



QUARTERLY STATEMENT

AS OF MARCH 31, 2005
OF THE CONDITION AND AFFAIRS OF THE

Upper Peninsula Health Plan, Inc.

NAIC Group Code	<u>0000</u>	NAIC Company Code	<u>52615</u>	Employer's ID Number	<u>38-3379956</u>
	(Current Period)		(Prior Period)		
Organized under the Laws of	<u>Michigan</u>		State of Domicile or Port of Entry	<u>Michigan</u>	
Country of Domicile	<u>United States of America</u>				
Licensed as business type:	Life, Accident & Health [<input checked="" type="checkbox"/>]	Property/Casualty [<input type="checkbox"/>]	Dental Service Corporation [<input type="checkbox"/>]		
	Vision Service Corporation [<input type="checkbox"/>]	Other [<input type="checkbox"/>]	Health Maintenance Organization [<input type="checkbox"/>]		
	Hospital, Medical & Dental Service or Indemnity [<input type="checkbox"/>]	Is HMO, Federally Qualified? Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]			
Incorporated/Organized	<u>10/14/1997</u>	Commenced Business	<u>08/01/1998</u>		
Statutory Home Office	<u>228 W. Washington St.</u>		<u>Marquette, MI 49855</u>		
	(Street and Number)		(City or Town, State and Zip Code)		
Main Administrative Office	<u>228 W. Washington St.</u>	<u>Marquette, MI 49855</u>	<u>906-225-7500</u>		
	(Street and Number)	(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Mail Address	<u>228 W. Washington St.</u>		<u>Marquette, MI 49855</u>		
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)		
Primary Location of Books and Records	<u>228 W. Washington St.</u>	<u>Marquette, MI 49855</u>	<u>906-225-7491</u>		
	(Street and Number)	(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Internet Website Address	<u>www.uphp.com</u>				
Statutory Statement Contact	<u>Patrick N. Thomson CPA</u>		<u>906-225-7491</u>		
	(Name)		(Area Code) (Telephone Number) (Extension)		
	<u>pthomson@uphp.com</u>		<u>906-225-7690</u>		
	(E-mail Address)		(FAX Number)		
Policyowner Relations Contact	<u>228 W. Washington St.</u>	<u>Marquette, MI 49855</u>	<u>906-225-7500</u>		
	(Street and Number)	(City or Town, State and Zip Code)	(Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
<u>Dennis H. Smith</u>	<u>President</u>	<u>Greg A. Gustafson</u>	<u>Treasurer</u>
<u>William Nemacheck</u>	<u>Secretary</u>		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

<u>John Schon</u>	<u>James Bogan</u>	<u>William Nemacheck</u>	<u>Wayne Hellerstedt</u>
<u>David Hartberg</u>	<u>Robert Vairo</u>	<u>David Rencher</u>	<u>Michelle Tavernier</u>
<u>Eric Jurgensen</u>			

State of Michigan
County of Marquette **SS**

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

Dennis H. Smith
President

William Nemacheck
Secretary

Greg A. Gustafson
Treasurer

Subscribed and sworn to before me this
3 day of May, 2005

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

b. If no,

1. State the amendment number _____

2. Date filed 05/13/2005

3. Number of pages attached _____

Tanya M. Jennings, Executive Assistant
October 11, 2007

STATEMENT AS OF MARCH 31, 2005 OF THE Upper Peninsula Health Plan, Inc.

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	3,500,113		3,500,113	25,145
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$5,134,838), cash equivalents (\$0) and short-term investments (\$1,511,470)	6,646,308		6,646,308	11,665,763
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	10,146,421	0	10,146,421	11,690,908
11. Title plants less \$ charged off (for Title insurers only)			0	
12. Investment income due and accrued	36,345		36,345	21,250
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection			0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets (\$)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates			0	0
22. Health care (\$) and other amounts receivable	939,274	550,000	389,274	375,106
23. Aggregate write-ins for other than invested assets	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	11,122,040	550,000	10,572,040	12,087,264
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	11,122,040	550,000	10,572,040	12,087,264
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
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.				
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)	0	0	0	0

STATEMENT AS OF MARCH 31, 2005 OF THE Upper Peninsula Health Plan, Inc.

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	5,619,046		5,619,046	6,555,000
2. Accrued medical incentive pool and bonus amounts			0	147,000
3. Unpaid claims adjustment expenses	114,674		114,674	173,000
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	7,947		7,947	2,016
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))	73,485		73,485	75,045
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	5,815,152	0	5,815,152	6,952,061
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	3,592,171	3,261,670
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX		0
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	1,164,717	1,873,533
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24) \$)	XXX	XXX		0
30.2 shares preferred (value included in Line 25) \$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	4,756,888	5,135,203
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	10,572,040	12,087,264
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
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.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
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.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
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	78,582	79,386
2. Net premium income (including non-health premium income).....	XXX	12,345,841	12,053,651
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	12,345,841	12,053,651
Hospital and Medical:			
9. Hospital/medical benefits		6,138,134	5,815,700
10. Other professional services		1,035,060	1,028,411
11. Outside referrals			0
12. Emergency room and out-of-area		454,920	472,466
13. Prescription drugs		2,432,495	2,443,174
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	10,060,609	9,759,751
Less:			
17. Net reinsurance recoveries			0
18. Total hospital and medical (Lines 16 minus 17)	0	10,060,609	9,759,751
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$ cost containment expenses.....		385,283	614,220
21. General administrative expenses.....		1,729,936	1,403,075
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only).....			0
23. Total underwriting deductions (Lines 18 through 22)	0	12,175,828	11,777,046
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	170,013	276,605
25. Net investment income earned		75,189	22,969
26. Net realized capital gains (losses) less capital gains tax of \$			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	75,189	22,969
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (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	245,202	299,574
31. Federal and foreign income taxes incurred	XXX	73,485	111,820
32. Net income (loss) (Lines 30 minus 31)	XXX	171,717	187,754
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
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 to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	5,135,203	4,307,270	4,307,270
GAINS AND LOSSES TO CAPITAL & SURPLUS:			
34. Net income or (loss) from Line 32	171,717	187,754	763,892
35. Change in valuation basis of aggregate policy and claim reserves		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0	0
37. Change in net unrealized foreign exchange capital gain or (loss)		0	0
38. Change in net deferred income tax		0	0
39. Change in nonadmitted assets	(550,000)	(52,313)	15,096
40. Change in unauthorized reinsurance	0	0	0
41. Change in treasury stock		0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles		49,069	49,068
44. Capital Changes:			
44.1 Paid in		0	0
44.2 Transferred from surplus (Stock Dividend)		0	0
44.3 Transferred to surplus		0	0
45. Surplus adjustments:			
45.1 Paid in		0	0
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital		0	0
46. Dividends to stockholders		0	0
47. Aggregate write-ins for gains or (losses) in surplus	(32)	(37)	(123)
48. Net change in capital & surplus (Lines 34 to 47)	(378,315)	184,473	827,933
49. Capital and surplus end of reporting period (Line 33 plus 48)	4,756,888	4,491,743	5,135,203
DETAILS OF WRITE-INS			
4701. Bond Amortization Cost Adjustment.....	(32)	(37)	(112)
4702. Equity Adjustment.....		0	(11)
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)	(32)	(37)	(123)

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	12,331,673	50,146,746
2. Net investment income	69,641	136,355
3. Miscellaneous income	0	0
4. Total (Lines 1 to 3)	12,401,314	50,283,101
5. Benefits and loss related payments	12,149,230	39,363,720
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	1,727,042	8,108,236
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	75,045	863,296
10. Total (Lines 5 through 9)	13,951,317	48,335,252
11. Net cash from operations (Line 4 minus Line 10)	(1,550,003)	1,947,849
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	20,000
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	6,442
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	26,442
13. Cost of investments acquired (long-term only):		
13.1 Bonds	3,469,452	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	3,469,452	0
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(3,469,452)	26,442
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	0	159,608
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	0	159,608
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)	(5,019,455)	2,133,899
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	11,665,763	9,531,864
19.2 End of period (Line 18 plus Line 19.1)	6,646,308	11,665,763

STATEMENT AS OF MARCH 31, 2005 OF THE Upper Peninsula Health Plan, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Stop Loss	11 Disability Income	12 Long-Term Care	13 Other
		2 Individual	3 Group										
Total Members at end of:													
1. Prior Year	26,025	0	0	0	0	0	0	0	25,746	0	0	0	279
2. First Quarter	26,275								25,997				278
3. Second Quarter	0												
4. Third Quarter	0												
5. Current Year	0												
6. Current Year Member Months	78,582								77,764				818
Total Member Ambulatory Encounters for Period:													
7. Physician	63,899								63,456				443
8. Non-Physician	90,161								89,676				485
9. Total	154,060	0	0	0	0	0	0	0	153,132	0	0	0	928
10. Hospital Patient Days Incurred	910								910				0
11. Number of Inpatient Admissions	322								322				0
12. Health Premiums Written	12,453,265								12,399,361				53,904
13. Life Premiums Direct	0												
14. Property/Casualty Premiums Written	12,345,841								12,281,443				64,398
15. Health Premiums Earned	0												
16. Property/Casualty Premiums Earned	0												
17. Amount Paid for Provision of Health Care Services	11,143,563								11,109,148				34,415
18. Amount Incurred for Provision of Health Care Services	10,060,609								10,006,027				54,582

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STATEMENT AS OF MARCH 31, 2005 OF THE Upper Peninsula Health Plan, Inc.

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 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 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 Dec. 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)0	.0
2. Medicare Supplement0	.0
3. Dental Only0	.0
4. Vision Only0	.0
5. Federal Employees Health Benefits Plan0	.0
6. Title XVIII - Medicare0	.0
7. Title XIX - Medicaid	4,618,210	6,343,938	1,455,418	4,131,377	6,073,628	6,526,973
8. Other Health	25,469	8,946	10,432	21,819	35,901	28,027
9. Health Subtotal (Lines 1 to 8).....	4,643,679	6,352,884	1,465,850	4,153,196	6,109,529	6,555,000
10. Healthcare receivables (a)0	.0
11. Other non-health0	.0
12. Medical incentive pools and bonus amounts	147,000	.0	.0	.0	147,000	147,000
13. Totals	4,790,679	6,352,884	1,465,850	4,153,196	6,256,529	6,702,000

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

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NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A) Accounting Practices

The Quarterly Statement as of March 31, 2005 has been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual, and the preparation of the financial statements are in conformity with the Annual Statement Instructions.

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

The estimates used in the preparation of the financial statements conformed to the Annual Statement Instructions and Accounting Practices and Procedures manual.

C) Accounting Policy

Reinsurance premiums and experience refunds were netted against premium revenue and pharmaceutical rebates and psychotropic drug reimbursements were netted against pharmacy expenses.

Note 2 - Accounting Changes and Corrections of Errors

Psychotropic drug reimbursements of \$643,633 are being netted against pharmacy expenses. Also, the Plan made an adjustment to Additional Paid-In Capital (APIC) of \$330,501 to reflect actual APIC as of 12/31/04. This adjustment was made after the 2004 Annual Statement was filed. The adjustment was made versus retained earnings and has no effect on Total Capital and Surplus.

Note 3 - Business Combinations and Goodwill

NONE

Note 4 - Discontinued Operations

NONE

Note 5 - Investments

In February of 2005, the Plan purchased U.S. Government Agency Securities ("agencies") within the trust account and with excess cash in the Plan's checking account. Of the total agencies purchased (\$4,975,000), \$975,000 were purchased within the trust and \$4,000,000 were purchased outside of the trust. Of the \$4,000,000 in agencies outside the trust, \$1,500,000 are classified as a short-term investment because it has a maturity date of one year or less at the date of purchase. The remaining \$2,500,000 in agencies outside the trust are properly classified as long-term investments. A Plan's agencies are summarized below:

Name of Bond	Date Purchased	Int Rate	Due Date	Actual Purchase Price	Par Value	Amortized Cost
<u>TRUST</u>						
FED NATL MTG ASSN MED TERM NOTE	3/22/1999	6.190%	12/12/2007	25,563.00	25,000.00	\$ 25,113
FED HOME LN BK	2/16/2005	3.625%	2/16/2007	325,000.00	325,000.00	325,000
FED NATL MTG ASSN	2/25/2005	4.000%	2/25/2008	650,000.00	650,000.00	650,000
<u>AGENCY</u>						
FED HOME LN BK	2/16/2005	3.625%	2/16/2007	1,500,000.00	1,500,000.00	1,500,000
FED NATL MTG ASSN	2/25/2005	4.000%	2/25/2008	1,000,000.00	1,000,000.00	1,000,000
Bonds (Page 2, Line 1)						\$ 3,500,113
FED HOME LN BK	2/17/2005	3.125%	2/17/2006	1,500,000.00	1,500,000.00	1,500,000
ST Investment (included on Page 2, Line 5)						\$ 1,500,000
Total Bonds						\$ 5,000,113

NOTES TO FINANCIAL STATEMENTS

Note 6 - Joint Ventures, Partnerships, and Limited Liability Companies

NONE

Note 7 – Investment Income

As of March 31, 2005, the Plan has \$36,345 of admitted investment income due and accrued and included in the statement of revenue and expenses.

Note 8 - Derivative Instruments

NONE

Note 9 - Income Taxes

- A) NONE
- B) NONE
- C) Current income taxes incurred consist of the following major components:

	<u>3/31/2005</u>	<u>3/31/2004</u>
Current tax expense or benefit	\$ 73,485	\$ 111,820
The change in DTA's and DTL's	-	-
Investment tax credits	-	-
Benefits of operating loss carryforwards	-	-
 Current income taxes incurred	 <u>\$ 73,485</u>	 <u>\$ 111,820</u>

- D) NONE
- F) NONE
- E) NONE

In March of 2004, the Plan petitioned the IRS for not-for-profit status. As of March 31, 2005, no determination had been made by the IRS. The Plan's not-for-profit application is currently residing in Washington, D.C. pending a determination.

Note 10-Information Concerning Parent, Subsidiaries, and Affiliates

- A) The Plan is owned by fourteen 501(c)3 healthcare organizations with each owning various percentages. Only two hospitals control over 10% of the Plan. Marquette General Health System owns 57.71% and Portage Health System owns 10.03% of the Plan's outstanding common stock.
- B) NONE
- C) The Plan paid a management fee of \$1,063,125 to its management company, the Upper Peninsula Managed Care, LLC in 1st quarter 2005. All transactions are covered under Note 10-Part F.
- D) NONE
- E) NONE
- F) The Plan has a Management Service Agreement with its affiliate. This agreement spells out all administrative services provided by the company and includes methods of reimbursement for services performed.
- G) There are no shares of voting common stock in the Company. All 100 voting shares were recalled as a result of a change in control effective April 1, 2004.
- H) NONE
- I) NONE
- J) NONE

Note 11-Debt

The Plan has a \$1,000,000 long-term line of credit (LOC) with Wells Fargo Bank. This LOC has a variable rate of .25% over prime rate. The Plan has a \$0.00 balance outstanding as of March 31, 2005.

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

NONE

NOTES TO FINANCIAL STATEMENTS

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

As of March 31, 2005, the Plan has 29,935 shares of non-voting stock issued and outstanding. The Plan has no preferred stock issued or outstanding. As of 12/31/04, the Plan's RBC was at 251%.

Note 14-Contingencies

NONE

Note 15-Leases

NONE

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

NONE

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

NONE

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

NONE

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

NONE

Note 20-Other Items

September 11, 2001 Events

The Company was not directly impacted by the events of September 11, 2001.

Note 21-Events Subsequent

The IRS has been petitioned for not-for-profit status and the status is still pending as of March 31, 2005.

Note 22-Reinsurance

NONE

Note 23-Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Plan's current book of business is the Michigan Managed Medicaid and MICHild contracts. The Plan has no retroactive features in its contracts.

Note 24-Change in Incurred Claims and Claim Adjustment Expense

NONE

Note 25-Intercompany Pooling Arrangements

NONE

Note 26-Structured Settlement

NONE

NOTES TO FINANCIAL STATEMENTS

Note 27-Health Care Receivables

The Plan's health care receivables as of March 31, 2005 totaled \$939,274 and consisted of psychotropic drug reimbursements from the State of Michigan Medicaid Program carve-out (\$263,299), maternity case rates (\$124,671) for children born to mothers in Plan, general receivables (\$1,304) and a refundable deposit with the Plan's Pharmacy Benefit Manager of (\$550,000). The refundable deposit is considered a non-admitted asset for statutory accounting purposes. A summary of pharmacy rebate receivables is illustrated below:

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
3/31/2005	-	-	-	-	-
12/31/2004	-	-	-	-	-
9/30/2004	-	-	-	-	-
6/30/2004	25,000	25,000	-	-	25,000
3/31/2004	30,000	12,208	-	12,208	-
12/31/2003	50,000	50,000	-	-	50,000
9/30/2003	50,000	50,000	-	-	50,000
6/30/2003	-	-	-	-	-
3/31/2003	50,000	50,000	-	-	50,000
12/31/2002	-	-	-	-	-
9/30/2002	50,000	50,000	-	-	50,000
6/30/2002	30,000	30,000	-	-	30,000

Note 28-Participating Policies

NONE

Note 29-Premium Deficiency Reserves

NONE

Note 30-Anticipated Salvage and Subrogation

The Plan signed a contract with the First Recovery Group of Southfield, Michigan in September 2001. This contract enables The First Recovery Group to investigate, identify, and collect subrogation recoveries on behalf of the Upper Peninsula Health Plan, Inc. For the 1st quarter 2005, First Recovery Group recovered \$1,395 for the Plan.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the 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 [] No [X]
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 the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 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] NA []
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. 06/30/2001
- 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. 06/30/2001
- 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). 08/19/2002
- 7.4 By what department or departments?
State of Michigan - Office of Financial & 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 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

GENERAL INTERROGATORIES

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]
 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:\$0

14. Amount of real estate and mortgages held in short-term investments:\$0

- 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 Mortgage Loans on 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
Wells Fargo Institutional Trust Services.....	101 W. Washington, Marquette, MI 49855.....

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, brokers/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
421093006.....	Joe Huss.....	101 W. Washington, Marquette, MI 49855.....

- 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

	1 Year to Date	2 Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Increase (decrease) by adjustment		0
3. Cost of acquired		0
4. Cost of additions to and permanent improvements		0
5. Total profit (loss) on sales		0
6. Increase (decrease) by foreign exchange adjustment		0
7. Amount received on sales		0
8. Book/adjusted carrying value at end of current period	0	0
9. Total valuation allowance		0
10. Subtotal (Lines 8 plus 9)	0	0
11. Total nonadmitted amounts		0
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount and mortgage interest points and commitment fees		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
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

	1 Year to Date	2 Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book/adjusted carrying value of long-term invested assets at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
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	25,145	45,257
2. Cost of bonds and stocks acquired	3,475,000	0
3. Accrual of discount		0
4. Increase (decrease) by adjustment	(32)	(112)
5. Increase (decrease) by foreign exchange adjustment		0
6. Total profit (loss) on disposal		0
7. Consideration for bonds and stocks disposed of		20,000
8. Amortization of premium		0
9. Book/adjusted carrying value, current period	3,500,113	25,145
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	3,500,113	25,145
12. Total nonadmitted amounts		0
13. Statement value	3,500,113	25,145

STATEMENT AS OF MARCH 31, 2005 OF THE Upper Peninsula Health Plan, Inc.

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	25,145	4,975,000		(32)	5,000,113	0	0	25,145
2. Class 2	0				0	0	0	0
3. Class 3	0				0	0	0	0
4. Class 4	0				0	0	0	0
5. Class 5	0				0	0	0	0
6. Class 6	0				0	0	0	0
7. Total Bonds	25,145	4,975,000	0	(32)	5,000,113	0	0	25,145
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	25,145	4,975,000	0	(32)	5,000,113	0	0	25,145

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	1,511,470	XXX	1,511,470	4,719	

SCHEDULE DA - PART 2- VERIFICATION

Short-Term Investments Owned

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	980,922	954,479
2. Cost of short-term investments acquired	1,510,267	1,010,628
3. Increase (decrease) by adjustment		0
4. Increase (decrease) by foreign exchange adjustment		0
5. Total profit (loss) on disposal of short-term investments		0
6. Consideration received on disposal of short-term investments	979,719	984,185
7. Book/adjusted carrying value, current period	1,511,470	980,922
8. Total valuation allowance		0
9. Subtotal (Lines 7 plus 8)	1,511,470	980,922
10. Total nonadmitted amounts		0
11. Statement value (Lines 9 minus 10)	1,511,470	980,922
12. Income collected during period	4,719	6,721
13. Income earned during period	3,105	7,466

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule S

NONE

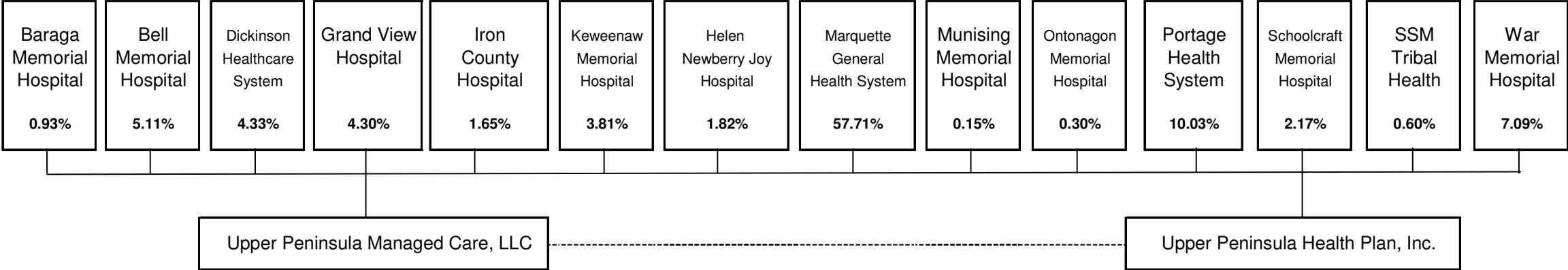
SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only Year-to-Date						
			3 Accident and Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefit Program Premiums	7 Life and Annuity Premiums and Deposit-Type Contract Funds	8 Property/ Casualty Premiums	
1. Alabama	AL								
2. Alaska	AK								
3. Arizona	AZ								
4. Arkansas	AR								
5. California	CA								
6. Colorado	CO								
7. Connecticut	CT								
8. Delaware	DE								
9. District of Columbia	DC								
10. Florida	FL								
11. Georgia	GA								
12. Hawaii	HI								
13. Idaho	ID								
14. Illinois	IL								
15. Indiana	IN								
16. Iowa	IA								
17. Kansas	KS								
18. Kentucky	KY								
19. Louisiana	LA								
20. Maine	ME								
21. Maryland	MD								
22. Massachusetts	MA								
23. Michigan	MI	No	Yes	64,398		12,354,316			
24. Minnesota	MN								
25. Mississippi	MS								
26. Missouri	MO								
27. Montana	MT								
28. Nebraska	NE								
29. Nevada	NV								
30. New Hampshire	NH								
31. New Jersey	NJ								
32. New Mexico	NM								
33. New York	NY								
34. North Carolina	NC								
35. North Dakota	ND								
36. Ohio	OH								
37. Oklahoma	OK								
38. Oregon	OR								
39. Pennsylvania	PA								
40. Rhode Island	RI								
41. South Carolina	SC								
42. South Dakota	SD								
43. Tennessee	TN								
44. Texas	TX								
45. Utah	UT								
46. Vermont	VT								
47. Virginia	VA								
48. Washington	WA								
49. West Virginia	WV								
50. Wisconsin	WI								
51. Wyoming	WY								
52. American Samoa	AS								
53. Guam	GU								
54. Puerto Rico	PR								
55. U.S. Virgin Islands	VI								
56. Canada	CN								
57. Aggregate Other Alien	OT	XXX	XXX	0	0	0	0	0	0
58. Subtotal		XXX	XXX	64,398	0	12,354,316	0	0	0
59. Reporting entity contributions for Employee Benefit Plans		XXX	XXX						
60. Total (Direct Business)		XXX	(a) 1	64,398	0	12,354,316	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. Totals (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**



OVERFLOW PAGE FOR WRITE-INS

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

SCHEDULE E - PART 2 CASH EQUIVALENTS

Showing Investments Owned 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 and Accrued	9 Gross Investment Income
NONE								
0199999 Total Cash Equivalents								

E09