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HEALTH QUARTERLY STATEMENT

As of March 31, 2005

of the Condition and Affairs of the

Molina Healthcare of Michigan, Inc.

NAIC Group Code.....1531, 1531 (Current Period) (Prior Period) NAIC Company Code..... 52630 Employer's ID Number..... 38-3341599

Organized under the Laws of Michigan State of Domicile or Port of Entry Michigan Country of Domicile US

Licensed as Business Type Health Maintenance Organization Is HMO Federally Qualified? Yes [ ] No [X]

Incorporated/Organized..... February 10, 1997 Commenced Business..... January 1, 1998

Statutory Home Office	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number) (City or Town, State and Zip Code)*	248-925-1700 *(Area Code) (Telephone Number)*
Mail Address	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number) (City or Town, State and Zip Code)*	248-925-1700 *(Area Code) (Telephone Number)*
Internet Website Address	www.molinahealthcare.com	
Statutory Statement Contact	Michael Tegler *(Name)*	248-925-1700 *(Area Code) (Telephone Number) (Extension)*
	MichaelT@MolinaHealthCare.Com *(E-Mail Address)*	248-925-1722 *(Fax Number)*
Policyowner Relations Contact	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number) (City or Town, State and Zip Code)*	248-925-1700 *(Area Code) (Telephone Number) (Extension)*

OFFICERS

Name	Title	Name	Title
1. Roman T Kulich	President	2. Mark L Andrews	Secretary
3. Michael Tegler	Treasurer	4. Joseph M Molina	Chairman

OTHER

George Goldstein Vice Chairman

DIRECTORS OR TRUSTEES

Joseph M Molina MD	George S Goldstein	John Jamian	Dean G Smith
Kathryn F Crawford	Sharon Marzicola	Roman T Kulich	Ron Nelson
Mary Smith	Vernice D Anthony	Walter C Watkins, Jr.	

State of..... Michigan
County of..... Oakland

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.

(Signature)	(Signature)	(Signature)
Roman T Kulich	Mark L Andrews	Michael Tegler
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This _____ day of _____

a. Is this an original filing? Yes [X] No [ ]

b. If no: 1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds			0	
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....67,798,224), cash equivalents ($.....0) and short-term investments ($.....1,291,907)	69,090,131		69,090,131	65,851,362
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets			0	
8. Receivables for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	69,090,131	0	69,090,131	65,851,362
11. Title Plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	2,650		2,650	1,469
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection			0	
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	124,927		124,927	
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon			0	
16.2 Net deferred tax asset	212,019		212,019	166,454
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software			0	
19. Furniture and equipment, including health care delivery assets ($.....0)	747,545	730,556	16,989	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates			0	
22. Health care ($.....1,835,100) and other amounts receivable	1,835,100		1,835,100	2,319,186
23. Aggregate write-ins for other than invested assets	28,642,046	25,894,648	2,747,398	2,113,641
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	100,654,418	26,625,204	74,029,214	70,452,112
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	100,654,418	26,625,204	74,029,214	70,452,112

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid Expenses/Deposits	191,745	191,745	0	
2302. Intangible Assets (Goodwill/Patient Files)	28,450,301	25,702,903	2,747,398	2,113,641
2303.			0	
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)	28,642,046	25,894,648	2,747,398	2,113,641

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....0 reinsurance ceded)	36,152,055		36,152,055	39,525,811
2. Accrued medical incentive pool and bonus amounts			0	
3. Unpaid claims adjustment expenses	678,557		678,557	702,232
4. Aggregate health policy reserves			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance			0	
9. General expenses due or accrued	737,348		737,348	5,655,646
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))	4,157,293		4,157,293	1,252,403
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others			0	
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	2,082,588		2,082,588	65,973
16. Payable for securities			0	
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
18. Reinsurance in unauthorized companies			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	
20. Liability for amounts held under uninsured accident and health plans			0	
21. Aggregate write-ins for other liabilities (including $.....0 current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	43,807,841	0	43,807,841	47,202,065
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	159,000	159,000
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX	41,373,589	41,373,589
27. Surplus notes	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	(11,311,216)	(18,282,542)
30. Less treasury stock, at cost:				
30.1 .....0.000 shares common (value included in Line 24 $.....0)	XXX	XXX		
30.2 .....0.000 shares preferred (value included in Line 25 $.....0)	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	30,221,373	23,250,047
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	74,029,214	70,452,112

DETAILS OF WRITE-INS

2101. Accrued Stock Options			0	
2102.			0	
2103.			0	
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.				
2802.				
2803.				
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date
	1 Uncovered	2 Total	3 Total
1. Member months	XXX	471,068	255,673
2. Net premium income (including $.....0 non-health premium income)	XXX	84,022,978	38,945,149
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of $.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	(5,133,162)	(1,237,975)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	78,889,816	37,707,174
Hospital and Medical:			
9. Hospital/medical benefits		37,312,750	19,446,087
10. Other professional services		2,151,917	605,858
11. Outside referrals		7,697,524	3,588,397
12. Emergency room and out-of-area		3,404,200	1,978,204
13. Prescription drugs		11,492,037	7,431,811
14. Aggregate write-ins for other hospital and medical	0	727,068	717,509
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)	0	62,785,496	33,767,866
Less:			
17. Net reinsurance recoveries		133,182	
18. Total hospital and medical (Lines 16 minus 17)	0	62,652,314	33,767,866
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....973,504 cost containment expenses		1,703,243	276,816
21. General administrative expenses		6,448,842	2,663,367
22. Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	0	70,804,399	36,708,049
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	8,085,417	999,125
25. Net investment income earned		300,933	52,735
26. Net realized capital gains (losses) less capital gains tax of $.....0			
27. Net investment gains or (losses) (Lines 25 plus 26)	0	300,933	52,735
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
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	8,386,350	1,051,860
31. Federal and foreign income taxes incurred	XXX	2,904,890	310,360
32. Net income (loss) (Lines 30 minus 31)	XXX	5,481,460	741,500

DETAILS OF WRITE-INS

0601. QAAP Tax	XXX	(5,133,162)	(1,237,975)
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	(5,133,162)	(1,237,975)
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. Patient Transportation		666,334	362,709
1402. Quality Assurance		60,734	354,800
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	727,068	717,509
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)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year To Date	3 Prior Year
33. Capital and surplus prior reporting year	23,250,047	12,151,345	12,151,345
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34. Net income or (loss) from Line 32	5,481,460	741,500	6,315,102
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of $.....0			
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax	(75,549)	(23,372)	(172,435)
39. Change in nonadmitted assets	1,565,418	456,517	(16,269,633)
40. Change in unauthorized reinsurance			
41. Change in treasury stock			
42. Change in surplus notes			
43. Cumulative effect of changes in accounting principles			
44. Capital changes:			
44.1 Paid in			
44.2 Transferred from surplus (Stock Dividend)			
44.3 Transferred to surplus			
45. Surplus adjustments:			
45.1 Paid in			21,226,259
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders			
47. Aggregate write-ins for gains or (losses) in surplus	(3)	27	(591)
48. Net change in capital and surplus (Lines 34 to 47)	6,971,326	1,174,672	11,098,702
49. Capital and surplus end of reporting period (Line 33 plus 48)	30,221,373	13,326,017	23,250,047

DETAILS OF WRITE-INS

4701. Change in State DTA & DTL		27	(591)
4702. Rounding	(3)		
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	(3)	27	(591)

CASH FLOW

		1 Current Year to Date	2 Prior Year Ended December 31
	CASH FROM OPERATIONS		
1.	Premiums collected net of reinsurance	84,022,978	206,896,329
2.	Net investment income	299,752	398,356
3.	Miscellaneous income	(5,133,162)	(10,735,872)
4.	Total (Lines 1 through 3)	79,189,568	196,558,813
5.	Benefit and loss related payments	66,150,997	152,840,625
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	13,094,058	11,538,693
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) $.....0 net tax on capital gains (losses)		2,556,721
10.	Total (Lines 5 through 9)	79,245,055	166,936,039
11.	Net cash from operations (Line 4 minus Line 10)	(55,487)	29,622,774
	CASH FROM INVESTMENTS		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds		20,000,000
	12.2 Stocks		
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets		
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds		
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	20,000,000
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds		19,999,260
	13.2 Stocks		
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets		
	13.6 Miscellaneous applications		
	13.7 Total investments acquired (Lines 13.1 to 13.6)	0	19,999,260
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	0	740
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		21,226,259
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		
	16.6 Other cash provided (applied)	3,294,256	(18,006,922)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	3,294,256	3,219,337
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	3,238,769	32,842,851
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	65,851,362	33,008,511
	19.2 End of period (Line 18 plus Line 19.1)	69,090,131	65,851,362

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

20.0001			
20.9999	Totals	0	0

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at End of:													
1. Prior Year	157,998								157,998				
2. First Quarter	156,733								156,733				
3. Second Quarter	0												
4. Third Quarter	0												
5. Current Year	156,733								156,733				
6. Current Year Member Months	471,068								471,068				
Total Member Ambulatory Encounters for Period:													
7. Physician	277,930								277,930				
8. Non-Physician	20,256								20,256				
9. Total	298,186	0	0	0	0	0	0	0	298,186	0	0	0	0
10. Hospital Patient Days Incurred	17,615								17,615				
11. Number of Inpatient Admissions	3,458								3,458				
12. Health Premiums Written	79,171,365								79,171,365				
13. Life Premiums Direct	0												
14. Property/Casualty Premiums Written	0												
15. Health Premiums Earned	79,171,365								79,171,365				
16. Property/Casualty Premiums Earned	0												
17. Amount Paid for Provision of Health Care Services	66,658,638								66,658,638				
18. Amount Incurred for Provision of Health Care Services	62,785,496								62,785,496				

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

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0399999. Aggregate Accounts Not Individually Listed-Covered	2,902,776					2,902,776
0499999. Subtotals	2,902,776	0	0	0	0	2,902,776
0599999. Unreported Claims and Other Claim Reserves						33,249,279
0799999. Total Claims Unpaid						36,152,055

UNDERWRITING AND INVESTMENT EXHIBIT

Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)					0	
2. Medicare Supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal Employees Health Benefits Plan Premiums					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid	27,577,249	39,081,389	7,808,548	28,218,580	35,385,797	39,525,811
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	27,577,249	39,081,389	7,808,548	28,218,580	35,385,797	39,525,811
10. Healthcare receivables (a)				(924,724)	0	(417,083)
11. Other non-health					0	
12. Medical incentive pools and bonus amounts					0	
13. Totals	27,577,249	39,081,389	7,808,548	27,293,856	35,385,797	39,108,728

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

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

No significant change.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

A. The Company's net deferred tax asset is reflected on the following schedule:

		12/31/2005	12/31/2004
1)	Total of all deferred tax assets	-	395,908
2)	Total of all deferred tax liabilities	-	107,747
3)	Total deferred tax assets nonadmitted	-	121,707
4)	Total deferred tax assets admitted	-	166,454
5)	Change in nonadmitted Net DTAs	-	(223,200)

B. N/A

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

		12/31/2005	12/31/2004
1.	Current tax expense (benefit)	-	2,838,071
2.	Change in DTA's DTL's	-	172,435
3.	Utilization of NOL Carryforward	-	(27,235)

The Net deferred tax asset consists of the following major components:

	12/31/2005	12/31/2004
Deferred tax assets:		
NOL Carryforwards	-	256,483
State taxes	-	85,635
Compensation related payable	-	53,790
Other		
Total deferred tax assets	-	395,908
Non-admitted deferred tax assets	-	(121,707)
Admitted deferred tax assets	-	274,201

Deferred tax liabilities:		
State taxes	-	-
Depreciation	-	(107,748)
Other	-	-
Total deferred tax liabilities	-	(107,748)
Non-admitted deferred tax liabilities	-	-
Admitted deferred tax liabilities	-	(107,748)
Net admitted deferred tax assets	-	166,453
Change in net non-admitted assets	-	(223,200)

D. There were no significant book to tax adjustments in 2004

E. Net operating loss carryforward balance for 2005 forward is $732,808.

F. The Company's Federal Income Tax return is consolidated with the following entities:

Molina Healthcare, Inc
Molina Healthcare of California
Molina Healthcare of Michigan
Molina Healthcare of New Mexico
Molina Healthcare of Washington
Molina Advantage, Inc
Health Care Horizons, Inc.
Molina Healthcare of New Mexico
Molina Healthcare of Texas
Molina Healthcare of Indiana

Molina Healthcare, Inc. (Molina) and its subsidiaries file a consolidated federal income tax return. Under a written Services agreement with Molina approved by the Board of Directors, Molina collects from or refunds to the subsidiaries the amount of taxes or benefits determined as if Molina and the subsidiaries filed separate returns.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

No significant change.

Note 11 - Debt

No significant change.

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

No significant change.

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

No significant change.

Note 14 - Contingencies

No significant change.

Note 15 - Leases

No significant change.

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

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

C. NONE

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

No significant change.

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

No significant change.

Note 20 - September 11 Events

No significant change.

Note 21 - Other Items

No significant change.

Note 22 - Events Subsequent

No significant change.

Note 23 - Reinsurance

No significant change.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

No significant change.

Note 26 - Intercompany Pooling Arrangements

No significant change.

Note 27 - Structured Settlements

No significant change.

Note 28 - Health Care Receivables

No significant change.

Note 29 - Participating Policies

No significant change.

Note 30 - Premium Deficiency Reserves

No significant change.

Note 31 - Anticipated Salvage and Subrogation

No significant change.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity implement any significant accounting policy changes that would require disclosure in the Notes to the Financial Statements? Yes [ ] No [X]

1.2 If yes, explain:.....

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

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

3.1 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]

3.2 If yes, date of change: .....
If not previously filed, furnish herewith a certified copy of the instrument as amended.

4. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [X] No [ ]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

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

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

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

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2001.....

7.2 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. 12/31/2001.....

7.3 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). 03/25/2003.....

7.4 By what department or departments?

Office of Financial and Insurance Services

8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [ ] No [X]

8.2 If yes, give full information:

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

9.2 If response to 9.1 is yes, please identify the name of the bank holding company.

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

9.4 If the response to 9.3 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 Office of Thrift Supervision (OTS), 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 OTS	6 FDIC	7 SEC

FINANCIAL

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

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

INVESTMENT

11.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [ ] No [X]

11.2 If yes, explain:.....

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

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

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

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

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

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

15.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Statement Value
15.21 Bonds		
15.22 Preferred Stock		
15.23 Common Stock		
15.24 Short-Term Investments		
15.25 Mortgages, Loans or Real Estate		
15.26 All Other		
15.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 15.21 to 15.26)	$0	$0
15.28 Total Investment in Parent included in Lines 15.21 to 15.26 above		

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

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

17. Excluding items in Schedule E, 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 Part 1-General, Section IV. H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
Standard Federal Bank	2600 W. Big Beaver Rd, Troy MI 48084

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

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

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

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

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

17.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
Cadre Financial Services	Robert Brownlee	905 Marconi Avenue, Ronkonkoma, NY

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]

18.2 If no, list exceptions:

SCHEDULE A - VERIFICATION

Real Estate

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Increase (decrease) by adjustment		
3. Cost of acquired		
4. Cost of additions to and permanent improvements		
5. Total profit (loss) on sales		
6. Increase (decrease) by foreign exchange adjustment		
7. Amount received on sales		
8. Book/adjusted carrying value at end of current period	0	0
9. Total valuation allowance		
10. Subtotal (Lines 8 plus 9)	0	0
11. Total nonadmitted amounts		
12. Statement value, current period (Page 2, real estate lines, net admitted assets column)	0	0

SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year	0	
2. Amount loaned during period:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Accrual of discount and mortgage interest points and commitment fees		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, net admitted assets column)	0	0

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	0	
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Accrual of discount		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book adjusted/carrying value of long-term invested assets at end of current period	0	0
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	0	0

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	0	
2. Cost of bonds and stocks acquired		19,999,260
3. Accrual of discount		
4. Increase (decrease) by adjustment		1,480
5. Increase (decrease) by foreign exchange adjustment		
6. Total profit (loss) on disposal		
7. Consideration for bonds and stocks disposed of		20,000,000
8. Amortization of premium		740
9. Book/adjusted carrying value, current period	0	0
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		
13. Statement value	0	0

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	1,286,325	5,582			1,291,907			1,286,325
2. Class 2								
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	1,286,325	5,582	0	0	1,291,907	0	0	1,286,325
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	1,286,325	5,582	0	0	1,291,907	0	0	1,286,325

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999. Totals	1,291,907	XXX	1,291,907	5,582	

SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	1,286,325	1,277,065
2. Cost of short-term investments acquired	5,582	9,260
3. Increase (decrease) by adjustment		
4. Increase (decrease) by foreign exchange adjustment		
5. Total profit (loss) on disposal of short-term investments		
6. Consideration received on disposal of short-term investments		
7. Book/adjusted carrying value, current period	1,291,907	1,286,325
8. Total valuation allowance		
9. Subtotal (Lines 7 plus 8)	1,291,907	1,286,325
10. Total nonadmitted amounts		
11. Statement value (Lines 9 minus 10)	1,291,907	1,286,325
12. Income collected during period	5,582	10,260
13. Income earned during period	6,762	11,114

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Location	5 Is Insurer Authorized? (YES or NO)
A&H Non-Affiliates				
67105	41-0451140	Reliastar Life Ins Co.	Minnesota	YES

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	2	Direct Business Only Year to Date					
			3	4	5	6	7	8
State, Etc.	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/Casualty Premiums
1. Alabama AL	NO	NO						
2. Alaska AK	NO	NO						
3. Arizona AZ	NO	NO						
4. Arkansas AR	NO	NO						
5. California CA	NO	NO						
6. Colorado CO	NO	NO						
7. Connecticut CT	NO	NO						
8. Delaware DE	NO	NO						
9. District of Columbia DC	NO	NO						
10. Florida FL	NO	NO						
11. Georgia GA	NO	NO						
12. Hawaii HI	NO	NO						
13. Idaho ID	NO	NO						
14. Illinois IL	NO	NO						
15. Indiana IN	NO	NO						
16. Iowa IA	NO	NO						
17. Kansas KS	NO	NO						
18. Kentucky KY	NO	NO						
19. Louisiana LA	NO	NO						
20. Maine ME	NO	NO						
21. Maryland MD	NO	NO			79,171,365			
22. Massachusetts MA	NO	NO						
23. Michigan MI	NO	YES						
24. Minnesota MN	NO	NO						
25. Mississippi MS	NO	NO						
26. Missouri MO	NO	NO						
27. Montana MT	NO	NO						
28. Nebraska NE	NO	NO						
29. Nevada NV	NO	NO						
30. New Hampshire NH	NO	NO						
31. New Jersey NJ	NO	NO						
32. New Mexico NM	NO	NO						
33. New York NY	NO	NO						
34. North Carolina NC	NO	NO						
35. North Dakota ND	NO	NO						
36. Ohio OH	NO	NO						
37. Oklahoma OK	NO	NO						
38. Oregon OR	NO	NO						
39. Pennsylvania PA	NO	NO						
40. Rhode Island RI	NO	NO						
41. South Carolina SC	NO	NO						
42. South Dakota SD	NO	NO						
43. Tennessee TN	NO	NO						
44. Texas TX	NO	NO						
45. Utah UT	NO	NO						
46. Vermont VT	NO	NO						
47. Virginia VA	NO	NO						
48. Washington WA	NO	NO						
49. West Virginia WV	NO	NO						
50. Wisconsin WI	NO	NO						
51. Wyoming WY	NO	NO						
52. American Samoa AS	NO	NO						
53. Guam GU	NO	NO						
54. Puerto Rico PR	NO	NO						
55. U.S. Virgin Islands VI	NO	NO						
56. Canada CN	NO	NO						
57. Aggregate Other alien OT	XXX	XXX	0	0	0	0	0	0
58. Subtotal	XXX	XXX	0	0	79,171,365	0	0	0
59. Reporting entity contributions for Employee Benefit Plans	XXX	XXX						
60. Total (Direct Business)	XXX	(a) 1	0	0	79,171,365	0	0	0

DETAILS OF WRITE-INS

5701.						
5702.						
5703.						
5798. Summary of remaining write-ins for line 57 from overflow page	0	0	0	0	0	0
5799. Total (Lines 5701 thru 5703 plus 5798) (Line 57 above)	0	0	0	0	0	0

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

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

PART 1 – ORGANIZATIONAL CHART

Company Code	ST	Fed ID #	Name of Company
00000	CA	13-4204626	Molina Healthcare, Inc.
|-00000	CA	33-0342719	Molina Healthcare of California, Inc.
|-52630	MI	38-3341599	Molina Healthcare of Michigan, Inc.
|-95502	UT	33-0617992	Molina Healthcare of Utah, Inc.
|-96270	WA	91-1284790	Molina Healthcare of Washington, Inc.
|-00000	UT	87-0641493	Molina Advantage, Inc.
|-00000	NM	38-2623350	Health Care Horizons, Inc.
|-95379	NM	85-0408506	Molina Healthcare of New Mexico, Inc
|-12249	IN	20-1494455	Molina Healthcare of Indiana, Inc
|-00000	TX	20-1494502	Molina Healthcare of Texas Inc
|-00000	OH	20-0750134	Molina Healthcare of Ohio, Inc

Overflow Page
NONE

Sch. A-Part 2
NONE

Sch. A-Part 3
NONE

Sch. B-Part 1
NONE

Sch. B-Part 2
NONE

Sch. BA-Part 1
NONE

Sch. BA-Part 2
NONE

Sch. D-Part 3
NONE

Sch. D-Part 4
NONE

Sch. DB-Part A-Section 1
NONE

Sch. DB-Part B-Section 1
NONE

Sch. DB-Part C-Section 1
NONE

Sch. DB-Part D-Section 1
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
						6	7	8	
Depository		Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories									
Bank One	Detroit, Michigan		2.000	192,966		54,911,904	55,745,272	42,156,227	XXX
Standard Federal Bank	Troy, Michigan					14,377	13,891	13,153	XXX
Cadre Securities	Ronkonkoma, New York		2.000	134,314		19,902,626	25,824,597	34,655,578	XXX
US Bank	Helena, Montana					(8,940,252)	(5,218,718)	(9,026,834)	XXX
0199999. Total Open Depositories		XXX	XXX	327,280	0	65,888,655	76,365,042	67,798,124	XXX
0399999. Total Cash on Deposit		XXX	XXX	327,280	0	65,888,655	76,365,042	67,798,124	XXX
0499999. Cash in Company's Office		XXX	XXX	XXX	XXX	100	100	100	XXX
0599999. Total Cash		XXX	XXX	327,280	0	65,888,755	76,365,142	67,798,224	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned at End of Current Quarter

1 CUSIP Identification	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due & Accrued	9 Gross Investment Income

NONE