



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2016
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, Omaha, NE, US 68164-9672
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 2717 North 118th Street
(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, 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 9700 Healthcare Lane MN017-E900
(Street and Number)
Minnetonka, MN, US 55343, 952-979-6168
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.uhc.com

Statutory Statement Contact Nicole J Helmholdt, 763-732-8837
(Name) (Area Code) (Telephone Number)
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(E-mail Address) (FAX Number)

OFFICERS

President, Chief Executive Officer Kathleen Ann Mallatt Treasurer Robert Worth Oberrender
 Secretary Christina Regina Palme-Krizak Vice President, Chief Financial Officer James Stevenson Elliston

OTHER

Nyle Brent Cottington, Vice President Heather Anastasia Lang Jacobsen, Assistant Secretary Patrick Gerard Quinn #, President, Commercial
Erin Elizabeth Weber #, Assistant Secretary

DIRECTORS OR TRUSTEES

Lowell William Gratopp Kathleen Ann Mallatt Patrick Gerard Quinn #

State of Kansas SS:
 County of Johnson

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

Kathleen Ann Mallatt Christina Regina Palme-Krizak Robert Worth Oberrender
 President, Chief Executive Officer Secretary Treasurer

Subscribed and sworn to before me this _____ day of _____

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

ASSETS

| | Current Year | | | Prior Year |
|--|--------------|-------------------------|---|-----------------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | 4 Net Admitted Assets |
| 1. Bonds (Schedule D) | 81,313,850 | 0 | 81,313,850 | 45,324,489 |
| 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 (\$59,618,400 , Schedule E - Part 1), cash equivalents (\$0 , Schedule E - Part 2) and short-term investments (\$18,321,688 , Schedule DA) | 77,940,088 | 0 | 77,940,088 | 16,629,773 |
| 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) | 159,253,938 | 0 | 159,253,938 | 61,954,262 |
| 13. Title plants less \$0 charged off (for Title insurers only) | 0 | 0 | 0 | 0 |
| 14. Investment income due and accrued | 582,949 | 0 | 582,949 | 237,069 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 5,878,879 | 38,449 | 5,840,430 | 10,821,892 |
| 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 (\$0) and contracts subject to redetermination (\$12,611,585) | 12,611,585 | 0 | 12,611,585 | 4,756,450 |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 3,582,283 | 0 | 3,582,283 | 0 |
| 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 | 1,161,767 | 19,355 | 1,142,412 | 4,155,961 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | 11,149,809 | 0 | 11,149,809 | 644,583 |
| 18.2 Net deferred tax asset | 1,420,869 | 0 | 1,420,869 | 5,302,276 |
| 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 (\$10,011,732) and other amounts receivable | 12,548,683 | 2,536,951 | 10,011,732 | 3,037,824 |
| 25. Aggregate write-ins for other than invested assets | 1,668,041 | 150 | 1,667,891 | 0 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 209,858,803 | 2,594,905 | 207,263,898 | 90,910,317 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | 0 | 0 | 0 | 0 |
| 28. Total (Lines 26 and 27) | 209,858,803 | 2,594,905 | 207,263,898 | 90,910,317 |
| 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 Receivable | 1,613,910 | 0 | 1,613,910 | 0 |
| 2502. Federally-Facilitated Exchange User Fees Receivable | 53,981 | 0 | 53,981 | 0 |
| 2503. Miscellaneous Receivables | 150 | 150 | 0 | 0 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) | 1,668,041 | 150 | 1,667,891 | 0 |

LIABILITIES, CAPITAL AND SURPLUS

| | Current Year | | | Prior Year |
|---|--------------|----------------|-------------|------------|
| | 1 Covered | 2 Uncovered | 3 Total | 4 Total |
| 1. Claims unpaid (less \$ 395,438 reinsurance ceded) | 84,067,557 | 0 | 84,067,557 | 36,956,754 |
| 2. Accrued medical incentive pool and bonus amounts | 5,361,646 | 0 | 5,361,646 | 2,793,682 |
| 3. Unpaid claims adjustment expenses | 860,407 | 0 | 860,407 | 394,229 |
| 4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Service Act | 11,659,557 | 0 | 11,659,557 | 13,837,792 |
| 5. Aggregate life policy reserves | 0 | 0 | 0 | 0 |
| 6. Property/casualty unearned premium reserves | 0 | 0 | 0 | 0 |
| 7. Aggregate health claim reserves | 787,317 | 0 | 787,317 | 298,330 |
| 8. Premiums received in advance | 380,782 | 0 | 380,782 | 5,102,470 |
| 9. General expenses due or accrued | 11,904,728 | 0 | 11,904,728 | 4,231,538 |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized capital gains (losses)) | 0 | 0 | 0 | 0 |
| 10.2 Net deferred tax liability | 0 | 0 | 0 | 0 |
| 11. Ceded reinsurance premiums payable | 704,105 | 0 | 704,105 | 94,169 |
| 12. Amounts withheld or retained for the account of others | 0 | 0 | 0 | 0 |
| 13. Remittances and items not allocated | 6,472 | 0 | 6,472 | 11,233 |
| 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 | 12,558,190 | 0 | 12,558,190 | 662,676 |
| 16. Derivatives | 0 | 0 | 0 | 0 |
| 17. Payable for securities | 296,357 | 0 | 296,357 | 569,006 |
| 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 | 6,410,081 | 0 | 6,410,081 | 0 |
| 23. Aggregate write-ins for other liabilities (including \$ 34,171 current) | 34,171 | 0 | 34,171 | 2,548 |
| 24. Total liabilities (Lines 1 to 23) | 135,031,370 | 0 | 135,031,370 | 64,954,427 |
| 25. Aggregate write-ins for special surplus funds | XXX | XXX | 0 | 5,114,626 |
| 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 | 1,100,000 |
| 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 | 11,032,528 | 19,641,264 |
| 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 | 72,232,528 | 25,955,890 |
| 34. Total liabilities, capital and surplus (Lines 24 and 33) | XXX | XXX | 207,263,898 | 90,910,317 |
| DETAILS OF WRITE-INS | | | | |
| 2301. Unclaimed Property | 34,171 | 0 | 34,171 | 2,548 |
| 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) | 34,171 | 0 | 34,171 | 2,548 |
| 2501. Section 9010 ACA Subsequent Fee Year Assessment | XXX | XXX | 0 | 5,114,626 |
| 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 | 5,114,626 |
| 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 | 1,397,289 | 837,795 |
| 2. Net premium income (including \$0 non-health premium income)..... | XXX | 574,469,987 | 287,346,019 |
| 3. Change in unearned premium reserves and reserve for rate credits..... | XXX | (1,278,511) | (950,064) |
| 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 | 573,191,476 | 286,395,955 |
| Hospital and Medical: | | | |
| 9. Hospital/medical benefits..... | 0 | 467,383,616 | 221,863,887 |
| 10. Other professional services..... | 0 | 2,218,855 | 1,705,371 |
| 11. Outside referrals..... | 0 | 0 | 0 |
| 12. Emergency room and out-of-area..... | 0 | 0 | 0 |
| 13. Prescription drugs..... | 0 | 25,377,863 | 6,329,241 |
| 14. Aggregate write-ins for other hospital and medical..... | 0 | 7,410,089 | 7,022,015 |
| 15. Incentive pool, withhold adjustments and bonus amounts..... | 0 | 5,391,201 | 2,537,503 |
| 16. Subtotal (Lines 9 to 15)..... | 0 | 507,781,624 | 239,458,017 |
| Less: | | | |
| 17. Net reinsurance recoveries..... | 0 | 3,977,720 | 0 |
| 18. Total hospital and medical (Lines 16 minus 17)..... | 0 | 503,803,904 | 239,458,017 |
| 19. Non-health claims (net)..... | 0 | 0 | 0 |
| 20. Claims adjustment expenses, including \$18,586,832 cost containment expenses..... | 0 | 33,774,306 | 16,817,282 |
| 21. General administrative expenses..... | 0 | 67,377,707 | 26,501,770 |
| 22. Increase in reserves for life and accident and health contracts (including \$0 increase in reserves for life only)..... | 0 | (12,822,000) | 12,822,000 |
| 23. Total underwriting deductions (Lines 18 through 22)..... | 0 | 592,133,917 | 295,599,069 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23)..... | XXX | (18,942,441) | (9,203,114) |
| 25. Net investment income earned (Exhibit of Net Investment Income, Line 17)..... | 0 | 1,667,509 | 1,006,466 |
| 26. Net realized capital gains (losses) less capital gains tax of \$87,730..... | 0 | 155,063 | 256,602 |
| 27. Net investment gains (losses) (Lines 25 plus 26)..... | 0 | 1,822,572 | 1,263,068 |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$3,203) (amount charged off \$(46,725))]..... | 0 | (43,522) | (6,211) |
| 29. Aggregate write-ins for other income or expenses..... | 0 | 0 | 0 |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)..... | XXX | (17,163,391) | (7,946,257) |
| 31. Federal and foreign income taxes incurred..... | XXX | (8,788,540) | 3,627,343 |
| 32. Net income (loss) (Lines 30 minus 31)..... | XXX | (8,374,851) | (11,573,600) |
| 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. Medicaid UNMC Capitation..... | 0 | 7,410,089 | 7,022,015 |
| 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 | 7,410,089 | 7,022,015 |
| 2901. | | | |
| 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 | 0 |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| CAPITAL AND SURPLUS ACCOUNT | | |
| 33. Capital and surplus prior reporting year..... | 25,955,890 | 32,649,948 |
| 34. Net income or (loss) from Line 32..... | (8,374,851) | (11,573,600) |
| 35. Change in valuation basis of aggregate policy and claim reserves..... | 0 | 0 |
| 36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0..... | 0 | 0 |
| 37. Change in net unrealized foreign exchange capital gain or (loss)..... | 0 | 0 |
| 38. Change in net deferred income tax..... | (3,881,407) | 4,785,534 |
| 39. Change in nonadmitted assets..... | (1,467,104) | 94,008 |
| 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..... | 60,000,000 | 0 |
| 45.2 Transferred to capital (Stock Dividend)..... | 0 | 0 |
| 45.3 Transferred from capital..... | 0 | 0 |
| 46. Dividends to stockholders..... | 0 | 0 |
| 47. Aggregate write-ins for gains or (losses) in surplus..... | 0 | 0 |
| 48. Net change in capital and surplus (Lines 34 to 47)..... | 46,276,638 | (6,694,058) |
| 49. Capital and surplus end of reporting period (Line 33 plus 48) | 72,232,528 | 25,955,890 |
| 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 | 576,817,660 | 291,438,316 |
| 2. Net investment income | 1,831,050 | 1,266,343 |
| 3. Miscellaneous income | 0 | 0 |
| 4. Total (Lines 1 through 3) | 578,648,710 | 292,704,659 |
| 5. Benefit and loss related payments | 466,193,834 | 231,776,507 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | 0 | 0 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 85,323,769 | 41,441,747 |
| 8. Dividends paid to policyholders | 0 | 0 |
| 9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses) | 1,804,416 | 6,110,022 |
| 10. Total (Lines 5 through 9) | 553,322,019 | 279,328,276 |
| 11. Net cash from operations (Line 4 minus Line 10) | 25,326,691 | 13,376,383 |
| Cash from Investments | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds | 14,649,687 | 12,874,897 |
| 12.2 Stocks | 0 | 0 |
| 12.3 Mortgage loans | 0 | 0 |
| 12.4 Real estate | 0 | 0 |
| 12.5 Other invested assets | 0 | 0 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | 0 | 0 |
| 12.7 Miscellaneous proceeds | 0 | 569,006 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 14,649,687 | 13,443,903 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds | 50,898,781 | 14,171,392 |
| 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 | 272,649 | 0 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 51,171,430 | 14,171,392 |
| 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) | (36,521,743) | (727,489) |
| 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 | 60,000,000 | 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 | 0 | 0 |
| 16.6 Other cash provided (applied) | 12,505,367 | (1,609,184) |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) | 72,505,367 | (1,609,184) |
| 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) | 61,310,315 | 11,039,710 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year | 16,629,773 | 5,590,063 |
| 19.2 End of year (Line 18 plus Line 19.1) | 77,940,088 | 16,629,773 |

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

| | | |
|--|--|--|
| | | |
|--|--|--|

ANNUAL STATEMENT FOR THE YEAR 2016 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 | 574,469,987 | 105,724,658 | 0 | 0 | 0 | 0 | 281,128,618 | 187,616,711 | 0 | 0 |
| 2. Change in unearned premium reserves and reserve for rate credit | (1,278,511) | 0 | 0 | 0 | 0 | 0 | (1,278,511) | 0 | 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) | 573,191,476 | 105,724,658 | 0 | 0 | 0 | 0 | 279,850,107 | 187,616,711 | 0 | 0 |
| 8. Hospital/medical benefits | 467,383,615 | 99,003,736 | 0 | 0 | 0 | 0 | 218,909,686 | 149,470,193 | 0 | XXX |
| 9. Other professional services | 2,218,854 | 75,164 | 0 | 0 | 0 | 0 | 395,298 | 1,748,392 | 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 | 25,377,864 | 10,828,591 | 0 | 0 | 0 | 0 | 12,862,743 | 1,686,530 | 0 | XXX |
| 13. Aggregate write-ins for other hospital and medical | 7,410,089 | 0 | 0 | 0 | 0 | 0 | 0 | 7,410,089 | 0 | XXX |
| 14. Incentive pool, withhold adjustments and bonus amounts | 5,391,200 | 0 | 0 | 0 | 0 | 0 | 3,619,117 | 1,772,083 | 0 | XXX |
| 15. Subtotal (Lines 8 to 14) | 507,781,622 | 109,907,491 | 0 | 0 | 0 | 0 | 235,786,844 | 162,087,287 | 0 | XXX |
| 16. Net reinsurance recoveries | 3,977,720 | 3,977,720 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 17. Total medical and hospital (Lines 15 minus 16) | 503,803,902 | 105,929,771 | 0 | 0 | 0 | 0 | 235,786,844 | 162,087,287 | 0 | XXX |
| 18. Non-health claims (net) | 0 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 |
| 19. Claims adjustment expenses including \$ 18,586,832 cost containment expenses | 33,774,308 | 5,425,560 | 0 | 0 | 0 | 0 | 13,699,095 | 14,649,653 | 0 | 0 |
| 20. General administrative expenses | 67,377,707 | 15,085,119 | 0 | 0 | 0 | 0 | 36,927,326 | 15,365,262 | 0 | 0 |
| 21. Increase in reserves for accident and health contracts | (12,822,000) | (12,822,000) | 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) | 592,133,917 | 113,618,450 | 0 | 0 | 0 | 0 | 286,413,265 | 192,102,202 | 0 | 0 |
| 24. Total underwriting gain or (loss) (Line 7 minus Line 23) | (18,942,441) | (7,893,792) | 0 | 0 | 0 | 0 | (6,563,158) | (4,485,491) | 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 | XXX |
| 0602. | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| 0603. | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | 0 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 |
| 0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) | 0 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 |
| 1301. Medicaid UNMC Capitation | 7,410,089 | 0 | 0 | 0 | 0 | 0 | 0 | 7,410,089 | 0 | 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) | 7,410,089 | 0 | 0 | 0 | 0 | 0 | 0 | 7,410,089 | 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) | 106,715,114 | 0 | 990,457 | 105,724,657 |
| 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 | 282,251,831 | 0 | 1,123,214 | 281,128,617 |
| 7. Title XIX - Medicaid | 188,340,433 | 0 | 723,721 | 187,616,712 |
| 8. Other health | 0 | 0 | 0 | 0 |
| 9. Health subtotal (Lines 1 through 8) | 577,307,378 | 0 | 2,837,392 | 574,469,986 |
| 10. Life | 0 | 0 | 0 | 0 |
| 11. Property/casualty | 0 | 0 | 0 | 0 |
| 12. Totals (Lines 9 to 11) | 577,307,378 | 0 | 2,837,392 | 574,469,986 |

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 | 463,370,597 | 95,478,812 | 0 | 0 | 0 | 0 | 211,169,010 | 156,722,775 | 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 | 463,370,597 | 95,478,812 | 0 | 0 | 0 | 0 | 211,169,010 | 156,722,775 | 0 | 0 |
| 2. Paid medical incentive pools and bonuses | 2,823,237 | 0 | 0 | 0 | 0 | 0 | 1,130,025 | 1,693,212 | 0 | 0 |
| 3. Claim liability December 31, current year from Part 2A: | | | | | | | | | | |
| 3.1 Direct | 84,462,994 | 16,348,011 | 0 | 0 | 0 | 0 | 41,033,541 | 27,081,442 | 0 | 0 |
| 3.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.3 Reinsurance ceded | 395,438 | 395,438 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.4 Net | 84,067,556 | 15,952,573 | 0 | 0 | 0 | 0 | 41,033,541 | 27,081,442 | 0 | 0 |
| 4. Claim reserve December 31, current year from Part 2D: | | | | | | | | | | |
| 4.1 Direct | 787,316 | 407,710 | 0 | 0 | 0 | 0 | 45,355 | 334,251 | 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 | 787,316 | 407,710 | 0 | 0 | 0 | 0 | 45,355 | 334,251 | 0 | 0 |
| 5. Accrued medical incentive pools and bonuses, current year | 5,361,646 | 0 | 0 | 0 | 0 | 0 | 3,421,162 | 1,940,484 | 0 | 0 |
| 6. Net healthcare receivables (a) | 8,975,402 | 2,327,045 | 0 | 0 | 0 | 0 | 6,079,334 | 569,023 | 0 | 0 |
| 7. Amounts recoverable from reinsurers December 31, current year | 3,582,282 | 3,582,282 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Claim liability December 31, prior year from Part 2A: | | | | | | | | | | |
| 8.1 Direct | 36,956,754 | (3) | 0 | 0 | 0 | 0 | 13,983,122 | 22,973,635 | 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 | 36,956,754 | (3) | 0 | 0 | 0 | 0 | 13,983,122 | 22,973,635 | 0 | 0 |
| 9. Claim reserve December 31, prior year from Part 2D: | | | | | | | | | | |
| 9.1 Direct | 298,330 | 0 | 0 | 0 | 0 | 0 | 17,723 | 280,607 | 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 | 298,330 | 0 | 0 | 0 | 0 | 0 | 17,723 | 280,607 | 0 | 0 |
| 10. Accrued medical incentive pools and bonuses, prior year | 2,793,682 | 0 | 0 | 0 | 0 | 0 | 932,069 | 1,861,613 | 0 | 0 |
| 11. Amounts recoverable from reinsurers December 31, prior year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12. Incurred Benefits: | | | | | | | | | | |
| 12.1 Direct | 502,390,421 | 109,907,491 | 0 | 0 | 0 | 0 | 232,167,727 | 160,315,203 | 0 | 0 |
| 12.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12.3 Reinsurance ceded | 3,977,720 | 3,977,720 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12.4 Net | 498,412,701 | 105,929,771 | 0 | 0 | 0 | 0 | 232,167,727 | 160,315,203 | 0 | 0 |
| 13. Incurred medical incentive pools and bonuses | 5,391,201 | 0 | 0 | 0 | 0 | 0 | 3,619,118 | 1,772,083 | 0 | 0 |

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|------------|---------------------------------------|------------------------|-------------|-------------|---|----------------------------|--------------------------|--------------|---------------------|
| | Total | Comprehensive (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 | 30,882,045 | 6,484,890 | .0 | .0 | .0 | .0 | 13,497,889 | 10,899,266 | .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 | 30,882,045 | 6,484,890 | .0 | .0 | .0 | .0 | 13,497,889 | 10,899,266 | .0 | .0 |
| 2. Incurred but Unreported: | | | | | | | | | | |
| 2.1 Direct | 53,079,255 | 9,862,976 | .0 | .0 | .0 | .0 | 27,292,466 | 15,923,813 | .0 | .0 |
| 2.2 Reinsurance assumed | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 2.3 Reinsurance ceded | 395,438 | 395,438 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 2.4 Net | 52,683,817 | 9,467,538 | .0 | .0 | .0 | .0 | 27,292,466 | 15,923,813 | .0 | .0 |
| 3. Amounts Withheld from Paid Claims and Capitations: | | | | | | | | | | |
| 3.1 Direct | 501,694 | 145 | .0 | .0 | .0 | .0 | 243,186 | 258,363 | .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 | 501,694 | 145 | .0 | .0 | .0 | .0 | 243,186 | 258,363 | .0 | .0 |
| 4. TOTALS: | | | | | | | | | | |
| 4.1 Direct | 84,462,994 | 16,348,011 | .0 | .0 | .0 | .0 | 41,033,541 | 27,081,442 | .0 | .0 |
| 4.2 Reinsurance assumed | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 4.3 Reinsurance ceded | 395,438 | 395,438 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 4.4 Net | 84,067,556 | 15,952,573 | 0 | 0 | 0 | 0 | 41,033,541 | 27,081,442 | 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) | 0 | 91,896,530 | 0 | 16,360,284 | 0 | 0 |
| 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 | 8,579,640 | 202,589,369 | 777,899 | 40,300,997 | 9,357,539 | 14,000,844 |
| 7. Title XIX - Medicaid | 21,244,410 | 135,478,365 | 825,747 | 26,589,947 | 22,070,157 | 23,254,242 |
| 8. Other health | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. Health subtotal (Lines 1 to 8) | 29,824,050 | 429,964,264 | 1,603,646 | 83,251,228 | 31,427,696 | 37,255,086 |
| 10. Healthcare receivables (a) | 762,011 | 10,908,566 | 0 | 878,106 | 762,011 | 3,573,282 |
| 11. Other non-health | 0 | 0 | 0 | 0 | 0 | 0 |
| 12. Medical incentive pools and bonus amounts | 2,432,641 | 390,596 | 3,473 | 5,358,173 | 2,436,114 | 2,793,682 |
| 13. Totals (Lines 9 - 10 + 11 + 12) | 31,494,680 | 419,446,294 | 1,607,119 | 87,731,295 | 33,101,799 | 36,475,486 |

(a) Excludes \$0 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 2012 | 2 2013 | 3 2014 | 4 2015 | 5 2016 |
| 1. | Prior | (30) | (36) | (38) | (52) | (52) |
| 2. | 2012 | 4 | (11) | (11) | (11) | (11) |
| 3. | 2013 | XXX | 0 | (3) | (3) | (3) |
| 4. | 2014 | XXX | XXX | 0 | 0 | 0 |
| 5. | 2015 | XXX | XXX | XXX | 0 | 0 |
| 6. | 2016 | XXX | XXX | XXX | XXX | 95,479 |

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 2012 | 2 2013 | 3 2014 | 4 2015 | 5 2016 |
| 1. | Prior | (30) | (36) | (36) | (52) | (52) |
| 2. | 2012 | 4 | (11) | (11) | (11) | (11) |
| 3. | 2013 | XXX | 0 | (3) | (3) | (3) |
| 4. | 2014 | XXX | XXX | 0 | 0 | 0 |
| 5. | 2015 | XXX | XXX | XXX | 0 | 0 |
| 6. | 2016 | XXX | XXX | XXX | XXX | 111,839 |

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. 2012 | 12 | (11) | 5 | (45.5) | (6) | (50.0) | 0 | 0 | (6) | (50.0) |
| 2. 2013 | 12 | (3) | 0 | 0.0 | (3) | (25.0) | 0 | 0 | (3) | (25.0) |
| 3. 2014 | (1) | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 | 0 | 0.0 |
| 4. 2015 | 0 | 0 | 533 | 0.0 | 533 | 0.0 | 0 | 0 | 533 | 0.0 |
| 5. 2016 | 106,715 | 95,479 | 4,771 | 5.0 | 100,250 | 93.9 | 16,360 | 125 | 116,735 | 109.4 |

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 2012 | 2 2013 | 3 2014 | 4 2015 | 5 2016 |
| 1. | Prior | 3,559 | 3,161 | 3,129 | 3,124 | 3,125 |
| 2. | 2012 | 32,942 | 38,172 | 38,057 | 38,016 | 38,012 |
| 3. | 2013 | XXX | 39,073 | 44,999 | 44,936 | 44,921 |
| 4. | 2014 | XXX | XXX | 62,373 | 70,560 | 70,539 |
| 5. | 2015 | XXX | XXX | XXX | 73,018 | 82,471 |
| 6. | 2016 | XXX | XXX | XXX | XXX | 202,884 |

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 2012 | 2 2013 | 3 2014 | 4 2015 | 5 2016 |
| 1. | Prior | 3,902 | 3,161 | 3,129 | 3,124 | 3,125 |
| 2. | 2012 | 39,519 | 38,307 | 38,057 | 38,016 | 38,012 |
| 3. | 2013 | XXX | 46,076 | 45,193 | 44,936 | 44,921 |
| 4. | 2014 | XXX | XXX | 73,062 | 71,156 | 70,539 |
| 5. | 2015 | XXX | XXX | XXX | 87,354 | 83,252 |
| 6. | 2016 | XXX | XXX | XXX | XXX | 246,603 |

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. 2012 | 47,606 | 38,012 | 1,441 | 3.8 | 39,453 | 82.9 | 0 | 0 | 39,453 | 82.9 |
| 2. 2013 | 55,347 | 44,921 | 2,412 | 5.4 | 47,333 | 85.5 | 0 | 0 | 47,333 | 85.5 |
| 3. 2014 | 92,696 | 70,539 | 4,254 | 6.0 | 74,793 | 80.7 | 0 | 0 | 74,793 | 80.7 |
| 4. 2015 | 103,527 | 82,471 | 6,125 | 7.4 | 88,596 | 85.6 | 781 | 8 | 89,385 | 86.3 |
| 5. 2016 | 280,973 | 202,884 | 11,819 | 5.8 | 214,703 | 76.4 | 43,719 | 441 | 258,863 | 92.1 |

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 2012 | 2 2013 | 3 2014 | 4 2015 | 5 2016 |
| 1. Prior | 11,123 | 11,044 | 10,826 | 10,564 | 10,572 |
| 2. 2012 | 94,137 | 114,814 | 113,925 | 113,823 | 113,758 |
| 3. 2013 | XXX | 103,647 | 124,790 | 124,740 | 124,454 |
| 4. 2014 | XXX | XXX | 118,041 | 139,874 | 141,217 |
| 5. 2015 | XXX | XXX | XXX | 129,277 | 151,118 |
| 6. 2016 | XXX | XXX | XXX | XXX | 135,574 |

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 2012 | 2 2013 | 3 2014 | 4 2015 | 5 2016 |
| 1. Prior | 11,608 | 11,044 | 10,826 | 10,564 | 10,572 |
| 2. 2012 | 118,171 | 116,439 | 113,925 | 113,823 | 113,758 |
| 3. 2013 | XXX | 126,361 | 125,426 | 124,740 | 124,454 |
| 4. 2014 | XXX | XXX | 138,458 | 139,979 | 141,217 |
| 5. 2015 | XXX | XXX | XXX | 154,288 | 151,944 |
| 6. 2016 | XXX | XXX | XXX | XXX | 164,105 |

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. 2012 | 140,000 | 113,758 | 7,343 | 6.5 | 121,101 | 86.5 | 0 | 0 | 121,101 | 86.5 |
| 2. 2013 | 152,420 | 124,454 | 9,383 | 7.5 | 133,837 | 87.8 | 0 | 0 | 133,837 | 87.8 |
| 3. 2014 | 169,097 | 141,217 | 9,586 | 6.8 | 150,803 | 89.2 | 0 | 0 | 150,803 | 89.2 |
| 4. 2015 | 182,869 | 151,118 | 11,893 | 7.9 | 163,011 | 89.1 | 826 | 8 | 163,845 | 89.6 |
| 5. 2016 | 188,340 | 135,574 | 12,295 | 9.1 | 147,869 | 78.5 | 28,530 | 279 | 176,678 | 93.8 |

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 2012 | 2 2013 | 3 2014 | 4 2015 | 5 2016 |
| 1. | Prior | 14,652 | 14,169 | 13,917 | 13,636 | 13,645 |
| 2. | 2012 | 127,083 | 152,975 | 151,971 | 151,828 | 151,759 |
| 3. | 2013 | XXX | 142,720 | 169,786 | 169,673 | 169,372 |
| 4. | 2014 | XXX | XXX | 180,414 | 210,434 | 211,756 |
| 5. | 2015 | XXX | XXX | XXX | 202,295 | 233,589 |
| 6. | 2016 | XXX | XXX | XXX | XXX | 433,937 |

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 2012 | 2 2013 | 3 2014 | 4 2015 | 5 2016 |
| 1. | Prior | 15,480 | 14,169 | 13,919 | 13,636 | 13,645 |
| 2. | 2012 | 157,694 | 154,735 | 151,971 | 151,828 | 151,759 |
| 3. | 2013 | XXX | 172,437 | 170,616 | 169,673 | 169,372 |
| 4. | 2014 | XXX | XXX | 211,520 | 211,135 | 211,756 |
| 5. | 2015 | XXX | XXX | XXX | 241,642 | 235,196 |
| 6. | 2016 | XXX | XXX | XXX | XXX | 522,547 |

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. 2012 | 187,618 | 151,759 | 8,789 | 5.8 | 160,548 | 85.6 | 0 | 0 | 160,548 | 85.6 |
| 2. 2013 | 207,779 | 169,372 | 11,795 | 7.0 | 181,167 | 87.2 | 0 | 0 | 181,167 | 87.2 |
| 3. 2014 | 261,792 | 211,756 | 13,840 | 6.5 | 225,596 | 86.2 | 0 | 0 | 225,596 | 86.2 |
| 4. 2015 | 286,396 | 233,589 | 18,551 | 7.9 | 252,140 | 88.0 | 1,607 | 16 | 253,763 | 88.6 |
| 5. 2016 | 576,028 | 433,937 | 28,885 | 6.7 | 462,822 | 80.3 | 88,609 | 845 | 552,276 | 95.9 |

12.GT

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 | 2,271,315 | 0 | 0 | 0 | 0 | 0 | 2,271,315 | 0 | 0 |
| 5. Aggregate write-ins for other policy reserves | 9,388,242 | 9,349,287 | 0 | 0 | 0 | 0 | 38,955 | 0 | 0 |
| 6. Totals (gross) | 11,659,557 | 9,349,287 | 0 | 0 | 0 | 0 | 2,310,270 | 0 | 0 |
| 7. Reinsurance ceded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Totals (Net)(Page 3, Line 4) | 11,659,557 | 9,349,287 | 0 | 0 | 0 | 0 | 2,310,270 | 0 | 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 | 787,316 | 407,710 | 0 | 0 | 0 | 0 | 45,355 | 334,251 | 0 |
| 11. Aggregate write-ins for other claim reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12. Totals (gross) | 787,316 | 407,710 | 0 | 0 | 0 | 0 | 45,355 | 334,251 | 0 |
| 13. Reinsurance ceded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Totals (Net)(Page 3, Line 7) | 787,316 | 407,710 | 0 | 0 | 0 | 0 | 45,355 | 334,251 | 0 |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 0501. Section 1343 ACA Risk Adjustment Payable | 9,349,287 | 9,349,287 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0502. Risk Adjustment Factor Payable | 38,955 | 0 | 0 | 0 | 0 | 0 | 38,955 | 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) | 9,388,242 | 9,349,287 | 0 | 0 | 0 | 0 | 38,955 | 0 | 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) | 517,052 | 452,014 | 1,187,075 | 0 | 2,156,141 |
| 2. Salary, wages and other benefits | 9,395,263 | 8,213,458 | 21,570,124 | 0 | 39,178,845 |
| 3. Commissions (less \$0 ceded plus \$0 assumed) | 0 | 0 | 17,949,119 | 0 | 17,949,119 |
| 4. Legal fees and expenses | 89,896 | 78,589 | 206,389 | 0 | 374,874 |
| 5. Certifications and accreditation fees | 0 | 0 | 0 | 0 | 0 |
| 6. Auditing, actuarial and other consulting services | 1,094,495 | 956,822 | 2,513,413 | 0 | 4,564,730 |
| 7. Traveling expenses | 312,842 | 273,491 | 724,739 | 0 | 1,311,072 |
| 8. Marketing and advertising | 616,954 | 539,349 | 1,416,435 | 0 | 2,572,738 |
| 9. Postage, express and telephone | 609,171 | 532,545 | 1,398,566 | 0 | 2,540,282 |
| 10. Printing and office supplies | 178,426 | 155,982 | 409,639 | 0 | 744,047 |
| 11. Occupancy, depreciation and amortization | 200,281 | 175,088 | 459,815 | 0 | 835,184 |
| 12. Equipment | 36,221 | 31,665 | 83,158 | 0 | 151,044 |
| 13. Cost or depreciation of EDP equipment and software | 1,162,128 | 1,015,947 | 2,668,074 | 0 | 4,846,149 |
| 14. Outsourced services including EDP, claims, and other services | 2,553,527 | 1,457,601 | 2,710,064 | 0 | 6,721,192 |
| 15. Boards, bureaus and association fees | 16,321 | 14,268 | 37,470 | 0 | 68,059 |
| 16. Insurance, except on real estate | 156,018 | 136,393 | 358,194 | 0 | 650,605 |
| 17. Collection and bank service charges | 61,139 | 53,448 | 229,006 | 0 | 343,593 |
| 18. Group service and administration fees | 260,374 | 227,622 | 597,780 | 0 | 1,085,776 |
| 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 | 35,019 | 22,405 | 81,104 | 0 | 138,528 |
| 23. Taxes, licenses and fees: | | | | | |
| 23.1 State and local insurance taxes | 0 | 0 | (1,234,229) | 0 | (1,234,229) |
| 23.2 State premium taxes | 0 | 0 | 1,066,200 | 0 | 1,066,200 |
| 23.3 Regulatory authority licenses and fees | 0 | 0 | 9,542,245 | 0 | 9,542,245 |
| 23.4 Payroll taxes | 0 | 0 | 0 | 0 | 0 |
| 23.5 Other (excluding federal income and real estate taxes) | 0 | 0 | 0 | 0 | 0 |
| 24. Investment expenses not included elsewhere | 0 | 0 | 0 | 51,266 | 51,266 |
| 25. Aggregate write-ins for expenses | 1,291,704 | 850,788 | 3,403,329 | 0 | 5,545,821 |
| 26. Total expenses incurred (Lines 1 to 25) | 18,586,831 | 15,187,475 | 67,377,709 | 51,266 | (a) 101,203,281 |
| 27. Less expenses unpaid December 31, current year | 473,503 | 386,904 | 11,888,974 | 15,754 | 12,765,135 |
| 28. Add expenses unpaid December 31, prior year | 223,646 | 170,583 | 4,222,679 | 8,859 | 4,625,767 |
| 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) | 18,336,974 | 14,971,154 | 59,711,414 | 44,371 | 93,063,913 |
| DETAILS OF WRITE-INS | | | | | |
| 2501. Information Technology | 106,649 | 93,234 | 244,850 | 0 | 444,733 |
| 2502. Interest | 4,547 | 3,975 | 106,821 | 0 | 115,343 |
| 2503. Managed Care & Network Access | 325,819 | 6,399 | 16,804 | 0 | 349,022 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 854,689 | 747,180 | 3,034,854 | 0 | 4,636,723 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) | 1,291,704 | 850,788 | 3,403,329 | 0 | 5,545,821 |

(a) Includes management fees of \$57,391,149 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) 176,239 | 206,844 |
| 1.1 Bonds exempt from U.S. tax | (a) 0 | 0 |
| 1.2 Other bonds (unaffiliated) | (a) 1,050,164 | 1,352,558 |
| 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) 159,372 | 159,372 |
| 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 | 1,385,775 | 1,718,774 |
| 11. Investment expenses | | (g) 51,265 |
| 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) | | 51,265 |
| 17. Net investment income (Line 10 minus Line 16) | | 1,667,509 |
| 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 \$ 36,960 accrual of discount less \$ 539,486 amortization of premium and less \$ 46,165 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 \$ 153 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 | 2 | 3 | 4 | 5 |
|--|--|-------------------------------|--|--|---|
| | Realized Gain (Loss) On Sales or Maturity | Other Realized Adjustments | Total Realized Capital Gain (Loss) (Columns 1 + 2) | Change in Unrealized Capital Gain (Loss) | Change in Unrealized Foreign Exchange Capital Gain (Loss) |
| 1. U.S. Government bonds | 79,427 | 0 | 79,427 | 0 | 0 |
| 1.1 Bonds exempt from U.S. tax | 0 | 0 | 0 | 0 | 0 |
| 1.2 Other bonds (unaffiliated) | 163,368 | 0 | 163,368 | 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) | 242,795 | 0 | 242,795 | 0 | 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 | 38,449 | 6,293 | (32,156) |
| 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 | 19,355 | 3,059 | (16,296) |
| 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 | 2,536,951 | 1,118,449 | (1,418,502) |
| 25. Aggregate write-ins for other than invested assets | 150 | 0 | (150) |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 2,594,905 | 1,127,801 | (1,467,104) |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | 0 | 0 | 0 |
| 28. Total (Lines 26 and 27) | 2,594,905 | 1,127,801 | (1,467,104) |
| 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 | 150 | 0 | (150) |
| 2502. | | | |
| 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) | 150 | 0 | (150) |

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 | 69,694 | 115,598 | 118,358 | 118,164 | 117,767 | 1,397,289 |
| 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 | 69,694 | 115,598 | 118,358 | 118,164 | 117,767 | 1,397,289 |
| 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, 2016 AND 2015**

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”), an HMO 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 individuals. Each contract outlines the coverage provided and renewal provisions. The Company also participates in individual exchange business in Iowa and Nebraska.

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.

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 in Nebraska. The current contract is effective through December 31, 2017 and is subject to annual renewal provisions thereafter.

A. Accounting Practices

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

The Department recognizes only statutory accounting practices, prescribed and 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 and permitted by the State of Nebraska and those prescribed and permitted by the NAIC SAP which materially affect the statutory basis net income (loss) and capital and surplus, as illustrated in the table below:

| | SSAP # | F/S Page # | F/S Line # | 2016 | 2015 |
|---|--------|------------|------------|----------------|-----------------|
| Net Loss | | | | | |
| (1) Company state basis (Page 4, Line 35, Columns 1 & 2) | XXX | XXX | XXX | \$ (8,374,851) | \$ (11,573,600) |
| (2) State prescribed practices that increase/(decrease) NAIC SAP: None | | | | - | - |
| (3) State permitted practices that increase/(decrease) NAIC SAP: None | | | | - | - |
| (4) NAIC SAP (1 - 2 - 3 = 4) | XXX | XXX | XXX | \$ (8,374,851) | \$ (11,573,600) |
| Capital and Surplus | | | | | |
| (5) Company state basis (Page 3, Line 38, Columns 1 & 2) | XXX | XXX | XXX | \$ 72,232,528 | \$ 25,955,890 |
| (6) State prescribed practices that increase/(decrease) NAIC SAP: None | | | | - | - |
| (7) State permitted practices that increase/(decrease) NAIC SAP: None | | | | - | - |
| (8) NAIC SAP (5 - 6 - 7 = 8) | XXX | XXX | XXX | \$ 72,232,528 | \$ 25,955,890 |

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, and 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 loss 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 and 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 amortized cost if they meet NAIC designation of one or two and stated at the lower of amortized cost or fair value if they meet an NAIC designation of three or higher. 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 Securities Valuation Office of the NAIC (“SVO”) in accordance with the NAIC Valuations 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 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 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 claims adjustment expenses and general administrative expenses to be reported in the statutory basis statement 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 claims adjustment expenses 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, 2016 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, OptumRx, Inc. (“OptumRx”). Health care and other amounts receivable also include risk share receivables and 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 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 amortized cost 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 amortized cost, respectively;
- Cash, 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 represent U.S. treasury bills. Cash equivalents have original maturity dates of three months or less from the date of acquisition and are reported at cost or amortized cost depending on the nature of the underlying security, which approximates fair value;
- Short-term investments represent money-market instruments with 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 amortized cost 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 gains (losses) less capital gains tax 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 gains (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 has not recorded any other-than-temporary impairments ("OTTI") for the years ended December 31, 2016 and 2015;
- The statutory basis statements of cash flows reconcile cash, cash overdrafts, cash equivalents, and short-term investments with original maturities of one year or less from the time of acquisition; whereas under GAAP, the statements of cash flows reconcile the corresponding captions of cash and cash equivalents 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 corridor receivables as defined in Section 1342 of the Affordable Care Act (“ACA”). Premium adjustments are based on each qualified health plan’s allowable costs in relation to a target amount. A risk corridor receivable is recorded when the allowable costs are above 103% of the target amount;
 - b) 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.

Premium adjustments for the ACA Section 1342 risk corridor and 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. Amounts received for these subsidies 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. The ACA mandates consumer discounts of 50% on brand name prescription drugs for Part D plan participants in the coverage gap. As part of the coverage gap discount program (“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. 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** — 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 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 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 statute regulation or statute.

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 2016 and 2015. Management believes the amount of claims unpaid and aggregate health reserves is a best estimate of the Company's liability for unpaid claims and aggregate health reserves as of December 31, 2016; however, actual payments may differ from those established estimates.

The reserves ceded to reinsurers for claims unpaid and aggregate health claim reserves have been reported as reductions of the related reserves rather than as assets, which would be required under GAAP.

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. 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 corridor payables 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% below the level estimated in the original bid submitted by the Company and approved by CMS (see Note 24);
- c) 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. 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 (see Note 24);
- 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 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);
- e) the estimated amount for premium deficiency reserves (see Note 30).

- **Premiums Received in Advance** — Premiums received in full during the current period that are not due until future periods 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 commissions payable, state income taxes, unpaid assessments, and the unpaid portion of the contributions required under ACA risk adjustment and reinsurance programs (see Note 24).
- **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. Amounts received for these subsidies 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 and the low-income member cost-sharing subsidy are 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 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. 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 include 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.

CAPITAL AND SURPLUS AND MINIMUM STATUTORY REQUIREMENTS

- Nonadmitted Assets** — Certain assets, including certain aged premium receivables, certain amounts receivable relating to uninsured plans, certain prepaid and other assets, and certain health care receivables, are considered nonadmitted assets under 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 \$1,160,052 and \$526,885 as of December 31, 2016 and 2015, 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 amortized cost, which approximates fair value. These restricted deposits are included in bonds and short-term investments 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 Department requires the Company to maintain a minimum capital and surplus equal to the greater of \$1,000,000; 2% of the first \$150 million of annual premium revenue and 1% of annual premium revenue over \$150 million. The minimum capital and surplus requirement was \$7,231,915 and \$4,363,960, for December 31, 2016 and 2015, respectively, which was based on annual premium revenue. The Company is in compliance with the required amount.

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 in compliance with the required amount.

- Section 9010 ACA Subsequent Fee Year Assessment** — In 2016 and 2015, the Company is subject to the Section 9010 ACA Health Insurer Fee (“HIF”). In accordance with the 2017 HIF moratorium, no HIF will be payable in 2017 and therefore the 2016 statutory basis statements of admitted assets, liabilities, and capital and surplus will have no amounts apportioned out of unassigned funds representing an estimate of the 2017 HIF. In 2015, under NAIC SAP, an amount equal to the estimated subsequent year fee was 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.

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 corridor and 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 program, 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 \$6,094,643 and \$1,154,867 for changes in prior year Medicare risk factor estimates during the years ended December 31, 2016 and 2015, respectively, which is recorded as 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 change in 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 program. 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.

- **University of Nebraska Medical Medicaid Capitation Program** — 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 University of Nebraska Medical Center ("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.

In 2016 and 2015, the Company recorded \$7,410,089 and \$7,022,015, respectively, as net premium income for these payments with a corresponding offset of \$7,410,089 and \$7,022,015, respectively, reflected as Medicaid UNMC capitation as a component of total hospital and medical in the accompanying statutory basis statements of operations. The Company did not realize any underwriting gains or losses resulting from the arrangement. The Company also recorded a liability in claims unpaid of \$6,748,098 and \$6,507,447 as a result of this arrangement in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus as of December 31, 2016 and 2015, respectively.

- **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 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 general administrative expenses. A detailed review of the administrative expenses of the Company and UHS is performed to determine the allocation between claims adjustment expenses and general administrative expenses 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 NAIC SAP, the entire amount of the estimated annual fee expense is recognized on January 1 of the fee year in general administrative expenses 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 (Benefit) Incurred**—The provision for federal income taxes incurred (benefit) is calculated based on applying the statutory federal income tax rate of 35% to net loss from operations before federal income taxes and net realized capital gains 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** —In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding premium to other insurance enterprises or reinsurers under excess coverage contracts or specific transfer of risk agreements. The Company remains primarily liable as the direct insurer on the risks reinsured. Reinsurance premiums paid and reinsurance premiums incurred but not paid are deducted from net premium income in the statutory basis statements of operations. Any amounts due to the Company pursuant to this agreement are recorded as amounts recoverable from reinsurers in the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 23).

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 \$3,582,282 and \$0, liabilities of \$568,420 and \$0 and ceded reserves of \$526,579 and \$0 as of December 31, 2016 and 2015, respectively. Pursuant to Section 1341 of the ACA which are included in amounts recoverable from reinsurers and ceded reinsurance premium payable respectively, in the statutory basis statements of admitted assets, liabilities, and capital and surplus, for the transitional reinsurance program. This program is 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 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, 2016 and 2015.

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 49% and 70% as of December 31, 2016 and 36% and 31% as of December 31, 2015, 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 33% and 30% as of December 31, 2016 and 64% and 69% as of December 31, 2015, respectively.

Recently Issued Accounting Standards — The Company reviewed all recently issued guidance in 2016 and 2015 that has been adopted for 2016 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, 2016 and 2015.

3. BUSINESS COMBINATIONS AND GOODWILL

A–D. The Company was not party to a business combination during the years ended December 31, 2016 and 2015, 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 2016 and 2015.

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 \$248,273 and \$5,480, respectively, for 2016 and \$402,912 and \$5,238, respectively, for 2015. The Company has not recorded any gains or losses on sales of short-term investments in 2016 or 2015. The net realized gain or loss is included in net realized capital gains (losses) less capital gains tax (benefit) in the statutory basis statements of operations. Total proceeds on the sale of long-term investments were \$9,850,282 and \$7,791,815 and for short-term investments were \$542,513,493 and \$301,352,946 in 2016 and 2015, respectively.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE UnitedHealthcare of the Midlands, Inc.

As of December 31, 2016 and 2015, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company's investments, excluding cash (overdrafts) and cash equivalents of \$59,618,400 and \$(178,990), respectively, are as follows:

| | 2016 | | | | |
|--|----------------------|--------------------------------|--|--|----------------------|
| | Amortized Cost | Gross Unrealized Holding Gains | Gross Unrealized Holding Losses < 1 Year | Gross Unrealized Holding Losses > 1 Year | Fair Value |
| U.S. government and agency securities | \$ 26,229,915 | \$ 56,862 | \$ 221,320 | \$ 9,237 | \$ 26,056,220 |
| State and agency municipal securities | 12,491,976 | 34,475 | 324,126 | - | 12,202,325 |
| City and county municipal securities | 10,447,462 | 26,597 | 250,294 | - | 10,223,765 |
| Corporate debt securities | 32,144,497 | 144,967 | 133,494 | 42 | 32,155,928 |
| Money-market funds | 18,321,688 | - | - | - | 18,321,688 |
| Total bonds and short-term investments | <u>\$ 99,635,538</u> | <u>\$ 262,901</u> | <u>\$ 929,234</u> | <u>\$ 9,279</u> | <u>\$ 98,959,926</u> |

| | 2016 | | | | |
|--|----------------------|--------------------------------|--|--|----------------------|
| | Amortized Cost | Gross Unrealized Holding Gains | Gross Unrealized Holding Losses < 1 Year | Gross Unrealized Holding Losses > 1 Year | Fair Value |
| Less than one year | \$ 23,203,465 | \$ 11,734 | \$ 552 | \$ - | \$ 23,214,647 |
| One to five years | 35,952,421 | 144,401 | 127,761 | 42 | 35,969,019 |
| Five to ten years | 9,692,538 | 43,694 | 159,833 | - | 9,576,399 |
| Over ten years | 30,787,114 | 63,072 | 641,088 | 9,237 | 30,199,861 |
| Total bonds and short-term investments | <u>\$ 99,635,538</u> | <u>\$ 262,901</u> | <u>\$ 929,234</u> | <u>\$ 9,279</u> | <u>\$ 98,959,926</u> |

| | 2015 | | | | |
|--|----------------------|--------------------------------|--|--|----------------------|
| | Amortized Cost | Gross Unrealized Holding Gains | Gross Unrealized Holding Losses < 1 Year | Gross Unrealized Holding Losses > 1 Year | Fair Value |
| U.S. government and agency securities | \$ 16,952,419 | \$ 89,742 | \$ 35,014 | \$ 10,795 | \$ 16,996,352 |
| State and agency municipal securities | 4,535,817 | 112,770 | - | - | 4,648,587 |
| City and county municipal securities | 2,811,959 | 100,824 | - | - | 2,912,783 |
| Corporate debt securities | 21,024,294 | 147,160 | 91,412 | 4,560 | 21,075,482 |
| Money-market funds | 16,808,763 | - | - | - | 16,808,763 |
| Total bonds and short-term investments | <u>\$ 62,133,252</u> | <u>\$ 450,496</u> | <u>\$ 126,426</u> | <u>\$ 15,355</u> | <u>\$ 62,441,967</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 an amortized cost of \$15,934,305 and fair value of \$15,861,099.

The following table illustrates the fair value and gross unrealized holding losses, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of December 31, 2016 and 2015:

| | 2016 | | | | | |
|--|----------------------|---------------------------------|-------------------|---------------------------------|----------------------|---------------------------------|
| | < 1 Year | | > 1 Year | | Total | |
| | Fair Value | Gross Unrealized Holding Losses | Fair Value | Gross Unrealized Holding Losses | Fair Value | Gross Unrealized Holding Losses |
| U.S. government and agency securities | \$ 16,525,979 | \$ 221,320 | \$ 290,016 | \$ 9,237 | \$ 16,815,995 | \$ 230,557 |
| State and agency municipal securities | 9,432,814 | 324,126 | - | - | 9,432,814 | 324,126 |
| City and county municipal securities | 8,538,209 | 250,294 | - | - | 8,538,209 | 250,294 |
| Corporate debt securities | 14,333,310 | 133,494 | 71,322 | 42 | 14,404,632 | 133,536 |
| Total bonds and short-term investments | <u>\$ 48,830,312</u> | <u>\$ 929,234</u> | <u>\$ 361,338</u> | <u>\$ 9,279</u> | <u>\$ 49,191,650</u> | <u>\$ 938,513</u> |

| | 2015 | | | | | |
|--|----------------------|---------------------------------|-------------------|---------------------------------|----------------------|---------------------------------|
| | < 1 Year | | > 1 Year | | Total | |
| | Fair Value | Gross Unrealized Holding Losses | Fair Value | Gross Unrealized Holding Losses | Fair Value | Gross Unrealized Holding Losses |
| U.S. government and agency securities | \$ 7,033,903 | \$ 35,014 | \$ 356,587 | \$ 10,795 | \$ 7,390,490 | \$ 45,809 |
| Corporate debt securities | 11,207,668 | 91,412 | 600,418 | 4,560 | 11,808,086 | 95,972 |
| Total bonds and short-term investments | <u>\$ 18,241,571</u> | <u>\$ 126,426</u> | <u>\$ 957,005</u> | <u>\$ 15,355</u> | <u>\$ 19,198,576</u> | <u>\$ 141,781</u> |

The unrealized losses on investments in U.S. government and agency obligations, state and state agency obligations, municipalities and local agency obligations, and corporate debt securities at December 31, 2016 and 2015, 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 amortized cost. 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, no OTTIs were recorded by the Company as of December 31, 2016 and 2015.

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, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the 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 OTTI on loan-backed securities as of December 31, 2016 and 2015.
- (3) The Company did not have any loan-backed securities with an OTTI to report by CUSIP as of December 31, 2016 or 2015.
- (4) The following table illustrates the fair value, gross unrealized losses, and length of time that the loan-backed securities have been in a continuous unrealized loss position as of December 31, 2016 and 2015:

| | 2016 |
|--|-------------|
| The aggregate amount of unrealized losses: | |
| 1. Less than 12 months | \$ 134,105 |
| 2. 12 months or longer | 9,279 |
| The aggregate related fair value of securities with unrealized losses: | |
| 1. Less than 12 months | 11,884,879 |
| 2. 12 months or longer | 361,338 |
| | 2015 |
| The aggregate amount of unrealized losses: | |
| 1. Less than 12 months | \$ 31,296 |
| 2. 12 months or longer | 14,425 |
| The aggregate related fair value of securities with unrealized losses: | |
| 1. Less than 12 months | 6,577,858 |
| 2. 12 months or longer | 862,957 |

- (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 unrealized losses as of December 31, 2016 and 2015 were primarily caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities.

E. Repurchase Agreements and/or Securities Lending Transactions — Not applicable.

F. Real Estate — Not applicable.

G. Low-Income Housing Tax Credits — Not applicable.

H. Restricted Assets —

(1) Restricted assets, including pledged securities as of December 31, 2016 and 2015, are presented below:

| Restricted Asset Category | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|---|---|----------------------------------|---|--|---|--|
| | Total Gross (Admitted & Nonadmitted) Restricted From Current Year | Total Gross (Admitted & Nonadmitted) Restricted From Prior Year | Increase/ (Decrease) (1 Minus 2) | Total Current Year Nonadmitted Restricted | Total Current Year Admitted Restricted (1 minus 4) | Gross (Admitted & Nonadmitted) Restricted to Total Assets (a) | Admitted Restricted to Total Admitted Assets (b) |
| a. Subject to contractual obligation for which liability is not shown | \$ - | \$ - | \$ - | \$ - | \$ - | 0 % | 0 % |
| 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 | 1,160,052 | 526,885 | 633,167 | - | 1,160,052 | 0.6 % | 0.6 % |
| 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 | \$ 1,160,052 | \$ 526,885 | \$ 633,167 | \$ - | \$ 1,160,052 | 0.6 % | 0.6 % |

(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, 2016 or 2015.

I. Working Capital Finance Investments — Not applicable.

J. 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.

K. Structured Notes

The Company does not have any structured notes.

L. 5* Securities

The Company does not have any investments with an NAIC designation of 5* as of December 31, 2016 and 2015.

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–F. The Company has no derivative instruments.

9. INCOME TAXES

A. Deferred Tax Asset/Liability

(1) The components of the net deferred tax asset at December 31, 2016 and 2015, are as follows:

| | 2016 | | | 2015 | | | 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 ass | \$ 1,445,561 | \$ - | \$ 1,445,561 | \$ 5,357,033 | \$ 488 | \$ 5,357,521 | \$ (3,911,472) | \$ (488) | \$ (3,911,960) |
| (b) Statutory valuation allowance adjustments | - | - | - | - | 488 | 488 | - | (488) | (488) |
| (c) Adjusted gross deferred tax assets | | | | | | | | | |
| (1a - 1b) | 1,445,561 | - | 1,445,561 | 5,357,033 | - | 5,357,033 | (3,911,472) | - | (3,911,472) |
| (d) Deferred tax assets nonadmitted | - | - | - | - | - | - | - | - | - |
| (e) Subtotal net admitted deferred tax asset (1c - d) | 1,445,561 | - | 1,445,561 | 5,357,033 | - | 5,357,033 | (3,911,472) | - | (3,911,472) |
| (f) Deferred tax liabilities | 23,450 | 1,242 | 24,692 | 54,757 | - | 54,757 | (31,307) | 1,242 | (30,065) |
| (g) Net admitted deferred tax asset/(net deferred tax liability) (1e - 1f) | \$ 1,422,111 | \$ (1,242) | \$ 1,420,869 | \$ 5,302,276 | \$ - | \$ 5,302,276 | \$ (3,880,165) | \$ (1,242) | \$ (3,881,407) |

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

| Admission Calculation Components SSAP No. 101 | 2016 | | | 2015 | | | 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 | \$ 1,445,561 | \$ - | \$ 1,445,561 | \$ 5,357,033 | \$ - | \$ 5,357,033 | \$ (3,911,472) | \$ - | \$ (3,911,472) |
| (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 | 10,621,749 | XXX | XXX | 2,065,361 | XXX | XXX | 8,556,388 |
| (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)) | \$ 1,445,561 | \$ - | \$ 1,445,561 | \$ 5,357,033 | \$ - | \$ 5,357,033 | \$ (3,911,472) | \$ - | \$ (3,911,472) |

- (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:

| | 2016 | 2015 |
|--|---------------|---------------|
| (a) Ratio percentage used to determine recovery period and threshold limitation amount | 366 % | 220 % |
| (b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)(2) above | \$ 70,811,659 | \$ 20,653,614 |

- (4) The impact to the gross deferred tax assets balances as a result of tax-planning strategies as of December 31, 2016 and 2015, is presented below:

| Impact of Tax-Planning Strategies | 2016 | | 2015 | | 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) | \$ 1,445,561 | \$ - | \$ 5,357,033 | \$ - | \$ (3,911,472) | \$ - |
| 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) | \$ 1,445,561 | \$ - | \$ 5,357,033 | \$ - | \$ (3,911,472) | \$ - |
| 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, 2016 and 2015.

C. Significant Components of Income Taxes

- (1) The current federal income taxes (benefit) incurred for the years ended December 31, 2016 and 2015 are as follows:

| | 1 2016 | 2 2015 | 3 (Col 1 - 2) Change |
|---|-----------------------|---------------------|----------------------------|
| 1. Current income tax | | | |
| (a) Federal | \$ (8,788,540) | \$ 3,627,343 | \$ (12,415,883) |
| (b) Foreign | - | - | - |
| (c) Subtotal | (8,788,540) | 3,627,343 | (12,415,883) |
| (d) Federal income tax on net capital gains | 87,730 | 141,072 | (53,342) |
| (e) Utilization of capital loss carryforwards | - | - | - |
| (f) Other | - | - | - |
| (g) Total federal and foreign income taxes incurred (benefit) | <u>\$ (8,700,810)</u> | <u>\$ 3,768,415</u> | <u>\$ (12,469,225)</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, 2016 and 2015, are as follows:

| | 1 | 2 | 3 |
|---|---------------------|---------------------|-----------------------|
| | 2016 | 2015 | (Col 1 - 2) Change |
| 2 Deferred tax assets: | | | |
| (a) Ordinary: | | | |
| (1) Discounting of unpaid losses | \$ 245,771 | \$ 117,430 | \$ 128,341 |
| (2) Unearned premium reserve | 26,655 | 357,173 | (330,518) |
| (3) Policyholder reserves | - | 4,487,700 | (4,487,700) |
| (4) Investments | - | - | - |
| (5) Deferred acquisition costs | - | - | - |
| (6) Policyholder dividends accrual | - | - | - |
| (7) Fixed assets | - | - | - |
| (8) Compensation and benefits accrual | - | - | - |
| (9) Pension accrual | - | - | - |
| (10) Receivables—nonadmitted | 908,217 | 394,730 | 513,487 |
| (11) Net operating loss carryforward | - | - | - |
| (12) Tax credit carry forward | - | - | - |
| (13) Other (including items <5% of total ordinary tax assets) | 264,918 | - | 264,918 |
| (99) Subtotal | <u>1,445,561</u> | <u>5,357,033</u> | <u>(3,911,472)</u> |
| (b) Statutory valuation allowance adjustment | - | - | - |
| (c) Nonadmitted | - | - | - |
| (d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c) | <u>1,445,561</u> | <u>5,357,033</u> | <u>(3,911,472)</u> |
| (e) Capital: | | | |
| (1) Investments | - | 488 | (488) |
| (2) Net capital loss carryforward | - | - | - |
| (3) Real estate | - | - | - |
| (4) Other (including items <5% of total capital tax assets) | - | - | - |
| (99) Subtotal | - | 488 | (488) |
| (f) Statutory valuation allowance adjustment | - | 488 | (488) |
| (g) Nonadmitted | - | - | - |
| (h) Admitted capital deferred tax assets (2e99 - 2f - 2g) | - | - | - |
| (i) Admitted deferred tax assets (2d + 2h) | <u>1,445,561</u> | <u>5,357,033</u> | <u>(3,911,472)</u> |
| 3 Deferred tax liabilities: | | | |
| (a) Ordinary: | | | |
| (1) Investments | 19,059 | 13,976 | 5,083 |
| (2) Fixed assets | - | - | - |
| (3) Deferred and uncollected premium | - | - | - |
| (4) Policyholder reserves | - | - | - |
| (5) Other (including items <5% of total ordinary tax liabilities) | 4,391 | 40,781 | (36,390) |
| (99) Subtotal | <u>23,450</u> | <u>54,757</u> | <u>(31,307)</u> |
| (b) Capital: | | | |
| (1) Investments | 1,242 | - | 1,242 |
| (2) Real estate | - | - | - |
| (3) Other (including items <5% of total capital tax liabilities) | - | - | - |
| (99) Subtotal | <u>1,242</u> | <u>-</u> | <u>1,242</u> |
| (c) Deferred tax liabilities (3a99 + 3b99) | <u>24,692</u> | <u>54,757</u> | <u>(30,065)</u> |
| 4 Net deferred tax assets/liabilities (2i - 3c) | <u>\$ 1,420,869</u> | <u>\$ 5,302,276</u> | <u>\$ (3,881,407)</u> |

The other ordinary deferred tax asset of \$264,918 for 2016 consists of bad debt of \$214,905, and general expenses due and accrued of \$50,013. The other ordinary deferred tax liability of \$4,391 for 2016 and \$40,781 for 2015 consists of premium acquisition expense.

The Company assessed the potential realization of the gross deferred tax asset and established a valuation allowance of \$0 and \$488 to reduce the gross deferred tax asset to \$1,445,561 and \$5,357,033 as of December 31, 2016 and 2015, 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 and/or expectations for future taxable income.

- D. The provision for federal income taxes (benefit) incurred is different from that which would be obtained by applying the statutory federal income tax rate of 35% to net income before federal income taxes (benefit) incurred, plus capital gains tax/less capital gains tax (benefit). A summarization of the significant items causing this difference as of December 31, 2016 and 2015 is as follows:

| | 2016 | | 2015 | |
|---|-----------------------|--------------------|-----------------------|--------------------|
| | Amount | Effective Tax Rate | Amount | Effective Tax Rate |
| Tax provision at the federal statutory rate | \$ (5,976,480) | 35.0% | \$ (2,731,814) | 35.0% |
| Tax-exempt interest | (130,610) | 0.8% | (79,425) | 1.0% |
| Other current year items | - | 0.0% | - | 0.0% |
| Health insurer fee | 1,801,662 | -10.6% | 1,760,729 | -22.6% |
| Tax effect of nonadmitted assets | (513,487) | 3.0% | 32,903 | -0.4% |
| Prior year true-up | - | 0.0% | - | 0.0% |
| Deferred corrections | - | 0.0% | - | 0.0% |
| Change in statutory valuation allowance | (488) | 0.0% | 488 | 0.0% |
| Other | - | 0.0% | - | 0.0% |
| Total statutory income taxes | <u>\$ (4,819,403)</u> | <u>28.2%</u> | <u>\$ (1,017,119)</u> | <u>13.0%</u> |
| Federal income taxes incurred | \$ (8,788,540) | 51.5% | \$ 3,627,343 | -46.5% |
| Capital gains tax | 87,730 | -0.5% | 141,072 | -1.8% |
| Change in net deferred tax asset | <u>3,881,407</u> | <u>-22.8%</u> | <u>(4,785,534)</u> | <u>61.3%</u> |
| Total statutory income taxes | <u>\$ (4,819,403)</u> | <u>28.2%</u> | <u>\$ (1,017,119)</u> | <u>13.0%</u> |

- E. At December 31, 2016, the Company had no net operating loss carryforwards.

Current federal income taxes recoverable of \$11,149,809 and \$644,583 as of December 31, 2016 and 2015, respectively, are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Federal income taxes paid, net of refunds were \$1,804,416 and \$6,110,022 in 2016 and 2015, respectively.

Federal income taxes incurred of \$0 and \$3,768,415 for 2016 and 2015, 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 2015 and prior. UnitedHealth Group’s 2016 tax return is under advance 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 2010 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.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES**A–N. Material Related Party Transactions**

Pursuant to the terms of a management agreement (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, and access fees under this arrangement totaled \$65,713,951 and \$27,909,357 in 2016 and 2015, respectively, and are included in total hospital and medical expenses, general administrative expenses, and claims adjustment expenses in the statutory basis statements of operations. Direct expenses not covered under the Agreement, such as broker commissions, Department of Insurance (“DOI”) 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.

The Company also directly contracts with related parties to provide services to its members. The Company expensed as hospital and medical expenses, general administrative expenses, and claims adjustment expenses \$5,169,338 and \$1,194,756 in capitation fees paid to related parties during 2016 and 2015, respectively. United Behavioral Health provides mental health and substance abuse services. OptumHealth Care Solutions, Inc. provides chiropractic, physical therapy and complex medical conditions services. Spectera, Inc. provides administrative services related to vision benefit management and claims processing. Dental Benefit Providers, Inc. provides dental care assistance. The capitation expenses, administrative services, and access fees paid to related parties that are included as hospital and medical expenses, general administrative expenses, and claims adjustment expenses in the statutory basis statements of operations for the years ended December 31, 2016 and 2015, are shown below:

| | 2016 | 2015 |
|----------------------------------|----------------------------|----------------------------|
| United Behavioral Health | \$ 4,359,579 | \$ 1,065,509 |
| OptumHealth Care Solutions, Inc. | 594,457 | 83,847 |
| Spectera, Inc. | 111,694 | 45,400 |
| Dental Benefit Providers, Inc. | <u>103,608</u> | <u>-</u> |
| Total | <u>\$ 5,169,338</u> | <u>\$ 1,194,756</u> |

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.

The Company contracts with OptumRx to provide administrative services related to pharmacy management and pharmacy claims processing for its enrollees. Fees related to these agreements, which are calculated on a per-claim basis, of \$2,880,205 and \$785,005 in 2016 and 2015, respectively, are included in general administrative expenses and claims adjustment expenses in the statutory basis statements of operations.

The Company contracts with OptumRx to provide personal health products catalogues showing the healthcare products and benefit credits needed to redeem the respective products. OptumRx will mail the appropriate personal health products catalogues to the Company’s members and manage the personal health products credit balance. OptumRx also distributes personal health products to individual members based upon the terms of the agreement. Fees related to these agreements in 2016 and 2015, which are calculated on a PMPM or per-claim basis of \$598,792 and \$7,015, and \$7,145 and \$0 respectively, are included in hospital and medical expenses in the statutory basis statements of operations.

The Company has an agreement with OptumInsight, Inc., an affiliate of the Company, for claim analytics, recovery of medical expense overpayments, retroactive fraud, waste and abuse, subrogation and premium audit services. All recoveries are returned to the Company by OptumInsight, Inc. on a monthly basis and a capitated service fee is charged to the Company as a PMPM. Service fees of \$3,100,238 and \$1,667,707 are included in hospital and medical expenses, claims adjustment expenses, and general administrative expenses in the statutory basis statements of operations for the years ended December 31, 2016 and 2015, respectively.

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.

Effective February 1, 2016, the Company has entered into a facility participation agreement for home infusion therapy services with an affiliated entity, AxelaCare Intermediate Holding, LLC. This agreement has been approved by the Department.

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 \$2,310,813 and \$1,123,457 in 2016 and 2015, respectively, are netted against net premium income in the statutory basis statement of operations.

The Company holds a \$10,000,000 subordinated revolving credit agreement with UnitedHealth Group at an interest rate of London InterBank Offered Rate both 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, 2016. No amounts were outstanding under the line of credit as of December 31, 2016 and 2015. There is no interest paid or accrued on borrowings throughout the year as of December 31, 2016 and 2015.

At December 31, 2016 and 2015, the Company reported \$12,558,190 and \$662,676, 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.

In addition to the agreements above, UHS maintains a private short-term money market investment pool in which affiliated companies may participate (see Note 1). At December 31, 2016 and 2015, the Company's portion was \$14,397,975 and \$13,865,197, respectively, and is included in cash (overdrafts), cash equivalents, and short-term investments in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

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

The Company received capital infusions of \$60,000,000 and \$0 in 2016 and 2015, respectively (see Note 13).

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 non-insurance subsidiaries, controlled, or affiliated entities.

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

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

11. DEBT

A–B. The Company had no outstanding debt with third-parties or outstanding Federal Home Loan Bank agreements during 2016 and 2015.

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 no dividends during 2016 or 2015.

The Company received a cash infusion of \$60,000,000 on December 29, 2016, from its parent, which was recorded as an increase to gross paid-in and contributed 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) As discussed in Note 1, in 2016 no amount is required to be apportioned out of unassigned surplus for the Section 9010 ACA subsequent fee year assessment. For the year ended December 31, 2015, the amount of the estimated Section 9010 ACA subsequent fee year assessment apportioned out of unassigned surplus was \$5,114,626.

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

| | 2016 | 2015 | Change |
|---------------------------|-----------------------|---------------------|-----------------------|
| Net deferred income taxes | \$ 1,420,869 | \$ 5,302,276 | \$ (3,881,407) |
| Nonadmitted assets | <u>(2,594,905)</u> | <u>(1,127,801)</u> | <u>(1,467,104)</u> |
| Total | <u>\$ (1,174,036)</u> | <u>\$ 4,174,475</u> | <u>\$ (5,348,511)</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 guarantee 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.

In February 2017, the United States Department of Justice decided to pursue, in part, a *qui tam* lawsuit that previously had been under seal challenging compliance with coding and other requirements under the Medicare risk-adjustment model (the Poehling matter). The Department of Justice and the *qui tam* plaintiff may file amended complaints in the coming months. The Company cannot reasonably estimate the range of loss, if any, that may result from the Poehling matter.

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 audit. It will conduct 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.

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, 2016 and 2015.

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 2016 and 2015.

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 \$0 and \$3,699,020 and also a payable of \$2,741,170 and \$0 at December 31, 2016 and 2015, respectively, for cost reimbursements 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 \$1,142,413 and \$456,941 and also a payable of \$1,160,860 and \$0 at December 31, 2016 and 2015, 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 Reductions ("CSR") program designed to reduce copayments, deductibles, and coinsurance for lower-income members. There is no 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 \$2,508,051 and \$0 for the CSR program as of December 31, 2016 and December 31, 2015, 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 2016 and 2015.

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, 2016 and 2015.

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, 2016 and 2015 is presented in the table below:

| Types of Financial Investment | 2016 | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|-------------|----------------------------------|
| | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Not Practicable (Carrying Value) |
| U.S. government and agency securities | \$ 26,056,220 | \$ 26,229,915 | \$ 12,226,830 | \$ 13,829,390 | \$ - | \$ - |
| State and agency municipal securities | 12,202,325 | 12,491,976 | - | 12,202,325 | - | - |
| City and county municipal securities | 10,223,765 | 10,447,462 | - | 10,223,765 | - | - |
| Corporate debt securities | 32,155,928 | 32,144,497 | - | 32,155,927 | - | - |
| Money-market funds | 18,321,688 | 18,321,688 | 18,321,688 | - | - | - |
| Total bonds and short-term investments | <u>\$ 98,959,926</u> | <u>\$ 99,635,538</u> | <u>\$ 30,548,518</u> | <u>\$ 68,411,407</u> | <u>\$ -</u> | <u>\$ -</u> |

| Types of Financial Investment | 2015 | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|-------------|----------------------------------|
| | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Not Practicable (Carrying Value) |
| U.S. government and agency securities | \$ 16,996,352 | \$ 16,952,419 | \$ 9,543,681 | \$ 7,452,671 | \$ - | \$ - |
| State and agency municipal securities | 4,648,587 | 4,535,817 | - | 4,648,587 | - | - |
| City and county municipal securities | 2,912,783 | 2,811,959 | - | 2,912,783 | - | - |
| Corporate debt securities | 21,075,482 | 21,024,294 | - | 21,075,482 | - | - |
| Money-market funds | 16,808,763 | 16,808,763 | 16,808,763 | - | - | - |
| Total bonds and short-term investments | <u>\$ 62,441,967</u> | <u>\$ 62,133,252</u> | <u>\$ 26,352,444</u> | <u>\$ 36,089,523</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 \$12,226,830 and \$9,543,681 as of December 31, 2016 and December 31, 2015, respectively.

There are no commercial paper investments included in corporate debt securities in the fair value hierarchy tables above as of December 31, 2016 and 2015.

D. Not Practicable to Estimate Fair Value — Not applicable.**21. OTHER ITEMS**

- A.** The Company did not encounter any unusual or infrequent items for the years ended December 31, 2016 and 2015.
- B.** The Company has no troubled debt restructurings as of December 31, 2016 and 2015.
- C.** 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.** The Company has not received any business interruption insurance recoveries during 2016 and 2015.
- E.** The Company has no transferable or non-transferable state tax credits.

F. Sub-Prime Mortgage-Related Risk Exposure

- (1)** The investment policy for the Company limits investments in loan-backed securities, which includes sub-prime issuers. Further, the policy limits investments in private-issuer mortgage securities to 10% of the portfolio, which also includes sub-prime issuers. The exposure to unrealized losses on sub-prime issuers is due to changes in market prices. There are no realized losses due to not receiving anticipated cash flows. The investments covered are NAIC rating of 1 or 2.
- (2)** The Company has no direct exposure through investments in sub-prime mortgage loans.
- (3)** Direct exposure through other investments is as follows:

| 2016 | | | | |
|---|------------------------|---|-----------------------|---|
| | Actual Cost | Book/ Adjusted Carrying Value (Excluding Interest) | Fair Value | Other-than- Temporary Impairment Losses Recognized |
| a. Residential mortgage-backed securities | \$ 96,400 | \$ 105,984 | \$ 130,408 | \$ - |
| b. Commercial mortgage-backed securities | - | - | - | - |
| c. Collateralized debt obligations | - | - | - | - |
| d. Structured securities | - | - | - | - |
| e. Equity investment in SCAs* | - | - | - | - |
| f. Other assets | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| g. Total | <u>\$ 96,400</u> | <u>\$ 105,984</u> | <u>\$ 130,408</u> | <u>\$ -</u> |
| 2015 | | | | |
| | Actual Cost | Book/ Adjusted Carrying Value (Excluding Interest) | Fair Value | Other-than- Temporary Impairment Losses Recognized |
| a. Residential mortgage-backed securities | \$ 120,661 | \$ 131,084 | \$ 165,278 | \$ - |
| b. Commercial mortgage-backed securities | - | - | - | - |
| c. Collateralized debt obligations | - | - | - | - |
| d. Structured securities | - | - | - | - |
| e. Equity investment in SCAs* | - | - | - | - |
| f. Other assets | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| g. Total | <u>\$ 120,661</u> | <u>\$ 131,084</u> | <u>\$ 165,278</u> | <u>\$ -</u> |

- (4)** The Company has no underwriting exposure to sub-prime mortgage risk through mortgage guaranty or financial guaranty insurance coverage.
- G.** The Company does not have any retained asset accounts for beneficiaries.
- H.** As of December 31, 2016, the Company is not aware of any possible proceeds of insurance-linked securities.

22. EVENTS SUBSEQUENT

Subsequent events have been evaluated through February 27, 2017 which is the date these statutory basis financial statements were available for issuance.

There are no recognized or non-recognized Type I or Type II events subsequent to December 31, 2016, that require recognition or disclosure.

TYPE I — Recognized Subsequent Events

There are no events subsequent to December 31, 2016, 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 2017 HIF moratorium (see Note 1), no HIF will be payable in 2017 and therefore there will be no amounts apportioned out of unassigned funds in 2016 representing an estimate of the 2017 HIF.

The table below presents information regarding the annual fee under Section 9010 of the ACA as of December 31, 2016 and 2015:

| | 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 | \$ - | \$ 5,114,626 |
| C. ACA fee assessment paid | 5,147,607 | 5,030,665 |
| D. Premium written subject to ACA 9010 assessment | - | 287,618,913 |
| E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14) | 72,232,528 | |
| F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above) | 72,232,528 | |
| G. Authorized Control Level (Five-Year Historical Line 15) | 19,363,965 | |
| H. Would reporting the ACA assessment as of December 31, 2016, have triggered an RBC action level (YES/NO)? | <u>NO</u> | |

The Company has made the decision to exit the ACA Individual Exchange market effective January 1, 2017, in the states of Nebraska and Iowa. The 2016 Individual Exchange revenue represented 18% of total direct premiums written.

Effective January 1, 2017, the Company expanded its CMS business to the state of Arkansas.

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 this novation was received from CMS. Approvals for the asset transfers related to the novation was received from the Department and was not required by the Missouri Department of Insurance, Illinois Department of Insurance, Kansas Insurance Department, or the Alabama Department of Insurance. The impact of this novation is expected to increase total membership in 2017 by approximately 115%.

There are no other events subsequent to December 31, 2016 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 (see Note 10) and other nonaffiliated reinsurers. The Company remains primarily liable as the direct insurer on all risks reinsured.

The Company is subject to the reinsurance provisions pursuant to the ACA for compliant individual policies (see Note 24).

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, 2016.

- (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 2016 and 2015, there were no uncollectible reinsurance recoverables.

C. Commutation of Ceded Reinsurance — There was no commutation of reinsurance in 2016 or 2015.

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 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 this retrospectively rated features was \$106,715,114 and \$0, representing 19% and 0% of total direct premiums written as of December 31, 2016 and 2015, 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 this retrospectively rated feature was \$20,457,515 and \$7,126,960 representing, 4% and 3% of total direct premiums written for 2016 and 2015, 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 redetermination features was \$282,251,831 and \$104,894,624 representing, 49% and 36% of total direct premiums written for 2016 and 2015, 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 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, 2016 and 2015:

| | 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 | \$ - | \$ - | \$ - | \$ 370,670 | \$ 370,670 |
| (2) Medical loss ratio rebates paid | - | - | - | - | - |
| (3) Medical loss rebates unpaid | - | - | - | 370,670 | 370,670 |
| (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 | 370,670 |
| Current reporting year-to-date | | | | | |
| (7) Medical loss ratio rebates incurred | - | - | - | - | - |
| (8) Medical loss ratio rebates paid | - | - | - | 370,670 | 370,670 |
| (9) Medical loss rebates unpaid | - | - | - | - | - |
| (10) Plus reinsurance assumed amounts | XXX | XXX | XXX | XXX | - |
| (11) Less reinsurance ceded amounts | XXX | XXX | XXX | XXX | - |
| (12) Rebates unpaid net of reinsurance | XXX | XXX | XXX | XXX | - |

E. Risk-Sharing Provisions of the Affordable Care Act

- (1) The Company has accident and health insurance premiums in 2016 subject to the risk-sharing provisions of the ACA.

The ACA imposes 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. 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 is effective from 2014 through 2016 and applies 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, are accounted for as ceded premium and payments received are accounted for as ceded benefit recoveries. The portion of the individual contributions earmarked for the U.S. Treasury is 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, are 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, applies 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 are 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:

| a. Permanent ACA Risk Adjustment Program | December 31, 2016 |
|--|--------------------------|
| Assets | |
| 1. Premium adjustments receivable due to ACA Risk Adjustment | \$ - |
| Liabilities | |
| 2. Risk adjustment user fees payable for ACA Risk Adjustment | 45,469 |
| 3. Premium adjustments payable due to ACA Risk Adjustment | 9,349,287 |
| Operations (revenue & expense) | |
| 4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment | (9,349,287) |
| 5. Reported in expenses as ACA risk adjustment user fees (incurred/paid) | 45,469 |
| b. Transitional ACA Reinsurance Program | |
| Assets | |
| 1. Amounts recoverable for claims paid due to ACA Reinsurance | \$ 3,582,282 |
| 2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Lial | 395,438 |
| 3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance | - |
| Liabilities | |
| 4. Liabilities for contributions payable due to ACA Reinsurance—not reported as ceded premium | 131,645 |
| 5. Ceded reinsurance premiums payable due to ACA Reinsurance | 526,579 |
| 6. Liability for amounts held under uninsured plans contributions for ACA Reinsurance | - |
| Operations (revenue & expense) | |
| 7. Ceded reinsurance premiums due to ACA Reinsurance | 526,579 |
| 8. Reinsurance recoveries (income statement) due to ACA reinsurance payments or expected payments | 3,977,720 |
| 9. ACA Reinsurance contributions—not reported as ceded premium | 131,645 |
| c. Temporary ACA Risk Corridors Program | |
| Assets | |
| 1. Accrued retrospective premium due to ACA Risk Corridors | \$ - |
| Liabilities | |
| 2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors | - |
| Operations (revenue & expense) | |
| 3. Effect of ACA Risk Corridors on net premium income (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 | |
|---|--|-----------|--|-----------|--|--|------------------------|------------------------|-----|---|---|
| | | | | | Prior Year Accrued Less Payments (Col 1 - 3) | Prior Year Accrued Less Payments (Col 2 - 4) | To Prior Year Balances | To Prior Year Balances | | Cumulative Balance from Prior Years (Col 1 - 3 + 7) | Cumulative Balance from Prior Years (Col 2 - 4 + 8) |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | 9 | 10 |
| | Receivable | (Payable) | Receivable | (Payable) | Receivable | (Payable) | Receivable | (Payable) | | Receivable | (Payable) |
| a. Permanent ACA Risk Adjustment Program | | | | | | | | | | | |
| 1. Premium Adjustment Receivable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | A | \$ - | \$ - |
| 2. Premium Adjustment (Payable) | - | - | - | - | - | - | - | - | B | - | - |
| 3. Subtotal ACA Permanent Risk Adjustment Program | - | - | - | - | - | - | - | - | | - | - |
| b. Transitional ACA Reinsurance Program | | | | | | | | | | | |
| 1. Amounts recoverable for claims paid | - | - | - | - | - | - | - | - | C | - | - |
| 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 | - | - | - | - | - | - | - | - | | - | - |
| 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 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | \$ - |

Explanation of Adjustments

- A.
- B.
- C.
- D.
- E.
- F.
- G.
- H.
- I.
- J.

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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 | | 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. 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 | 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 | 7,196,304 | 7,196,304 | - | - | - | - |
| d. Total (a+b+c) | \$ 7,196,304 | \$ 7,196,304 | \$ - | \$ - | \$ - | \$ - |

25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

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 the claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves and health care receivables (excluding provider loans and advances not yet expensed) for the years ended December 31, 2016 and 2015:

| | 2016 | | |
|--|---|--|-----------------------|
| | Current Year Incurred Claims | Prior Years Incurred Claims | Total |
| Beginning of year claim reserve | \$ - | \$ (40,048,766) | \$ (40,048,766) |
| Paid claims—net of health care receivable* | 433,937,144 | 32,256,690 | 466,193,834 |
| End of year claim reserve | <u>88,609,402</u> | <u>1,607,118</u> | <u>90,216,520</u> |
| Incurred claims excluding the change in health care receivable | 522,546,546 | (6,184,958) | 516,361,588 |
| Beginning of year health care receivable* | - | 3,573,282 | 3,573,282 |
| End of year health care receivable* | <u>(15,368,955)</u> | <u>(762,011)</u> | <u>(16,130,966)</u> |
| Total incurred claims | <u>\$ 507,177,591</u> | <u>\$ (3,373,687)</u> | <u>\$ 503,803,904</u> |

*Health care receivable excludes provider loans and advances not yet expensed of \$0 and \$582,991 for 2016 and 2015, respectively.

| | 2015 | | |
|--|---|--|-----------------------|
| | Current Year Incurred Claims | Prior Years Incurred Claims | Total |
| Beginning of year claim reserve | \$ - | \$ (31,935,683) | \$ (31,935,683) |
| Paid claims—net of health care receivable* | 202,295,076 | 29,481,431 | 231,776,507 |
| End of year claim reserve | <u>39,347,248</u> | <u>701,518</u> | <u>40,048,766</u> |
| Incurred claims excluding the change in health care receivable | 241,642,324 | (1,752,734) | 239,889,590 |
| Beginning of year health care receivable | - | 3,141,709 | 3,141,709 |
| End of year health care receivable* | <u>(2,942,388)</u> | <u>(630,894)</u> | <u>(3,573,282)</u> |
| Total incurred claims | <u>\$ 238,699,936</u> | <u>\$ 758,081</u> | <u>\$ 239,458,017</u> |

*Health care receivable excludes provider loans and advances not yet expensed of \$582,991

The liability for claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves, net of health care receivable (excluding provider loans and advances not yet expensed), as of December 31, 2015 was \$36,475,484. As of December 31, 2016 \$32,256,690 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years, net of health care receivable (excluding provider loans and advances not yet expensed) are now \$845,107, as a result of re-estimation of unpaid claims. Therefore, there has been \$3,373,687 favorable prior year development since December 31, 2015 to December 31, 2016. The primary drivers consist of favorable development as a result of a change in the provision for adverse deviations in experience of \$1,939,287 and favorable development of \$1,257,089 in retroactivity for inpatient, outpatient, physician, and pharmacy claims. At December 31, 2015, the Company recorded \$758,081 of unfavorable development related to \$2,388,117 unfavorable development in retroactivity for inpatient, outpatient, physician, and pharmacy claim and unfavorable development of \$204,415 due to provider settlement and Rx Rebates, offset by favorable development of \$1,693,846 as a result of a change in the provision for adverse deviations in experience and favorable development of \$213,789 due to risk share. Original estimates are increased or decreased, as additional information becomes known regarding individual claims, including the medical loss ratio rebate accrual. Included in this development is the impact related to retrospectively rated policies, which also has a corresponding impact on medical loss ratio rebates. 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 reserve for rate credits in the statutory basis statements of operations.

The Company incurred claims adjustment expenses of \$33,774,306 and \$16,817,282 in 2016 and 2015, respectively. These costs are included in the management service fees paid by the Company to UHS as a part of its Agreement (see Note 10). The following table discloses paid CAE, incurred CAE, and the balance in the unpaid claim adjustment expenses reserve for 2016 and 2015:

| | 2016 | 2015 |
|---|----------------------|----------------------|
| Total claims adjustment expenses | \$ 33,774,306 | \$ 16,817,282 |
| Less current year unpaid claims adjustment expenses | (860,407) | (394,229) |
| Add prior year unpaid claims adjustment expenses | <u>394,229</u> | <u>300,998</u> |
| Total claims adjustment expenses paid | <u>\$ 33,308,128</u> | <u>\$ 16,724,051</u> |

26. INTERCOMPANY POOLING ARRANGEMENTS

A–G. The Company did not have any intercompany pooling arrangements in 2016 or 2015.

27. STRUCTURED SETTLEMENTS

A–B. The Company did not have structured settlements in 2016 or 2015.

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 |
|------------|--|---|---|--|--|
| 12/31/2016 | \$ 6,698,583 | \$ - | \$ - | \$ - | \$ - |
| 9/30/2016 | 6,542,966 | 6,396,873 | 3,311,577 | - | - |
| 6/30/2016 | 6,322,937 | 6,201,046 | 4,702,309 | 1,227,768 | - |
| 3/31/2016 | 5,339,016 | 5,231,760 | 3,801,546 | 1,245,038 | 90,066 |
| 12/31/2015 | 1,763,910 | 1,772,074 | 1,456,901 | 298,836 | 3,780 |
| 9/30/2015 | 1,753,999 | 1,803,196 | 1,476,034 | 87,260 | 233,524 |
| 6/30/2015 | 1,555,632 | 1,625,683 | 1,292,464 | 166,628 | 161,873 |
| 3/31/2015 | 1,486,895 | 1,484,332 | 1,171,725 | 131,902 | 181,281 |
| 12/31/2014 | 1,187,221 | 1,164,614 | 942,456 | 171,862 | 45,984 |
| 9/30/2014 | 1,132,367 | 1,106,720 | 868,591 | 198,184 | 41,568 |
| 6/30/2014 | 1,028,709 | 1,011,843 | 797,172 | 164,155 | 50,785 |
| 3/31/2014 | 952,694 | 979,006 | 732,369 | 162,617 | 79,422 |

Of the amount reported as health care and other amounts receivable, \$9,243,081 and \$2,375,948 relates to pharmacy rebates receivable as of December 31, 2016 and 2015, respectively. This increase is primarily due to increased membership along with the change in generic/name brand mix.

The company also admitted \$768,651 and \$410,650 related to claims overpayment receivables, and \$0 and \$251,226 related to provider advance receivables as of December 31, 2016 and 2015, respectively

- 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.

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2016 or 2015.

30. PREMIUM DEFICIENCY RESERVES

The following table summarizes the Company's premium deficiency reserves as of December 31, 2016 and 2015:

| | 2016 |
|--|---|
| 1. Liability carried for premium deficiency reserves | \$ - |
| 2. Date of the most recent evaluation of this liability | <u>12/31/2016</u> |
| 3. Was anticipated investment income utilized in this calculation? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| | 2015 |
| 1. Liability carried for premium deficiency reserves | \$ 12,822,000 |
| 2. Date of the most recent evaluation of this liability | <u>12/31/2015</u> |
| 3. Was anticipated investment income utilized in this calculation? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |

Premium deficiency reserves are included in aggregate health policy reserves (see Note 1—*Basis of Presentation*) in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2016 and 2015, 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 [X] 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 [X] N/A []
- 1.3 State Regulating? Nebraska
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
- 3.1 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 [X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] 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 [X]
4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [] No [X]
4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 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 | 2 | 3 |
|----------------|-------------------|-------------------|
| Name of Entity | NAIC Company Code | State of Domicile |
| | | |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information:
.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
7.21 State the percentage of foreign control; 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 | 2 |
|-------------|----------------|
| Nationality | 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, Utah | 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?
Allen J. Sorbo, Vice President and Corporate Chief Actuary of UnitedHealthcare Insurance Company, of which UnitedHealthcare of the Midlands, Inc. is an affiliate, 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 | \$ | 9,252,003 |
| 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)
- 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 | \$ | 1,160,052 |
| 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 [X]
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..... |
| Deutsche 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 [] No [X]

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

| 1 Central Registration Depository Number | 2 Name of Firm or Individual | 3 Legal Entity Identifier (LEI) | 4 Registered With | 5 Investment Management Agreement (IMA) Filed |
|---|---|------------------------------------|----------------------|--|
| 107038 | JPMorgan Investment Management Inc. | NA | SEC | NO..... |
| 104518 | Deutsche 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 | 99,635,538 | 98,959,925 | (675,613) |
| 30.2 Preferred stocks | 0 | 0 | 0 |
| 30.3 Totals | 99,635,538 | 98,959,925 | (675,613) |

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

OTHER

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

33.2 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 |
|-----------|------------------|
| | |

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

34.2 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 |
|-----------|------------------|
| | |

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

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total 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 | 574,469,987 | 287,346,019 |
| 2.2 Premium Denominator | 574,469,987 | 287,346,019 |
| 2.3 Premium Ratio (2.1/2.2) | 1.000 | 1.000 |
| 2.4 Reserve Numerator | 101,876,077 | 53,886,558 |
| 2.5 Reserve Denominator | 101,876,077 | 53,886,558 |
| 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 21,142

8.2 Number of providers at end of reporting year 39,583

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

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months.. \$ 0

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..... | \$ | 5,361,646 |
| 10.22 Amount actually paid for year bonuses..... | \$ | 2,823,237 |
| 10.23 Maximum amount payable withholds..... | \$ | 501,694 |
| 10.24 Amount actually paid for year withholds..... | \$ | 1,603,780 |
- 11.1 Is the reporting entity organized as:
- | | | |
|---|-----------|----------|
| 11.12 A Medical Group/Staff Model, | Yes [] | No [X] |
| 11.13 An Individual Practice Association (IPA), or, | Yes [] | No [X] |
| 11.14 A Mixed Model (combination of above)? | Yes [X] | No [] |
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] No []
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus. Nebraska
- 11.4 If yes, show the amount required. \$ 7,231,915
- 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
- | | | |
|---------------------------|---------------|--|
| Premium Revenue | \$573,191,476 | |
| First \$150,000,000 at 2% | 3,000,000 | |
| Over \$150,000,000 at 1% | 4,231,915 | |
| Total | 7,231,915 | |
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 |
| Chichasaw |
| 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 |
| Mahaska |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE UnitedHealthcare of the Midlands, Inc.

| 1 Name of Service Area |
|--|
| Marion |
| Marshall |
| Mills |
| Mitchell |
| Monona |
| Monroe |
| Montgomery |
| Muscatine |
| Oteo |
| Page |
| Pocahontas |
| Polk |
| Pottawattamie |
| Poweshiek |
| Sarpy |
| Saunders |
| Seward |
| Scott |
| 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 |
| Boone |
| Cook |
| DeKalb |
| DuPage |
| Grundy |
| Kane |
| Kankakee |
| Kendall |
| Lake |
| Madison |
| McHenry |
| McLean |
| Monroe |
| St. Clair |
| Will |
| Winnebago |
| United Healthcare of the Midlands, Inc. is licensed to operate in the following counties of Missouri |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE UnitedHealthcare of the Midlands, Inc.

| 1 Name of Service Area |
|--|
| Boone |
| Buchanan |
| Callaway |
| Cass |
| Christian |
| Clay |
| Cole |
| Crawford |
| Dade |
| Dallas |
| Douglas |
| Franklin |
| Gasconade |
| Greene |
| Jackson |
| Jefferson |
| Laclede |
| Lafayette |
| Lawrence |
| Lincoln |
| Miller |
| Osage |
| Platte |
| Polk |
| St. Charles |
| St. Francois |
| St. Louis |
| St. Louis City |
| Stone |
| Taney |
| Texas |
| Warren |
| Washington |
| Webster |
| Wright |
| United Healthcare of the Midlands, Inc. is licensed to operate in the following counties of Kansas |
| Butler |
| Harvey |
| Johnson |
| 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 |
| De Kalb |
| Decatur |
| Delaware |
| Elkhart |
| Fayette |
| Floyd |
| Fountain |
| Fulton |
| Gibson |
| Greene |
| Hamilton |
| Hancock |
| Harrison |
| Hendricks |
| Henry |
| Howard |
| Huntington |
| Jackson |
| Jasper |
| Jay |
| Jefferson |
| Jennings |
| Johnson |
| Kosciusko |
| La Porte |
| Lagrange |
| Lake |
| Lawrence |
| Madison |
| Marion |
| Marshall |

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE UnitedHealthcare of the Midlands, Inc.

| 1 Name of Service Area |
|---------------------------|
| Miami |
| Montgomery |
| Morgan |
| Newton |
| Noble |
| Orange |
| Owen |
| Parke |
| Porter |
| Posey |
| Pulaski |
| Putnam |
| Randolph |
| Rush |
| Shelby |
| St. Joseph |
| Starke |
| Steuben |
| Tippecanoe |
| Tipton |
| Union |
| Vanderburgh |
| Vermillion |
| Vigo |
| Wabash |
| Warren |
| Warrick |
| 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 |
| | | | | | | |

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded):
- 15.1 Direct Premium Written \$ 0
- 15.2 Total Incurred Claims \$ 0
- 15.3 Number of Covered Lives 0

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

FIVE-YEAR HISTORICAL DATA

| | 1 2016 | 2 2015 | 3 2014 | 4 2013 | 5 2012 |
|--|--------------|--------------|-------------|-------------|-------------|
| Balance Sheet (Pages 2 and 3) | | | | | |
| 1. Total admitted assets (Page 2, Line 28) | 207,263,898 | 90,910,317 | 69,867,788 | 65,832,302 | 53,780,088 |
| 2. Total liabilities (Page 3, Line 24) | 135,031,370 | 64,954,427 | 37,217,840 | 35,837,406 | 33,449,424 |
| 3. Statutory minimum capital and surplus requirement | 7,231,915 | 18,810,522 | 16,580,272 | 13,446,268 | 12,141,920 |
| 4. Total capital and surplus (Page 3, Line 33) | 72,232,528 | 25,955,890 | 32,649,948 | 29,994,896 | 20,330,664 |
| Income Statement (Page 4) | | | | | |
| 5. Total revenues (Line 8) | 573,191,476 | 286,395,955 | 261,791,632 | 206,967,050 | 186,884,791 |
| 6. Total medical and hospital expenses (Line 18) | 503,803,904 | 239,458,017 | 205,784,555 | 167,698,879 | 152,112,243 |
| 7. Claims adjustment expenses (Line 20) | 33,774,306 | 16,817,282 | 13,192,949 | 9,619,502 | 8,901,195 |
| 8. Total administrative expenses (Line 21) | 67,377,707 | 26,501,770 | 23,660,046 | 15,977,616 | 14,012,402 |
| 9. Net underwriting gain (loss) (Line 24) | (18,942,441) | (9,203,114) | 19,154,082 | 13,671,053 | 11,858,951 |
| 10. Net investment gain (loss) (Line 27) | 1,822,572 | 1,263,068 | 982,818 | 1,027,473 | 1,232,317 |
| 11. Total other income (Lines 28 plus 29) | (43,522) | (6,211) | (9,668) | (3,183) | (28,500) |
| 12. Net income or (loss) (Line 32) | (8,374,851) | (11,573,600) | 12,124,254 | 9,753,634 | 8,716,509 |
| Cash Flow (Page 6) | | | | | |
| 13. Net cash from operations (Line 11) | 25,326,691 | 13,376,383 | 885,179 | 10,868,165 | 17,990,812 |
| Risk-Based Capital Analysis | | | | | |
| 14. Total adjusted capital | 72,232,528 | 25,955,890 | 32,649,948 | 29,994,896 | 20,330,664 |
| 15. Authorized control level risk-based capital | 19,363,965 | 9,405,261 | 8,290,136 | 6,723,134 | 6,070,960 |
| Enrollment (Exhibit 1) | | | | | |
| 16. Total members at end of period (Column 5, Line 7) | 117,767 | 69,694 | 67,875 | 60,043 | 60,971 |
| 17. Total members months (Column 6, Line 7) | 1,397,289 | 837,795 | 798,995 | 740,276 | 704,091 |
| 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) | 87.9 | 83.6 | 78.6 | 81.0 | 81.4 |
| 20. Cost containment expenses | 3.2 | 3.3 | 3.0 | 2.9 | 2.8 |
| 21. Other claims adjustment expenses | 2.6 | 2.5 | 2.1 | 1.8 | 2.0 |
| 22. Total underwriting deductions (Line 23) | 103.3 | 103.2 | 92.7 | 93.4 | 93.7 |
| 23. Total underwriting gain (loss) (Line 24) | (3.3) | (3.2) | 7.3 | 6.6 | 6.3 |
| Unpaid Claims Analysis (U&I Exhibit, Part 2B) | | | | | |
| 24. Total claims incurred for prior years (Line 13, Col. 5) | 33,101,799 | 29,552,054 | 25,991,498 | 26,692,475 | 14,642,012 |
| 25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)] | 36,475,486 | 28,793,974 | 29,233,588 | 29,662,946 | 19,286,493 |
| 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 | 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 | 0 | 0 | 0 | 0 | 0 | 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 | 0 | 0 | 0 | 0 | 0 | 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 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. Indiana | IN | L | 0 | 158,253,383 | 0 | 0 | 0 | 158,253,383 | 0 |
| 16. Iowa | IA | L | 54,952,819 | 20,421,354 | 0 | 0 | 0 | 75,374,173 | 0 |
| 17. Kansas | KS | L | 0 | 0 | 0 | 0 | 0 | 0 | 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 | 0 | 0 | 0 | 0 | 0 | 0 |
| 27. Montana | MT | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 28. Nebraska | NE | L | 51,762,295 | 103,577,094 | 188,340,433 | 0 | 0 | 343,679,822 | 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 | 106,715,114 | 282,251,831 | 188,340,433 | 0 | 0 | 0 | 577,307,378 | 0 |
| 60. Reporting entity contributions for Employee Benefit Plans | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 61. Total (Direct Business) | (a) 8 | 106,715,114 | 282,251,831 | 188,340,433 | 0 | 0 | 0 | 577,307,378 | 0 |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 58001. | XXX | | | | | | | | |
| 58002. | XXX | | | | | | | | |
| 58003. | XXX | | | | | | | | |
| 58998. Summary of remaining write-ins for Line 58 from overflow page | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above) | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

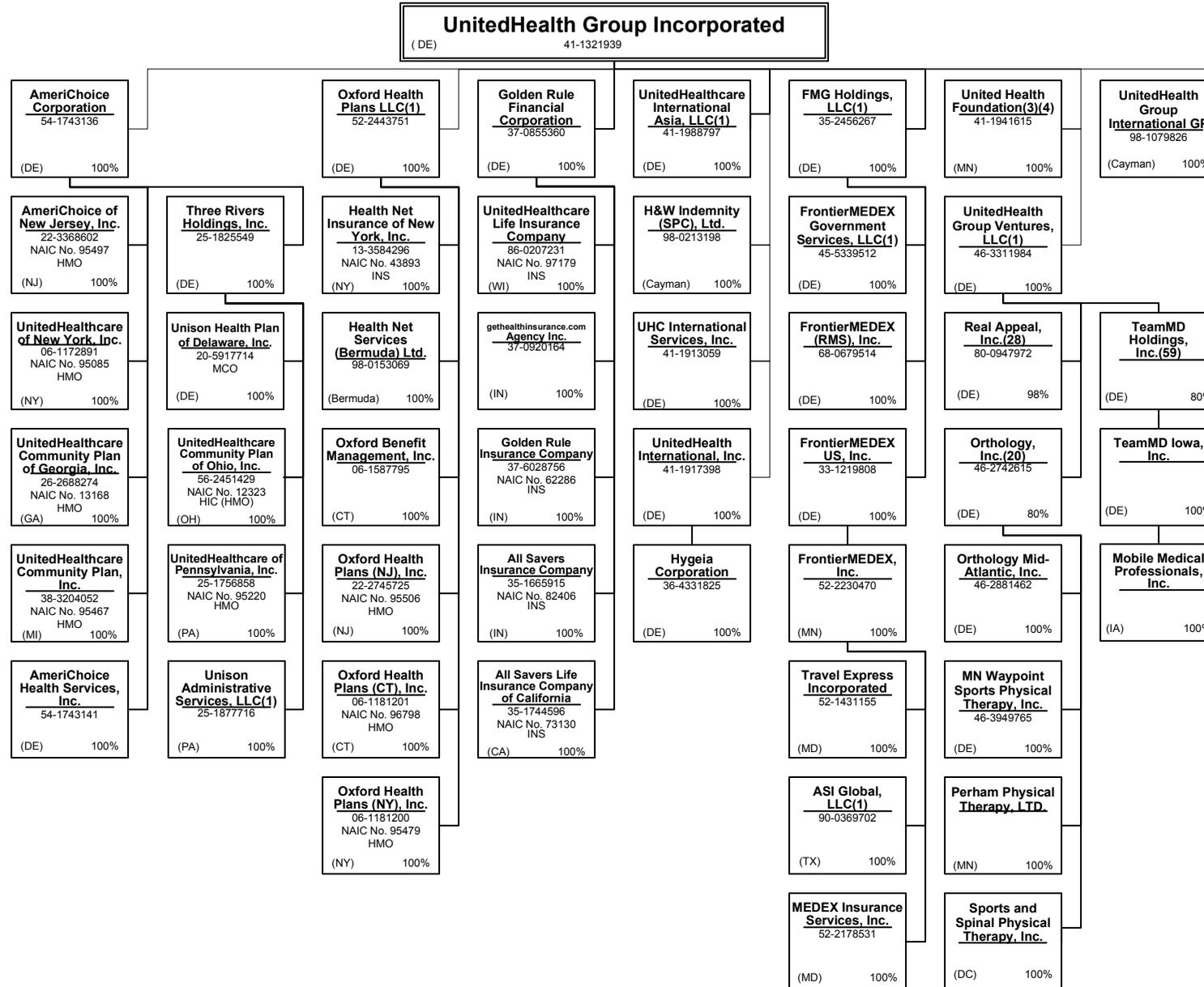
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

Explanation of basis of allocation by states, premiums by state, etc.

Premiums allocated by state based upon Geographic Market.

(a) Insert the number of L responses except for Canada and Other Alien.

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



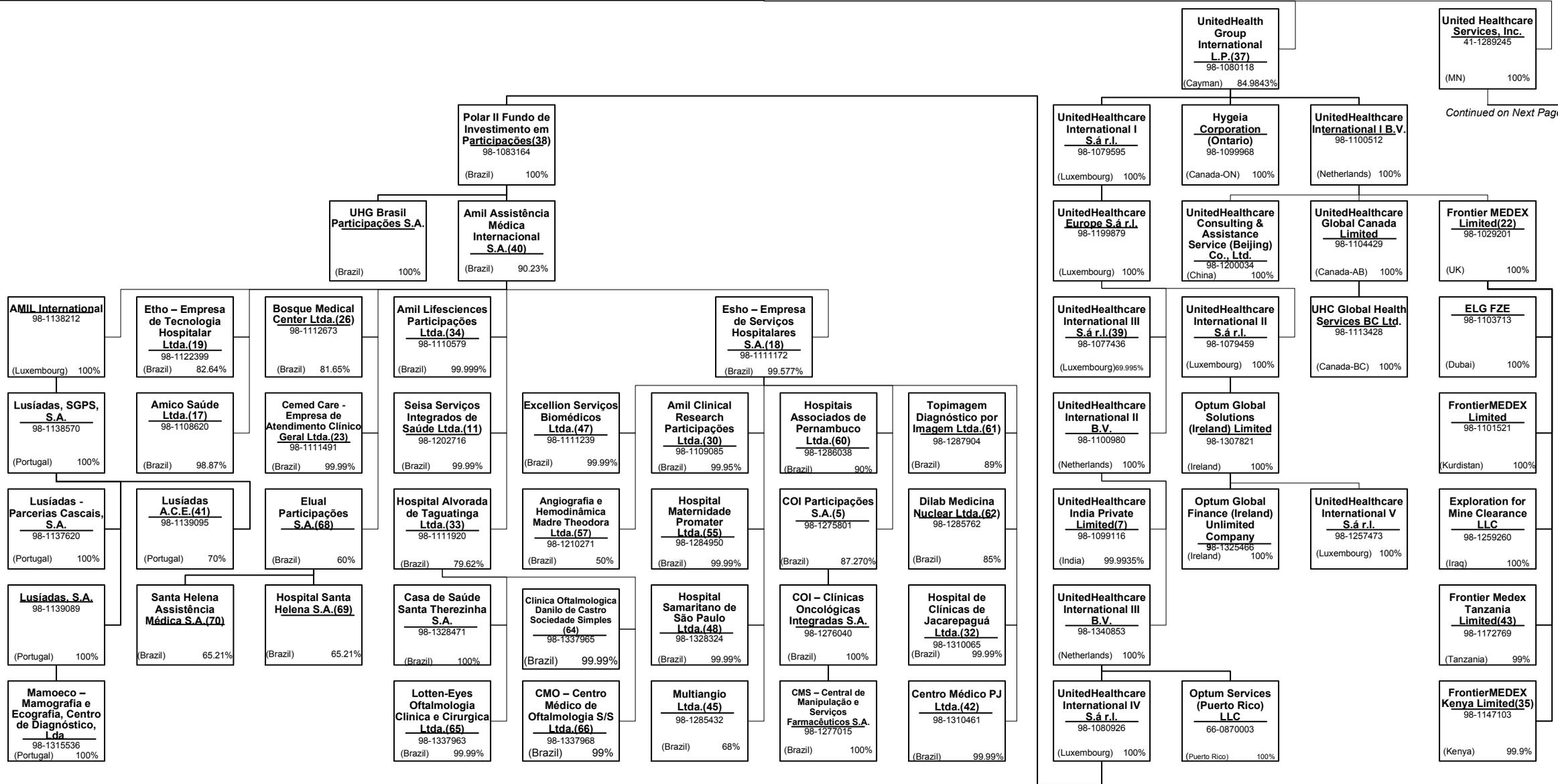
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SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

UnitedHealth Group Incorporated
 (DE) 41-1321939

Continued from Previous Page

Continued on Next Page



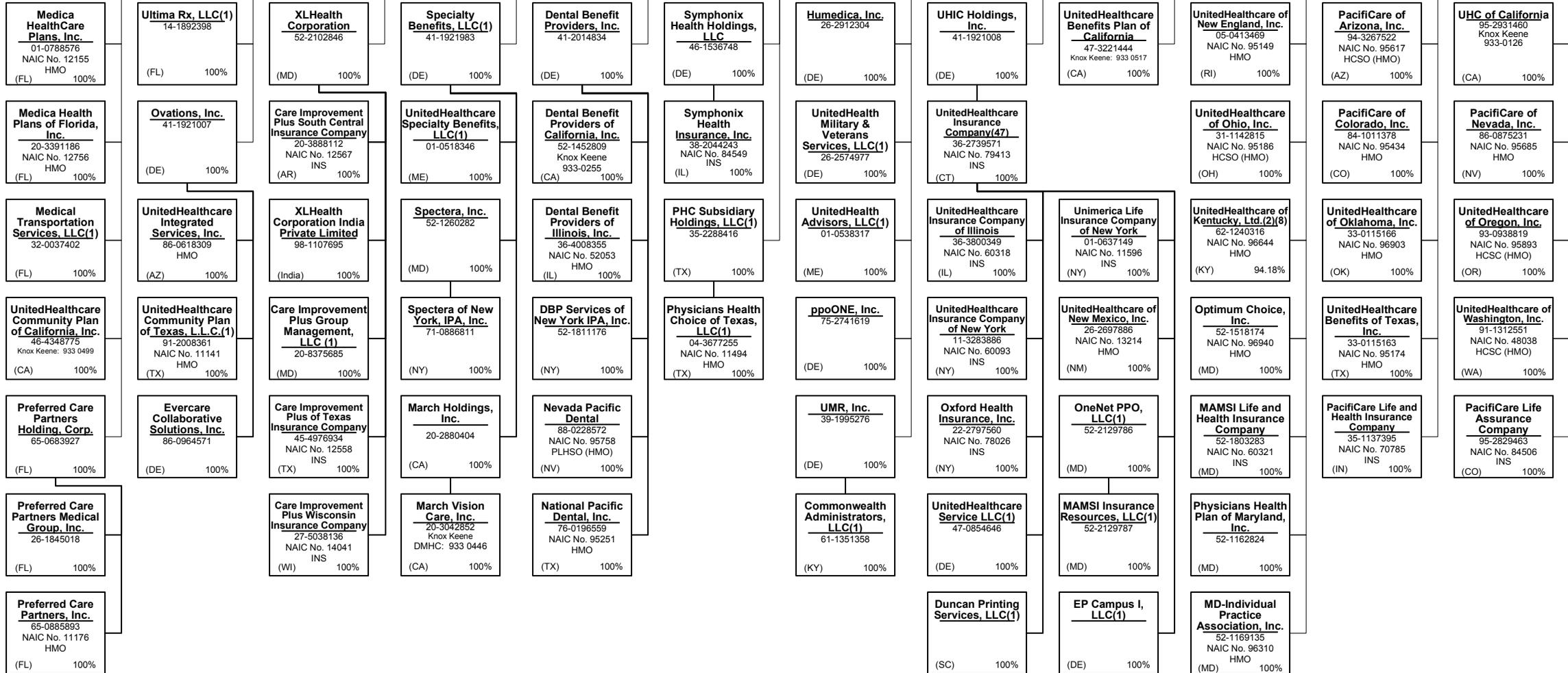
40.1

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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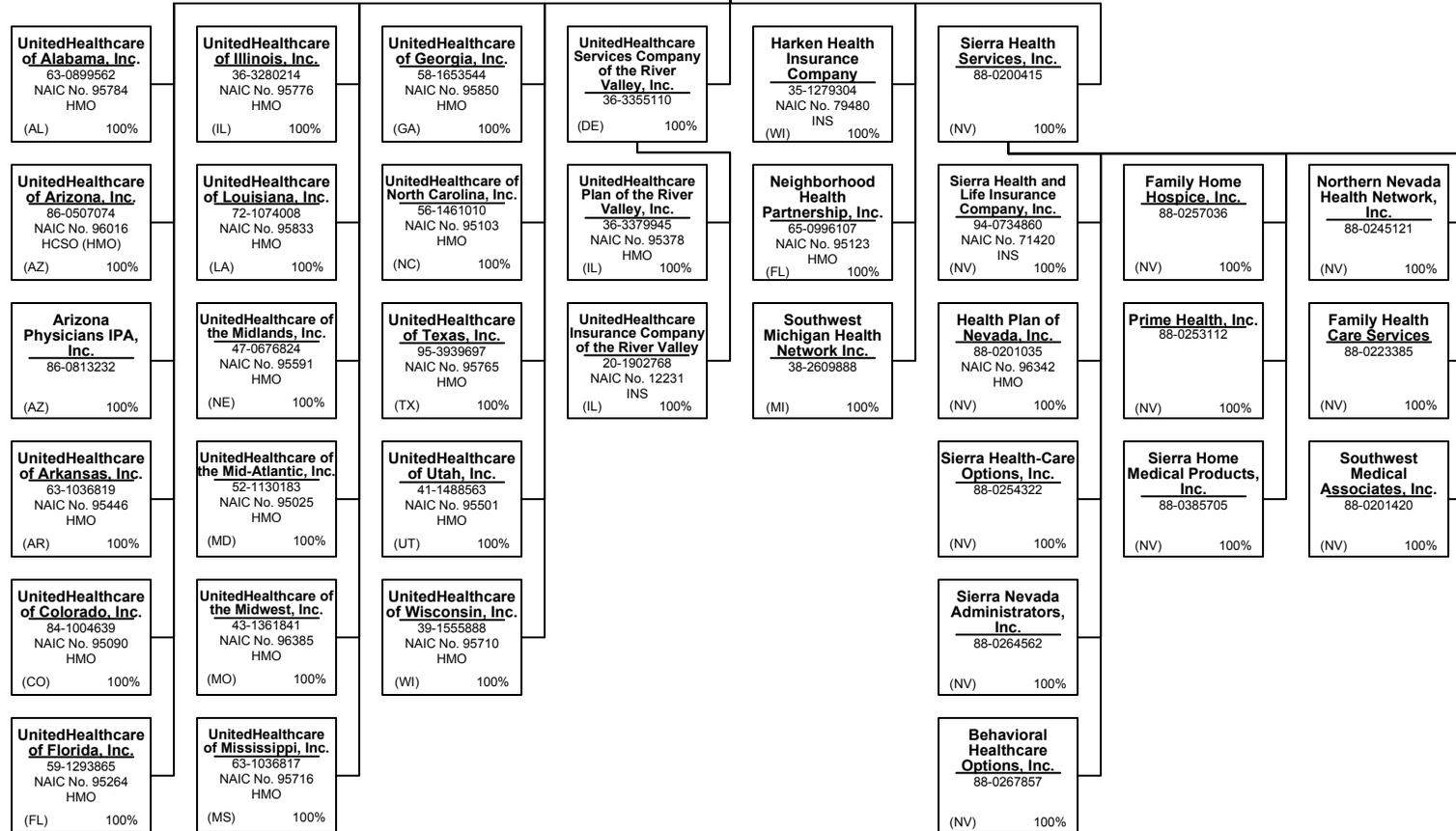


40.2

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%

UnitedHealthcare, Inc.
 41-1922511
 (DE) 100%



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Continued on Next Page

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%

Continued from Previous Page

Continued on Next Page

Optum, Inc.
 30-0580620
 (DE) 100%

OptumHealth Holdings, LLC(1)
 47-1192395
 (DE) 100%

Collaborative Care Holdings, LLC(1)
 27-2337616
 (DE) 100%

LifePrint Health, Inc.
 27-2309024
 (DE) 100%

Collaborative Realty, LLC(1)
 45-2614005
 (NY) 100%

WESTMED Practice Partners LLC(1)(52)
 45-0636596
 (DE) 86.15%

ProHEALTH Medical Management, LLC(1)(53)
 47-1049961
 (DE) 80%

Optum Clinics Holdings, Inc. (15)
 37-1782217
 (DE) 97.2%

AppleCare Medical Management, LLC(1)
 27-2068687
 (DE) 100%

Inspiris, Inc.
 33-0766366
 (DE) 100%

Polo Holdco, LLC(1)(46)
 47-5563848
 (DE) 80.1%

Lifeprint East, Inc.
 45-3143218
 (DE) 100%

Optum Clinical Services, Inc.
 45-3142512
 (DE) 100%

Monarch Management Services, Inc.
 45-3142852
 (DE) 100%

ProHEALTH Fitness of Lake Success, LLC(1)(54)
 32-0229091
 (NY) 82.62%

Optum Clinics Intermediate Holdings, Inc.
 38-3969193
 (DE) 100%

Golden Outlook, Inc.
 20-3420886
 (CA) 100%

INSPIRIS of New York Management, Inc.
 13-4138665
 (NY) 100%

INSPIRIS of New York IPA, Inc.
 13-4138668
 (NY) 100%

Hospice Inspiris Holdings, Inc.
 20-8910978
 (TN) 100%

ProHealth Physicians, Inc.
 06-1446075
 (CT) 100%

Lifeprint Accountable Care Organization, LLC(1)
 32-0409538
 (DE) 100%

Collaborative Care Services, Inc.
 27-2337487
 (DE) 100%

MHC Real Estate Holdings, LLC(1)
 27-2252446
 (CA) 100%

ProHealth Proton Center Management, LLC (1)
 32-0455430
 (DE) 100%

Urgent Care Holdings, Inc.
 26-0382877
 (DE) 100%

Urgent Care MSO, LLC(1)
 28-3867220
 (DE) 100%

MedExpress Urgent Care, Inc. - Ohio
 (OH) 100%

Inspiris of Tennessee, Inc.
 20-5355196
 (TN) 100%

Inspiris Services Company
 26-0683057
 (TN) 100%

Optum Palliative and Hospice Care of Texas, Inc.
 20-8911303
 (TN) 100%

ProHealth Physicians ACO, LLC
 45-5470737
 (CT) 100%

Optum Nevada Accountable Care Organization LLC (1)
 90-1001805
 (DE) 100%

Collaborative Care Solutions, LLC(1)
 27-3470466
 (DE) 100%

310 Canyon Medical, LLC(1)
 27-2624551
 (CA) 100%

Day-Op Surgery Consulting Company, LLC (1)
 (DE) 100%

MedExpress Development, LLC(1)
 20-3824377
 (FL) 100%

Highlands Ranch Healthcare, LLC (1)
 84-1472832
 (CO) 100%

For Health, Inc.
 33-0766617
 (DE) 100%

INSPIRIS of Texas Physician Group(13)
 26-2885572
 (TX) 100%

Optum Palliative and Hospice Care of Pennsylvania, Inc.
 20-8911466
 (TN) 100%

Optum Palliative and Hospice Care, Inc.
 30-0226127
 (DE) 100%

Nevada Medical Services LLC(1)
 46-3584152
 (NV) 100%

Riverside Medical Management, LLC
 (DE) 100%

DWIC of Tampa Bay, Inc.
 59-3625966
 (FL) 100%

MedExpress Urgent Care of Boynton Beach, LLC(1)
 20-2545363
 (FL) 100%

FOR HEALTH OF ARIZONA, INC.
 86-0908902
 (AZ) 100%

40.4

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%

Optum, Inc.
 30-0580620
 (DE) 100%

OptumHealth Holdings, LLC(1)
 47-1192395
 (DE) 100%

Collaborative Care Holdings, LLC(1)
 27-2337616
 (DE) 100%

WellMed Medical Management, Inc.(10)
 74-2786364
 (TX) 80%

USMD Holdings, Inc.
 27-2866866
 (DE) 100%

WellMed Medical Management of Florida, Inc.
 74-2797745
 (FL) 100%

Comfort Care Transportation, LLC(1)
 11-3647007
 (TX) 100%

R&H Family Fitness Unlimited LLC(1)
 26-3168754
 (TX) 100%

Medical Preparatory School of Allied Health, LLC(1)
 26-4808018
 (TX) 100%

Impel Management Services, L.L.C.(1)
 75-2574317
 (TX) 100%

Impel Consulting Experts, L.L.C.(1)
 75-2574317
 (TX) 100%

USMD Cancer Treatment Centers, L.L.C.
 26-2245431
 (TX) 100%

WellMed Networks - DFW, Inc.(63)
 41-2250215
 (TX) 50%

USMD Affiliated Services(3)
 27-2956222
 (TX) 100%

USMD Diagnostic Services, LLC(1)
 27-2803133
 (TX) 100%

USMD Administrative Services, L.L.C.(1)
 20-8048861
 (TX) 100%

Mat-Rx Development, L.L.C.(1)
 43-1967823
 (TX) 100%

Metro I Stone Management, Ltd.
 (TX) 60%

USMD Cancer Treatment Centers GP, L.L.C.(1)
 (TX) 100%

USMD CT (Mo), LLC(1)
 (MO) 100%

MXMD Centros De Cancer, S. De R.L. De C.V.
 (MX) 50%

Medical Clinic of North Texas PLLC(1)
 75-2566987
 (TX) 100%

Urology Associates of North Texas, P.L.L.C.(1)
 (TX) 100%

USMD PPM, LLC(1)
 35-2446102
 (TX) 100%

USMD of Arlington GP, L.L.C.(1)
 (TX) 100%

Mat-Rx Fort Worth GP, L.L.C.(1)
 (TX) 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%

Optum, Inc.
 30-0580620
 (DE) 100%

OptumHealth Holdings, LLC(1)
 47-1192395
 (DE) 100%

Optum Services, Inc.
 45-4683454
 (DE) 100%

OptumHealth International B.V.
 98-1106868
 (Netherlands) 100%

Optum Health & Technology Holdings (US), LLC(1)
 43-1747235
 (MO) 100%

OptumHealth Care Solutions, Inc.
 41-1591944
 (MN) 100%

Catalyst360, LLC(1)
 20-5807941
 (DE) 100%

Optum Health & Technology (India) Private Limited(12)
 98-1095799
 (India) 99.996%

Optum Health Services (Canada) Ltd.
 98-1097921
 (Canada-BC) 100%

Optum Management Consulting (Shanghai) Co., Ltd.
 98-1098190
 (China) 100%

United Behavioral Health
 94-2649097
 (CA) 100%

Unimerica Insurance Company
 52-1996029
 NAIC No. 91529
 INS
 (WI) 100%

Logistics Health, Inc.
 39-1974851
 (WI) 100%

U.S. Behavioral Health Plan, California
 94-3077084
 Knox Keene
 933-0259
 (CA) 100%

HealthAllies, Inc.
 95-4763349
 (DE) 100%

MSLA Management LLC(1)
 (DE) 100%

Managed Physical Network, Inc.
 14-1782475
 (NY) 100%

OrthoNet Holdings, Inc.
 13-3960641
 (DE) 100%

Optum Biometrics, Inc.
 36-3437660
 (IL) 100%

United Resource Networks IPA of New York, Inc.
 30-0318238
 (NY) 100%

Alere Health, LLC (1)
 26-2564744
 (DE) 100%

Rally Health, Inc.
 35-2493256
 (DE) 100%

Optum Health & Technology (Singapore) Pte. Ltd.
 (Singapore) 100%

Optum Solutions UK Holdings Limited
 98-0644599
 (UK) 100%

United Behavioral Health of New York, I.P.A., Inc.
 41-1868911
 (NY) 100%

Distance Learning Network, Inc.
 30-0238641
 (DE) 100%

OptumHealth Financial Services, Inc.
 47-0858530
 (DE) 100%

ACN Group IPA of New York, Inc.
 41-1913523
 (NY) 100%

OrthoNet LLC(1)
 13-3818652
 (NY) 100%

OrthoNet Services, Inc.
 46-1581769
 (DE) 100%

Optum Women's and Children's Health, LLC (1)
 58-2205984
 (DE) 100%

Alere Health Improvement Company
 22-3493126
 (DE) 100%

Audax Health Solutions, LLC(1)
 47-0990056
 (DE) 100%

Optum UK Solutions Group Limited
 98-1097769
 (UK) 100%

UnitedHealth UK Limited
 98-0559902
 (UK) 100%

Optum Health & Technology (US), LLC(1)
 20-2149493
 (MO) 100%

Connexions, Inc.
 59-3684411
 (FL) 100%

Optum Bank, Inc.
 47-0858534
 (UT) 100%

ACN Group of California, Inc.
 27-0015861
 Knox Keene
 933-0407
 (CA) 100%

OrthoNet of the Mid-Atlantic, Inc.
 30-0029448
 NAIC: 11068
 (DE) 100%

OrthoNet of the South, Inc.
 26-2884306
 (DE) 100%

Alere of New York, Inc.
 58-1873062
 (NY) 100%

Alere Wellbeing, Inc.
 20-0231080
 (DE) 100%

Spotlite, Inc.
 46-5587702
 (DE) 100%

Optum Health & Technology (UK) Limited
 98-1095879
 (UK) 100%

Optum Health Solutions (UK) Limited
 98-1147355
 (UK) 100%

Connexions HCI, LLC(1)
 20-1825933
 (FL) 100%

Plus One Holdings, Inc.
 13-3613705
 (DE) 100%

OrthoNet New York IPA, Inc.
 13-4025898
 (NY) 100%

Cardio Management, Inc.
 46-1981651
 (DE) 100%

Optum Healthcare of Illinois, Inc.
 58-2068880
 (GA) 100%

Alere Wellology, Inc.
 54-1776557
 (DE) 100%

Optum Health & Technology (Australia) Pty Ltd(49)
 ACN:134 449 059
 (Australia) 100%

ScriptSwitch Limited
 (UK) 100%

Plus One Health Management Puerto Rico, Inc.
 (PR) 100%

OrthoNet West, Inc.
 20-0221966
 (DE) 100%

International Psychological Services Pty Limited
 98-1097022
 ACN: 061-008-517
 (Australia) 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%

Optum, Inc.
 30-0580620
 (DE) 100%

Optum Technology, Inc.
 46-5713629
 (DE) 100%

Optum Global Solutions International B.V.
 98-1201187
 (Netherlands) 100%

Optum Global Solutions (Philippines), Inc.(29)
 98-1097776
 (Philippines) 99.992%

Optum Health and Technology FZ-LLC(1)
 98-1276517
 (Dubai, UAE) 100%

Optum Solutions do Brasil – Tecnologia e Serviços de Suporte Ltda. (44)
 (Brazil) 99.99%

Optum Global Solutions (India) Private Limited(16)
 98-1103015
 (India) 99.9%

UnitedHealth Group Information Services Private Limited(6)
 98-1093259
 (India) 100%

Optum Labs International (UK) Ltd.
 98-1249178
 (UK) 100%

ChinaGate (Hong Kong) Limited
 (Hong Kong) 100%

ChinaGate Company Limited
 98-1094627
 (China) 100%

Optum Labs, Inc.
 46-1615964
 (DE) 100%

Optum Labs Dimensions, Inc.
 46-4734521
 (DE) 100%

Optum Rocket, Inc.
 46-3328009
 (DE) 100%

Optum360 Services, Inc.(36)
 46-3983926
 (DE) 69%

Optum360, LLC(1)(24)
 46-3328307
 (DE) 69%

Ingram & Associates, LLC(1)
 62-1641102
 (TN) 100%

Health Technology Analysts Pty Limited
 98-1098167
 (Australia) 100%

OptumInsight Life Sciences, Inc.
 04-3383745
 (DE) 100%

Optum Life Sciences (Canada) Inc.
 98-1209730
 (Canada-ON) 100%

OptumInsight Holdings, LLC(1)
 (DE) 100%

OptumInsight, Inc.(9)
 41-1858498
 (DE) 100%

Electronic Network Systems, Inc.
 84-1162764
 (DE) 100%

Executive Health Resources, Inc.
 11-3669765
 (PA) 100%

Optum Public Sector Solutions, Inc.
 20-4581265
 (DE) 100%

The Lewin Group, Inc.
 56-1970224
 (NC) 100%

Optum Government Solutions, Inc.
 04-3574101
 (DE) 100%

Quality Software Services, Inc.
 52-2016292
 (MD) 100%

Payment Resolution Services, LLC (1)
 62-1451147
 (TN) 100%

Netwerkes, LLC(1)
 20-4755277
 (TN) 100%

Mustang Razorback Holdings, Inc.
 47-1935798
 (DE) 100%

MedSynergies, LLC(1)
 75-2515691
 (DE) 100%

PhyServe Holdings LLC(1)
 20-8016984
 (DE) 100%

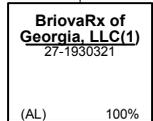
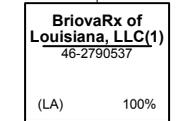
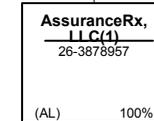
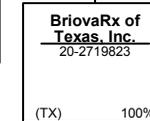
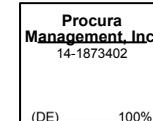
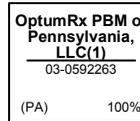
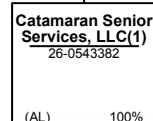
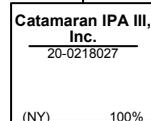
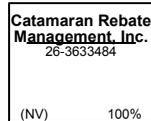
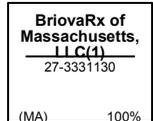
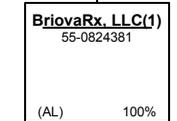
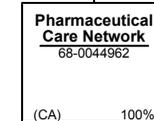
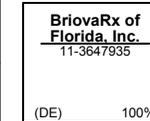
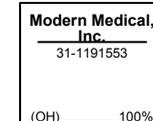
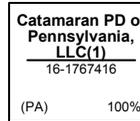
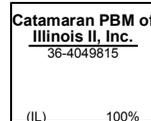
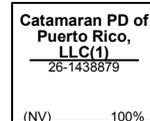
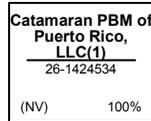
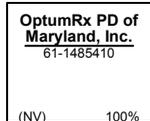
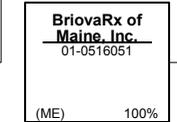
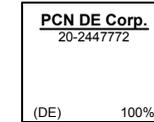
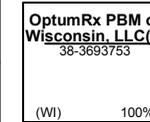
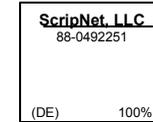
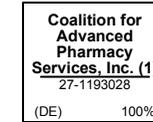
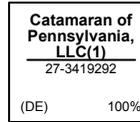
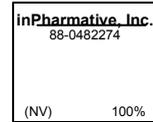
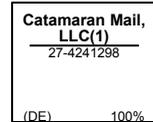
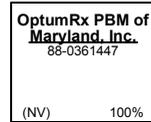
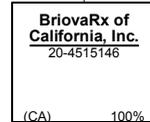
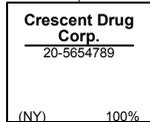
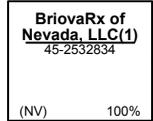
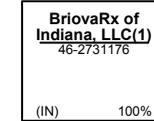
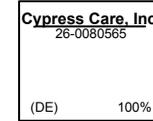
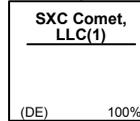
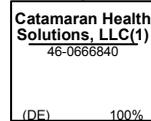
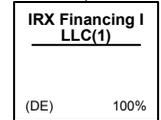
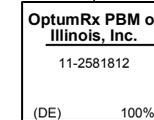
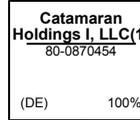
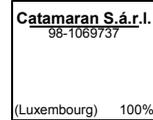
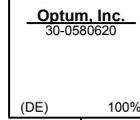
PHYS Holdings LLC(1)
 20-8016933
 (DE) 100%

MedSynergies North Texas, LLC(1)(67)
 75-2882287
 (TX) 70%

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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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Continued on Next Page

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%

Optum, Inc.
 30-0580620
 (DE) 100%

AxelaCare Intermediate Holdings, LLC
 30-0842394
 (DE) 100%

OptumRx Holdings, LLC(1)
 (DE) 100%

AxelaCare, LLC(1)
 61-1708598
 (DE) 100%

OptumRx, Inc.
 33-0441200
 (CA) 100%

OptumRx NY IPA, Inc.
 20-0151096
 (NY) 100%

OptumRx Pharmacy, Inc.
 47-3146510
 (CA) 100%

Progressive Enterprises Holdings, Inc.
 27-4371197
 (DE) 100%

BriovaRx Infusion Services, Inc.
 27-3918706
 (DE) 100%

P2 Lower Acquisition, LLC
 46-3531389
 (DE) 100%

SCP Specialty Infusion, LLC(1)
 27-2635371
 (DE) 100%

AxelaCare Health Solutions, LLC(1)
 26-2565032
 (DE) 100%

Serquinox Holdings LLC(1)
 27-1533951
 (DE) 100%

Ambient Holdings, Inc.
 45-2161438
 (DE) 100%

Advanced Care, Inc.
 11-2997132
 (NY) 100%

Summit Home Infusion, LLC(1)
 90-0884047
 (DE) 100%

Home Infusion With Heart, LLC(1)
 27-0668812
 (NE) 100%

PMSI Holdco II, LLC
 27-0920536
 (DE) 100%

Progressive Solutions, LLC
 90-0642980
 (DE) 100%

Home Care I.V. of Bend, LLC(1)
 93-1103256
 (OR) 100%

Infusource, LLC(1)
 47-0941801
 (CA) 100%

Serquinox LLC(1)
 27-1533840
 (DE) 100%

Ambient Healthcare, Inc.
 65-1095227
 (FL) 100%

Advanced Care Pharmacy, Inc.
 11-3485985
 (NY) 100%

Guardian Health Systems Limited Partnership (58)
 75-2196224
 (OK) 99.95%

PMSI Holdings, LLC
 26-3148744
 (DE) 100%

StoneRiver Pharmacy Solutions, LLC
 62-1770924
 (DE) 100%

PMI Acquisition, LLC
 80-0670247
 (DE) 100%

Access I.V., LLC(1)
 02-0653265
 (CA) 100%

Sirona Infusion, L.L.C.(1)
 20-3741084
 (AZ) 100%

Ambient Healthcare of West Florida, Inc.
 55-0802774
 (FL) 100%

Ambient Healthcare of Central Florida, Inc.
 55-0802777
 (FL) 100%

Ambient Healthcare of Northeast Florida, Inc.
 20-4881413
 (FL) 100%

Ambient Healthcare of Georgia, Inc.
 55-0802779
 (GA) 100%

Nutritional/ Parenteral Home Care, Inc.
 63-1284325
 (AL) 100%

Tmesys, LLC
 59-3143128
 (FL) 100%

PMSI, LLC
 56-2422696
 (FL) 100%

StoneRiver P2P Link, LLC
 27-0008097
 (DE) 100%

Progressive Medical, LLC
 31-1192384
 (OH) 100%

ARC Infusion, LLC(1)
 26-4312858
 (CA) 100%

Pronetics Health Care Group, Inc.
 57-0861358
 (SC) 100%

Trinity Infusion, Inc.
 20-4963945
 (NC) 100%

Ambient Nursing Services, Inc.
 26-3738273
 (FL) 100%

Ambient Healthcare of S. Florida, Inc.
 33-1012700
 (FL) 100%

Nutritional/ Parenteral Home Care of Huntsville, Inc.
 63-0964525
 (AL) 100%

Pharmacy Review Services, LLC
 04-3722897
 (FL) 100%

PMSI Settlement Solutions, LLC
 59-3166848
 (FL) 100%

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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 87.270% owned by Esho – Empresa de Serviços Hospitalares S.A. and 12.729% owned by COIPAR Participações S.A.
- (6) UnitedHealth Group Information Services Private Limited is 100% owned by Optum Global Solutions (India) Private Limited. UnitedHealth International, Inc. holds 10 shares as a nominee shareholder.
- (7) UnitedHealthcare India Private Limited is 99.9935% owned by UnitedHealthcare International II B.V. and 0.0065% owned by UnitedHealth International, Inc.
- (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) Branch office located in Abu Dhabi, UAE.
- (10) WellMed Medical Management, Inc. is 80% owned by Collaborative Care Holdings, LLC and 20% 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 0.000007% owned by Cemed Care – Empresa de Atendimento Clínico Geral Ltda.
- (12) Optum Health & Technology (India) Private Limited is 99.996% owned by OptumHealth International B.V. and 0.004 % 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 99.9% owned by Optum Global Solutions International B.V. and 0.1% owned by UnitedHealth International, Inc.
- (17) Amico Saúde Ltda. is 98.87947% owned by Amil Assistência Médica Internacional S.A. and 1.12053% owned by Cemed Care – Empresa de Atendimento Clínico Geral Ltda.
- (18) Esho – Empresa de Serviços Hospitalares S.A. is 99.577% owned by Amil Assistência Médica Internacional S.A. and 0.0185976% owned by Treasury Shares and .4044814% owned by external shareholders.
- (19) Etho – Empresa de Tecnologia Hospitalar Ltda. 82.64% owned by Amil Assistência Médica Internacional S.A. and 17.357% owned by an external shareholder.
- (20) Orthology, Inc. is 80% owned by UnitedHealth Group Ventures, LLC and 20% 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 99.9999995% owned by Amil Assistência Médica Internacional S.A. and 0.000005% owned by Amico Saúde Ltda.
- (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 81.65320% owned by Amil Assistência Médica Internacional S.A. and 18.34680% owned by Esho – Empresa de Serviços Hospitalares S.A.
- (27) AHJV, Inc. is 75% owned by NMM Holdings, Inc. and 25% owned by Humana, Inc.
- (28) Real Appeal, Inc. is majority-owned by UHG or one of its affiliates and the remaining 2% is owned by Real Appeal Management.
- (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 the company's directors.
- (30) Amil Clinical Research Participações Ltda. is 99.95% owned by Amil Lifesciences Participações Ltda. 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 99.999996% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.000004% is owned by Cemed Care – Empresa de Atendimento Clínico Geral Ltda.
- (33) Hospital Alvorada Taguatinga Ltda. is 79.62822% owned by Amil Assistência Médica Internacional S.A. 20.37178% by Bosque Medical Center Ltda.
- (34) Amil Lifesciences Participações Ltda. Is 99.999685% owned by Amil Assistência Médica Internacional S.A. and 0.000315% owned by Cemed Care Empresa de Atendimento Clínico Geral Ltda.
- (35) FrontierMEDEX Kenya Limited is 99.9% owned by Frontier MEDEX Limited and 0.1% owned by UnitedHealthcare International I B.V.
- (36) Optum360 Services, Inc. is 69% owned by Optum Rocket, Inc. and 31% owned by two external interest holders.
- (37) The limited partners of UnitedHealth Group International, L.P. include FMG Holdings, LLC (14.8145%), Hygeia Corporation (DE) (0.2012%) and UnitedHealth Group Incorporated (84.9843%). UnitedHealth Group International GP is the general partner of UnitedHealth Group International, L.P.
- (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) UnitedHealthcare International III S.á r.l. is 69.995% owned by UnitedHealthcare Europe S.á r.l. and 30.005% owned by UnitedHealthcare International II S.á r.l.
- (40) Amil Assistência Médica Internacional S.A. is 90.23% owned by Polar II Fundo de Investimento em Participações and the remaining 9.77% is owned by the former controlling shareholders of Amil Assistência Médica Internacional S.A.
- (41) Lusíadas A.C.E. is 70% owned by Lusíadas, SGPS, S.A., 10% owned by Lusíadas – Parcerias Cascais, S.A., and 20% owned by Lusíadas, S.A.
- (42) Centro Médico PJ Ltda. is 99.99% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.01% is owned by Cemed Care – Empresa de Atendimento Clínico Geral Ltda.
- (43) Frontier Medex Tanzania Limited is 99% owned by Frontier MEDEX 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 OptumHealth International B.V.
- (45) Multiangio Ltda. is 68% owned by Esho – Empresa de Serviços Hospitalares S.A. and the remaining 32% 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) Branch office located in Hong Kong.
- (50) Dental Center Serviços Odontológicos Ltda. is 100% owned by Seisa Serviços Integrados de Saúde Ltda.
- (51) TBD
- (52) WESTMED Practice Partners LLC is 86.15% owned by Collaborative Care Holdings, LLC and 13.85% owned by external shareholders.
- (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) Hospital Maternidade Promater Ltda is 99.99% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.00006% owned by Cemed Care Empresa de Atendimento Clínico Geral Ltda.
- (56) Hospital Geral e Maternidade Madre Maria Theodora Ltda. is 99.9999% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.00001% owned by Cemed Care Empresa de Atendimento Clínico Geral Ltda.
- (57) Angiografia e Hemodinâmica Madre Theodora Ltda. is 50% owned by Hospital Geral e Maternidade Madre Maria Theodora Ltda. and 50% owned by 28 individual partners.
- (58) Guardian Health Systems Limited Partnership is 99.95% owned by AxelaCare Holdings, Inc. with the remaining 0.05% interest as a limited partner being held by AxelaCare Health Solutions, LLC.
- (59) TeamMD Holdings, Inc., a Delaware corporation, was formed as an 80% owned subsidiary of UnitedHealth Group Ventures, LLC, a Delaware limited liability company. The remaining 20% is owned by external shareholders.
- (60) Hospitais Associados de Pernambuco Ltda. is 90% owned by Esho – Empresa de Serviços Hospitalares S.A. and 10% is owned by an external shareholder
- (61) Topimagem Diagnóstico por Imagem Ltda. is 89% owned by Esho – Empresa de Serviços Hospitalares S.A., and the remaining 11% interest is owned by external shareholders.
- (62) Dilab – Medicina Nuclear Ltda is 85% owned by Esho – Empresa de Serviços Hospitalares S.A. and the remaining 15% 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) Clinica Oftalmologica Danilo de Castro Sociedade Simples is 99.99% owned by Hospital Alvorada de Taguatinga Ltda. and the remaining 0.333333% is owned by Lotten-Eyes Oftalmologia Clinica e Cirurgica Ltda.
- (65) Lotten-Eyes Oftalmologia Clinica e Cirurgica 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.
- (66) CMO – Centro Médico de Oftalmologia S/S Ltda. is 99% owned by Hospital Alvorada de Taguatinga Ltda. and the remaining is owned by Lotten-Eyes Oftalmologia Clinica e Cirurgica Ltda.
- (67) MedSynergies North Texas, LLC. is 70% owned by PHYS Holding LLC. and the remaining 30% is owned by PhyServe Holdings, LLC.
- (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 34.79% owned by Esho – Empresa de Serviços Hospitalares S.A.
- (70) Santa Helena Assistência Médica S.A. is 65.21% owned by Elual Participações S.A. and 34.79% owned by Amil Assistência Médica Internacional S.A.

OVERFLOW PAGE FOR WRITE-INS

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. Miscellaneous Losses | 932 | 815 | 624,006 | 0 | 625,753 |
| 2505. Professional Fees\Consulting | 118,214 | 103,344 | 271,401 | 0 | 492,959 |
| 2506. Sundry General Expenses | 735,543 | 643,021 | 2,139,447 | 0 | 3,518,011 |
| 2597. Summary of remaining write-ins for Line 25 from overflow page | 854,689 | 747,180 | 3,034,854 | 0 | 4,636,723 |

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

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