



ANNUAL STATEMENT

For the Year Ending December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

Ultimed HMO of Michigan, Inc.

NAIC Group Code 0000 , 0000 NAIC Company Code 95751 Employer's ID Number 38-3145808
(Current Period) (Prior Period)

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[] Hospital, Medical & Dental Service or Indemnity[]
 Dental Service Corporation[] Vision Service Corporation[] Health Maintenance Organization[X]
 Other[] Is HMO Federally Qualified? Yes[X] No[]

Date Incorporated or Organized 12/13/1993 Date Commenced Business 08/14/1994

Statutory Home Office 2401 20th Street , Detroit, MI 48216
(Street and Number) (City, or Town, State and Zip Code)

Main Administrative Office 2401 20th Street
(Street and Number)

Detroit, MI 48216 (313)961-1717
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 2401 20th Street , Detroit, MI 48216
(Street and Number or P.O. Box) (City, or Town, State and Zip Code)

Primary Location of Books and Records 2401 20th Street
(Street and Number)

Detroit, MI 48216 (313)961-1717
(City, or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address _____

Statement Contact Harley K. Brown (313)961-1717
(Name) (Area Code)(Telephone Number)(Extension)

hbrown@ultimed-hmo.com (313)961-4028
(E-Mail Address) (Fax Number)

Policyowner Relations Contact _____
(Street and Number)

(City, or Town, State and Zip Code) (Area Code) (Telephone Number)(Extension)

OFFICERS

President/CEO Harley K. Brown
 Secretary Eddie Hall Jr.
 Chief Financial Officer Michael O. Martin
 Chief Operating Officer Robin M. Barclay

VICE PRESIDENTS

Alvin G. McClinton
 Kanzoni Asabigi
 Jena Baker
 Fred Prime

Leon H. Atchison
 Abdul Baaghil
 Kim Emanuel #
 William C. Sharp M.D.

DIRECTORS OR TRUSTEES

Ignacio Salazar Ernest Wines

State of Michigan
 County of Wayne ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the 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 manuals 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) Harley K. Brown _____ (Printed Name) President	_____ (Signature) Eddie Hall _____ (Printed Name) Secretary	_____ (Signature) Michael O. Martin _____ (Printed Name) Treasurer
----------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------	------------------------------------------------------------------------------------------

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

Subscribed and sworn to before me this _____ day of _____, 2003

 (Notary Public Signature)

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
0199999 Total individuals						
0299998 Premium due and unpaid not individually listed						
0299999 Total group						
0399999 Premiums due and unpaid from Medicare entities						
0499999 Premiums due and unpaid from Medicaid entities						
0599999 Accident and health premiums due and unpaid (Page 2, Line 10) ..						

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
Receivables not individually listed						
Other	1,323,238					1,323,238
0499999 Total - Receivables not individually listed						
0599999 Health care receivables	1,323,238					1,323,238

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
Individually Listed Claims Payable						
0199999 Total - Individually Listed Claims Payable						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	2,155,078	1,075,812				3,230,890
0499999 Subtotals	2,155,078	1,075,812				3,230,890
0599999 Unreported claims and other claim reserves						785,000
0699999 Total Amounts Withheld						
0799999 Total Claims Payable						4,015,890
0899999 Accrued Medical Incentive Pool						209,696

EXHIBIT 6 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted	
						7 Current	8 Non-Current
Individually listed receivables							
UltiCare	369,500					369,500	
AMS	676,449					676,449	
0199999 Total - Individually listed receivables	1,045,949					1,045,949	
0299999 Receivables not individually listed							
0399999 Total gross amounts receivable	1,045,949					1,045,949	

EXHIBIT 7 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
	N O N E			
0399999 Total gross payables .....	..... X X X .....	.....	.....	.....

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						
2. Intermediaries						
3. All other providers	1,978,254	14.592			1,978,254	
4. Total capitation payments	1,978,254	14.592			1,978,254	
Other Payments:						
5. Fee-for-service	16,986	0.125	X X X	X X X		16,986
6. Contractual fee payments	9,735,482	71.812	X X X	X X X	9,735,482	
7. Bonus/withhold arrangements - fee-for-service			X X X	X X X		
8. Bonus/withhold arrangements - contractual fee payments	741,822	5.472	X X X	X X X	741,822	
9. Non-contingent salaries			X X X	X X X		
10. Aggregate cost arrangements			X X X	X X X		
11. All other payments	1,084,373	7.999	X X X	X X X		1,084,373
12. Total other payments	11,578,663	85.408	X X X	X X X	10,477,304	1,101,359
13. Total (Line 4 plus Line 12)	13,556,917	100.000	X X X	X X X	12,455,558	1,101,359

23

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
9999999			X X X	X X X	X X X

EXHIBIT 9 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

	1	2	3	4	5	6
Description	Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1. Administrative furniture and equipment	51,073		33,093	17,980		17,980
2. Medical furniture, equipment and fixtures						
3. Pharmaceuticals and surgical supplies						
4. Durable medical equipment						
5. Other property and equipment						
6. Total	51,073		33,093	17,980		17,980

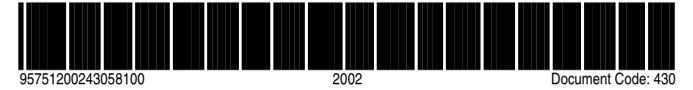


EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION: 2. DIVISION:

NAIC Group Code

BUSINESS IN THE STATE OF **GRAND TOTAL** DURING THE YEAR

NAIC Company Code 95751

	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 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	15,295		350							14,945
2. First Quarter	15,028		361							14,667
3. Second Quarter	14,793		235							14,558
4. Third Quarter	13,477		211							13,266
5. Current Year	13,160									13,160
6. Current Year Member Months	174,170		3,646							170,524
Total Member Ambulatory Encounters for Year:										
7. Physician	23,681		598							23,083
8. Non-Physician	24,063		1,193							22,870
9. Total	47,744		1,791							45,953
10. Hospital Patient Days Incurred	6,354		87							6,267
11. Number of Inpatient Admissions	1,017		20							997
12. Premiums Collected	539,636		539,636							
13. Premiums Earned	496,927		496,927							
14. Amount Paid for Provision of Health Care Services	13,556,917		571,224						741,822	12,243,871
15. Amount of Incurred for Provision of Health Care Services	15,289,981		498,967						335,209	14,455,805

34 Grand Total

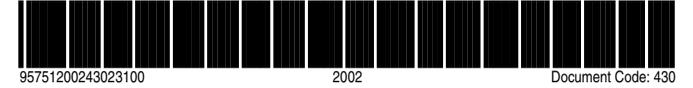


EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION: 2. DIVISION:

BUSINESS IN THE STATE OF **MICHIGAN** DURING THE YEAR

NAIC Group Code

NAIC Company Code 95751

	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	15,295		350							14,945
2. First Quarter	15,028		361							14,667
3. Second Quarter	14,793		235							14,558
4. Third Quarter	13,477		211							13,266
5. Current Year	13,160									13,160
6. Current Year Member Months	172,661		3,646							169,015
Total Member Ambulatory Encounters for Year:										
7. Physician	23,681		598							23,083
8. Non-Physician	24,063		1,193							22,870
9. Total	47,744		1,791							45,953
10. Hospital Patient Days Incurred	6,354		87							6,267
11. Number of Inpatient Admissions	1,017		20							997
12. Premiums Collected	539,636		539,636							
13. Premiums Earned	496,927		496,927							
14. Amount Paid for Provision of Health Care Services	13,556,917		571,224						741,822	12,243,871
15. Amount of Incurred for Provision of Health Care Services	15,289,981		498,967						335,209	14,455,805

SCHEDULE A - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value, December 31, prior year (prior year statement)	227,258
2.	Increase (decrease) by adjustment:	
2.1	Totals, Part 1, Column 10	
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))	
4.	Cost of additions and permanent improvements:	
4.1	Totals, Part 1, Column 13	
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 the end of current period	227,258
9.	Total valuation allowance	
10.	Subtotal (Lines 8 plus 9)	227,258
11.	Total nonadmitted amounts	222,311
12.	Statement value, current period (Page 2, real estate lines, current period)	4,947

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	
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	NONE
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	
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	
12.	Total nonadmitted amounts	
13.	Statement value of mortgages owned at end of current period	

SCHEDULE BA - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	
2.	Cost of acquisitions during year:	
2.1	Actual cost at time of acquisitions	
2.2	Additional investment made after acquisitions	
3.	Accrual of discount	
4.	Increase (decrease) by adjustment	
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	NONE
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	
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	
12.	Total nonadmitted amounts	
13.	Statement value of long-term invested assets at end of current period	

36 Schedule D - Summary by Country - NONE

36 Schedule D - Verification - NONE

37 Schedule D Part 1A Sn 1 - #1 - NONE

38 Schedule D Part 1A Sn 1 - #2 - NONE

39 Schedule D Part 1A Sn 1 - #3 - NONE

40 Schedule D Part 1A Sn 2 - #1 - NONE

41 Schedule D Part 1A Sn 2 - #2 - NONE

42 Schedule D Part 1A Sn 2 - #3 - NONE

SCHEDULE DA - PART 2

Verification of SHORT-TERM INVESTMENTS Between Years

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, prior year	2,793,196			2,793,196	
2. Cost of short-term investments acquired					
3. Increase (decrease) by adjustment					
4. Increase (decrease) by foreign exchange adjustment					
5. Total profit (loss) on disposal of short-term investments					
6. Consideration received on disposal of short-term investments					
7. Book/adjusted carrying value, current year	2,793,196			2,793,196	
8. Total valuation allowance					
9. Subtotal (Lines 7 plus 8)	2,793,196			2,793,196	
10. Total nonadmitted amounts					
11. Statement value (Lines 9 minus 10)	2,793,196			2,793,196	
12. Income collected during year	29,785			29,785	
13. Income earned during year	29,785			29,785	

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

44	Schedule DB Part A Verification -	NONE
44	Schedule DB Part B Verification -	NONE
45	Schedule DB Part C Verification -	NONE
45	Schedule DB Part D Verification -	NONE
45	Schedule DB Part E Verification -	NONE
46	Schedule DB Part F Sn 1 - Sum Replicated Assets -	NONE
47	Schedule DB Part F Sn 2 - Recon Replicated Assets -	NONE
48	Schedule S - Part 1 - Section 2 -	NONE
49	Schedule S - Part 2 -	NONE
50	Schedule S - Part 3 - Section 2 -	NONE
51	Schedule S - Part 4 -	NONE
52	Schedule S - Part 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)	3,854,486		3,854,486
2. Amounts recoverable from reinsurers (Line 12)			
3. Accident and health premiums due and unpaid (Line 10)			
4. Net credit for ceded reinsurance	X X X		
5. All other admitted assets (Balance)	3,070,495		3,070,495
6. Total assets (Line 23)	6,924,981		6,924,981
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1)	4,015,890		4,015,890
8. Accrued medical incentive pool and bonus payments (Line 2)	209,696		209,696
9. Premiums received in advance (Line 6)			
10. Reinsurance in unauthorized companies (Line 14)			
11. All other liabilities (Balance)	375,840		375,840
12. Total liabilities (Line 18)	4,601,426		4,601,426
13. Total capital and surplus (Line 26)	2,323,555	X X X	2,323,555
14. Total liabilities, capital and surplus (Line 27)	6,924,981		6,924,981
NET CREDIT FOR CEDED REINSURANCE			
15. Claims unpaid			
16. Accrued medical incentive pool			
17. Premiums received in advance			
18. Reinsurance recoverable on paid losses			
19. Other ceded reinsurance recoverables			
20. Total ceded reinsurance recoverables			
21. Premiums receivable			
22. Unauthorized reinsurance			
23. Other ceded reinsurance payables/offsets			
24. Total ceded reinsurance payables/offsets			
25. Total net credit for ceded reinsurance			

OVERFLOW PAGE FOR WRITE-INS**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
0697. Summary of remaining write-ins for Line 6 (Lines 0604 through 0696) .....	..... X X X .....	.....	.....
1304. Capitation .....	.....	.....	..... 1,889,320
1397. Summary of remaining write-ins for Line 13 (Lines 1304 through 1396) .....	.....	.....	..... 1,889,320

INDEX TO HEALTH ANNUAL STATEMENT

Accident and Health Premiums Due and Unpaid (Exhibit 3)	18	Short-Term Investments (SCH DA)	E15
Aggregate Reserve for Accident and Health Contracts (Underwriting and Investment Exhibit – PT 2D)	13	Special Deposits (SCH E, PT 2)	E25
Amounts Due from Parent, Subsidiaries and Affiliates (Exhibit 6)	21	State Page – Exhibit of Premiums, Enrollment and Utilization (Separate Page for Each State)	34
Amounts Due to Parent, Subsidiaries and Affiliates (Exhibit 7)	22	Statement of Revenue and Expenses	04
Analysis of Claims Unpaid Prior Year – Net of Reinsurance (Underwriting and Investment Exhibit – PT 2B)	11	Summary Investment Schedule	26
Analysis of Expenses (Underwriting and Investment Exhibit – PT 3)	14	Summary of Replicated (Synthetic) Assets Open (SCH DB, PT F)	46
Analysis of Nonadmitted Assets and Related Items (EX 1)	16	Summary of Transactions with Providers (Exhibit 8 – Pt 1)	23
Analysis of Operations by Lines of Business	07	Summary of Transactions with Intermediaries (Exhibit 8 – Pt 2)	23
Assets (Admitted)	02	Supplemental Exhibits and Schedules Interrogatories	57
Bonds and Stocks (SCH D)	E08	Title Page and Jurat	01
Cash (SCH E – PT 1)	E24	Verifications:	
Cash Flow	06	Schedules A, B and BA	35
Collar, Swap and Forward Agreements (SCH DB – PT C)	E19	Schedule D	36
Counterparty Exposure for Derivative Instruments Open (SCH DB, PT E)	E22	Schedule DA – Pt 2	43
Exhibit of Premiums	08	Schedule DB – Pts A and B	44
Exhibit of Claims Incurred During the Year	09	Schedule DB – Pts C, D and E	45
Exhibit of Claims Liability End of Current Year	10		
Exhibit of Analysis of Claims Unpaid Prior Year	11		
Exhibit of Development of Paid Claims	12		
Exhibit of Development of Incurred Claims	12		
Exhibit of Development Ratio for Incurred Year Claims	12		
Exhibit of Aggregate Reserve for Accident and Health Contracts	13		
Exhibit of Analysis of Expenses	14		
Exhibit of Capital Gains (Losses)	15		
Exhibit of Net Investment Income	15		
Exhibit of Analysis of Nonadmitted Assets and Related Items	16		
Exhibit of Enrollment by Product Type (EX 2)	17		
Exhibit of Accident and Health Premiums Due and Unpaid	18		
Exhibit of Health Care Receivables	19		
Exhibit of Claims Payable (Reported and Unreported)	20		
Exhibit of Amounts due From Parent, Subsidiaries and Affiliates	21		
Exhibit of Amounts due To Parent, Subsidiaries and Affiliates	22		
Exhibit of Summary of Transactions with Providers	23		
Exhibit of Summary of Transactions with Intermediaries	23		
Exhibit of Furniture, Equipment and Supplies Owned	24		
Exhibit of Premiums, Enrollment and Utilization (State Page)	34		
Five-Year Historical Data	32		
Futures Contracts (SCH DB, PT D)	E20		
General Interrogatories	27		
Information Concerning Activities of Insurer Members of a Holding Company Group (SCH Y)	55		
Liabilities, Reserves and Other Funds	03		
Long-Term Care Experience Reporting Form – A, Nationwide Experience Claim Experience by Calendar Duration	310		
Long-Term Care Experience Reporting Form – B, Nationwide Experience Cumulative Claim Experience	320		
Long-Term Care Experience Reporting Form – C, Cumulative Claim Experience by State	330		
Long-Term Invested Assets (SCH BA)	E06		
Medicare Supplement Insurance Experience Exhibit (Separate Page for Each State by Policy Form)	360		
Mortgage Loans (SCH B)	E04		
Notes to Financial Statements	25		
Options, Caps and Floors (SCH DB., PT A)	E16		
Options, Caps and Floors Written (SCH DB, PT B)	E17		
Organizational Chart (SCH Y, PT 1)	54		
Overflow Page for Write-Ins	58		
Premiums and Other Considerations (SCH T)	54		
Real Estate (SCH A)	E01		
Reconciliation of Replicated (Synthetic) Assets Open (SCH DB, PT F)	46		
Reinsurance (SCH S)	48		
Schedules:			
A - Real Estate	E01		
B - Mortgage Loans	E04		
BA – Other Long-Term Invested Assets	E06		
D - Bonds and Stocks	E08		
DA – Short-Term Investments	E15		
DB – Pt A – Options, Caps and Floors and Insurance Futures Options ...	E16		
DB – Pt C – Collars, Swaps and Forwards	E19		
DB – Pt D – Futures Contracts and Insurance Futures Contracts	E20		
DB – Pt E – Counterparty Exposure for Derivative Instruments	E22		
DB – Pt F – Replicated (Synthetic Asset) Transactions	46		
E - Part 1 – Cash	E24		
- Part 2 – Special Deposits	E25		
S - Reinsurance	48		
T - Premiums (Allocated by States and Territories)	54		
Y – Part 1 Information Concerning Activities of Insurer Members of a Holding Company Group	55		
Y - Part 2 Summary of Insurer's Transactions With Any Affiliates	56		