

Some previously non-admitted assets reclassified as admitted



# HEALTH QUARTERLY STATEMENT

AS OF MARCH 31, 2002  
OF THE CONDITION AND AFFAIRS OF THE

## Cape Health Plan, Inc.

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 95759 Employer's ID Number 38-2455176

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Dental Service Corporation [ ]  
Vision Service Corporation [ ] Other [ ] Health Maintenance Organization [ X ]  
Hospital, Medical & Dental Service or Indemnity [ ] Is HMO, Federally Qualified? Yes [ ] No [ X ]

Incorporated 04/29/1982 Commenced Business 04/29/1982

Statutory Home Office 26711 Northwestern Highway, Suite 300, Southfield, MI 48034  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 26711 Northwestern Highway, Suite 300  
(Street and Number) Southfield, MI 48034  
(City or Town, State and Zip Code) 248-386-3000  
(Area Code) (Telephone Number)

Mail Address 26711 Northwestern Highway, Suite 300, Southfield, MI 48034  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 26711 Northwestern Highway, Suite 300  
(Street and Number) Southfield, MI 48034  
(City or Town, State and Zip Code) 248-386-3003  
(Area Code) (Telephone Number)

Internet Website Address www.capehealth.com

Statement Contact THOMAS ASHFORD MURAR 248-386-3003  
(Name) (Area Code) (Telephone Number) (Extension)  
tmurar@capehealth.com 248-945-9149  
(E-mail Address) (FAX Number)

Policyowner Relations Contact 26711 NORTHWESTERN HIGHWAY, SUITE 300  
(Street and Number) SOUTHFIELD, MI 48034  
(City or Town, State and Zip Code) 248-386-3003  
(Area Code) (Telephone Number) (Extension)

### OFFICERS

President Nancy Wanchik Treasurer Ralph Woronoff  
Secretary William Brodhead

### VICE PRESIDENTS

Murar Thomas Michele Lundberg Myla Johnson  
Rodger Prong

### DIRECTORS OR TRUSTEES

Myra French Ralph Woronoff Surjit Bhasin MD  
Lynette Burns Etrue Bryant Shirley Lightsey  
Thomas Murar Sue Sarin Gladys Taylor  
Janis Coleman Nancy Wanchik William Brodhead

State of Michigan } ss  
County of Macomb

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.

Nancy Wanchik Susan Sarin Thomas Murar  
President & COO Chief Executive Officer Chief Financial Officer

Subscribed and sworn to before me this  
06 day of May, 2002



STATEMENT AS OF MARCH 31, 2002 OF THE CAPE HEALTH PLAN, INC.

ASSETS

	Current Period			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds .....	1,004,000		1,004,000	1,189,000
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			(a)	
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ ..... 19,792,319 ) and short-term investments (\$ ..... ) .....	19,792,319		19,792,319	19,540,349
6. Other long-term invested assets .....				
7. Receivable for securities .....				
8. Aggregate write-ins for invested assets .....	3,125		3,125	3,125
9. Subtotals, cash and invested assets (Lines 1 to 8) .....	20,799,444		20,799,444	20,732,474
10. Accident and health premiums due and unpaid .....				
11. Health care receivables .....	611,089		611,089	1,403,159
12. Amounts recoverable from reinsurers .....				
13. Net adjustment in assets and liabilities due to foreign exchange rates .....				
14. Investment income due and accrued .....				
15. Amounts due from parent, subsidiaries and affiliates .....				
16. Amounts receivable relating to uninsured accident and health plans .....				
17. Furniture and equipment .....	288,177		288,177	300,192
18. Amounts due from agents .....				
19. Federal and foreign income tax recoverable and interest thereon (including \$ ..... net deferred tax asset) .....				
20. Electronic data processing equipment and software.....	479,999	44,424	435,575	303,984
21. Other nonadmitted assets .....	933,462	933,462	0	0
22. Aggregate write-ins for other than invested assets .....	387,598		387,598	653,413
23. Total assets (Lines 9 plus 10 through 22)	23,499,769	977,886	22,521,883	23,393,222
<b>DETAILS OF WRITE-INS</b>				
0801. Security Deposit.....	3,125		3,125	3,125
0802. ....				
0803. ....				
0898. Summary of remaining write-ins for Line 8 from overflow page .....				
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	3,125		3,125	3,125
2201. Employee Loan.....	600		600	296
2202. Federal Income Tax.....	188,488		188,488	404,091
2203. SBT.....	127,700		127,700	175,000
2298. Summary of remaining write-ins for Line 22 from overflow page .....	70,810		70,810	74,026
2299. Totals (Lines 2201 thru 2203 plus 2298) (Line 22 above)	387,598		387,598	653,413

(a) \$ ..... health care delivery assets included in Line 4.1, Column 3

STATEMENT AS OF MARCH 31, 2002 OF THE CAPE 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)	11,533,288		11,533,288	12,080,208
2. Accrued medical incentive pool and bonus payments .....	497,239		497,239	496,369
3. Unpaid claims adjustment expenses .....				
4. Aggregate policy reserves .....				
5. Aggregate claim reserves .....				
6. Premiums received in advance .....				
7. General expenses due or accrued .....	2,217,212		2,217,212	2,199,537
8. Federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses) (including \$ ..... net deferred tax liability) .....				
9. Amounts withheld or retained for the account of others .....				
10. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....				
11. Amounts due to parent, subsidiaries and affiliates .....				
12. Payable for securities .....				
13. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....				
14. Reinsurance in unauthorized companies .....				
15. Net adjustments in assets and liabilities due to foreign exchange rates .....				
16. Liability for amounts held under uninsured accident and health plans .....				
17. Aggregate write-ins for other liabilities (including \$ ..... current) .....	262,011		262,011	557,409
18 Total liabilities (Lines 1 to 17).....	14,509,750		14,509,750	15,333,523
19. Common capital stock .....	XXX	XXX	1,000	1,000
20 Preferred capital stock .....	XXX	XXX		
21. Gross paid in and contributed surplus .....	XXX	XXX		
22. Surplus notes .....	XXX	XXX		
23. Aggregate write-ins for other than special surplus funds .....	XXX	XXX		
24. Unassigned funds (surplus) .....	XXX	XXX	8,011,133	8,058,699
25. Less treasury stock, at cost:				
25.1 ..... shares common (value included in Line 19) \$ ..... ) .....	XXX	XXX		
25.2 ..... shares preferred (value included in Line 20) \$ ..... ) .....	XXX	XXX		
26. Total capital and surplus (Lines 19 to 25) .....	XXX	XXX	8,012,133	8,059,699
27. Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	22,521,883	23,393,222
<b>DETAILS OF WRITE-INS</b>				
1701. Accrued Salaries and Wages.....	77,505		77,505	158,081
1702. Accrued PTO.....	111,530		111,530	111,530
1703. Deferred Income Taxes.....	27,976		27,976	27,976
1798. Summary of remaining write-ins for Line 17 from overflow page .....	45,000		45,000	259,822
1799. Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above)	262,011		262,011	557,409
2301. ....	XXX	XXX		
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	XXX	XXX		
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX		

STATEMENT AS OF MARCH 31, 2002 OF THE CAPE HEALTH PLAN, INC.

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year to Date		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	134,218	481,875
2. Net premium income .....	XXX	23,152,888	88,118,476
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		
5. Risk revenue .....	XXX		
6. Aggregate write-ins for other health care related revenues .....	XXX		
7. Total revenues (Lines 2 to 6) .....	XXX	23,152,888	88,118,476
<b>Medical and Hospital:</b>			
8. Hospital/medical benefits .....		12,567,500	48,277,959
9. Other professional services .....		2,961,069	12,524,128
10. Outside referrals .....			
11. Emergency room and out-of-area .....		1,482,005	4,200,999
12. Prescription drugs .....		2,477,460	7,556,624
13. Aggregate write-ins for other medical and hospital .....		366,506	1,136,483
14. Incentive pool and withhold adjustments .....		150,000	480,000
15. Subtotal (Lines 8 to 14) .....		20,004,540	74,176,193
<b>Less:</b>			
16. Net reinsurance recoveries .....			
17. Total medical and hospital (Lines 15 minus 16) .....		20,004,540	74,176,193
18. Claims adjustment expenses .....		(13,894)	(143,317)
19. General administrative expenses .....		2,626,740	11,108,761
20. Increase in reserves for accident and health contracts .....			
21. Total underwriting deductions (Lines 17 through 20) .....		22,617,386	85,141,637
22. Net underwriting gain or (loss) (Lines 7 minus 21) .....	XXX	535,502	2,976,839
23. Net investment income earned .....		98,430	888,375
24. Net realized capital gains or (losses) .....			
25. Net investment gains or (losses) (Lines 23 plus 24) .....		98,430	888,375
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			
27. Aggregate write-ins for other income or expenses .....			(423,561)
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27) .....		633,932	3,441,653
29. Federal and foreign income taxes incurred .....	XXX	215,603	1,198,885
30. Net income (loss) (Lines 28 minus 29) .....	XXX	418,329	2,242,768
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX		
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) .....	XXX		
1301. Emergency & Non-Emergency Transportation.....	0	366,506	1,136,483
1302. ....			
1303. ....			
1398. Summary of remaining write-ins for Line 13 from overflow page .....			
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above) .....		366,506	1,136,483
2701. Disposition of Fixed Assets.....			(423,561)
2702. ....			0
2703. ....			
2798. Summary of remaining write-ins for Line 27 from overflow page .....			
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above) .....			(423,561)

STATEMENT AS OF MARCH 31, 2002 OF THE CAPE HEALTH PLAN, INC.

**CAPITAL AND SURPLUS ACCOUNT**

	1 Current Year to Date	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT:</b>		
31. Capital and surplus prior reporting period .....	8,059,699	9,672,729
<b>GAINS AND LOSSES TO CAPITAL &amp; SURPLUS:</b>		
32. Net income or (loss) from Line 30 .....	418,329	2,242,768
33. Change in valuation basis of aggregate policy and claim reserves .....		
34. Net unrealized capital gains and losses .....		
35. Change in net unrealized foreign exchange capital gain or (loss) .....		
36. Change in net deferred income tax .....		
37. Change in nonadmitted assets .....	(465,895)	144,202
38. Change in unauthorized reinsurance .....		
39. Change in treasury stock .....		
40. Change in surplus notes .....		
41. Cumulative effect of changes in accounting principles .....		
42. Capital Changes:		
42.1 Paid in .....		
42.2 Transferred from surplus (Stock Dividend) .....		
42.3 Transferred to surplus .....		
43. Surplus adjustments:		
43.1 Paid in .....		
43.2 Transferred to capital (Stock Dividend) .....		
43.3 Transferred from capital .....		
44. Dividends to stockholders .....		(4,000,000)
45. Aggregate write-ins for gains or (losses) in surplus .....		
46. Net change in capital & surplus (Lines 32 to 45) .....	(47,566)	(1,613,030)
47. Capital and surplus end of reporting period (Line 31 plus 46)	8,012,133	8,059,699
<b>DETAILS OF WRITE-INS</b>		
4501. ....		
4502. ....		
4503. ....		
4598. Summary of remaining write-ins for Line 45 from overflow page .....		
4599. Totals (Lines 4501 thru 4503 plus 4598) (Line 45 above)		

**STATEMENT AS OF MARCH 31, 2002 OF THE CAPE HEALTH PLAN, INC.**

**CASH FLOW**

	1 Current Year to Date	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums and revenues collected net of reinsurance .....	23,152,889	88,118,476
2. Claims and claims adjustment expenses .....	20,550,591	75,205,985
3. General administrative expenses paid .....	2,626,740	11,108,761
4. Other underwriting income (expenses) .....		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	(24,442)	1,803,730
6. Net investment income .....	98,430	888,375
7. Other income (expenses) .....	13,894	(5,390)
8. Federal and foreign income taxes (paid) recovered .....	(215,603)	(1,198,885)
9. Net cash from operations (Lines 5 to 8) .....	(127,721)	1,487,830
<b>Cash from Investments</b>		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds .....	295,000	300,533
10.2 Stocks .....		
10.3 Mortgage loans .....		
10.4 Real estate .....		
10.5 Other invested assets .....		
10.6 Net gains or (losses) on cash and short-term investments .....		
10.7 Miscellaneous proceeds .....		
10.8 Total investment proceeds (Lines 10.1 to 10.7) .....	295,000	300,533
11. Cost of investments acquired (long-term only):		
11.1 Bonds .....	110,000	789,000
11.2 Stocks .....		
11.3 Mortgage loans .....		
11.4 Real estate .....		
11.5 Other invested assets .....		
11.6 Miscellaneous applications .....		
11.7 Total investments acquired (Lines 11.1 to 11.6) .....	110,000	789,000
12. Net Cash from investments (Line 10.8 minus Line 11.7) .....	185,000	(488,467)
<b>Cash from Financing and Miscellaneous Sources</b>		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in .....		
13.2 Net transfers from affiliates .....		
13.3 Borrowed funds received .....		
13.4 Other cash provided .....	1,087,575	144,274
13.5 Total (Lines 13.1 to 13.4) .....	1,087,575	144,274
14. Cash applied:		
14.1 Dividends to stockholders paid .....		4,000,000
14.2 Net transfers to affiliates .....		
14.3 Borrowed funds repaid .....		
14.4 Other applications .....	892,884	1,102,131
14.5 Total (Lines 14.1 to 14.4) .....	892,884	5,102,131
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5) .....	194,691	(4,957,857)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15) .....	251,970	(3,958,494)
17. Cash and short-term investments:		
17.1 Beginning of period .....	19,540,349	23,498,843
17.2 End of period (Line 16 plus Line 17.1) .....	19,792,319	19,540,349