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HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2002

of the Condition and Affairs of the

Blue Care Network of Michigan

NAIC Group Code..... 0572, 0572 (Current Period) (Prior Period) NAIC Company Code..... 95610 Employer's ID Number..... 38-2359234

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 [X] No [ ]

Date Incorporated or Organized..... May 6, 1981 Date Commenced Business..... May 13, 1981

Statutory Home Office	25925 Telegraph ..... Southfield ..... MI ..... 48086 *(Street and Number) (City or Town, State and Zip Code)*	
Address of Main Administrative Office	25925 Telegraph ..... Southfield ..... MI ..... 48086 *(Street and Number) (City or Town, State and Zip Code)*	248-354-7450 *(Area Code) (Telephone Number)*
Mail Address	25925 Telegraph MC BF355 ..... Southfield ..... MI ..... 48086 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	25925 Telegraph ..... Southfield ..... MI ..... 48086 *(Street and Number) (City or Town, State and Zip Code)*	248-593-3929 *(Area Code) (Telephone Number)*
Internet Website Address	ww.bcbsm.com/bcn	
Statement Contact	Penny Wall *(Name)*	248-593-3929 *(Area Code) (Telephone Number) (Extension)*
	pwall@bcbsm.com *(E-Mail Address)*	*248-593-3961* *(Fax Number)*
Policyowner Relations Contact	25925 Telegraph ..... Southfield ..... MI ..... 48086 *(Street and Number) (City or Town, State and Zip Code)*	800-662-6667 *(Area Code) (Telephone Number) (Extension)*

OFFICERS

President & CEO ..... Kevin Seitz Treasurer &CFO ..... Susan A. Kluge Chief Operating Officer .....Jeanne Carlson

Chief Actuarial Officer ..... David R. Nelson Chief Medical Officer ..... Douglas R. Woll, MD Secretary ..... Julie Swantek

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

George Andros	Charles Burkett	Frank Garrison	Gloria Klinge
Mark R. Bartlett	Diana L. Watson	Julie Angott	Valeriah Ann Holmon
Anne Mare Ice, MD	D. Bonta Hiscoe MD	Carmone Owens	Gregory A. Sudderth
Roy Westran	Richard E. Whitmer	Kevin Seitz	

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.

(Signature)	(Signature)	(Signature)
Kevin Seitz	Julie Swantek	Susan A. Kluge
(Printed Name)	(Printed Name)	(Printed Name)
President	Secretary	Treasurer

Subscribed and sworn to before me this

.....day of ....., 2003

.....

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.....

EXHIBIT 3 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
A&H Premiums Due and Unpaid						
0299998. Premiums due and unpaid not individually listed	2,461,294	349,913				2,811,207
0299999. Total group	2,461,294	349,913	0	0	0	2,811,207
0599999. Accident and health premiums due and unpaid (Page 2, Line 10)	2,461,294	349,913	0	0	0	2,811,207

EXHIBIT 4 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
Health Care Receivables						
Medicare	317,722	89,108	156,147	224,112		787,089
Medco Pharmacy rebates	550,730	553,144	558,685	1,689,267		3,351,826
Medicaid	68,645	34,592	56,136	85,176		244,549
0499999. Receivables not individually listed	158,004	39,441	90,525	381,225	381,225	287,970
0599999. Gross health care receivables	1,095,101	716,285	861,493	2,379,780	381,225	4,671,434

EXHIBIT 5 - CLAIMS PAYABLE (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 Payable (Reported)						
0399999. Aggregate accounts not individually listed - covered	21,160,803	2,005,536	788,497	511,345	5,621,568	30,087,749
0499999. Subtotals	21,160,803	2,005,536	788,497	511,345	5,621,568	30,087,749
0599999. Unreported claim and other claim reserves						148,387,462
0699999. Total amounts withheld						13,941,379
0799999. Total claims payable						192,416,590
0899999. Accrued medical incentive pool						30,880,314

EXHIBIT 6 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5	6	Admitted	
						7	8
Name of Affiliate	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Current	Non-Current
Amounts Due From Parent, Subsidiaries and Affiliates							
Blue Cross Blue Shield of Michigan	12,364,000	110,390	160,112	197,585	197,585	12,634,502	
0199999. Individually listed receivables	12,364,000	110,390	160,112	197,585	197,585	12,634,502	0
0299999. Receivables not individually listed	24,250					24,250	
0399999. Total gross amounts receivable	12,388,250	110,390	160,112	197,585	197,585	12,658,752	0

EXHIBIT 7 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
Amounts Due To Parent, Subsidiaries and Affiliates				
Blue Cross Blue Shield of Michigan	Administrative Services	7,265,900	7,265,900	
0199999. Individually listed payables		7,265,900	7,265,900	0
0299999. Payables not individually listed		694,151	694,151	
0399999. Total gross payables		7,960,051	7,960,051	0

EXHIBIT 8 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total	3 Total Members Covered	4 Column 3 as a % of Total	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups	193,905,299	16.4	498,115	49.0		193,905,299
2. Intermediaries		0.0		0.0		
3. All other providers	81,822,681	6.9	518,946	51.0		81,822,681
4. Total capitation payments	275,727,980	23.3	1,017,061	100.0	0	275,727,980
Other Payments:						
5. Fee-for-service		0.0	XXX	XXX		
6. Contractual fee payments	819,711,521	69.2	XXX	XXX		819,711,521
7. Bonus/withhold arrangements - fee-for-service		0.0	XXX	XXX		
8. Bonus/withhold arrangements - contractual fee payments	20,780,596	1.8	XXX	XXX		20,780,596
9. Non-contingent salaries	67,698,247	5.7	XXX	XXX		67,698,247
10. Aggregate cost arrangements		0.0	XXX	XXX		
11. All other payments		0.0	XXX	XXX		
12. Total other payments	908,190,364	76.7	XXX	XXX	0	908,190,364
13. Total (Line 4 plus Line 12)	1,183,918,344	100.0	XXX	XXX	0	1,183,918,344

EXHIBIT 8 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC

NONE

EXHIBIT 9 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

Description	1 Cost	2 Improvements	3 Accumulated Depreciation	4 Book Value Less Encumbrances	5 Assets Not Admitted	6 Net Admitted Assets
1. Administrative furniture and equipment	11,324,546		10,209,929	1,114,617		1,114,617
2. Medical furniture, equipment and fixtures	2,241,480		1,926,888	314,592		314,592
3. Pharmaceuticals and surgical supplies						0
4. Durable medical equipment	9,834		7,778	2,055		2,055
5. Other property and equipment						0
6. Total	13,575,860	0	12,144,595	1,431,265	0	1,431,265

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION.....Blue Care Network of Michigan 2. DIVISION....Southfield, MI

BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAF (Location)

NAIC Group Code.....0572

NAIC Company Code.....95610

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior year	572,422	3,214	541,581	11,309				16,318		
2. First quarter	533,988	3,219	492,536	20,041			18,192			
3. Second quarter	528,959	3,214	488,032	20,323			17,390			
4. Third quarter	525,766	3,337	483,772	20,757			17,900			
5. Current year	518,946	3,381	477,032	20,831			17,702			
6. Current year member months	6,280,413	39,587	5,782,116	245,451			213,259			
Total Member Ambulatory Encounters for Year:										
7. Physician	1,644,336	9,309	1,455,275	116,219			63,533			
8. Non-physician	594,390	3,437	523,999	44,078			22,876			
9. Totals	2,238,726	12,746	1,979,274	160,297	0	0	86,409	0	0	0
10. Hospital patient days incurred	162,478	493	119,808	36,618			5,230	329		
11. Number of inpatient admissions	37,697	123	30,049	6,214			1,311			
12. Premiums collected	1,297,213,603	7,445,204	1,180,389,611	63,317,713			45,299,736	761,339		
13. Premiums earned	1,290,524,213	7,261,189	1,173,454,961	63,326,386			46,481,677			
14. Amount paid for provision of health care services	1,183,918,343		1,049,130,286	62,801,327			46,583,176	25,294,358	55,584	53,612
15. Amount incurred for provision of health care services	1,150,225,740		1,039,481,788	65,309,503			45,380,837			53,612

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EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION.....Blue Care Network of Michigan 2. DIVISION....Southfield, MI

BUSINESS IN THE STATE OF MICHIGAN DURING THE YEAR (Location)

NAIC Group Code.....0572

NAIC Company Code.....95610

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior year	572,422	3,214	541,581	11,309				16,318		
2. First quarter	533,988	3,219	492,536	20,041			18,192			
3. Second quarter	528,959	3,214	488,032	20,323			17,390			
4. Third quarter	525,766	3,337	483,772	20,757			17,900			
5. Current year	518,946	3,381	477,032	20,831			17,702			
6. Current year member months	6,280,413	39,587	5,782,116	245,451			213,259			
Total Member Ambulatory Encounters for Year:										
7. Physician	1,644,336	9,309	1,455,275	116,219			63,533			
8. Non-physician	594,390	3,437	523,999	44,078			22,876			
9. Totals	2,238,726	12,746	1,979,274	160,297	0	0	86,409	0	0	0
10. Hospital patient days incurred	162,478	493	119,808	36,618			5,230	329		
11. Number of inpatient admissions	37,697	123	30,049	6,214			1,311			
12. Premiums collected	1,297,213,603	7,445,204	1,180,389,611	63,317,713			45,299,736	761,339		
13. Premiums earned	1,290,524,213	7,261,189	1,173,454,961	63,326,386			46,481,677			
14. Amount paid for provision of health care services	1,183,918,343		1,049,130,286	62,801,327			46,583,176	25,294,358	55,584	53,612
15. Amount incurred for provision of health care services	1,150,225,740		1,039,481,788	65,309,503			45,380,837			53,612

SCHEDULE A - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value, December 31, prior year (prior year statement)		1,112,615
2.	Increase (decrease) by adjustment:		
	2.1 Totals, Part 1, Column 10		(400,593)
	2.2 Totals, Part 3, Column 7		
3.	Cost of acquired (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9))		214,179
4.	Cost of additions and permanent improvements:		
	4.1 Totals, Part 1, Column 13		(22,474)
	4.2 Totals, Part 3, Column 9		
5.	Total profit (loss) on sales, Part 3, Column 14		
6.	Increase (decrease) by foreign exchange adjustment:		
	6.1 Totals, Part 1, Column 11		
	6.2 Totals, Part 3, Column 8		
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 12		
8.	Book/adjusted carrying value at end of current period		903,727
9.	Total valuation allowance		
10.	Subtotal (Lines 8 plus 9)		903,727
11.	Total nonadmitted amounts		
12.	Statement value, current period (Page 2, real estate lines, current period)		903,727

SCHEDULE B - VERIFICATION BETWEEN YEARS

1.	Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year		
2.	Amount loaned during year:		
	2.1 Actual cost at time of acquisitions		
	2.2 Additional investment made after acquisitions		0
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 year		
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
10.	Total valuation allowance		
11.	Subtotal (Lines 9 plus 10)		0
12.	Total nonadmitted amounts		
13.	Statement value of mortgages owned at end of current period		0

NONE

SCHEDULE BA - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year		45,144,745
2.	Cost of acquisitions during year:		
	2.1 Actual cost at time of acquisitions		
	2.2 Additional investment made after acquisitions		0
3.	Accrual of discount		
4.	Increase (decrease) by adjustment		2,668,319
5.	Total profit (loss) on sale		
6.	Amounts paid on account or in full during the year		
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		47,813,064
10.	Total valuation allowance		
11.	Subtotal (Lines 9 plus 10)		47,813,064
12.	Total nonadmitted amounts		
13.	Statement value of long-term invested assets at end of current period		47,813,064

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. **U.S. Governments, Schedules D & DA (Group 1)**											
1.1 Class 1	180,664					180,664	0.1	2,557,693	0.7	180,664	
1.2 Class 2						0	0.0				
1.3 Class 3						0	0.0				
1.4 Class 4						0	0.0				
1.5 Class 5						0	0.0				
1.6 Class 6						0	0.0				
1.7 Totals	180,664	0	0	0	0	180,664	0.1	2,557,693	0.7	180,664	0
2. **All Other Governments, Schedules D & DA (Group 2)**											
2.1 Class 1						0	0.0				
2.2 Class 2						0	0.0				
2.3 Class 3						0	0.0				
2.4 Class 4						0	0.0				
2.5 Class 5						0	0.0				
2.6 Class 6						0	0.0				
2.7 Totals	0	0	0	0	0	0	0.0	0		0	0
3. **States, Territories and Possessions, etc., Guaranteed, Schedules D & DA (Group 3)**											
3.1 Class 1						0	0.0				
3.2 Class 2						0	0.0				
3.3 Class 3						0	0.0				
3.4 Class 4						0	0.0				
3.5 Class 5						0	0.0				
3.6 Class 6						0	0.0				
3.7 Totals	0	0	0	0	0	0	0.0	0		0	0
4. **Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)**											
4.1 Class 1						0	0.0				
4.2 Class 2						0	0.0				
4.3 Class 3						0	0.0				
4.4 Class 4						0	0.0				
4.5 Class 5						0	0.0				
4.6 Class 6						0	0.0				
4.7 Totals	0	0	0	0	0	0	0.0	0		0	0
5. **Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed, Schedules D & DA (Group 5)**											
5.1 Class 1	61,257,611			1,027,370		62,284,981	18.3	21,002,126	6.1	62,284,981	
5.2 Class 2						0	0.0				
5.3 Class 3						0	0.0				
5.4 Class 4						0	0.0				
5.5 Class 5						0	0.0				
5.6 Class 6						0	0.0				
5.7 Totals	61,257,611	0	0	1,027,370	0	62,284,981	18.3	21,002,126	6.1	62,284,981	0

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusting Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. **Public Utilities (Unaffiliated), Schedules D & DA (Group 6)**											
6.1 Class 1						0	0.0	1,954,695	0.6		
6.2 Class 2						0	0.0				
6.3 Class 3						0	0.0				
6.4 Class 4						0	0.0				
6.5 Class 5						0	0.0				
6.6 Class 6						0	0.0				
6.7 Totals	0	0	0	0	0	0	0.0	1,954,695	0.6	0	0
7. **Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)**											
7.1 Class 1	276,508,473		2,108,827			278,617,300	81.7	318,392,324	92.6	278,617,300	
7.2 Class 2						0	0.0				
7.3 Class 3						0	0.0				
7.4 Class 4						0	0.0				
7.5 Class 5						0	0.0				
7.6 Class 6						0	0.0				
7.7 Totals	276,508,473	0	2,108,827	0	0	278,617,300	81.7	318,392,324	92.6	278,617,300	0
8. **Credit Tenant Loans, Schedules D & DA (Group 8)**											
8.1 Class 1						0	0.0				
8.2 Class 2						0	0.0				
8.3 Class 3						0	0.0				
8.4 Class 4						0	0.0				
8.5 Class 5						0	0.0				
8.6 Class 6						0	0.0				
8.7 Totals	0	0	0	0	0	0	0.0	0		0	0
9. **Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)**											
9.1 Class 1						0	0.0				
9.2 Class 2						0	0.0				
9.3 Class 3						0	0.0				
9.4 Class 4						0	0.0				
9.5 Class 5						0	0.0				
9.6 Class 6						0	0.0				
9.7 Totals	0	0	0	0	0	0	0.0	0		0	0

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. **Total Bonds Current Year**											
10.1 Class 1	337,946,748	0	2,108,827	1,027,370	0	341,082,945	100.0	XXX	XXX	341,082,945	0
10.2 Class 2	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.3 Class 3	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.4 Class 4	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.5 Class 5	0	0	0	0	0	(c) 0	0.0	XXX	XXX	0	0
10.6 Class 6	0	0	0	0	0	(c) 0	0.0	XXX	XXX	0	0
10.7 Totals	337,946,748	0	2,108,827	1,027,370	0	(b) 341,082,945	100.0	XXX	XXX	341,082,945	0
10.8 Line 10.7 as a % of Col. 6	99.1	0.0	0.6	0.3	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. **Total Bonds Prior Year**											
11.1 Class 1	330,381,550	2,440,300	5,314,026	5,770,962		XXX	XXX	343,906,838	100.0	343,906,838	
11.2 Class 2						XXX	XXX	0	0.0		
11.3 Class 3						XXX	XXX	0	0.0		
11.4 Class 4						XXX	XXX	0	0.0		
11.5 Class 5						XXX	XXX	(c) 0	0.0		
11.6 Class 6						XXX	XXX	(c) 0	0.0		
11.7 Totals	330,381,550	2,440,300	5,314,026	5,770,962	0	XXX	XXX	(b) 343,906,838	100.0	343,906,838	0
11.8 Line 11.7 as a % of Col. 8	96.1	0.7	1.5	1.7	0.0	XXX	XXX	100.0	XXX	100.0	0.0
12. **Total Publicly Traded Bonds**											
12.1 Class 1	337,946,748		2,108,827	1,027,370		341,082,945	100.0	343,906,838	100.0	341,082,945	XXX
12.2 Class 2						0	0.0	0	0.0	0	XXX
12.3 Class 3						0	0.0	0	0.0	0	XXX
12.4 Class 4						0	0.0	0	0.0	0	XXX
12.5 Class 5						0	0.0	0	0.0	0	XXX
12.6 Class 6						0	0.0	0	0.0	0	XXX
12.7 Totals	337,946,748	0	2,108,827	1,027,370	0	341,082,945	100.0	343,906,838	100.0	341,082,945	XXX
12.8 Line 12.7 as a % of Col. 6	99.1	0.0	0.6	0.3	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	99.1	0.0	0.6	0.3	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. **Total Privately Placed Bonds**											
13.1 Class 1						0	0.0	0	0.0	XXX	0
13.2 Class 2						0	0.0	0	0.0	XXX	0
13.3 Class 3						0	0.0	0	0.0	XXX	0
13.4 Class 4						0	0.0	0	0.0	XXX	0
13.5 Class 5						0	0.0	0	0.0	XXX	0
13.6 Class 6						0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

(a) Includes $.....0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes $.....0 current year, $.....0 prior year of bonds with Z designations and $.....0 current year, $.....0 prior year of bonds with Z* designation. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class are under regulatory review.

(c) Includes $.....0 current year, $.....0 prior year of bonds with 5* designations and $.....0 current year, $.....0 prior year of bonds with 6* designation. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusting Carrying Values By Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. **U.S. Governments, Schedules D & DA (Group 1)**											
1.1 Issuer Obligations	180,664					180,664	0.1	2,557,693	0.7	180,664	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
1.7 Totals	180,664	0	0	0	0	180,664	0.1	2,557,693	0.7	180,664	0
2. **All Other Governments, Schedules D & DA (Group 2)**											
2.1 Issuer Obligations						0	0.0				
2.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3 Defined						0	0.0				
2.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
2.5 Defined						0	0.0				
2.6 Other						0	0.0				
2.7 Totals	0	0	0	0	0	0	0.0	0		0	0
3. **States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 3)**											
3.1 Issuer Obligations						0	0.0				
3.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3 Defined						0	0.0				
3.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
3.5 Defined						0	0.0				
3.6 Other						0	0.0				
3.7 Totals	0	0	0	0	0	0	0.0	0		0	0
4. **Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)**											
4.1 Issuer Obligations						0	0.0				
4.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3 Defined						0	0.0				
4.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
4.5 Defined						0	0.0				
4.6 Other						0	0.0				
4.7 Totals	0	0	0	0	0	0	0.0	0		0	0
5. **Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed, Schedules D & DA (Group 5)**											
5.1 Issuer Obligations	61,257,611			1,027,370		62,284,981	18.3	21,002,126	6.1	62,284,981	
5.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3 Defined						0	0.0				
5.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
5.5 Defined						0	0.0				
5.6 Other						0	0.0				
5.7 Totals	61,257,611	0	0	1,027,370	0	62,284,981	18.3	21,002,126	6.1	62,284,981	0

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. **Public Utilities (Unaffiliated), Schedules D & DA (Group 6)**											
6.1 Issuer Obligations						0	0.0	1,954,695	0.6		
6.2 Single Class Mortgage-Backed/Asset-Backed Bonds						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined						0	0.0				
6.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
6.5 Defined						0	0.0				
6.6 Other						0	0.0				
6.7 Totals	0	0	0	0	0	0	0.0	1,954,695	0.6	0	0
7. **Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)**											
7.1 Issuer Obligations	276,508,473		2,108,827			278,617,300	81.7	318,392,324	92.6	278,617,300	
7.2 Single Class Mortgage-Backed/Asset-Backed Bonds						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined						0	0.0				
7.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
7.5 Defined						0	0.0				
7.6 Other						0	0.0				
7.7 Totals	276,508,473	0	2,108,827	0	0	278,617,300	81.7	318,392,324	92.6	278,617,300	0
8. **Credit Tenant Loans, Schedules D & DA (Group 8)**											
8.1 Issuer Obligations						0	0.0				
8.7 Totals	0	0	0	0	0	0	0.0	0		0	0
9. **Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)**											
9.1 Issuer Obligations						0	0.0				
9.2 Single Class Mortgage-Backed/Asset-Backed Bonds						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined						0	0.0				
9.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
9.5 Defined						0	0.0				
9.6 Other						0	0.0				
9.7 Totals	0	0	0	0	0	0	0.0	0		0	0

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. **Total Bonds Current Year**											
10.1 Issuer Obligations	337,946,748	0	2,108,827	1,027,370	0	341,082,945	100.0	XXX	XXX	341,082,945	0
10.2 Single Class Mortgage-Backed/Asset-Backed Bonds	0	0	0	0	0	0	0.0	XXX	XXX	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.4 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
10.5 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.6 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.7 Totals	337,946,748	0	2,108,827	1,027,370	0	341,082,945	100.0	XXX	XXX	341,082,945	0
10.8 Line 10.7 as a % of Col. 6	99.1	0.0	0.6	0.3	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. **Total Bonds Prior Year**											
11.1 Issuer Obligations	330,381,550	2,440,300	5,314,026	5,770,962		XXX	XXX	343,906,838	100.0	343,906,838	
11.2 Single Class Mortgage-Backed/Asset-Backed Bonds						XXX	XXX	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined						XXX	XXX	0	0.0		
11.4 Other						XXX	XXX	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
11.5 Defined						XXX	XXX	0	0.0		
11.6 Other						XXX	XXX	0	0.0		
11.7 Totals	330,381,550	2,440,300	5,314,026	5,770,962	0	XXX	XXX	343,906,838	100.0	343,906,838	0
11.8 Line 11.7 as a % of Col. 8	96.1	0.7	1.5	1.7	0.0	XXX	XXX	100.0	XXX	100.0	0.0
12. **Total Publicly Traded Bonds**											
12.1 Issuer Obligations	337,946,748		2,108,827	1,027,370		341,082,945	100.0	343,906,838	100.0	341,082,945	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Bonds						0	0.0	0	0.0	0	XXX
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined						0	0.0	0	0.0	0	XXX
12.4 Other						0	0.0	0	0.0	0	XXX
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
12.5 Defined						0	0.0	0	0.0	0	XXX
12.6 Other						0	0.0	0	0.0	0	XXX
12.7 Totals	337,946,748	0	2,108,827	1,027,370	0	341,082,945	100.0	343,906,838	100.0	341,082,945	XXX
12.8 Line 12.7 as a % of Col. 6	99.1	0.0	0.6	0.3	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	99.1	0.0	0.6	0.3	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. **Total Privately Placed Bonds**											
13.1 Issuer Obligations						0	0.0	0	0.0	XXX	0
13.2 Single Class Mortgage-Backed/Asset-Backed Bonds						0	0.0	0	0.0	XXX	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined						0	0.0	0	0.0	XXX	0
13.4 Other						0	0.0	0	0.0	XXX	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
13.5 Defined						0	0.0	0	0.0	XXX	0
13.6 Other						0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

SCHEDULE DA - PART 2

Verification of SHORT-TERM INVESTMENTS Between Years

	1 Total	2 Bonds	3 Mortgage Loans	4 Other Short-term Investment Assets (a)	5 Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, prior year	330,381,550	330,381,550			
2. Cost of short-term investments acquired	810,096,493	810,096,493			
3. Increase (decrease) by adjustment	(9,701,126)	(9,701,126)			
4. Increase (decrease) by foreign exchange adjustment	0				
5. Total profit (loss) on disposal of short-term investments	3,186	3,186			
6. Consideration received on disposal of short-term investments	792,833,355	792,833,355			
7. Book/adjusted carrying value, current year	337,946,748	337,946,748	0	0	0
8. Total valuation allowance	0				
9. Subtotal (Lines 7 plus 8)	337,946,748	337,946,748	0	0	0
10. Total nonadmitted amounts	0				
11. Statement value (Lines 9 minus 10)	337,946,748	337,946,748	0	0	0
12. Income collected during year	8,850,190	8,850,190			
13. Income earned during year	7,681,072	7,681,072			

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

Sch. DB-Pt.A-Verification Between Years
NONE

Sch. DB-Pt.B-Verification Between Years
NONE

Sch. DB-Pt.C-Verification Between Years
NONE

Sch. DB-Pt.D-Verification Between Years
NONE

Sch. DB-Pt.E-Verification
NONE

Sch. DB-Pt. F-Sn. 1
NONE

Sch. DB-Pt. F-Sn. 2
NONE

Sch. S-Pt. 1-Sn. 2
NONE

Sch. S-Pt. 2
NONE

Sch. S-Pt. 3-Sn. 2
NONE

Sch. S-Pt. 4
NONE

Sch. S-Pt.5
NONE

SCHEDULE S - PART 6

Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance

		1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
	ASSETS (Page 2, Col. 3)			
1.	Cash and invested assets (Line 9)	400,147,418		400,147,418
2.	Amounts recoverable from reinsurers (Line 12)			0
3.	Accident and health premiums due and unpaid (Line 10)	2,811,207		2,811,207
4.	Net credit for ceded reinsurance	XXX		0
5.	All other admitted assets (balance)	25,327,269		25,327,269
6.	Totals assets (Line 23)	428,285,894	0	428,285,894
	LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7.	Claims unpaid (Line 1)	192,416,590		192,416,590
8.	Accrued medical incentive pool and bonus payments (Line 2)	30,880,314		30,880,314
9.	Premiums received in advance (Line 6)	27,116,354		27,116,354
10.	Reinsurance in unauthorized companies (Line 14)			0
11.	All other liabilities (balance)	91,186,454		91,186,454
12.	Total liabilities (Line 18)	341,599,712	0	341,599,712
13.	Total capital and surplus (Line 26)	86,686,182	XXX	86,686,182
14.	Total liabilities, capital and surplus (Line 27)	428,285,894	0	428,285,894
	NET CREDIT FOR CEDED REINSURANCE			
15.	Claims unpaid	0		
16.	Accrued medical incentive pool	0		
17.	Premiums received in advance	0		
18.	Reinsurance recoverable on paid losses	0		
19.	Other ceded reinsurance recoverables	0		
20.	Total ceded reinsurance recoverables	0		
21.	Premiums receivable	0		
22.	Unauthorized reinsurance	0		
23.	Other ceded reinsurance payables/offsets	0		
24.	Total ceded reinsurance payables/offsets	0		
25.	Total net credit for ceded reinsurance	0		

SCHEDULE Y (Continued)

PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1 NAIC Company Code	2 Federal ID Number	3 Names of Insurers and Parent, Subsidiaries or Affiliates	4 Shareholder Dividends	5 Capital Contributions	6 Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	7 Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	8 Management Agreements and Service Contracts	9 Income/ (Disbursements) Incurred under Reinsurance Agreements	10 *	11 Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	12 Totals	13 Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
Affiliated Transactions												
54291	38-2069753	Blue Cross Blue Shield of Michigan	19,800,000	(16,300,000)			346,579,427				350,079,427	
95610	38-2359234	Blue Care Network					(317,042,976)	(2,662,509)			(319,705,485)	13,482,408
52037	38-2536979	Blue Care of Michigan, Inc.					(2,808,345)	(1,000)			(2,809,345)	
	38-6561861	BCN Medical Malpractice Self-Insurance Trust					11,474				11,474	
	38-6561862	BCN Stop-Loss Self-Insurance Trust						2,663,509			2,663,509	(13,482,408)
	38-3357687	PPOM, LLC	(18,000,000)				(4,136,402)				(22,136,402)	
10166	38-3207001	Accident Fund	(1,800,000)	1,800,000			(22,603,178)				(22,603,178)	
	38-2612298	DenteMax		14,500,000							14,500,000	
9999999.	Control Totals		0	0	0	0	0	0	XXX	0	0	0

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	MARCH FILING	RESPONSES
1.	Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	YES
2.	Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES
3.	Will an actuarial certification be filed with this statement by March 1?	YES
4.	Will the Risk-Based Capital Report be filed with the NAIC by March 1?	YES
5.	Will the Risk-Based Capital Report be filed with the state of domicile, if required, by March 1?	YES
6.	Will the SVO Compliance Certification be filed by March 1?	SEE EXPLANATION
	APRIL FILING	
7.	Will Management's Discussion and Analysis be filed by April 1?	YES
8.	Will the Long-term Care Experience Reporting Forms be filed with the state of domicile by April 1?	SEE EXPLANATION
9.	Will the Investment Risk Interrogatories be filed by April 1?	YES
	JUNE FILING	
10.	Will an audited financial report be filed by June 1?	YES

EXPLANATIONS:

6. Not required by the State of Michigan

8. Blue Care Network does not have Long-Term Care business.

BAR CODE:

Overflow Page for Write-Ins

(a) $.....507,705 health care delivery assets included in Line 4.1, Column 3. 507,705

Additional Write-ins for Assets:

	Current Year			Prior Year
	1 Assets	2 Assets Not Admitted	3 Net Admitted Assets	4 Net Admitted Assets
2204. Other Accounts Receivable	230,157		230,157	304,096
2205. Vehicle	13,078	13,078	0	
2206. Prepaid expenses	40,323	40,323	0	
2297. Summary of remaining write-ins for Line 22	283,558	53,401	230,157	304,096

Additional Write-ins for Liabilities:

	Current Year			Prior year
	1 Covered	2 Uncovered	3 Total	4 Total
1704. Accrued Payroll			0	6,035,414
1705. Other Current Liabilities	6,210,088		6,210,088	6,613,416
1797. Summary of remaining write-ins for Line 17	6,210,088	0	6,210,088	12,648,830

Additional Write-ins for Statement of Revenue:

	Current Year-to-Date		Prior Year
	1 Uncovered	2 Total	3 Total
1304. Medical Malpractice Insurance			1,373,477
1397. Summary of remaining write-ins for Line 13	0	0	1,373,477

Overflow Page for Write-Ins

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

FOR THE STATE OF.....Michigar

NAIC Group Code.....0572
Address (City, State and Zip Code).....25925 Telegraph MC BF355 Southfield, MI 4808(
Person Completing This Exhibit.....Bill Cook
Title.....Senior Accountant

NAIC Company Code.....95610

Telephone Number.....248-593-3767

1	2	3	4	5	6	7	8	9	10	Policies Issued Through 1999				Policies Issued in 2000, 2001 & 2002			
										11	Incurred Claims		14	15	Incurred Claims		18
											12	13			16	17	
Compliance with OBRA	Policy Form Number	Standardized Medicare Supplement Benefit Plan	Medicare Select	Plan Characteristics	Date Approved	Date Approval Withdrawn	Date Last Amended	Date Closed	Policy Marketing Trade Name	Premiums Earned	Amount	Percent of Premiums Earned	Number of Covered Lives	Premiums Earned	Amount	Percent of Premiums Earned	Number of Covered Lives
Individual Policies																	
.....YES.....	Medicare Supp.....	A.....	.....NO.....	....2356.....	02/01/1988	.....	.....	.....	BCN65.....	.....	.....	.....0.0	.....	3,775,581	2,977,178	.....78.9	4,123
0199999.	Total Policy Experience on Individual Policies.....									0	0	.....0.0	0	3,775,581	2,977,178	.....78.9	4,123
Group Policies																	
.....YES.....	Medicare Supp.....	A.....	.....NO.....	....2356.....	02/01/1988	.....	.....	.....	BCN65.....	.....	.....	.....0.0	.....	59,550,804	62,332,325	.....104.7	16,708
0299999.	Total Policy Experience on Group Policies.....									0	0	.....0.0	0	59,550,804	62,332,325	.....104.7	16,708

MED360

GENERAL INTERROGATORIES

1. If response in Column 1 is no, give full and complete details.....

2. Claims address and contact person provided to the Secretary of Health and Human Services as required by 42 U.S.C. 1395ss(c)(3)(E) for this state.
   2.1 Address..... P. O. Box 68787 Grand Rapids MI 49546
   2.2 Contact person and phone number..... Nancy Green 616-957-5057
3. Billing address and contact person for user fees established under 41 U.S.C. 1395u(h)(3)(B).
   3.1 Address..... N/A
   3.2 Contact person and phone number.....
4. Explain any policies identified as policy type "O".
   NONE