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HEALTH QUARTERLY STATEMENT

As of March 31, 2003

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 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..... 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)*	
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)*	248-593-3771 *(Area Code) (Telephone Number)*
Internet Website Address	ww.bcbsm.com/bcn	
Statutory Statement Contact	Patricia Turner *(Name)*	248-593-3771 *(Area Code) (Telephone Number) (Extension)*
	pturner@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

Donald Oetman #
Mark R. Bartlett
Shauna Ryder Diggs MD #
William Black #
Charles Burkett
Diana L. Watson
D. Bonta Hiscoe MD
Richard E. Whitmer
Frank Garrison
Julie Angott
Carmone Owens
Kevin Seitz
Gloria Klinge
Valeriah Ann Holmon
Gregory A. Sudderth

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

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STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date
	1 Uncovered	2 Total	3 Total
1. Member months	XXX	1,512,878	1,601,845
2. Net premium income (including $.....0 non-health premium income)	XXX	337,177,113	318,736,062
3. Change in unearned premium reserves and reserve for rate credits	XXX	(72,820)	
4. Fee-for-service (net of $.....3,527,564 medical expenses)	XXX	(1,176,211)	(906,493)
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	70,178	64,044
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	335,998,260	317,893,613
Hospital and Medical:			
9. Hospital/medical benefits		182,967,443	170,981,722
10. Other professional services		10,903,916	11,176,153
11. Outside referrals		12,714,755	13,321,553
12. Emergency room and out-of-area		14,658,375	15,569,320
13. Prescription drugs		54,588,591	57,622,006
14. Aggregate write-ins for other hospital and medical	0	9,381,456	10,602,260
15. Incentive pool and withhold adjustments		10,116,556	5,811,024
16. Subtotal (Lines 9 to 15)	0	295,331,092	285,084,037
Less:			
17. Net reinsurance recoveries			(727,816)
18. Total hospital and medical (Lines 16 minus 17)	0	295,331,092	285,811,853
19. Non-health claims			
20. Claims adjustment expenses		4,766,347	3,246,407
21. General administrative expenses		32,220,732	32,844,542
22. Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	0	332,318,171	321,902,802
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	3,680,089	(4,009,190)
25. Net investment income earned		1,506,674	2,513,017
26. Net realized capital gains or (losses)		94,584	(296,074)
27. Net investment gains or (losses) (Lines 25 plus 26)	0	1,601,258	2,216,943
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	5,281,347	(1,792,247)
31. Federal and foreign income taxes incurred	XXX		
32. Net income (loss) (Lines 30 minus 31)	XXX	5,281,347	(1,792,247)

DETAILS OF WRITE-INS

0601. Pharmacy Revenue	XXX	10,449	12,360
0602. Other Revenue	XXX	59,729	51,683
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	70,178	64,044
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. Other Medical Expense		9,423,888	9,899,450
1402. Occupancy, Depreciation and Amortization		339,424	702,810
1403. Medical Malpractice Insurance		(381,856)	
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	9,381,456	10,602,260
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year to Date
33. Capital and surplus prior reporting period	86,686,182	74,474,273
GAINS AND LOSSES TO CAPITAL & SURPLUS		
34. Net income or (loss) from Line 32	5,281,347	(1,792,247)
35. Change in valuation basis of aggregate policy and claim reserves		
36. Net unrealized capital gains and losses		
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(707,703)	45,891
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	748,633	338,003
48. Net change in capital and surplus (Lines 34 to 47)	5,322,277	(1,408,353)
49. Capital and surplus end of reporting period (Line 33 plus 48)	92,008,459	73,065,920

DETAILS OF WRITE-INS

4701. Change in Equity in Affiliates	748,633	338,003
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	748,633	338,003