. Accounting Changes and Corrections of Errors

None

3. Business Combinations and Goodwill

None

4. Discontinued Operations

None

5. Investments

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

B. Debt Restructuring – None

C. Reverse Mortgages – None

D. Loan-Backed Securities – None

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

F. Repurchase Agreement 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):

NOTES TO FINANCIAL STATEMENTS

Restricted Asset Category	(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 Admitted Nonadmitted Restricted	Total Current Year Admitted Restricted (1 minus 4)	Gross (Admitted & Nonadmitted) Restricted to Total Admitted (a)	Admitted Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
b. Collateral held under security lending agreements	-	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-
f. Subject to dollar reverse 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	6,807,943	7,908,394	(1,100,451)	6,807,943	-	1.4%	1.4%
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-
l. Pledged as collateral to FHLB	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-
o. Total restricted assets	\$ 6,807,943	\$ 7,908,394	\$ (1,100,451)	\$ 6,807,943	\$ -	1.4%	1.4%

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

(b) Column 5 divided by Asset Page, Column 3, Line 28

2. None

3. None

4. None

M. Working Capital Finance Investments – None

N. Offsetting and Netting of Assets and Liabilities – None

O. Structured Notes – None

P. 5* Securities – None

Q. Short Sales - None

R. Prepayment Penalty and Acceleration Fees - None

6. Joint Ventures, Partnerships and Limited Liability Companies

None

7. Investment Income

A. All investment income due and accrued with amounts that are over 90 days past due is considered non-admitted.

B. At December 31, 2017 and 2015 there was no non-admitted accrued interest income.

NOTES TO FINANCIAL STATEMENTS

8. Derivative Instruments

None

9. Income Taxes

A. Deferred Tax Assets

The components of the net deferred tax asset at December 31 are as follows:

	<u>2017</u>			<u>2016</u>		
	(1) Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ 12,073,806	\$ -	\$ 12,073,806	\$ 2,862,299	\$ -	\$ 2,862,299
(b) Statutory Valuation Allowance Adjustments	-	-	-	-	-	-
(c) Adjusted Gross Deferred Tax Assets	12,073,806	-	12,073,806	2,862,299	-	2,862,299
(d) Deferred Tax Assets Nonadmitted	-	-	-	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset	12,073,806	-	12,073,806	2,862,299	-	2,862,299
(f) Deferred Tax Liabilities	551,762	-	551,762	-	-	-
(g) Net Admitted Deferred Tax Asset/Liability	<u>\$ 11,522,044</u>	<u>\$ -</u>	<u>\$ 11,522,044</u>	<u>\$ 2,862,299</u>	<u>\$ -</u>	<u>\$ 2,862,299</u>
(2)						
Admission Calculation Components						
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ 12,073,806	\$ -	\$ 12,073,806	\$ 2,857,685	\$ -	\$ 2,857,685
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized After Application of the Threshold Limitation	-	-	-	4,614	-	4,614
1. Adjusted Gross Deferred Tax Asset Expected to be Realized Following the Balance Sheet Date	-	-	-	4,614	-	4,614
2. Adjusted Gross Deferred Tax Asset Allowed per Limitation Threshold	-	-	16,652,365	-	-	22,000,198
(c) Adjusted Gross Deferred Tax Assets Offset by Gross Deferred Tax Liabilities	-	-	-	-	-	-
(d) Deferred Tax Assets Admitted as the result of application of SSAP No 101	<u>\$ 12,073,806</u>	<u>\$ -</u>	<u>\$ 12,073,806</u>	<u>\$ 2,862,299</u>	<u>\$ -</u>	<u>\$ 2,862,299</u>

NOTES TO FINANCIAL STATEMENTS

		Change		
		Ordinary	Capital	Total
(1)	(a) Gross Deferred Tax Assets	\$ 9,211,507	\$ -	\$ 9,211,507
	(b) Statutory Valuation Allowance Adjustments	-	-	-
	(c) Adjusted Gross Deferred Tax Assets	9,211,507	-	9,211,507
	(d) Deferred Tax Assets Nonadmitted	-	-	-
	(e) Subtotal Net Admitted Deferred Tax Asset	9,211,507	-	9,211,507
	(f) Deferred Tax Liabilities	551,762	-	551,762
	(g) Net Admitted Deferred Tax Asset/Liability	<u>\$ 8,659,745</u>	<u>\$ -</u>	<u>\$ 8,659,745</u>
(2)	Admission Calculation Components			
	(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ 9,216,121	\$ -	\$ 9,216,121
	(b) Adjusted Gross Deferred Tax Assets Expected to be Realized After Application of the Threshold Limitation	(4,614)	-	(4,614)
	1. Adjusted Gross Deferred Tax Asset Expected to be Realized Following the Balance Sheet Date	(4,614)	-	(4,614)
	2. Adjusted Gross Deferred Tax Asset Allowed per Limitation Threshold	-	-	(5,347,833)
	(c) Adjusted Gross Deferred Tax Assets Offset by Gross Deferred Tax Liabilities	-	-	-
	(d) Deferred Tax Assets Admitted as the result of application of SSAP No 101	<u>\$ 9,211,507</u>	<u>\$ -</u>	<u>\$ 9,211,507</u>

		<u>2017</u>	<u>2016</u>
(3)	(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation in 2(b)2 above	382%	453%
	(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 above	\$ 123,686,615	\$ 149,178,195

		<u>12/31/2017</u>		<u>12/31/2016</u>	
		Ordinary	Capital	Ordinary	Capital
(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				
	(1) Adjusted Gross DTA Amount From Note 9A1c	12,073,806	-	2,862,299	-
	(2) Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact of Tax Planning Strategies	0%	0%	0%	0%
	(3) Net Admitted Adjusted Gross DTAs Amount From Note 9A1c	12,073,806	-	2,862,299	-
	(4) Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because of The Impact of Tax Planning Strategies	0%	0%	0%	0%
(b)	Does the Company's tax-planning strategies include the use of reinsurance?	Yes		No	X

NOTES TO FINANCIAL STATEMENTS

	Change	
	Ordinary	Capital
(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		
(1) Adjusted Gross DTA Amount From Note 9A1c	9,211,507	-
(2) Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact of Tax Planning Strategies	0%	0%
(3) Net Admitted Adjusted Gross DTAs Amount From Note 9A1c	9,211,507	-
(4) Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because of The Impact of Tax Planning Strategies	0%	0%

B. Unrecognized Deferred Tax Liabilities – None

C. Current income taxes incurred consist of the following major components:

(1) Current Income Tax	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>Change</u>
(a) Federal	\$ (5,152,170)	\$ 17,866,408	\$ (23,018,578)
(b) Foreign	-	-	-
(c) Subtotal	\$ (5,152,170)	\$ 17,866,408	\$ (23,018,578)
(d) Federal income tax on net capital gains	-	-	-
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	<u>\$ (5,152,170)</u>	<u>\$ 17,866,408</u>	<u>\$ (23,018,578)</u>

NOTES TO FINANCIAL STATEMENTS

(2) Deferred Tax Assets	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>Change</u>
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 1,692,066	\$ 1,340,733	\$ 351,333
(2) Unearned premium reserve	-	-	-
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	2,957	5,767	(2,810)
(8) Compensation and benefits accrual	42,155	49,598	(7,443)
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	-	31,500	(31,500)
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other	10,336,628	1,434,701	8,901,927
Subtotal	<u>\$ 12,073,806</u>	<u>\$ 2,862,299</u>	<u>\$ 9,211,507</u>
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets	<u>\$ 12,073,806</u>	<u>\$ 2,862,299</u>	<u>\$ 9,211,507</u>
(e) Capital			
(1) Investments	\$ -	\$ -	\$ -
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other	-	-	-
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets	<u>-</u>	<u>-</u>	<u>-</u>
(i) Admitted deferred tax assets	<u>\$ 12,703,806</u>	<u>\$ 2,862,299</u>	<u>\$ 9,841,507</u>

NOTES TO FINANCIAL STATEMENTS

(3) Deferred Tax Liabilities:

(a) Ordinary			
(1) Investments	-	-	-
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other	551,762	-	551,762
Subtotal	551,762	-	551,762
(b) Capital			
(1) Investments	-	-	-
(2) Real estate	-	-	-
(3) Other	-	-	-
Subtotal	-	-	-
(c) Deferred tax liabilities	\$ 551,762	\$ -	\$ 551,762
(4) Net deferred tax assets/liabilities	\$ 11,522,044	\$ 2,862,299	\$ 8,659,745

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate - The sum of the income tax incurred and the change in the deferred tax asset/liability is different from the result obtained by applying the federal statutory rate of 35% to pretax net income. Additionally, due to the enactment of the Tax Cut and Jobs Act, the deferred tax asset/liability was calculated by applying the 2018 federal statutory rate of 21%. The significant items causing the difference are as follows:

	<u>2017</u>	% of Pre-tax <u>Income</u>
Provision computed at statutory rate	\$ (21,815,442)	35.00%
Intangible tax amortization	(15,555)	0.02%
Change in non-admitted assets	240,184	-0.38%
Nondeductible expenses	97,535	-0.16%
Tax rate change	7,681,363	-12.32%
Total statutory income tax	<u>\$ (13,811,915)</u>	<u>22.16%</u>

	<u>2017</u>	% of Pre-tax <u>Income</u>
Federal income taxes incurred	\$ (5,152,170)	8.27%
Change in net deferred income taxes	(8,659,745)	13.89%
Total statutory income tax	<u>\$ (13,811,915)</u>	<u>22.16%</u>

E. Net Operating Loss Carryforwards

- At December 31, 2017, the Company had no federal operating loss carryforwards.
- The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

12/31/2017 (current year)	\$ 0
12/31/2016 (first prior year)	\$ 17,868,864

- As of December 31, 2017 there were no aggregate amounts of deposits reported as admitted assets under Section 6603 of the Internal Revenue Services (IRS) Code.

F. Consolidated Federal Income Tax Return

- The Company and its affiliated entities (as listed on Schedule Y, Part 1) are included in the consolidated federal income tax return of WellCare Health Plans, Inc. ("WellCare").

NOTES TO FINANCIAL STATEMENTS

2. Federal Income Tax Allocation - The Company is included in the consolidated federal income tax return of WellCare and its includable subsidiaries. Estimated tax payments are made quarterly, at which time intercompany tax settlements are made. In the subsequent year, additional settlements are made on the unextended due date of the return and at the time that the return is filed. The method of allocation among affiliates of the Company is subject to a written agreement approved by the Board of Directors and based upon separate tax return calculation with current credit for net losses to the extent the losses provide a benefit in the consolidated tax return.

G. The Company has no federal or foreign income tax loss contingencies as of December 31, 2017. The Company is not expecting any increase in its income tax loss contingency within the next 12 months.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A, B and C Relationship/Transactions and Amounts

Comprehensive Health Management Inc.

The Company has an affiliated management agreement with CHMI to provide certain management, administrative services and claims processing services, utilization review, payroll services and the majority of the administrative functions of the Company, excluding certain sales and marketing functions and other professional consulting expenses. Additionally, CHMI is responsible for maintaining the claims related data processing equipment and software.

In 2017, the Company's Agreement with CHMI was amended. The indirect cost charge for Medicaid gross premium earned was revised from 9.0% to 11.5%, the indirect cost charge for Medicare gross premium earned was revised from 9.5% to 8.7%, and both changes are retroactive to January 1, 2017; the indirect cost charge for Medicare Part D gross premium earned remained 7.0%. The Company will also reimburse CHMI for expenses it pays which are directly allocable to the Company. Additionally, the agreement includes a true-up mechanism where the management fee charged is compared to the actual cost of services provided and any difference is settled between CHMI and the Company. The true-up will occur on an annual basis for the prior year's activity. Management believes rates charged by CHMI to be an approximation of current market rates; however, future adjustments to this rate may be necessary as changes in regulations, scopes of services and market dynamics occur.

During Q2 2017, the Company's 2016 true-up was calculated and booked. The true-up resulted in \$949,507 of additional management fees charged to the Company based on actual cost of services provided during 2016.

During 2017 and 2016, the Company incurred \$144,095,644 and \$119,557,638, respectively, for services under the management agreement with CHMI. At December 31, 2017 and 2016 respectively, the amounts due to CHMI related to the management fees were \$1,886,312 and \$479,269.

Dividends

The Company did not have any dividends in 2017. On June 24, 2016, the Company paid an extraordinary cash dividend of \$50,000,000 to the Parent Company, The WellCare Management Group, Inc., ("WMG").

Capital Contributions

On December 22, 2017, the Company received a capital contribution of \$30,000,000 from its Parent Company, WMG.

D. Intercompany Balances - At December 31, 2017, the Company reported a \$1,886,312 payable to parent, subsidiaries and affiliates. There were no balances receivable from parent, subsidiaries and affiliates.

E. Guarantees on Undertakings for the Benefit of an Affiliate – None

F. Management/Cost Sharing Agreements - See Note 10A, B, and C above.

G. Control/Ownership - All outstanding shares of the Company are owned by the Parent Company, The WellCare Management Group, Inc. which is owned by WCG Health Management, Inc. which is in turned owned by WellCare Health Plans, Inc., an insurance holding company domiciled in the State of Delaware.

H. I. J. K. and L. Controlled Entities/Investments in SCA/Foreign Insurance Subsidiary/Downstream Noninsurance Holding Company – None

M. All SCA Investments – None

N. Investment in Insurance SCAs - None

11. Debt

A. Debt – None

B. Federal Home Loan Bank Agreements – None

NOTES TO FINANCIAL STATEMENTS

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

None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

1. *Number of Shares* - The Company has 2,000,000 shares of \$1 par value common stock authorized of which 600,000 shares are issued and outstanding.

2. *Preferred Stock Issues* - None

3. *Dividend Restrictions* - Without prior approval of its domiciliary commissioner or department of insurance, dividends to shareholders must be paid from earned surplus amounts and are limited to the greater of ten percent of the companies surplus or the net income for the 12 month period ending as of the prior year as set forth in the laws of the Company's state of incorporation, Illinois.

4. *Dividends Paid* - Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholder.

5. *Dividend Capacity and Required Minimum Capital* - There are no amounts available for dividend distribution during 2017 since the Company had a deficit balance in unassigned funds at December 31, 2017. The state of Tennessee requires the Company maintain no less than 300% authorized control level Risk Based Capital ("RBC"). At December 31, 2017, the Company's required minimum capital and surplus was \$115,840,485 and the total actual capital and surplus was \$133,828,822.

6. *Restrictions on Unassigned Funds* - None

7. *Amount of Advances to Surplus, Not Repaid* - None

8. *Stock Held of Affiliated Entities* - None

9. *Changes in Balances of Any Special Surplus Funds* - Changes in balances of special surplus funds from prior year is due to the estimated health insurance industry fee.

10. *Unrealized Gains and Losses* - None

11. *Surplus Notes* - None

12. *Quasi-Reorganizations* - None

13. *Effective Date of Quasi-Reorganization* - N/A

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments - None

B. Assessments - None

C. Gain Contingencies - None

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming From Lawsuits

E. Joint and Several Liabilities - None

F. All Other Contingencies - The Company's ultimate parent, WellCare, is a party to a number of legal actions and regulatory investigations. These matters do not directly involve the Company and management does not expect the matters to have an affect on the Company's financial position.

15. Leases

None

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

None

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

A. ASO Plans - None

B. ASC Plans - None

C. Medicare of Similarly Structured Cost Based Reimbursement Contract

1. - None

2. As of December 31, 2017 and 2016, the Company has recorded receivables of \$917,066 and \$6,497,759, respectively, from CMS related to the cost share and reinsurance components of administered Medicare products. This represents 80% and 96% of the Company's amounts receivable from uninsured accident and health plans as of December 31, 2017 and 2016, respectively.

3. None

4. None

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

None

NOTES TO FINANCIAL STATEMENTS

20. Fair Value Measurements

A. Assets that are measured at fair value on a recurring basis subsequent to initial recognition - None

B. Assets Measured on a Fair Value on a Nonrecurring Basis:

The Company's financial statements include certain financial instruments carried at amounts which approximate fair value, such as, cash, cash equivalents, short-term investments and receivables. The carrying amount approximates fair value because of the short-term nature of these items. The Company has no assets or liabilities measured or reported at fair value as of December 31, 2017 and 2016.

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—Quoted (unadjusted) prices for identical assets or liabilities in active markets: Investments included in Level 1 consist of cash, money market funds, U.S. government securities and the variable rate bond fund. The carrying amounts of money market funds and cash approximate fair value because of the short-term nature of these instruments. Fair values of the other investments included in Level 1 are based on unadjusted quoted market prices for identical securities in active markets.

Level 2 — Inputs other than quoted prices in active markets: Investments in Level 2 consist of certain certificates of deposit, corporate debt, commercial paper, asset-backed and other municipal securities for which fair market valuations are based on quoted prices for identical securities in markets that are not active, quoted prices for similar securities in active markets, broker or dealer quotations, or alternative pricing sources or for which all significant inputs are observable, either directly or indirectly, including interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates.

In addition to using market data, the Company makes assumptions when valuing assets and liabilities, including assumptions about risks inherent in the inputs to the valuation technique. When there is not an observable market price for an identical or similar asset or liability, management uses an income approach reflecting their best assumptions regarding expected cash flows, discounted using a commensurate risk-adjusted discount rate.

Level 3 — Unobservable inputs that cannot be corroborated by observable market data: Not applicable

C. None

D. None

21. Other Items

A. Extraordinary Items – None

B. Troubled Debt Restructuring – None

C. Other Disclosures and Unusual Items

Medicare Contract

The Company offers Medicare plans pursuant to a contract with CMS. The Company expects that its Medicare contract, which expires on December 31, 2018, will be renewed.

Medicaid Contract

The Company provides Medicaid health care services under a contract with the IDHFS. The Company's Illinois Medicaid contract covers January 1, 2018 through December 31, 2021. The Company expects to incur a loss on the contract so it has established a PDR. See Note 30 for additional detail.

Company Name Change

In June 2016, the Company's name of Harmony Health Plan of Illinois, Inc. was changed to Harmony Health Plan, Inc. This change occurred because the Company has members in states other than just Illinois.

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

22. Events Subsequent

ACA Annual Fee

The Company is subject to the annual industry fee under section 9010 of ACA. The industry fee is being levied on certain health insurers that provide insurance in the assessment year, and is allocated to health insurers based on each health insurer's share of net premiums for all U.S health insurers in the year preceding the assessment. In December 2015, President Obama signed the

NOTES TO FINANCIAL STATEMENTS

Consolidated Appropriations Act, 2016 which, among other provisions, included a one-year moratorium on the ACA industry fee for 2017. While the ACA industry fee will be assessed in 2018, the continuing resolution approved in January 2018 provides for an additional one-year moratorium for 2019 for the ACA industry fee.

The liability and expense are recognized once the Company provides health insurance for any U.S. health risk in the assessment year. The Company paid and expensed \$0 and \$16,199,647 in 2017 and 2016, respectively. Additionally, the estimate for the following year's fee is accrued monthly and separately segregated within surplus as an aggregate write-in in accordance with Statutory accounting guidance.

The Company has an agreement with its state Medicaid customer in Illinois which provides for them to reimburse the Company for the portion of the ACA industry fee attributable to the Medicaid program in the state, including its non-deductibility for income tax purposes. The agreement enabled the Company to recognize approximately \$0 and \$10,518,632 reimbursement as premium revenue for the years ending December 31, 2017 and 2016, respectively.

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act?	Yes	Yes
B. ACA fee assessment payable for the upcoming year	\$ 23,231,000	\$ -
C. ACA fee assessment paid	\$ -	\$ 16,199,647
D. Premium written subject to ACA 9010 assessment	\$ 1,147,938,679	\$ -
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$ 133,828,822	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 110,597,822	
G. Authorized Control Level (Five-Year Historical Line 15)	\$ 38,613,495	
H. Would reporting the ACA assessment as of December 31, 2017 have triggered an RBC action level?	No	

There were no events occurring subsequent to December 31, 2017 requiring disclosure. Subsequent events have been considered through February 23, 2018 for the Statutory statement issued on February 23, 2018.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General interrogatories

- 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 an representative, officer, trustee, or director of the Company?

Yes () No (X) If yes, give full details.

- 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) which is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (X) If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

- 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?

Yes () No (X) If yes, give full details.

- If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the company to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. N/A.
- What is the total amount of reinsurance credit taken, whether as an asset or as a reduction of liability, for these agreements in this statement? \$0

NOTES TO FINANCIAL STATEMENTS

2. Does the Company 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?

Yes () No (X) If yes, give full details.

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. N/A
2. Have any new agreements been executed or existing agreement amended, since January 1 of the year of this statement, to include policies or contracts which were in-force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes () No (X) If yes, what is the amount of reinsurance credits, whether an asset or reduction of liability, taken for such agreements or amendments? N/A

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. The Company estimates accrued retrospective premium adjustments for its Medicaid and Medicare business through a mathematical approach using an algorithm based upon settlement procedures defined by contracts with IDHFS and CMS.

B. The Company records accrued retrospective premium as an adjustment to earned premiums.

C. The amount of net premiums written by the Company at December 31, 2017 that are subject to retrospective rating features was \$1,209,274,612 or 100% of the total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.

D. Not applicable

E. Risk-Sharing Provisions of the Affordable Care Act (ACA) – Not applicable

25. Change in Incurred Claims and Claim Adjustment Expenses

A. The estimated cost of claims expense attributable to insured events of the prior year decreased by \$7,624,552 during 2017. This is approximately 5.2% of unpaid claims expenses of \$146,614,799 as of December 31, 2016. Excluding the prior period development related to the release of the provision for moderately adverse conditions, medical benefits expense for the period ending December 31, 2017 was affected by approximately \$2,179,541 of net unfavorable development related to prior years.

B. None

26. Intercompany Pooling Arrangements

None

27. Structured Settlements

None

28. Health Care Receivables

Healthcare receivables principally represent pharmacy rebates. Healthcare receivables are subject to various limits based on the nature of the receivable balance. Pharmacy rebates are recorded on an accrual basis and estimated using invoices that have been prepared using actual prescriptions filled. Pharmacy rebates receivable at December 31, 2017 total \$17,254,823 of which \$0 is aged ninety days or older and is non-admitted.

The following is a summary of pharmacy rebates by quarter:

NOTES TO FINANCIAL STATEMENTS

Quarter Ending	Estimated Rebates	Rebates Invoiced	Collected Within 90 days of Invoicing	Collected Within 91 to 180 days of Invoicing	Collected More than 180 days of Invoicing
31-Dec-2017	18,375,823		1,048,203	-	-
30-Sep-2017	17,702,914	18,839,382	17,056,668	-	-
30-Jun-2017	16,650,753	17,901,751	15,886,638	1,601,785	-
31-Mar-2017	13,666,274	15,235,980	12,469,718	2,597,161	4,195
31-Dec-2016	24,990,174	27,045,622	24,184,142	2,352,354	-
30-Sep-2016	24,466,182	27,094,559	23,485,272	3,046,182	16,696
30-Jun-2016	22,382,906	25,053,889	23,021,881	1,562,979	60,781
31-Mar-2016	18,191,094	22,179,181	21,004,902	887,855	42,591
31-Dec-2015	17,396,702	16,934,207	15,089,130	1,817,173	287,003
30-Sep-2015	16,058,123	17,026,547	10,085,281	6,288,881	388,457
30-Jun-2015	15,332,042	16,308,242	13,941,816	2,190,021	139,462
31-Mar-2015	9,696,257	9,738,950	8,909,034	110,040	141,022

B. Risk sharing receivables billed, received and accrued for three years dividend.

29. Participating Policies

None

30. Premium Deficiency Reserves

The following table summarizes the Company's premium deficiency reserves as of December 31, 2017:

1. Liability carried for premium deficiency reserves	\$45,579,968
2. Date of most recent evaluation of this liability	December 31, 2017
3. Was anticipated investment income utilized in the calculation?	No

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? Yes No
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 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 No N/A
- 1.3 State Regulating? Illinois.....
- 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 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2017
- 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.12/31/2012
- 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).06/11/2014
- 3.4 By what department or departments? Illinois 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
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 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
 4.12 renewals? Yes No
- 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
 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 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
- 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
- 7.2 If yes,
 7.21 State the percentage of foreign control0.0
 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 Nationality	2 Type of Entity
.....
.....
.....
.....
.....

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide 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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP, 201 N. Franklin Street, Suite 3600, Tampa FL 33602.....
- 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 the 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 [X] No [] N/A []
- 10.6 If the response to 10.5 is no or n/a, please explain

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?
Larry Smart (Employee), WellCare Health Plans, Inc, 8735 Henderson Road, Tampa FL 33634.....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved0
- 12.13 Total book/adjusted carrying value \$.....
- 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?
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 [X] No []
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s)
Minor revisions and clarifications of existing provisions. Adopted by Board of Directors on July 11, 2017.....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 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 [X]
- 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 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 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 subordinate committee thereof? Yes [X] 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 [X] 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 [X] 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 [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|---------|
| | 20.11 To directors or other officers | \$..... |
| | 20.12 To stockholders not officers | \$..... |
| | 20.13 Trustees, supreme or grand (Fraternal only) | \$..... |
- 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 | \$..... |
| | 20.22 To stockholders not officers | \$..... |
| | 20.23 Trustees, supreme or grand (Fraternal only) | \$..... |
- 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 reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|----------------------------|---------|
| | 21.21 Rented from others | \$..... |
| | 21.22 Borrowed from others | \$..... |
| | 21.23 Leased from others | \$..... |
| | 21.24 Other | \$..... |
- 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 [X]
- 22.2 If answer is yes:
- | | | |
|--|--|---------|
| | 22.21 Amount paid as losses or risk adjustment | \$..... |
| | 22.22 Amount paid as expenses | \$..... |
| | 22.23 Other amounts paid | \$..... |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 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 [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....
- 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 [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] NA [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 [] NA [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 |

GENERAL INTERROGATORIES

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 currently 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	\$
25.22 Subject to reverse repurchase agreements	\$
25.23 Subject to dollar repurchase agreements	\$
25.24 Subject to reverse dollar repurchase agreements	\$
25.25 Placed under option agreements	\$
25.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock	\$
25.27 FHLB Capital Stock	\$
25.28 On deposit with states	\$6,807,943
25.29 On deposit with other regulatory bodies	\$
25.30 Pledged as collateral – excluding collateral pledged to an FHLB	\$
25.31 Pledged as collateral to FHLB – including assets backing funding agreements	\$
25.32 Other	\$

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? Yes [] No [] N/A []
If no, attach a description with this statement.

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. \$

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
Oppenheimer & Co.....	New York, NY.....

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

GENERAL INTERROGATORIES

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

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 [] No [X]

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 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed

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		0

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 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 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	3,654,253	3,628,062	(26,191)
30.2 Preferred Stocks.....	0		0
30.3 Totals	3,654,253	3,628,062	(26,191)

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

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 [X]

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:

GENERAL INTERROGATORIES

33. By self-designating 5*GI securities, the reporting entity is certifying the following elements of each self-designated 5*GI security:
- a. Documentation necessary to permit a full credit analysis of the security does not exist.
 - 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 5*GI securities?

Yes [] No []

OTHER

34.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$0

34.2 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
.....	\$
.....	\$
.....	\$

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

35.2 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 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$

36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$

36.2 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
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 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? \$
- 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 \$
- 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 lives0
- 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 lives0
- 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 lives0
- 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 lives0

2. Health Test:

	1		2
	Current Year		Prior Year
2.1 Premium Numerator	\$1,209,274,612	\$	.....1,069,730,404
2.2 Premium Denominator	\$1,209,274,612	\$	.....1,069,730,404
2.3 Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4 Reserve Numerator	\$259,558,375	\$	.....162,575,624
2.5 Reserve Denominator	\$259,558,375	\$	.....162,575,624
2.6 Reserve Ratio (2.4/2.5)	.....1.000		.....1.000

- 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 [X]
- 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 [X] No []
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [X] No []
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No []
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical \$
- 5.32 Medical Only \$2,000,000
- 5.33 Medicare Supplement \$
- 5.34 Dental and Vision \$
- 5.35 Other Limited Benefit Plan \$
- 5.36 Other \$
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:
The Company is required by the Department of Insurance to have a restricted bank account funded for the specific event of insolvency. Additionally, all provider contracts include provisions for continuity of care to its subscribers.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [] No [X]
- 7.2 If no, give details
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year68,800
- 8.2 Number of providers at end of reporting year67,000
- 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 between 15-36 months
- 9.22 Business with rate guarantees over 36 months

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [] No [X]
- 10.2 If yes:
- | | | |
|---|--|---------|
| 10.21 Maximum amount payable bonuses | | \$..... |
| 10.22 Amount actually paid for year bonuses | | \$..... |
| 10.23 Maximum amount payable withholds | | \$..... |
| 10.24 Amount actually paid for year withholds | | \$..... |
- 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 [X] No [] |
| 11.14 A Mixed Model (combination of above) ? | | Yes [] No [X] |
- 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. Tennessee.....
- 11.4 If yes, show the amount required. \$.....115,840,485
- 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
- Minimum Net Worth = 300% of Authorized Control Level Risk Based Capital ("RBC")
12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Alabama - statewide.....
Arkansas - Ashley, Baxter, Benton, Bradley, Calhoun, Carroll, Chicot, Clark, Clay, Cleburne, Cleveland, Conway, Craighead, Crawford, Crittenden, Cross, Dallas, Desha, Fulton, Franklin, Garland, Grant, Greene, Hot Spring, Independence, Izard, Jackson, Lawrence, Lee, Lincoln.....
Logan, Lonoke, Marion, Mississippi, Monroe, Montgomery, Nevada, Newton, Ouachita, Perry, Phillips, Pike, Poinsett, Prairie, Pulaski, Randolph, Saline, Scott, Searcy, Sebastian, Sharp, St. Francis, Stone, Union, Van Buren, Washington, White, Woodruff and Yell.....
Illinois - Medicare statewide, Illinois - Medicaid (statewide except for McLean and Rock Island).....
Idaho - statewide.....
Indiana - statewide.....
Mississippi - statewide.....
Missouri - statewide.....
Montana - statewide.....
Oklahoma - statewide.....
South Carolina - statewide.....
Tennessee - statewide.....
Virginia - statewide.....

- 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. \$.....
- 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. \$.....
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers? Yes [] No [X N/A []
- 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

15. Provide the following for Individual ordinary life insurance* policies (U.S. business Only) for the current year:
- | | | |
|--|--|---------|
| 15.1 Direct Premium Written (prior to reinsurance ceded) | | \$..... |
| 15.2 Total incurred claims | | \$..... |
| 15.3 Number of covered lives |  | ..... |

*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)

FIVE - YEAR HISTORICAL DATA

	1 2017	2 2016	3 2015	4 2014	5 2013
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	468,587,727	384,276,694	334,066,961	340,909,083	97,272,164
2. Total liabilities (Page 3, Line 24)	334,758,905	232,616,175	153,134,377	148,737,648	54,038,404
3. Statutory minimum capital and surplus requirement	115,840,485	93,633,396	90,755,772	33,003,513	19,698,954
4. Total capital and surplus (Page 3, Line 33)	133,828,822	151,660,518	180,932,584	192,171,435	43,233,760
Income Statement (Page 4)					
5. Total revenues (Line 8)	1,209,565,046	1,069,730,404	968,245,747	877,309,100	368,079,812
6. Total medical and hospital expenses (Line 18)	1,049,087,270	874,598,461	794,252,922	734,602,834	299,588,611
7. Claims adjustment expenses (Line 20)	15,051,250	11,967,895	17,775,265	24,306,307	10,502,267
8. Total administrative expenses (Line 21)	163,691,958	149,794,073	100,473,113	71,595,961	48,452,536
9. Net underwriting gain (loss) (Line 24)	(63,845,400)	33,369,975	55,744,447	46,803,998	9,536,398
10. Net investment gain (loss) (Line 27)	1,798,146	1,272,722	733,884	488,865	162,695
11. Total other income (Lines 28 plus 29)	(282,597)	(179,449)	0	0	0
12. Net income or (loss) (Line 32)	(57,177,681)	16,596,839	30,396,347	28,365,880	6,577,477
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	45,218,538	28,440,267	94,075,107	(1,311,469)	23,096,318
Risk-Based Capital Analysis					
14. Total adjusted capital	133,828,822	151,660,518	180,932,584	192,171,435	43,233,760
15. Authorized control level risk-based capital	38,613,495	31,211,132	30,251,924	26,237,979	9,849,477
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	218,174	264,043	249,335	275,454	159,411
17. Total members months (Column 6, Line 7)	2,674,578	3,128,903	3,021,377	3,076,376	1,930,086
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 (Lines 18 plus Line 19)	86.7	81.8	82.0	85.0	81.4
20. Cost containment expenses	0.5	0.5	0.8	1.3	1.2
21. Other claims adjustment expenses	0.7	0.6	1.1	2.7	1.6
22. Total underwriting deductions (Line 23)	105.3	96.9	94.2	94.7	97.4
23. Total underwriting gain (loss) (Line 24)	(5.3)	3.1	5.8	5.3	2.6
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	138,990,248	119,547,205	95,313,939	106,954,658	31,181,662
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	146,614,799	132,535,915	135,321,318	119,331,811	35,624,675
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
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	0	0	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harmony Health Plan, Inc.

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

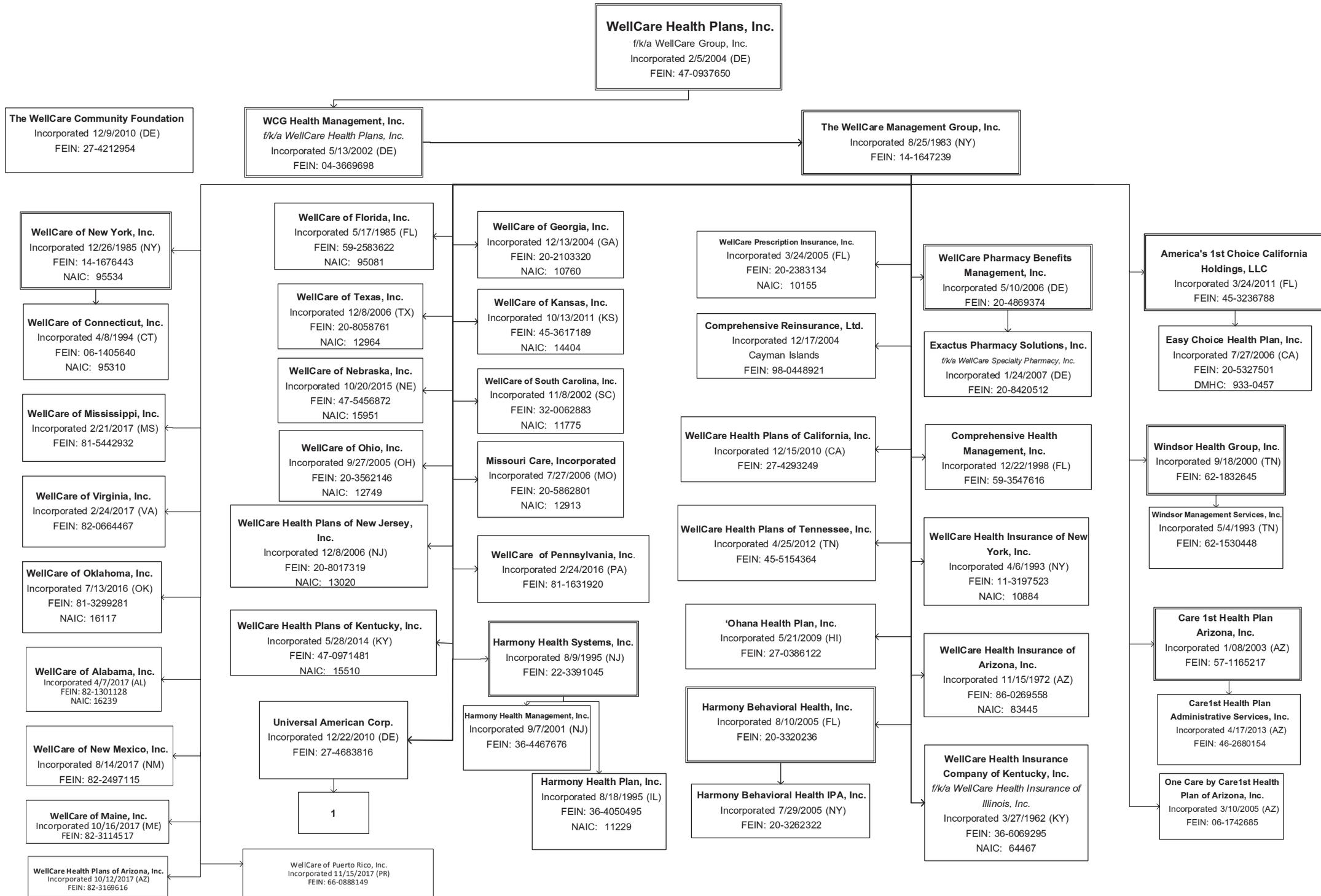
Allocated by States and Territories

State, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL	L	(356,072)						(356,072)	0
2. Alaska	AK	N							0	0
3. Arizona	AZ	N							0	0
4. Arkansas	AR	L	(26,461)	158,781,587					158,755,126	0
5. California	CA	N							0	0
6. Colorado	CO	N							0	0
7. Connecticut	CT	N							0	0
8. Delaware	DE	N							0	0
9. District of Columbia	DC	N							0	0
10. Florida	FL	N							0	0
11. Georgia	GA	N							0	0
12. Hawaii	HI	N							0	0
13. Idaho	ID	L							0	0
14. Illinois	IL	L		211,164,138	346,237,169				557,401,307	0
15. Indiana	IN	L							0	0
16. Iowa	IA	N							0	0
17. Kansas	KS	N							0	0
18. Kentucky	KY	N							0	0
19. Louisiana	LA	N							0	0
20. Maine	ME	N							0	0
21. Maryland	MD	N							0	0
22. Massachusetts	MA	N							0	0
23. Michigan	MI	N							0	0
24. Minnesota	MN	N							0	0
25. Mississippi	MS	L	(157,281)	280,444,040					280,286,759	0
26. Missouri	MO	L	(13,562)						(13,562)	0
27. Montana	MT	L							0	0
28. Nebraska	NE	N							0	0
29. Nevada	NV	N							0	0
30. New Hampshire	NH	N							0	0
31. New Jersey	NJ	N							0	0
32. New Mexico	NM	N							0	0
33. New York	NY	N							0	0
34. North Carolina	NC	N							0	0
35. North Dakota	ND	N							0	0
36. Ohio	OH	N							0	0
37. Oklahoma	OK	L							0	0
38. Oregon	OR	N							0	0
39. Pennsylvania	PA	N							0	0
40. Rhode Island	RI	N							0	0
41. South Carolina	SC	L	(36,070)	83,572,865					83,536,795	0
42. South Dakota	SD	N							0	0
43. Tennessee	TN	L	(383,033)	130,216,429					129,833,396	0
44. Texas	TX	N							0	0
45. Utah	UT	N							0	0
46. Vermont	VT	N							0	0
47. Virginia	VA	L	(37,743)						(37,743)	0
48. Washington	WA	N							0	0
49. West Virginia	WV	N							0	0
50. Wisconsin	WI	N							0	0
51. Wyoming	WY	N							0	0
52. American Samoa	AS	N							0	0
53. Guam	GU	N							0	0
54. Puerto Rico	PR	N							0	0
55. U.S. Virgin Islands	VI	N							0	0
56. Northern Mariana Islands	MP	N							0	0
57. Canada	CAN	N							0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX		(1,010,222)	864,179,059	346,237,169	0	0	0	1,209,406,006	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	0
61. Total (Direct Business)	(a) 12		(1,010,222)	864,179,059	346,237,169	0	0	0	1,209,406,006	0
DETAILS OF WRITE-INS										
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX		0	0	0	0	0	0	0	0

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

Explanation of basis of allocation by states, premiums by state, etc. Allocated according to benefit state.
 (a) Insert the number of L responses except for Canada and other Alien.

The WellCare Group of Companies as of December, 2017



1

Universal American Corp.
Incorporated: 12/22/2010 (DE)
FEIN: 27-4683816

Ownership is 100% except as noted

Collaborative Health Systems, LLC
Incorporated: 12/1/2011 (NY)
FEIN: 90-0779287

A

Universal American Holdings, LLC
Incorporated: 3/30/2011 (DE)
FEIN: 45-1352914

APS Parent, Inc.
Incorporated: 1/6/2012 (DE)
FEIN: 45-4644722

American Progressive Life and Health Insurance Company of New York
Incorporated: 9/22/1945 (NY)
FEIN: 13-1851754
NAIC: 80624

Premier Marketing Group, LLC
Incorporated: 12/1/2000 (DE)
FEIN: 58-2633295

Universal American Financial Services, Inc.
Incorporated: 12/29/1982 (DE)
FEIN: 95-3800329

UAM/APS Holding Corp.
Incorporated: 4/18/2007 (DE)
FEIN: 26-0153605

Quincy Coverage Corporation
Incorporated: 8/18/1988 (NY)
FEIN: 13-3491681

Penn Marketing America, LLC
Incorporated: 6/4/2001 (DE)
FEIN: 95-3623226

APS Healthcare, Inc.
Incorporated: 9/13/1991 (DE)
FEIN: 54-1602622

Heritage Health Systems, Inc.
Redomesticated: 1/6/2009 (TX)
Merged: 7/31/1995 (DE)
Incorporated: 8/21/92 (TN)
FEIN: 62-1517194

Worlco Management Services, Inc.
Incorporated: 05/3/1973 (NY)
FEIN: 23-1913528

APS Healthcare Holdings, Inc.
Incorporated: 9/17/1997 (DE)
FEIN: 52-2134236

B

UAM Agent Services Corp.
Incorporated: 6/7/1971 (IA)
FEIN: 42-0989096

40.1

A

Collaborative Health Systems, LLC
Incorporated: 12/1/2011 (NY)
FEIN: 90-0779287

Ownership is 100% except as noted

40.2

Accountable Care Coalition of Central Georgia, LLC
Incorporated: 6/6/2012 (GA)
FEIN: 45-5510251 51%

Accountable Care Coalition of Chesapeake, LLC
Incorporated: 5/10/2016 (MD)
FEIN: 81-2588974

Accountable Care Coalition of Coastal Georgia, LLC
Incorporated: 12/22/2011 (GA)
FEIN: 45-4113655 51%

Accountable Care Coalition of DeKalb, LLC
Incorporated: 2/13/2012 (GA)
FEIN: 45-4537668 80%

Accountable Care Coalition of Arizona, LLC
Incorporated: 4/20/2017 (AZ)
FEIN: 82-1246845 51%

Accountable Care Coalition of Louisiana, LLC
Incorporated: 5/24/2017 (LA)
FEIN: 82-1637625 51%

Accountable Care Coalition of Eastern Wisconsin, LLC
Incorporated: 5/10/2016 (WI)
FEIN: 81-2629752

Accountable Care Coalition of Georgia, LLC
Incorporated: 6/6/2012 (GA)
FEIN: 45-5481108 51%

Accountable Care Coalition of Maryland, LLC
Incorporated: 12/27/2011 (MD)
FEIN: 45-4119739 51%

Accountable Care Coalition of Maryland Primary Care, LLC
Incorporated: 6/4/2012 (MD)
FEIN: 45-5449147 51%

Accountable Care Coalition of Community Health Centers, LLC
Incorporated: 5/24/2017 (TX)
FEIN: 82-1681146 51%

Accountable Care Coalition of New Jersey, LLC
Incorporated: 4/21/2017 (NJ)
FEIN: 82-1263227 51%

Accountable Care Coalition of Mississippi, LLC
Incorporated: 5/24/2013 (MS)
FEIN: 46-2881180 51%

Accountable Care Coalition of Mount Kisco, LLC
Incorporated: 12/22/2011 (NY)
FEIN: 45-4105836 51%

Accountable Care Coalition of North Texas, LLC
Incorporated: 2/16/2012 (TX)
FEIN: 45-4552802 51%

Accountable Care Coalition of Northeast Georgia, LLC
Incorporated: 4/8/2015 (GA)
FEIN: 47-3894436 51%

Accountable Care Coalition of Northwest Florida, LLC
Incorporated: 12/22/2011 (FL)
FEIN: 45-4106526 51%

Accountable Care Coalition of South Carolina, LLC
Incorporated: 5/5/2015 (SC)
FEIN: 47-3913308

Accountable Care Coalition of Community Health Centers II, LLC
Incorporated: 5/24/2017 (TX)
FEIN: 82-1669422 51%

Accountable Care Coalition of North West Region, LLC
Incorporated: 2/13/2012 (OR)
FEIN: 82-1604548 51%

Accountable Care Coalition of Southeast Texas, Inc.
Incorporated: 4/28/2015 (TX)
FEIN: 47-3843552

Accountable Care Coalition of Southeast Wisconsin, LLC
Incorporated: 12/22/2011 (WI)
FEIN: 45-4113610 51%

Accountable Care Coalition of Syracuse, LLC
Incorporated: 2/13/2012 (NY)
FEIN: 45-4546234 51%

Accountable Care Coalition of Texas, Inc.
Incorporated: 6/28/2011 (TX)
FEIN: 45-2742298

Accountable Care Coalition of the Tri-Counties, LLC
Incorporated: 1/4/2012 (SC)
FEIN: 45-4113780 51%

Accountable Care Coalition of Western Georgia, LLC
Incorporated: 2/9/2012 (GA)
FEIN: 45-4537584 51%

Accountable Care Coalition of Georgia Community Health Centers, LLC
Incorporated: 5/22/2017 (GA)
FEIN: 82-1623920 51%

Accountable Care Coalition of Northwest Region II, LLC
Incorporated: 5/24/2017 (OR)
FEIN: 82-1698885 51%

AWC of Syracuse, Inc.
Incorporated: 11/6/2014 (NY)
FEIN: 47-2346408

Chrysalis Medical Services, LLC
Incorporated: 12/11/2013 (NJ)
FEIN: 30-0803845 51%

Collaborative Health Systems of Maryland, Inc.
Incorporated: 7/21/2016 (MD)
FEIN: 81-3365375

Collaborative Health Systems of Virginia, Inc.
Incorporated: 7/21/2016 (VA)
FEIN: 81-3306594

Collaborative Health Systems of Virginia, Inc.
Incorporated: 7/21/2016 (VA)
FEIN: 81-3306594

Collaborative Health Systems of Virginia, Inc.
Incorporated: 7/21/2016 (VA)
FEIN: 81-3306594

Accountable Care Coalition of Hawaii, LLC
Incorporated: 3/17/2017 (HI)
FEIN: 82-1558080 51%

Accountable Care Coalition of Pennsylvania, LLC
Incorporated: 5/18/2017 (PA)
FEIN: 82-0727997 51%

Essential Care Partners, LLC
Incorporated: 2/17/2012 (TX)
FEIN: 45-4561546 51%

Hudson Accountable Care, LLC
Incorporated: 5/16/2015 (NY)
FEIN: 47-3923394

Maine Primary Care Holdings, LLC
Incorporated: 2/14/2012 (ME)
FEIN: 45-4679969 97%

Maryland Collaborative Care, LLC
Incorporated: 5/4/2012 (MD)
FEIN: 90-0855950 51%

Mid-Atlantic Collaborative Care, LLC
Incorporated: 5/20/2016 (MD)
FEIN: 81-2704355 51%

Northern Maryland Collaborative Care, LLC
Incorporated: 6/14/2012 (MD)
FEIN: 45-5626871 51%

Accountable Care Coalition of Indiana, LLC
Incorporated: 3/27/2017 (IN)
FEIN: 82-0746336 51%

Accountable Care Coalition of Tennessee, LLC
Incorporated: 4/18/2017 (TN)
FEIN: 82-1219279 51%

Virginia Collaborative Care, LLC
Incorporated: 6/4/2012 (VA)
FEIN: 45-5439406 51%

Maine Community Accountable Care Organization, LLC
Incorporated: 2/14/2012 (ME)
FEIN: 45-4552092 49.47%

B

Heritage Health Systems, Inc.
Redomesticated: 1/6/2009 (TX)
FEIN: 62-1517194

SelectCare of Texas, Inc.
Incorporated: 5/30/2000 (TX)
FEIN: 62-1819658
NAIC: 10096

SelectCare Health Plans, Inc.
Incorporated: 3/15/2005 (TX)
FEIN: 74-3141949
NAIC: 10768

HHS Texas Management, Inc.
Incorporated: 5/01/1996 (GA)
FEIN: 76-0500964

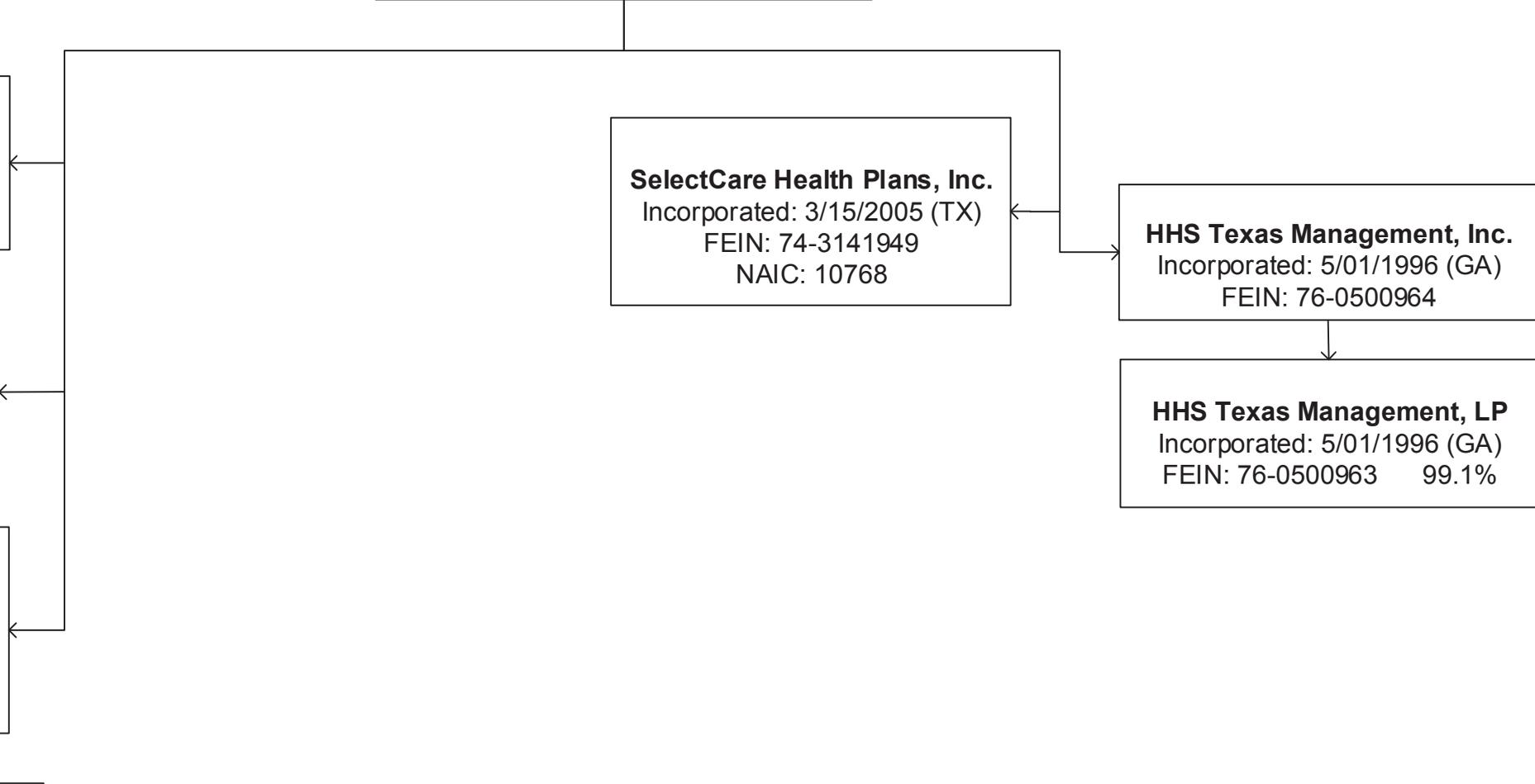
Heritage Physician Networks
Incorporated: 9/05/1997 (TX)
FEIN: 76-0560730

HHS Texas Management, LP
Incorporated: 5/01/1996 (GA)
FEIN: 76-0500963 99.1%

Heritage Health Systems of Texas, Inc.
Incorporated: 9/16/1994 (TX)
FEIN: 76-0459857

Golden Triangle Physician Alliance
Incorporated: 7/22/1996 (TX)
FEIN: 62-1694548

40.3



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