



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2018
OF THE CONDITION AND AFFAIRS OF THE

UnitedHealthcare of the Midlands, Inc.

NAIC Group Code 0707 0707 NAIC Company Code 95591 Employer's ID Number 47-0676824
(Current) (Prior)

Organized under the Laws of Nebraska, State of Domicile or Port of Entry NE

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

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

Incorporated/Organized 04/16/1984 Commenced Business 10/01/1984

Statutory Home Office 2717 North 118th Street; Suite 300, Omaha, NE, US 68164-9672
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 2717 North 118th Street; Suite 300
(Street and Number)
Omaha, NE, US 68164-9672 402-445-5600
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 2717 North 118th Street; Suite 300, Omaha, NE, US 68164-9672
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 9800 Health Care Lane MN006-W500
(Street and Number)
Minnetonka, MN, US 55343 952-202-8230
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.uhc.com

Statutory Statement Contact Kyle Kevin Stibbe, 952-202-8230
(Name) (Area Code) (Telephone Number)
kyle1_stibbe@uhc.com 952-931-4651
(E-mail Address) (FAX Number)

OFFICERS

President, Chief Executive Officer <u>Kathleen Ann Mallatt</u> Secretary <u>Christina Regina Palme-Krizak</u>	Vice President, Chief Financial Officer <u>James Stevenson Elliston</u> Treasurer <u>Peter Marshall Gill #</u>
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OTHER

<u>Robert Andersen Broomfield, President, Commercial</u>	<u>Steven Marc Burstein, Assistant Secretary</u>	<u>Nyle Brent Cottingham, Vice President</u>
<u>Heather Anastasia Lang, Assistant Secretary</u>	<u>Jessica Leigh Zuba #, Assistant Secretary</u>	

DIRECTORS OR TRUSTEES

<u>Robert Andersen Broomfield</u>	<u>Lowell William Gratopp</u>	<u>Kathleen Ann Mallatt</u>
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State of _____ State of _____ State of _____
 County of _____ County of _____ County of _____

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 there from 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.

<u>Kathleen Ann Mallatt</u> President, Chief Executive Officer	<u>Christina Regina Palme-Krizak</u> Secretary	<u>Peter Marshall Gill</u> Treasurer
Subscribed and sworn to before me this _____ day of _____	Subscribed and sworn to before me this _____ day of _____	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 Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	412,606,073	0	412,606,073	334,539,565
2. Stocks (Schedule D):				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	0	0	0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less \$0 encumbrances)	0	0	0	0
4.3 Properties held for sale (less \$0 encumbrances)	0	0	0	0
5. Cash (\$(362,704) , Schedule E - Part 1), cash equivalents (\$27,228,912 , Schedule E - Part 2) and short-term investments (\$3,629,528 , Schedule DA)	30,495,736	0	30,495,736	130,393,450
6. Contract loans, (including \$0 premium notes)	0	0	0	0
7. Derivatives (Schedule DB)	0	0	0	0
8. Other invested assets (Schedule BA)	0	0	0	0
9. Receivables for securities	0	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL)	0	0	0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	443,101,809	0	443,101,809	464,933,015
13. Title plants less \$0 charged off (for Title insurers only)	0	0	0	0
14. Investment income due and accrued	2,852,273	0	2,852,273	2,139,095
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	28,766,300	869,765	27,896,535	7,302,306
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$0 earned but unbilled premiums)	0	0	0	0
15.3 Accrued retrospective premiums (\$4,764,599) and contracts subject to redetermination (\$127,745,923)	132,510,522	0	132,510,522	98,435,512
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	29,939	0	29,939	1,042,235
16.2 Funds held by or deposited with reinsured companies	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0	0
17. Amounts receivable relating to uninsured plans	21,803,682	34,100	21,769,582	5,781,036
18.1 Current federal and foreign income tax recoverable and interest thereon	6,224,162	0	6,224,162	0
18.2 Net deferred tax asset	2,536,007	0	2,536,007	2,647,686
19. Guaranty funds receivable or on deposit	0	0	0	0
20. Electronic data processing equipment and software	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$0)	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0	0
24. Health care (\$87,541,033) and other amounts receivable	95,444,048	7,903,015	87,541,033	62,278,426
25. Aggregate write-ins for other than invested assets	5,192,756	957	5,191,799	924,953
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	738,461,498	8,807,837	729,653,661	645,484,264
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28. Total (Lines 26 and 27)	738,461,498	8,807,837	729,653,661	645,484,264
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 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. State Taxes Recoverable	4,500,253	0	4,500,253	0
2502. Premium Tax Recoverable	691,546	0	691,546	923,837
2503. Miscellaneous Receivables	863	863	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	94	94	0	1,116
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	5,192,756	957	5,191,799	924,953

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$0 reinsurance ceded).....	319,140,151	0	319,140,151	270,927,438
2. Accrued medical incentive pool and bonus amounts.....	36,146,013	0	36,146,013	47,276,495
3. Unpaid claims adjustment expenses.....	2,595,150	0	2,595,150	2,785,526
4. Aggregate health policy reserves, including the liability of \$30,929,385 for medical loss ratio rebate per the Public Health Service Act.....	32,924,717	0	32,924,717	31,889,626
5. Aggregate life policy reserves.....	0	0	0	0
6. Property/casualty unearned premium reserves.....	0	0	0	0
7. Aggregate health claim reserves.....	805,150	0	805,150	837,200
8. Premiums received in advance.....	1,231,587	0	1,231,587	7,483,378
9. General expenses due or accrued.....	8,713,832	0	8,713,832	11,619,711
10.1 Current federal and foreign income tax payable and interest thereon (including \$0 on realized capital gains (losses)).....	0	0	0	7,030,016
10.2 Net deferred tax liability.....	0	0	0	0
11. Ceded reinsurance premiums payable.....	1,059,133	0	1,059,133	895,408
12. Amounts withheld or retained for the account of others.....	0	0	0	0
13. Remittances and items not allocated.....	39,312	0	39,312	27,702
14. Borrowed money (including \$0 current) and interest thereon \$0 (including \$0 current).....	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates.....	2,768,942	0	2,768,942	16,897,316
16. Derivatives.....	0	0	0	0
17. Payable for securities.....	6,938,461	0	6,938,461	1,106,949
18. Payable for securities lending.....	0	0	0	0
19. Funds held under reinsurance treaties (with \$0 authorized reinsurers, \$0 unauthorized reinsurers and \$0 certified reinsurers).....	0	0	0	0
20. Reinsurance in unauthorized and certified (\$0) companies.....	0	0	0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0	0	0
22. Liability for amounts held under uninsured plans.....	14,572,880	0	14,572,880	53,344,864
23. Aggregate write-ins for other liabilities (including \$1,966 current).....	1,966	0	1,966	34,226
24. Total liabilities (Lines 1 to 23).....	426,937,294	0	426,937,294	452,155,855
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	54,004,758
26. Common capital stock.....	XXX	XXX	100,000	100,000
27. Preferred capital stock.....	XXX	XXX	0	0
28. Gross paid in and contributed surplus.....	XXX	XXX	61,100,000	61,100,000
29. Surplus notes.....	XXX	XXX	0	0
30. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	241,516,367	78,123,651
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$0).....	XXX	XXX	0	0
32.2 .....0 shares preferred (value included in Line 27 \$0).....	XXX	XXX	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	302,716,367	193,328,409
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	729,653,661	645,484,264
DETAILS OF WRITE-INS				
2301. Unclaimed Property.....	1,966	0	1,966	34,226
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above).....	1,966	0	1,966	34,226
2501. Section 9010 ACA Subsequent Fee Year Assessment.....	XXX	XXX	0	54,004,758
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 thru 2503 plus 2598)(Line 25 above).....	XXX	XXX	0	54,004,758
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above).....	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	3,803,839	3,256,097
2. Net premium income (including \$0 non-health premium income).....	XXX	3,101,313,307	2,569,322,115
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	1,151,083	(26,406,667)
4. Fee-for-service (net of \$0 medical expenses).....	XXX	0	0
5. Risk revenue.....	XXX	0	0
6. Aggregate write-ins for other health care related revenues.....	XXX	0	0
7. Aggregate write-ins for other non-health revenues.....	XXX	0	0
8. Total revenues (Lines 2 to 7).....	XXX	3,102,464,390	2,542,915,448
Hospital and Medical:			
9. Hospital/medical benefits.....	0	2,246,862,672	1,788,096,162
10. Other professional services.....	0	27,501,289	14,525,310
11. Outside referrals.....	0	0	0
12. Emergency room and out-of-area.....	0	0	0
13. Prescription drugs.....	0	215,496,907	192,617,413
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....	0	39,328,119	66,785,570
16. Subtotal (Lines 9 to 15).....	0	2,529,188,987	2,062,024,455
Less:			
17. Net reinsurance recoveries.....	0	0	2,196,958
18. Total hospital and medical (Lines 16 minus 17).....	0	2,529,188,987	2,059,827,497
19. Non-health claims (net).....	0	0	0
20. Claims adjustment expenses, including \$73,659,554 cost containment expenses.....	0	127,630,647	100,382,882
21. General administrative expenses.....	0	287,600,455	194,219,480
22. Increase in reserves for life and accident and health contracts (including \$0 increase in reserves for life only).....	0	0	0
23. Total underwriting deductions (Lines 18 through 22).....	0	2,944,420,089	2,354,429,859
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	158,044,301	188,485,589
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	0	13,528,363	7,196,591
26. Net realized capital gains (losses) less capital gains tax of \$7,215.....	0	(12,294)	(38,218)
27. Net investment gains (losses) (Lines 25 plus 26).....	0	13,516,069	7,158,373
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$178,462) (amount charged off \$(1,347,289))].....	0	(1,168,827)	(870,067)
29. Aggregate write-ins for other income or expenses.....	0	0	(8,908)
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	170,391,543	194,764,987
31. Federal and foreign income taxes incurred.....	XXX	46,134,303	68,512,651
32. Net income (loss) (Lines 30 minus 31).....	XXX	124,257,240	126,252,336
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above).....	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above).....	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above).....	0	0	0
2901. Fines and Penalties.....	0	0	(8,908)
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above).....	0	0	(8,908)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	193,328,409	72,232,528
34. Net income or (loss) from Line 32.....	124,257,240	126,252,336
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 \$15,276.....	57,466	(541)
37. Change in net unrealized foreign exchange capital gain or (loss).....	0	0
38. Change in net deferred income tax.....	(96,403)	1,226,673
39. Change in nonadmitted assets.....	169,655	(6,382,587)
40. Change in unauthorized and certified reinsurance.....	0	0
41. Change in treasury stock.....	0	0
42. Change in surplus notes.....	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
45.3 Transferred from capital.....	0	0
46. Dividends to stockholders.....	(15,000,000)	0
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	109,387,958	121,095,881
49. Capital and surplus end of reporting period (Line 33 plus 48)	302,716,367	193,328,409
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	0

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	3,042,859,699	2,482,204,774
2. Net investment income	14,652,601	6,911,844
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	3,057,512,300	2,489,116,618
5. Benefit and loss related payments	2,516,383,156	1,885,696,128
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	478,342,126	251,068,599
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$0 tax on capital gains (losses)	59,395,696	50,322,925
10. Total (Lines 5 through 9)	3,054,120,978	2,187,087,652
11. Net cash from operations (Line 4 minus Line 10)	3,391,322	302,028,966
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	26,265,664	14,999,035
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	5,831,512	810,592
12.8 Total investment proceeds (Lines 12.1 to 12.7)	32,097,176	15,809,627
13. Cost of investments acquired (long-term only):		
13.1 Bonds	106,137,165	269,440,240
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	106,137,165	269,440,240
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(74,039,989)	(253,630,613)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	15,000,000	0
16.6 Other cash provided (applied)	(14,249,047)	4,055,009
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(29,249,047)	4,055,009
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)	(99,897,714)	52,453,362
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	130,393,450	77,940,088
19.2 End of year (Line 18 plus Line 19.1)	30,495,736	130,393,450

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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ANNUAL STATEMENT FOR THE YEAR 2018 OF THE UnitedHealthcare of the Midlands, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	3,101,313,307	6,825,757	0	0	0	0	2,651,413,529	443,074,021	0	0
2. Change in unearned premium reserves and reserve for rate credit	1,151,083	0	0	0	0	0	2,513,195	(1,362,112)	0	0
3. Fee-for-service (net of \$ medical expenses)	0	0	0	0	0	0	0	0	0	XXX
4. Risk revenue	0	0	0	0	0	0	0	0	0	XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	3,102,464,390	6,825,757	0	0	0	0	2,653,926,724	441,711,909	0	0
8. Hospital/medical benefits	2,246,862,672	4,539,805	0	0	0	0	1,961,551,209	280,771,658	0	XXX
9. Other professional services	27,501,289	3,133	0	0	0	0	25,248,706	2,249,450	0	XXX
10. Outside referrals	0	0	0	0	0	0	0	0	0	XXX
11. Emergency room and out-of-area	0	0	0	0	0	0	0	0	0	XXX
12. Prescription drugs	215,496,907	522,102	0	0	0	0	136,092,470	78,882,335	0	XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	39,328,119	1,344	0	0	0	0	38,045,854	1,280,921	0	XXX
15. Subtotal (Lines 8 to 14)	2,529,188,987	5,066,384	0	0	0	0	2,160,938,239	363,184,364	0	XXX
16. Net reinsurance recoveries	0	0	0	0	0	0	0	0	0	XXX
17. Total medical and hospital (Lines 15 minus 16)	2,529,188,987	5,066,384	0	0	0	0	2,160,938,239	363,184,364	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ 73,659,554 cost containment expenses	127,630,647	17,954	0	0	0	0	106,586,026	21,026,667	0	0
20. General administrative expenses	287,600,455	895,171	0	0	0	0	243,516,724	43,188,560	0	0
21. Increase in reserves for accident and health contracts	0	0	0	0	0	0	0	0	0	XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
23. Total underwriting deductions (Lines 17 to 22)	2,944,420,089	5,979,509	0	0	0	0	2,511,040,989	427,399,591	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	158,044,301	846,248	0	0	0	0	142,885,735	14,312,318	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	6,852,291	0	26,534	6,825,757
2. Medicare Supplement	0	0	0	0
3. Dental only	0	0	0	0
4. Vision only	0	0	0	0
5. Federal Employees Health Benefits Plan	0	0	0	0
6. Title XVIII - Medicare	2,662,037,120	0	10,623,591	2,651,413,529
7. Title XIX - Medicaid	444,857,676	0	1,783,655	443,074,021
8. Other health	0	0	0	0
9. Health subtotal (Lines 1 through 8)	3,113,747,087	0	12,433,780	3,101,313,307
10. Life	0	0	0	0
11. Property/casualty	0	0	0	0
12. Totals (Lines 9 to 11)	3,113,747,087	0	12,433,780	3,101,313,307

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	2,466,936,851	4,748,471	0	0	0	0	2,096,774,588	365,413,792	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	1,012,296	1,012,296	0	0	0	0	0	0	0	0
1.4 Net	2,465,924,555	3,736,175	0	0	0	0	2,096,774,588	365,413,792	0	0
2. Paid medical incentive pools and bonuses	50,458,600	1,300	0	0	0	0	49,456,950	1,000,350	0	0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	319,140,151	561,742	0	0	0	0	285,964,770	32,613,639	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	319,140,151	561,742	0	0	0	0	285,964,770	32,613,639	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	805,150	0	0	0	0	0	325,096	480,054	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	805,150	0	0	0	0	0	325,096	480,054	0	0
5. Accrued medical incentive pools and bonuses, current year	36,146,013	44	0	0	0	0	34,705,874	1,440,095	0	0
6. Net healthcare receivables (a)	25,256,646	110,258	0	0	0	0	25,394,384	(247,996)	0	0
7. Amounts recoverable from reinsurers December 31, current year	29,939	29,939	0	0	0	0	0	0	0	0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	270,927,439	134,914	0	0	0	0	234,519,588	36,272,937	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	270,927,439	134,914	0	0	0	0	234,519,588	36,272,937	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	837,201	0	0	0	0	0	258,097	579,104	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	837,201	0	0	0	0	0	258,097	579,104	0	0
10. Accrued medical incentive pools and bonuses, prior year	47,276,496	0	0	0	0	0	46,116,971	1,159,525	0	0
11. Amounts recoverable from reinsurers December 31, prior year	1,042,235	1,042,235	0	0	0	0	0	0	0	0
12. Incurred Benefits:										
12.1 Direct	2,489,860,866	5,065,041	0	0	0	0	2,122,892,385	361,903,440	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	2,489,860,866	5,065,041	0	0	0	0	2,122,892,385	361,903,440	0	0
13. Incurred medical incentive pools and bonuses	39,328,117	1,344	0	0	0	0	38,045,853	1,280,920	0	0

(a) Excludes \$ 405,427 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	127,323,210	249,054	.0	.0	.0	.0	116,425,793	10,648,363	.0	.0
1.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.4 Net	127,323,210	249,054	.0	.0	.0	.0	116,425,793	10,648,363	.0	.0
2. Incurred but Unreported:										
2.1 Direct	186,768,247	312,063	.0	.0	.0	.0	164,624,897	21,831,287	.0	.0
2.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.4 Net	186,768,247	312,063	.0	.0	.0	.0	164,624,897	21,831,287	.0	.0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	5,048,694	625	.0	.0	.0	.0	4,914,080	133,989	.0	.0
3.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net	5,048,694	625	.0	.0	.0	.0	4,914,080	133,989	.0	.0
4. TOTALS:										
4.1 Direct	319,140,151	561,742	.0	.0	.0	.0	285,964,770	32,613,639	.0	.0
4.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4 Net	319,140,151	561,742	.0	.0	.0	.0	285,964,770	32,613,639	.0	.0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	436,595	4,311,877	(26,900)	588,642	409,695	134,914
2. Medicare Supplement	0	0	0	0	0	0
3. Dental Only	0	0	0	0	0	0
4. Vision Only	0	0	0	0	0	0
5. Federal Employees Health Benefits Plan	0	0	0	0	0	0
6. Title XVIII - Medicare	163,368,872	1,933,405,716	8,968,199	277,321,667	172,337,071	234,777,686
7. Title XIX - Medicaid	28,506,521	336,907,271	2,125,739	30,967,954	30,632,260	36,852,039
8. Other health	0	0	0	0	0	0
9. Health subtotal (Lines 1 to 8)	192,311,988	2,274,624,864	11,067,038	308,878,263	203,379,026	271,764,639
10. Healthcare receivables (a)	6,458,925	81,713,892	0	6,865,804	6,458,925	69,781,976
11. Other non-health	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts	38,958,839	11,499,762	1,655,445	34,490,568	40,614,284	47,276,495
13. Totals (Lines 9 - 10 + 11 + 12)	224,811,902	2,204,410,734	12,722,483	336,503,027	237,534,385	249,259,158

(a) Excludes \$ 405,427 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2014	2 2015	3 2016	4 2017	5 2018
1.	Prior	(5)	(19)	(19)	(24)	(25)
2.	2014	0	0	0	(3)	3
3.	2015	XXX	0	0	(5)	26
4.	2016	XXX	XXX	95,479	102,504	101,896
5.	2017	XXX	XXX	XXX	77	75
6.	2018	XXX	XXX	XXX	XXX	4,312

Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2014	2 2015	3 2016	4 2017	5 2018
1.	Prior	(3)	(19)	(19)	(24)	(25)
2.	2014	0	0	0	(3)	3
3.	2015	XXX	0	0	(5)	26
4.	2016	XXX	XXX	111,839	102,623	101,896
5.	2017	XXX	XXX	XXX	93	48
6.	2018	XXX	XXX	XXX	XXX	4,901

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014	(1)	3	0	0.0	3	(300.0)	0	0	3	(300.0)
2. 2015	0	26	533	2,050.0	559	0.0	0	0	559	0.0
3. 2016	106,715	101,896	4,772	4.7	106,668	100.0	0	0	106,668	100.0
4. 2017	718	75	5	6.7	80	11.1	(27)	0	53	7.4
5. 2018	6,826	4,312	14	0.3	4,326	63.4	589	3	4,918	72.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2014	2 2015	3 2016	4 2017	5 2018
1.	Prior	5,779	5,670	5,652	5,640	5,639
2.	2014	62,373	70,560	70,539	70,502	70,446
3.	2015	XXX	73,018	82,471	82,583	82,572
4.	2016	XXX	XXX	202,884	232,281	232,228
5.	2017	XXX	XXX	XXX	1,482,278	1,683,726
6.	2018	XXX	XXX	XXX	XXX	1,944,905

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2014	2 2015	3 2016	4 2017	5 2018
1.	Prior	5,973	5,670	5,652	5,640	5,639
2.	2014	73,062	71,156	70,539	70,502	70,446
3.	2015	XXX	87,354	83,252	82,583	82,572
4.	2016	XXX	XXX	246,603	234,497	232,228
5.	2017	XXX	XXX	XXX	1,760,957	1,694,349
6.	2018	XXX	XXX	XXX	XXX	2,255,278

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014	92,696	70,446	4,254	6.0	74,700	80.6	0	0	74,700	80.6
2. 2015	103,527	82,572	6,127	7.4	88,699	85.7	0	0	88,699	85.7
3. 2016	280,973	232,228	20,104	8.7	252,332	89.8	0	0	252,332	89.8
4. 2017	2,122,161	1,683,726	83,260	4.9	1,766,986	83.3	10,624	76	1,777,686	83.8
5. 2018	2,653,927	1,944,905	92,020	4.7	2,036,925	76.8	310,372	2,207	2,349,504	88.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2014	2 2015	3 2016	4 2017	5 2018
1.	Prior	20,036	19,622	19,279	17,932	18,663
2.	2014	118,041	139,874	141,217	140,061	140,628
3.	2015	XXX	129,277	151,118	150,350	151,232
4.	2016	XXX	XXX	135,574	163,710	161,699
5.	2017	XXX	XXX	XXX	342,003	371,342
6.	2018	XXX	XXX	XXX	XXX	336,907

Section B - Incurred Health Claims - Title XIX

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2014	2 2015	3 2016	4 2017	5 2018
1.	Prior	20,672	19,622	19,279	17,932	18,663
2.	2014	138,458	139,979	141,217	140,061	140,628
3.	2015	XXX	154,288	151,944	150,350	151,232
4.	2016	XXX	XXX	164,105	164,126	161,699
5.	2017	XXX	XXX	XXX	379,598	373,468
6.	2018	XXX	XXX	XXX	XXX	369,315

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014	169,097	140,628	9,616	6.8	150,244	88.9	0	0	150,244	88.9
2. 2015	182,869	151,232	11,913	7.9	163,145	89.2	0	0	163,145	89.2
3. 2016	188,340	161,699	15,109	9.3	176,808	93.9	0	0	176,808	93.9
4. 2017	420,036	371,342	21,548	5.8	392,890	93.5	2,126	19	395,035	94.0
5. 2018	441,712	336,907	18,277	5.4	355,184	80.4	32,408	291	387,883	87.8

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2014	2 2015	3 2016	4 2017	5 2018
1.	Prior	25,810	25,273	24,912	23,548	24,277
2.	2014	180,414	210,434	211,756	210,560	211,077
3.	2015	XXX	202,295	233,589	232,928	233,830
4.	2016	XXX	XXX	433,937	498,495	495,823
5.	2017	XXX	XXX	XXX	1,824,358	2,055,143
6.	2018	XXX	XXX	XXX	XXX	2,286,124

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2014	2 2015	3 2016	4 2017	5 2018
1.	Prior	26,642	25,273	24,912	23,548	24,277
2.	2014	211,520	211,135	211,756	210,560	211,077
3.	2015	XXX	241,642	235,196	232,928	233,830
4.	2016	XXX	XXX	522,547	501,246	495,823
5.	2017	XXX	XXX	XXX	2,140,648	2,067,865
6.	2018	XXX	XXX	XXX	XXX	2,629,494

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2014	261,792	211,077	13,870	6.6	224,947	85.9	0	224,947	85.9
2.	2015	286,396	233,830	18,573	7.9	252,403	88.1	0	252,403	88.1
3.	2016	576,028	495,823	39,985	8.1	535,808	93.0	0	535,808	93.0
4.	2017	2,542,915	2,055,143	104,813	5.1	2,159,956	84.9	12,723	2,172,774	85.4
5.	2018	3,102,465	2,286,124	110,311	4.8	2,396,435	77.2	343,369	2,742,305	88.4

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UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	0	0	0	0	0	0	0	0	0
2. Additional policy reserves (a)	0	0	0	0	0	0	0	0	0
3. Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0
4. Reserve for rate credits or experience rating refunds (including \$0) for investment income	32,291,497	0	0	0	0	0	30,929,385	1,362,112	0
5. Aggregate write-ins for other policy reserves	633,220	2,332	0	0	0	0	0	630,888	0
6. Totals (gross)	32,924,717	2,332	0	0	0	0	30,929,385	1,993,000	0
7. Reinsurance ceded	0	0	0	0	0	0	0	0	0
8. Totals (Net)(Page 3, Line 4)	32,924,717	2,332	0	0	0	0	30,929,385	1,993,000	0
9. Present value of amounts not yet due on claims	0	0	0	0	0	0	0	0	0
10. Reserve for future contingent benefits	805,150	0	0	0	0	0	325,096	480,054	0
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	805,150	0	0	0	0	0	325,096	480,054	0
13. Reinsurance ceded	0	0	0	0	0	0	0	0	0
14. Totals (Net)(Page 3, Line 7)	805,150	0	0	0	0	0	325,096	480,054	0
DETAILS OF WRITE-INS									
0501. Contracts Subject to Redetermination	630,888	0	0	0	0	0	0	630,888	0
0502. High-Cost Risk Pool Payable	2,332	2,332	0	0	0	0	0	0	0
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	633,220	2,332	0	0	0	0	0	630,888	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$0 for occupancy of own building)	1,945,460	1,573,285	5,334,952	0	8,853,697
2. Salary, wages and other benefits	34,656,915	28,026,887	95,038,178	0	157,721,980
3. Commissions (less \$0 ceded plus \$0 assumed)	0	0	50,485,195	0	50,485,195
4. Legal fees and expenses	394,777	319,254	1,082,580	0	1,796,611
5. Certifications and accreditation fees	0	0	0	0	0
6. Auditing, actuarial and other consulting services	3,324,441	2,688,460	9,116,473	0	15,129,374
7. Traveling expenses	1,068,381	863,995	2,929,776	0	4,862,152
8. Marketing and advertising	2,049,230	1,657,203	5,619,515	0	9,325,948
9. Postage, express and telephone	1,999,981	1,617,375	5,484,462	0	9,101,818
10. Printing and office supplies	2,176,602	1,760,208	5,968,804	0	9,905,614
11. Occupancy, depreciation and amortization	920,609	744,492	2,524,547	0	4,189,648
12. Equipment	284,355	229,956	779,774	0	1,294,085
13. Cost or depreciation of EDP equipment and software	3,956,308	3,199,448	10,849,214	0	18,004,970
14. Outsourced services including EDP, claims, and other services	9,055,654	5,534,468	9,597,286	0	24,187,408
15. Boards, bureaus and association fees	56,704	45,856	155,496	0	258,056
16. Insurance, except on real estate	282,774	228,678	775,438	0	1,286,890
17. Collection and bank service charges	177,789	143,777	487,542	0	809,108
18. Group service and administration fees	914,878	739,857	2,640,975	0	4,295,710
19. Reimbursements by uninsured plans	0	0	0	0	0
20. Reimbursements from fiscal intermediaries	0	0	0	0	0
21. Real estate expenses	0	0	0	0	0
22. Real estate taxes	62,752	22,516	266,628	0	351,896
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	0	0	7,969,185	0	7,969,185
23.2 State premium taxes	0	0	82,953	0	82,953
23.3 Regulatory authority licenses and fees	0	0	51,150,156	0	51,150,156
23.4 Payroll taxes	1,686,952	775,706	5,094,073	0	7,556,731
23.5 Other (excluding federal income and real estate taxes)	0	0	0	0	0
24. Investment expenses not included elsewhere	0	0	0	256,676	256,676
25. Aggregate write-ins for expenses	8,644,992	3,799,672	14,167,253	0	26,611,917
26. Total expenses incurred (Lines 1 to 25)	73,659,554	53,971,093	287,600,455	256,676	(a) 415,487,778
27. Less expenses unpaid December 31, current year	1,497,741	1,097,409	8,628,603	85,229	11,308,982
28. Add expenses unpaid December 31, prior year	1,658,425	1,127,101	11,499,246	120,465	14,405,237
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year	0	0	0	0	0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	73,820,238	54,000,785	290,471,098	291,912	418,584,033
DETAILS OF WRITE-INS					
2501. Sundry General Expenses	6,785,685	2,998,321	11,166,257	0	20,950,263
2502. Professional Fees\Consulting	747,307	604,344	2,049,309	0	3,400,960
2503. Managed Care & Network Access	898,736	24,543	83,434	0	1,006,713
2598. Summary of remaining write-ins for Line 25 from overflow page	213,264	172,464	868,253	0	1,253,981
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	8,644,992	3,799,672	14,167,253	0	26,611,917

(a) Includes management fees of \$210,493,897 to affiliates and \$0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds	(a) 690,741	877,668
1.1 Bonds exempt from U.S. tax	(a) 0	0
1.2 Other bonds (unaffiliated)	(a) 7,911,294	8,421,298
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 0	0
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	0	0
2.21 Common stocks of affiliates	0	0
3. Mortgage loans	(c) 0	0
4. Real estate	(d) 0	0
5. Contract Loans	0	0
6. Cash, cash equivalents and short-term investments	(e) 4,485,387	4,486,073
7. Derivative instruments	(f) 0	0
8. Other invested assets	0	0
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	13,087,422	13,785,039
11. Investment expenses		(g) 256,676
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 0
14. Depreciation on real estate and other invested assets		(i) 0
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		256,676
17. Net investment income (Line 10 minus Line 16)		13,528,363
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 136,501 accrual of discount less \$ 2,009,153 amortization of premium and less \$ 149,433 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 275 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	0	0	0	72,742	0
1.1 Bonds exempt from U.S. tax	0	0	0	0	0
1.2 Other bonds (unaffiliated)	(4,447)	(633)	(5,080)	0	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	(4,447)	(633)	(5,080)	72,742	0
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB)	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL)	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	869,765	987,288	117,523
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	34,100	180,905	146,805
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software	0	0	0
21. Furniture and equipment, including health care delivery assets	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivable from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable	7,903,015	7,808,949	(94,066)
25. Aggregate write-ins for other than invested assets	957	350	(607)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	8,807,837	8,977,492	169,655
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28. Total (Lines 26 and 27)	8,807,837	8,977,492	169,655
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. Miscellaneous Receivables	863	0	(863)
2502. Prepaid Commissions	94	350	256
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	957	350	(607)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	277,973	309,363	313,091	318,357	324,932	3,803,839
2. Provider Service Organizations	0	0	0	0	0	0
3. Preferred Provider Organizations	0	0	0	0	0	0
4. Point of Service	0	0	0	0	0	0
5. Indemnity Only	0	0	0	0	0	0
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	277,973	309,363	313,091	318,357	324,932	3,803,839
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

UNITEDHEALTHCARE OF THE MIDLANDS, INC.

**NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN

Organization and Operation

UnitedHealthcare of the Midlands, Inc. (the “Company”), licensed as a health maintenance organization (“HMO”), offers its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. The Company is a wholly owned subsidiary of UnitedHealthcare, Inc. (“UHC”). UHC is a wholly owned subsidiary of United HealthCare Services, Inc. (“UHS”), a management corporation that provides services to the Company under the terms of a management agreement (the “Agreement”). UHS is a wholly owned subsidiary of UnitedHealth Group Incorporated (“UnitedHealth Group”). UnitedHealth Group is a publicly held company trading on the New York Stock Exchange.

The Company was incorporated on April 16, 1984, as an HMO and operations commenced in August 1984. The Company is certified as an HMO by the Nebraska Department of Insurance (“the Department”). The Company has entered into contracts with physicians, hospitals, and other health care provider organizations to deliver health care services for all enrollees. The Company is licensed in eight states.

The Company offers comprehensive commercial products to employer groups. Each contract outlines the coverage provided and renewal provisions. Effective January 1, 2017, the Company exited the Affordable Care Act (“ACA”) individual exchange market in Nebraska and Iowa.

The Company serves as a plan sponsor offering Medicare Advantage and Medicare Part D prescription drug insurance coverage (collectively “Medicare program”) under a contract with the Centers for Medicare and Medicaid Services (“CMS”). Under the Medicare program, there are seven separate elements of payment received by the Company either during the year or at settlement in the subsequent year. These payment elements are CMS premium, member premium, CMS low-income premium subsidy, CMS catastrophic reinsurance subsidy, CMS low-income member cost-sharing subsidy, CMS risk share, and the CMS coverage gap discount program (“CGDP”). Each component of the Medicare program is further defined throughout Note 1.

Effective January 2017, the Company entered into a contract with CMS to also serve as a plan sponsor offering a Dual Special Needs Plan (“DSNP”) product. This product is solely funded by CMS. A DSNP is a specialized type of Medicare Advantage Prescription Drug Plan (“MAPD”) that is limited to dually eligible members and provides additional Medicaid coordination and clinical programs.

Effective January 2017, the Company also serves as a plan sponsor offering an Institutional Special Needs Plan (“ISNP”) under a contract with CMS. An ISNP is designed to meet the needs of enrollees who reside in contracted nursing facilities by providing primary care and care management within the nursing facility, which include Medicare covered benefits, supplemental services and Part D benefits.

Effective January 1, 2017, affiliates, UnitedHealthcare of the Midwest, Inc. and UnitedHealthcare of Alabama, Inc. novated their CMS contracts to the Company. The novation agreements resulted in full control of the contracts being transferred to the Company at \$0 net book value for dates of service on or after January 1, 2017. Approval for these novations was received from CMS. Approvals for the asset transfers related to the novation were received from the Department and were not required by the Missouri Department of Insurance, Illinois Department of Insurance, Kansas Department of Insurance, or the Alabama Department of Insurance. There was no transfer of assets or surplus as a result of the novations.

Effective January 1, 2017, the Company entered into a contract with CMS as a plan sponsor offering the Medicare program in the State of Arkansas.

The Company has a contract with the State of Nebraska, Department of Health and Human Services (“DHHS”), Division of Medicaid and Long Term Care, to provide health care services to Medicaid eligible beneficiaries, which include eligible beneficiaries under the Children’s Health Insurance Program (“CHIP”), in Nebraska. The current contract is effective through December 31, 2021, with two one year extensions thereafter.

A. Accounting Practices

The statutory basis financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Department.

The Department recognizes only statutory accounting practices, prescribed or permitted by the State of Nebraska, for determining and reporting the financial condition and results of operations of an HMO for determining its solvency under Nebraska Insurance Law. The state prescribes the use of the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures manual ("NAIC SAP") in effect for the accounting periods covered in the statutory basis financial statements.

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

	SSAP #	F/S Page #	F/S Line #	2018	2017
Net Income					
(1) Company state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ 124,257,240	\$ 126,252,336
(2) State prescribed practices that are an increase/(decrease) from NAIC SAP:					
Not Applicable				-	-
(3) State permitted practices that are an increase/(decrease) from NAIC SAP:					
Not Applicable				-	-
(4) NAIC SAP (1 - 2 - 3 = 4)	XXX	XXX	XXX	<u>\$ 124,257,240</u>	<u>\$ 126,252,336</u>
Capital and Surplus					
(5) Company state basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 302,716,367	\$ 193,328,409
(6) State prescribed practices that are an increase/(decrease) from NAIC SAP:					
Not Applicable				-	-
(7) State permitted practices that are an increase/(decrease) from NAIC SAP:					
Not Applicable				-	-
(8) NAIC SAP (5 - 6 - 7 = 8)	XXX	XXX	XXX	<u>\$ 302,716,367</u>	<u>\$ 193,328,409</u>

B. Use of Estimates in the Preparation of the Statutory Basis Financial Statements

The preparation of these statutory basis financial statements in conformity with the NAIC Annual Statement Instructions and the NAIC SAP include certain amounts that are based on the Company's estimates and judgments. These estimates require the Company to apply complex assumptions and judgments, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods. The most significant estimates relate to hospital and medical benefits, claims unpaid, aggregate health policy reserves (including medical loss ratio rebates) and aggregate health claim reserves, and risk adjustment estimates. The Company adjusts these estimates each period as more current information becomes available. The impact of any changes in estimates is included in the determination of net income in the period in which the estimate is adjusted.

C. Accounting Policy

Basis of Presentation — The Company prepares its statutory basis financial statements on the basis of accounting practices prescribed or permitted by the Department. These statutory practices differ from accounting principles generally accepted in the United States of America ("GAAP").

Accounting policy disclosures that are required by the NAIC Annual Statement instructions are as follows:

- (1–2) Bonds and short-term investments are stated at book/adjusted carrying value if they meet NAIC designation of one or two and stated at the lower of book/adjusted carrying value or fair value if they meet an NAIC designation of three or higher. The Company does not have any mandatory convertible securities or Securities Valuation Office ("SVO") identified funds (i.e.: exchange traded funds or bond mutual funds) in its bond portfolio. Amortization of bond premium or accretion of discount is calculated using the constant-yield interest method. Bonds and short-term investments are valued and reported using market prices published by the SVO in accordance with the NAIC Valuation of Securities manual prepared by the SVO or an external pricing service;
- (3–4) The Company holds no common or preferred stock;
- (5) The Company holds no mortgage loans on real estate;

- (6) U.S. government and agency securities and corporate debt securities include loan-backed securities (mortgage-backed securities and asset-backed securities), which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the book/adjusted carrying value, commonly referred to as amortized cost, of loan-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors. The Company's investment policy limits investments in nonagency residential mortgage-backed securities, including home equity and sub-prime mortgages, to 10% of total cash and invested assets. Total combined investments in mortgage-backed securities and asset-backed securities cannot exceed more than 30% of total cash and invested assets;
- (7) The Company holds no investments in subsidiaries, controlled, or affiliated entities;
- (8) The Company has no investment interests with respect to joint ventures, partnerships, or limited liability companies;
- (9) The Company holds no derivatives;
- (10) Premium deficiency reserves (inclusive of conversion reserves) and the related expenses are recognized when it is probable that expected future health care expenses, claims adjustment expenses ("CAE"), direct administration costs, and an allocation of indirect administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts, and are recorded as aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Indirect administration costs arise from activities that are not specifically identifiable to a specific group of existing contracts, and therefore, those costs are fully allocated among the various contract groupings. The allocation of indirect administration costs to each contract grouping is made proportionately to the expected margins remaining in the premiums after future health care expenses, CAE, and direct administration costs are considered. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected as an increase or decrease in reserves for life and accident and health contracts in the statutory basis statements of operations in the period in which the change in estimate is identified. The Company anticipates investment income as a factor in the premium deficiency calculation (see Note 30);
- (11) CAE are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the Agreement (see Note 10), the Company pays a management fee to its affiliate, UHS, in exchange for administrative and management services. A detailed review of the administrative expenses of the Company and UHS is performed to determine the allocation between CAE and general administrative expenses ("GAE") to be reported in the statutory basis statements of operations. It is the responsibility of UHS to pay CAE in the event the Company ceases operations. The Company has recorded an estimate of unpaid CAE associated with incurred but unpaid claims, which is included in unpaid CAE in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Management believes the amount of the liability for unpaid CAE as of December 31, 2018 is adequate to cover the Company's cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid CAE are reflected in operating results in the period in which the change in estimate is identified;
- (12) The Company does not carry any fixed assets on the statutory basis financial statements;
- (13) Health care and other amounts receivable consist of pharmacy rebates receivable estimated based on the most currently available data from the Company's claims processing systems and from data provided by the Company's affiliated pharmaceutical benefit manager and affiliated pharmaceutical benefit manager, OptumRx, Inc. ("OptumRx"). Health care and other amounts receivable also include receivables for amounts due to the Company for provider advances and claim overpayments to providers, hospitals and other health care organizations. Health care and other amounts receivable are considered nonadmitted assets under the NAIC SAP if they do not meet admissibility requirements. Accordingly, the Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 28).

The Company has also deemed the following to be significant accounting policies and/or differences between statutory practices and GAAP:

ASSETS

Cash and Invested Assets

- Bonds include U.S. government and agency securities, state and agency municipal securities, city and county municipal securities, and corporate debt securities, with a maturity of greater than one year at the time of purchase;
- Certain debt investments categorized as available-for-sale or held-to-maturity under GAAP are presented at the lower of book/adjusted carrying value or fair value in accordance with the NAIC designations in the statutory basis financial statements, whereas under GAAP, these investments are shown at fair value or book/adjusted carrying value, respectively;
- Cash overdrafts, cash equivalents, and short-term investments in the statutory basis financial statements represent cash balances and investments with original maturities of one year or less from the time of acquisition, whereas under GAAP, the corresponding caption of cash, cash equivalents, and short-term investments includes cash balances and investments that will mature in one year or less from the balance sheet date;
- Cash represents cash held by the Company in disbursement accounts with a maturity date of less than one year from acquisition. Claims and other payments are made from the disbursement accounts daily. Cash overdrafts are a result of timing differences in funding disbursement accounts for claims payments;
- Outstanding checks are required to be netted against cash balances or presented as cash overdrafts if in excess of cash balances in the statutory basis statements of admitted assets, liabilities, and capital and surplus as opposed to being presented as other liabilities under GAAP;
- Cash equivalents include money-market funds. Cash equivalents have original maturity dates of three months or less from the date of acquisition. Cash equivalents, excluding money-market funds, are reported at cost or book/adjusted carrying value depending on the nature of the underlying security, which approximates fair value. Money-market funds are reported at fair value or net asset value ("NAV") as a practical expedient;
- Short-term investments include corporate debt securities. Short-term investments have a maturity of greater than three months but less than one year at the time of purchase. Short-term investments also consist of the Company's share of an investment pool sponsored and administered by UHS. The investment pool consists principally of investments with original maturities of less than one year, with the average life of the individual investments being less than 60 days. The Company's share of the pool represents an undivided ownership interest in the pool and is immediately convertible to cash at no cost or penalty. The participants within the pool have an individual fund number to track those investments owned by the Company. In addition, the Company is listed as a participant in the executed custodial agreement between UHS and the custodian whereby the Company's share in the investment pool is segregated and separately maintained. The pool is primarily invested in government obligations, commercial paper, certificates of deposit, and short-term agency notes and is recorded at cost or book/adjusted carrying value depending on the composition of the underlying securities. Interest income from the pool accrues daily to participating members based upon ownership percentage;
- Realized capital gains and losses on sales of investments are calculated based upon specific identification of the investments sold. These gains and losses are reported as net realized capital losses less capital gains tax (benefit) in the statutory basis statements of operations;
- The Company continually monitors the difference between amortized cost and estimated fair value of its investments. If any of the Company's investments experience a decline in value that the Company has determined is other-than-temporary, or if the Company has determined it will sell a security that is in an impaired status, the Company will record a realized loss in net realized capital losses less capital gains tax (benefit) in the statutory basis statements of operations. The new cost basis is not changed for subsequent recoveries in fair value. The prospective adjustment method is utilized for loan-backed securities for periods subsequent to the loss recognition. The Company recognized an other-than-temporary impairment ("OTTI") of \$633 and \$0 for the years ended December 31, 2018 and 2017, respectively;

- The statutory basis statements of cash flows reconcile cash overdrafts, cash equivalents, and short-term investments with original maturities of one year or less from the time of acquisition; whereas under GAAP, pursuant to Accounting Standards Update 2016-18, *Statement of Cash Flows, Restricted Cash*, the statements of cash flows reconcile the corresponding captions of cash, cash equivalents and restricted cash with maturities of three months or less. Short-term investments with a final maturity of one year or less from the balance sheet date are not included in the reconciliation of GAAP cash flows. In addition, there are classification differences within the presentation of the cash flow categories between GAAP and statutory reporting. The statutory basis statements of cash flows are prepared in accordance with the NAIC Annual Statement Instructions.

Other Assets

- **Investment Income Due and Accrued** — Investment income earned and due as of the reporting date, in addition to investment income earned but not paid or collected until subsequent periods, is reported as investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company evaluates the collectability of the amounts due and accrued and amounts determined to be uncollectible are written off in the period in which the determination is made. In addition, the remaining balance is assessed for admissibility and any balance greater than 90 days past due is considered a nonadmitted asset.
- **Premiums and Considerations** — The Company reports uncollected premium balances from its insured members as premiums and considerations in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Uncollected premium balances that are over 90 days past due, with the exception of amounts due from government insured plans, are considered nonadmitted assets. In addition to those balances, current balances are also considered nonadmitted if the corresponding balance greater than 90 days past due is deemed more than inconsequential. Premiums and considerations also include the following:

a) risk adjustment receivables as defined in Section 1343 of the ACA. Premium adjustments are based upon the risk scores (health status) of enrollees participating in risk adjustment covered plans, rather than the actual loss experience of the insured. Effective for 2018 benefit plan year, the risk adjustments and distributions are calculated using a high-cost risk pool which adds a reinsurance-like element to this program. A risk adjustment receivable is recorded when the Company estimates its average actuarial risk score for policies included in this program is greater than the average actuarial risk scores in that market and state risk pool (see Note 24);

b) CMS risk corridor receivables for which adjustments are based on whether the ultimate per member per month (“PMPM”) benefit costs of any Medicare program plan varies more than 5% above the level estimated in the original bid submitted by the Company and approved by CMS (see Note 24);

c) CMS risk adjustment receivables. The risk adjustment model apportions premiums paid to all health plans according to the health severity and certain demographic factors of its enrollees. The CMS risk adjustment model pays more for members whose medical history indicates they have certain medical conditions. Under this risk adjustment methodology, CMS calculates the risk-adjusted premium payment using diagnosis data from hospital inpatient, hospital outpatient, and physician treatment settings. The Company and health care providers collect, capture, and submit the necessary and available diagnosis data to CMS within prescribed deadlines. The Company estimates risk adjustment revenues based upon the diagnosis data submitted and expected to be submitted to CMS. The Company recognizes such changes when the amounts become determinable and supportable and collectability is reasonably assured (see Note 24); and

d) The pay for performance program is based upon the Company’s performance against various quality and operational measures established in the Company’s contract with the State which is based on a stated percentage of total direct premiums written. Premium adjustments for the Medicaid performance guarantee program are accounted for as premium adjustments subject to redetermination (see Note 24).

Premium adjustments for CMS risk corridor programs are accounted for as premium adjustments subject to retrospectively rated features (see Note 24). Premium adjustments for the ACA Section 1343 risk adjustment and CMS risk adjustment programs are accounted for as premium adjustments subject to redetermination (see Note 24).

- Amounts Receivable Relating to Uninsured Plans** — Receivables for amounts held under uninsured plans represent the costs incurred in excess of the cost reimbursement under the Medicare program for the catastrophic reinsurance subsidy and the low-income member cost-sharing subsidy for the individual members. The Company is fully reimbursed by CMS for costs incurred for these contract elements, and accordingly, there is no insurance risk to the Company. Subsidies for individual members are received monthly and are not reflected as net premium income, but rather are accounted for as deposits. If the Company incurs costs in excess of these subsidies, a corresponding receivable is recorded in amounts receivable relating to uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Related cash flows are presented within operating expenses paid within net cash provided by operations in the statutory basis statements of cash flows. For employer group members, the cost reimbursement under the Medicare program for the catastrophic reinsurance subsidy is consistent with reimbursement for individuals. The low-income member cost-sharing subsidy for employer group members is only received at settlement which is in the subsequent year. The Patient Protection and Affordable Care Act and its related legislation ACA mandates consumer discounts of 50% on brand name prescription drugs for Part D plan participants in the coverage gap mandated by the patient ACA. As part of the CGDP, the Company records a receivable from the pharmaceutical manufacturers for reimbursement of the discounts which is included in amounts receivable relating to uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. There are no similar subsidies for employer group members. Related cash flows are presented within operating expenses paid within net cash provided by operations in the statutory basis statements of cash flows. The Company solely administers the application of these funds and has no insurance risk.
- Current Federal Income Tax Recoverable** — The Company is included in the consolidated federal income tax return with its ultimate parent, UnitedHealth Group, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. A current federal income tax recoverable is recognized when the Company's allocated intercompany estimated payments are more than its actual calculated obligation based on the Company's stand-alone federal income tax return (see Note 9).
- Net Deferred Tax Asset** — The NAIC SAP provides for an amount to be recorded for deferred taxes on temporary differences between the financial reporting and tax bases of assets, subject to a valuation allowance and admissibility limitations on deferred tax assets (see Note 9). In addition, under the NAIC SAP, the change in deferred tax assets is recorded directly to unassigned surplus in the statutory basis financial statements, whereas under GAAP, the change in deferred tax assets is recorded as a component of the income tax provision within the income statement and is based on the ultimate recoverability of the deferred tax assets. Based on the admissibility criteria under the NAIC SAP, any deferred tax assets determined to be nonadmitted are charged directly to surplus and excluded from the statutory basis financial statements, whereas under GAAP, such assets are included in the balance sheet.
- State Income Tax Recoverable** — State income tax recoverable represents amounts that are expected to be recovered as a result of an overpayment of estimated tax carrybacks, or items for which the reporting entity has authority to recover under a state regulation or statute.
- Premium Tax Recoverable** — The Company pays premium taxes on insurance premiums collected in various states. Many states require estimated payments throughout the year, generally based on prior year insurance premium collections. The Company reports premium tax recoverable in the statutory basis statements of admitted assets, liabilities and capital and surplus when estimated payments exceed the premium tax liability for the year.

LIABILITIES

- Claims Unpaid and Aggregate Health Claim Reserves** — Claims unpaid and aggregate health claim reserves include claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and payments and liabilities for physician, hospital, and other medical costs disputes.

The estimates for incurred but not yet reported claims are developed using an actuarial process that is consistently applied, centrally controlled, and automated. The actuarial models consider factors such as historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The Company estimates such liabilities for physician, hospital, and other medical cost disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. These estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2018 and 2017. Management believes the amount of claims unpaid and aggregate health claim reserves is a best estimate of the Company's liability for unpaid claims and aggregate health claim reserves as of December 31, 2018; however, actual payments may differ from those established estimates.

The Company contracts with hospitals, physicians, and other providers of health care under capitated or discounted fee for service arrangements, including a hospital per diem to provide medical care services to enrollees. Some of these contracts are with related parties (see Note 10). Capitated providers are at risk for the cost of medical care services provided to the Company's enrollees; however, the Company is ultimately responsible for the provision of services to its enrollees should the capitated provider be unable to provide the contracted services.

- **Accrued Medical Incentive Pool and Bonus Amounts** — The Company has agreements with certain independent physicians and physician network organizations that provide for the establishment of a fund into which the Company places monthly premiums payable for members assigned to the physician. The Company manages the disbursement of funds from this account as well as reviews the utilization of nonprimary care medical services of members assigned to the physicians. Any surpluses in the fund are shared by the Company and the physician based upon predetermined risk-sharing percentage and the liability is included in accrued medical incentive pool and bonus amounts in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company has incentive and bonus arrangements with providers that are based on quality, utilization, and/or various health outcome measures. The estimated amount due to providers that meet the established metrics is included in accrued medical incentive pool and bonus amounts in the statutory basis statements of admitted assets, liabilities, and capital and surplus.
- **Aggregate Health Policy Reserves** — The Company establishes a liability, net of ceded reinsurance, for estimated accrued retrospective and redetermination premiums due from the Company based on the actuarial method and assumptions for each respective contract. Aggregate health policy reserves also includes:
 - a) risk adjustment payables as defined in Section 1343 of the ACA. Premium adjustments are based upon the risk scores (health status) of enrollees participating in risk adjustment covered plans, rather than the actual loss experience of the insured. Effective for the 2018 benefit plan year, the risk adjustments and distributions are calculated using a high-cost risk pool which adds a reinsurance-like element to this program. A risk adjustment payable is recorded when the Company estimates its average actuarial risk score for policies included in this program is less than the average actuarial risk scores in that market and state risk pool (see Note 24);
 - b) CMS risk adjustment payables. The risk adjustment model apportions premiums paid to all health plans according to the health severity and certain demographic factors of its enrollees. The CMS risk adjustment model pays more for members whose medical history indicates they have certain medical conditions. Under this risk adjustment methodology, CMS calculates the risk-adjusted premium payment using diagnosis data from hospital inpatient, hospital outpatient, and physician treatment settings. The Company and health care providers collect, capture, and submit the necessary and available diagnosis data to CMS within prescribed deadlines. If diagnosis data submitted to CMS needs to be corrected or deleted, the revised diagnosis data can be re-submitted. The Company estimates reductions to risk adjustment revenues and corresponding change in CMS risk adjustment payables based upon the diagnosis data submitted and expected to be submitted to CMS. The Company recognizes such changes when the amounts become determinable and supportable (see Note 24);
 - c) Heritage Health Medicaid estimated provider quality performance payables based on various quality measures (see Note 24); and
 - d) estimated rebates payable on the comprehensive commercial, Medicaid and Medicare products, if the medical loss ratios on these fully insured products, as calculated under the definitions of the ACA and/or State statutes (see Note 14) and implementing regulations, fall below certain targets. The Company is required to rebate the ratable portions of the premiums annually (see Note 24).

- **Premiums Received in Advance** — Premiums received in full for the policies processed during the current period, but prior to the commencement of the service period, are recorded as premiums received in advance in the statutory basis statements of admitted assets, liabilities, and capital and surplus.
- **General Expenses Due or Accrued** — General expenses that are due as of the reporting date in addition to general expenses that have been incurred but are not due until a subsequent period are reported as general expenses due or accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus. General expenses due or accrued also include the amounts for unpaid assessments, commissions payable, state income taxes and the unpaid portion of the contributions required under the ACA risk adjustment and reinsurance programs (see Note 24).
- **Current Federal Income Taxes Payable** — The Company is included in the consolidated federal income tax return with its ultimate parent, UnitedHealth Group under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. A liability for federal income taxes payable is recognized when its allocated intercompany estimated payments are less than its actual calculated obligation based on the Company's stand-alone federal income tax return (see Note 9).
- **Remittances and Items Not Allocated** — Remittances and items not allocated generally represent monies received from policyholders for monthly premium billings or providers that have not been specifically identified or applied prior to year-end. The majority is from monies received in the lockbox account on the last day of the year.
- **Amounts Due to Parent, Subsidiaries, and Affiliates, Net** — In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reports any unsettled amounts owed as amounts due to parent, subsidiaries, and affiliates, net, in the statutory basis statements of admitted assets, liabilities, and capital and surplus.
- **Payable for Securities** — The Company reports payable for securities when investments are traded at the end of an accounting period for which the settlement does not occur until the following month in the statutory basis statements of admitted assets, liabilities, and capital and surplus.
- **Liability for Amounts Held Under Uninsured Plans** — Liability for amounts held under uninsured plans represents costs incurred that are less than the cost reimbursement under the Medicare program for the catastrophic reinsurance subsidy and the low-income member cost-sharing subsidy for the individual members. The Company is fully reimbursed by CMS for costs incurred for these contract elements, and accordingly, there is no insurance risk to the Company. Subsidies for individual members are received monthly and are not reflected as net premium income, but rather are accounted for as deposits. If the Company incurs costs less than these subsidies, a corresponding liability is recorded in liability for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Related cash flows are presented within operating expenses paid within net cash provided by operations in the statutory basis statements of cash flows. For employer group members, the cost reimbursement under the Medicare program for the catastrophic reinsurance subsidy is consistent with reimbursement for individuals. The low-income member cost-sharing subsidy for employer group members is only received at settlement which is in the subsequent year. The ACA mandates consumer discounts of 50% on brand name prescription drugs for Part D plan participants in the coverage gap. These discounts are pre-funded for the individual members by CMS and a liability for the amount subject to recoupment is recorded in liability for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. There are no similar subsidies for employer group members. Related cash flows are presented within operating expenses paid within net cash provided by operations in the statutory basis statements of cash flows. The Company solely administers the application of these funds and has no insurance risk.

Liability for amounts held under uninsured plans also includes the cost reimbursement for the cost-sharing reduction components of the ACA. The Company is fully reimbursed by the federal government for costs incurred related to these provisions. The Company receives advances that are applied to eligible claims. If the Company incurs costs that are less than these subsidies, a corresponding liability is recorded for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

Payments received from DHHS include amounts due to the University of Nebraska Medical Center (“UNMC”). The Company assumes no risk and does not recognize any premium revenue or medical expense. The liability is recorded as amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

CAPITAL AND SURPLUS AND MINIMUM STATUTORY REQUIREMENTS

- **Nonadmitted Assets** — Certain assets, including certain aged premium receivables, certain health care amounts receivable, prepaid expenses, miscellaneous receivables, and amounts receivable relating to uninsured plans, are considered nonadmitted assets under the NAIC SAP and are excluded from the statutory basis statements of admitted assets, liabilities, and capital and surplus and charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheet.
- **Restricted Cash Reserves** — The Company held regulatory deposits in the amount of \$1,117,106 and \$1,135,561 as of December 31, 2018 and 2017, respectively, in compliance with the various states requirements for qualification purposes as a domestic and foreign insurer. These restricted cash reserves consist principally of government obligations and are stated at book/adjusted carrying value, which approximates fair value. These restricted deposits are included in bonds in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Interest earned on these deposits accrues to the Company. The Iowa Department of Insurance has waived the requirement to maintain restricted cash reserves since 2003.

Minimum Capital and Surplus — Under the laws of the State of Nebraska, the Company’s domiciliary state, the Department requires the Company to maintain a minimum capital and surplus equal to \$32,524,644 as of December 31, 2018.

Risk-based capital (“RBC”) is a regulatory tool for measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The Department requires the Company to maintain minimum capital and surplus equal to the greater of the state statute as outlined above, or the company action level as calculated by the RBC formula, or the level needed to avoid action pursuant to the trend test in the RBC formula.

The Company is also subject to minimum capital and surplus requirements in other states where it is licensed to do business.

The Company has \$302,716,367 and \$193,328,409 in total statutory basis capital and surplus as of December 31, 2018 and 2017, respectively, which is in compliance with the required amounts where it is licensed to do business.

- **Section 9010 ACA Subsequent Fee Year Assessment** — The Company is subject to the Section 9010 ACA subsequent fee year assessment. Under the NAIC SAP, an amount equal to the estimated subsequent year fee must be apportioned out of unassigned surplus and reported as Section 9010 ACA subsequent fee year assessment, in the statutory basis statements of admitted assets, liabilities, and capital and surplus, whereas under GAAP, no such special surplus designation is required. In accordance with the 2019 Health Insurer Fee (“HIF”) moratorium, no HIF will be payable in 2019, therefore no amounts were apportioned out of unassigned surplus in the 2018 statutory basis statements of admitted assets, liabilities, and capital and surplus.

STATEMENTS OF OPERATIONS

- **Net Premium Income and Change in Unearned Premium Reserves and Reserve for Rate Credits** — Revenues consist of net premium income that is recognized in the period in which enrollees are entitled to receive health care services. Net premium income is shown net of reinsurance premiums paid and reinsurance premiums incurred but not paid in the statutory basis statements of operations.

Comprehensive commercial health plans with medical loss ratios on fully insured products, as calculated under the definitions in the ACA (see Note 14) and implementing regulations, that fall below certain targets are required to rebate ratable portions of premiums annually. The Company classifies its estimated rebates as change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

Pursuant to Section 1342 and Section 1343 of the ACA, the Company records premium adjustments for changes to the risk adjustment balances which are reflected in change in unearned premium reserves and reserve for rate credits and net premium income, respectively, in the statutory basis statements of operations.

Net premium income includes premium under the Medicare Advantage, DSNP, and ISNP programs, which includes CMS premium and member premium. It also includes premium under the Medicare program, which includes CMS premium, member premium, and CMS low-income premium subsidy for the Company's insurance risk coverage. Net premium income is recognized ratably over the period in which eligible individuals are entitled to receive health care services and prescription drug benefits.

Net premium income also includes amounts pursuant to the CMS risk adjustment program. The Company recognized \$3,321,350 and (\$1,844,309) for changes in prior year Medicare risk factor estimates during the years ended December 31, 2018 and 2017, respectively, which is recorded as net premium income (a reduction to net premium income) in the statutory basis statements of operations.

The Company also records estimates related to the CMS risk corridor program. Changes to these estimates are reflected as change in reserve for rate credits in the statutory basis statements of operations.

Medicare Advantage plans and Part D prescription drug plans are subject to medical loss ratio requirements under the ACA. Plans with medical loss ratios that fall below certain targets are required to rebate ratable portions of premiums annually. The Company classifies its estimated rebates as reserve for rate credits in the statutory basis statements of operations.

Net premium income also includes amounts paid by state and federal governments on a per member basis in exchange for the provision and administration of medical benefits under the Medicaid and CHIP. Premiums are contractual and are recognized in the coverage period in which members are entitled to receive services, except in the case of maternity payments. Maternity income is billed on contractual rates and recognized as income as each birth case is identified by the Company. Included in net premium income are capitated payments, home nursing risk-sharing payments, high-dollar risk pool payments, and maternity payments. The majority of net premium income recorded is based on capitated rates, which are monthly premiums paid for each member enrolled. Home nursing risk-sharing income is payable based upon the number of members that qualify for such reimbursement.

- **Total Hospital and Medical Expenses** — Total hospital and medical expenses include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and payments and liabilities for physician, hospital, and other medical costs disputes.

Total hospital and medical expenses also include amounts incurred for incentive pool, withhold adjustments, and bonus amounts that are based on the underlying contractual provisions with the respective providers. In addition, adjustments to claims unpaid estimates and aggregate health claim reserves are reflected in the period once the change in estimate is identified and included in total hospital and medical expenses in the statutory basis statements of operations.

- **General Administrative Expenses** — Pursuant to the terms of the Agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. Costs for items not included within the scope of the Agreement are directly expensed as incurred. State income taxes are also a component of GAE. A detailed review of the administrative expenses of the Company and UHS is performed to determine the allocation between CAE and GAE to be reported in the statutory basis statements of operations.

The Company is subject to an annual fee under Section 9010 of the ACA. A health insurance entity's annual fee becomes payable once the entity provides health insurance for any U.S. health risk during the calendar year, which is nondeductible for tax purposes. Under the NAIC SAP, the entire amount of the estimated annual fee expense is recognized on January 1 of the fee year in GAE in the statutory basis statements of operations, whereas under GAAP, a deferred asset is created on January 1 of the fee year which is amortized to expense on a straight-line basis throughout the year.

- **Net Investment Income Earned** — Net investment income earned includes investment income collected during the period, as well as the change in investment income due and accrued on the Company's holdings. Amortization of premium or discount on bonds and certain external investment management costs are also included in net investment income earned (see Note 7).
- **Federal Income Taxes Incurred** — The provision for federal income taxes incurred is calculated based on applying the statutory federal income tax rate of 21% in 2018 and 35% in 2017 to net income before federal income taxes and net realized capital losses subject to certain adjustments (see Note 9).

- **Comprehensive Income** — Comprehensive income and its components are not separately presented in the statutory basis financial statements, whereas under GAAP, it is a requirement to present comprehensive income and its components in the financial statements.

REINSURANCE

- **Reinsurance Ceded** — The Company has an insolvency-only reinsurance agreement with UnitedHealthcare Insurance Company (“UHIC”), an affiliate whereby 0.4% of net premium income is ceded to UHIC.
- **Section 1341 ACA Transitional Reinsurance** — The Company has established receivables of \$29,939 and \$1,042,235 as of December 31, 2018 and 2017, respectively, pursuant to Section 1341 of the ACA which are included in amounts recoverable from reinsurers in the statutory basis statements of admitted assets, liabilities, and capital and surplus, for the transitional reinsurance program. This program was designed to protect issuers in the individual market from an expected increase in large claims due to the elimination of preexisting condition limitations (see Note 24).

Ceded Reinsurance Premiums Payable — The ceded reinsurance premiums payable balance represents amounts due to the reinsurer for specified coverage which will be paid based on the contract terms.

OTHER

- **Vulnerability Due to Certain Concentrations** — The Company is subject to substantial federal and state government regulation, including licensing and other requirements relating to the offering of the Company’s existing products in new markets and offerings of new products, both of which may restrict the Company’s ability to expand its business.

The Company has no commercial customers that individually exceed 10% of total direct premiums written and uncollected premiums, including receivables for contracts subject to redetermination, for the years ended December 31, 2018 and 2017.

Direct premiums written and uncollected premiums, including receivables for contracts subject to redetermination, from members and CMS related to Medicare Advantage and the Medicare Part D program as a percentage of total direct premiums written and total uncollected premiums, including receivables for contracts subject to redetermination, are 85% and 82% as of December 31, 2018 and 84% and 94% as of December 31, 2017, respectively.

Direct premiums written and uncollected premiums, including receivables for contracts subject to redetermination, from the State of Nebraska, DHHS as a percentage of total direct premiums written and total uncollected premiums, including receivables for contracts subject to redetermination, are 14% and 17% as of December 31, 2018 and 16% and 6% as of December 31, 2017, respectively.

Recently Issued Accounting Standards — The Company reviewed all other recently issued guidance in 2018 and 2017 that has been adopted for 2018 or subsequent years’ implementation and has determined that none of the items would have a significant impact to the statutory basis financial statements.

D. Going Concern

The Company has the ability and will continue to operate for a period of time sufficient to carry out its commitments, obligations and business objectives.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

No changes in accounting principles or correction of errors have been recorded during the years ended December 31, 2018 and 2017.

3. BUSINESS COMBINATIONS AND GOODWILL

A–D. The Company was not party to a business combination during the years ended December 31, 2018 and 2017, and does not carry goodwill in its statutory basis statements of admitted assets, liabilities, and capital and surplus.

4. DISCONTINUED OPERATIONS

A. Discontinued Operation Disposed of or Classified as Held for Sale

(1–4) The Company did not have any discontinued operations disposed of or classified as held for sale during 2018 and 2017.

- B. Change in Plan of Sale of Discontinued Operation —** Not applicable.
- C. Nature of any Significant Continuing Involvement with Discontinued Operations after Disposal —** Not applicable.
- D. Equity Interest Retained in the Discontinued Operation after Disposal —** Not applicable.

5. INVESTMENTS AND OTHER INVESTED ASSETS

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The gross realized gains and losses on sales of long-term investments were \$2,754 and \$7,200, respectively, for 2018 and \$35,687 and \$83,806, respectively, for 2017. There were no gross realized gains and losses on sales of short-term investments for 2018 and 2017. The net realized gain or loss is included in net realized capital losses less capital gains tax (benefit) in the statutory basis statements of operations. Total proceeds on the sale of long-term investments were \$1,972,611 and \$1,540,407 and for short-term investments were \$2,979,838,300 and \$3,119,337,730 in 2018 and 2017, respectively.

As of December 31, 2018 and 2017, the book/adjusted carrying value, fair value, and gross unrecognized unrealized gains and losses of the Company's investments, excluding cash overdrafts and cash equivalents of \$26,866,208 and \$10,894,538, respectively, are as follows:

	2018				
	Book/Adjusted Carrying Value	Gross Unrecognized Unrealized Gains	Gross Unrecognized Unrealized Losses < 1 Year	Gross Unrecognized Unrealized Losses > 1 Year	Fair Value
U.S. government and agency securities	\$ 114,061,330	\$ 434,557	\$ 298,990	\$ 1,119,519	\$ 113,077,378
State and agency municipal securities	46,471,545	537,526	22,354	300,348	46,686,369
City and county municipal securities	46,514,900	544,985	66,812	141,099	46,851,974
Corporate debt securities	209,187,826	50,208	1,301,177	2,042,591	205,894,266
Total bonds and short-term investments	<u>\$ 416,235,601</u>	<u>\$ 1,567,276</u>	<u>\$ 1,689,333</u>	<u>\$ 3,603,557</u>	<u>\$ 412,509,987</u>

	2018				
	Book/Adjusted Carrying Value	Gross Unrecognized Unrealized Gains	Gross Unrecognized Unrealized Losses < 1 Year	Gross Unrecognized Unrealized Losses > 1 Year	Fair Value
Less than one year	\$ 32,718,773	\$ 1,451	\$ 6,159	\$ 108,018	\$ 32,606,047
One to five years	173,946,789	33,445	670,410	2,197,918	171,111,906
Five to ten years	101,908,788	751,623	547,491	388,958	101,723,962
Over ten years	107,661,251	780,757	465,273	908,663	107,068,072
Total bonds and short-term investments	<u>\$ 416,235,601</u>	<u>\$ 1,567,276</u>	<u>\$ 1,689,333</u>	<u>\$ 3,603,557</u>	<u>\$ 412,509,987</u>

	2017				
	Book/Adjusted Carrying Value	Gross Unrecognized Unrealized Gains	Gross Unrecognized Unrealized Losses < 1 Year	Gross Unrecognized Unrealized Losses > 1 Year	Fair Value
U.S. government and agency securities	\$ 79,705,175	\$ 77,285	\$ 375,840	\$ 171,226	\$ 79,235,394
State and agency municipal securities	45,527,593	1,017,620	125,073	35,208	46,384,932
City and county municipal securities	42,580,197	1,164,882	78,674	2,462	43,663,943
Corporate debt securities	286,225,512	374,670	623,616	55,516	285,921,050
Total bonds and short-term investments	<u>\$ 454,038,477</u>	<u>\$ 2,634,457</u>	<u>\$ 1,203,203</u>	<u>\$ 264,412</u>	<u>\$ 455,205,319</u>

Included in U.S. government and agency securities and corporate debt securities in the tables above are mortgage-related loan-backed securities, which do not have a single maturity date. For the years to maturity table above, these securities have been presented in the maturity group based on the securities' final maturity date and at a book/adjusted carrying value of \$60,923,929 and fair value of \$59,762,208.

The following table illustrates the fair value and gross unrecognized unrealized losses, aggregated by investment category and length of time that the individual securities have been in a continuous unrecognized unrealized loss position as of December 31, 2018 and 2017:

	2018					
	< 1 Year		> 1 Year		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government and agency securities	\$ 23,804,751	\$ 298,990	\$ 53,523,427	\$ 1,119,519	\$ 77,328,178	\$ 1,418,509
State and agency municipal securities	5,177,899	22,354	18,763,707	300,348	23,941,606	322,702
City and county municipal securities	5,717,244	66,812	10,551,143	141,099	16,268,387	207,911
Corporate debt securities	<u>82,212,532</u>	<u>1,301,177</u>	<u>104,488,123</u>	<u>2,042,591</u>	<u>186,700,655</u>	<u>3,343,768</u>
Total bonds and short-term investments	<u>\$116,912,426</u>	<u>\$ 1,689,333</u>	<u>\$187,326,400</u>	<u>\$ 3,603,557</u>	<u>\$ 304,238,826</u>	<u>\$ 5,292,890</u>

	2017					
	< 1 Year		> 1 Year		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government and agency securities	\$ 53,007,745	\$ 375,840	\$ 11,306,432	\$ 171,226	\$ 64,314,177	\$ 547,066
State and agency municipal securities	15,427,257	125,073	4,398,596	35,208	19,825,853	160,281
City and county municipal securities	10,647,324	78,674	248,376	2,462	10,895,700	81,136
Corporate debt securities	<u>108,070,085</u>	<u>623,616</u>	<u>3,545,971</u>	<u>55,516</u>	<u>111,616,056</u>	<u>679,132</u>
Total bonds and short-term investments	<u>\$187,152,411</u>	<u>\$ 1,203,203</u>	<u>\$ 19,499,375</u>	<u>\$ 264,412</u>	<u>\$ 206,651,786</u>	<u>\$ 1,467,615</u>

The unrecognized unrealized losses on investments in U.S. government and agency securities, state and agency municipal securities, city and county municipal securities, and corporate debt securities at December 31, 2018 and 2017, were mainly caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities. The Company evaluates impairment at each reporting period for each of the securities whereby the fair value of the investment is less than its book/adjusted carrying value. The contractual cash flows of the U.S. government and agency securities are guaranteed either by the U.S. government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, and the Company does not intend to sell the investment until the unrealized loss is fully recovered. The Company evaluated the credit ratings of the municipal, local agency and corporate debt securities, noting whether a significant deterioration since purchase or other factors that may indicate an OTTI, such as the length of time and extent to which fair value has been less than cost, the financial condition, and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer and the Company's intent to sell the investment. Additionally, the Company evaluated its intent and ability to retain loan-backed securities for a period of time sufficient to recover the amortized cost. As a result of these reviews, the Company recorded OTTIs of \$633 and \$0 as of December 31, 2018 and 2017, respectively, which are included in net realized capital losses less capital gains tax (benefit) in the statutory basis statement of operations.

A-C. The Company has no mortgage loans, real estate loans, restructured debt, or reverse mortgages. The Company also has no real estate property occupied by the Company, real estate property held for the production of income, or real estate property held for sale.

D. Loan-Backed Securities

- (1) U.S. government and agency securities and corporate debt securities include loan-backed securities (mortgage-backed securities and asset-backed securities), which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the book/adjusted carrying value, commonly referred to as amortized cost, of loan-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors.
- (2) The Company did not recognize any OTTIs on loan-backed securities as of December 31, 2018 and 2017.
- (3) The Company did not have any loan-backed securities with OTTIs to report by CUSIP as of December 31, 2018 or 2017.

- (4) The following table illustrates the fair value, gross unrecognized unrealized losses, and length of time that the loan-backed securities have been in a continuous unrecognized unrealized loss position as of December 31, 2018 and 2017:

	2018
The aggregate amount of unrealized losses:	
1. Less than 12 months	\$ 395,064
2. 12 months or longer	1,135,170
The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 months	38,021,549
2. 12 months or longer	51,970,033
	2017
The aggregate amount of unrealized losses:	
1. Less than 12 months	\$ 332,767
2. 12 months or longer	111,706
The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 months	54,349,827
2. 12 months or longer	6,657,922

- (5) The Company believes that it will collect all principal and interest due on all investments that have an amortized cost in excess of fair value. The unrecognized unrealized losses as of December 31, 2018 and 2017 were primarily caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities.
- E. Dollar Repurchase Agreements and/or Securities Lending Transactions** — Not applicable.
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing** — Not applicable.
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing** — Not applicable.
- H. Repurchase Agreements Transactions Accounted for as a Sale** — Not applicable.
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale** — Not applicable.
- J. Real Estate** — Not applicable.
- K. Low-Income Housing Tax Credits (“LIHTC”)** — Not applicable.

L. Restricted Assets —

(1) Restricted assets, including pledged securities as of December 31, 2018 and 2017, are presented below:

Restricted Asset Category	1 Total Gross (Admitted & Nonadmitted) Restricted From Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted From Prior Year	3 Increase/ (Decrease) (1 Minus 2)	4 Total Current Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	7 Admitted Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	0 %	0 %
b. Collateral held under security lending agreements	-	-	-	-	-	0 %	0 %
c. Subject to repurchase agreements	-	-	-	-	-	0 %	0 %
d. Subject to reverse repurchase agreements	-	-	-	-	-	0 %	0 %
e. Subject to dollar repurchase agreements	-	-	-	-	-	0 %	0 %
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	0 %	0 %
g. Placed under option contracts	-	-	-	-	-	0 %	0 %
h. Letter stock or securities restricted as to sale—excluding FHLB capital stock	-	-	-	-	-	0 %	0 %
i. FHLB capital stock	-	-	-	-	-	0 %	0 %
j. On deposit with states	1,117,106	1,135,561	(18,455)	-	1,117,106	0.2 %	0.2 %
k. On deposit with other regulatory bodies	-	-	-	-	-	0 %	0 %
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	0 %	0 %
m. Pledged as collateral not captured in other categories	-	-	-	-	-	0 %	0 %
n. Other restricted assets	-	-	-	-	-	0 %	0 %
o. Total restricted assets	\$ 1,117,106	\$ 1,135,561	\$ (18,455)	\$ -	\$ 1,117,106	0.2 %	0.2 %

(a) Column 1 divided by Asset Page, Column 1, Line 28
 (b) Column 5 divided by Asset Page, Column 3, Line 28

(2-4) The Company has no assets pledged as collateral not captured in other categories and no other restricted assets as of December 31, 2018 or 2017.

M. Working Capital Finance Investments — Not applicable.

N. Offsetting and Netting of Assets and Liabilities

The Company does not have any offsetting or netting of assets and liabilities as it relates to derivatives, repurchase and reverse repurchase agreements, and securities borrowing and securities lending activities.

O. Structured Notes

The details of structured notes by CUSIP as of December 31, 2018 and 2017 are presented below:

2018				
CUSIP Identification	Actual Cost	Fair Value	Book/ Adjusted Carrying Value	Mortgage Referenced Security (Yes/No)
912828Q60	\$ 3,100,230	\$ 3,107,075	\$ 3,179,292	N
	-	-	-	N
	-	-	-	N
Total	<u>\$ 3,100,230</u>	<u>\$ 3,107,075</u>	<u>\$ 3,179,292</u>	
2017				
CUSIP Identification	Actual Cost	Fair Value	Book/ Adjusted Carrying Value	Mortgage Referenced Security (Yes/No)
912828Q60	\$ 3,100,230	\$ 3,109,356	\$ 3,099,751	N
	-	-	-	N
	-	-	-	N
Total	<u>\$ 3,100,230</u>	<u>\$ 3,109,356</u>	<u>\$ 3,099,751</u>	

P. 5GI Securities

The Company does not have any investments with an NAIC designation of 5GI as of December 31, 2018 and 2017.

Q. Short Sales — Not applicable.

R. Prepayment Penalty and Acceleration Fees — Not applicable.

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

A–B. The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of admitted assets and did not recognize any impairment write-down for its investments in joint ventures, partnerships, and limited liability companies during the statement periods.

7. INVESTMENT INCOME

A. The Company excludes all investment income due and accrued amounts that are over 90 days past due from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

B. There were no investment income amounts excluded from the statutory basis financial statements.

8. DERIVATIVE INSTRUMENTS

A–H. The Company has no derivative instruments.

9. INCOME TAXES

The Tax Cuts and Jobs Act (“Tax Reform”) enacted by the U.S. federal government in December 2017 changed the existing United States tax law including reducing the U.S. corporate income tax rate to 21% beginning in 2018. The Company accounted for the impacts of Tax Reform and as of December 31, 2017, remeasured its deferred tax assets/(liabilities) at the 21% enacted tax rate.

A. Deferred Tax Asset

(1) The components of the net deferred tax asset at December 31, 2018 and 2017, are as follows:

	2018			2017			Change		
	1 Ordinary	2 Capital	3 (Col 1 + 2) Total	4 Ordinary	5 Capital	6 (Col 4 + 5) Total	7 (Col 1 - 4) Ordinary	8 (Col 2 - 5) Capital	9 (Col 7 + 8) Total
(a) Gross deferred tax assets	\$ 3,070,981	\$ 12,081	\$ 3,083,062	\$ 2,695,637	\$ 144	\$ 2,695,781	\$ 375,344	\$ 11,937	\$ 387,281
(b) Statutory valuation allowance adjustments	-	12,080	12,080	-	-	-	-	12,080	12,080
(c) Adjusted gross deferred tax assets (1a - 1b)	3,070,981	1	3,070,982	2,695,637	144	2,695,781	375,344	(143)	375,201
(d) Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
(e) Subtotal net admitted deferred tax asset (1c - 1d)	3,070,981	1	3,070,982	2,695,637	144	2,695,781	375,344	(143)	375,201
(f) Deferred tax liabilities	519,699	15,276	534,975	45,936	2,159	48,095	473,763	13,117	486,880
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e - 1f)	\$ 2,551,282	\$ (15,275)	\$ 2,536,007	\$ 2,649,701	\$ (2,015)	\$ 2,647,686	\$ (98,419)	\$ (13,260)	\$ (111,679)

(2) The components of the adjusted gross deferred tax assets admissibility calculation under SSAP No. 101, *Income Taxes—A Replacement of SSAP No. 10R and SSAP No. 10*, are as follows:

Admission Calculation Components SSAP No. 101	2018			2017			Change		
	1 Ordinary	2 Capital	3 (Col 1 + 2) Total	4 Ordinary	5 Capital	6 (Col 4 + 5) Total	7 (Col 1 - 4) Ordinary	8 (Col 2 - 5) Capital	9 (Col 7 + 8) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 3,070,981	\$ 1	\$ 3,070,982	\$ 2,695,637	\$ 144	\$ 2,695,781	\$ 375,344	\$ (143)	\$ 375,201
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	-	-	-	-	-	-	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	45,027,054	XXX	XXX	19,068,072	XXX	XXX	25,958,982
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	-	-	-	-	-	-	-	-	-
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	\$ 3,070,981	\$ 1	\$ 3,070,982	\$ 2,695,637	\$ 144	\$ 2,695,781	\$ 375,344	\$ (143)	\$ 375,201

(3) The ratio percentage and adjusted capital and surplus used to determine the recovery period and threshold limitations for the admissibility calculation are presented below:

	2018	2017
(a) Ratio percentage used to determine recovery period and threshold limitation amount	335 %	274 %
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)(2) above	\$ 300,180,360	\$ 190,680,723

- (4) The impact to the gross deferred tax assets balances as a result of tax-planning strategies as of December 31, 2018 and 2017, is presented below:

Impact of Tax-Planning Strategies	2018		2017		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col 1 - 3) Ordinary	6 (Col 2 - 4) Capital
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets by tax character as a percentage.						
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 3,070,981	\$ 1	\$2,695,637	\$ 144	\$ 375,344	\$ (143)
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax-planning strategies	- %	- %	- %	- %	- %	- %
3. Net admitted adjusted gross DTAs amount from Note 9A1(e)	\$ 3,070,981	\$ 1	\$2,695,637	\$ 144	\$ 375,344	\$ (143)
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax-planning strategies	- %	- %	- %	- %	- %	- %
(b) Does the Company's tax-planning strategies include the use of reinsurance?			Yes		No	X

B. Unrecognized Deferred Tax Liabilities

- (1-4) There are no unrecognized deferred tax liabilities for the years ended December 31, 2018 and 2017.

C. Significant Components of Income Taxes

- (1) The current federal and foreign income taxes incurred for the years ended December 31, 2018 and 2017 are as follows:

	1 2018	2 2017	3 (Col 1 - 2) Change
1. Current income tax			
(a) Federal	\$ 46,134,303	\$ 68,512,651	\$ (22,378,348)
(b) Foreign	-	-	-
(c) Subtotal	46,134,303	68,512,651	(22,378,348)
(d) Federal income tax on net capital losses	7,215	(9,901)	17,116
(e) Utilization of capital loss carryforwards	-	-	-
(f) Other	-	-	-
(g) Total federal and foreign income taxes incurred	<u>\$ 46,141,518</u>	<u>\$ 68,502,750</u>	<u>\$ (22,361,232)</u>

(2-4) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2018 and 2017, are as follows:

	1	2	3
	2018	2017	(Col 1 - 2) Change
2 Deferred tax assets:			
(a) Ordinary:			
(1) Discounting of unpaid losses	\$ 1,156,979	\$ 487,539	\$ 669,440
(2) Unearned premium reserve	51,727	314,302	(262,575)
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables—nonadmitted	1,849,626	1,885,200	(35,574)
(11) Net operating loss carryforward	-	-	-
(12) Tax credit carryforward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	<u>12,649</u>	<u>8,596</u>	<u>4,053</u>
(99) Subtotal	3,070,981	2,695,637	375,344
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	<u>-</u>	<u>-</u>	<u>-</u>
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	<u>3,070,981</u>	<u>2,695,637</u>	<u>375,344</u>
(e) Capital:			
(1) Investments	11,937	-	11,937
(2) Net capital loss carryforward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	<u>144</u>	<u>144</u>	<u>-</u>
(99) Subtotal	12,081	144	11,937
(f) Statutory valuation allowance adjustment	12,080	-	12,080
(g) Nonadmitted	<u>-</u>	<u>-</u>	<u>-</u>
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	<u>1</u>	<u>144</u>	<u>(143)</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>3,070,982</u>	<u>2,695,781</u>	<u>375,201</u>
3 Deferred tax liabilities:			
(a) Ordinary:			
(1) Investments	34,194	21,062	13,132
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	<u>485,505</u>	<u>24,874</u>	<u>460,631</u>
(99) Subtotal	<u>519,699</u>	<u>45,936</u>	<u>473,763</u>
(b) Capital:			
(1) Investments	-	2,159	(2,159)
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	<u>15,276</u>	<u>-</u>	<u>15,276</u>
(99) Subtotal	<u>15,276</u>	<u>2,159</u>	<u>13,117</u>
(c) Deferred tax liabilities (3a99 + 3b99)	<u>534,975</u>	<u>48,095</u>	<u>486,880</u>
4 Net deferred tax assets/liabilities (2i - 3c)	<u>\$ 2,536,007</u>	<u>\$ 2,647,686</u>	<u>\$ (111,679)</u>

The other capital deferred tax asset of \$144 for 2018 and 2017 consists of unrealized gain/loss. The other ordinary deferred tax liability of \$485,505 for 2018 consists of discounting of unpaid losses of \$481,305 and premium acquisition expense of \$4,200. The other ordinary deferred tax liability of \$24,874 for 2017 consists of premium acquisition expense. The other capital deferred tax liability of \$15,276 for 2018 consists of unrealized gain/loss.

The Company's measurement of the income tax effects on Tax Reform for the year ended December 31, 2017 was reasonably estimated. The Company has completed the accounting for the income tax effects of Tax Reform by the end of the measurement period in 2018.

The Company assessed the potential realization of the gross deferred tax asset and established a valuation allowance of \$12,080 and \$0 to reduce the gross deferred tax asset to \$3,070,982 and \$2,695,781 as of December 31, 2018 and 2017, respectively, which represents the amount of the asset estimated to be recoverable via carryback of losses and reduction of future taxes. The change in the valuation allowance is attributable to the change in timing of deductibility of expenses, the change in federal income tax rates, and/or expectations for future taxable income.

- D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 21% in 2018 and 35% in 2017 to net income before federal income taxes incurred, plus capital gains tax/less capital gains tax (benefit). A summarization of the significant items causing this difference as of December 31, 2018 and 2017 is as follows:

	2018		2017	
	Amount	Effective Tax Rate	Amount	Effective Tax Rate
Tax provision at the federal statutory rate	\$ 35,783,739	21.0%	\$ 68,164,279	35.0%
Tax-exempt interest	(321,039)	(0.2)%	(421,743)	(0.2)%
Health insurer fee	10,727,242	6.3%	-	0.0%
Other current year items	-	0.0%	2,418	0.0%
Tax effect of nonadmitted assets	35,628	0.0%	(2,233,905)	(1.1)%
Change in statutory valuation allowance	12,080	0.0%	-	0.0%
Change in tax law	<u>271</u>	<u>0.0%</u>	<u>1,765,028</u>	<u>0.9%</u>
Total statutory income taxes	<u>\$ 46,237,921</u>	<u>27.1%</u>	<u>\$ 67,276,077</u>	<u>34.6%</u>
Federal income taxes incurred	\$ 46,134,303	27.1%	\$ 68,512,651	35.2%
Capital gains tax	7,215	0.0%	(9,901)	(0.0)%
Change in net deferred income tax	<u>96,403</u>	<u>0.0%</u>	<u>(1,226,673)</u>	<u>(0.6)%</u>
Total statutory income taxes	<u>\$ 46,237,921</u>	<u>27.1%</u>	<u>\$ 67,276,077</u>	<u>34.6%</u>

- E. At December 31, 2018, the Company had no net operating loss carryforwards.

Current federal income taxes recoverable (payable) of \$6,224,162 and (\$7,030,016) as of December 31, 2018 and 2017, respectively, are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Federal income taxes paid, net of refunds, were \$59,395,696 and \$50,322,925 in 2018 and 2017, respectively.

Federal income taxes incurred of \$46,140,838 and \$68,521,696 for 2018 and 2017, respectively, are available for recoupment in the event of future net losses.

The Company has not admitted any aggregate amounts of deposits that are included within Section 6603 ("Deposits made to suspend running of interest on potential underpayments, etc.") of the Internal Revenue Service ("IRS") Code.

- F. The Company is included in the consolidated federal income tax return with its ultimate parent, UnitedHealth Group. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y—Information Concerning Activities of Insurer Members Of A Holding Company Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The IRS has completed exams on UnitedHealth Group's consolidated income tax returns for fiscal years 2016 and prior. UnitedHealth Group's 2017 and 2018 tax returns are under review by the IRS under its Compliance Assurance Program. With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2012 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

- G. **Tax Contingencies** — Not applicable.

- H. **Repatriation Transition Tax** — Not applicable.

- I. **Alternative Minimum Tax Credit** — Not applicable.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

A–O. Material Related Party Transactions

Management believes that its transactions with affiliates are fair and reasonable; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

Pursuant to the terms of the Agreement, UHS will provide management services to the Company under a fee structure, which is based on a percentage of premium charges representing UHS' expenses for services or use of assets provided to the Company. In addition, UHS provides or arranges for services on behalf of the Company using a pass-through of charges incurred by UHS on a PMPM basis (where the charges incurred by UHS is on a PMPM basis) or using another allocation methodology consistent with the Agreement. These services may include, but are not limited to, integrated personal health management solutions, such as disease management, treatment decision support, and wellness services, including a 24-hour call-in service, access to a network of transplant providers, and discount program services. The amount and types of services provided pursuant to the pass-through provision of the Agreement can change year over year as UHS becomes the contracting entity for services provided to the Company's members. Total administrative services, capitation expenses, and access fees under this arrangement totaled \$278,884,907 and \$229,761,418 in 2018 and 2017, respectively, and are included in GAE and CAE in the statutory basis statements of operations. Direct expenses not covered under the Agreement, such as broker commissions, Department of Insurance exam fees, ACA assessments, and premium taxes, are paid by UHS on behalf of the Company. UHS is reimbursed by the Company for these direct expenses.

In the ordinary course of business, the Company also directly contracts with related parties to provide services that are routine in nature to its members. The administrative services, access fees, and cost of care services provided are calculated using a PMPM per claim or a combination thereof. These amounts are included in GAE, CAE, and hospital and medical expenses in the statutory basis statements of operations.

The following table identifies the amounts for the administrative services, access fees, and cost of care services provided by related parties for the years ended December 31, 2018 and 2017, which meet the disclosure requirements pursuant to SSAP No. 25, *Affiliates and Other Related Parties* ("SSAP No. 25"), regardless of the effective date of the contract:

	2018	2017
United HealthCare Services, Inc.	\$ 278,884,907	\$ 229,761,418
Optum Rx	169,918,985	116,423,152
United Behavioral Health	74,269,682	53,784,153
LifePrint Health, Inc.	20,144,524	18,162,983
OptumInsight, Inc.	11,763,741	8,650,807
AxelaCare Intermediate Holdings, LLC	4,633,077	1,901,337

Optum Rx and its affiliates provide administrative services related to pharmacy management and pharmacy claims processing for its enrollees, pharmacy incentive services, specialty drug pharmacy services, durable medical equipment services including orthotics and prosthetics and personal health products catalogues showing the healthcare products and benefit credits enrollees needed to redeem the respective products. United Behavioral Health provides mental health and substance abuse services. LifePrint Health, Inc. provides medical management services. OptumInsight, Inc. provides claim analytics, recovery of medical expense (benefit) overpayments, retroactive fraud, waste and abuse, and subrogation and premium audit services. All recoveries are returned to the Company by OptumInsight, Inc. on a monthly basis. AxelaCare Intermediate Holdings, LLC provides home infusion therapy services and per diem nursing services.

The Company has premium payments that are received and claim payments that are processed by an affiliated UnitedHealth Group entity. Both premiums and claims applicable to the Company are settled at regular intervals throughout the month via the intercompany settlement process and any amounts outstanding are reflected in payable amounts due to parent, subsidiaries, and affiliates, net in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

The Company holds a \$100,000,000 subordinated revolving credit agreement with UnitedHealth Group at an interest rate of London InterBank Offered Rate plus a margin of 0.50%. This credit agreement is subordinate to the extent it does not conflict with any credit facility held by either party. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. The agreement was renewed effective December 31, 2018. No amounts were outstanding under the line of credit as of December 31, 2018 and 2017. There is no interest paid or accrued on borrowings throughout the year as of December 31, 2018 and 2017.

In addition to the agreements above, UHS maintains a private short-term investment pool in which affiliated companies may participate (see Note 1). At December 31, 2018 and 2017, the Company's portion was \$3,559,863 and \$119,498,912, respectively, and is included in short-term investments in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

The Company has a Tax Sharing Agreement with UnitedHealth Group (see Note 9).

The Company paid dividends of \$15,000,000 and \$0 in 2018 and 2017, respectively, to its parent (see Note 13).

At December 31, 2018 and 2017, the Company reported \$2,768,942 and \$16,897,316, respectively, as amounts due to parent, subsidiaries, and affiliates, net which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 90 days from the incurred date. Any balances due to the Company that are not settled within 90 days are considered nonadmitted assets.

The Company has not extended any guarantees or undertakings for the benefit of an affiliate or related party.

The Company does not have any amount deducted from the value of an upstream intermediate entity or ultimate parent owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated entity.

The Company does not have any investments in a subsidiary, controlled, or affiliated entity that exceeds 10% of admitted assets.

The Company does not have any investments in impaired subsidiaries, controlled, or affiliated entities.

The Company does not have any investments in foreign insurance subsidiaries.

The Company does not hold any investments in a downstream noninsurance holding company.

The Company does not have any investments in noninsurance subsidiaries, controlled, or affiliated entities.

The Company does not have any investments in insurance subsidiaries, controlled, or affiliated entities.

11. DEBT

A–B. The Company had no outstanding debt with third-parties or outstanding Federal Home Loan Bank agreements during 2018 and 2017.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

A–I. The Company has no defined benefit plans, defined contribution plans, multiemployer plans, consolidated/holding company plans, postemployment benefits, or compensated absences plans and is not impacted by the Medicare Modernization Act on postretirement benefits, since all personnel are employees of UHS, which provides services to the Company under the terms of the Agreement (see Note 10).

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS, AND QUASI-REORGANIZATIONS

(1–2) The Company has 100,000 shares authorized and 100,000 shares issued and outstanding of \$1 par value common stock. The Company has no preferred stock outstanding. All issued and outstanding shares of common stock are held by the Company's parent, UHC.

(3) Payment of dividends may be restricted by the Department and Nebraska Law, which generally requires that dividends be paid out of unassigned surplus.

(4) The Company paid an ordinary cash dividend to UHC of \$15,000,000 on June 27, 2018, which complied with the provisions set forth in the statutes of Nebraska and was recorded as a reduction to unassigned surplus in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

(5) The amount of ordinary dividends that may be paid out during any given period is subject to certain restrictions as specified by state statute.

(6) There are no restrictions placed on the Company's unassigned surplus.

(7) The Company is not a mutual reciprocal or a similarly organized entity and does not have advances to surplus not repaid.

(8) The Company does not hold any stock, including stock of affiliated companies for special purposes, such as conversion of preferred stock, employee stock options, or stock purchase warrants.

(9) For the year ended December 31, 2017, the amount of the estimated Section 9010 ACA subsequent fee year assessment apportioned out of unassigned surplus was \$54,004,758. As discussed in Note 1, in 2018 no amount was required to be apportioned out of unassigned surplus for the Section 9010 ACA subsequent fee year assessment.

(10) The portion of unassigned surplus, excluding the apportionment of estimated Section 9010 ACA subsequent fee year assessment, net income, and dividends, represented (or reduced) by each item below is as follows:

	2018	2017	Change
Unrealized capital gains (losses) on investments less capital gains tax	\$ 56,925	\$ (541)	\$ 57,466
Net deferred income taxes	2,551,139	2,647,686	(96,547)
Nonadmitted assets	<u>(8,807,837)</u>	<u>(8,977,492)</u>	<u>169,655</u>
Total	<u>\$ (6,199,773)</u>	<u>\$ (6,330,347)</u>	<u>\$ 130,574</u>

(11–13) The Company does not have any outstanding surplus notes and has never been a party to a quasi-reorganization.

14. LIABILITIES, CONTINGENCIES AND ASSESSMENTS

A. Contingent Commitments

The Company has no contingent commitments.

B. Assessments

The Company is not aware of any guaranty fund assessments or premium tax offsets, potential or accrued, that could have a material financial effect on the operations of the entity.

C. Gain Contingencies

The Company is not aware of any gain contingencies that should be disclosed in the statutory basis financial statements.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits — Not applicable.

E. Joint and Several Liabilities — Not applicable.

F. All Other Contingencies

The Company's business is regulated at the federal, state, and local levels. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products.

The ACA and the related federal and state regulations will continue to impact how the Company does business and could restrict revenue and enrollment growth in certain products and market segments, restrict premium growth rates for certain products and market segments, increase the Company's medical and administrative costs, expose the Company to an increased risk of liability (including increasing the Company's liability in federal and state courts for coverage determinations and contract interpretation), or put the Company at risk for loss of business. In addition, the Company's statutory basis results of operations, financial condition, and cash flows could be materially adversely affected by such changes. The ACA may create new or expand existing opportunities for business growth, but due to its complexity, the long term impact of the ACA remains difficult to predict and is not yet fully known.

The Company has been, or is currently involved, in various governmental investigations, audits and reviews. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments and other governmental authorities. Certain of the Company's businesses have been reviewed or are currently under review, for reasons including compliance with coding and other requirements under the Medicare risk-adjustment model.

On February 14, 2017, the Department of Justice (“DOJ”) announced its decision to pursue certain claims within a lawsuit initially asserted against the Company and filed under seal by a whistleblower in 2011. The whistleblower’s complaint, which was unsealed on February 15, 2017, alleges that the Company made improper risk adjustment submissions and violated the False Claims Act. On February 12, 2018, the court granted in part and denied in part the Company’s motion to dismiss. In May 2018, the DOJ moved to dismiss the Company’s counterclaims, which were filed in March 2018, and moved for partial summary judgment. Those motions were argued in September 2018. The Company cannot reasonably estimate the outcome that may result from this matter given its procedural status.

Risk Adjustment Data Validation (“RADV”) Audit — CMS adjusts capitation payments to Medicare Advantage plans and Medicare Part D plans according to the predicted health status of each beneficiary as supported by data from health care providers. The Company collects claim and encounter data from providers who the Company generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted and member demographic information.

CMS and the Office of Inspector General for Health and Human Services periodically perform RADV audits of selected Medicare health plans to validate the coding practices and supporting documentation maintained by health care providers. Such audits have in the past resulted in, and in the future could result in, retrospective adjustments to payments made to the Company, fines, corrective action plans or other adverse action by CMS.

In February 2012, CMS announced a final RADV and payment adjustment methodology and is conducting the RADV audits beginning with the 2011 payment year. These audits involve a review of medical records maintained by care providers and may result in retrospective adjustments to payments made to health plans. CMS has not communicated how the final payment adjustment under its methodology will be implemented.

To date, the Company has not been selected by CMS to participate in a RADV audit.

Because of the nature of its businesses, the Company is frequently made party to a variety of legal actions and regulatory inquiries, including class actions and suits brought by members, care providers, consumer advocacy organizations, customers and regulators, relating to the Company’s businesses, including management and administration of health benefit plans and other services.

The Company records liabilities for its estimates of probable costs resulting from these matters where appropriate. Estimates of costs resulting from legal and regulatory matters involving the Company are inherently difficult to predict, particularly where the matters involve: indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or represent a shift in regulatory policy; involve a large number of claimants or regulatory bodies; are in the early stages of the proceedings; or could result in a change in business practices. Accordingly, the Company is often unable to estimate the losses or ranges of losses for those matters where there is a reasonable possibility or it is probable that a loss may be incurred. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

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

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

15. LEASES

A–B. According to the Agreement between the Company and UHS (see Note 10), operating leases for the rental of office facilities and equipment are the responsibility of UHS. Fees associated with the lease agreements are included as a component of the Company’s management fee.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

(1–4) The Company does not hold any financial instruments with off-balance-sheet risk or have any concentrations of credit risk.

17. SALE, TRANSFER, AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A–C. The Company did not participate in any transfer of receivables, financial assets or wash sales.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

A–B. The Company has no operations from Administrative Services Only Contracts or Administrative Services Contracts in 2018 and 2017.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

The Medicare Part D program is a partially insured plan. The Company recorded a receivable of \$13,138,878 in amounts receivable relating to uninsured plans and a payable of \$40,425,760 in liability for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus at December 31, 2018 and 2017, respectively, for cost reimbursement under the Medicare Part D program for the catastrophic reinsurance and low-income member cost-sharing subsidies as described in Note 1, *Amounts Receivable Relating to Uninsured Plans* and *Liability for Amounts Held Under Uninsured Plans*. The Company also recorded a receivable of \$8,630,704 and \$5,781,036 and also a payable of \$11,741,808 and \$8,210,413 at December 31, 2018 and 2017, respectively, for the Medicare Part D CGDP as described in Note 1, *Amounts Receivable Relating to Uninsured Plans* and *Liability for Amounts Held Under Uninsured Plans*.

The Company receives payments from CMS under the ACA Cost Sharing Reduction (“CSR”) program designed to reduce copayments, deductibles, and coinsurance for lower-income members. There is no insurance risk to the Company as a result of the CSR program. Overpayments from CMS are reported in liability for amounts held under uninsured plans and underpayments are reported in amounts receivable relating to uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company has recorded a liability of \$0 and \$50,577 for the CSR program as of December 31, 2018 and December 31, 2017, respectively.

The State of Nebraska, DHHS, and the Company have a contract for the purposes of increasing reimbursement for Medicaid eligible services to the Company, which in turn is required to be passed through to the UNMC. The program was approved by the CMS pursuant to Nebraska Medicaid Reform to develop a physician upper limit program that provides higher reimbursement to designated physician groups. The Company will pass-through 100% of the UNMC supplemental capitation payment received from the State of Nebraska, DHHS. The Company assumes no risk and does not recognize any premium revenue or medical benefit expenses. The Company has recorded a liability of \$2,831,072 and \$4,658,114 to UNMC reported in liability for amounts held under uninsured plans as of December 31, 2018 and December 31, 2017, respectively.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD-PARTY ADMINISTRATORS

The Company did not have any direct premiums written or produced by managing general agents or third-party administrators in 2018 and 2017.

20. FAIR VALUE MEASUREMENT

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

Level 1—Quoted (unadjusted) prices for identical assets in active markets.

Level 2—Other observable inputs, either directly or indirectly, including:

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

Level 3—Unobservable inputs that cannot be corroborated by observable market data.

The estimated fair values of bonds and short-term investments are based on quoted market prices, where available. The Company obtains one price for each security primarily from a third-party pricing service (“pricing service”), which generally uses quoted prices or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, non-binding broker quotes, benchmark yields, credit spreads, default rates, and prepayment speeds. As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to a secondary pricing source, prices reported by its custodian, its investment consultant, and third-party investment advisors. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. The Company’s internal price verification procedures and review of fair value methodology documentation provided by independent pricing services have not historically resulted in an adjustment in the prices obtained from the pricing service.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest-level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

A. Fair Value

(1–5) The Company does not have any financial assets that are measured and reported at fair value in the statutory basis statements of admitted assets, liabilities, and capital and surplus at December 31, 2018 and 2017.

B. Fair Value Combination — Not applicable.

C. Aggregate Fair Value Hierarchy

The aggregate fair value by hierarchy of all financial instruments as of December 31, 2018 and 2017 is presented in the table below:

Types of Financial Investment	2018						Net Asset Value (NAV)	Not Practicable (Carrying Value)
	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)			
U.S. government and agency securities	\$ 113,077,378	\$ 114,061,330	\$ 60,484,953	\$ 52,592,425	\$ -	\$ -	\$ -	
State and agency municipal securities	46,686,369	46,471,545	-	46,686,369	-	-	-	
City and county municipal securities	46,851,974	46,514,900	-	46,851,974	-	-	-	
Corporate debt securities	205,894,266	209,187,826	3,559,863	202,334,403	-	-	-	
Total bonds and short-term investments	<u>\$ 412,509,987</u>	<u>\$ 416,235,601</u>	<u>\$ 64,044,816</u>	<u>\$ 348,465,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Types of Financial Investment	2017						Net Asset Value (NAV)	Not Practicable (Carrying Value)
	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)			
U.S. government and agency securities	\$ 79,235,394	\$ 79,705,175	\$ 34,797,851	\$ 44,437,543	\$ -	\$ -	\$ -	
State and agency municipal securities	46,384,932	45,527,593	-	46,384,932	-	-	-	
City and county municipal securities	43,663,943	42,580,197	-	43,663,943	-	-	-	
Corporate debt securities	285,921,050	286,225,512	119,498,912	166,422,138	-	-	-	
Total bonds and short-term investments	<u>\$ 455,205,319</u>	<u>\$ 454,038,477</u>	<u>\$ 154,296,763</u>	<u>\$ 300,908,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Included as Level 1 in U.S. government and agency securities in the fair value hierarchy tables above are U.S. Treasury securities of \$60,484,953 and \$34,797,851 as of December 31, 2018 and December 31, 2017, respectively.

There are no commercial paper investments included in corporate debt securities in the fair value hierarchy tables above as of December 31, 2018 and 2017.

D. Not Practicable to Estimate Fair Value — Not applicable.

E. Investments Measured Using the NAV Practical Expedient — Not applicable.

21. OTHER ITEMS

A. Unusual or Infrequent Items

The Company did not encounter any unusual or infrequent items for the years ended December 31, 2018 and 2017.

B. Troubled Debt Restructuring: Debtors

The Company has no troubled debt restructurings as of December 31, 2018 and 2017.

C. Other Disclosures

The Company does not have any amounts not recorded in the statutory basis financial statements that represent segregated funds held for others. The Company also does not have any exposures related to forward commitments that are not derivative instruments.

D. Business Interruption Insurance Recoveries

The Company has not received any business interruption insurance recoveries during 2018 and 2017.

E. State Transferable and Non-transferable Tax Credits

The Company has no transferable or non-transferable state tax credits.

F. Sub-Prime Mortgage-Related Risk Exposure

(1-4) The Company does not have any sub-prime mortgage-related risk exposure as of December 31, 2018 and 2017.

G. Retained Assets

The Company does not have any retained asset accounts for beneficiaries.

H. Insurance-Linked Securities Contracts

As of December 31, 2018, the Company is not aware of any possible proceeds of insurance-linked securities.

22. EVENTS SUBSEQUENT

Subsequent events have been evaluated through February 28, 2019, which is the date these statutory basis financial statements were available for issuance.

TYPE I — Recognized Subsequent Events

There are no events subsequent to December 31, 2018, that require recognition and disclosure.

TYPE II — Non-Recognized Subsequent Events

The Company is subject to the annual fee under Section 9010 of the ACA. The fee is allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of the health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, of the year the fee is due. Pursuant to the 2019 HIF moratorium (see Note 1), no HIF will be payable in 2019 and therefore there is no amount apportioned out of unassigned funds in 2018 representing an estimate of the 2019 HIF.

The table below presents information regarding the annual fee under Section 9010 of the ACA as of December 31, 2018 and 2017:

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?	<u>YES</u>	
B. ACA fee assessment payable for the upcoming year	\$ -	\$ 54,004,758
C. ACA fee assessment paid	51,082,105	-
D. Premium written subject to ACA 9010 assessment	-	2,534,998,549
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	302,716,367	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	302,716,367	
G. Authorized Control Level (Five-Year Historical Line 15)	89,577,603	
H. Would reporting the ACA assessment as of December 31, 2018, have triggered an RBC action level (YES/NO)?	<u>NO</u>	

There are no other events subsequent to December 31, 2018 that require disclosure.

23. REINSURANCE

Reinsurance Agreements — In the normal course of business, the Company seeks to reduce potential losses that may arise from catastrophic events that cause unfavorable underwriting results by reinsuring certain levels of such risk with affiliated and other nonaffiliated reinsurers. The Company remains primarily liable as the direct insurer on all risks reinsured.

The Company has an insolvency-only reinsurance agreement with UHIC, an affiliate of the Company, to provide insolvency protection for its enrollees. Reinsurance premiums, which are calculated on a percentage of member premium income, of \$12,433,780 and \$10,362,134 in 2018 and 2017, respectively, are netted against net premium income in the statutory basis statements of operations.

Pursuant to Section 1341 of the ACA, through 2017, the Company was subject to the reinsurance provisions for compliant individual policies (see Note 24).

The effect of the internal and external reinsurance agreements outlined above on net premium income and hospital and medical expenses:

	2018	2017
Premiums:		
Direct	\$ 3,113,747,087	\$ 2,579,684,249
Ceded:		
Affiliate	<u>12,433,780</u>	<u>10,362,134</u>
Net premium income	<u>\$ 3,101,313,307</u>	<u>\$ 2,569,322,115</u>
Hospital and medical expenses:		
Direct	\$ 2,529,188,987	\$ 2,062,024,455
Ceded:		
Affiliate	<u>-</u>	<u>2,196,958</u>
Net hospital and medical expenses	<u>\$ 2,529,188,987</u>	<u>\$ 2,059,827,497</u>

The Company recognized reinsurance recoveries related to internal and external reinsurance agreements of \$0 and \$2,196,958 in 2018 and 2017, respectively, which are recorded as net reinsurance recoveries in the statutory basis statements of operations. In addition, reinsurance recoverables related to internal and external reinsurance agreements of \$29,939 and \$1,042,235 for paid losses are recorded as amounts recoverable from reinsurers in 2018 and 2017, respectively, in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

A. Ceded Reinsurance Report

Section 1 — General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company?

Yes () No (X)

- (2) Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor, or any other person not primarily engaged in the insurance business?

Yes () No (X)

Section 2 — Ceded Reinsurance Report — Part A

- (1) Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (X)

- (2) Does the reporting entity have any reinsurance agreements in effect that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (X)

Section 3 — Ceded Reinsurance Report — Part B

- (1) What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.

The Company estimates there should be no aggregate reduction in surplus for termination of all reinsurance agreements as of December 31, 2018.

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

Yes () No (X)

B. Uncollectible Reinsurance — During 2018 and 2017, there were no uncollectible reinsurance

C. Commutation of Ceded Reinsurance — There was no commutation of reinsurance in 2018 or 2017.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation — Not applicable.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

A. The Company estimates accrued retrospective premium adjustments for its group health insurance business based on mathematical calculations in accordance with contractual terms.

B. Estimated accrued retrospective premiums due to (from) the Company are recorded in premiums and considerations and aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as an adjustment to reserve for rate credits in the statutory basis statements of operations.

- C.** Pursuant to the ACA, the Company's commercial business is subject to retrospectively rated features based on the actual medical loss ratios experienced on the commercial lines of business. The formula is calculated pursuant to the ACA guidance. The total amount of direct premiums written for the commercial lines of business subject to the retrospectively rated features was \$6,852,291 and \$728,660, representing 0.2% and 0.0% of total direct premiums written as of December 31, 2018 and 2017, respectively.

Pursuant to the ACA, the Company's Medicare business is subject to retrospectively rated features based on the actual medical loss ratios experienced on the Medicare line of business. The formula is calculated pursuant to the ACA guidance. The total amount of direct premiums written for the Medicare line of business subject to the retrospectively rated features was \$2,662,037,120 and \$2,157,242,204, representing 85.5% and 83.6% of total direct premiums written as of December 31, 2018 and 2017, respectively.

The Company has Medicare Part D risk-corridor amounts from CMS which are subject to a retrospectively rated feature related to Part D premiums. The Company has estimated accrued retrospective premiums related to certain Part D premiums based on guidelines determined by CMS. The formula is tiered and based on the bid medical loss ratio. The amount of Medicare Part D direct premiums written subject to the retrospectively rated feature was \$116,472,858 and \$111,066,338 representing, 3.7% and 4.3% of total direct premiums written for 2018 and 2017, respectively.

The Company has risk-adjustment amounts from CMS which are subject to a redetermination feature related to Medicare premiums. The Company has estimated premium adjustments for changes to each member's health scores based on guidelines determined by CMS. The total amount of Medicare direct premiums written for which a portion is subject to the redetermination feature was \$2,662,037,120 and \$2,157,242,204 representing, 85.5% and 83.6% of total direct premiums written for 2018 and 2017, respectively.

The Medicaid contract with the State of Nebraska includes a provision for which a stated percentage of total direct premiums written can be eligible for a performance guarantee payment based on various quality measures. The total amount of direct premiums written from the Medicaid contract for which a portion is subject to the redetermination feature was \$7,382,922 and \$5,869,031, representing 0.2% and 0.2% of the Company's total direct premiums written as of December 31, 2018 and 2017, respectively.

CMS has released the final Medicaid Managed Care Rule which is subject to each State's administration elections. This rule is the first major update to the Medicaid Managed Care regulations in more than a decade. Many items including a minimum loss ratio requirement were implemented for contracts with an effective date starting on or after July 1, 2017 while other elements of the regulation will be implemented over the following decade. Pursuant to the regulations, for contracts effective on or after July 1, 2017 premiums associated with the Company's Medicaid line of business is subject to retrospectively rated features based on the actual medical loss ratios experienced on this product. The calculation is pursuant to the Medicaid Managed Care guidance. The total amount of direct premiums written for the Medicaid line of business for which a portion is subject to the retrospectively rated features was \$430,534,560 and \$410,416,804, representing 13.8% and 15.9% of total direct premiums written as of December 31, 2018 and December 31, 2017, respectively.

- D.** The Company is required to maintain specific minimum loss ratios on the comprehensive commercial and Medicare lines of business.

The following table discloses the minimum medical loss ratio rebate liability for the comprehensive commercial and Medicare lines of business which is included in aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus for the years ended December 31, 2018 and 2017:

	1	2	3	4	5
	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior reporting year					
(1) Medical loss ratio rebates incurred	\$ -	\$ -	\$ -	\$ 30,438,814	\$ 30,438,814
(2) Medical loss ratio rebates paid	-	-	-	-	-
(3) Medical loss rebates unpaid	-	-	-	30,438,814	30,438,814
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	30,438,814
Current reporting year-to-date					
(7) Medical loss ratio rebates incurred	-	-	-	490,571	490,571
(8) Medical loss ratio rebates paid	-	-	-	-	-
(9) Medical loss rebates unpaid	-	-	-	30,929,385	30,929,385
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	30,929,385

Pursuant to the Medicaid Managed Care Rule and/or state contractual minimum loss ratio requirements, the Company is required to maintain specific minimum loss ratios on its Heritage Health Plan and Heritage Health populations. The Company has estimated \$1,362,112 and \$0 in estimated Medicaid Managed Care Rule and/or state minimum loss ratio rebates on its Heritage Health population as of December 31, 2018 and December 31, 2017, respectively.

E. Risk-Sharing Provisions of the Affordable Care Act

- (1) The Company has accident and health insurance premiums in 2018 and 2017 subject to the risk-sharing provisions of the ACA.

The ACA imposed fees and premium stabilization provisions on health insurance issuers offering comprehensive commercial health insurance. The three premium stabilization programs are commonly referred to as the 3Rs — risk adjustment, reinsurance, and risk corridors.

Risk Adjustment — The permanent risk adjustment program, designed to mitigate the potential impact of adverse selection and provide stability for health insurance issuers, applies to all non-grandfathered plans not subject to transitional relief in the individual and small group markets both inside and outside of the insurance exchanges. Effective for 2018 benefit plan year, the risk adjustments and distributions are calculated using a high-cost risk pool which adds a reinsurance-like element to this program. The operation of the high-cost risk pools exclude a percentage of costs above a threshold level determined by federal regulations. The program operates two national high-cost risk pools, one for individuals and one for small groups. Premium adjustments pursuant to the risk adjustment program are accounted for as premium subject to redetermination and user fees are accounted for as assessments.

Reinsurance — The transitional reinsurance program was designed to protect issuers in the individual market from an expected increase in large claims due to the elimination of preexisting condition limitations. The transitional reinsurance program was effective from 2014 through 2016 and applied to all issuers of major medical commercial products and third-party administrators. Contributions attributable to enrollees in the ACA compliant individual plans, including program administrative costs, were accounted for as ceded premium and payments received were accounted for as ceded benefit recoveries. The portion of the individual contributions earmarked for the U.S. Treasury was accounted for as an assessment. Contributions made for enrollees in fully insured plans other than the ACA compliant individual plans, including program administrative costs and payments to the U.S. Treasury, were treated as assessments.

Risk Corridors — The temporary risk corridors program, designed to provide some aggregate protection against variability for issuers in the individual and small group markets during the period 2014 through 2016, applied to Qualified Health Plans in the individual and small group markets both inside and outside of the insurance exchanges. Premium adjustments pursuant to the risk corridors program were accounted for as premium adjustments for retrospectively rated contracts.

(2) The following table presents the current year impact of risk-sharing provisions of the ACA on assets, liabilities and operations:

Permanent ACA Risk Adjustment Program	December 31, 2018
<u>Assets</u>	
1. Premium adjustments receivable due to ACA Risk Adjustment (including high risk pool payments)	\$ 7,327
<u>Liabilities</u>	
2. Risk adjustment user fees payable for ACA Risk Adjustment	1,318
3. Premium adjustments payable due to ACA Risk Adjustment (including high risk pool premium)	2,332
<u>Operations (Revenue & Expense)</u>	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	218,723
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)	1,321
Transitional ACA Reinsurance Program	
<u>Assets</u>	
1. Amounts recoverable for claims paid due to ACA Reinsurance	\$ 29,939
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	-
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	-
<u>Liabilities</u>	
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	-
5. Ceded reinsurance premiums payable due to ACA Reinsurance	-
6. Liability for amounts held under uninsured plans contributions for ACA Reinsurance	-
<u>Operations (Revenue & Expense)</u>	
7. Ceded reinsurance premiums due to ACA Reinsurance	-
8. Reinsurance recoveries (income statement) due to ACA reinsurance payments or expected payments	-
9. ACA Reinsurance contributions - not reported as ceded premium	-
Temporary ACA Risk Corridors Program	
<u>Assets</u>	
1. Accrued retrospective premium due to ACA Risk Corridors	\$ -
<u>Liabilities</u>	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	-
<u>Operations (Revenue & Expense)</u>	
3. Effect of ACA Risk Corridors on net premium income (paid/received)	-
4. Effect of ACA Risk Corridors on change in reserves for rate credits	-

(3) The following table is a rollforward of the prior year ACA risk-sharing provisions for asset and liability balances, along with reasons for adjustments to prior year balances:

	Accrued During the Prior Year on Business Written before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written before December 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
	1	2	3	4	Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	Receivable	(Payable)	Receivable	(Payable)	5	6	7	8		9	10
a. Permanent ACA Risk Adjustment Program											
1. Premium Adjustment Receivable (including high risk pool payments)	\$ -	\$ -	\$ 206,642	\$ -	\$ (206,642)	\$ -	\$ 213,968	\$ -	A	\$ 7,326	\$ -
2. Premium Adjustment (Payable) (including high risk pool premium)	-	(50,181)	-	(43,094)	-	(7,087)	-	7,087	B	-	-
3. Subtotal ACA Permanent Risk Adjustment Program	-	(50,181)	206,642	(43,094)	(206,642)	(7,087)	213,968	7,087		7,326	-
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	1,042,235	-	1,012,296	-	29,939	-	-	-	C	29,939	-
2. Amounts recoverable for claims unpaid (contra liability)	-	-	-	-	-	-	-	-	D	-	-
3. Amounts receivable relating to uninsured plans	-	-	-	-	-	-	-	-	E	-	-
4. Liabilities for contributions payable due to ACA Reinsurance—not reported as ceded premium	-	-	-	-	-	-	-	-	F	-	-
5. Ceded reinsurance premiums payable	-	-	-	-	-	-	-	-	G	-	-
6. Liability for amounts held under uninsured plans	-	-	-	-	-	-	-	-	H	-	-
7. Subtotal ACA Transitional Reinsurance Program	1,042,235	-	1,012,296	-	29,939	-	-	-		29,939	-
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-	I	-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	J	-	-
3. Subtotal ACA Risk Corridors Program	-	-	-	-	-	-	-	-		-	-
d. Total for ACA Risk-Sharing Provisions	\$1,042,235	\$ (50,181)	\$ 1,218,938	\$ (43,094)	\$ (176,703)	\$ (7,087)	\$ 213,968	\$ 7,087		\$ 37,265	\$ -

Explanation of Adjustments

- A. The risk adjustment receivable as of December 31, 2018 was adjusted based on the final CMS Summary Report on Permanent Risk Adjustment Transfers for the 2017 Benefit Year. The risk adjustment receivable as of December 31, 2017 utilized paid claims through October 31, 2017. The adjustment to the prior year receivable balance reflects the true up to final results for the 2017 Benefit Year.
- B. The risk adjustment payable as of December 31, 2018 was adjusted based on the final CMS Summary Report on Permanent Risk Adjustment Transfers for the 2017 Benefit Year. The risk adjustment payable as of December 31, 2017 utilized paid claims through October 31, 2017. The adjustment to the prior year payable balance reflects the true up to final results for the 2017 Benefit Year.
- C. N/A
D. N/A
E. N/A
F. N/A
G. N/A
H. N/A
I. N/A
J. N/A

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(4) The Company does not have any risk corridor receivables or payables to present in the table below.

Risk Corridors Program Year:	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
	1	2	3	4	Prior Year Accrued Less Payments (Col 1-3)	Prior Year Accrued Less Payments (Col 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		9	10
a. 2014											
1. Accrued retrospective premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A	\$ -	\$ -
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	B	-	-
b. 2015											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-	C	-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	D	-	-
c. 2016											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-	E	-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	F	-	-
d. Total for Risk Corridors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -

Explanation of Adjustments

- A.
- B.
- C.
- D.
- E.
- F.

(5) The following table discloses ACA risk corridor receivable balances by risk corridor program year:

Risk Corridors Program Year:	1	2	3	4	5	6
	Estimated Amount to be Filed or Final Amount Filed with CMS	Non-Accrued Amounts for Impairment or Other Reasons	Amounts received from CMS	Asset Balance (Gross of Non-admissions) (1-2-3)	Non-admitted Amount	Net Admitted Asset (4-5)
a. 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. 2015	-	-	-	-	-	-
c. 2016	7,758,293	7,758,293	-	-	-	-
d. Total (a+b+c)	\$ 7,758,293	\$ 7,758,293	\$ -	\$ -	\$ -	\$ -

25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

- A. Changes in estimates related to the prior year incurred claims are included in total hospital and medical expenses in the current year in the statutory basis statements of operations. The following tables disclose paid claims, incurred claims, and the balance in claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves, health care and other amounts receivable (excluding provider loans and advances not yet expensed) and reinsurance recoverables for the years ended December 31, 2018 and 2017:

	2018		
	Current Year Incurred Claims	Prior Years Incurred Claims	Total
Beginning of year claim reserve	\$ -	\$ (319,041,133)	\$ (319,041,133)
Paid claims—net of health care receivables* and reinsurance recoveries collected	2,286,124,624	230,258,532	2,516,383,156
End of year claim reserve	<u>343,368,831</u>	<u>12,722,483</u>	<u>356,091,314</u>
Incurred claims excluding the change in health care receivables	2,629,493,455	(76,060,118)	2,553,433,337
Beginning of year health care receivables* and reinsurance recoverables	-	70,824,210	70,824,210
End of year health care receivables* and reinsurance recoverables	<u>(88,579,696)</u>	<u>(6,488,864)</u>	<u>(95,068,560)</u>
Total incurred claims	<u>\$ 2,540,913,759</u>	<u>\$ (11,724,772)</u>	<u>\$ 2,529,188,987</u>

*Health care receivables excludes provider loans and advances not yet expensed of \$405,427 and \$305,400 for 2018 and 2017, respectively.

	2017		
	Current Year Incurred Claims	Prior Years Incurred Claims	Total
Beginning of year claim reserve	\$ -	\$ (90,216,520)	\$ (90,216,520)
Paid claims—net of health care receivables* and reinsurance recoveries collected	1,824,357,978	61,338,150	1,885,696,128
End of year claim reserve	<u>316,289,924</u>	<u>2,751,209</u>	<u>319,041,133</u>
Incurred claims excluding the change in health care receivables	2,140,647,902	(26,127,161)	2,114,520,741
Beginning of year health care receivables* and reinsurance recoverables	-	16,130,966	16,130,966
End of year health care receivables* and reinsurance recoverables	<u>(67,740,019)</u>	<u>(3,084,191)</u>	<u>(70,824,210)</u>
Total incurred claims	<u>\$ 2,072,907,883</u>	<u>\$ (13,080,386)</u>	<u>\$ 2,059,827,497</u>

*Health care receivables excludes provider loans and advances not yet expensed of \$305,400 and \$0 for 2017 and 2016, respectively.

The liability for claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves, net of health care and other amounts receivable (excluding provider loans and advances not yet expensed), and reinsurance recoverables as of December 31, 2017 was \$248,216,923. As of December 31, 2018, \$230,258,532 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years, net of health care and other amounts receivable (excluding provider loans and advances not yet expensed) and reinsurance recoverables are now \$6,233,619, as a result of re-estimation of unpaid claims. Therefore, there has been \$11,724,772 favorable prior year development since December 31, 2017 to December 31, 2018. The primary drivers consist of favorable development as a result of a change in the provision for adverse deviations in experience of \$15,379,844 and favorable development of \$6,802,560 in risk share accruals in provider in provider risk share reserve accounts, offset by unfavorable development of \$7,279,180 in retroactivity for inpatient, outpatient, physician, and pharmacy claims, unfavorable development of \$1,073,662 related to provider settlements, and unfavorable development of \$960,452 related to Rx Rebates. At December 31, 2017, the Company recorded \$13,080,386 of favorable development related to \$7,048,605 in retroactivity for inpatient, outpatient, physician, and pharmacy claims, favorable development as a result of a change in the provision for adverse deviations in experience of \$4,508,551, and favorable development of \$2,196,958 related to reinsurance. Original estimates are increased or decreased, as additional information becomes known regarding individual claims, which could have an impact to the accruals for medical loss ratio rebates and retrospectively rated contracts. As a result of the prior year effects, on a regular basis, the Company adjusts revenue and the corresponding liability and/or receivable related to retrospectively rated policies and the impact of the change is included as a

component of change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

The Company incurred CAE of \$127,630,647 and \$100,382,882 in 2018 and 2017, respectively. These costs are included in the management service fees paid by the Company to UHS as a part of the Agreement (see Note 10). The following table discloses paid CAE, incurred CAE, and the balance in unpaid CAE reserve for 2018 and 2017:

	2018	2017
Total claims adjustment expenses	\$ 127,630,647	\$ 100,382,882
Less: current year unpaid claims adjustment expenses	(2,595,150)	(2,785,526)
Add: prior year unpaid claims adjustment expenses	<u>2,785,526</u>	<u>860,407</u>
Total claims adjustment expenses paid	<u>\$ 127,821,023</u>	<u>\$ 98,457,763</u>

B. The Company did not make any significant changes in methodologies and assumptions used in the calculation of the liability for claims unpaid and unpaid CAE in 2018.

26. INTERCOMPANY POOLING ARRANGEMENTS

A–G. The Company did not have any intercompany pooling arrangements in 2018 or 2017.

27. STRUCTURED SETTLEMENTS

A–B. The Company did not have structured settlements in 2018 or 2017.

28. HEALTH CARE AND OTHER AMOUNTS RECEIVABLE

A. Pharmacy rebates receivable are recorded when reasonably estimated or billed by the affiliated pharmaceutical benefit manager in accordance with pharmaceutical rebate contract provisions. Information used to support rebates billed to the manufacturer is based on utilization information gathered by the pharmaceutical benefit manager and adjusted for significant changes in pharmaceutical contract provisions.

The Company evaluates admissibility of all pharmacy rebates receivable based on the administration of each underlying pharmaceutical benefit management agreement. The Company has nonadmitted and excluded all pharmacy rebates receivable that do not meet the admissibility criteria of SSAP No. 84, *Certain Health Care Receivables and Receivables under Government Insured Plans* (“SSAP No. 84”) from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

For each pharmaceutical management agreement for which a portion of the total pharmacy rebates receivable can be admitted based on the admissibility criteria of SSAP No. 84, the pharmacy rebate transaction history is summarized as follows:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received within 90 Days of Billing	Actual Rebates Received within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days after Billing
12/31/2018	\$ 53,109,848	\$ -	\$ -	\$ -	\$ -
9/30/2018	51,922,313	51,941,639	26,914,449	-	-
6/30/2018	50,398,447	50,504,294	42,624,401	6,854,954	-
3/31/2018	47,888,062	47,988,020	41,916,928	4,971,639	1,027,882
12/31/2017	39,390,250	39,192,438	32,721,221	5,773,020	592,338
9/30/2017	38,819,964	38,175,430	31,669,673	4,138,567	1,993,754
6/30/2017	37,363,600	37,231,193	29,161,372	6,667,577	1,200,425
3/31/2017	34,426,379	34,112,947	17,816,612	11,020,653	5,065,530
12/31/2016	6,698,583	6,779,137	4,650,426	1,333,877	734,849
9/30/2016	6,542,966	6,530,936	4,344,675	1,542,461	611,160
6/30/2016	6,322,937	6,357,722	4,702,309	1,227,768	276,549
3/31/2016	5,339,016	5,188,830	3,801,546	1,245,038	132,549

Of the amount reported as health care and other amounts receivable, \$78,742,314 and \$56,167,292 relates to pharmacy rebates receivable as of December 31, 2018 and 2017, respectively. This increase is primarily due to increased membership along with the change in generic/name brand mix.

- B.** The Company has nonadmitted all risk-sharing receivables that do not meet the admissibility criteria of SSAP No. 84 from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

The Company also admitted \$8,386,629 and \$5,805,734 for claims overpayment receivables, \$405,427 and \$305,400 related to provider advance receivables, and \$6,663 and \$0 for capitation arrangement receivables as of December 31, 2018 and 2017, respectively, which are included in health care and other amounts receivable in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2018 or 2017.

30. PREMIUM DEFICIENCY RESERVES

The Company has not recorded any premium deficiency reserves as of December 31, 2018 or 2017. The analysis of premium deficiency reserves was completed as of December 31, 2018 and 2017. The Company did consider anticipated investment income when calculating the premium deficiency reserves.

The following table summarizes the Company's premium deficiency reserves as of December 31, 2018 and 2017:

	2018
1. Liability carried for premium deficiency reserves	\$ -
2. Date of the most recent evaluation of this liability	<u>12/31/2018</u>
3. Was anticipated investment income utilized in this calculation?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	2017
1. Liability carried for premium deficiency reserves	\$ -
2. Date of the most recent evaluation of this liability	<u>12/31/2017</u>
3. Was anticipated investment income utilized in this calculation?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2018 and 2017, the Company had no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

* * * * *

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No []
If yes, complete Schedule Y, Parts 1, 1A and 2
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] N/A []
- 1.3 State Regulating? Nebraska
- 1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes [] No []
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. 0000731766
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No []
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2014
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2014
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/13/2016
- 3.4 By what department or departments?
Nebraska Department of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [] No []
4.12 renewals? Yes [] No []
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [] No []
4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
If yes, complete and file the merger history data file with the NAIC.
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No []
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No []
- 7.2 If yes,
7.21 State the percentage of foreign control; 0.0 %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [X] No []
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
Optum Bank, Inc.	Salt Lake City, UT	NO	NO	YES	NO

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP, Minneapolis, MN
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
.....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
.....
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the response to 10.5 is no or n/a, please explain
.....
- 11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Gary A. Iannone, Vice President of Actuarial Services of United HealthCare Services, Inc., an affiliate of UnitedHealthcare of the Midlands, Inc., 185 Asylum Street, Hartford, CT 06103
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 - 12.11 Name of real estate holding company
 - 12.12 Number of parcels involved 0
 - 12.13 Total book/adjusted carrying value \$ 0
- 12.2 If, yes provide explanation:
.....
- 13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [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.
- 14.11 If the response to 14.1 is No, please explain:
.....
- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
.....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
.....

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers.....\$0
 - 20.12 To stockholders not officers.....\$0
 - 20.13 Trustees, supreme or grand (Fraternal Only).....\$0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers.....\$0
 - 20.22 To stockholders not officers.....\$0
 - 20.23 Trustees, supreme or grand (Fraternal Only).....\$0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others.....\$0
 - 21.22 Borrowed from others.....\$0
 - 21.23 Leased from others.....\$0
 - 21.24 Other.....\$0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [X] No []
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$0
 - 22.22 Amount paid as expenses\$ 51,088,178
 - 22.23 Other amounts paid.....\$0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$0

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)..... Yes [X] No []
- 24.02 If no, give full and complete information relating thereto
.....
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided) Not applicable.
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.....\$0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.....\$0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
- 24.09 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]

GENERAL INTERROGATORIES

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

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

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03)..... Yes [X] No []

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

25.21 Subject to repurchase agreements	\$	0
25.22 Subject to reverse repurchase agreements	\$	0
25.23 Subject to dollar repurchase agreements	\$	0
25.24 Subject to reverse dollar repurchase agreements	\$	0
25.25 Placed under option agreements	\$	0
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$	0
25.27 FHLB Capital Stock	\$	0
25.28 On deposit with states	\$	1,117,106
25.29 On deposit with other regulatory bodies	\$	0
25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$	0
25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$	0
25.32 Other	\$	0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?..... Yes [] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?..... Yes [] No [] N/A []
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?..... Yes [] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year..... \$

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of New York Mellon	Global Liquidity Services, 1 Wall St., 14th Floor, New York, NY 10286
Northern Trust	50 S. LaSalle, Chicago, IL 60675

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?..... Yes [] No [X]

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

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

GENERAL INTERROGATORIES

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

1 Name of Firm or Individual	2 Affiliation
JPMorgan Investment Management Inc.	U.....
DWS Investment Management Americas Inc.	U.....
Internally Managed	I.....

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

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

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

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
107038	JPMorgan Investment Management Inc.	549300W78QHV4XMM6K69	SEC	NO.....
104518	DWS Investment Management Americas Inc.	CZ83K4EEEX8QVCT3B128	SEC	NO.....

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 - Total		0

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	416,235,601	412,509,986	(3,725,615)
30.2 Preferred stocks	0	0	0
30.3 Totals	416,235,601	412,509,986	(3,725,615)

30.4 Describe the sources or methods utilized in determining the fair values:
For those securities that had prices in the NAIC SVO ISIS database, those prices were used; for those securities that did not have prices in the NAIC SVO ISIS database, pricing was obtained from Hub which is an external data sources vendor. Hub utilizes various pricing sources. ...

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

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

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

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

32.2 If no, list exceptions:
.....

GENERAL INTERROGATORIES

33. By self-designating 5GI securities, the reporting entity is certifying the following elements of 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]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:
 a. The security was purchased prior to January 1, 2018.
 b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
 c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as 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]

OTHER

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

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

1 Name	2 Amount Paid
.....

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

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

1 Name	2 Amount Paid
.....

37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$0

37.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

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

1.2 If yes, indicate premium earned on U.S. business only. \$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above \$ 0

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$ 0

1.6 Individual policies: Most current three years:

1.61 Total premium earned \$ 0

1.62 Total incurred claims \$ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ 0

1.65 Total incurred claims \$ 0

1.66 Number of covered lives 0

1.7 Group policies: Most current three years:

1.71 Total premium earned \$ 0

1.72 Total incurred claims \$ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ 0

1.75 Total incurred claims \$ 0

1.76 Number of covered lives 0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	3,101,313,307	2,569,322,115
2.2 Premium Denominator	3,101,313,307	2,569,322,115
2.3 Premium Ratio (2.1/2.2)	1.000	1.000
2.4 Reserve Numerator	389,016,031	350,930,759
2.5 Reserve Denominator	389,016,031	350,930,759
2.6 Reserve Ratio (2.4/2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No []

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No [X]

5.1 Does the reporting entity have stop-loss reinsurance? Yes [] No [X]

5.2 If no, explain:
UnitedHealthcare of the Midlands, Inc. has insolvency only reinsurance.

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical \$ 0

5.32 Medical Only \$ 0

5.33 Medicare Supplement \$ 0

5.34 Dental & Vision \$ 0

5.35 Other Limited Benefit Plan \$ 0

5.36 Other \$ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Hold harmless clauses in provider agreements and continuation of coverage endorsements in reinsurance agreements.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No []

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 136,309

8.2 Number of providers at end of reporting year 140,626

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [X] No []

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months.. \$ 324,477

9.22 Business with rate guarantees over 36 months \$ 0

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No []

10.2 If yes:

10.21 Maximum amount payable bonuses.....	\$	36,146,013
10.22 Amount actually paid for year bonuses.....	\$	50,458,601
10.23 Maximum amount payable withholds.....	\$	5,048,694
10.24 Amount actually paid for year withholds.....	\$	4,990,382

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,	Yes []	No [X]
11.13 An Individual Practice Association (IPA), or,	Yes []	No [X]
11.14 A Mixed Model (combination of above)?	Yes []	No [X]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] No []

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

11.4 If yes, show the amount required. \$ 32,524,644

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]

11.6 If the amount is calculated, show the calculation
 Nebraska Statutes Title 44 Chapter 32 Subsection 138

Premium Revenue	\$3,102,464,390
Premiums < \$150,000,000 at 2%	\$3,000,000
Premiums > \$150,000,000 at 1%	\$29,524,644
Total	\$32,524,644

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

1 Name of Service Area
UnitedHealthcare of the Midlands, Inc. is licensed to operate in all the counties of Nebraska.
United Healthcare of the Midlands, Inc. is licensed to operate in the following counties of Iowa:
Adair
Adams
Appanoose
Audubon
Benton
Black Hawk
Boone
Bremer
Buchanan
Buena Vista
Butler
Calhoun
Carroll
Cass
Cedar
Cerro Gordo
Chickasaw
Clarke
Clayton
Clinton
Crawford
Dallas
Davis
Decatur
Delaware
Dodge
Douglas
Dubuque
Fayette
Floyd
Franklin
Fremont
Gage
Greene
Grundy
Guthrie
Hamilton
Hancock
Hardin
Harrison
Howard
Iowa
Jackson
Jasper
Jefferson
Johnson
Jones
Keokuk
Kossuth
Lancaster
Linn
Lucas
Madison

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE UnitedHealthcare of the Midlands, Inc.

1 Name of Service Area
Mahaska
Marion
Marshall
Mills
Mitchell
Monona
Monroe
Montgomery
Muscatine
Oteo
Page
Pocahontas
Polk
Pottawattamie
Poweshiek
Sarpy
Saunders
Scott
Seward
Shelby
Story
Tama
Union
Wapello
Warren
Washington
Wayne
Webster
Winnebago
Woodbury
Worth
Wright
United Healthcare of the Midlands, Inc. is licensed to operate in the following counties of Alabama:
Autauga
Baldwin
Bibb
Blount
Chilton
Cullman
Elmore
Escambia
Etowah
Houston
Jefferson
Lee
Lowndes
Macon
Madison
Mobile
Montgomery
Russell
Shelby
St. Clair
Talladega
Tuscaloosa
Walker
United Healthcare of the Midlands, Inc. is licensed to operate in the following counties of Arkansas:
Benton
Carroll
Crawford
Garland
Jefferson
Pulaski
Saline
Sebastian
Washington
United Healthcare of the Midlands, Inc. is licensed to operate in the following counties of Illinois:
Bond
Boone
Clinton
Cook
DeKalb
DuPage
Grundy
Jersey
Kane
Kankakee
Kendall
Lake
Macoupin
Madison
McHenry
McLean
Monroe

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE UnitedHealthcare of the Midlands, Inc.

1 Name of Service Area
St Clair
Will
Winnebago
United Healthcare of the Midlands, Inc. is licensed to operate in the following counties of Missouri:
Boone
Buchanan
Callaway
Cass
Christian
Clay
Cole
Crawford
Dade
Dallas
Douglas
Franklin
Gasconade
Greene
Jackson
Jasper
Jefferson
Johnson
Laclede
Lafayette
Lawrence
Lincoln
Miller
Newton
Osage
Platte
Polk
Ray
St. Charles
St. Francois
St. Louis
St. Louis City
Ste. Genevieve
Stone
Taney
Texas
Warren
Washington
Webster
Wright
United Healthcare of the Midlands, Inc. is licensed to operate in the following counties of Kansas:
Butler
Douglas
Harvey
Jefferson
Johnson
Leavenworth
Sedgwick
Wyandotte
UnitedHealthcare of the Midlands, Inc. is licensed to operate in the following counties of Indiana:
Adams
Allen
Bartholomew
Benton
Blackford
Boone
Brown
Carroll
Cass
Clark
Clay
Clinton
Crawford
Daviess
De Kalb
Dearborn
Decatur
Delaware
Dubois
Elkhart
Fayette
Floyd
Fountain
Franklin
Fulton
Gibson
Grant
Greene
Hamilton
Hancock

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE UnitedHealthcare of the Midlands, Inc.

1 Name of Service Area
Harrison
Hendricks
Henry
Howard
Huntington
Jackson
Jasper
Jay
Jefferson
Jennings
Johnson
Knox
Kosciusko
La Porte
Lagrange
Lake
Lawrence
Madison
Marion
Marshall
Martin
Miami
Monroe
Montgomery
Morgan
Newton
Noble
Ohio
Orange
Owen
Parke
Perry
Pike
Porter
Posey
Pulaski
Putnam
Randolph
Ripley
Rush
Scott
Shelby
Spencer
St. Joseph
Starke
Steuben
Sullivan
Switzerland
Tippecanoe
Tipton
Union
Vanderburgh
Vermillion
Vigo
Wabash
Warren
Warrick
Washington
Wells
White
Whitley

- 13.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0
- 13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 13.4 If yes, please provide the balance of funds administered as of the reporting date. \$ 0
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [] No [X] N/A []
- 14.2 If the answer to 14.1 is yes, please provide the following:

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

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE UnitedHealthcare of the Midlands, Inc.

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

15.1 Direct Premium Written\$0
 15.2 Total Incurred Claims\$0
 15.3 Number of Covered Lives0

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

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

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

FIVE-YEAR HISTORICAL DATA

	1 2018	2 2017	3 2016	4 2015	5 2014
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	729,653,661	645,484,264	207,263,898	90,910,317	69,867,788
2. Total liabilities (Page 3, Line 24)	426,937,294	452,155,855	135,031,370	64,954,427	37,217,840
3. Statutory minimum capital and surplus requirement	32,524,644	26,929,154	26,750,968	18,810,522	16,580,272
4. Total capital and surplus (Page 3, Line 33)	302,716,367	193,328,409	72,232,528	25,955,890	32,649,948
Income Statement (Page 4)					
5. Total revenues (Line 8)	3,102,464,390	2,542,915,448	573,191,476	286,395,955	261,791,632
6. Total medical and hospital expenses (Line 18)	2,529,188,987	2,059,827,497	503,803,904	239,458,017	205,784,555
7. Claims adjustment expenses (Line 20)	127,630,647	100,382,882	33,774,306	16,817,282	13,192,949
8. Total administrative expenses (Line 21)	287,600,455	194,219,480	67,377,707	26,501,770	23,660,046
9. Net underwriting gain (loss) (Line 24)	158,044,301	188,485,589	(18,942,441)	(9,203,114)	19,154,082
10. Net investment gain (loss) (Line 27)	13,516,069	7,158,373	1,822,572	1,263,068	982,818
11. Total other income (Lines 28 plus 29)	(1,168,827)	(878,975)	(43,522)	(6,211)	(9,668)
12. Net income or (loss) (Line 32)	124,257,240	126,252,336	(8,374,851)	(11,573,600)	12,124,254
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	3,391,322	302,028,966	25,326,691	13,376,383	885,179
Risk-Based Capital Analysis					
14. Total adjusted capital	302,716,367	193,328,409	72,232,528	25,955,890	32,649,948
15. Authorized control level risk-based capital	89,577,603	69,490,434	19,363,965	9,405,261	8,290,136
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	324,932	277,973	117,767	69,694	67,875
17. Total members months (Column 6, Line 7)	3,803,839	3,256,097	1,397,289	837,795	798,995
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	81.5	81.0	87.9	83.6	78.6
20. Cost containment expenses	2.4	2.4	3.5	3.3	3.0
21. Other claims adjustment expenses	1.7	1.6	2.7	2.5	2.1
22. Total underwriting deductions (Line 23)	94.9	92.6	103.3	103.2	92.7
23. Total underwriting gain (loss) (Line 24)	5.1	7.4	(3.3)	(3.2)	7.3
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	237,534,385	64,587,451	33,101,799	29,552,054	25,991,498
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	249,259,158	77,667,837	36,475,486	28,793,974	29,233,588
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above	0	0	0	0	0

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

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

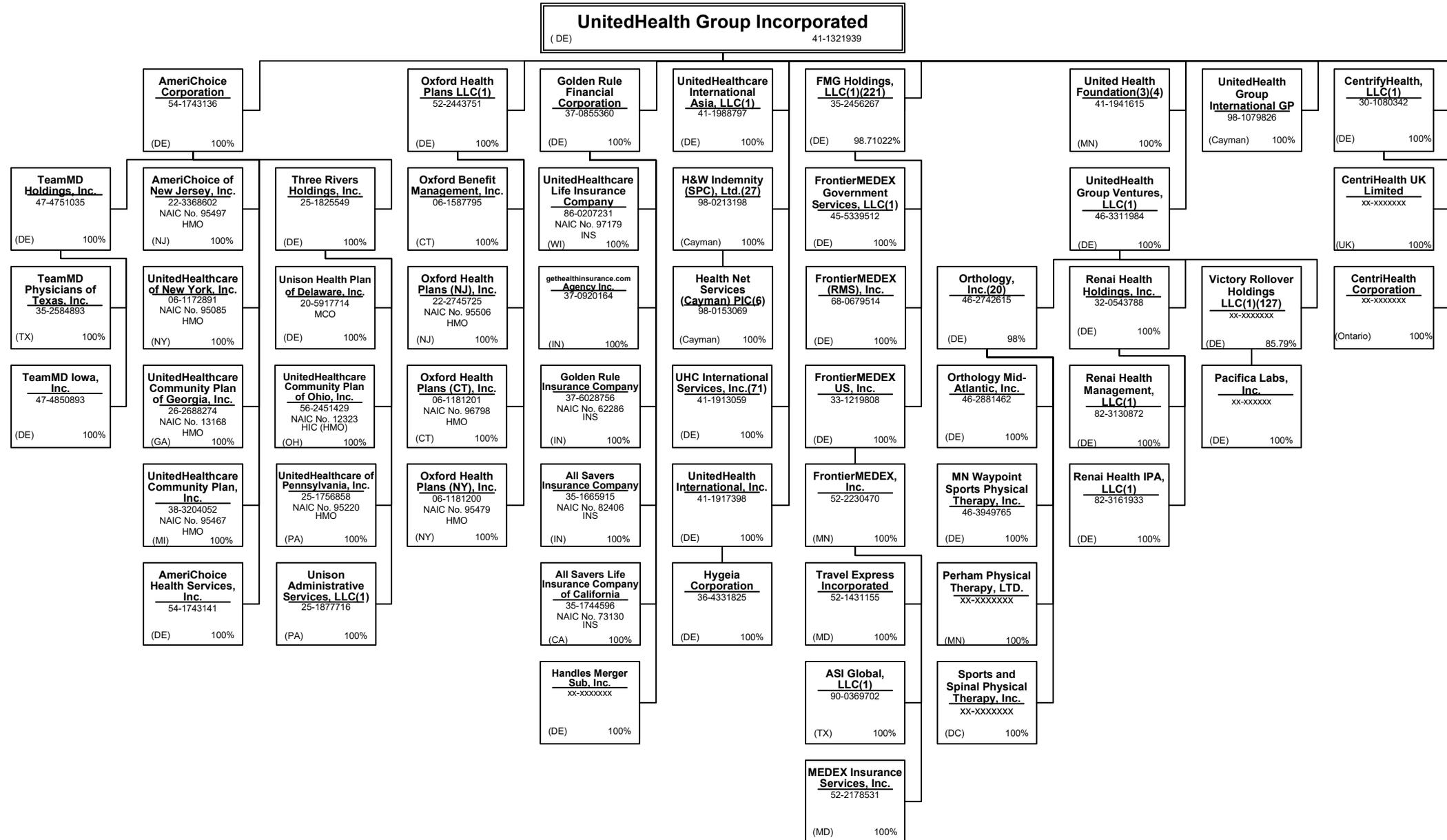
1	Direct Business Only								
	2	3	4	5	6	7	8	9	
States, etc.	Active Status (a)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL	L	0	729,724,138	14,323,116	0	0	744,047,254	0
2. Alaska	AK	N	0	0	0	0	0	0	0
3. Arizona	AZ	N	0	0	0	0	0	0	0
4. Arkansas	AR	L	0	12,720,067	0	0	0	12,720,067	0
5. California	CA	N	0	0	0	0	0	0	0
6. Colorado	CO	N	0	0	0	0	0	0	0
7. Connecticut	CT	N	0	0	0	0	0	0	0
8. Delaware	DE	N	0	0	0	0	0	0	0
9. District of Columbia	DC	N	0	0	0	0	0	0	0
10. Florida	FL	N	0	0	0	0	0	0	0
11. Georgia	GA	N	0	0	0	0	0	0	0
12. Hawaii	HI	N	0	0	0	0	0	0	0
13. Idaho	ID	N	0	0	0	0	0	0	0
14. Illinois	IL	L	0	388,216,951	0	0	0	388,216,951	0
15. Indiana	IN	L	0	466,787,663	0	0	0	466,787,663	0
16. Iowa	IA	L	17,781	29,034,920	0	0	0	29,052,701	0
17. Kansas	KS	L	0	51,864,730	0	0	0	51,864,730	0
18. Kentucky	KY	N	0	0	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0	0
26. Missouri	MO	L	0	809,780,020	0	0	0	809,780,020	0
27. Montana	MT	N	0	0	0	0	0	0	0
28. Nebraska	NE	L	6,834,510	173,908,631	430,534,560	0	0	611,277,701	0
29. Nevada	NV	N	0	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0	0	0
34. North Carolina	NC	N	0	0	0	0	0	0	0
35. North Dakota	ND	N	0	0	0	0	0	0	0
36. Ohio	OH	N	0	0	0	0	0	0	0
37. Oklahoma	OK	N	0	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0	0	0
41. South Carolina	SC	N	0	0	0	0	0	0	0
42. South Dakota	SD	N	0	0	0	0	0	0	0
43. Tennessee	TN	N	0	0	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0	0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59. Subtotal	XXX	6,852,291	2,662,037,120	444,857,676	0	0	0	3,113,747,087	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	0	0	0	0	0	0	0	0
61. Total (Direct Business)	XXX	6,852,291	2,662,037,120	444,857,676	0	0	0	3,113,747,087	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..... 8 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..... 49

(b) Explanation of basis of allocation by states, premiums by state, etc.
 Premiums allocated by state based upon Geographic Market.

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



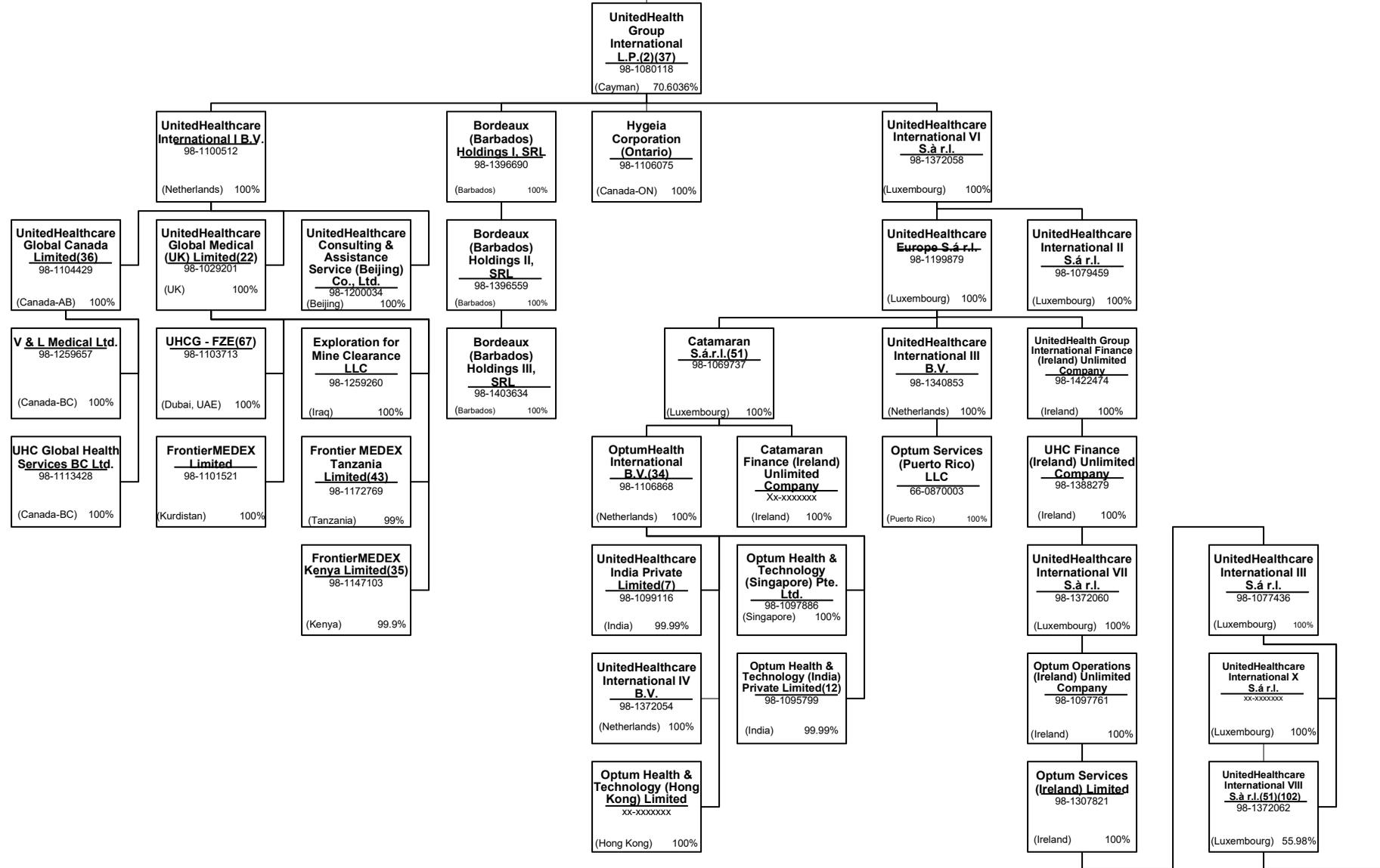
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SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

UnitedHealth Group Incorporated
 (DE) 41-1321939

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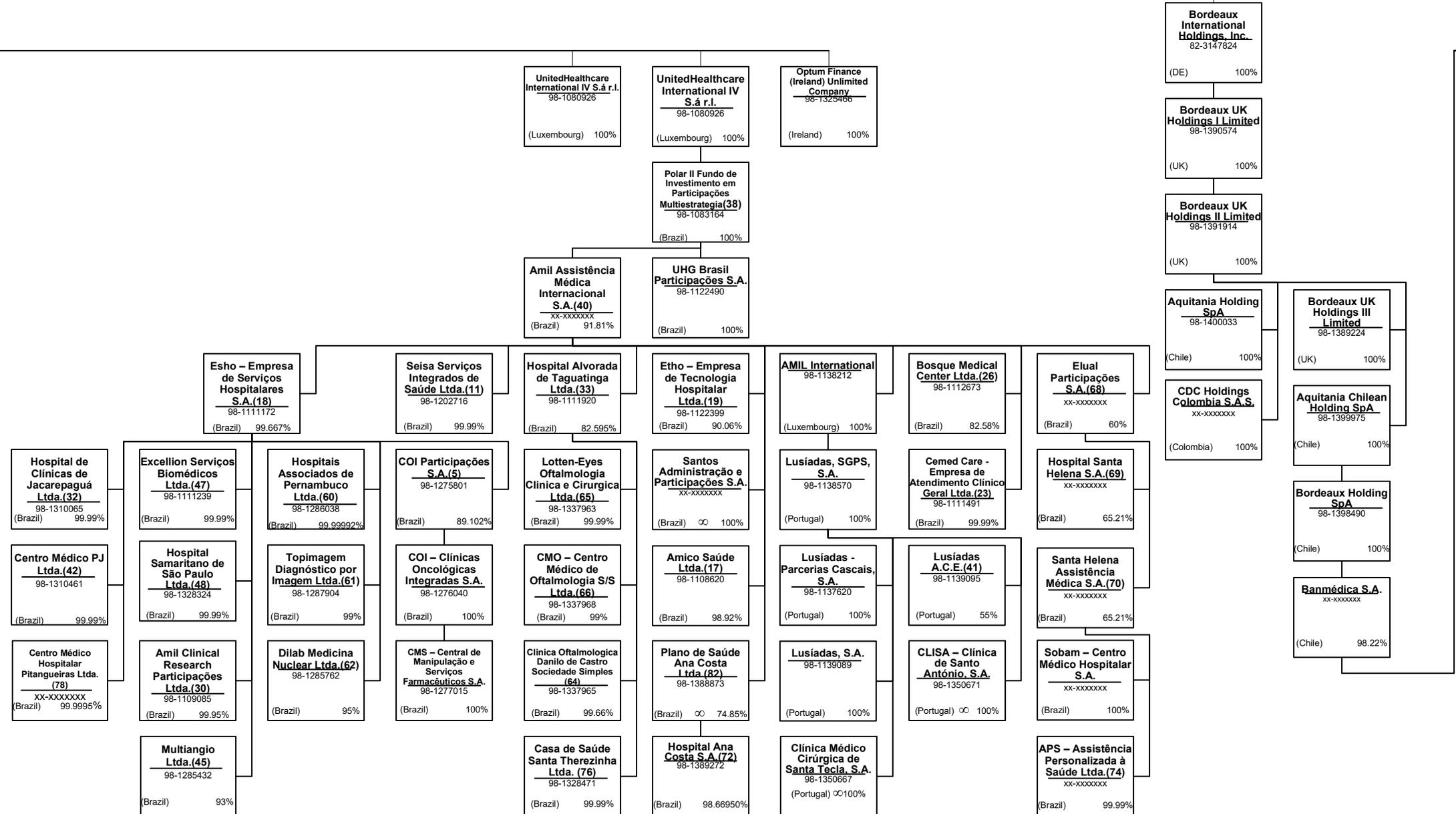


SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

UnitedHealth Group Incorporated
 (DE) 41-1321939

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

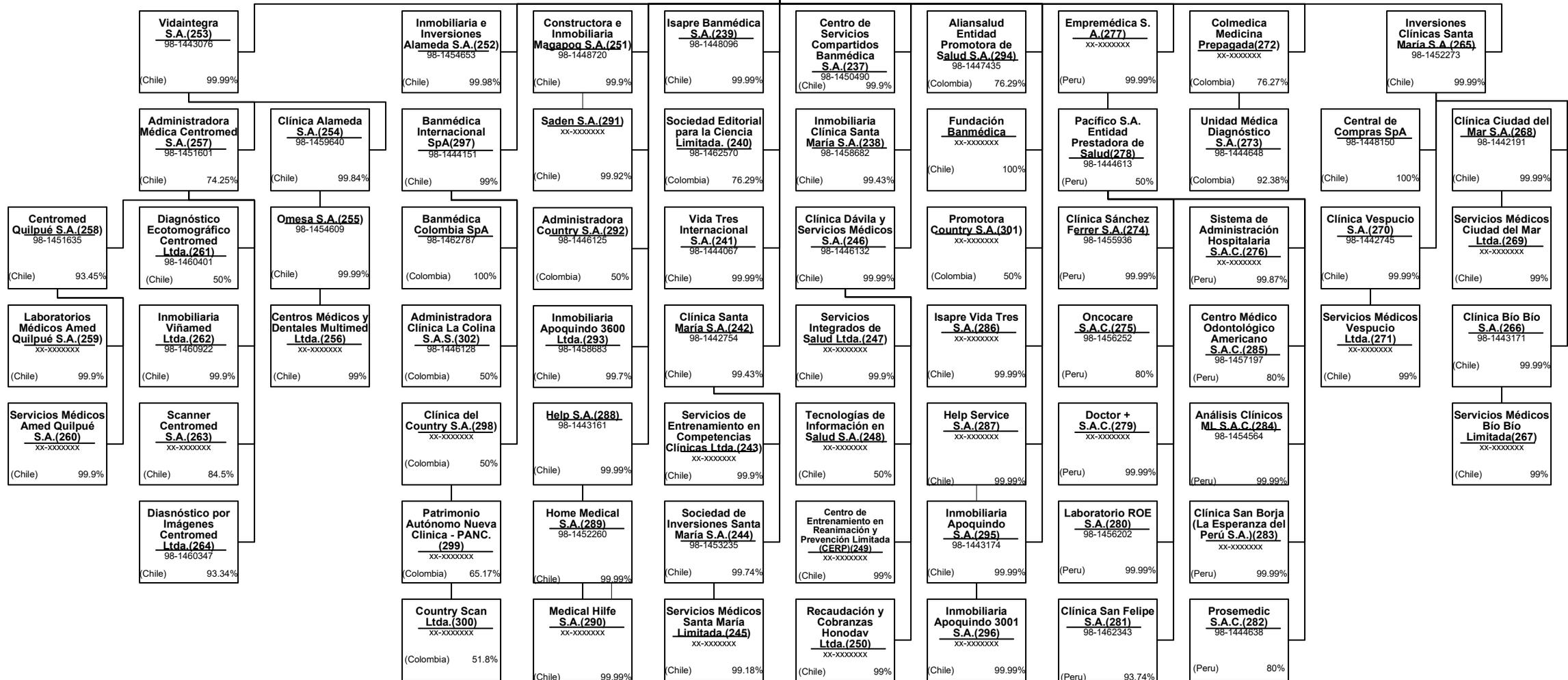
UnitedHealth Group Incorporated
 (DE) 41-1321939

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**United
HealthCare**
41-1289245
(MN) 100%

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**Banmédica
S.A.(236)**
98-1444127
(Chile) 98.2285%



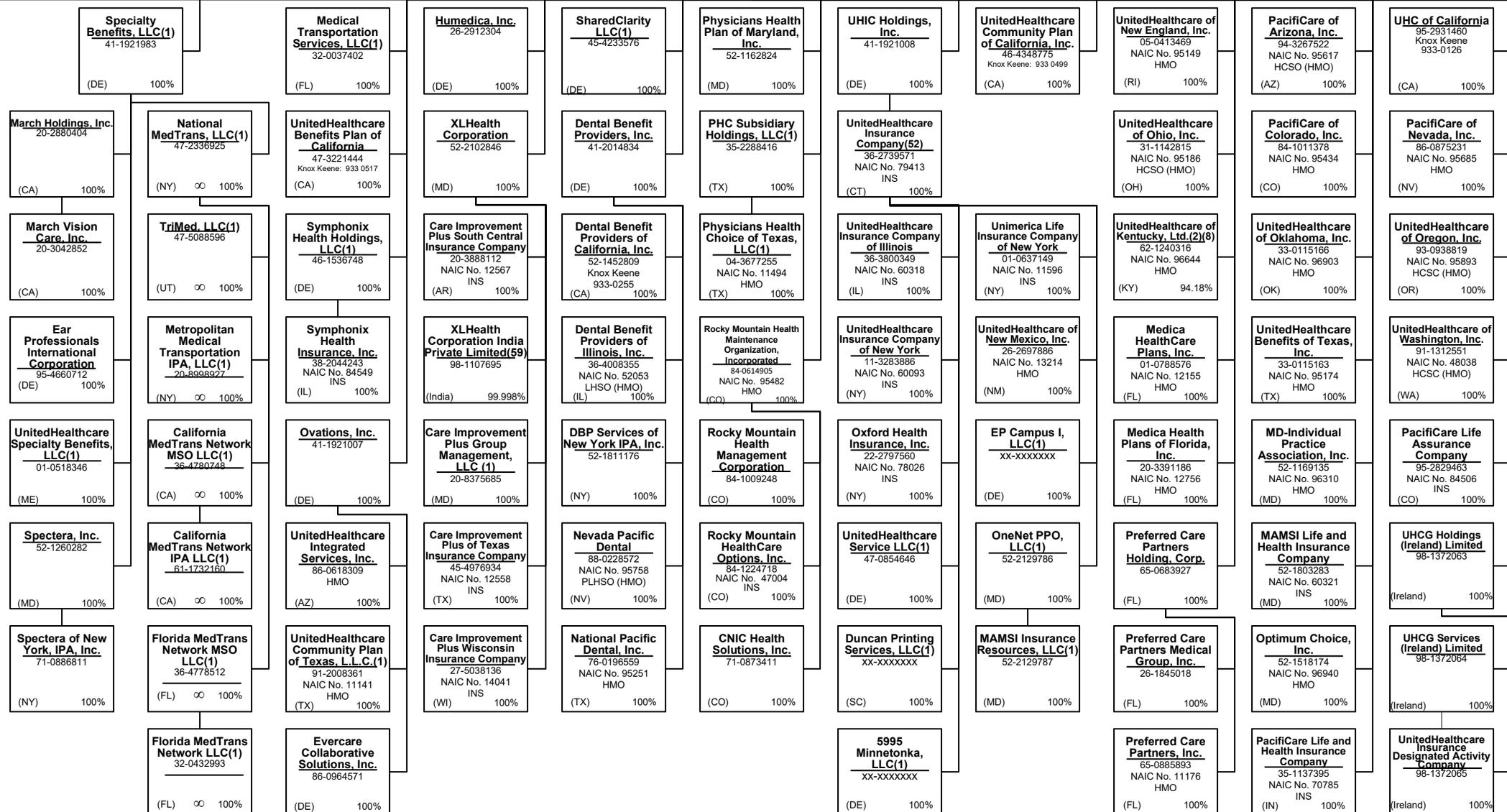
40.3

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

United HealthCare Services, Inc.
 (MN) 41-1289245 100%

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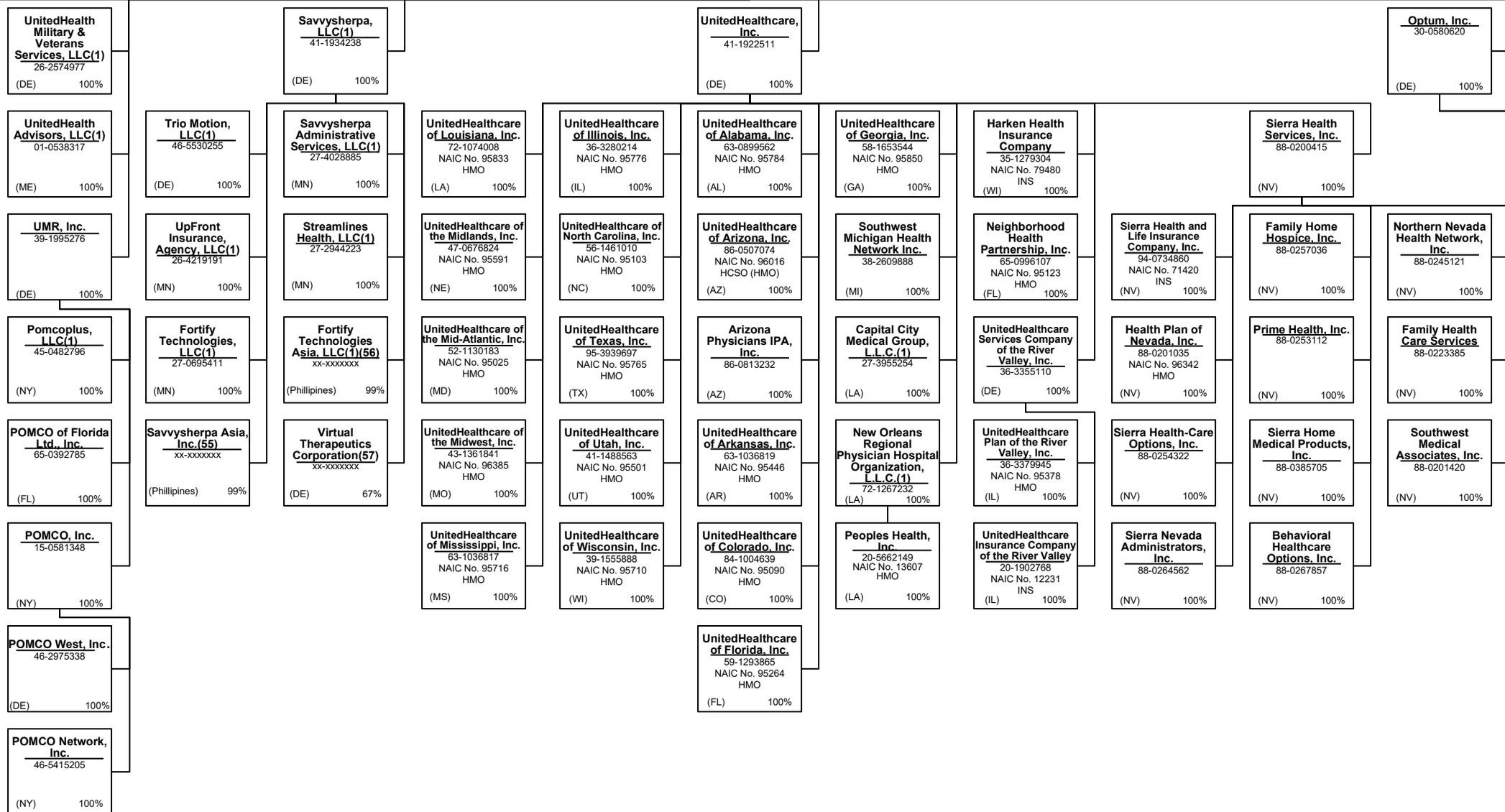


SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

United HealthCare Services, Inc.
 (MN) 41-1289245 100%

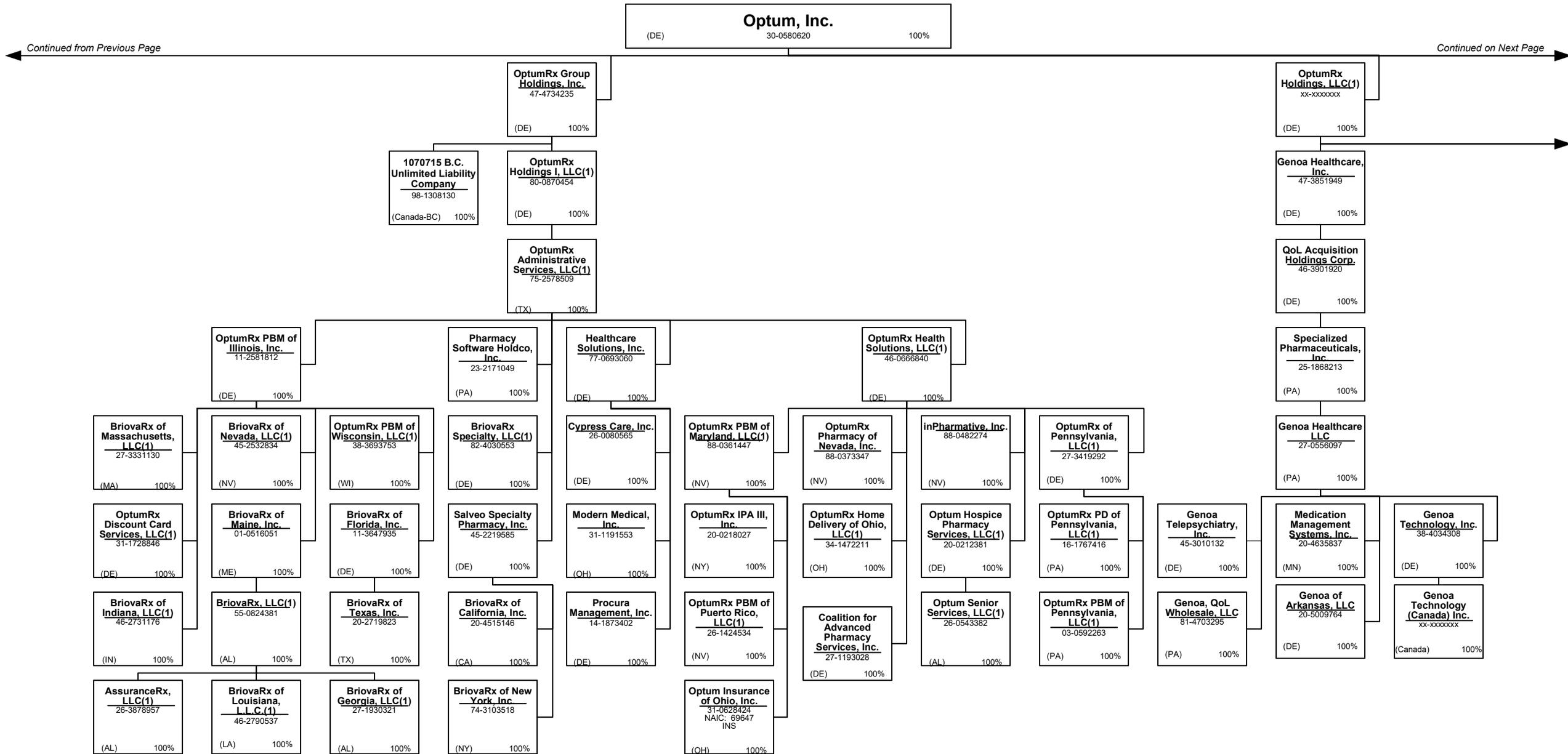
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40.5

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

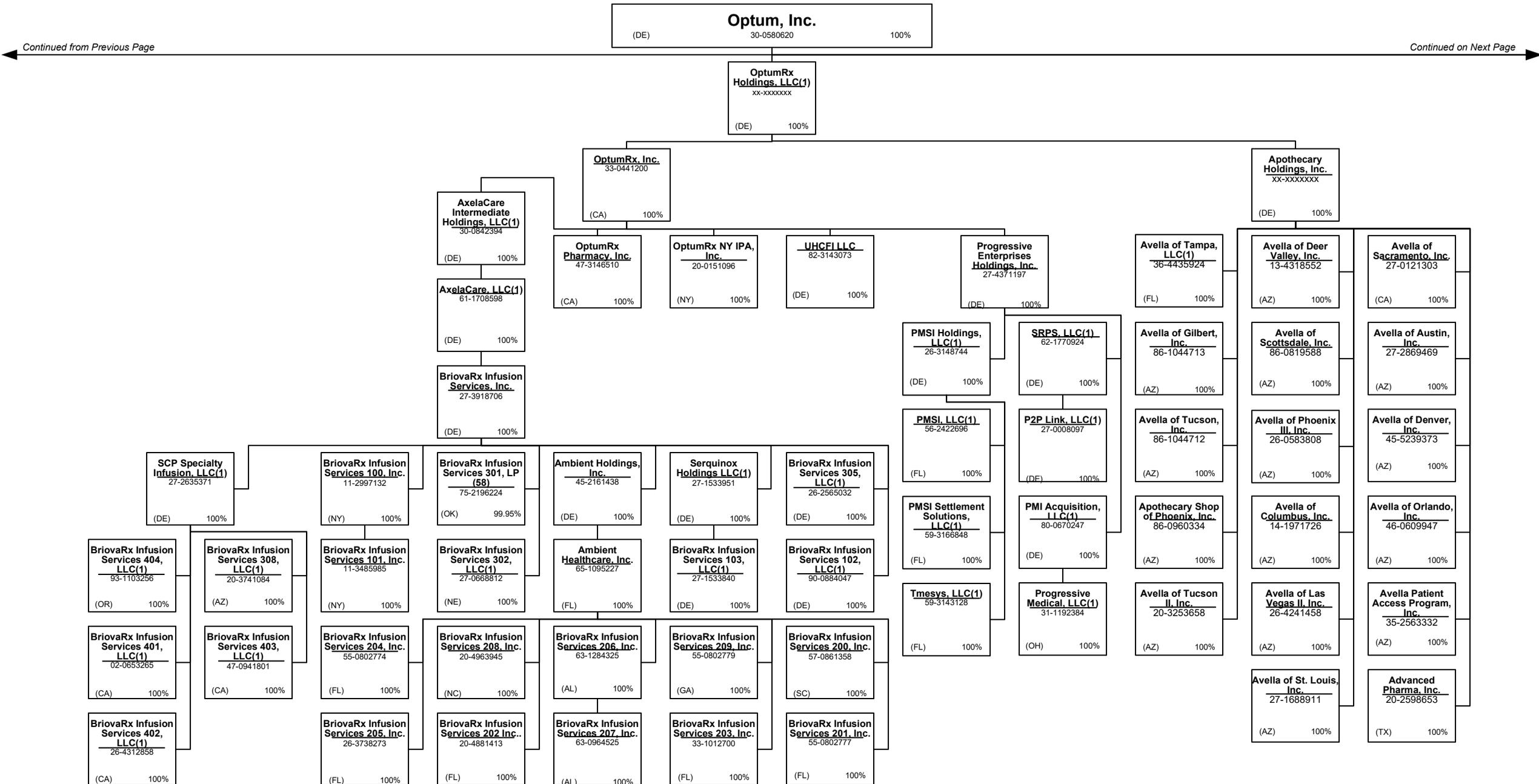


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SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

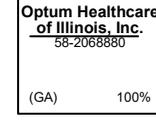
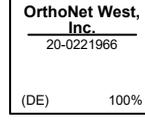
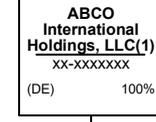
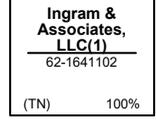
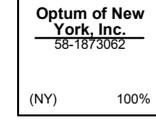
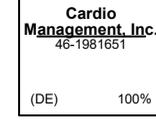
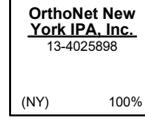
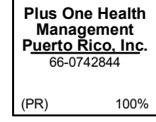
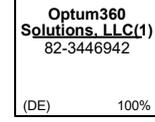
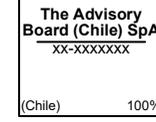
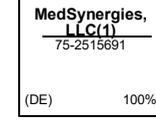
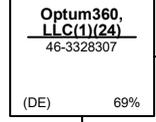
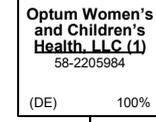
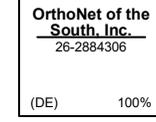
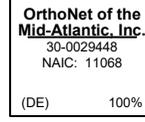
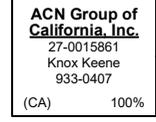
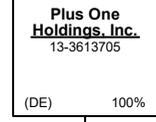
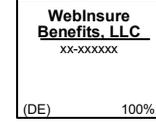
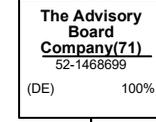
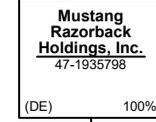
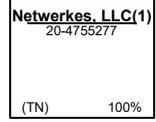
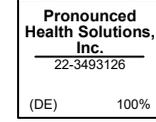
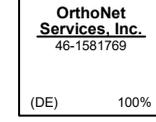
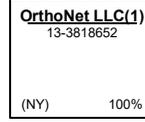
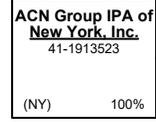
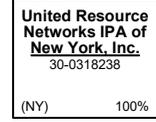
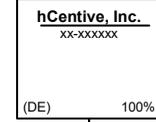
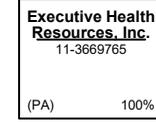
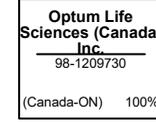
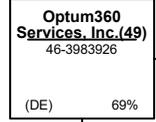
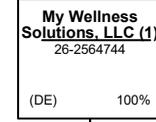
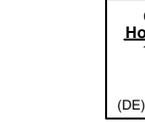
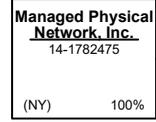
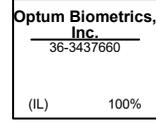
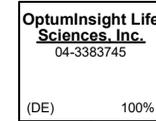
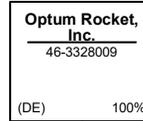
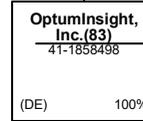
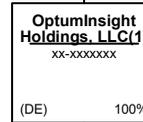


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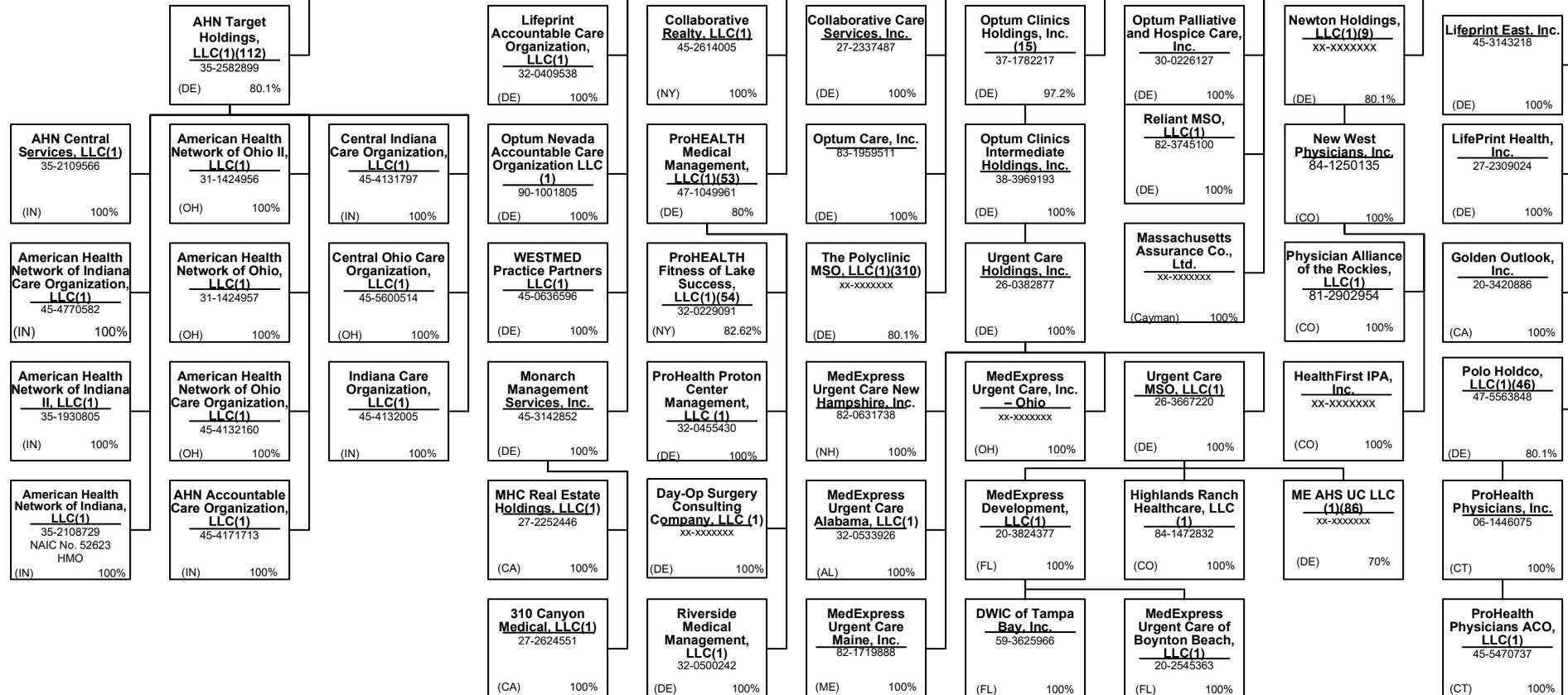
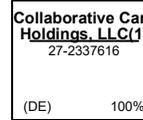
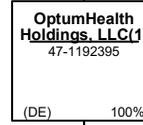
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART



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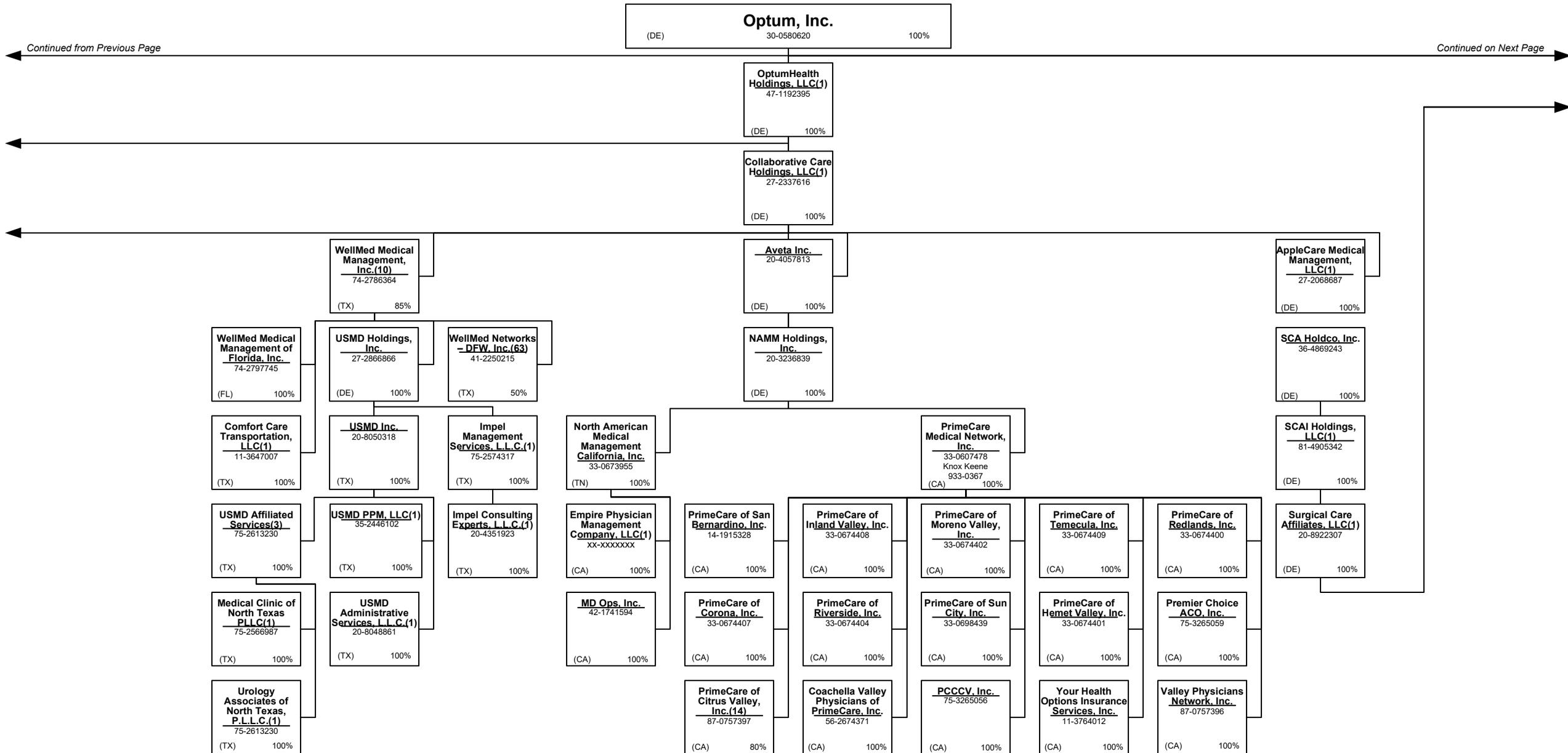
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART



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



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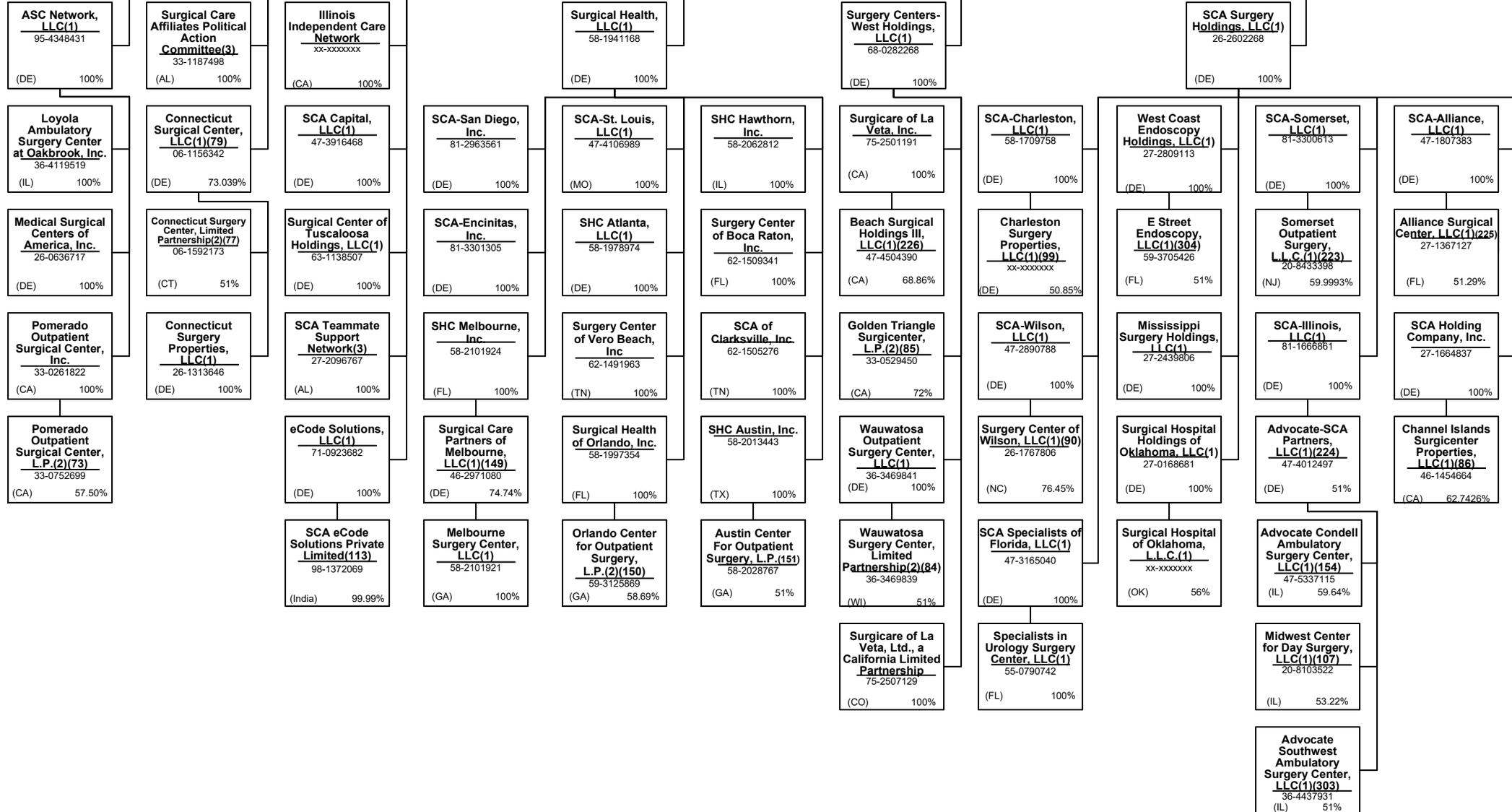
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SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

Surgical Care Affiliates, LLC (1)
 (DE) 20-8922307 100%

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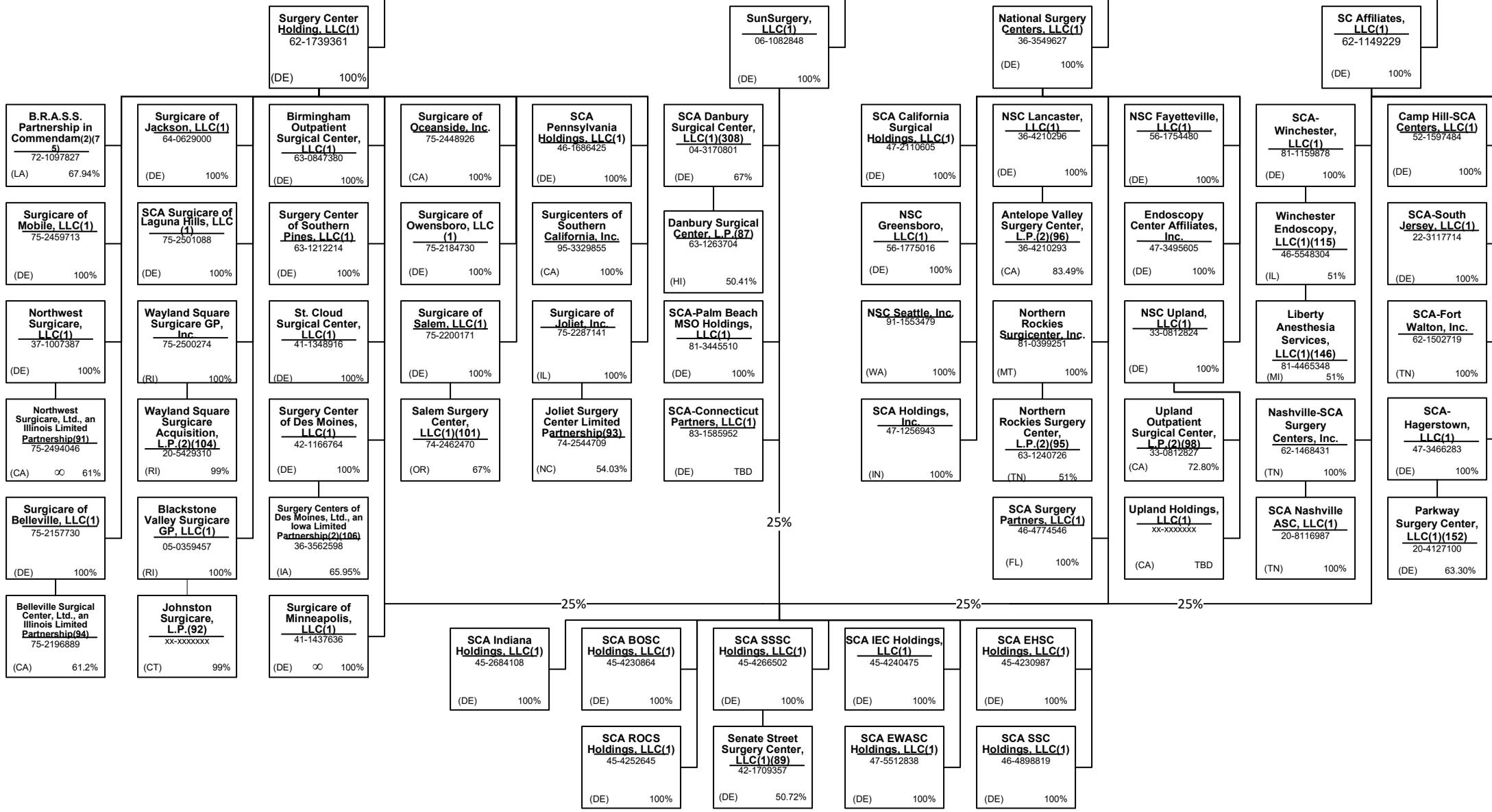


SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

Surgical Care Affiliates, LLC (1)
 (DE) 20-8922307 100%

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

Surgical Care Affiliates, LLC (1)
 (DE) 20-8922307 100%

SC Affiliates, LLC(1)
 62-1149229
 (DE) 100%

Marin Surgery Holdings, Inc.
 28-2801943
 (DE) 100%

SCA Premier Surgery Center of Louisville, LLC(1)
 72-1386840
 (DE) 100%

SCA Austin Holdings, LLC(1)
 47-5014406
 (DE) 100%

SCA-Davenport, LLC(1)
 47-4028383
 (DE) 100%

SCA-Mecklenburg Development Corp.
 62-1184188
 (NC) 100%

Bakersfield-SC, LLC(1)
 62-1601445
 (DE) 100%

SCA Heartland Holdings, LLC(1)
 xx-xxxxxxx
 (DE) 100%

SCA-Santa Rosa, Inc.
 88-0185362
 (NV) 100%

SCA-Phoenix, LLC(1)
 47-2785908
 (DE) 100%

Surgery Center of Summerlin, LLC(1)
 63-1184216
 (DE) 100%

Charlotte-SC, LLC(1)
 62-1262567
 (DE) 100%

SCA-Main Street, LLC(1)
 81-4292506
 (DE) 100%

Premier Surgery Center of Louisville, L.P.(1)(306)
 72-1378216
 (TN) 51%

SCA Stonegate Holdings, LLC(1)
 47-5038680
 (DE) 100%

SCA-Naperville, LLC(1)
 81-2850365
 (DE) 100%

SCA-Sparta, LLC(1)
 47-2676325
 (DE) 100%

SCA-Fort Collins, Inc.(1)
 Xx-xxxxxxx
 (CO) 100%

SCA-Morris County, LLC(1)
 xx-xxxxxxx
 (DE) 100%

Surgery Center of Muskogee, LLC(1)
 63-1194204
 (DE) 100%

SCA-Honolulu, LLC(1)
 62-1506650
 (DE) 100%

Pueblo-SCA Surgery Center, LLC(1)
 93-1068319
 (DE) 100%

SCA-Colorado Springs, LLC(1)
 93-1047471
 (DE) 100%

The Surgical Center of Connecticut, LLC(1)(88)
 Xx-xxxxxxx
 (xx) 62.12%

SCA-River Valley, LLC(1)
 81-4304317
 (DE) 100%

Stonegate Surgery Center, L.P.(2)(148)
 20-1211544
 (TX) 56.83%

SCA-Hamden, LLC(1)
 81-4605501
 (DE) 100%

Specialty Surgical Center, LLC(1)(227)
 20-3412545
 (NJ) 51%

SCA-ND VBP, Inc.
 81-1347328
 (DE) 100%

SCA-Sand Lake, LLC(1)
 47-1685878
 (FL) 100%

Muskogee Surgical Investors, LLC(1)
 20-4209261
 (DE) 100%

Louisville-SC Properties, Inc.
 62-1179538
 (KY) 100%

SCA-Mt. Pleasant, LLC(1)
 62-1506655
 (DE) 100%

Maryland-SCA Centers, LLC(1)
 52-1401791
 (DE) 100%

SCA Development, LLC(1)
 62-1535981
 (DE) 100%

River Valley ASC, LLC(1)(114)
 46-0758315
 (CO) 57.54%

SCA Cedar Park Holdings, LLC(1)
 47-5030792
 (DE) 100%

SCA Athens, LLC(1)
 47-5537316
 (DE) 100%

SCA-Paoli, LLC(1)
 62-1538850
 (DE) 100%

SPINETRACK 20/20, Inc.
 81-1387232
 (CA) 100%

Sand Lake SurgiCenter, LLC(1)(116)
 27-3787593
 (CO) 52.45%

Three Rivers Surgical Care, L.P.(2)(305)
 63-1194203
 (TN) 72.53%

SCA-Shelby Development Corp.
 62-1179532
 (TN) 100%

Mt. Pleasant Surgery Center, L.P.(2)(117)
 62-1506649
 (TN) 98%

Maryland Ambulatory Centers(111)
 52-1456812
 (MD) 50%

Surgery Center of Easton, LLC(1)
 72-1349752
 (DE) 100%

Surgery Center of Louisville, LLC(1)
 62-1179537
 (DE) 100%

Cedar Park Surgery Center, LLC(1)(139)
 27-2533497
 (TX) 48.06%

Athens ASC Holdings, LLC(1)(109)
 45-4014891
 (GA) 58.42%

Paoli Ambulatory Surgery Center(228)
 62-1595402
 (PA) 51%

SCA-Franklin, LLC(1)
 47-3641516
 (DE) 100%

SCA-San Luis Obispo, LLC(1)
 94-3138088
 (DE) 100%

Redlands-SCA Surgery Centers, Inc.
 94-3115627
 (CA) 100%

Memphis-SC, LLC(1)
 62-1590322
 (TN) 100%

SCA-Mokena, LLC(1)
 81-1065674
 (DE) 100%

Montgomery Surgery Center Limited Partnership(119)
 52-1401868
 (CA) 77%

Louisville S.C., Ltd.(2)(108)
 62-1179566
 (KY) 65.40%

SCA Hays Holdings, LLC(1)
 47-5064834
 (DE) 100%

Surgery Center of Athens, LLC(1)
 45-0581955
 (GA) 100%

Paoli Surgery Center, L.P.(229)
 62-1547618
 (IL) 64.25%

Franklin Surgical Center, LLC(1)(144)
 20-3412606
 (NJ) 54.27%

SCA-Mobile, LLC(1)
 80-0070617
 (DE) 100%

Redlands Ambulatory Surgery Center(140)
 94-3115625
 (CA) 54%

Shelby Surgery Properties, Inc.
 62-1223273
 (TN) 100%

SCA-Mokena Properties, LLC(1)
 81-1320467
 (DE) 100%

Arise Physician Group
 46-4843100
 (xx) 100%

Memphis-SP, LLC(1)
 62-1590324
 (TN) 100%

Southwest Surgery Center, LLC(1)(230)
 36-4369359
 (IL) 44.66%

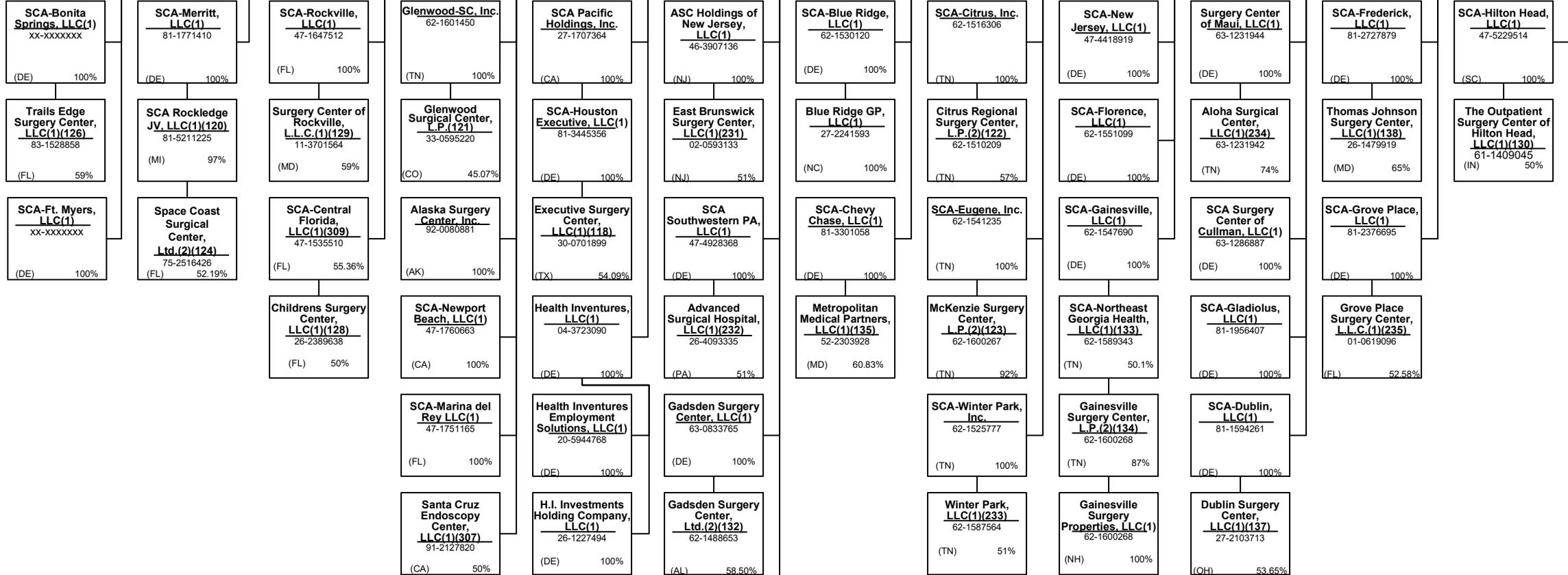
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SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

Surgical Care Affiliates, LLC (1)
 (DE) 20-8922307 100%

SC Affiliates, LLC(1)
 62-1149229
 (DE) 100%



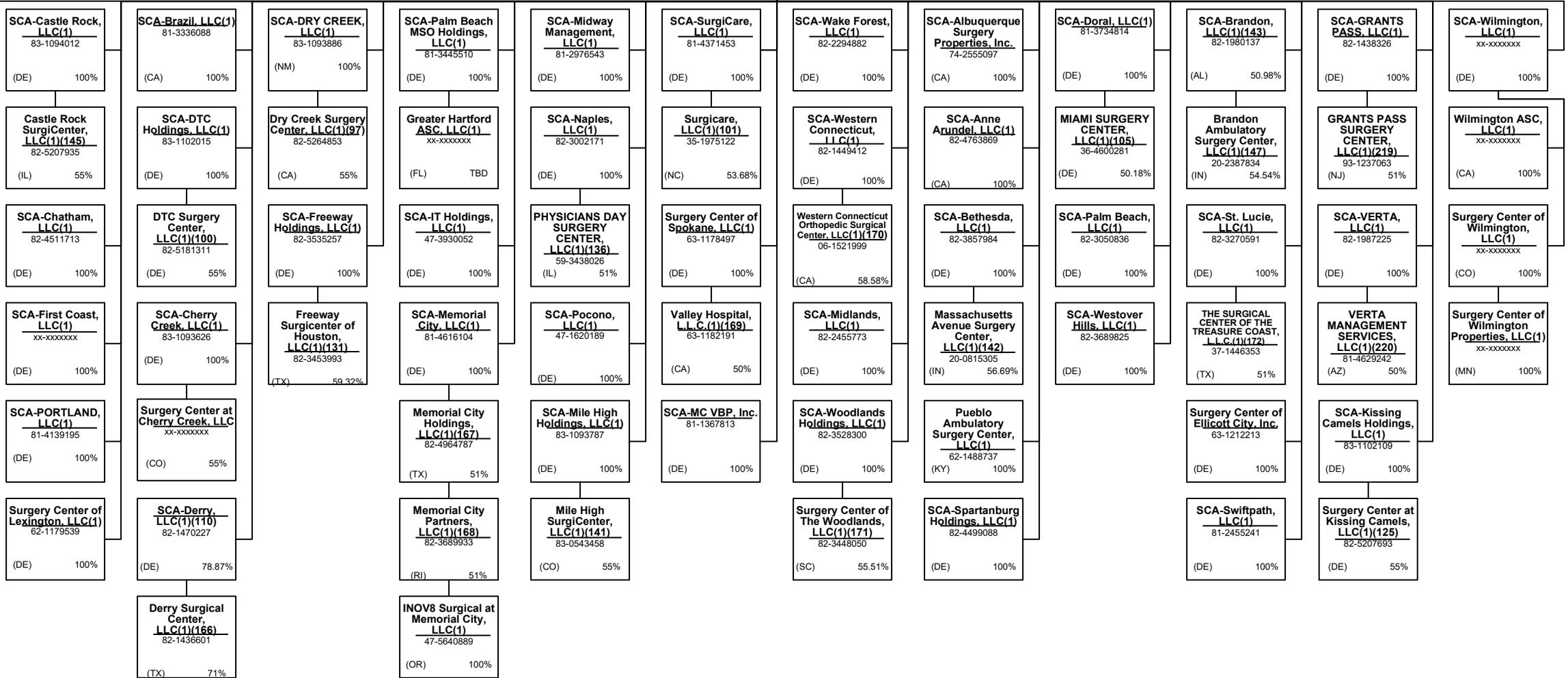
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SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

Surgical Care Affiliates, LLC (1)
 (DE) 20-8922307 100%

SC Affiliates, LLC(1)
 62-1149229
 (DE) 100%



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

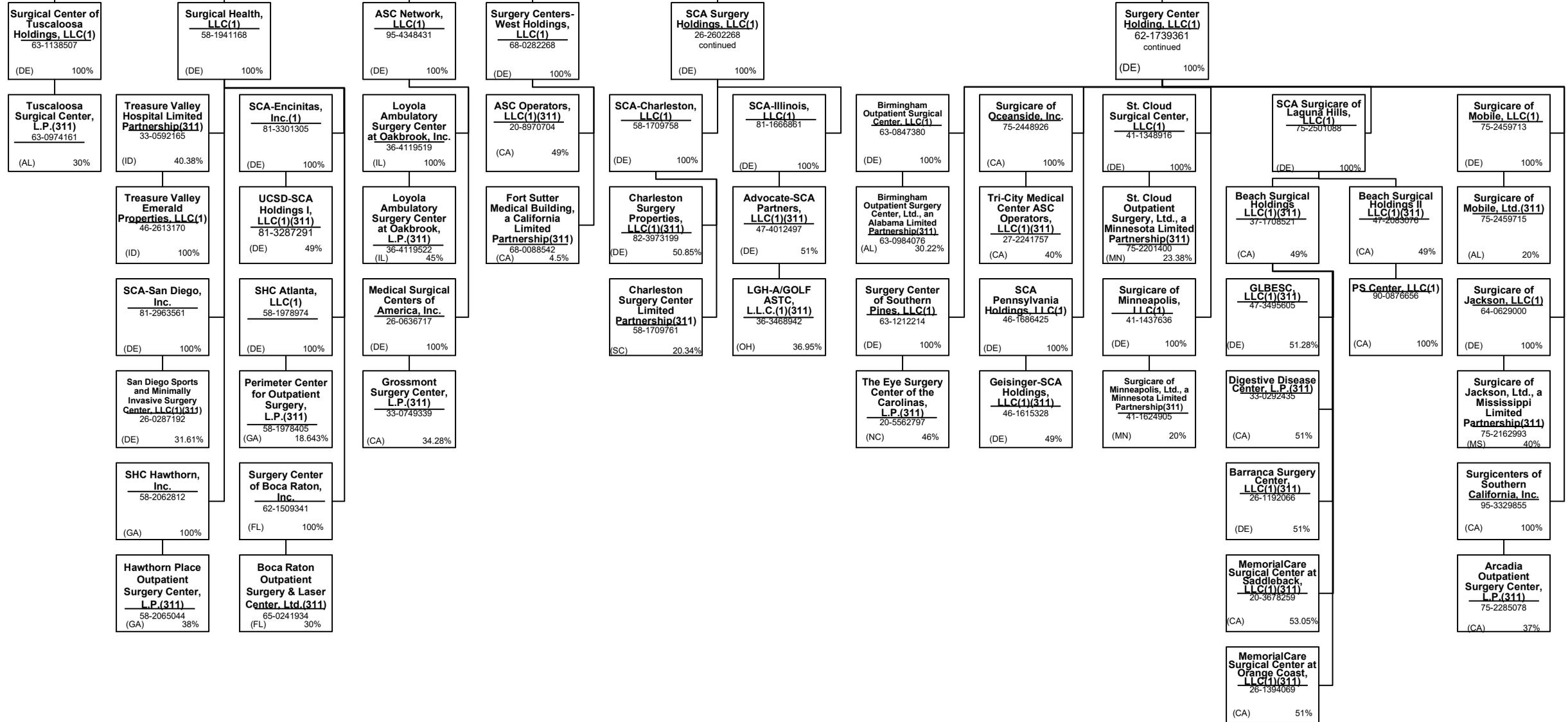
PART 1 – ORGANIZATIONAL CHART

NOTE: All Companies below are minority owned entities of Surgical Care Affiliates, LLC.



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

PART 1 – ORGANIZATIONAL CHART

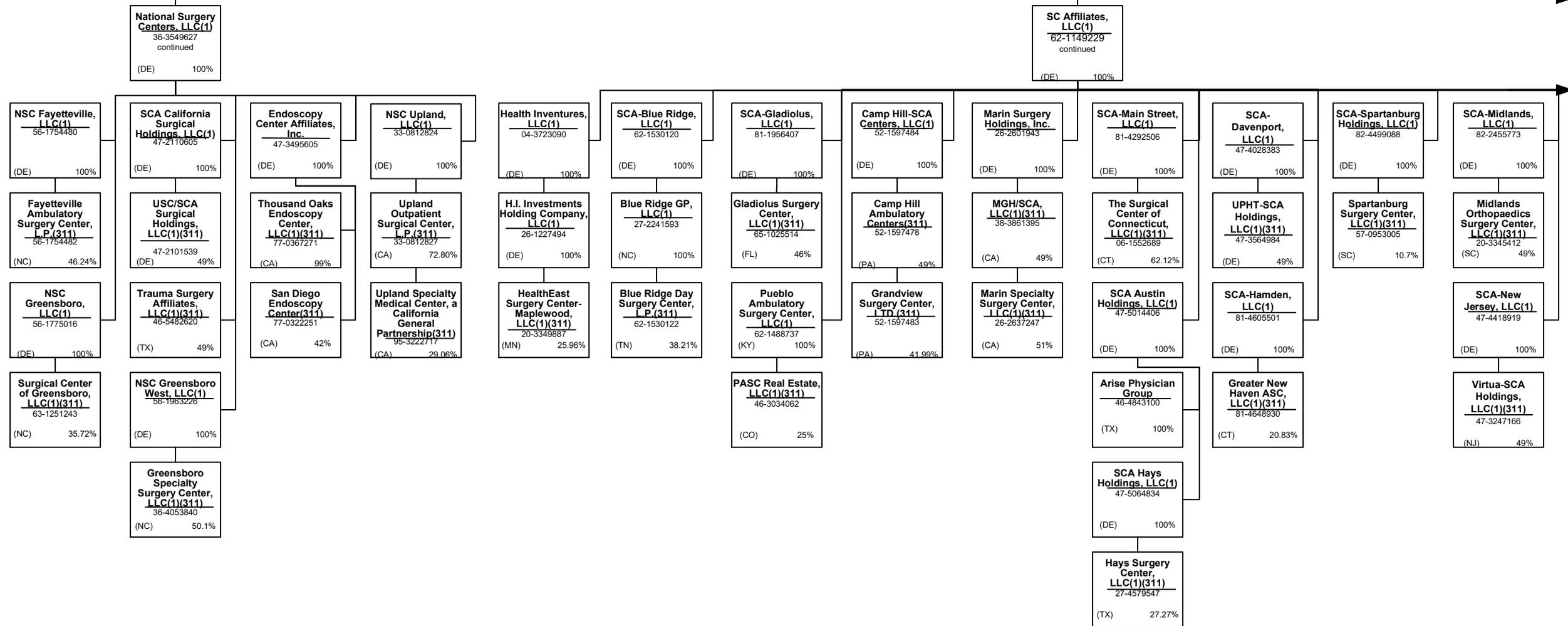
NOTE: All Companies below are minority owned entities of Surgical Care Affiliates, LLC.



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

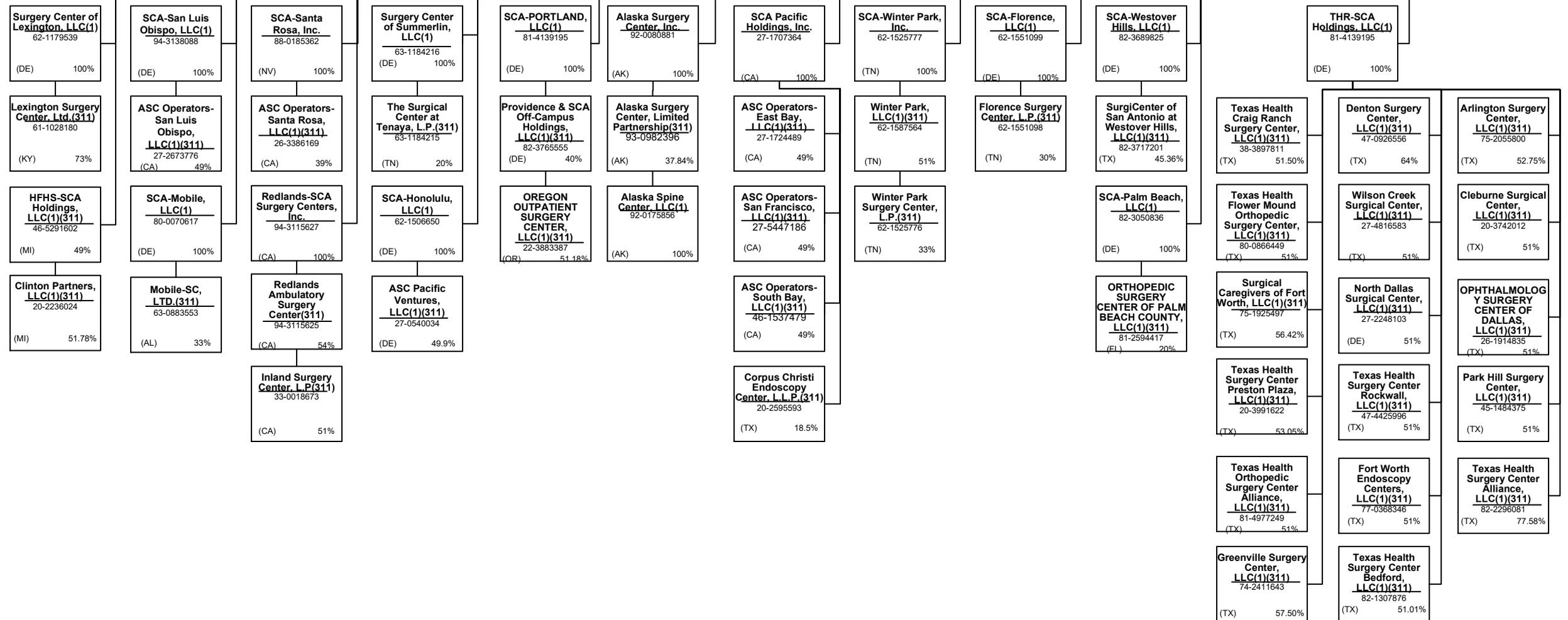
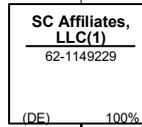
PART 1 – ORGANIZATIONAL CHART

NOTE: All Companies below are minority owned entities of Surgical Care Affiliates, LLC.



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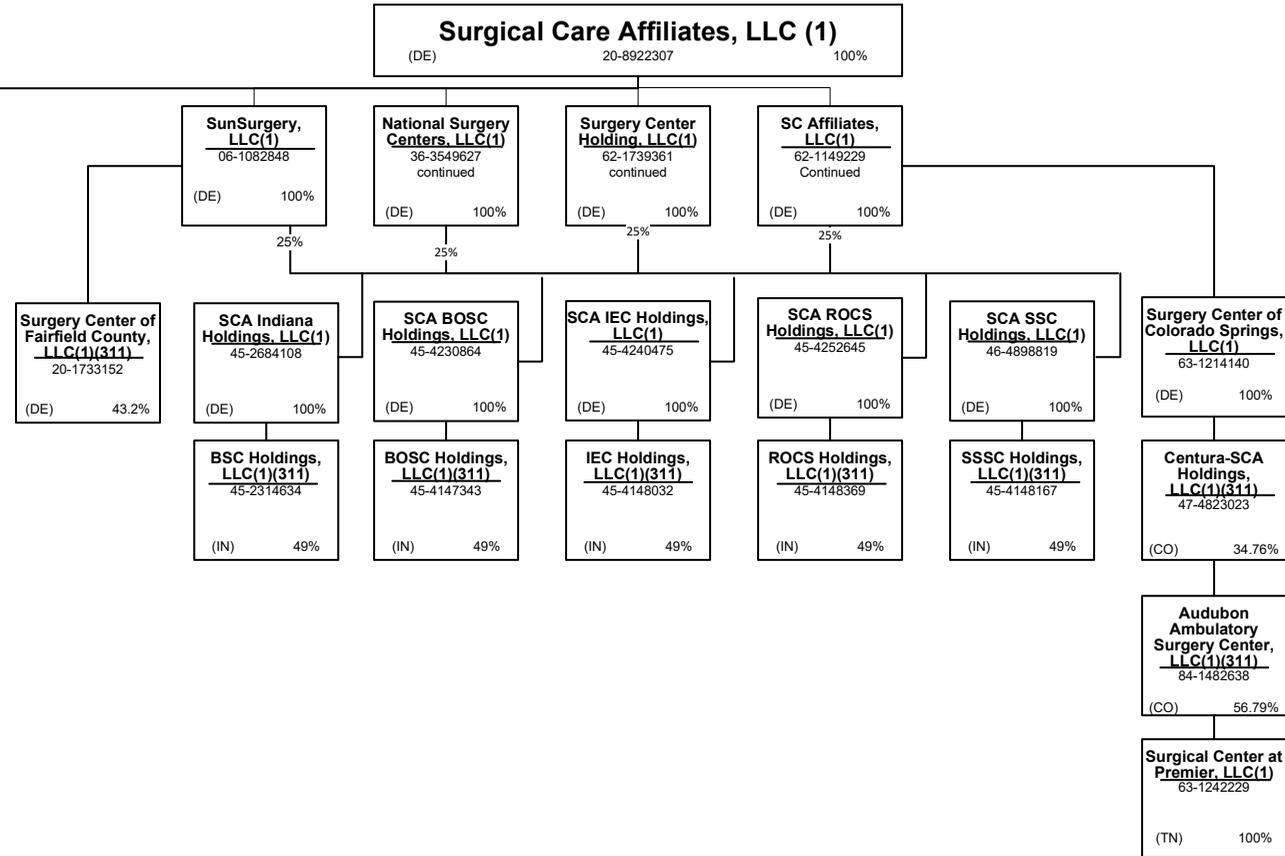
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SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

NOTE: All Companies below are minority owned entities of Surgical Care Affiliates, LLC.

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

PART 1 – ORGANIZATIONAL CHART

Physician Owned Entities

Domiciliary			Domiciliary			Domiciliary		
Name	Location	ID Number	Name	Location	ID Number	Name	Location	ID Number
AppleCare Hospitalists Medical Group, Inc.	CA	14-1890491	MedExpress Urgent Care – New Jersey, P.C.	NJ	45-5388778	Monarch HealthCare, A Medical Group, Inc.	CA	33-0587660
AppleCare Medical ACO, LLC	CA	45-2852872	MedExpress Urgent Care - Northern New Jersey PC	NJ	83-2089623	Monarch Hospice, LLC	CA	30-0606451
AppleCare Medical Group St. Francis, Inc.	CA	33-0845269	MedExpress Urgent Care Arizona, P.C.	AZ	81-4030280	NAMM Medical Group Holdings, Inc.	CA	56-2627070
AppleCare Medical Group, Inc.	CA	33-0898174	MedExpress Urgent Care Arkansas, P.A.	AR	46-4348120	NAMM MGH, Inc.	CA	61-1627269
Aspectus, Inc.	MA	04-3403101	MedExpress Urgent Care California, P.C.	CA	82-0930142	Optum Clinic, P.A.	TX	75-2778455
Bexar Imaging Center, LLC	TX	22-3858211	MedExpress Urgent Care Connecticut, P.C.	CT	81-1956812	Optum Medical Services of California, P.C.	CA	30-0826311
California Spring Holdings, PC	CA	81-0881243	MedExpress Urgent Care Idaho, P.C.	ID	82-1135336	Optum Medical Services, P.C.	NC	45-3866363
Centers for Family Medicine, GP	CA	33-0483510	MedExpress Urgent Care Illinois, P.C.	IL	47-4308614	Physician Partners Medical Group, Inc.	CA	30-0516435
Centers for Family Medicine, GP	CA	33-0483510	MedExpress Urgent Care Iowa, P.C.	IA	81-5353472	Primary Care Associated Medical Group, Inc.	CA	33-0527335
David Moen, M.D. P.C.	NY		MedExpress Urgent Care Kansas, P.A.	KS	47-1919283	Prime Community Care, Inc.	CA	30-0516440
David R. Ferrell, M.D., P.C.	NV	45-2380022	MedExpress Urgent Care Minnesota P.C.	MN	81-1125396	ProHEALTH Accountable Care Medical Group, PLLC	NY	45-4469117
Day-Op Center of Long Island Inc.	NY		MedExpress Urgent Care Missouri P.C.	MO	47-3132625	ProHEALTH Ambulatory Surgery Center, Inc.	NY	11-3447394
Durable Medical Equipment, Inc.	MA	04-3106404	MedExpress Urgent Care North Carolina, P.C.	NC	81-5138747	ProHEALTH Care Associates LLP	NY	11-3355604
Greater Phoenix Collaborative Care, P.C.	AZ	27-2337725	MedExpress Urgent Care Oregon, P.C.	OR	82-1919436	ProHealth Physicians, P.C.	CT	06-1469068
Greater Phoenix Collaborative Care, P.C.	AZ	27-2337725	MedExpress Urgent Care Rhode Island, P.C.	RI	81-5362765	ProHEALTH Urgent Care Medicine of New Jersey LLP	NJ	47-5661535
Homecare Dimensions of Florida, Inc.	TX		MedExpress Urgent Care South Carolina, P.C.	SC	81-5380706	ProHEALTH Urgent Care Medicine, PLLC	NY	46-1883579
Homecare Dimensions, Inc.	TX		MedExpress Urgent Care Texas, P.A.	TX	47-5147441	Redlands Family Practice Medical Group, Inc.	CA	56-2627067
IN Style OPTICAL, LLC	MA	27-3296953	MedExpress Urgent Care Washington, P.C.	WA	82-2443118	Reliant Medical Group, Inc.	MA	22-2912515
Inland Faculty Medical Group, Inc.	CA	33-0618077	MedExpress Urgent Care Wisconsin, S.C.	WI	81-4281678	Riverside Pediatric Group, P.C.	NJ	22-3624559
Inspiris Medical Services of New Jersey, P.C.	NJ	45-2563134	MedExpress Urgent Care, Inc. – West Virginia	WV	26-4546400	Robert B. McBeath, M.D. II, P.C.	NV	86-0857176
INSPIRIS of Michigan Medical Services, P.C.	MI	27-1561674	MedExpress Urgent Care, P.C. – Georgia	GA	47-1804667	Robert B. McBeath, M.D. III, P.C.	NV	
INSPIRIS of New York Medical Services, P.C.	NY	13-4168739	MedExpress Urgent Care, P.C. – Indiana	IN	90-0929572	Robert B. McBeath, M.D., Professional Corporation	NV	88-0310956
INSPIRIS of Pennsylvania Medical Services, P.C.	PA		MedExpress Urgent Care, P.C. – Maryland	MD	45-3461101	Surgical Eye Experts, LLC	MA	
March Vision Care Group, Incorporated	CA	95-4874334	MedExpress Urgent Care, P.C. – Massachusetts	MA	47-1857908	Surgicare of La Veta, Ltd.	CA	75-2507129
March Vision Care IPA, Inc.	NY	27-3115058	MedExpress Urgent Care, P.C. – Michigan	MI	46-4793937	TeamMD Physicians, P.C.	IA	30-0445773
Mat-Rx Development, L.L.C.	TX	43-1967820	MedExpress Urgent Care, P.C. – Oklahoma	OK	47-1824365	Urgent Care New York, P.C.	NY	82-2400620
ME Urgent Care Nebraska, Inc.	NE	81-0936574	MedExpress Urgent Care, P.C. – Pennsylvania	PA	26-3750502	USMD of Arlington GP, L.L.C.	TX	73-1662757
MedExpress Employed Services, Inc.	DE	81-1265129	MedExpress Urgent Care, P.C. – Tennessee	TN	45-4973138	Waypoint Minnesota PC	MN	46-2854394
MedExpress Primary Care Arizona P.C.	AZ	81-4550969	MedExpress Urgent Care, P.C. – Virginia	VA	45-3123110	WellMed Medical Group, P.A.	TX	74-2574229
MedExpress Primary Care Kansas, P.A.	KS	81-4605885	MedExpress Urgent Care, P.S.C. - Kentucky	KY	83-1565124	WellMed Network of Florida, Inc.	TX	35-2314192
MedExpress Primary Care Maryland, P.C.	MD	82-3384324	MedExpress, Inc. – Delaware	DE	45-5436856	WellMed Networks, Inc.	TX	74-2889447
MedExpress Primary Care Massachusetts, P.C.	MA	82-1096099	Medical Clinic of North Texas, PLLC	TX	75-2566987	WellMed of Las Cruces, Inc.	TX	92-0183013
MedExpress Primary Care Minnesota P.C.	MN	81-4396738	Medical Support Los Angeles, A Medical Corporation	CA	95-4708497	WND Medical, PLLC	TX	45-2158334
MedExpress Primary Care Oklahoma, P.C.	OK	83-1077265	Memorial Healthcare IPA, GP	CA	95-4688463	XLHome Michigan, P.C.	MI	46-3537245
MedExpress Primary Care South Carolina, P.C.	SC	83-0764858	Memorial Healthcare IPA, GP	CA	95-4688463	XLHome Northeast, P.C.	NJ	45-5530241
MedExpress Primary Care Virginia, P.C.	VA	82-3395792	MHCH, Inc.	CA	80-0507474	XLHome Oklahoma, Inc.	OK	46-2931689
MedExpress Primary Care West Virginia, Inc.	WV	82-4401181	Mobile Medical Services, P.C.	NY	30-0445773	XLHome, P.C.	MD	27-3543997
MedExpress Primary Care Wisconsin, S.C.	WI	81-4563448	Monarch Health Plan, Inc.	CA	22-3935634			

Note: Represents physician-owned entities where the ultimate owner is deemed to have influence over the entity.

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

Notes

All legal entities on the Organization Chart are Corporations unless otherwise indicated.

- (1) Entity is a Limited Liability Company
- (2) Entity is a Partnership
- (3) Entity is a Non-Profit Corporation
- (4) Control of the Foundation is based on sole membership, not the ownership of voting securities
- (5) COI Participações S.A. is 89.10289% owned by Esho – Empresa de Serviços Hospitalares S.A. and 10.8971% owned by COIPAR Participações S.A.
- (6) Health Net Services (Cayman) PIC is a Cayman exempted company registered by way of Continuation from Bermuda to the Cayman Islands.
- (7) UnitedHealthcare India Private Limited is 99.999335% owned by OptumHealthInternational B.V. and 0.000665% owned by UnitedHealth International, Inc. OptumHealth International BV holds 100% of the issued preference shares.
- (8) General partnership interests are held by United HealthCare Services, Inc. (89.77%) and by UnitedHealthcare, Inc. (10.23%). United HealthCare Services, Inc. also holds 100% of the limited partnership interests. When combining general and limited partner interests, United HealthCare Services, Inc. owns 94.18% and UnitedHealthcare, Inc. owns 5.83%.
- (9) Newton Holdings, LLC, is 80.1% owned by Collaborative Care Holdings, LLC and the remaining 19.9% is owned by outside shareholders.
- (10) WellMed Medical Management, Inc. is 85% owned by Collaborative Care Holdings, LLC and 15% owned by WMG Healthcare Partners, L.P.
- (11) Seisa Serviços Integrados de Saúde Ltda is 99.99% owned by Amil Assistência Médica Internacional S.A. and 0.00001% owned by Cemed Care – Empresa de Atendimento Clínico Geral Ltda.
- (12) Optum Health & Technology (India) Private Limited is 99.9995% owned by OptumHealth International B.V. and 0.0005 % owned by United Behavioral Health.
- (13) INSPIRIS of Texas Physician Group is a Texas non-profit (taxable) whose sole member is Inspiris Services Company.
- (14) PrimeCare of Citrus Valley, Inc. is 80% owned by PrimeCare Medical Network, Inc. and 20% owned by Citrus Valley Medical Associates, Inc.
- (15) Optum Clinics Holdings, Inc. is 97.2% owned by Collaborative Care Holdings, LLC and 2.8% is owned by external shareholders.
- (16) Optum Global Solutions (India) Private Limited is 99.999466 % owned by Optum Global Solutions International BV and 0.000534% UnitedHealth International, Inc. as nominee of Optum Global Solutions International BV per India requirement to have two shareholders.
- (17) Amico Saúde Ltda. is 98.927933% owned by Amil Assistência Médica Internacional S.A. and 1.072067% owned by Cemed Care – Empresa de Atendimento Clínico Geral Ltda.
- (18) Esho – Empresa de Serviços Hospitalares S.A. is 99.667% owned by Amil Assistência Médica Internacional S.A. and the remaining 0.31798923769% is owned by external shareholders and 0.01462081847% is owned by Treasury Shares.
- (19) Etho – Empresa de Tecnologia Hospitalar Ltda. 82.642% owned by Amil Assistência Médica Internacional S.A. and 17.358% owned by an external shareholder.
- (20) Orthology, Inc. is 98% owned by UnitedHealth Group Ventures, LLC and 2% owned by external shareholders.
- (21) Medalliance Net Ltda. is owned 99.999985% by Optum Health & Technology Serviços do Brasil Ltda. and 0.000015% by UHG Brasil Participações S.A.
- (22) Branch offices in Iraq and Uganda.

- (23) Cemed Care Empresa de Atendimento Clínico Geral Ltda. Is 99.9999996% owned by Amil Assistência Médica Internacional S.A. and 0.000004% owned by Esho – Empresa de Serviços Hospitalares S.A.
- (24) Optum 360, LLC is 69% owned by Optum Rocket, Inc; the remaining 31% is owned by external holders.
- (25) Optum Health & Technology Serviços do Brasil Ltda. is 99.9964% owned by Optum Global Solutions International B.V. and .0036% owned by OptumInsight, Inc.
- (26) Bosque Medical Center Ltda. is 82.58% owned by Amil Assistência Médica Internacional S.A. and 17.41182% owned by Esho – Empresa de Serviços Hospitalares S.A.
- (27) H&W Indemnity (SPC), Ltd. is an exempted segregated portfolio company organized under the laws of the Cayman Islands and holds a Cayman insurance license.
- (28) Real Appeal, Inc. is 98% owned by Rally Health, and the remaining 2% is owned by external shareholders.
- (29) Optum Global Solutions (Philippines), Inc. is 99.992% owned by Optum Global Solutions International B.V., and the remaining 0.008% is held by individual shareholders who are directors of the company.
- (30) Amil Clinical Research Participações Ltda. is 99.95% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.05% owned by Cemed Care – Empresa de Atendimento Clínico Geral Ltda.
- (31) Imed Star Serviços de Desempenho Organizacional Ltda. is 99.99998% owned by Optum Health & Technology Serviços do Brasil Ltda and 0.00002% owned by UHG Brasil Participações S.A.
- (32) Hospital de Clínicas de Jacarepaguá Ltda. is 99.999999% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.000001% is owned by Cemed Care – Empresa de Atendimento Clínico Geral Ltda.
- (33) Hospital Alvorada Taguatinga Ltda. is 82.595% owned by Amil Assistência Médica Internacional S.A., 9.90% by Bosque Medical Center Ltda., and 5.06% is owned by Hospital Samaritano de São Paulo Ltda.
- (34) Registered as foreign shareholder in Brazil. Optum Global Solutions International B.V. is held 97.48% by Optum Technology, Inc. and 2.52% by OptumHealth International B.V.
- (35) FrontierMEDEX Kenya Limited is 99.9% owned by UnitedHealthcare Global Medical (UK) Limited and 0.1% owned by UnitedHealthcare International I B.V.
- (36) UnitedHealthcare Global Canada Limited is registered in Nova Scotia and Newfoundland & Labrador.
- (37) The limited partners of UnitedHealth Group International, L.P. include FMG Holdings, LLC (29.39634%), and UnitedHealth Group Incorporated (70.60366%).
- (38) Polar II Fundo de Investimento em Participações is a Brazilian private equity investment fund incorporated in the form of a closed-end condominium.
- (39) Optum Global Solutions International B.V. is 97.48% owned by Optum Technology, Inc. and 2.52% is owned by OptumHealth International B.V.
- (40) Amil Assistência Médica Internacional S.A. is 91.81% owned by Polar II Fundo de Investimento em Participações and the remaining 8.19% is owned by the former controlling shareholders of Amil Assistência Médica Internacional S.A.
- (41) Lusiadas A.C.E. is 55% owned by Lusiadas, SGPS, S.A., 10% owned by Lusiadas – Parcerias Cascais, S.A., 20% owned by Lusiadas, S.A., 5% owned by Clínica Médico Cirúrgica de Santa Tecla, S.A. and 10% owned by CLISA – Clínica de Santo António, S.A.
- (42) Centro Médico PJ Ltda. is 99.99998% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.00002% is owned by Cemed Care – Empresa de Atendimento Clínico Geral Ltda.

- (43) Frontier Medex Tanzania Limited is 99% owned by UnitedHealthcare Global Medical (UK) Limited. The remaining 1% is owned by a former officer of Frontier MEDEX Limited and is being transferred to UnitedHealthcare International I BV.
- (44) Optum Solutions do Brasil – Tecnologia e Serviços de Suporte Ltda., is 99.999998% owned by Optum Global Solutions International B.V. and 0.00002% owned by OptumInsight, Inc.(45) Multiangio Ltda. is 93% owned by Esho – Empresa de Serviços Hospitalares S.A. and the remaining 7% is owned by external shareholders.
- (46) Polo Holdco, LLC is 80.1% owned by Collaborative Care Holdings, LLC and the remaining 19.9% being owned by an outside third party.
- (47) Excellion Serviços Biomédicos Ltda is 99.999997% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.000003% is owned by Cemed Care - Empresa de Atendimento Clínico Geral Ltda.
- (48) Hospital Samaritano de São Paulo Ltda. is 99.9999998% owned by Esho – Empresa de Serviços Hospitalares S.A. and the remaining 0.0000002% is owned by Hospital Alvorada Taguatinga Ltda.
- (49) Optum360 Services, Inc. is 69% owned by Optum Rocket, Inc. and the remaining 31% is owned by external investors.
- (50) ABCO India Private Limited is 99% owned by ABCO International Holdings, LLC and 1% owned by The Advisory Board Company.
- (51) Branch office located in the United States.
- (52) UnitedHealthcare Insurance Company has a representative office in Beijing, China.
- (53) ProHEALTH Medical Management, LLC is 80% owned by Collaborative Care Holdings, LLC and 20% owned by an external shareholder.
- (54) ProHEALTH Fitness of Lake Success, LLC is 82.62% owned by ProHEALTH Medical Management, LLC and 17.38% by an external shareholder.
- (55) Savvysherpa Asia, Inc. is 99% owned by Savvysherpa, LLC and the remaining 1% is owned by a number of individual shareholders.
- (56) Fortify Technologies Asia, LLC is 99% owned by Savvysherpa, LLC and the remaining 1% is owned by a number of individual shareholders.
- (57) Virtual Therapeutics Corporation is 67% owned by Savvysherpa, LLC and the remaining 33.4% is owned by an outside third party.
- (58) BriovaRx Infusion Services 301, LP is 99.95% owned by AxelaCare Holdings, Inc. with the remaining 0.05% interest as a limited partner being held by BriovaRx Infusion Services 305, LLC.
- (59) XLHealth Corporation holds 99.998%, UnitedHealth International, Inc. holds .002%.
- (60) Hospitais Associados de Pernambuco Ltda. is 99.99992% owned by Esho – Empresa de Serviços Hospitalares S.A. and the remaining 0.00008% is owned by Hospital Alvorada Taguatinga Ltda
- (61) Topimagem Diagnóstico por Imagem Ltda. is 99% owned by Esho – Empresa de Serviços Hospitalares S.A., and the remaining 1% interest is owned by external shareholders.
- (62) Dilab – Medicina Nuclear Ltda is 95% owned by Esho – Empresa de Serviços Hospitalares S.A. and the remaining 5% is owned by external shareholders.
- (63) WellMed Networks – DFW, Inc. is 50% owned by WellMed Networks, Inc. and 50% owned by USMD Inc. WellMed Medical Management, Inc. controls 100% of WellMed Networks - DFW.
- (64) Clínica Oftalmológica Danilo de Castro Sociedade Simples is 99.66% owned by Hospital Alvorada de Taguatinga Ltda. and the remaining 0.333333% is owned by Lotten-Eyes Oftalmologia Clínica e Cirúrgica Ltda.
- (65) Lotten-Eyes Oftalmologia Clínica e Cirúrgica Ltda. is 99.99% owned by Hospital Alvorada de Taguatinga Ltda. and the remaining 0.000012% is owned by Esho – Empresa de Serviços Hospitalares S.A.

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

All legal entities on the Organization Chart are Corporations unless otherwise indicated.

- (66) CMO – Centro Médico de Oftalmologia S/S Ltda. is 99% owned by Hospital Alvorada de Taguatinga Ltda. and the remaining 1% is owned by Lotten-Eyes Oftalmologia Clinica e Cirurgica Ltda.
- (67) UHCG-FZE is registered in the Dubai Silicon Oasis free zone.
- (68) Elual Participações S.A. is 60% owned by Amil Assistência Médica Internacional S.A. and 40% by Esho – Empresa de Serviços Hospitalares S.A.
- (69) Hospital Santa Helena S.A. is 65.21% owned by Elual Participações S.A. and 33.60% owned by Esho – Empresa de Serviços Hospitalares S.A. and 1.19% is owned by external shareholder
- (70) Santa Helena Assistência Médica S.A. is 65.21% owned by Elual Participações S.A. and the remaining 33.60% is owned by Amil Assistência Médica Internacional S.A. and 1.19% is owned by external shareholder.
- (71) Registered branches in Australia and the UK.(72) Hospital Ana Costa S.A. is 98.66950% owned by Plano de Saúde Ana Costa Ltda.,1.04247% by Hospital Alvorada Taguatinga Ltda. and the remaining 0.28802% is owned by external shareholders.
- (73) The remaining 42.50% is owned by multiple sources.
- (74) The remaining 0.0001% is owned by Amil Assistência Médica Internacional S.A.
- (75) The remaining 32.06% is owned by multiple sources.
- (76) Hospital Alvorada de Taguatinga Ltda. decreased its ownership in Casa de Saúde Santa Therezinha S.A. from 100% to 99.99%. The remaining 0.000001% is owned by Esho – Empresa de Serviços Hospitalares S.A.
- (77) The remaining 49% is owned by multiple sources.
- (78) The remaining 0.0005% is owned by Hospital Alvorada Taguatinga Ltda.
- (79) The remaining 26.96% is owned by multiple sources.
- (80) Registered in the Dubai Healthcare City free zone.
- (81) UnitedHealthcare International X S.á.r.l. (holds 100% of the common shares, 403,948,524 common shares).
UnitedHealthcare International V S.á.r.l. (holds 100% of the preferred shares, 513,899,520)
- (82) Plano de Saúde Ana Costa Ltda. is 74.85961% owned by Amil Assistência Médica Internacional S.A. and the remaining 25.14039% is owned by Santos Administração e Participações S.A.
- (83) OptumInsight, Inc. is registered as foreign shareholders in Brazil.
- (84) The remaining 49% is owned by multiple sources.
- (85) The remaining 28% is owned by multiple sources.
- (86) The remaining 37.26% is owned by multiple sources.
- (87) The remaining 49.59% is owned by multiple sources.
- (88) The remaining 37.88% is owned by multiple sources.
- (89) The remaining 49.28% is owned by multiple sources..
- (90) The remaining 23.55% is owned by multiple sources.
- (91) The remaining 39% is owned by multiple sources.
- (92) The remaining 1% is owned by multiple sources.
- (93) The remaining 45.97% is owned by multiple sources.
- (94) The remaining 38.80% is owned by multiple sources.
- (95) The remaining 49% is owned by multiple sources.
- (96) The remaining 16.51% is owned by multiple sources.
- (97) The remaining 45% is owned by multiple sources.
- (98) The remaining 27.20% is owned by multiple sources.
- (99) The remaining 49.15% is owned by multiple sources.
- (100) The remaining 45% is owned by multiple sources.
- (101) The remaining 33% is owned by multiple sources.

- (102) UnitedHealthcare International X S.á.r.l. (holds 100% of the common shares, 403,948,524 common shares).
UnitedHealthcare International V S.á.r.l. (holds 100% of the preferred shares, 513,899,520)
- (103) The remaining 0.01% is owned by an individual shareholder.
- (104) The remaining 1% is owned by multiple sources.
- (105) The remaining 49.82% is owned by multiple sources.
- (106) The remaining 32.05% is owned by multiple sources.
- (107) The remaining 46.77% is owned by multiple sources.
- (108) The remaining 34.6% is owned by multiple sources.
- (109) The remaining 41.58% is owned by multiple sources.
- (110) The remaining 21.13% is owned by multiple sources.
- (111) The remaining 50% is owned by multiple sources.
- (112) The remaining 19.9% is owned by Nineteen.Nine Holdings, LLC.
- (113) The remaining 0.01% is owned by an individual shareholder.
- (114) The remaining 42.46% is owned by multiple sources.
- (115) The remaining 49% is owned by multiple sources.
- (116) The remaining 47.55% is owned by multiple sources.
- (117) The remaining 2% is owned by multiple sources.
- (118) The remaining 45.91% is owned by multiple sources.
- (119) The remaining 23% is owned by multiple sources.
- (120) The remaining 3% is owned by multiple sources.
- (121) The remaining 54.93% is owned by multiple sources.
- (122) The remaining 43% is owned by multiple sources.
- (123) The remaining 8% is owned by multiple sources.
- (124) The remaining 47.81% is owned by multiple sources.
- (125) The remaining 45% is owned by multiple sources.
- (126) The remaining 41% is owned by multiple sources.
- (127) The co-founders of Pacifica Labs, Inc. own the remaining 14.21%.
- (128) The remaining 50% is owned by multiple sources.
- (129) The remaining 41% is owned by multiple sources.
- (130) The remaining 50% is owned by multiple sources.
- (131) The remaining 40.68% is owned by multiple sources.
- (132) The remaining 51.50% is owned by multiple sources.
- (133) The remaining 49.9% is owned by multiple sources.
- (134) The remaining 13% is owned by multiple sources.
- (135) The remaining 39.17% is owned by multiple sources.
- (136) The remaining 49% is owned by multiple sources.
- (137) The remaining 46.34% is owned by multiple sources.
- (138) The remaining 35% is owned by multiple sources.
- (139) The remaining 48.06% is owned by multiple sources.
- (140) The remaining 46% is owned by multiple sources.
- (141) The remaining 45% is owned by multiple sources.
- (142) The remaining 43.31% is owned by multiple sources.
- (143) The remaining 49.02% is owned by multiple sources.
- (144) The remaining 45.73% is owned by multiple sources.
- (145) The remaining 45% is owned by multiple sources.
- (146) The remaining 27.47% is owned by multiple sources.
- (147) The remaining 45.46% is owned by multiple sources.
- (148) The remaining 43.16% is owned by multiple sources.
- (149) The remaining 23.26% is owned by multiple sources.
- (150) The remaining 41.30% is owned by multiple sources.
- (151) The remaining 49% is owned by multiple sources.
- (152) The remaining 36.7% is owned by multiple sources.

- (153) The remaining 26.96% is owned by multiple sources.
- (154) The remaining 40.35% is owned by multiple sources (155-165) TBD
- (166) The remaining 29% is owned by multiple sources.
- (167) The remaining 49% is owned by multiple sources.
- (168) The remaining 49% is owned by multiple sources.
- (169) The remaining 50% is owned by multiple sources.
- (170) The remaining 40.41% is owned by multiple sources.
- (171) The remaining 44.49% is owned by multiple sources.
- (172) The remaining 49% is owned by multiple sources. (173-218) TBD
- (219) The remaining 49% is owned by multiple sources.
- (220) The remaining 50% is owned by multiple sources.
- (221) Hygeia Corporation, a Delaware corporation, acquired a 1.28978% ownership interest in FMG Holdings LLC, a Delaware limited liability company.
- (223) The remaining 40% is owned by multiple sources.
- (224) The remaining 49% is owned by multiple sources.
- (225) The remaining 48.7% is owned by multiple sources.
- (226) The remaining 31.14% is owned by multiple sources.
- (227) The remaining 49% is owned by multiple sources.
- (228) The remaining 49% is owned by multiple sources.
- (229) The remaining 35.75% is owned by multiple sources.
- (230) The remaining 55.33% is owned by multiple sources.
- (231) The remaining 49% is owned by multiple sources.
- (232) The remaining 49% is owned by multiple sources.
- (233) The remaining 49% is owned by multiple sources.
- (234) The remaining 26% is owned by multiple sources.
- (235) The remaining 47.42% is owned by multiple sources
- (236) The remaining 1.77% is owned by external shareholders.
- (237) The remaining 0.1% is owned by Inversiones Clínicas Santa María S.A.
- (238) Minority ownership is held by third party shareholders. Corporate name is Inmobiliaria Santa María S.A.
- (239) The remaining 0.0001% is owned by Clínica Dávila y Servicios Médicos S.A.
- (240) Constructora Inmobiliaria Megapoq S.A owns 1 share.
- (241) The remaining 0.0001% is owned by Saden S.A.
- (242) Minority ownership is held by several third party shareholders.
- (243) In accordance to a capital increase executed on 2018, Clínica Santa María S.A. owns 99.9% of the shares. Minority ownership is held by Sociedad de Inversiones Santa María S.A.
- (244) The remaining 0.2569% is owned by Clínica Dávila y Servicios Médicos S.A.
- (245) The remaining 0.8238% is owned by Clínica Santa María S.A.
- (246) The remaining 0.009% is owned by Clínica Santa María S.A.
- (247) The remaining 0.10% is owned by Clínica Santa María S.A.
- (248) The remaining 50% is owned by Clínica Santa María S.A.
- (249) The remaining 1% is owned by Servicios Integrados de Salud Ltda.
- (250) The remaining 1% is owned by Servicios Integrados de Salud Ltda.
- (251) The remaining 0.1% is owned by Inmobiliaria Apoquindo 3600 Ltda.
- (252) The remaining 0.02% is owned by Saden S.A.
- (253) The remaining 0.0001% is owned by Saden S.A.
- (254) The remaining 0.159% is owned by Saden S.A.
- (255) The remaining 0.01% is owned by Saden S.A.
- (256) The remaining 0.01% is owned by Clínica Dávila y Servicios Médicos S.A.
- (257) The remaining 25.75% is owned by several third party shareholders.
- (258) The remaining 6.55% is owned by third party shareholders.
- (259) The remaining 0.1% is owned by Servicios Amed Quilpué S.A.

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

Notes

All legal entities on the Organization Chart are Corporations unless otherwise indicated.

- (260) The remaining 0.1% is owned by Laboratorios Médicos Amed Quilpué S.A.
- (261) The remaining 50% is owned by Gorki Osorio Vargas (25%) and Danilo Valderrama Torrealba (25%).
- (262) The remaining 0.1% is owned by Simón Sacks Link.
- (263) The remaining 15.5% is owned by third party shareholders.
- (264) The remaining 6,66% is owned by Centromed Quilpué S.A.
- (265) The remaining 0.000065% is owned by Clínica Dávila y Servicios Médicos S.A.
- (266) The remaining 0.0001% is owned by Banmédica S.A.
- (267) The remaining 1% is owned by Saden S.A.
- (268) The remaining 0.0001% is owned by Banmédica S.A.
- (269) The remaining 1% is owned by Saden S.A.
- (270) The remaining 0.0001% is owned by Banmédica S.A.
- (271) The remaining 1% is owned by Saden S.A.
- (272) Inmobiliaria Megapoq S.A owns 1 share (0,0000%)
- (273) The remaining 7.62% is owned by Banmédica Colombia S.A. (7.619%), Juan Guillermo Ruiz (0.000142%) and Servicios Legales Corporativos Ltda. (0.000142%).
- (274) No information of the minority shareholder(s) has been provided.
- (275) No information of the minority shareholder(s) has been provided.
- (276) No information of the minority shareholder(s) has been provided.
- (277) No information of the minority shareholder(s) has been provided.
- (278) The other shareholder, with the other 50% is El Pacífico-Peruano Suiza Compañía de Seguros y Reaseguros S.A., part of the Credicorp Group
- (279) No information of the minority shareholder(s) has been provided.
- (280) No information of the minority shareholder(s) has been provided.
- (281) No information of the minority shareholder(s) has been provided.
- (282) No information of the minority shareholder(s) has been provided.
- (283) No information of the minority shareholder(s) has been provided.
- (284) No information of the minority shareholder(s) has been provided.
- (285) No information of the minority shareholder(s) has been provided.
- (286) The remaining 0.0001% is owned by Clínica Dávila y Servicios Médicos S.A.
- (287) The remaining 0.00004% is owned by Saden S.A.
- (288) The remaining 0.00004% is owned by Saden S.A.
- (289) The remaining 0.0017% is owned by Saden S.A.
- (290) The remaining 0.0001% is owned by Saden S.A.
- (291) The remaining 0.08% is owned by Clínica Dávila y Servicios Médicos S.A.
- (292) TBD
- (293) No information of the other shareholder(s) has been provided.
- (294) The remaining 0.3% is owned by Inmobiliaria Apoquindo 3001 S.A.

- (294) Inmobiliaria Megapoq S.A owns 1 share (0,0000%)
- (295) The remaining 0.0001% is owned by Saden S.A.
- (296) The remaining 0.0008% is owned by Vida Tres Internacional S.A.
- (297) The remaining 0.01% is owned by Saden S.A.
- (298) Currently undergoing a liquidation procedure
- (299) No information of the other shareholder(s) has been provided
- (300) No information of the other shareholder(s) has been provided
- (301) Banmédica S.A. owns 9.67% and Promotora del Country S.A. (Colombia) owns 0.23%. This Patrimony has two business units (Conuntry and Hill).
- (302) The remaining 49.2% is owned by third party shareholders.
- (303) The remaining 49% is owned by multiple sources.
- (304) The remaining 49% is owned by multiple sources
- (305) The remaining 27.47% is owned by multiple sources
- (306) The remaining 49% is owned by multiple sources
- (307) The remaining 50% is owned by multiple sources.
- (308) The remaining 33% is owned by multiple sources.
- (309) The remaining 44.64% is owned by multiple sources.
- (310) The remaining 19.9% is owned by an external third party.
- (311) This entity is a minority-owned entity for which the ultimate owner, UnitedHealth Group, Inc., is deemed to have influence over the entity. The remaining ownership is by a non-affiliated entity or entities.

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Assets Line 25

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
2504. Prepaid Commissions	94	94	0	0
2505. Federally-Facilitated Exchange User Fees Receivable	0	0	0	1,116
2597. Summary of remaining write-ins for Line 25 from overflow page	94	94	0	1,116

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 25

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
2504. Information Technology	178,763	144,564	490,213	0	813,540
2505. Interest	31,869	25,772	371,831	0	429,472
2506. Miscellaneous Losses	2,632	2,128	6,209	0	10,969
2597. Summary of remaining write-ins for Line 25 from overflow page	213,264	172,464	868,253	0	1,253,981

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