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# QUARTERLY STATEMENT

## AS OF SEPTEMBER 30, 2019

OF THE CONDITION AND AFFAIRS OF THE

## Merit Health Insurance Company

NAIC Group Code 01260 (Current Period), 01260 (Prior Period) NAIC Company Code 18750 Employer's ID Number 36-3856181

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 [ X ] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]
Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [ ]
Other [ ] Is HMO Federally Qualified? Yes [ ] No [ ]

Incorporated/Organized 11/23/1992 Commenced Business 01/08/1993

Statutory Home Office 5215 Old Orchard Road, Suite 600 (Street and Number), Skokie, IL, US 60077 (City or Town, State, Country and Zip Code)

Main Administrative Office 5215 Old Orchard Road, Suite 600 (Street and Number) Skokie, IL, US 60077 (City or Town, State, Country and Zip Code) 224-935-9809 (Area Code) (Telephone Number)

Mail Address 5215 Old Orchard Road, Suite 600 (Street and Number or P.O. Box), Skokie, IL, US 60077 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 14100 Magellan Plaza (Street and Number) Maryland Heights, MO, US 63043 (City or Town, State, Country and Zip Code) 314-387-5006 (Area Code) (Telephone Number)

Internet Web Site Address N/A

Statutory Statement Contact Billie Reitz (Name) 314-387-5033 (Area Code) (Telephone Number) (Extension)

bjreitz@magellanhealth.com (E-Mail Address) 314-387-5407 (FAX Number)

## OFFICERS

| Name | Title | Name | Title |
|---|---|---|---|
| Mostafa Kamal | President | Andrew Mark Cummings | Secretary |
| Jeffrey Nelson West | Treasurer | | |

## OTHER OFFICERS

| | | | |
|---|---|---|---|
| Linton Clarke Newlin | Vice-President | Michael Patrick McQuillen | Assistant Secretary |
| John DiBernardi | Assistant Secretary | | |

## DIRECTORS OR TRUSTEES

| | | | |
|---|---|---|---|
| Mostafa Kamal | Michael Vallino | Julie Ann Billingsley | Jeffrey Nelson West |
| Joel Barnes | Daniel Gregoire | | |

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.

| Mostafa Kamal<br>President | Andrew Mark Cummings<br>Secretary | Jeffrey Nelson West<br>Treasurer |
|---|---|---|

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

# ASSETS

| | Current Statement Date 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | 4 December 31 Prior Year Net Admitted Assets |
|---|---|---|---|---|
| 1. Bonds | 3,174,562 | | 3,174,562 | 3,041,622 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks | | | 0 | 0 |
| 2.2 Common stocks | | | 0 | 0 |
| 3. Mortgage loans on real estate: | | | | |
| 3.1 First liens | | | 0 | 0 |
| 3.2 Other than first liens | | | 0 | 0 |
| 4. Real estate: | | | | |
| 4.1 Properties occupied by the company (less $ ..... encumbrances) | | | 0 | 0 |
| 4.2 Properties held for the production of income (less $ ..... encumbrances) | | | 0 | 0 |
| 4.3 Properties held for sale (less $ ..... encumbrances) | | | 0 | 0 |
| 5. Cash ($ 491,439 ), cash equivalents ($ 1,407,540 ) and short-term investments ($ 0 ) | 1,898,979 | | 1,898,979 | 1,540,317 |
| 6. Contract loans (including $ ..... premium notes) | | | 0 | 0 |
| 7. Derivatives | 0 | | 0 | 0 |
| 8. Other invested assets | 0 | | 0 | 0 |
| 9. Receivables for securities | | | 0 | 0 |
| 10. Securities lending reinvested collateral assets | | | 0 | 0 |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 5,073,541 | 0 | 5,073,541 | 4,581,939 |
| 13. Title plants less $ ..... charged off (for Title insurers only) | | | 0 | 0 |
| 14. Investment income due and accrued | 21,049 | | 21,049 | 10,855 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 761,814 | | 761,814 | 907,354 |
| 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 ($ 26,510,253 ) and contracts subject to redetermination ($ ..... ) | 26,510,253 | | 26,510,253 | 15,860,460 |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | | | 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 | 84,233,549 | | 84,233,549 | 49,361,245 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | 0 | 325,674 |
| 18.2 Net deferred tax asset | | | 0 | 0 |
| 19. Guaranty funds receivable or on deposit | | | 0 | 0 |
| 20. Electronic data processing equipment and software | | | 0 | 0 |
| 21. Furniture and equipment, including health care delivery assets ($ ..... ) | | | 0 | 0 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | 0 |
| 23. Receivables from parent, subsidiaries and affiliates | | | 0 | 0 |
| 24. Health care ($ 38,164,019 ) and other amounts receivable | 43,912,104 | 5,676,938 | 38,235,166 | 56,511,517 |
| 25. Aggregate write-ins for other-than-invested assets | 432,834 | 432,834 | 0 | 0 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 160,945,144 | 6,109,772 | 154,835,372 | 127,559,044 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 | 0 |
| 28. Total (Lines 26 and 27) | 160,945,144 | 6,109,772 | 154,835,372 | 127,559,044 |
| **DETAILS OF WRITE-INS** | | | | |
| 1101. | | | | |
| 1102. | | | | |
| 1103. | | | | |
| 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. Prepaid Postage | 432,834 | 432,834 | 0 | 0 |
| 2502. | | | 0 | 0 |
| 2503. | | | | |
| 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) | 432,834 | 432,834 | 0 | 0 |

# LIABILITIES, CAPITAL AND SURPLUS

| | Current Period | | | Prior Year |
|---|---|---|---|---|
| | 1<br>Covered | 2<br>Uncovered | 3<br>Total | 4<br>Total |
| 1. Claims unpaid (less $ ..... reinsurance ceded) | | | 0 | 0 |
| 2. Accrued medical incentive pool and bonus amounts | | | 0 | 0 |
| 3. Unpaid claims adjustment expenses | | | 0 | 0 |
| 4. Aggregate health policy reserves including the liability of $ ..... for medical loss ratio rebate per the Public Health Service Act | | | 0 | 0 |
| 5. Aggregate life policy reserves | | | 0 | 0 |
| 6. Property/casualty unearned premium reserve | | | 0 | 0 |
| 7. Aggregate health claim reserves | | | 0 | 0 |
| 8. Premiums received in advance | | | 0 | 0 |
| 9. General expenses due or accrued | 2,225,724 | | 2,225,724 | 3,167,173 |
| 10.1 Current federal and foreign income tax payable and interest thereon (including $ ..... on realized gains (losses)) | 275,140 | | 275,140 | 0 |
| 10.2 Net deferred tax liability | | | 0 | 0 |
| 11. Ceded reinsurance premiums payable | | | 0 | 0 |
| 12. Amounts withheld or retained for the account of others | 2,221,615 | | 2,221,615 | 1,250,083 |
| 13. Remittances and items not allocated | | | 0 | 0 |
| 14. Borrowed money (including $ ..... current) and interest thereon $ ..... (including $ ..... current) | | | 0 | 0 |
| 15. Amounts due to parent, subsidiaries and affiliates | 95,859,251 | | 95,859,251 | 69,686,071 |
| 16. Derivatives | | | 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 | | | 0 | 0 |
| 23. Aggregate write-ins for other liabilities (including $ ..... current) | 0 | 0 | 0 | 0 |
| 24. Total liabilities (Lines 1 to 23) | 100,581,729 | 0 | 100,581,729 | 74,103,327 |
| 25. Aggregate write-ins for special surplus funds | XXX | XXX | 0 | 0 |
| 26. Common capital stock | XXX | XXX | 2,000,000 | 2,000,000 |
| 27. Preferred capital stock | XXX | XXX | | 0 |
| 28. Gross paid in and contributed surplus | XXX | XXX | 21,020,000 | 21,020,000 |
| 29. Surplus notes | XXX | XXX | | 0 |
| 30. Aggregate write-ins for other-than-special surplus funds | XXX | XXX | 0 | 0 |
| 31. Unassigned funds (surplus) | XXX | XXX | 31,233,643 | 30,435,717 |
| 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 | 54,253,643 | 53,455,717 |
| 34. Total liabilities, capital and surplus (Lines 24 and 33) | XXX | XXX | 154,835,372 | 127,559,044 |
| **DETAILS OF WRITE-INS** | | | | |
| 2301. | | | 0 | 0 |
| 2302. | | | | |
| 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) | 0 | 0 | 0 | 0 |
| 2501. Special Surplus related to HIF fees | XXX | XXX | | 0 |
| 2502. | XXX | XXX | | |
| 2503. | XXX | XXX | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | XXX | XXX | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | XXX | XXX | 0 | 0 |
| 3001. PY Adjustment | XXX | XXX | | 0 |
| 3002. | XXX | XXX | | |
| 3003. | XXX | XXX | | |
| 3098. Summary of remaining write-ins for Line 30 from overflow page | XXX | XXX | 0 | 0 |
| 3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above) | XXX | XXX | 0 | 0 |

# STATEMENT OF REVENUE AND EXPENSES

| | Current Year To Date | | Prior Year To Date | Prior Year Ended December 31 |
|---|---|---|---|---|
| | 1<br>Uncovered | 2<br>Total | 3<br>Total | 4<br>Total |
| 1. Member Months | XXX | 538,591 | 762,383 | 1,022,330 |
| 2. Net premium income (including $ non-health premium income) | XXX | 35,652,730 | 69,624,988 | 92,484,227 |
| 3. Change in unearned premium reserves and reserve for rate credits | XXX | 10,649,793 | 13,734,338 | 14,667,728 |
| 4. Fee-for-service (net of $ medical expenses) | XXX | | 0 | 0 |
| 5. Risk revenue | XXX | | 0 | 0 |
| 6. Aggregate write-ins for other health care related revenues | XXX | (12,436) | (2,737,932) | (3,498,510) |
| 7. Aggregate write-ins for other non-health revenues | XXX | 0 | 0 | 0 |
| 8. Total revenues (Lines 2 to 7) | XXX | 46,290,087 | 80,621,394 | 103,653,445 |
| **Hospital and Medical:** | | | | |
| 9. Hospital/medical benefits | | | (156) | (5,365) |
| 10. Other professional services | | | 0 | 0 |
| 11. Outside referrals | | | 0 | 0 |
| 12. Emergency room and out-of-area | | | 0 | 0 |
| 13. Prescription drugs | | 38,517,177 | 70,690,438 | 89,679,896 |
| 14. Aggregate write-ins for other hospital and medical | 0 | 0 | 0 | 0 |
| 15. Incentive pool, withhold adjustments and bonus amounts | | | 0 | 0 |
| 16. Subtotal (Lines 9 to 15) | 0 | 38,517,177 | 70,690,281 | 89,674,532 |
| **Less:** | | | | |
| 17. Net reinsurance recoveries | | | 0 | 0 |
| 18. Total hospital and medical (Lines 16 minus 17) | 0 | 38,517,177 | 70,690,281 | 89,674,532 |
| 19. Non-health claims (net) | | | 0 | 0 |
| 20. Claims adjustment expenses, including $ cost containment expenses | | 0 | 372,065 | 423,767 |
| 21. General administrative expenses | | 7,570,073 | 9,846,477 | 15,413,324 |
| 22. Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only) | | | 0 | 0 |
| 23. Total underwriting deductions (Lines 18 through 22) | 0 | 46,087,250 | 80,908,823 | 105,511,623 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23) | XXX | 202,837 | (287,429) | (1,858,178) |
| 25. Net investment income earned | | 90,161 | 51,771 | 71,575 |
| 26. Net realized capital gains (losses) less capital gains tax of $ | | | 0 | 0 |
| 27. Net investment gains (losses) (Lines 25 plus 26) | 0 | 90,161 | 51,771 | 71,575 |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ ) (amount charged off $ )] | | | 0 | 0 |
| 29. Aggregate write-ins for other income or expenses | 0 | 0 | 0 | 0 |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) | XXX | 292,997 | (235,658) | (1,786,603) |
| 31. Federal and foreign income taxes incurred | XXX | 60,584 | 416,344 | 90,670 |
| 32. Net income (loss) (Lines 30 minus 31) | XXX | 232,413 | (652,002) | (1,877,273) |
| **DETAILS OF WRITE-INS** | | | | |
| 0601. Health Insurer Fee | XXX | 0 | 0 | 0 |
| 0602. Bad Debt Contra | XXX | (12,436) | (2,675,832) | (3,436,410) |
| 0603. Performance Penalty | XXX | 0 | (62,100) | (62,100) |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | XXX | 0 | 0 | 0 |
| 0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) | XXX | (12,436) | (2,737,932) | (3,498,510) |
| 0701. | XXX | | | |
| 0702. | XXX | | | |
| 0703. | XXX | | | |
| 0798. Summary of remaining write-ins for Line 7 from overflow page | XXX | 0 | 0 | 0 |
| 0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) | XXX | 0 | 0 | 0 |
| 1401. | | | 0 | 0 |
| 1402. | | | | |
| 1403. | | | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | 0 | 0 | 0 | 0 |
| 1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) | 0 | 0 | 0 | 0 |
| 2901. | | | | |
| 2902. | | | | |
| 2903. | | | | |
| 2998. Summary of remaining write-ins for Line 29 from overflow page | 0 | 0 | 0 | 0 |
| 2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) | 0 | 0 | 0 | 0 |

# STATEMENT OF REVENUE AND EXPENSES (Continued)

| | | 1<br>Current Year<br>To Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year<br>Ended<br>December 31 |
|---|---|---|---|---|
| | **CAPITAL & SURPLUS ACCOUNT** | | | |
| 33. | Capital and surplus prior reporting year | 53,455,718 | 51,893,942 | 51,893,942 |
| 34. | Net income or (loss) from Line 32 | 232,413 | (652,002) | (1,877,273) |
| 35. | Change in valuation basis of aggregate policy and claim reserves | | 0 | 0 |
| 36. | Change in net unrealized capital gains (losses) less capital gains tax of $ | | 0 | 0 |
| 37. | Change in net unrealized foreign exchange capital gain or (loss) | | 0 | 0 |
| 38. | Change in net deferred income tax | | 0 | 0 |
| 39. | Change in nonadmitted assets | 565,513 | 2,889,643 | 3,439,048 |
| 40. | Change in unauthorized and certified reinsurance | 0 | 0 | 0 |
| 41. | Change in treasury stock | 0 | 0 | 0 |
| 42. | Change in surplus notes | 0 | 0 | 0 |
| 43. | Cumulative effect of changes in accounting principles | | 0 | 0 |
| 44. | Capital Changes: | | | |
| | 44.1 Paid in | | 0 | 0 |
| | 44.2 Transferred from surplus (Stock Dividend) | | 0 | 0 |
| | 44.3 Transferred to surplus | | 0 | 0 |
| 45. | Surplus adjustments: | | | |
| | 45.1 Paid in | | 0 | 0 |
| | 45.2 Transferred to capital (Stock Dividend) | 0 | 0 | 0 |
| | 45.3 Transferred from capital | | 0 | 0 |
| 46. | Dividends to stockholders | | 0 | 0 |
| 47. | Aggregate write-ins for gains or (losses) in surplus | 0 | 0 | 1 |
| 48. | Net change in capital and surplus (Lines 34 to 47) | 797,926 | 2,237,642 | 1,561,776 |
| 49. | Capital and surplus end of reporting period (Line 33 plus 48) | 54,253,643 | 54,131,583 | 53,455,718 |
| | **DETAILS OF WRITE-INS** | | | |
| 4701. | Unrecorded Prior Year Audit Adjustments | | 0 | 1 |
| 4702. | Adjustment | | 0 | 0 |
| 4703. | | | | |
| 4798. | Summary of remaining write-ins for Line 47 from overflow page | 0 | 0 | 0 |
| 4799. | Totals (Lines 4701 through 4703 plus 4798) (Line 47 above) | 0 | 0 | 1 |

# CASH FLOW

| | 1<br>Current Year<br>To Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year Ended<br>December 31 |
|---|---|---|---|
| **Cash from Operations** | | | |
| 1. Premiums collected net of reinsurance | 35,785,834 | 65,894,374 | 88,761,339 |
| 2. Net investment income | 58,148 | 52,918 | 61,402 |
| 3. Miscellaneous income | 0 | 0 | 12,568,106 |
| 4. Total (Lines 1 to 3) | 35,843,982 | 65,947,291 | 101,390,847 |
| 5. Benefit and loss related payments | 25,963,167 | 60,116,192 | 93,209,783 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | 0 | 0 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 7,799,375 | 11,892,344 | 14,801,379 |
| 8. Dividends paid to policyholders | | 0 | 0 |
| 9. Federal and foreign income taxes paid (recovered) net of $ ..... tax on capital gains (losses) | (540,229) | 76,776 | 684,905 |
| 10. Total (Lines 5 through 9) | 33,222,313 | 72,085,311 | 108,696,068 |
| 11. Net cash from operations (Line 4 minus Line 10) | 2,621,669 | (6,138,020) | (7,305,221) |
| **Cash from Investments** | | | |
| 12. Proceeds from investments sold, matured or repaid: | | | |
| 12.1 Bonds | 965,000 | 624,000 | 2,224,000 |
| 12.2 Stocks | 0 | 0 | 0 |
| 12.3 Mortgage loans | 0 | 0 | 0 |
| 12.4 Real estate | 0 | 0 | 0 |
| 12.5 Other invested assets | 0 | 0 | 0 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | 0 | (3,695,196) | 0 |
| 12.7 Miscellaneous proceeds | 0 | 3,695,196 | 0 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 965,000 | 624,000 | 2,224,000 |
| 13. Cost of investments acquired (long-term only): | | | |
| 13.1 Bonds | 1,076,121 | 329,020 | 2,405,164 |
| 13.2 Stocks | 0 | 0 | 0 |
| 13.3 Mortgage loans | 0 | 0 | 0 |
| 13.4 Real estate | 0 | 0 | 0 |
| 13.5 Other invested assets | 0 | 0 | 0 |
| 13.6 Miscellaneous applications | 0 | 0 | 0 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 1,076,121 | 329,020 | 2,405,164 |
| 14. Net increase (or decrease) in contract loans and premium notes | 0 | 0 | 0 |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) | (111,121) | 294,980 | (181,164) |
| **Cash from Financing and Miscellaneous Sources** | | | |
| 16. Cash provided (applied): | | | |
| 16.1 Surplus notes, capital notes | 0 | 0 | 0 |
| 16.2 Capital and paid in surplus, less treasury stock | 0 | 0 | 0 |
| 16.3 Borrowed funds | 0 | 0 | 0 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | | 0 | 0 |
| 16.5 Dividends to stockholders | 0 | 0 | 0 |
| 16.6 Other cash provided (applied) | (2,151,886) | 3,181,314 | 4,900,538 |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) | (2,151,886) | 3,181,314 | 4,900,538 |
| **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) | 358,662 | (2,661,726) | (2,585,847) |
| 19. Cash, cash equivalents and short-term investments: | | | |
| 19.1 Beginning of year | 1,540,317 | 4,126,164 | 4,126,164 |
| 19.2 End of period (Line 18 plus Line 19.1) | 1,898,979 | 1,464,438 | 1,540,317 |

# EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

| | 1 | Comprehensive (Hospital & Medical) | | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2 | 3 | | | | | | | |
| | Total | Individual | Group | Medicare Supplement | Vision Only | Dental Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other |
| Total Members at end of: | | | | | | | | | | |
| 1. Prior Year | 87,928 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 87,928 |
| 2. First Quarter | 60,042 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 60,042 |
| 3. Second Quarter | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Third Quarter | 63,911 | | | | | | | | | 63,911 |
| 5. Current Year | 0 | | | | | | | | | |
| 6. Current Year Member Months | 538,591 | | | | | | | | | 538,591 |
| Total Member Ambulatory Encounters for Period: | | | | | | | | | | |
| 7. Physician | 0 | | | | | | | | | 0 |
| 8. Non-Physician | 0 | | | | | | | | | 0 |
| 9. Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. Hospital Patient Days Incurred | 0 | | | | | | | | | 0 |
| 11. Number of Inpatient Admissions | 0 | | | | | | | | | 0 |
| 12. Health Premiums Written (a) | 35,652,730 | | | | | | | | | 35,652,730 |
| 13. Life Premiums Direct | 0 | | | | | | | | | |
| 14. Property/Casualty Premiums Written | 0 | | | | | | | | | |
| 15. Health Premiums Earned | 35,652,730 | | | | | | | | | 35,652,730 |
| 16. Property/Casualty Premiums Earned | 0 | | | | | | | | | |
| 17. Amount Paid for Provision of Health Care Services | 25,963,167 | | | | | | | | | 25,963,167 |
| 18. Amount Incurred for Provision of Health Care Services | 38,517,177 | | | | | | | | | 38,517,177 |

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

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

**Aging Analysis of Unpaid Claims**

| 1<br>Account | 2<br>1 - 30 Days | 3<br>31 - 60 Days | 4<br>61 - 90 Days | 5<br>91 - 120 Days | 6<br>Over 120 Days | 7<br>Total |
|---|---|---|---|---|---|---|
| Claims unpaid (Reported) | | | | | | |
| 0199999 Individually listed claims unpaid | 0 | 0 | 0 | 0 | 0 | 0 |
| 0299999 Aggregate accounts not individually listed-uncovered | | | | | | 0 |
| 0399999 Aggregate accounts not individually listed-covered | | | | | | 0 |
| 0499999 Subtotals | 0 | 0 | 0 | 0 | 0 | 0 |
| 0599999 Unreported claims and other claim reserves | XXX | XXX | XXX | XXX | XXX | |
| 0699999 Total amounts withheld | XXX | XXX | XXX | XXX | XXX | |
| 0799999 Total claims unpaid | XXX | XXX | XXX | XXX | XXX | 0 |
| 0899999 Accrued medical incentive pool and bonus amounts | XXX | XXX | XXX | XXX | XXX | 0 |

NONE

# UNDERWRITING AND INVESTMENT EXHIBIT

## ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

| Line of Business | Claims Paid Year to Date | | Liability End of Current Quarter | | 5 | 6 |
|---|---|---|---|---|---|---|
| | 1<br>On Claims Incurred Prior to January 1 of Current Year | 2<br>On Claims Incurred During the Year | 3<br>On Claims Unpaid Dec. 31 of Prior Year | 4<br>On Claims Incurred During the Year | Claims Incurred in Prior Years (Columns 1 + 3) | Estimated Claim Reserve and Claim Liability Dec. 31 of Prior 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 | | | | | 0 | 0 |
| 7. Title XIX - Medicaid | | | | | 0 | 0 |
| 8. Other health | | 38,517,177 | | | 0 | 0 |
| 9. Health subtotal (Lines 1 to 8) | 0 | 38,517,177 | 0 | 0 | 0 | 0 |
| 10. Health care receivables (a) | | | | | 0 | 0 |
| 11. Other non-health | | | | | 0 | 0 |
| 12. Medical incentive pools and bonus amounts | | | | | 0 | 0 |
| 13. Totals (Lines 9-10+11+12) | 0 | 38,517,177 | 0 | 0 | 0 | 0 |

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

# NOTES TO FINANCIAL STATEMENTS

## 1 Summary of Significant Accounting Policies

(A) - Accounting Practices

Merit Health Insurance Company (the "Company") prepares its statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the Illinois Department of Insurance (the "Department"), which represents a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The Department requires that insurance companies domiciled in Illinois prepare their statutory-basis financial statements in accordance with the Codified National Association of Insurance Commissioners' ("NAIC") Statements of Statutory Accounting Principles ("SSAP"), subject to any deviations prescribed or permitted by the Department. The Company is not aware of any differences between the NAIC and the Department with respect to accounting practices that would have an impact on the accompanying statutory-basis financial statements. In addition, the accompanying statutory-basis financial statements have been prepared in accordance with the Annual Statement instructions and the NAIC Accounting Practices and Procedures manual.

| State of Domicile: Illinois | 2019 | 2018 |
|---|---|---|
| **Net Income** | | |
| Merit Health Insurance Company State Basis test | $ 232,413 | $ (1,877,273) |
| State Prescribe Practices that increase/(decrease) NAIC SAP | $ - | $ - |
| State Permitted Practices that increase/(decrease) NAIC SAP | $ - | $ - |
| NAIC SAP | $ 232,413 | $ (1,877,273) |
| **SURPLUS** | | |
| Merit Health Insurance Company State Basis | $ 54,253,653 | $ 53,455,718 |
| State Prescribe Practices that increase/(decrease) NAIC SAP | $ - | $ - |
| State Permitted Practices that increase/(decrease) NAIC SAP | $ - | $ - |
| NAIC SAP | $ 54,253,653 | $ 53,455,718 |

(B) - Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions that affect the reported amounts of admitted assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates of the Company include, among other things, contract receivables realization. Actual results could differ from those estimates.

(C) – Accounting Policies

*Fair Value of Financial Instruments*

The Company currently does not have any assets or liabilities that are required to be measured at fair value on a recurring basis. SSAP No. 100 "Fair Value Measurements", defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value. The carrying value of the Company's financial instruments classified as current assets (other than short-term investments) and current liabilities approximate fair value due to their short maturities. As of December 31, 2018, the carrying value and fair value of the Company's long-term investments totaled $3,041,622 and $3,051,983, respectively. As of September 30, 2019, the Company had no short-term investments; the carrying value and fair value of the Company's long-term investments totaled $3,174,562 and $3,198,719, respectively.

*Cash, Cash Equivalents and Short-term Investments*

Cash consists of cash on hand and in financial institutions, along with certificates of deposit with maturity dates at the time of acquisition of one year or less. Cash equivalents are short-term, highly liquid interest-bearing investments with maturity dates of three months or less when acquired. Short-term investments have maturities of one year or less at the time of acquisition (excluding those investments classified as cash equivalents) and are recorded at amortized cost using the straight-line basis, except in cases where NAIC designation requires them to be carried at the lower of amortized cost or fair value. For the periods presented, the Company's cash equivalents consist of a tax-exempt money market mutual fund.

*Long-term Investments*

Long-term investments have maturities in excess of one year from the date of acquisition and are recorded at amortized cost using the straight-line basis, except in cases where NAIC designation requires them to be carried at the lower of amortized cost or fair value. For the periods presented, the Company's long-term investments consist of U.S. Treasury securities.

*Investment Securities*

The Company periodically evaluates whether any declines in the fair value of investment securities are other-than-temporary. This evaluation consists of a review of several factors, including but not limited to: the length of time and extent that a security has been in an unrealized loss position; the existence of an event that would impair the issuer's future

# NOTES TO FINANCIAL STATEMENTS

earnings potential; the near-term prospects for recovery of the market value of a security; and the intent and ability of the Company to hold the security until the market value recovers. Declines in value below cost for investments where it is considered probable that all contractual terms of the investment will be satisfied, the decline is due primarily to changes in interest rates (and not because of increased credit risk), and where the Company intends and has the ability to hold the investment for a period of time sufficient to allow a market recovery, are not assumed to be other-than-temporary. As of December 31, 2018, and September 30, 2019, the Company did not have any other-than-temporary impairments.

*Contract Receivables*

Contract receivables consist of amounts due from customers for capitated services. Collateral is generally not required. Contract receivables are admitted in the accompanying statutory-basis financial statements pursuant to the provisions of SSAP No. 84, "Certain Health Care Receivables and Receivables under Government Insured Plans" ("SSAP 84"). Evaluation of the collectability of amounts receivable is based upon factors surrounding the credit risk of specific customers, historical trends and other information. If it is probable the balance is uncollectible, any uncollectible receivable shall be written off and charged to income in the period the determination is made.

Amounts receivable relating to uninsured plans for claims and other costs paid by the administrator on behalf of the third party at risk and fees related to the services provided by the administrator to the plan are to be segregated from other receivables. In accordance with SSAP 84, receivables associated with uninsured plans are considered an admitted asset, including amounts over ninety days past due.

*Revenue Recognition*

The Centers for Medicare & Medicaid Services ("CMS") premium, the member premium and the low-income premium subsidy represent payments for the Company's insurance risk coverage under the Medicare Part D program and, therefore, are recorded as premium revenues. Premium revenues are recognized ratably over the period in which eligible individuals are entitled to receive prescription drug benefits.

Low Income Cost Sharing ("LICS"), catastrophic reinsurance and coverage gap subsidies from CMS represent cost reimbursements under the Medicare Part D program. Amounts received for these subsidies are not reflected as premium revenues, but rather are accounted for as deposits, with the related asset or liability recorded in either Amounts receivable related to uninsured plans, net or amounts held under uninsured plans, net in the balance sheets.

The Company generated $46,302,523 of premium revenue for the period ended September 30, 2019. These premiums include a $10,649,793 increase in amounts due from CMS under a risk sharing feature of the Medicare Part D plan design referred to as the "risk corridor". Risk corridor amounts are recorded as an adjustment to premiums. Based on settlement position, amounts due to or from CMS under the risk sharing feature are recorded in either Health Policy Reserves or Accrued Retrospective Premiums in the accompanying balance sheets.

Due to the risk corridor, the Company's business is accounted for as a retrospectively rated contract. The Company estimates amounts due to or from CMS under the risk corridor feature using a mathematical approach based on the Company's underwriting experience. It is at least reasonably possible that these estimates could differ from the amounts that are ultimately settled with CMS and that such a change in the estimates could be material to the financial statements. The amount of net premiums written during the period ended September 30, 2019 that were subject to the retrospective feature was $35,652,730, which represents 100% of premiums written excluding the risk corridor adjustment.

*Medical Claims Payable*

Medical claims payable balances are continually monitored and reviewed. If it is determined that the Company's assumptions in estimating such liabilities are different than actual results, the Company's results of operations and financial position could be impacted in future periods. Adjustments of prior period estimates may result in additional claims costs or a reduction of claims costs in the period an adjustment is made. Further, due to the considerable variability of healthcare costs, adjustments to claims unpaid occur each period and are sometimes significant as compared to the net income recorded in that period. Prior period development is recognized immediately upon the actuary's judgment that a portion of the prior period liability is no longer needed or that additional liability should have been accrued.

Actuarial standards of practice require that medical claims payable be adequate under moderately adverse circumstances. Adverse circumstances are situations in which actual claims experience could be higher than the otherwise estimated value of such claims. In many situations, the claims paid amount experienced will be less than the estimate that satisfies the actuarial standards of practice.

(D) - Going Concern

There is no substantial doubt about the Company's ability to continue as a going concern.

**2 Accounting Changes and Corrections of Errors**

None.

**3 Business Combinations and Goodwill**

None.

**4 Discontinued Operations**

# NOTES TO FINANCIAL STATEMENTS

None.

## 5 Investments

(A) – (K) None. The Company does not have investments in mortgage loans, debt restructuring, reverse mortgages, loan-backed securities, repurchase agreements, real estate or low-income housing tax credits.

(L) Restricted Assets

(1) Restricted Assets (Including Pledged):

| Restricted Asset Category | 1<br>Total Gross Restricted from Current Year | 2<br>Total Gross Restricted From Prior Year | 3<br>Increase/ (Decrease) (1 minus 2) | 4<br>Total Current Year Nonadmitted Resricted | 5<br>Total Current Year Admitted Resricted | 6<br>Percentage Gross Restricted to Total Assets | 7<br>Percentage Admitted Restricted to Total Admitted Assets |
|---|---|---|---|---|---|---|---|
| a. Subject to contractual obligation for which liability is not shown | $ - | $ - | $ - | $ - | $ - | 0.0% | 0.0% |
| 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 | 3,388,272 | 3,183,818 | 204,454 | - | 3,388,273 | 2.1% | 2.2% |
| k. On deposit with other regulatory bodies | | | | | | | |
| l. Pledged as collateral to FHLB (incuding assets backing funding agreements) | | | | | | | |
| m. Pledged as collateral not captured in other categories | | | | | | | |
| n. Other restricted assets | | | | | | | |
| o. Total Restricted Assets | 3,388,272 | 3,183,818 | $ 204,454 | $ - | $ 3,388,273 | 2.1% | 2.2% |

(2) – (4) None.

(M) – (R) None.

## 6 Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

The Company entered into a joint venture agreement with its ultimate parent company, Magellan Health, Inc. ("Magellan"), effective March 1, 2012. The joint venture agreement does not signify a joint venture investment, with no provision of equity interest included, but rather stipulates the responsibilities of the Company and Magellan with respect to a contract with the State of Louisiana Department of Health and Hospitals Office of Behavioral Health (the "State Contract") that was awarded Magellan. Per the terms of the joint venture agreement, all revenues and claims costs associated with the State Contract are reported by the Company. The State Contract terminated on October 31, 2018.

## 7 Investment Income

The Company admitted all investment income due and accrued as of December 31, 2018 and September 30, 2019, which totaled $10,855 and $21,049, respectively.

## 8 Derivative Instruments

None.

## 9 Income Taxes

For federal income tax reporting purposes, the Company's operations are included in Magellan's consolidated federal income tax returns. The Company has a new tax allocation agreement with Magellan that was effective January 1, 2017, and an amendment to that agreement that was effective April 1, 2017. The agreement calls for an allocation based on the Company's book pre-tax income adjusted for permanent items and considering the ultimate parent's federal statutory rate and applicable state statutory rate. Also, the agreement is to be revenue neutral to Magellan and other Magellan subsidiaries in that the Company's tax liability or benefit is not any different than if it filed separate federal and state income tax returns. Through the tax allocation agreement (and tax allocation in place prior to January 1, 2017), the Company was allocated federal income tax charges of $90,670 and $60,584 for its share of Magellan's federal income tax provisions for the year ended December 31, 2018 and period ended September 30, 2019, respectively.

In accordance with the tax allocation agreement, allocated income taxes payable or recoverable are settled on a quarterly basis. In addition, any filings done on behalf of the Company that result in additional tax assessments or refunds from federal or state tax authorities are required to be settled within 30 days after execution of the document. Accordingly, the allocated federal taxes recoverable as of December 31, 2018 was received from Magellan in the first quarter of 2019, the

# NOTES TO FINANCIAL STATEMENTS

allocated federal income taxes recoverable as of March 31, 2019 was received from Magellan in the second quarter of 2019 and the allocated federal income taxes recoverable was received from Magellan in the third quarter of 2019.

(A) – (B) None. The Company did not have a tax deferred asset or liability as of September 30, 2019.

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

| | (1)<br>9/30/2019 | (2)<br>12/31/2018 | (3)<br>(Col 1-2) Change |
|---|---|---|---|
| | | | |
| (1) Current Income Tax | | | |
| (a) Federal | $ 60,584 | $ 90,670 | $ (30,086) |
| (b) Foreign | $ - | $ - | $ - |
| (c) Subtotal | $ 60,584 | $ 90,670 | $ (30,086) |
| (d) Federal income tax on net capital gains | $ - | $ - | $ - |
| (e) Unilization of capital loss carry-forwards | $ - | $ - | $ - |
| (f) Other | $ - | $ - | $ - |
| (g) Federal and foreign income taxes incurred | $ 60,584 | $ 90,670 | $ (30,086) |
| | | | |

(D) Not applicable.

(E) Not applicable.

(F) For federal income tax reporting purposes, the Company's operations are included in Magellan's consolidated federal income tax returns. The Company has a tax allocation agreement with Magellan. The current agreement calls for an allocation based on the Company's book pre-tax income adjusted for permanent items and considering the ultimate parent's federal statutory rate and applicable state statutory rate. Also, the agreement is to be revenue neutral to Magellan and other Magellan subsidiaries in that the Company's tax liability or benefit is not any different than if it filed separate federal and state income tax returns.

(G) Not applicable.

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

(A) – (C) The Company is a direct subsidiary of Magellan Healthcare. Magellan Healthcare is a wholly owned subsidiary of Magellan. Magellan is engaged in the healthcare management business, and is focused on today's most complex and costly healthcare services.

Effective March 1, 2012, the Company entered into a joint venture agreement with Magellan. The agreement was developed to assist in the administration of the State Contract that commenced on March 1, 2012, and outlines the Company's and Magellan's responsibilities under the State Contract. In addition, the joint venture agreement provides detail with respect to the administrative services to be provided by Magellan and the associated compensation that shall be paid to Magellan by the Company. The compensation charged by Magellan for these services includes an administrative services component that is based on stated percentages of premiums earned under the State Contract and a staffing and direct office cost component that represents direct expenses incurred and paid by Magellan in support of the State Contract. For the period ended December 31, 2018, the amount charged to the Company in connection with the joint venture agreement totaled $5,497,454, with charges for administrative services and staffing and direct office costs totaling $2,856,944 and $2,640,510, respectively. Due to the termination of the State Contract on October 31, 2018, the amount charged to the Company in connection with the joint venture agreement decreased to a total of $100,019 in charges for direct office costs for the period ended September 30, 2019.

Effective January 1, 2016, the Company entered into an administrative agreement with Magellan Rx Management ("Magellan Rx") to provide pharmacy benefit management for the Medicare Part D members. Magellan Rx will provide network management, network access, help desk services, auditing, mail order pharmacy services, specialty pharmacy, formulary and rebate administration and other core administrative and value added administrative services. The administrative fee will be assessed on a per member, per month (PMPM) basis and totaled $7,217,650 for the year ended December 31, 2018, and $3,801,617 for the period ended September 30, 2019.

Except for amounts due to other Prescription Drug Plans ("PDPs"), all claims paid and incurred for pharmacy claims are based on amounts billed by Magellan Rx and filled by pharmacies in Magellan Rx's pharmacy network. Additionally, all pharmaceutical rebates are received or receivable from Magellan Rx, which contracts with pharmaceutical manufacturers for such rebates. Payment terms require settlement of rebates within one hundred and eighty days following the end of each contract quarter following receipt of such rebates by Magellan Rx.

(D) Amounts receivable from or payable to parent, subsidiaries and affiliates are non-interest bearing and are settled within ninety days of quarter-end. As of December 31, 2018 and the period ended September 30 ,2019, the Company reported $69,686,071 and $95,859,251 as the amount due to parent, subsidiaries and affiliates, which is primarily comprised of amounts due for uninsured pharmacy claims processed and management fees. Under an administrative services agreement between Magellan Healthcare and the Company, Magellan Healthcare performs certain collection and

# NOTES TO FINANCIAL STATEMENTS

payment activities on behalf of the Company. In addition, Magellan Healthcare performs certain administrative and operational functions, which includes legal, underwriting and accounting services. The amount charged to the Company relating to these services for the year ended December 31, 2018, and the period ended September 30, 2019 totaled $93,600 and $63,000, respectively.

(E) None.

(F) As mentioned above, under an administrative services agreement between Magellan Healthcare and the Company, Magellan Healthcare performs certain collection and payment activities on behalf of the Company. In addition, Magellan Healthcare performs certain administrative and operational functions, which includes legal, underwriting and accounting services.

(G) All outstanding shares of the Company are held by Magellan Healthcare.

(H) None.

(I) – (O) Not applicable.

**11 Debt**

None.

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

None.

**13 Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

(1) The Company has 10,000,000 shares of common stock authorized, with 2,000,000 shares issued and outstanding at a $1.00 par value.
(2) The Company has no preferred stock issued or outstanding.
(3) Dividends to stockholders are limited by Illinois statute, and are generally payable from accumulated surplus funds that are derived from realized net operating profits on its business and realized net capital gains on its investments. Dividend requests over specified thresholds require approval of the Department.
(4) No cash dividends were paid during 2018 or 2019.
(5) There are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders, however it must not exceed 10% of the prior year capital & surplus.
(6) There are no restrictions placed on the Company's surplus, including for whom the surplus is being held.
(7) The Company does not have any advances to surplus.
(8) The Company does not hold any stock for special purposes.
(9) The Company does not have a special surplus fund.
(10) The Company does not have unrealized capital gains included in unassigned funds (surplus).
(11) The Company has not issued surplus debentures or similar obligations.
(12) The Company has not had any restatements due to quasi-reorganizations
(13) Not applicable.

**14 Liabilities, Contingencies and Assessments**

(A) None.
(B) During 2017, the Company established an accrual for guaranty fund assessments related to the Penn Treaty Network America Insurance Company and American Network Insurance Company liquidations. It is expected that these insolvencies will result in additional retrospective-premium-based guaranty fund assessments against the company in the amount of $200,000, and this amount was charged to operations in the prior period and the liability recognized. This liability is expected to be paid out over the next three to five years. Since the insolvency and related assessments relate to entities that wrote long-term care contracts, the estimated liability has been discounted. In calculation of the liability, a discount rate of 4.25% was used. If this liability was not discounted, the total liability is estimated to be $314,675. There are two jurisdictions for which the accrual was made as it was determined that the potential liability for all other jurisdictions the Company is licensed in is either immaterial or none. The range of years used to discount the liabilities is 1-70, with the weighted average number of years being approximately 12. Since the Company is anticipating to write only Medicare Part D insurance in the future, no premium tax offsets (assets) are expected to be realized since Part D premiums are exempt from premium tax.
(C) None.
(D) None.
(E) None.
(F) Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company. The Company has no assets that it considers to be impaired.

The managed healthcare industry is subject to extensive and evolving federal and state regulations. Such laws and regulations cover, but are not limited to, matters such as licensure, accreditation, government healthcare program participation requirements, information privacy and security, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government investigations and allegations have become more frequent concerning possible violations of fraud and abuse and false claims statutes and regulations by healthcare organizations. Violators may be excluded from participating in government healthcare programs, subject to fines or penalties or required to

# NOTES TO FINANCIAL STATEMENTS

repay amounts received from the government for previously billed services. A violation of such laws and regulations may have a material adverse effect on the Company.

The Company routinely assesses the collectability of its receivables and has recorded an allowance on the uncollected premiums and agents balances of $5,441,828, $500,000 on receivables related to uninsured plans and $1,416,190 on healthcare and other receivables. As of September 30, 2019, the Company non-admitted $5,748,085 in rebate receivables that are reported as healthcare receivables due to adjustments to prior periods that were not confirmed within 60 days of the estimate.

**15 Leases**

None.

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

The Company does not have any financial instruments with off-balance sheet risk. Certain financial instruments potentially subject the Company to concentrations of credit risk. These financial instruments consist primarily of cash, investments and receivables. The Company maintains its cash and investments with what it believes to be high-quality financial institutions, and invests in exempt money market funds, U.S. Treasury securities, obligations of U.S. government-sponsored agencies that are believed to have minimal credit risk. The Company's receivables are primarily comprised of contract receivables, rebate receivables, and amounts receivable relating to uninsured plans, all of which are associated with the Medicare Part D Plan.

**17 Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

None.

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

(A) ASO Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans for the period ended June 30, 2019, were as follows:

| | ASO Uninsured Plan | Uninsured Portion of Partially Insured Plans | Total ASO |
|---|---|---|---|
| (a) Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses | $ (373,284) | $ - | $ (373,284) |
| (b) Total net other income or expenses (including interest paid to or received from plans) | $ - | $ - | $ - |
| (c) Net gain or (loss) from operations | $ (373,285) | $ - | $ (373,285) |
| (d) Total Claim payment volume | $ 391,276 | $ - | $ 391,276 |
| | | | |

(B) None.

(C) Medicare or other Similarly Structured Cost Based Reimbursement Contract:

(1) Revenue and prescription drug amounts for the year ended December 31, 2018, and period ended September 30, 2019 exclude $295,596,327 and $154,684,215 in subsidies from Centers for Medicare and Medicaid Services ("CMS") for catastrophic reinsurance subsidies, low income cost sharing subsidies ("LICS") and the coverage gap discount program ("CGDP") pursuant to the Company's contracts with CMS.

(2) As of December 31, 2018, amounts receivable relating to uninsured plans includes $48,443,570 due from CMS or drug manufacturers for LICS, CGDP and drug costs covered by the catastrophic reinsurance feature. As of September 30, 2019, amounts receivable relating to uninsured plans includes $85,720,825 due from CMS or drug manufacturers for LICS, CGDP and drug costs covered by the catastrophic reinsurance feature. Amounts due from CMS for a plan year for LICS and drugs covered by the catastrophic reinsurance feature are typically settled in the fourth quarter of the following year. Amounts due from CMS for a plan year for CGDP are typically settled sixteen months after the plan year is complete.

(3) As of December 31, 2018, and September 30, 2019, there were no allowances or reserves for adjustment of recorded revenues.

(4) The Company has made no adjustments to revenue resulting from audit of receivables related to revenues recorded in the prior period.

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

None.

**20 Fair Value Measurements**

# NOTES TO FINANCIAL STATEMENTS

The Company currently does not have any assets or liabilities that are required to be measured and reported at fair value on a recurring basis.

(A)

(1) Fair Value Measurements at Reporting Date

| Description for each class | Level 1 | Level 2 | Level 3 | Net Asset Value | Total |
|---|---|---|---|---|---|
| Investments as of September 30, 2019: | | | | | |
| U.S. Government and agency securities | $ 3,198,719 | $ – | $ – | $ – | $ 3,198,719 |
| Obligations of government-sponsored enterprises | – | 1,407,540 | | – | 1,407,540 |
| Total invested assets | $ 3,198,719 | $ 1,407,540 | $ – | $ – | $ 4,606,259 |

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

(3) None – No transfers between levels have been recognized.

(4) For Level 2 obligations of government-sponsored enterprises, valuation is taken from monthly investment brokerage statement.

(5) None.

(B) None.

(C) Aggregate fair value of all financial instruments and level within the fair value hierarchy in which the fair value measurements fall (excluding Common Stock – Investment in Subsidiary accounted for under the equity method):

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Net Asset Value (NAV) | Not Practicable (Carrying Value) |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| Bonds | 4,606,259 | 4,582,102 | 3,198,719 | 1,407,540 | - | | - |

(D) Not Practicable to Estimate Fair Value – None
(E) Not applicable – no investments are measured using the NAV practical expedient.

**21 Other Items**

(A) – (H) None.

**22 Events Subsequent**

Type I – Recognized Subsequent Events:
Subsequent events have been considered through August 1, 2019 for the statutory statement issued on September 30, 2019. The Company has no recognized subsequent events to disclose.

Type II – Nonrecognized Subsequent Events:
Subsequent events have been considered through August 1, 2019 for the statutory statement issued on September 30, 2019.

On January 1, 2019, the Company will be subject to an annual fee under section 9010 of the Federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for an U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2018, the Company has written health insurance subject to the ACA assessment and expects to conduct health insurance business in 2019, however, the collection of the fee is suspended in 2019 due to the enactment of H.R. 195, Division D – Suspension of Certain Health-Related Taxes, §4003, on January 22, 2018.

# NOTES TO FINANCIAL STATEMENTS

| | Current Year | Prior Year |
|---|---|---|
| A. Did the reporting entity write accident and health insurance premium that is subject ot Section 9010 of the federal Affordable Care Act (YES/NO)? | YES | |
| B. ACA fee assessment payable for the upcoming year | $ - | $ - |
| C. ACA fee assessment paid | $ - | $ 2,216,374 |
| D. Premium written subject to ACA 9010 assessment | $ 46,302,523 | $ 107,151,955 |
| E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14) | $ 53,455,718 | |
| F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above) | $ 53,455,718 | |
| G. Authorized Control Level (Five-Year Historical Line 15) | $ 2,418,719 | |
| H. Would reporting the ACA assessment as of December 31, current year, have triggered an RBC action level (YES/NO)? | NO | |
| A. ACA fee assessment payable | $ - | |
| B. Assessment expected to impact RBC % | 0% | |
| | | |

**23 Reinsurance**

(A) The Company has no ceded reinsurance.
(B) The Company did not write off any uncollectible reinsurance balances during the year ended December 31, 2018 or the period ended September 30, 2019.
(C) The Company has no ceded reinsurance.
(D) Not applicable.

**24 Retrospectively Rated Contracts & Contracts Subject to Redetermination**

(A) The Company's Medicare Part D contract with CMS contains a risk corridor feature. Due to the risk corridor feature, the Company's business is accounted for as a retrospectively rated contract. The Company estimates retrospective premium adjustments using a mathematical approach based on the Company's underwriting experience. As of December 31, 2018, accrued retrospective premium adjustments were reported as aggregate health policy reserves in the amount of $2,099,622 and as accrued retrospective premiums of $14,667,728. As of September 30, 2019, accrued retrospective premium adjustments were reported as aggregate health policy reserves in the amount of $26,510,243 and as accrued retrospective premiums of $10,649,793.
(B) The Company records the risk corridor adjustment as an adjustment to earned premiums.
(C) The amount of net direct premiums written by the Company for the year ended December 31, 2018, and the period ended September 30, 2019 that was subject to retrospective rating feature was $14,667,728 and $10,649,793, respectively, which represented 15.9% and 23.0%, respectively, of total premiums written.
(D) None.
(E) The Company only provides coverage under a Medicare Part D contract and does not provide coverage subject to the ACA risk-sharing provisions.

**25 Change in Incurred Claims and Claim Adjustment Expenses**

None.

**26 Intercompany Pooling Arrangements**

(A) – (G) None.

**27 Structured Settlements**

Not applicable.

**28 Health Care Receivables**

(A) The Company has contracted with Magellan Rx for pharmaceutical rebates. Amounts recorded in the Company's financial statements are determined based on the amounts Magellan Rx has collected or expects to collect as invoiced or otherwise confirmed by Magellan Rx. The Company reports pharmaceutical rebates due to/from Magellan Rx as healthcare receivables. For the year ended December 31, 2018, the Company recorded $56,511,517 as healthcare receivables with $6,500,620 non-admitted. For the period ended September 30, 2019, the Company recorded $43,912,104 as healthcare receivables with $5,676,938 non-admitted.

# NOTES TO FINANCIAL STATEMENTS

| Quarter | Estimated Pharmacy Rebates as Reported on Financial Statements | Pharmacy Rebates as Billed or Otherwise Confirmed | Actual Rebates Received within 90 Days of Billing | Actual Rebates Received 91 to 180 Days of Billing | Actual Rebates Received More Than 180 Days of Billing | Outstanding Balance |
|---|---|---|---|---|---|---|
| 9/30/2019 | 20,453,092 | 20,453,092 | - | | | 20,453,092 |
| 6/30/2019 | 20,776,974 | 20,256,963 | - | | | 20,256,963 |
| 3/31/2019 | 18,567,462 | 18,820,113 | - | 18,519,000 | | 301,114 |
| 12/31/2018 | 32,165,554 | 31,467,389 | - | 29,602,801 | - | 1,864,588 |
| 9/30/2018 | 30,485,366 | 27,933,409 | - | 28,959,677 | 1,253 | (1,027,521) |
| 6/30/2018 | 29,775,120 | 28,926,932 | - | 28,459,626 | 3,342 | 463,963 |
| 3/31/2018 | 27,247,501 | 26,808,152 | - | 27,288,779 | (206,493) | (274,134) |
| 12/31/2017 | 39,343,264 | 37,769,709 | - | 37,961,461 | (480,182) | 288,430 |
| 9/30/2017 | 37,157,578 | 35,765,977 | - | 35,195,117 | 410,626 | 160,234 |
| 6/30/2017 | 32,610,300 | 33,266,422 | - | 32,852,046 | 251,295 | 163,080 |
| 3/31/2017 | 31,521,310 | 29,204,351 | - | 26,376,932 | 1,101,969 | 1,725,450 |
| 12/31/2016 | 24,028,865 | 24,244,320 | - | 22,637,996 | 246,147 | 1,360,177 |
| 9/30/2016 | 18,452,064 | 20,400,761 | - | 20,315,761 | 86,819 | (1,820) |
| 6/30/2016 | 16,411,303 | 17,995,861 | - | 18,051,574 | 204,468 | (260,181) |
| 3/31/2016 | 12,526,845 | 12,542,115 | - | 12,120,256 | (24,136) | 445,995 |
| | | | | | | |
| Total | 391,522,597 | 385,855,566 | - | 338,341,026 | 1,595,108 | 45,919,431 |

(B) The Company has no risk sharing receivables.

**29 Participating Policies**

None.

**30 Premium Deficiency Reserves**

None.

**31 Anticipated Salvage and Subrogation**

None.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES
## GENERAL

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

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

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

2.2 If yes, date of change:

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

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

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

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

3.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes [X] No [ ]

3.5 If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. 19411

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

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

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

| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---|---|---|
| | | |

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

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2015

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2015

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/06/2017

6.4 By what department or departments?

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

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

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

7.2 If yes, give full information:

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

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

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

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

| 1<br>Affiliate Name | 2<br>Location<br>(City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---|---|---|---|---|---|
| | | | | | |

# GENERAL INTERROGATORIES

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

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

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

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

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

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

## FINANCIAL

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

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

## INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

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

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

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

If no, attach a description with this statement.

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

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $ 0
16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $ 0
16.3 Total payable for securities lending reported on the liability page $ 0

# GENERAL INTERROGATORIES

17. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? ..... Yes [X] No [ ]

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

| 1<br>Name of Custodian(s) | 2<br>Custodian Address |
|---|---|
| U.S. Bank - Trust Services | 205 S. 5th Street, P.O. Box 19264, Springfield, IL 62794-9264 |

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

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|---|---|---|
| | | |

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? ..... Yes [ ] No [X]

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

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|---|---|---|---|
| | | | |

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

| 1<br>Name of Firm or Individual | 2<br>Affiliation |
|---|---|
| | |
| | |
| | |

17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes [ ] No [ X ]

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [ ] No [ X ]

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

| 1<br>Central Registration Depository Number | 2<br>Name of Firm or Individual | 3<br>Legal Entity Identifier (LEI) | 4<br>Registered With | 5<br>Investment Management Agreement (IMA) Filed |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |

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

18.2 If no, list exceptions:

.....

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

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

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

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

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

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

# GENERAL INTERROGATORIES

## PART 2 - HEALTH

1. Operating Percentages:

1.1 A&H loss percent ..... 83.2 %

1.2 A&H cost containment percent ..... 0.0 %

1.3 A&H expense percent excluding cost containment expenses ..... %

2.1 Do you act as a custodian for health savings accounts? ..... Yes [ ] No [X]

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

2.3 Do you act as an administrator for health savings accounts? ..... Yes [ ] No [X]

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

3. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? ..... Yes [X] No [ ]

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

# SCHEDULE S - CEDED REINSURANCE

**Showing All New Reinsurance Treaties - Current Year to Date**

| 1<br>NAIC Company Code | 2<br>ID Number | 3<br>Effective Date | 4<br>Name of Reinsurer | 5<br>Domiciliary Jurisdiction | 6<br>Type of Reinsurance Ceded | 7<br>Type of Reinsurer | 8<br>Certified Reinsurer Rating (1 through 6) | 9<br>Effective Date of Certified Reinsurer Rating |
|---|---|---|---|---|---|---|---|---|

NONE

# SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

**Current Year to Date - Allocated by States and Territories**

| States, Etc. | 1 Active Status (a) | Direct Business Only 2 Accident & Health Premiums | 3 Medicare Title XVIII | 4 Medicaid Title XIX | 5 Federal Employees Health Benefits Program Premiums | 6 Life & Annuity Premiums & Other Considerations | 7 Property/ Casualty Premiums | 8 Total Columns 2 Through 7 | 9 Deposit-Type Contracts |
|---|---|---|---|---|---|---|---|---|---|
| 1. Alabama AL | L | 6,476 | | | | | | 6,476 | |
| 2. Alaska AK | L | | | | | | | 0 | |
| 3. Arizona AZ | L | 3,587,523 | | | | | | 3,587,523 | |
| 4. Arkansas AR | L | 6,841 | | | | | | 6,841 | |
| 5. California CA | L | | | | | | | 0 | |
| 6. Colorado CO | L | 2,505 | | | | | | 2,505 | |
| 7. Connecticut CT | L | | | | | | | 0 | |
| 8. Delaware DE | L | 482,318 | | | | | | 482,318 | |
| 9. Dist. Columbia DC | L | 590,670 | | | | | | 590,670 | |
| 10. Florida FL | N | | | | | | | 0 | |
| 11. Georgia GA | L | 7,021 | | | | | | 7,021 | |
| 12. Hawaii HI | L | 0 | | | | | | 0 | |
| 13. Idaho ID | L | (1,336) | | | | | | (1,336) | |
| 14. Illinois IL | L | 7,603 | | | | | | 7,603 | |
| 15. Indiana IN | L | (211) | | | | | | (211) | |
| 16. Iowa IA | L | 1,025 | | | | | | 1,025 | |
| 17. Kansas KS | L | 0 | | | | | | 0 | |
| 18. Kentucky KY | L | 6,078 | | | | | | 6,078 | |
| 19. Louisiana LA | L | 3,512 | | | | | | 3,512 | |
| 20. Maine ME | L | 2,903 | | | | | | 2,903 | |
| 21. Maryland MD | L | 3,353,368 | | | | | | 3,353,368 | |
| 22. Massachusetts MA | L | | | | | | | 0 | |
| 23. Michigan MI | L | 25,780 | | | | | | 25,780 | |
| 24. Minnesota MN | L | 56,166 | | | | | | 56,166 | |
| 25. Mississippi MS | L | | | | | | | 0 | |
| 26. Missouri MO | L | 7,557 | | | | | | 7,557 | |
| 27. Montana MT | L | 1,153 | | | | | | 1,153 | |
| 28. Nebraska NE | L | 4,961 | | | | | | 4,961 | |
| 29. Nevada NV | N | 0 | | | | | | 0 | |
| 30. New Hampshire NH | L | (88) | | | | | | (88) | |
| 31. New Jersey NJ | N | | | | | | | 0 | |
| 32. New Mexico NM | L | 1,122 | | | | | | 1,122 | |
| 33. New York NY | L | 17,386,013 | | | | | | 17,386,013 | |
| 34. North Carolina NC | L | 8,089 | | | | | | 8,089 | |
| 35. North Dakota ND | L | 1,326 | | | | | | 1,326 | |
| 36. Ohio OH | L | | | | | | | 0 | |
| 37. Oklahoma OK | L | | | | | | | 0 | |
| 38. Oregon OR | L | 9,296 | | | | | | 9,296 | |
| 39. Pennsylvania PA | L | | | | | | | 0 | |
| 40. Rhode Island RI | L | | | | | | | 0 | |
| 41. South Carolina SC | L | 1,121 | | | | | | 1,121 | |
| 42. South Dakota SD | L | 0 | | | | | | 0 | |
| 43. Tennessee TN | L | (35) | | | | | | (35) | |
| 44. Texas TX | L | 4,758 | | | | | | 4,758 | |
| 45. Utah UT | L | 0 | | | | | | 0 | |
| 46. Vermont VT | L | | | | | | | 0 | |
| 47. Virginia VA | L | 10,087,890 | | | | | | 10,087,890 | |
| 48. Washington WA | L | | | | | | | 0 | |
| 49. West Virginia WV | L | 1,330 | | | | | | 1,330 | |
| 50. Wisconsin WI | L | (5) | | | | | | (5) | |
| 51. Wyoming WY | L | | | | | | | 0 | |
| 52. American Samoa AS | N | | | | | | | 0 | |
| 53. Guam GU | N | | | | | | | 0 | |
| 54. Puerto Rico PR | N | | | | | | | 0 | |
| 55. U.S. Virgin Islands VI | N | | | | | | | 0 | |
| 56. Northern Mariana Islands MP | N | | | | | | | 0 | |
| 57. Canada CAN | N | | | | | | | 0 | |
| 58. Aggregate other alien OT | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. Subtotal | XXX | 35,652,730 | 0 | 0 | 0 | 0 | 0 | 35,652,730 | 0 |
| 60. Reporting entity contributions for Employee Benefit Plans | XXX | | | | | | | 0 | |
| 61. Total (Direct Business) | XXX | 35,652,730 | 0 | 0 | 0 | 0 | 0 | 35,652,730 | 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 |

(a) Active Status Counts

L – Licensed or Chartered – Licensed insurance carrier or domiciled RRG ....48
R – Registered – Non-domiciled RRGs ....0
E – Eligible – Reporting entities eligible or approved to write surplus lines in the state ....0
Q – Qualified – Qualified or accredited reinsurer ....0
N – None of the above – Not allowed to write business in the state ....9

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 - ORGANIZATIONAL CHART

## MAGELLAN HEALTH, INC.
## LIST OF SUBSIDIARIES

| Entity Name: | Jurisdiction of Domicile: | Entity Type: | Ownership |
|---|---|---|---|
| **Magellan Pharmacy Services, Inc.** | Delaware | C | 100% |
| ***Subsidiaries:*** | | | |
| 4-D Pharmacy Management Systems, LLC | Michigan | LLC | 100% |
| AdvoCare of Tennessee, Inc. | Tennessee | C | 100% |
| Magellan Method, LLC (f/k/a CDMI, LLC) | Rhode Island | LLC | 100% |
| Magellan Administrative Services, LLC | Delaware | LLC | 100% |
| Magellan Behavioral Health of New Jersey, LLC | New Jersey | LLC | 100% |
| Magellan Behavioral of Michigan, Inc. | Michigan | C | 100% |
| Magellan Health Services of California, Inc. – Employer Services | California | C | 100% |
| Magellan Rx Management IPA, Inc. | New York | C | 100% |
| Magellan Rx Pharmacy, LLC | Delaware | LLC | 100% |
| ***Subsidiary:*** | | | |
| ONCORE Healthcare, LLC | Delaware | LLC | 100% |
| Magellan Pharmacy Solutions, Inc. | Delaware | C | 100% |
| Magellan Rx Management, LLC | Delaware | LLC | 100% |
| Veridicus Holdings, LLC | Utah | LLC | 100% |
| ***Subsidiaries:*** | | | |
| VRx, LLC | Utah | LLC | 100% |
| VRx Pharmacy, LLC | Utah | LLC | 100% |

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 - ORGANIZATIONAL CHART

| | | | |
|---|---|---|---|
| Veridicus Consulting, LLC | Utah | LLC | 100% |
| Veridicus Rx, LLC | Utah | LLC | 100% |
| Alliance Enrollment Techology, LLC | Utah | LLC | 100% |
| Veridicus Acquisition, LLC | Utah | LLC | 100% |
| **Magellan Healthcare, Inc.** | Delaware | C | 100% |
| ***Subsidiaries:*** | | | |
| Armed Forces Services Corporation | Virginia | C | 100% |
| Arizona Biodyne, Inc. | Arizona | C | 100% |
| Continuum Behavioral Healthcare Corporation | Delaware | C | 100% |
| Cobalt Therapeutics, LLC | Delaware | LLC | 100% |
| ***Subsidiary:*** | | | |
| Cobalt Software, LLC | Delaware | LLC | 100% |
| Granite Alliance Insurance Company | Utah | C | 100% |
| MBC of America,Inc. | Delaware | C | 100% |
| ***Subsidiary:*** | | | |
| Empire Community Delivery Systems, LLC | New York | LLC | 16.667% |
| Florida MHS, Inc. | Florida | C | 100% |
| Magellan Behavioral Health of Connecticut, LLC | Connecticut | LLC | 100% |
| Magellan Choices for Families, LLC | Nebraska | LLC | 60% |
| Magellan Complete Care, Inc. | Delaware | C | 100% |
| Magellan Complete Care of Louisiana, Inc. | Louisiana | C | 100% |
| Magellan Complete Care of Nebraska, Inc. | Nebraska | C | 100% |
| Magellan Complete Care of Pennsylvania, Inc. | Pennsylvania | C | 100% |

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 - ORGANIZATIONAL CHART

| | | | |
|---|---|---|---|
| Magellan Complete Care of Virginia, *LLC (f/k/a Magellan Complete Care of Virginia, Inc.)* | Virginia | LLC | 100% |
| Magellan Complete Care of Texas, Inc. | Texas | C | 100% |
| Magellan Healthcare Provider Group, Inc. | Maryland | C | 100% |
| Magellan Medicaid Administration, Inc. | Virginia | C | 100% |
| ***Subsidiaries***: | | | |
| FHC, Inc. | Canada | C | 100% |
| Provider Synergies, LLC | Ohio | LLC | 100% |
| Human Affairs International of California | California | C | 100% |
| Magellan Behavioral Health of Florida, Inc. | Florida | C | 100% |
| Magellan Behavioral Health of Nebraska, Inc. | Nebraska | C | 100% |
| Magellan Behavioral Health Systems, LLC | Utah | LLC | 100% |
| Magellan Health QIO, LLC | Nebraska | LLC | 100% |
| Magellan Health Services of Arizona, Inc. | Arizona | C | 100% |
| ***Subsidiaries***: | | | |
| Magellan Complete Care of Arizona, Inc. (f/k/a Magellan of Arizona, Inc.) | Arizona | C | 100% |
| Magellan Health Services of New Mexico, Inc. | New Mexico | C | 100% |
| Magellan CBHS Holdings, LLC | Delaware | LLC | 100% |
| ***Subsidiaries***: | | | |
| Charter Fairmount Behavioral Health System, Inc. | Pennsylvania | C | 100% |
| Charter Medical of Puerto Rico, Inc. | Puerto Rico | C | 100% |
| Charter North Star Behavioral Health System, L.L.C. | Tennessee | LLC | 50% |
| Charter Northridge Behavioral Health System, Inc. | North Carolina | C | 100% |
| ***Subsidiary***: | | | |

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 - ORGANIZATIONAL CHART

| | | | |
|---|---|---|---|
| Holly Hill/Charter Behavioral Health System, L.L.C. | Tennessee | LLC | 50% |
| HealthPeaksMD, LLC (f/k/a Magnet, LLC) | Delaware | LLC | 100% |
| MBH of Puerto Rico, Inc. | Puerto Rico | C | 100% |
| Merit Health Insurance Company | Illinois | C | 100% |
| Magellan Life Insurance Company | Delaware | C | 100% |
| The Management Group, LLC | Wisconsin | LLC | 100% |
| U.S. IPA Providers, Inc. | New York | C | 100% |
| **Merit Behavioral Care Corporation** | Delaware | C | 100% |
| ***Subsidiaries:*** | | | |
| Magellan HRSC, Inc. | Ohio | C | 100% |
| Magellan Behavioral Health of Pennsylvania, Inc. | Pennsylvania | C | 100% |
| Continuum Behavioral Care, LLC | Rhode Island | LLC | 50% |
| Magellan Providers of Texas, Inc. | Texas | C | 100% |
| MBC of North Carolina, LLC | North Carolina | LLC | 100% |
| Magellan Behavioral Care of Iowa, Inc. | Iowa | C | 100% |
| PPC Group, Inc. | Delaware | C | 100% |
| P.P.C., Inc. | Missouri | C | 100% |
| National Imaging Associates, Inc. | Delaware | C | 100% |
| ***Subsidiaries:*** | | | |
| Accountable Cardiac Care of Mississippi, LLC | Mississippi | LLC | 50% |
| NIA IPA of New York, Inc. | New York | C | 100% |
| National Imaging Associates of Pennsylvania, LLC | Pennsylvania | LLC | 100% |
| National Imaging of CA, Inc. | California | C | 100% |

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 - ORGANIZATIONAL CHART

| | | | |
|---|---|---|---|
| NIA Iowa, Inc. | Iowa | C | 100% |
| NIA/Magellan Specialty Management, Inc. | Delaware | C | 100% |
| SWH Holdings, Inc. | Delaware | C | 100% |
| ***Subsidiaries:*** | | | |
| Senior Health Holdings, LLC | Delaware | LLC | 100% |
| ***Subsidiaries:*** | | | |
| Senior Health Holdings, Inc. | Delaware | LLC | 100% |
| ***Subsidiaries:*** | | | |
| AlphaCare Holdings, Inc. | Delaware | C | [1] |
| ***Subsidiary:*** | | | |
| Senior Whole Health of New York, Inc | New York | C | 100% |
| Senior Whole Health, LLC | Delaware | LLC | 100% |
| Senior Whole Health Management Company, Inc. | Delaware | C | 100% |
| **Magellan Capital, Inc.** | Delaware | C | 100% |
| **Magellan Financial Capital, Inc.** | Nevada | C | 100% |

[1] AlphaCare Holdings, Inc. is owned as follows (on a fully diluted basis):
Senior Health Holdings, Inc.—86.7%
Magellan Healthcare, Inc.—13.3%

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

| 1<br>Group Code | 2<br>Group Name | 3<br>NAIC Company Code | 4<br>ID Number | 5<br>Federal RSSD | 6<br>CIK | 7<br>Name of Securities Exchange if Publicly Traded (U.S. or International) | 8<br>Names of Parent, Subsidiaries or Affiliates | 9<br>Domiciliary Location | 10<br>Relationship to Reporting Entity | 11<br>Directly Controlled by (Name of Entity/Person) | 12<br>Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other) | 13<br>If Control is Ownership Provide Percentage | 14<br>Ultimate Controlling Entity(ies)/Person(s) | 15<br>Is an SCA Filing Required? (Y/N) | 16<br>* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 00000 | | 00000 | | | 19411 | NASDQ | Magellan Health, Inc. | DE | UIP | Stockholders | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Pharmacy Services, Inc. | DE | NIA | Magellan Health, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | 4-D Pharmacy Management Systems, LLC | MN | NIA | Magellan Pharmacy Services, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Method, LLC (f/k/a CDMI, LLC) | RI | NIA | Magellan Pharmacy Services, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Administrive Services, LLC | DE | NIA | Magellan Pharmacy Services, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Behavioral of Michigan, Inc. | MI | NIA | Magellan Pharmacy Services, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Health Services of California, Inc - Employer Services | CA | NIA | Magellan Pharmacy Services, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Rx Management IPA, Inc. | NY | NIA | Magellan Pharmacy Services, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Rx Pharmacy, LLC | DE | NIA | Magellan Pharmacy Services, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | ONCORE Healthcare, LLC | DE | NIA | Magellan Rx Pharmacy, LLC | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Pharmacy Solutions, Inc. | DE | NIA | Magellan Pharmacy Services, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Rx Management, LLC | DE | NIA | Magellan Pharmacy Services, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | AdvoCare of Tennessee, Inc. | TN | NIA | Magellan Pharmacy Services, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 01260 | Magellan Health Inc. | 12632 | 52-2310906 | | | | Magellan Behavioral Health of New Jersey, LLC | NJ | IA | Magellan Pharmacy Services, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Veridicus Holdings, LLC | UT | NIA | Magellan Pharmacy Services, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | VRx, LLC | UT | NIA | Veridicus Holdings, LLC | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | VRx Pharmacy, LLC | UT | NIA | Veridicus Holdings, LLC | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Veridicus Consulting, LLC | UT | NIA | Veridicus Holdings, LLC | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Veridicus Rx, LLC | UT | NIA | Veridicus Holdings, LLC | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Alliance Enrollment Techology, LLC | UT | NIA | Veridicus Holdings, LLC | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Veridicus Acquisitions, LLC | UT | NIA | Veridicus Holdings, LLC | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Healthcare, Inc. | DE | UIP | Magellan Health, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Arizona Biodyne, Inc. | AZ | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |

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

| 1<br>Group Code | 2<br>Group Name | 3<br>NAIC Company Code | 4<br>ID Number | 5<br>Federal RSSD | 6<br>CIK | 7<br>Name of Securities Exchange if Publicly Traded (U.S. or International) | 8<br>Names of Parent, Subsidiaries or Affiliates | 9<br>Domiciliary Location | 10<br>Relationship to Reporting Entity | 11<br>Directly Controlled by (Name of Entity/Person) | 12<br>Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other) | 13<br>If Control is Ownership Provide Percentage | 14<br>Ultimate Controlling Entity(ies)/Person(s) | 15<br>Is an SCA Filing Required? (Y/N) | 16<br>* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 00000 | | 00000 | | | | | AlphaCare Holdings, Inc. | DE | NIA | Senior Health Holdings Inc./Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 1 |
| 00000 | | 00000 | | | | | Continuum Behavioral Healthcare Corporation | DE | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Cobalt Therapeutics, LLC | DE | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Cobalt Software, LLC | DE | NIA | Cobalt Therapeutics, LLC | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 01260 | Magellan Health Inc. | 15100 | 46-1792156 | | | | Granite Alliance Insurance Company | UT | IA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | MBC of America, Inc. | DE | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Empire Community Delivery Systems Inc. | NY | NIA | MBC of America, Inc. | Ownership | 16.7 | Magellan Health, Inc. | N | 0 |
| 01260 | Magellan Health Inc. | 14447 | 45-4229574 | | | | Florida MHS, Inc. | FL | IA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Behavioral Health of Connecticut, L.L.C. | CT | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Choices for Families, LLC | NE | NIA | Magellan Healthcare, Inc. | Ownership | 60.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Complete Care, Inc. | DE | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 01260 | Magellan Health Inc. | 16043 | 81-0983027 | | | | Magellan Complete Care of Virginia, LLC | VA | IA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 01260 | Magellan Health Inc. | 15550 | 46-4188169 | | | | Magellan Complete Care of Louisiana, Inc. | LA | IA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 01260 | Magellan Health Inc. | 15681 | 47-1084674 | | | | Magellan Complete Care of Nebraska | NE | IA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 01260 | Magellan Health Inc. | 15924 | 46-4457706 | | | | Magellan Complete Care of Pennsylvania, Inc. | PA | IA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Complete Care of Texas, Inc. | TX | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Healthcare Provider Group | MD | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Medicaid Administration, Inc. | VA | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | FHC, Inc. | CAN | NIA | Magellan Medicaid Administration, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Provider Synergies, LLC | OH | NIA | Magellan Medicaid Administration, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Human Affairs Internationl of California, Inc. | CA | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Behavioral Health of Florida, Inc. | FL | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Behavioral Health of Nebraska, Inc. | NE | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |

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

| 1<br>Group Code | 2<br>Group Name | 3<br>NAIC Company Code | 4<br>ID Number | 5<br>Federal RSSD | 6<br>CIK | 7<br>Name of Securities Exchange if Publicly Traded (U.S. or International) | 8<br>Names of Parent, Subsidiaries or Affiliates | 9<br>Domiciliary Location | 10<br>Relationship to Reporting Entity | 11<br>Directly Controlled by (Name of Entity/Person) | 12<br>Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other) | 13<br>If Control is Ownership Provide Percentage | 14<br>Ultimate Controlling Entity(ies)/Person(s) | 15<br>Is an SCA Filing Required? (Y/N) | 16<br>* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 00000 | | 00000 | | | | | Magellan Behavioral Health Systems, LLC | UT | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Health QIO, LLC | NE | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Health Services of Arizona, Inc. | AZ | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 01260 | Magellan Health Inc. | 14641 | 45-5337737 | | | | Magellan Complete Care of Arizona, Inc (f/k/a Magellan of Arizona) | AZ | IA | Magellan Health Services of Arizona, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Health Services of New Mexico | NM | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan CBHS Holdings, LLC | DE | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Charter Fairmont Behavioral Health System, Inc. | PA | NIA | Magellan CBHS Holdings, LLC | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Charter Medical of Puerto Rico, Inc. | PR | NIA | Magellan CBHS Holdings, LLC | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Charter North Star Behavioral Health Systems, L.L.C. | TN | NIA | Magellan CBHS Holdings, LLC | Ownership | 50.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Charter Northridge Behavioral Health Systems, Inc. | NC | NIA | Magellan CBHS Holdings, LLC | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Holly Hill/Charter Behavioral Health System, L.L.C. | TN | NIA | Charter Northridge Behavioral Health System, Inc. | Ownership | 50.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | MBH of Puerto Rico, Inc. | PR | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 01260 | Magellan Health Inc. | 18750 | 36-3856181 | | | | Merit Health Insurance Company | IL | RE | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 01260 | Magellan Health Inc. | 97292 | 57-0724249 | | | | Magellan Life Insurance Compnay | DE | IA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | U.S. IPA Providers, Inc. | NY | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Merit Behavioral Care Corporation | DE | UDP | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan HRSC, Inc. | OH | NIA | Merit Behavioral Care Corporation | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 01260 | Magellan Health Inc. | 47019 | 23-2759528 | | | | Magellan Behavioral Health of Pennsylvania, Inc. | PA | IA | Merit Behavioral Care Corporation | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Continuum Behavioral Care, L.L.C. | RI | NIA | Merit Behavioral Care Corporation | Ownership | 50.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Providers of Texas, Inc. | TX | NIA | Merit Behavioral Care Corporation | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | MBC of North Carolina, L.L.C. | NC | NIA | Merit Behavioral Care Corporation | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Behavioral Care of Iowa, Inc. | IA | NIA | Merit Behavioral Care Corporation | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | PPC Group, Inc. | DE | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |

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

| 1<br>Group Code | 2<br>Group Name | 3<br>NAIC Company Code | 4<br>ID Number | 5<br>Federal RSSD | 6<br>CIK | 7<br>Name of Securities Exchange if Publicly Traded (U.S. or International) | 8<br>Names of Parent, Subsidiaries or Affiliates | 9<br>Domiciliary Location | 10<br>Relationship to Reporting Entity | 11<br>Directly Controlled by (Name of Entity/Person) | 12<br>Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other) | 13<br>If Control is Ownership Provide Percentage | 14<br>Ultimate Controlling Entity(ies)/Person(s) | 15<br>Is an SCA Filing Required? (Y/N) | 16<br>* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 00000 | | 00000 | | | | | P.P.C., Inc. | MO | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | National Imaging Associates, Inc. | DE | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Accountable Cardiac Care of Mississippi, LLC | MS | NIA | National Imaging Associates, Inc. | Ownership | 50.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | NIA IPA of New York, Inc. | NY | NIA | National Imaging Associates, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | National Imaging Associates of Pennsylvania, LLC | PA | NIA | National Imaging Associates, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | National Imaging of California, Inc. | CA | NIA | National Imaging Associates, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | NIA Iowa, Inc. | IA | NIA | National Imaging Associates, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | NIA/Magellan Specialty Management, Inc. | DE | NIA | National Imaging Associates, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | SWH Holdings, Inc. | DE | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Senior Health Holdings, LLC | DE | NIA | SWH Holdings, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Senior Health Holdings, Inc. | DE | NIA | Senior Health Holdings, LLC | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Senior Whole Health, LLC | DE | NIA | Senior Health Holdings, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 01260 | Magellan Health Inc. | 12776 | 83-0463162 | | | | Senior Whole Health of New York, Inc. | NY | IA | Alphacare Holdings, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Senior Whole Health Management, Inc. | DE | NIA | Senior Health Holdings, LLC | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | The Management Group, LLC | WI | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Accenda Health Holding Company, LLC | DE | NIA | Magellan Health, Inc. | Ownership | 30.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Capital, Inc. | DE | NIA | Magellan Health, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Magellan Financial Capital, Inc. | NV | NIA | Magellan Health, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | Armed Forces Services Corporation | VA | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| 00000 | | 00000 | | | | | HealthPeaksMD, LLC (f/k/a Magnet Health, LLC) | DE | NIA | Magellan Healthcare, Inc. | Ownership | 100.0 | Magellan Health, Inc. | N | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |

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

| 1<br>Group Code | 2<br>Group Name | 3<br>NAIC Company Code | 4<br>ID Number | 5<br>Federal RSSD | 6<br>CIK | 7<br>Name of Securities Exchange if Publicly Traded (U.S. or International) | 8<br>Names of Parent, Subsidiaries or Affiliates | 9<br>Domiciliary Location | 10<br>Relationship to Reporting Entity | 11<br>Directly Controlled by (Name of Entity/Person) | 12<br>Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other) | 13<br>If Control is Ownership Provide Percentage | 14<br>Ultimate Controlling Entity(ies)/Person(s) | 15<br>Is an SCA Filing Required? (Y/N) | 16<br>* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |
| | | | | | | | | | | | | 0.0 | | | 0 |

| Asterisk | Explanation |
|---|---|
| 1 | Alphacare Holdings, Inc. is owned 86.7% by Senior Health Holdings, Inc. and 13.3% by Magellan Healthcare, Inc., on a fully diluted basis |

# SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

**Explanation:**

**Bar Code:**

# OVERFLOW PAGE FOR WRITE-INS

# SCHEDULE A – VERIFICATION

**Real Estate**

NONE

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

# SCHEDULE B – VERIFICATION

**Mortgage Loans**

NONE

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

# SCHEDULE BA – VERIFICATION

**Other Long-Term Invested Assets**

NONE

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

# SCHEDULE D – VERIFICATION

**Bonds and Stocks**

| | 1<br>Year To Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year | 3,041,622 | 2,850,930 |
| 2. Cost of bonds and stocks acquired | 1,076,121 | 2,405,164 |
| 3. Accrual of discount | 21,819 | 12,855 |
| 4. Unrealized valuation increase (decrease) | | 0 |
| 5. Total gain (loss) on disposals | | 0 |
| 6. Deduct consideration for bonds and stocks disposed of | 965,000 | 2,224,000 |
| 7. Deduct amortization of premium | | 3,328 |
| 8. Total foreign exchange change in book/adjusted carrying value | | 0 |
| 9. Deduct current year's other-than-temporary impairment recognized | | 0 |
| 10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees | | 0 |
| 11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10) | 3,174,561 | 3,041,622 |
| 12. Deduct total nonadmitted amounts | 0 | 0 |
| 13. Statement value at end of current period (Line 11 minus Line 12) | 3,174,561 | 3,041,622 |

# SCHEDULE D - PART 1B

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

| NAIC Designation | 1<br>Book/Adjusted Carrying Value Beginning of Current Quarter | 2<br>Acquisitions During Current Quarter | 3<br>Dispositions During Current Quarter | 4<br>Non-Trading Activity During Current Quarter | 5<br>Book/Adjusted Carrying Value End of First Quarter | 6<br>Book/Adjusted Carrying Value End of Second Quarter | 7<br>Book/Adjusted Carrying Value End of Third Quarter | 8<br>Book/Adjusted Carrying Value December 31 Prior Year |
|---|---|---|---|---|---|---|---|---|
| **BONDS** | | | | | | | | |
| 1. NAIC 1 (a) | 2,427,131 | 1,076,121 | 335,000 | 6,310 | 2,639,491 | 2,427,131 | 3,174,562 | 3,041,622 |
| 2. NAIC 2 (a) | 0 | | | | 0 | 0 | 0 | 0 |
| 3. NAIC 3 (a) | 0 | | | | 0 | 0 | 0 | 0 |
| 4. NAIC 4 (a) | 0 | | | | 0 | 0 | 0 | 0 |
| 5. NAIC 5 (a) | 0 | | | | 0 | 0 | 0 | 0 |
| 6. NAIC 6 (a) | 0 | | | | 0 | 0 | 0 | 0 |
| 7. Total Bonds | 2,427,131 | 1,076,121 | 335,000 | 6,310 | 2,639,491 | 2,427,131 | 3,174,562 | 3,041,622 |
| **PREFERRED STOCK** | | | | | | | | |
| 8. NAIC 1 | 0 | | | | 0 | 0 | 0 | 0 |
| 9. NAIC 2 | 0 | | | | 0 | 0 | 0 | 0 |
| 10. NAIC 3 | 0 | | | | 0 | 0 | 0 | 0 |
| 11. NAIC 4 | 0 | | | | 0 | 0 | 0 | 0 |
| 12. NAIC 5 | 0 | | | | 0 | 0 | 0 | 0 |
| 13. NAIC 6 | 0 | | | | 0 | 0 | 0 | 0 |
| 14. Total Preferred Stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. Total Bonds & Preferred Stock | 2,427,131 | 1,076,121 | 335,000 | 6,310 | 2,639,491 | 2,427,131 | 3,174,562 | 3,041,622 |

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

# SCHEDULE DA - PART 1

**Short-Term Investments**

NONE

| | 1<br>Book/adjusted Carrying Value | 2<br>Fair Value | 3<br>Actual Cost | 4<br>Interest Collected Year To Date | 5<br>Paid for Accrued Interest Year To Date |
|---|---|---|---|---|---|
| 9199999 | 0 | XXX | 0 | 0 | 0 |

# SCHEDULE DA - VERIFICATION

**Short-Term Investments**

| | 1<br>Year To Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 0 | 109,906 |
| 2. Cost of short-term investments acquired | | 0 |
| 3. Accrual of discount | | 94 |
| 4. Unrealized valuation increase (decrease) | | 0 |
| 5. Total gain (loss) on disposals | | 0 |
| 6. Deduct consideration received on disposals | | 110,000 |
| 7. Deduct amortization of premium | | 0 |
| 8. Total foreign exchange change in book/adjusted carrying value | | 0 |
| 9. Deduct current year's other-than-temporary impairment recognized | | 0 |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) | 0 | 0 |
| 11. Deduct total nonadmitted amounts | | 0 |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 0 | 0 |

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

# SCHEDULE E – PART 2 – VERIFICATION

**(Cash Equivalents)**

| | 1<br>Year To<br>Date | 2<br>Prior Year<br>Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 1,263,063 | 3,733,178 |
| 2. Cost of cash equivalents acquired | 144,477 | (1,673,536) |
| 3. Accrual of discount | | 0 |
| 4. Unrealized valuation increase (decrease) | | 0 |
| 5. Total gain (loss) on disposals | | 0 |
| 6. Deduct consideration received on disposals | 0 | 796,579 |
| 7. Deduct amortization of premium | | 0 |
| 8. Total foreign exchange change in book/adjusted carrying value | | 0 |
| 9. Deduct current year's other than temporary impairment recognized | | 0 |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) | 1,407,540 | 1,263,063 |
| 11. Deduct total nonadmitted amounts | | 0 |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 1,407,540 | 1,263,063 |

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

# SCHEDULE D - PART 3

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

| 1<br>CUSIP Identification | 2<br>Description | 3<br>Foreign | 4<br>Date Acquired | 5<br>Name of Vendor | 6<br>Number of Shares of Stock | 7<br>Actual Cost | 8<br>Par Value | 9<br>Paid for Accrued Interest and Dividends | 10<br>NAIC Designation and Administrative Symbol/Market Indicator (a) |
|---|---|---|---|---|---|---|---|---|---|
| Bonds - U.S. Governments | | | | | | | | | |
| 912828-3X-6 | U.S. TNote - $555K Pledged to NV/VA & OH | | 07/31/2019 | U.S. Bank | XXX | 557,862 | 550,000 | 5,726 | 1 |
| 912828-6V-7 | U.S. TNote - $410K - Pledged to NC | | 09/24/2019 | U.S. Bank | XXX | 412,595 | 410,000 | 2,761 | 1 |
| 912828-6V-7 | U.S. TNote - $105K - Pledged to MA | | 09/24/2019 | U.S. Bank | XXX | 105,664 | 105,000 | 707 | 1 |
| 0599999 - Bonds - U.S. Governments | | | | | | 1,076,121 | 1,065,000 | 9,195 | XXX |
| 8399997 - Subtotals - Bonds - Part 3 | | | | | | 1,076,121 | 1,065,000 | 9,195 | XXX |
| 8399999 - Subtotals - Bonds | | | | | | 1,076,121 | 1,065,000 | 9,195 | XXX |
| 9999999 Totals | | | | | | 1,076,121 | XXX | 9,195 | XXX |

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

# SCHEDULE D - PART 4

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

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Change in Book/Adjusted Carrying Value | | | | | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | 11 | 12 | 13 | 14 | 15 | | | | | | | |
| CUSIP Identi-fication | Description | Foreign | Disposal Date | Name of Purchaser | Number of Shares of Stock | Consideration | Par Value | Actual Cost | Prior Year Book/Adjusted Carrying Value | Unrealized Valuation Increase/ (Decrease) | Current Year's (Amortization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Total Change in B./A.C.V. (11+12-13) | Total Foreign Exchange Change in B./A.C.V. | Book/ Adjusted Carrying Value at Disposal Date | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Bond Interest/Stock Dividends Received During Year | Stated Contractual Maturity Date | NAIC Designation and Administrative Symbol/Market Indicator (a) |
| Bonds - U.S. Governments | | | | | | | | | | | | | | | | | | | | | |
| 912828-TH-3 | U.S TNote - Pledged to VA | | 07/31/2019 | U.S. Bank | XXX | 225,000 | 225,000 | 220,983 | 223,092 | | 1,908 | | 1,908 | | 225,000 | | 0 | 0 | 1,969 | 07/31/2019 | 1 |
| 0599999 - Bonds - U.S. Governments | | | | | | 225,000 | 225,000 | 220,983 | 223,092 | 0 | 1,908 | 0 | 1,908 | 0 | 225,000 | 0 | 0 | 0 | 1,969 | XXX | XXX |
| 8399997 - Subtotals - Bonds - Part 4 | | | | | | 225,000 | 225,000 | 220,983 | 223,092 | 0 | 1,908 | 0 | 1,908 | 0 | 225,000 | 0 | 0 | 0 | 1,969 | XXX | XXX |
| 8399999 - Subtotals - Bonds | | | | | | 225,000 | 225,000 | 220,983 | 223,092 | 0 | 1,908 | 0 | 1,908 | 0 | 225,000 | 0 | 0 | 0 | 1,969 | XXX | XXX |
| 9999999 Totals | | | | | | 225,000 | XXX | 220,983 | 223,092 | 0 | 1,908 | 0 | 1,908 | 0 | 225,000 | 0 | 0 | 0 | 1,969 | XXX | XXX |

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

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

# SCHEDULE E - PART 1 - CASH

**Month End Depository Balances**

| 1 | 2 | 3 | 4 | 5 | Book Balance at End of Each Month During Current Quarter | | | 9 |
|---|---|---|---|---|---|---|---|---|
| | | | | | 6 | 7 | 8 | |
| Depository | Code | Rate of Interest | Amount of Interest Received During Current Quarter | Amount of Interest Accrued at Current Statement Date | First Month | Second Month | Third Month | * |
| Open Depositories | | | | | | | | |
| US Bank N.A. PO Box 1800, St. Paul, MN 55101 | | | | | 146,290 | 146,263 | 148,582 | XXX |
| Wells Fargo PO Box 63020, San Francisco, CA 94163 | | | | | 233,719 | 451,620 | 237,856 | XXX |
| Conduent 100 Hancock Street, 10th Floor, Quincy, MA 02171 | | | | | 105,000 | 105,000 | 105,000 | XXX |
| 0199998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories | XXX | XXX | | | | | | XXX |
| 0199999 Total Open Depositories | XXX | XXX | 0 | 0 | 485,009 | 702,883 | 491,439 | XXX |
| 0399999 Total Cash on Deposit | XXX | XXX | 0 | 0 | 485,009 | 702,883 | 491,439 | XXX |
| 0499999 Cash in Company's Office | XXX | XXX | XXX | XXX | | | | XXX |
| **0599999 Total** | XXX | XXX | 0 | 0 | 485,009 | 702,883 | 491,439 | XXX |

# SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

| 1<br>CUSIP | 2<br>Description | 3<br>Code | 4<br>Date Acquired | 5<br>Rate of Interest | 6<br>Maturity Date | 7<br>Book/Adjusted Carrying Value | 8<br>Amount of Interest Due & Accrued | 9<br>Amount Received During Year |
|---|---|---|---|---|---|---|---|---|
| Exempt Money Market Mutual Funds - as Identified by SVO | | | | | | | | |
| 31846V-44-3 | First American Govt Oblig Fund Inv Class | | 12/15/2016 | | XXX | 997,540 | 1,714 | 24,579 |
| 31846V-41-9 | First American Treasury Oblig Fund Cl V | | 04/15/2019 | | XXX | 410,000 | | |
| 8599999 - Exempt Money Market Mutual Funds - as Identified by SVO | | | | | | 1,407,540 | 1,714 | 24,579 |
| 8899999 Total Cash Equivalents | | | | | | 1,407,540 | 1,714 | 24,579 |

1 8 7 5 0 2 0 1 9 3 6 5 0 0 1 0 3

**SUPPLEMENT FOR THE QUARTER ENDING SEPTEMBER 30, 2019 OF THE Merit Health Insurance Company**

# MEDICARE PART D COVERAGE SUPPLEMENT

**(Net of Reinsurance)**

NAIC Group Code.....01260 NAIC Company Code.....18750

| | Individual Coverage | | Group Coverage | | 5 |
|---|---|---|---|---|---|
| | 1<br>Insured | 2<br>Uninsured | 3<br>Insured | 4<br>Uninsured | Total<br>Cash |
| 1. Premiums Collected | 35,785,834 | XXX | | XXX | 35,785,834 |
| 2. Earned Premiums | 46,302,523 | XXX | | XXX | XXX |
| 3. Claims Paid | 25,963,519 | XXX | | XXX | 25,963,519 |
| 4. Claims Incurred | 38,517,295 | XXX | | XXX | XXX |
| 5. Reinsurance Coverage and Low Income Cost Sharing – Claims Paid Net of Reimbursements Applied (a) | XXX | 85,639,689 | XXX | | 85,639,689 |
| 6. Aggregate Policy Reserves - Change | | XXX | | XXX | XXX |
| 7. Expenses Paid | | XXX | | XXX | 0 |
| 8. Expenses Incurred | 7,872,374 | XXX | | XXX | XXX |
| 9. Underwriting Gain or Loss | (87,146) | XXX | 0 | XXX | XXX |
| 10. Cash Flow Result | XXX | XXX | XXX | XXX | (75,817,373) |

(a) Uninsured Receivable/Payable with CMS at End of Quarter: $ .....85,720,825 due from CMS or $ .....due to CMS