



ANNUAL STATEMENT

For the Year Ended December 31, 2015
of the Condition and Affairs of the

Molina Healthcare of Michigan, Inc.

NAIC Group Code.....1531, 1531 (Current Period) (Prior Period) NAIC Company Code..... 52630 Employer's ID Number..... 38-3341599

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 [] No [X]

Incorporated/Organized..... February 12, 1997 Commenced Business..... January 1, 1998

Statutory Home Office 880 W. Long Lake Rd., Suite 600..... Troy MI US 48098-4504
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 880 W. Long Lake Rd., Suite 600..... Troy MI US 48098-4504 248-925-1700
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 880 W. Long Lake Rd., Suite 600..... Troy MI US 48098-4504
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 880 W. Long Lake Rd., Suite 600..... Troy MI US 48098-4504 248-925-1700
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.molinahealthcare.com

Statutory Statement Contact Tiffany Lynn Stone 888-562-5442-150864
(Name) (Area Code) (Telephone Number) (Extension)
tiffany.stone@molinahealthcare.com 248-925-1721
(E-Mail Address) (Fax Number)

OFFICERS

| Name | Title | Name | Title |
|---------------------------------|-----------|---------------------------|----------------------------------|
| 1. Christine Margaret Surdock # | President | 2. Stephen Blaney Whiting | Treasurer/VP Finance & Analytics |
| 3. Jeffrey Don Barlow | Secretary | 4. | |

OTHER

DIRECTORS OR TRUSTEES

| | | | |
|------------------------------|-------------------------|------------------------|--------------------|
| Christine Margaret Surdock # | Matthew Carter Schueren | Scott Robert Johnson # | Juan Jose Orellana |
| James Dwight Petty | Marissa Ann Morgan | | |

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. 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.

| | | |
|---|---------------------------------------|-----------------------------------|
| (Signature) Christine Margaret Surdock | (Signature) Stephen Blaney Whiting | (Signature) Jeffrey Don Barlow |
| 1. (Printed Name) | 2. (Printed Name) | 3. (Printed Name) |
| President | Treasurer/VP Finance & Analytics | Secretary |
| (Title) | (Title) | (Title) |

Subscribed and sworn to before me
This _____ day of _____ 2016

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 | _____ |

ASSETS

| | Current Year | | | Prior Year |
|---|--------------|----------------------------|--|-----------------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | 4 Net Admitted Assets |
| 1. Bonds (Schedule D)..... | 74,978,803 | | 74,978,803 | 62,408,480 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks..... | | | 0 | |
| 2.2 Common stocks..... | | | 0 | |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens..... | | | 0 | |
| 3.2 Other than first liens..... | | | 0 | |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances)..... | | | 0 | |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances)..... | | | 0 | |
| 4.3 Properties held for sale (less \$.....0 encumbrances)..... | | | 0 | |
| 5. Cash (\$.....(4,630,146), Schedule E-Part 1), cash equivalents (\$.....4,999,872, Schedule E-Part 2) and short-term investments (\$.....228,610,960, Schedule DA)..... | 228,980,686 | | 228,980,686 | 167,799,442 |
| 6. Contract loans (including \$.....0 premium notes)..... | | | 0 | |
| 7. Derivatives (Schedule DB)..... | | | 0 | |
| 8. Other invested assets (Schedule BA)..... | | | 0 | |
| 9. Receivables for securities..... | | | 0 | |
| 10. Securities lending reinvested collateral assets (Schedule DL)..... | | | 0 | |
| 11. Aggregate write-ins for invested assets..... | 0 | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11)..... | 303,959,488 | 0 | 303,959,488 | 230,207,922 |
| 13. Title plants less \$.....0 charged off (for Title insurers only)..... | | | 0 | |
| 14. Investment income due and accrued..... | 1,347,757 | | 1,347,757 | 585,847 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection..... | 20,491,575 | 312 | 20,491,263 | 11,441,701 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)..... | | | 0 | |
| 15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....2,089,767)..... | 2,089,767 | | 2,089,767 | |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers..... | 1,511,569 | | 1,511,569 | 5,666 |
| 16.2 Funds held by or deposited with reinsured companies..... | | | 0 | |
| 16.3 Other amounts receivable under reinsurance contracts..... | | | 0 | |
| 17. Amounts receivable relating to uninsured plans..... | 3,569,413 | | 3,569,413 | 3,013,230 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon..... | 1,615,709 | | 1,615,709 | 2,187,424 |
| 18.2 Net deferred tax asset..... | 28,357,714 | 19,241,583 | 9,116,131 | 4,032,011 |
| 19. Guaranty funds receivable or on deposit..... | | | 0 | |
| 20. Electronic data processing equipment and software..... | 6,120 | 6,120 | 0 | |
| 21. Furniture and equipment, including health care delivery assets (\$.....0)..... | 3,804,106 | 3,804,106 | 0 | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates..... | | | 0 | |
| 23. Receivables from parent, subsidiaries and affiliates..... | | | 0 | 220,001 |
| 24. Health care (\$.....6,579,548) and other amounts receivable..... | 27,579,150 | 7,366,102 | 20,213,048 | 2,854,454 |
| 25. Aggregate write-ins for other than invested assets..... | 73,198,348 | 61,136,664 | 12,061,684 | 0 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)..... | 467,530,716 | 91,554,887 | 375,975,829 | 254,548,256 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | | 0 | |
| 28. TOTALS (Lines 26 and 27)..... | 467,530,716 | 91,554,887 | 375,975,829 | 254,548,256 |

DETAILS OF WRITE-INS

| | | | | |
|--|------------|------------|------------|---|
| 1101..... | | | 0 | |
| 1102..... | | | 0 | |
| 1103..... | | | 0 | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | 0 | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)..... | 0 | 0 | 0 | 0 |
| 2501. Prepaid Expenses/Deposits..... | 27,471,565 | 27,471,565 | 0 | |
| 2502. Intangible Assets (Goodwill/Patient Files)..... | 45,447,703 | 33,665,099 | 11,782,604 | |
| 2503. State Income Tax Recoverable..... | 279,080 | | 279,080 | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0 | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)..... | 73,198,348 | 61,136,664 | 12,061,684 | 0 |

LIABILITIES, CAPITAL AND SURPLUS

| | Current Period | | | Prior Year |
|---|----------------|----------------|-------------|-------------|
| | 1 Covered | 2 Uncovered | 3 Total | 4 Total |
| 1. Claims unpaid (less \$.....65,308 reinsurance ceded)..... | 195,206,286 | 56,634 | 195,262,920 | 112,646,823 |
| 2. Accrued medical incentive pool and bonus amounts..... | 6,151,174 | | 6,151,174 | 3,431,481 |
| 3. Unpaid claims adjustment expenses..... | 2,137,293 | 1,069 | 2,138,362 | 1,347,589 |
| 4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act..... | 14,376,926 | | 14,376,926 | 993,173 |
| 5. Aggregate life policy reserves..... | | | 0 | |
| 6. Property/casualty unearned premium reserve..... | | | 0 | |
| 7. Aggregate health claim reserves..... | | | 0 | |
| 8. Premiums received in advance..... | 174,952 | | 174,952 | 71,779 |
| 9. General expenses due or accrued..... | 4,215,429 | | 4,215,429 | 3,743,248 |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))..... | | | 0 | |
| 10.2 Net deferred tax liability..... | | | 0 | |
| 11. Ceded reinsurance premiums payable..... | | | 0 | |
| 12. Amounts withheld or retained for the account of others..... | | | 0 | |
| 13. Remittances and items not allocated..... | | | 0 | |
| 14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)..... | | | 0 | |
| 15. Amounts due to parent, subsidiaries and affiliates..... | 4,693,195 | | 4,693,195 | |
| 16. Derivatives..... | | | 0 | |
| 17. Payable for securities..... | | | 0 | |
| 18. Payable for securities lending..... | | | 0 | |
| 19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized and \$.....0 certified reinsurers)..... | | | 0 | |
| 20. Reinsurance in unauthorized and certified (\$.....0) companies..... | | | 0 | |
| 21. Net adjustments in assets and liabilities due to foreign exchange rates..... | | | 0 | |
| 22. Liability for amounts held under uninsured plans..... | | | 0 | |
| 23. Aggregate write-ins for other liabilities (including \$.....10,238,099 current)..... | 10,238,099 | 0 | 10,238,099 | 7,183,648 |
| 24. Total liabilities (Lines 1 to 23)..... | 237,193,354 | 57,703 | 237,251,057 | 129,417,741 |
| 25. Aggregate write-ins for special surplus funds..... | XXX | XXX | 26,300,000 | 19,500,000 |
| 26. Common capital stock..... | XXX | XXX | 159,000 | 159,000 |
| 27. Preferred capital stock..... | XXX | XXX | | |
| 28. Gross paid in and contributed surplus..... | XXX | XXX | 82,404,971 | 62,404,971 |
| 29. Surplus notes..... | XXX | XXX | | |
| 30. Aggregate write-ins for other than special surplus funds..... | XXX | XXX | 0 | 0 |
| 31. Unassigned funds (surplus)..... | XXX | XXX | 29,860,801 | 43,066,544 |
| 32. Less treasury stock at cost: | | | | |
| 32.1 .....0.000 shares common (value included in Line 26 \$.....0)..... | XXX | XXX | | |
| 32.2 .....0.000 shares preferred (value included in Line 27 \$.....0)..... | XXX | XXX | | |
| 33. Total capital and surplus (Lines 25 to 31 minus Line 32)..... | XXX | XXX | 138,724,772 | 125,130,515 |
| 34. Total liabilities, capital and surplus (Lines 24 and 33)..... | XXX | XXX | 375,975,829 | 254,548,256 |

DETAILS OF WRITE-INS

| | | | | |
|--|------------|-----|------------|------------|
| 2301. Premium/Use Taxes Due..... | 5,294,801 | | 5,294,801 | 7,097,571 |
| 2302. State Income Tax Payable..... | | | 0 | 86,077 |
| 2303. Amounts Due to Government Agencies..... | 4,943,298 | | 4,943,298 | |
| 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)..... | 10,238,099 | 0 | 10,238,099 | 7,183,648 |
| 2501. 2015 health insurer fee accrual estimate..... | XXX | XXX | | 19,500,000 |
| 2502. 2016 health insurer fee accrual estimate..... | XXX | XXX | 26,300,000 | |
| 2503. | XXX | XXX | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | XXX | XXX | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)..... | XXX | XXX | 26,300,000 | 19,500,000 |
| 3001. | XXX | XXX | | |
| 3002. | XXX | XXX | | |
| 3003. | XXX | XXX | | |
| 3098. Summary of remaining write-ins for Line 30 from overflow page..... | XXX | XXX | 0 | 0 |
| 3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)..... | XXX | XXX | 0 | 0 |

STATEMENT OF REVENUE AND EXPENSES

| | Current Year | | Prior Year |
|--|----------------|---------------|---------------|
| | 1 Uncovered | 2 Total | 3 Total |
| 1. Member months..... | XXX | 3,364,827 | 2,802,163 |
| 2. Net premium income (including \$.....0 non-health premium income)..... | XXX | 1,480,688,554 | 1,060,052,919 |
| 3. Change in unearned premium reserves and reserve for rate credits..... | XXX | (12,754,928) | (377,483) |
| 4. Fee-for-service (net of \$.....0 medical expenses)..... | XXX | | |
| 5. Risk revenue..... | XXX | | |
| 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 | 1,467,933,626 | 1,059,675,436 |
| Hospital and Medical: | | | |
| 9. Hospital/medical benefits..... | | 804,173,146 | 582,445,760 |
| 10. Other professional services..... | | 38,768,256 | 14,786,056 |
| 11. Outside referrals..... | 523,951 | 65,910,442 | 56,052,833 |
| 12. Emergency room and out-of-area..... | | 97,332,587 | 61,308,329 |
| 13. Prescription drugs..... | | 145,525,251 | 137,596,735 |
| 14. Aggregate write-ins for other hospital and medical..... | .0 | .0 | .0 |
| 15. Incentive pool, withhold adjustments and bonus amounts..... | | 8,895,501 | 8,028,967 |
| 16. Subtotal (Lines 9 to 15)..... | 523,951 | 1,160,605,183 | 860,218,680 |
| Less: | | | |
| 17. Net reinsurance recoveries..... | | 1,997,532 | 359,175 |
| 18. Total hospital and medical (Lines 16 minus 17)..... | 523,951 | 1,158,607,651 | 859,859,505 |
| 19. Non-health claims (net)..... | | | |
| 20. Claims adjustment expenses, including \$.....32,001,655 cost containment expenses..... | | 36,101,448 | 24,732,752 |
| 21. General administrative expenses..... | | 181,299,966 | 126,670,794 |
| 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)..... | 523,951 | 1,376,009,065 | 1,011,263,051 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23)..... | XXX | 91,924,561 | 48,412,385 |
| 25. Net investment income earned (Exhibit of Net Investment Income, Line 17)..... | | 1,219,252 | 545,701 |
| 26. Net realized capital gains or (losses) less capital gains tax of \$.....2,284..... | | 4,242 | 6,133 |
| 27. Net investment gains or (losses) (Lines 25 plus 26)..... | .0 | 1,223,494 | 551,834 |
| 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 | (35,459) |
| 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 | 93,148,055 | 48,928,760 |
| 31. Federal and foreign income taxes incurred..... | XXX | 39,383,431 | 22,209,086 |
| 32. Net income (loss) (Lines 30 minus 31)..... | XXX | 53,764,624 | 26,719,674 |

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. Fines and penalties..... | | | (35,459) |
| 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 | (35,459) |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| CAPITAL AND SURPLUS ACCOUNT | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| 33. Capital and surplus prior reporting period..... | 125,130,515 | 102,658,517 |
| 34. Net income or (loss) from Line 32..... | 53,764,624 | 26,719,674 |
| 35. Change in valuation basis of aggregate policy and claim reserves..... | | |
| 36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.25..... | 47 | (206) |
| 37. Change in net unrealized foreign exchange capital gain or (loss)..... | | |
| 38. Change in net deferred income tax..... | 22,764,174 | 2,882,734 |
| 39. Change in nonadmitted assets..... | (82,934,588) | (7,130,204) |
| 40. Change in unauthorized and certified 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..... | 20,000,000 | |
| 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..... | 0 | 0 |
| 48. Net change in capital and surplus (Lines 34 to 47)..... | 13,594,257 | 22,471,998 |
| 49. Capital and surplus end of reporting period (Line 33 plus 48)..... | 138,724,772 | 125,130,515 |

DETAILS OF WRITE-INS

| | | |
|--|---|---|
| 4701. | | |
| 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)..... | 0 | 0 |

CASH FLOW

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| CASH FROM OPERATIONS | | |
| 1. Premiums collected net of reinsurance..... | 1,470,290,826 | 1,060,701,025 |
| 2. Net investment income..... | 1,379,887 | 1,513,976 |
| 3. Miscellaneous income..... | | |
| 4. Total (Lines 1 through 3)..... | 1,471,670,713 | 1,062,215,001 |
| 5. Benefit and loss related payments..... | 1,082,309,907 | 833,417,164 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions..... | 213,640,192 | 146,082,476 |
| 8. Dividends paid to policyholders..... | | |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....2,284 tax on capital gains (losses)..... | 38,814,000 | 24,295,000 |
| 10. Total (Lines 5 through 9)..... | 1,334,764,099 | 1,003,794,640 |
| 11. Net cash from operations (Line 4 minus Line 10)..... | 136,906,614 | 58,420,361 |
| CASH FROM INVESTMENTS | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds..... | 52,983,839 | 32,529,781 |
| 12.2 Stocks..... | | |
| 12.3 Mortgage loans..... | | |
| 12.4 Real estate..... | | |
| 12.5 Other invested assets..... | | |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments..... | | |
| 12.7 Miscellaneous proceeds..... | | |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7)..... | 52,983,839 | 32,529,781 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds..... | 66,470,109 | 64,057,215 |
| 13.2 Stocks..... | | |
| 13.3 Mortgage loans..... | | |
| 13.4 Real estate..... | | |
| 13.5 Other invested assets..... | | |
| 13.6 Miscellaneous applications..... | | |
| 13.7 Total investments acquired (Lines 13.1 to 13.6)..... | 66,470,109 | 64,057,215 |
| 14. Net increase (decrease) in contract loans and premium notes..... | | |
| 15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)..... | (13,486,270) | (31,527,435) |
| CASH FROM FINANCING AND MISCELLANEOUS SOURCES | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes..... | | |
| 16.2 Capital and paid in surplus, less treasury stock..... | 20,000,000 | |
| 16.3 Borrowed funds..... | | |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities..... | | |
| 16.5 Dividends to stockholders..... | | |
| 16.6 Other cash provided (applied)..... | (82,239,100) | (2,510,911) |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | (62,239,100) | (2,510,911) |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)..... | 61,181,244 | 24,382,016 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year..... | 167,799,442 | 143,417,426 |
| 19.2 End of year (Line 18 plus Line 19.1)..... | 228,980,686 | 167,799,442 |

Note: Supplemental disclosures of cash flow information for non-cash transactions:

| | | |
|---------|--|--|
| 20.0001 | | |
|---------|--|--|

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

| | 1 | 2 | 3 | 4 |
|--|--------------------|------------------------|----------------------|--|
| Line of Business | Direct Business | Reinsurance Assumed | Reinsurance Ceded | Net Premium Income (Cols. 1 + 2 - 3) |
| 1. Comprehensive (hospital and medical)..... | 15,339,327 | | 50,479 | 15,288,848 |
| 2. Medicare supplement..... | | | | 0 |
| 3. Dental only..... | | | | 0 |
| 4. Vision only..... | | | | 0 |
| 5. Federal employees health benefits plan..... | | | | 0 |
| 6. Title XVIII - Medicare..... | 225,930,982 | | 34,293 | 225,896,689 |
| 7. Title XIX - Medicaid..... | 1,239,668,671 | | 165,654 | 1,239,503,017 |
| 8. Other health..... | | | | 0 |
| 9. Health subtotal (Lines 1 through 8)..... | 1,480,938,980 | 0 | 250,426 | 1,480,688,554 |
| 10. Life..... | | | | 0 |
| 11. Property/casualty..... | | | | 0 |
| 12. Totals (Lines 9 to 11)..... | 1,480,938,980 | 0 | 250,426 | 1,480,688,554 |

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---------------|--|------------------------|----------------|----------------|---|----------------------------|--------------------------|-----------------|---------------------|
| | Total | Comprehensive (Hospital and Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Payments during the year: | | | | | | | | | | |
| 1.1 Direct..... | 1,076,560,420 | 7,156,529 | | | | | 184,510,071 | 884,893,820 | | |
| 1.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 1.3 Reinsurance ceded..... | 426,321 | | | | | | | 426,321 | | |
| 1.4 Net..... | 1,076,134,099 | 7,156,529 | 0 | 0 | 0 | 0 | 184,510,071 | 884,467,499 | 0 | 0 |
| 2. Paid medical incentive pools and bonuses..... | 6,175,808 | | | | | | 761,308 | 5,414,500 | | |
| 3. Claim liability December 31, current year from Part 2A: | | | | | | | | | | |
| 3.1 Direct..... | 195,328,228 | 879,857 | | | | | 31,270,344 | 163,178,027 | | |
| 3.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 3.3 Reinsurance ceded..... | 65,308 | 65,308 | | | | | | | | |
| 3.4 Net..... | 195,262,920 | 814,549 | 0 | 0 | 0 | 0 | 31,270,344 | 163,178,027 | 0 | 0 |
| 4. Claim reserve December 31, current year from Part 2D: | | | | | | | | | | |
| 4.1 Direct..... | 0 | | | | | | | | | |
| 4.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 4.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 4.4 Net..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Accrued medical incentive pools and bonuses, current year..... | 6,151,174 | | | | | | 2,483,680 | 3,667,494 | | |
| 6. Net healthcare receivables (a)..... | 7,532,144 | 38,386 | | | | | 6,297,543 | 1,196,215 | | |
| 7. Amounts recoverable from reinsurers December 31, current year..... | 1,511,569 | 71,569 | | | | | | 1,440,000 | | |
| 8. Claim liability December 31, prior year from Part 2A: | | | | | | | | | | |
| 8.1 Direct..... | 112,646,823 | 466,798 | | | | | 19,422,141 | 92,757,884 | | |
| 8.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 8.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 8.4 Net..... | 112,646,823 | 466,798 | 0 | 0 | 0 | 0 | 19,422,141 | 92,757,884 | 0 | 0 |
| 9. Claim reserve December 31, prior year from Part 2D: | | | | | | | | | | |
| 9.1 Direct..... | 0 | | | | | | | | | |
| 9.2 Reinsurance assumed..... | 0 | | | | | | | | | |
| 9.3 Reinsurance ceded..... | 0 | | | | | | | | | |
| 9.4 Net..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. Accrued medical incentive pools and bonuses, prior year..... | 3,431,481 | | | | | | 376,863 | 3,054,618 | | |
| 11. Amounts recoverable from reinsurers December 31, prior year..... | 5,666 | 5,666 | | | | | | | | |
| 12. Incurred benefits: | | | | | | | | | | |
| 12.1 Direct..... | 1,151,709,681 | 7,531,202 | 0 | 0 | 0 | 0 | 190,060,731 | 954,117,748 | 0 | 0 |
| 12.2 Reinsurance assumed..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12.3 Reinsurance ceded..... | 1,997,532 | 131,211 | 0 | 0 | 0 | 0 | 0 | 1,866,321 | 0 | 0 |
| 12.4 Net..... | 1,149,712,149 | 7,399,991 | 0 | 0 | 0 | 0 | 190,060,731 | 952,251,427 | 0 | 0 |
| 13. Incurred medical incentive pools and bonuses..... | 8,895,501 | 0 | 0 | 0 | 0 | 0 | 2,868,125 | 6,027,376 | 0 | 0 |

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-------------|--|------------------------|----------------|----------------|---|----------------------------|--------------------------|-----------------|---------------------|
| | Total | Comprehensive (Medical and Hospital) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Reported in process of adjustment: | | | | | | | | | | |
| 1.1 Direct..... | 81,995,124 | 84,279 | | | | | 5,093,955 | 76,816,890 | | |
| 1.2 Reinsurance assumed..... | .0 | | | | | | | | | |
| 1.3 Reinsurance ceded..... | .0 | | | | | | | | | |
| 1.4 Net..... | 81,995,124 | 84,279 | .0 | .0 | .0 | .0 | 5,093,955 | 76,816,890 | .0 | .0 |
| 2. Incurred but unreported: | | | | | | | | | | |
| 2.1 Direct..... | 113,333,104 | 795,578 | | | | | 26,176,389 | 86,361,137 | | |
| 2.2 Reinsurance assumed..... | .0 | | | | | | | | | |
| 2.3 Reinsurance ceded..... | 65,308 | 65,308 | | | | | | | | |
| 2.4 Net..... | 113,267,796 | 730,270 | .0 | .0 | .0 | .0 | 26,176,389 | 86,361,137 | .0 | .0 |
| 3. Amounts withheld from paid claims and capitations: | | | | | | | | | | |
| 3.1 Direct..... | .0 | | | | | | | | | |
| 3.2 Reinsurance assumed..... | .0 | | | | | | | | | |
| 3.3 Reinsurance ceded..... | .0 | | | | | | | | | |
| 3.4 Net..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 4. Totals: | | | | | | | | | | |
| 4.1 Direct..... | 195,328,228 | 879,857 | .0 | .0 | .0 | .0 | 31,270,344 | 163,178,027 | .0 | .0 |
| 4.2 Reinsurance assumed..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 4.3 Reinsurance ceded..... | 65,308 | 65,308 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 4.4 Net..... | 195,262,920 | 814,549 | .0 | .0 | .0 | .0 | 31,270,344 | 163,178,027 | .0 | .0 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

| Line of Business | Claims Paid During the Year | | Claim Reserve and Claim Liability December 31 of Current Year | | 5 Claims Incurred in Prior Years (Columns 1 + 3) | 6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year |
|--|--|---|--|---|---|--|
| | 1 On Claims Incurred Prior to January 1 of Current Year | 2 On Claims Incurred During the Year | 3 On Claims Unpaid December 31 of Prior Year | 4 On Claims Incurred During the Year | | |
| 1. Comprehensive (hospital and medical)..... | 377,200 | 6,713,426 | 32,931 | 781,618 | 410,131 | 466,798 |
| 2. Medicare supplement..... | | | | | 0 | |
| 3. Dental only..... | | | | | 0 | |
| 4. Vision only..... | | | | | 0 | |
| 5. Federal employees health benefits plan..... | | | | | 0 | |
| 6. Title XVIII - Medicare..... | 18,938,002 | 165,572,069 | 864,490 | 30,405,853 | 19,802,492 | 19,422,140 |
| 7. Title XIX - Medicaid..... | 83,238,812 | 799,788,687 | 6,034,523 | 157,143,508 | 89,273,335 | 92,757,885 |
| 8. Other health..... | | | | | 0 | |
| 9. Health subtotal (Lines 1 to 8)..... | 102,554,014 | 972,074,182 | 6,931,944 | 188,330,979 | 109,485,958 | 112,646,823 |
| 10. Healthcare receivables (a)..... | | | 169,527 | 13,776,123 | 169,527 | 6,413,507 |
| 11. Other non-health..... | | | | | 0 | |
| 12. Medical incentive pools and bonus amounts..... | 3,431,482 | 2,744,327 | | 6,151,174 | 3,431,482 | 3,431,481 |
| 13. Totals (Lines 9 - 10 + 11 + 12)..... | 105,985,496 | 974,818,509 | 6,762,417 | 180,706,030 | 112,747,913 | 109,664,797 |

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. Prior..... | 42,853 | 42,853 | 42,853 | 42,853 | 42,853 |
| 2. 2011..... | 651,720 | 724,494 | 724,494 | 724,494 | 724,494 |
| 3. 2012..... | .XXX | 649,847 | 724,542 | 724,542 | 724,542 |
| 4. 2013..... | .XXX | .XXX | 672,843 | 745,643 | 745,643 |
| 5. 2014..... | .XXX | .XXX | .XXX | 753,906 | 856,460 |
| 6. 2015..... | .XXX | .XXX | .XXX | .XXX | 972,074 |

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. Prior..... | 42,853 | 42,853 | 42,853 | 42,853 | 42,853 |
| 2. 2011..... | 729,997 | 724,580 | 724,580 | 724,580 | 724,580 |
| 3. 2012..... | .XXX | 735,455 | 724,863 | 724,863 | 724,863 |
| 4. 2013..... | .XXX | .XXX | 755,748 | 745,831 | 745,831 |
| 5. 2014..... | .XXX | .XXX | .XXX | 869,797 | 863,392 |
| 6. 2015..... | .XXX | .XXX | .XXX | .XXX | 1,166,557 |

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

| Years in Which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claim Payments | 3 Claim Adjustment Expense Payments | 4 Percent (Col. 3/2) | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 Percent (Col. 5/1) | 7 Claims Unpaid | 8 Unpaid Claim Adjustment Expense | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 Percent (Col. 9/1) |
|--|----------------------|---------------------|--|-------------------------|---|-------------------------|--------------------|--------------------------------------|---|--------------------------|
| 1. 2011..... | 844,349 | 724,494 | 21,011 | 2.9 | 745,505 | 88.3 | | | 745,505 | 88.3 |
| 2. 2012..... | 841,179 | 724,542 | 22,358 | 3.1 | 746,900 | 88.8 | | | 746,900 | 88.8 |
| 3. 2013..... | 883,385 | 745,643 | 22,354 | 3.0 | 767,997 | 86.9 | | | 767,997 | 86.9 |
| 4. 2014..... | 1,059,675 | 856,460 | 24,732 | 2.9 | 881,192 | 83.2 | 6,932 | 37 | 888,161 | 83.8 |
| 5. 2015..... | 1,468,184 | 972,074 | 36,101 | 3.7 | 1,008,175 | 68.7 | 194,483 | 2,101 | 1,204,759 | 82.1 |

12.GT

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. Prior..... | .21 | .21 | .21 | .21 | .21 |
| 2. 2011..... | 562 | .666 | .666 | .666 | .666 |
| 3. 2012..... | XXX | .642 | .779 | .779 | .779 |
| 4. 2013..... | XXX | XXX | 1,033 | 1,257 | 1,257 |
| 5. 2014..... | XXX | XXX | XXX | 3,259 | 3,636 |
| 6. 2015..... | XXX | XXX | XXX | XXX | 6,713 |

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|---------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. Prior..... | .21 | .21 | .21 | .21 | .21 |
| 2. 2011..... | 703 | .666 | .666 | .666 | .666 |
| 3. 2012..... | XXX | .743 | .779 | .779 | .779 |
| 4. 2013..... | XXX | XXX | 1,367 | 1,258 | 1,258 |
| 5. 2014..... | XXX | XXX | XXX | 3,725 | 3,669 |
| 6. 2015..... | XXX | XXX | XXX | XXX | 7,495 |

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

| Years in Which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claim Payments | 3 Claim Adjustment Expense Payments | 4 Percent (Col. 3/2) | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 Percent (Col. 5/1) | 7 Claims Unpaid | 8 Unpaid Claim Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 Percent (Col. 9/1) |
|--|-------------------------|------------------------|---|----------------------------|--|----------------------------|-----------------------|---|--|-----------------------------|
| 1. 2011..... | .977 | .666 | .28 | 0.0 | .666 | 68.2 | .666 | .666 | .666 | 68.2 |
| 2. 2012..... | 1,155 | .779 | .28 | 3.6 | .807 | 69.9 | .807 | .807 | .807 | 69.9 |
| 3. 2013..... | 2,569 | 1,257 | .84 | 6.7 | 1,341 | 52.2 | 1,341 | 1,341 | 1,341 | 52.2 |
| 4. 2014..... | 7,521 | 3,636 | .216 | 5.9 | 3,852 | 51.2 | .33 | 3,885 | 3,885 | 51.7 |
| 5. 2015..... | 14,700 | 6,713 | .487 | 7.3 | 7,200 | 49.0 | .782 | .15 | 7,997 | 54.4 |

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**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE**

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. Prior..... | 10,250 | 10,250 | 10,250 | 10,250 | 10,250 |
| 2. 2011..... | 92,131 | 111,254 | 111,254 | 111,254 | 111,254 |
| 3. 2012..... | XXX | 95,724 | 118,305 | 118,305 | 118,305 |
| 4. 2013..... | XXX | XXX | 109,517 | 123,140 | 123,140 |
| 5. 2014..... | XXX | XXX | XXX | 149,000 | 167,938 |
| 6. 2015..... | XXX | XXX | XXX | XXX | 165,572 |

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|---------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. Prior..... | 10,250 | 10,250 | 10,250 | 10,250 | 10,250 |
| 2. 2011..... | 105,743 | 111,235 | 111,235 | 111,235 | 111,235 |
| 3. 2012..... | XXX | 116,988 | 118,440 | 118,440 | 118,440 |
| 4. 2013..... | XXX | XXX | 130,715 | 123,330 | 123,330 |
| 5. 2014..... | XXX | XXX | XXX | 168,609 | 168,802 |
| 6. 2015..... | XXX | XXX | XXX | XXX | 198,462 |

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

| Years in Which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claim Payments | 3 Claim Adjustment Expense Payments | 4 Percent (Col. 3/2) | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 Percent (Col. 5/1) | 7 Claims Unpaid | 8 Unpaid Claim Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 Percent (Col. 9/1) |
|--|-------------------------|------------------------|---|----------------------------|--|----------------------------|-----------------------|---|--|-----------------------------|
| 1. 2011..... | 118,410 | 111,254 | 2,154 | 1.9 | 113,408 | 95.8 | | | 113,408 | 95.8 |
| 2. 2012..... | 144,719 | 118,305 | 2,002 | 1.7 | 120,307 | 83.1 | | | 120,307 | 83.1 |
| 3. 2013..... | 153,800 | 123,140 | 4,247 | 3.4 | 127,387 | 82.8 | | | 127,387 | 82.8 |
| 4. 2014..... | 173,222 | 167,938 | 4,558 | 2.7 | 172,496 | 99.6 | 864 | .1 | 173,361 | 100.1 |
| 5. 2015..... | 222,434 | 165,572 | 4,672 | 2.8 | 170,244 | 76.5 | 32,890 | .493 | 203,627 | 91.5 |

12.XV

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|---------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. Prior..... | 32,582 | 32,582 | 32,582 | 32,582 | 32,582 |
| 2. 2011..... | 559,027 | 612,574 | 612,574 | 612,574 | 612,574 |
| 3. 2012..... | XXX | 553,481 | 605,458 | 605,458 | 605,458 |
| 4. 2013..... | XXX | XXX | 562,293 | 621,246 | 621,246 |
| 5. 2014..... | XXX | XXX | XXX | 601,647 | 684,886 |
| 6. 2015..... | XXX | XXX | XXX | XXX | 799,789 |

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|---------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. Prior..... | 32,582 | 32,582 | 32,582 | 32,582 | 32,582 |
| 2. 2011..... | 623,551 | 612,679 | 612,679 | 612,679 | 612,679 |
| 3. 2012..... | XXX | 617,724 | 605,644 | 605,644 | 605,644 |
| 4. 2013..... | XXX | XXX | 623,666 | 621,243 | 621,243 |
| 5. 2014..... | XXX | XXX | XXX | 697,463 | 690,921 |
| 6. 2015..... | XXX | XXX | XXX | XXX | 960,600 |

12.XI

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

| Years in Which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claim Payments | 3 Claim Adjustment Expense Payments | 4 Percent (Col. 3/2) | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 Percent (Col. 5/1) | 7 Claims Unpaid | 8 Unpaid Claim Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 Percent (Col. 9/1) |
|--|-------------------------|------------------------|---|----------------------------|--|----------------------------|-----------------------|---|--|-----------------------------|
| 1. 2011..... | 724,962 | 612,574 | 18,857 | 3.1 | 631,431 | 87.1 | | | 631,431 | 87.1 |
| 2. 2012..... | 695,305 | 605,458 | 20,328 | 3.4 | 625,786 | 90.0 | | | 625,786 | 90.0 |
| 3. 2013..... | 727,016 | 621,246 | 18,023 | 2.9 | 639,269 | 87.9 | | | 639,269 | 87.9 |
| 4. 2014..... | 878,932 | 684,886 | 19,958 | 2.9 | 704,844 | 80.2 | 6,035 | 36 | 710,915 | 80.9 |
| 5. 2015..... | 1,231,050 | 799,789 | 30,942 | 3.9 | 830,731 | 67.5 | 160,811 | 1,593 | 993,135 | 80.7 |

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
 (000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. Prior..... | NONE | | | | |
| 2. 2011..... | | | | | |
| 3. 2012..... | | XXX | | | |
| 4. 2013..... | | XXX | XXX | | |
| 5. 2014..... | | XXX | XXX | XXX | |
| 6. 2015..... | | XXX | XXX | XXX | XXX |

SECTION B - INCURRED HEALTH CLAIMS - OTHER

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|--|-----------|-----------|-----------|-----------|
| | 1 2011 | 2 2012 | 3 2013 | 4 2014 | 5 2015 |
| 1. Prior..... | NONE | | | | |
| 2. 2011..... | | | | | |
| 3. 2012..... | | XXX | | | |
| 4. 2013..... | | XXX | XXX | | |
| 5. 2014..... | | XXX | XXX | XXX | |
| 6. 2015..... | | XXX | XXX | XXX | XXX |

12.0T

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

| Years in Which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claim Payments | 3 Claim Adjustment Expense Payments | 4 Percent (Col. 3/2) | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 Percent (Col. 5/1) | 7 Claims Unpaid | 8 Unpaid Claim Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10 Percent (Col. 9/1) |
|--|----------------------|---------------------|--|-------------------------|---|-------------------------|--------------------|---------------------------------------|---|--------------------------|
| 1. 2011..... | | | | | NONE | 0.0 | | | 0 | 0.0 |
| 2. 2012..... | | | | 0.0 | | 0 | 0.0 | | 0 | 0.0 |
| 3. 2013..... | | | | 0.0 | | 0 | 0.0 | | 0 | 0.0 |
| 4. 2014..... | | | | 0.0 | | 0 | 0.0 | | 0 | 0.0 |
| 5. 2015..... | | | | 0.0 | | 0 | 0.0 | | 0 | 0.0 |

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|------------|--|------------------------|----------------|----------------|---|----------------------------|--------------------------|-------|
| | Total | Comprehensive (Hospital and Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other |
| 1. Unearned premium reserves..... | .0 | | | | | | | | |
| 2. Additional policy reserves (a)..... | .0 | | | | | | | | |
| 3. Reserve for future contingent benefits..... | .0 | | | | | | | | |
| 4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income..... | 14,376,926 | 1,267,853 | | | | | 4,490,055 | 8,619,018 | |
| 5. Aggregate write-ins for other policy reserves..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 6. Totals (gross)..... | 14,376,926 | 1,267,853 | .0 | .0 | .0 | .0 | 4,490,055 | 8,619,018 | .0 |
| 7. Reinsurance ceded..... | .0 | | | | | | | | |
| 8. Totals (net) (Page 3, Line 4)..... | 14,376,926 | 1,267,853 | .0 | .0 | .0 | .0 | 4,490,055 | 8,619,018 | .0 |
| 9. Present value of amounts not yet due on claims..... | .0 | | | | | | | | |
| 10. Reserve for future contingent benefits..... | .0 | | | | | | | | |
| 11. Aggregate write-ins for other claim reserves..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 12. Totals (gross)..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 13. Reinsurance ceded..... | .0 | | | | | | | | |
| 14. Totals (net) (Page 3, Line 7)..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |

13

DETAILS OF WRITE-INS

| | | | | | | | | | |
|--|----|----|----|----|----|----|----|----|----|
| 0501. | .0 | | | | | | | | |
| 0502. | .0 | | | | | | | | |
| 0503. | .0 | | | | | | | | |
| 0598. Summary of remaining write-ins for Line 5 from overflow page..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 1101. | .0 | | | | | | | | |
| 1102. | .0 | | | | | | | | |
| 1103. | .0 | | | | | | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |

(a) Includes \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

| | Claim Adjustment Expenses | | 3 General Administrative Expenses | 4 Investment Expenses | 5 Total |
|---|--------------------------------------|--|--|-----------------------------|-------------------|
| | 1 Cost Containment Expenses | 2 Other Claim Adjustment Expenses | | | |
| 1. Rent (\$.....0 for occupancy of own building)..... | 73 | | 3,333,621 | | 3,333,694 |
| 2. Salaries, wages and other benefits..... | 22,410,090 | 2,544,453 | 37,249,475 | | 62,204,018 |
| 3. Commissions (less \$.....0 ceded plus \$.....0 assumed)..... | | | 577,264 | | 577,264 |
| 4. Legal fees and expenses..... | | | 1,227,260 | | 1,227,260 |
| 5. Certifications and accreditation fees..... | 60,332 | 3,056 | 6,476 | | 69,864 |
| 6. Auditing, actuarial and other consulting services..... | 633,397 | 89,059 | 8,242,156 | | 8,964,612 |
| 7. Traveling expenses..... | 360,090 | 52,679 | 1,189,933 | | 1,602,702 |
| 8. Marketing and advertising..... | 450,251 | 73 | 2,326,114 | | 2,776,438 |
| 9. Postage, express and telephone..... | 99,057 | 3,929 | 2,381,177 | | 2,484,163 |
| 10. Printing and office supplies..... | 35,899 | | 3,437,392 | | 3,473,291 |
| 11. Occupancy, depreciation and amortization..... | | | 5,819,018 | | 5,819,018 |
| 12. Equipment..... | 168 | 73 | 260,644 | | 260,885 |
| 13. Cost or depreciation of EDP equipment and software..... | 18,190 | 13,825 | 7,593,563 | | 7,625,578 |
| 14. Outsourced services including EDP, claims, and other services..... | 3,156,039 | 261,940 | 5,283,393 | | 8,701,372 |
| 15. Boards, bureaus and association fees..... | 8,714 | 1,019 | 233,808 | | 243,541 |
| 16. Insurance, except on real estate..... | | | 393,128 | | 393,128 |
| 17. Collection and bank service charges..... | | | 84,614 | | 84,614 |
| 18. Group service and administration fees..... | | | | | 0 |
| 19. Reimbursements by uninsured plans..... | | | | | 0 |
| 20. Reimbursements from fiscal intermediaries..... | | | | | 0 |
| 21. Real estate expenses..... | | | | | 0 |
| 22. Real estate taxes..... | | | 273,800 | | 273,800 |
| 23. Taxes, licenses and fees: | | | | | |
| 23.1 State and local insurance taxes..... | | | 2,569,843 | | 2,569,843 |
| 23.2 State premium taxes..... | | | 75,756,849 | | 75,756,849 |
| 23.3 Regulatory authority licenses and fees..... | 5,487 | 7,494 | 20,096,916 | | 20,109,897 |
| 23.4 Payroll taxes..... | 1,740,592 | 163,858 | 1,999,135 | | 3,903,585 |
| 23.5 Other (excluding federal income and real estate taxes)..... | | | 51 | | 51 |
| 24. Investment expenses not included elsewhere..... | | | | 8,960 | 8,960 |
| 25. Aggregate write-ins for expenses..... | 3,023,275 | 958,336 | 964,336 | 0 | 4,945,947 |
| 26. Total expenses incurred (Lines 1 to 25)..... | 32,001,654 | 4,099,794 | 181,299,966 | 8,960 | (a)...217,410,374 |
| 27. Less expenses unpaid December 31, current year..... | | 2,138,362 | 4,215,429 | | 6,353,791 |
| 28. Add expenses unpaid December 31, prior year..... | | 1,347,589 | 3,743,248 | | 5,090,837 |
| 29. Amounts receivable relating to uninsured plans, prior year..... | | | 3,013,230 | | 3,013,230 |
| 30. Amounts receivable relating to uninsured plans, current year..... | | | 3,569,413 | | 3,569,413 |
| 31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)..... | 32,001,654 | 3,309,021 | 181,383,968 | 8,960 | 216,703,603 |

DETAILS OF WRITE-INS

| | | | | | |
|--|-----------|---------|---------|---|-----------|
| 2501. Contributions - Political..... | | | 22,338 | | 22,338 |
| 2502. Contributions - Charitable..... | 500 | | 274,096 | | 274,596 |
| 2503. Other Administrative Expense..... | 3,022,775 | 958,336 | 667,902 | | 4,649,013 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0 | 0 | 0 | 0 | 0 |
| 2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)..... | 3,023,275 | 958,336 | 964,336 | 0 | 4,945,947 |

(a) Includes management fees of \$.....72,761,012 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

| | 1 Collected During Year | 2 Earned During Year |
|--|-------------------------------|----------------------------|
| 1. U.S. government bonds..... | (a)..... | ..... |
| 1.1 Bonds exempt from U.S. tax..... | (a)..... | ..... |
| 1.2 Other bonds (unaffiliated)..... | (a).....505,394 |666,127 |
| 1.3 Bonds of affiliates..... | (a)..... | ..... |
| 2.1 Preferred stocks (unaffiliated)..... | (b)..... | ..... |
| 2.11 Preferred stocks of affiliates..... | (b)..... | ..... |
| 2.2 Common stocks (unaffiliated)..... | ..... | ..... |
| 2.21 Common stocks of affiliates..... | ..... | ..... |
| 3. Mortgage loans..... | (c)..... | ..... |
| 4. Real estate..... | (d)..... | ..... |
| 5. Contract loans..... | ..... | ..... |
| 6. Cash, cash equivalents and short-term investments..... | (e).....(39,292) |562,085 |
| 7. Derivative instruments..... | (f)..... | ..... |
| 8. Other invested assets..... | ..... | ..... |
| 9. Aggregate write-ins for investment income..... |0 |0 |
| 10. Total gross investment income..... |466,102 |1,228,212 |
| 11. Investment expenses..... | ..... | (g).....8,960 |
| 12. Investment taxes, licenses and fees, excluding federal income taxes..... | ..... | (g)..... |
| 13. Interest expense..... | ..... | (h)..... |
| 14. Depreciation on real estate and other invested assets..... | ..... | (i).....0 |
| 15. Aggregate write-ins for deductions from investment income..... | ..... | .....0 |
| 16. Total deductions (Lines 11 through 15)..... | ..... | .....8,960 |
| 17. Net investment income (Line 10 minus Line 16)..... | ..... | .....1,219,252 |

DETAILS OF WRITE-INS

| | | |
|--|--------|--------|
| 0901. .... | ..... | ..... |
| 0902. .... | ..... | ..... |
| 0903. .... | ..... | ..... |
| 0998. Summary of remaining write-ins for Line 9 from overflow page..... |0 |0 |
| 0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)..... |0 |0 |
| 1501. .... | ..... | ..... |
| 1502. .... | ..... | ..... |
| 1503. .... | ..... | ..... |
| 1598. Summary of remaining write-ins for Line 15 from overflow page..... | ..... | .....0 |
| 1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)..... | ..... | .....0 |

- (a) Includes \$.....1,156 accrual of discount less \$.....923,521 amortization of premium and less \$.....353,725 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....104,182 accrual of discount less \$.....1,376,941 amortization of premium and less \$.....363,953 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....8,960 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

| | 1 Realized Gain (Loss) on Sales or Maturity | 2 Other Realized Adjustments | 3 Total Realized Capital Gain (Loss) (Columns 1 + 2) | 4 Change in Unrealized Capital Gain (Loss) | 5 Change in Unrealized Foreign Exchange Capital Gain (Loss) |
|---|---|---------------------------------------|---|---|---|
| 1. U.S. government bonds..... | | |0 | ..... | ..... |
| 1.1 Bonds exempt from U.S. tax..... | | |0 | ..... | ..... |
| 1.2 Other bonds (unaffiliated)..... |6,526 | ..... | .....6,526 |(108) | ..... |
| 1.3 Bonds of affiliates..... | | |0 | ..... | ..... |
| 2.1 Preferred stocks (unaffiliated)..... | | |0 | ..... | ..... |
| 2.11 Preferred stocks of affiliates..... | | |0 | ..... | ..... |
| 2.2 Common stocks (unaffiliated)..... | | |0 | ..... | ..... |
| 2.21 Common stocks of affiliates..... | | |0 | ..... | ..... |
| 3. Mortgage loans..... | | |0 | ..... | ..... |
| 4. Real estate..... | | |0 | ..... | ..... |
| 5. Contract loans..... | | |0 | ..... | ..... |
| 6. Cash, cash equivalents and short-term investments..... | | |0 | ..... | ..... |
| 7. Derivative instruments..... | | |0 | ..... | ..... |
| 8. Other invested assets..... | | |0 | ..... | ..... |
| 9. Aggregate write-ins for capital gains (losses)..... |0 |0 |0 |180 |0 |
| 10. Total capital gains (losses)..... |6,526 |0 |6,526 |72 |0 |

DETAILS OF WRITE-INS

| | | | | | |
|---|--------|--------|--------|----------|--------|
| 0901. Other unrealized gain..... | ..... | ..... | .....0 |180 | ..... |
| 0902. .... | ..... | ..... | .....0 | ..... | ..... |
| 0903. .... | ..... | ..... | .....0 | ..... | ..... |
| 0998. Summary of remaining write-ins for Line 9 from overflow page..... |0 |0 |0 |0 |0 |
| 0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)..... |0 |0 |0 |180 |0 |

EXHIBIT OF NONADMITTED ASSETS

| | 1 Current Year Total Nonadmitted Assets | 2 Prior Year Total Nonadmitted Assets | 3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1) |
|---|--|--|---|
| 1. Bonds (Schedule D)..... | | | .0 |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks..... | | | .0 |
| 2.2 Common stocks..... | | | .0 |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens..... | | | .0 |
| 3.2 Other than first liens..... | | | .0 |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company..... | | | .0 |
| 4.2 Properties held for the production of income..... | | | .0 |
| 4.3 Properties held for sale..... | | | .0 |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)..... | | | .0 |
| 6. Contract loans..... | | | .0 |
| 7. Derivatives (Schedule DB)..... | | | .0 |
| 8. Other invested assets (Schedule BA)..... | | | .0 |
| 9. Receivables for securities..... | | | .0 |
| 10. Securities lending reinvested collateral assets (Schedule DL)..... | | | .0 |
| 11. Aggregate write-ins for invested assets..... | .0 | .0 | .0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11)..... | .0 | .0 | .0 |
| 13. Title plants (for Title insurers only)..... | | | .0 |
| 14. Investment income due and accrued..... | | | .0 |
| 15. Premiums and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection..... | .312 | .9,916 | .9,604 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due..... | | | .0 |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination..... | | | .0 |
| 16. Reinsurance: | | | |
| 16.1 Amounts recoverable from reinsurers..... | | | .0 |
| 16.2 Funds held by or deposited with reinsured companies..... | | | .0 |
| 16.3 Other amounts receivable under reinsurance contracts..... | | | .0 |
| 17. Amounts receivable relating to uninsured plans..... | | | .0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon..... | | | .0 |
| 18.2 Net deferred tax asset..... | .19,241,583 | .1,561,554 | .(17,680,029) |
| 19. Guaranty funds receivable or on deposit..... | | | .0 |
| 20. Electronic data processing equipment and software..... | .6,120 | | .(6,120) |
| 21. Furniture and equipment, including health care delivery assets..... | .3,804,106 | .3,220,180 | .(583,926) |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates..... | | | .0 |
| 23. Receivables from parent, subsidiaries and affiliates..... | | | .0 |
| 24. Health care and other amounts receivable..... | .7,366,102 | .3,559,053 | .(3,807,049) |
| 25. Aggregate write-ins for other than invested assets..... | .61,136,664 | .269,597 | .(60,867,067) |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)..... | .91,554,887 | .8,620,300 | .(82,934,587) |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | | .0 |
| 28. TOTALS (Lines 26 and 27)..... | .91,554,887 | .8,620,300 | .(82,934,587) |

DETAILS OF WRITE-INS

| | | | |
|--|-------------|----------|---------------|
| 1101..... | | | .0 |
| 1102..... | | | .0 |
| 1103..... | | | .0 |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | .0 | .0 | .0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)..... | .0 | .0 | .0 |
| 2501. Prepaid Expenses/Deposits..... | .27,471,565 | .258,053 | .(27,213,512) |
| 2502. Deposits - Long Term..... | | .11,544 | .11,544 |
| 2503. Intangible Assets (Goodwill/Patient Files)..... | .33,665,099 | | .(33,665,099) |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | .0 | .0 | .0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)..... | .61,136,664 | .269,597 | .(60,867,067) |

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

| Source of Enrollment | Total Members at End of | | | | | 6 Current Year Member Months |
|---|-------------------------|-----------------------|------------------------|-----------------------|----------------------|---------------------------------------|
| | 1 Prior Year | 2 First Quarter | 3 Second Quarter | 4 Third Quarter | 5 Current Year | |
| 1. Health maintenance organizations..... | 242,022 | 255,560 | 260,281 | 340,473 | 327,904 | 3,364,827 |
| 2. Provider service organizations..... | | | | | | |
| 3. Preferred provider organizations..... | | | | | | |
| 4. Point of service..... | | | | | | |
| 5. Indemnity only..... | | | | | | |
| 6. Aggregate write-ins for other lines of business..... | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Total..... | 242,022 | 255,560 | 260,281 | 340,473 | 327,904 | 3,364,827 |

DETAILS OF WRITE-INS

| | | | | | | |
|---|---|---|---|---|---|---|
| 0601. | | | | | | |
| 0602. | | | | | | |
| 0603. | | | | | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page..... | 0 | 0 | 0 | 0 | 0 | 0 |
| 0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)..... | 0 | 0 | 0 | 0 | 0 | 0 |

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

Molina Healthcare of Michigan, Inc. (the "Company") is a wholly owned subsidiary of Molina Healthcare, Inc. ("Molina"). The financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the State of Michigan, Department of Insurance and Financial Services (the "Department").

The Department recognizes only statutory accounting practices prescribed or permitted by the state of Michigan for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Michigan insurance law. The National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* ("NAIC SAP" or the "Manual") has been adopted as a component of prescribed or permitted practices by the state of Michigan.

The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically,

| Citation adopting the Manual: Bulletin 2001-02-INS Commissioner Orders 11-052-M, 11-051-M and 11-053-M | | |
|---|---|---|
| SSAP or Appendices | State Law or Regulation | Description |
| Appendix C | Bulletin 2001-02-INS and Commissioner Order | Actuarial Guideline XXXV not adopted |
| SSAP No. 84 | Commissioner Order | Loans and advances to hospitals and other providers are not permitted for HMOs, Limited Health Service Organizations, Dental Service Corporations |

Such prescribed accounting practices have no significant effect on the Company's statutory basis financial statements for the periods presented.

| | State of Domicile | 2015 | 2014 |
|--|-------------------|----------------|----------------|
| NET INCOME | | | |
| (1) Molina Healthcare of Michigan, Inc. state basis (Page 4, Line 32, Columns 2 & 3) | MI | \$ 53,764,624 | \$ 26,719,674 |
| (2) State Prescribed Practices that increase/decrease NAIC SAP | MI | - | - |
| (3) State Permitted Practices that increase/decrease NAIC SAP | MI | - | - |
| (4) NAIC SAP (1 – 2 – 3 = 4) | MI | \$ 53,764,624 | \$ 26,719,674 |
| SURPLUS | | | |
| (5) Molina Healthcare of Michigan, Inc. state basis (Page 3, line 33, Columns 3 & 4) | MI | \$ 138,724,772 | \$ 125,130,515 |
| (6) State Prescribed Practices that increase/decrease NAIC SAP | MI | - | - |
| (7) State Permitted Practices that increase/decrease NAIC SAP | MI | - | - |
| (8) NAIC SAP (5 – 6 – 7 = 8) | MI | \$ 138,724,772 | \$ 125,130,515 |

B. Use of Estimates in the Preparation of the Financial Statement

The preparation of financial statements in conformity with the NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the period. Actual results could differ from those estimates.

C. Accounting Policy

Revenue Recognition: The Company arranges for the provision of health care services to Medicaid and Medicare recipients under contracts with the state of Michigan, and the Centers for Medicare and Medicaid Services ("CMS"). The Company also serves members through the Health Insurance Marketplace ("Marketplace"). Premium revenue is recognized in the month that members are entitled to receive health care services, and is fixed in advance of the periods covered. Premiums received in advance are deferred. Generally, premium revenue is not subject to significant accounting estimates except as described below and in Note 24.

Medical Cost Floors and Corridors: Sanctions may be levied by the state if the amounts spent on medical care costs as a percentage of premiums are not within a specified range. These sanctions include the requirements to file a corrective action plan as well as an auto assignment freeze. Further, for certain Medicaid premiums, amounts may be returned to the state if certain minimum amounts are not spent on defined medical care costs, or the Company may receive additional premiums if amounts spent on medical care costs exceed a defined maximum threshold.

The Company may be required to return a portion of Medicare and Marketplace premiums if certain minimum amounts are not spent on defined medical care costs in accordance with requirements established by the Federal government.

Recognition of Medical Care Costs: Medical care costs include primarily fee-for-services expenses. Nearly all hospital services and the majority of the Company's primary care and physician specialist services are paid on a fee-for-service basis. Under fee-for-service arrangements, the Company retains the financial responsibility for medical care provided and incurs costs based on actual utilization of services. Such expenses are

NOTES TO FINANCIAL STATEMENTS

recorded in the period in which the related services are dispensed. Medical care costs include amounts that have been paid by the Company through the reporting date, as well as estimated liabilities for medical care costs incurred but not paid by the Company as of the reporting date. Refer to Note 25 for further information.

In addition, the Company applies the following accounting policies:

- (1) Short-term investments consist primarily of money market funds and investments in corporate debt securities with maturity dates of less than one year from the date of issuance. Realized capital gains and losses are determined using the specific-identification method.
- (2) Investments in bonds: Bonds not backed by other loans are principally stated at amortized cost using the scientific method. Changes in admitted asset carrying amounts of bonds are credited or charged directly to unassigned surplus.
- (3) Investments in common stock: None.
- (4) Investments in preferred stock: None.
- (5) Investments in mortgage loans: None.
- (6) Investments in loan-backed securities: None.
- (7) Investments in subsidiaries, controlled or affiliated companies: None.
- (8) Investments in joint ventures, partnerships and limited liability companies: None.
- (9) Investments in derivatives: None.
- (10) Premium deficiency calculation: The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with Statement of Statutory Accounting Principles ("SSAP") No. 54, *Individual and Group Accident and Health Contracts*.
- (11) Claims unpaid and claims adjustment expenses: Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) Capitalization policy: No change from prior period.
- (13) Pharmacy rebate receivables: Amounts receivable for pharmacy rebates are estimated based upon billed amounts to pharmaceutical companies, utilization data, historical collection trends and the Company's judgment regarding the ability to collect specific amounts. Income from pharmacy rebates is reported as a reduction of hospital and medical expense in the statement of revenue and expenses. The Company admits estimated pharmacy rebate receivables relating to the three months immediately preceding the reporting date in accordance with SSAP No. 84, *Certain Health Care Receivables and Receivables Under Government Insured Plans*.

NOTE 2 – ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

There were no accounting changes or corrections of errors during the year ended December 31, 2015.

NOTE 3 – BUSINESS COMBINATIONS AND GOODWILL**A. Statutory Purchase Method**

- (1) On September 1, 2015, the Company closed on its acquisition of the Medicaid and MIChild contracts, and certain provider agreements, of HealthPlus of Michigan and its subsidiary, HealthPlus Partners, Inc. The Company added approximately 68,000 members as a result of this transaction.
- (2) This transaction was accounted for as a statutory purchase.
- (3) The cost was \$47.4 million, resulting in goodwill in the amount of \$27.3 million.
- (4) Goodwill amortization relating to the HealthPlus acquisition was \$682,871 for the period ended December 31, 2015.

B. Statutory Merger: None.**C. Assumption Reinsurance: None.****D. Impairment Loss: None.****NOTE 4 – DISCONTINUED OPERATIONS**

None.

NOTE 5 – INVESTMENTS**A. Mortgage Loans, including Mezzanine Real Estate Loans: None.****B. Debt Restructuring: None.****C. Reverse Mortgages: None.****D. Loan-Backed Securities: None.****E. Repurchase Agreements and/or Securities Lending Transactions: None.****F. Real Estate: None.**

NOTES TO FINANCIAL STATEMENTS

G. Investments in Low-Income Housing Trade Credits (LIHTC): None.

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

| Restricted Asset Category | 1 | 2 | 3 | 4 | 5 | 6 |
|--|--|--|---------------------------------|--|---|--|
| | Total Gross Restricted from Current Year | Total Gross Restricted from Prior Year | Increase (Decrease) (1 minus 2) | Total Current Year Admitted Restricted | Percentage Gross Restricted to Total Assets | Additional Restricted to Total Admitted Assets |
| a. Subject to contractual obligation for which liability is not shown | - | - | - | - | 0.000 | 0.000 |
| b. Collateral held under security lending arrangements | - | - | - | - | 0.000 | 0.000 |
| c. Subject to repurchase agreements | - | - | - | - | 0.000 | 0.000 |
| d. Subject to reverse repurchase agreements | - | - | - | - | 0.000 | 0.000 |
| e. Subject to dollar repurchase agreements | - | - | - | - | 0.000 | 0.000 |
| f. Subject to dollar reverse repurchase agreements | - | - | - | - | 0.000 | 0.000 |
| g. Placed under option contracts | - | - | - | - | 0.000 | 0.000 |
| h. Letter stock or securities restricted as to sale-excluding FHLB capital stock | - | - | - | - | 0.000 | 0.000 |
| i. LFHLB capital stock | - | - | - | - | 0.000 | 0.000 |
| j. On deposit with states | 1,013,991 | 1,013,935 | 56 | 1,013,991 | 0.231 | 0.276 |
| k. On deposit with other regulatory bodies | - | - | - | - | 0.000 | 0.000 |
| l. Pledged as collateral to FHLB (including assets backing funding agreements) | - | - | - | - | 0.000 | 0.000 |
| m. Pledged as collateral not captured in other categories | - | - | - | - | 0.000 | 0.000 |
| n. Other restricted assets | - | - | - | - | 0.000 | 0.000 |
| o. Total Restricted Assets | 1,013,991 | 1,013,935 | 56 | 1,013,991 | 0.231 | 0.276 |

(a) Subset of column 1

(b) Subset of column 3

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate): None.

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate): None.

I. Working Capital Finance Investments: None.

J. Offsetting and Netting of Assets and Liabilities: None.

K. Structured Notes: None.

NOTE 6 – JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

None.

NOTE 7 – INVESTMENT INCOME

The Company had no investment income that was excluded in 2015 or 2014. All of the Company's investments and the income derived from such investments meet the criteria for admitted receivables.

NOTE 8 – DERIVATIVE INSTRUMENTS

None.

NOTE 9 – INCOME TAXES

A. Deferred Tax Assets/(Liabilities)

1. Components of Net Deferred Tax Asset/(Liability)

| | 2015 | | | 2014 | | | Change | | |
|--|---------------|--------------|-------------------------|---------------|--------------|-------------------------|----------------------------|---------------------------|-------------------------|
| | 1 Ordinary | 2 Capital | 3 (Col 1+2) Total | 4 Ordinary | 5 Capital | 6 (Col 4+5) Total | 7 (Col 1-4) Ordinary | 8 (Col 2-5) Capital | 9 (Col 7+8) Total |
| a. Gross deferred tax assets | \$ 28,357,565 | \$ 149 | \$ 28,357,714 | \$ 5,593,565 | \$ - | \$ 5,593,565 | \$ 22,764,000 | \$ 149 | \$ 22,764,149 |
| b. Statutory valuation allowance adjustment | - | - | - | - | - | - | - | - | - |
| c. Adjusted gross deferred tax assets (1a-1b) | 28,357,565 | 149 | 28,357,714 | 5,593,565 | - | 5,593,565 | 22,764,000 | 149 | 22,764,149 |
| d. Deferred tax assets nonadmitted | 19,241,434 | 149 | 19,241,583 | 1,561,553 | - | 1,561,553 | 17,679,881 | 149 | 17,680,030 |
| e. Subtotal net admitted deferred tax asset (1c-1d) | 9,116,131 | - | 9,116,131 | 4,032,012 | - | 4,032,012 | 5,084,119 | -- | 5,084,119 |
| f. Deferred tax liabilities | - | - | - | - | - | - | - | - | - |
| g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f) | \$ 9,116,131 | \$ - | \$ 9,116,131 | \$ 4,032,012 | \$ - | \$ 4,032,012 | \$ 5,084,119 | \$ - | \$ 5,084,119 |

NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components

| | 2015 | | | 2014 | | | Change | | |
|--|---------------|--------------|-------------------------|---------------|--------------|-------------------------|----------------------------|---------------------------|-------------------------|
| | 1 Ordinary | 2 Capital | 3 (Col 1+2) Total | 4 Ordinary | 5 Capital | 6 (Col 4+5) Total | 7 (Col 1-4) Ordinary | 8 (Col 2-5) Capital | 9 (Col 7+8) Total |
| a. Federal income taxes paid in prior years recoverable through loss carrybacks | \$ 7,454,664 | \$ - | \$ 7,454,664 | \$ 3,389,887 | \$ - | \$ 3,389,887 | \$ 4,064,777 | \$ - | \$ 4,064,777 |
| b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below: | 1,661,468 | - | 1,661,468 | 642,125 | - | 642,125 | 1,019,343 | - | 1,019,343 |
| Adjusted gross deferred tax assets expected to be realized following the balance sheet date | 1,661,468 | - | 1,661,468 | 642,125 | - | 642,125 | 1,019,343 | - | 1,019,343 |
| Adjusted gross deferred tax assets allowed per limitation threshold | - | - | 17,673,906 | - | - | 18,164,776 | - | - | (490,870) |
| c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities | - | - | - | - | - | - | - | - | - |
| d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c) | \$ 9,116,132 | \$ - | \$ 9,116,132 | \$ 4,032,012 | \$ - | \$ 4,032,012 | \$ 5,084,120 | \$ - | \$ 5,084,120 |

3. Other Admissibility Criteria

| | 2015 | 2014 |
|---|----------------|----------------|
| a. Ratio percentage used to determine recovery period and threshold limitation amount | 382.300% | 479.400% |
| b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above | \$ 129,608,641 | \$ 121,098,504 |

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

| | 12/31/15 | | 12/31/14 | | Change | |
|--|---------------|--------------|---------------|--------------|-----------------------------|----------------------------|
| | 1 Ordinary | 2 Capital | 3 Ordinary | 4 Capital | 5 (Col. 1-3) Ordinary | 6 (Col. 2-4) Capital |
| 1. Adjusted gross DTAs amount from Note 9A1(c) | \$ 28,357,565 | \$ 149 | \$ 5,593,565 | \$ - | \$ 22,764,000 | \$ 149 |
| 2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies | 0% | 0% | 0% | 0% | 0% | 0% |
| 3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e) | \$ 9,116,131 | \$ - | \$ 4,032,012 | \$ - | \$ 5,084,119 | \$ - |
| 4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies | 0% | 0% | 0% | 0% | 0% | 0% |

(b) Does the company's tax planning strategies include the use of reinsurance? No

NOTES TO FINANCIAL STATEMENTS

B. Deferred Tax Liabilities Not Recognized: None

C. Current and Deferred Income Taxes

1. Current Income Tax

| | 1 2015 | 2 2014 | 3 (Col 1-2) Change |
|---|---------------|---------------|--------------------------|
| a. Federal | \$ 39,407,784 | \$ 22,250,363 | \$ 17,157,421 |
| b. Foreign | - | - | - |
| c. Subtotal | \$ 39,407,784 | \$ 22,250,363 | \$ 17,157,421 |
| d. Federal income tax on net capital gains | 2,284 | 3,302 | (1,018) |
| e. Utilization of capital loss carry-forwards | - | - | - |
| f. Other | (24,353) | (41,277) | 16,924 |
| g. Federal and Foreign income taxes incurred | \$ 39,385,715 | \$ 22,212,388 | \$ 17,173,327 |

2. Deferred Tax Assets

| | 1 2015 | 2 2014 | 3 (Col 1-2) Change |
|--|---------------|--------------|--------------------------|
| a. Ordinary: | | | |
| 1. Discounting of unpaid losses | \$ 597,976 | \$ 354,912 | \$ 243,064 |
| 2. Unearned premium reserve | 13,008 | 17,352 | (4,344) |
| 3. Policyholder reserves | - | - | - |
| 4. Investments | - | - | - |
| 5. Deferred acquisition costs | - | - | - |
| 6. Policyholder dividends accrual | - | - | - |
| 7. Fixed assets | 24,218,229 | 2,782,979 | 21,435,250 |
| 8. Compensation and benefits accrual | 301,503 | 220,592 | 80,911 |
| 9. Pension accrual | - | - | - |
| 10. Receivables - nonadmitted | 2,578,245 | 1,249,139 | 1,329,106 |
| 11. Net operating loss carry-forward | 29,908 | 57,144 | (27,236) |
| 12. Tax credit carry-forward | - | - | - |
| 13. Other (including items <5% of total ordinary tax assets) | 618,696 | 911,447 | (292,751) |
| 99. Subtotal | \$ 28,357,565 | \$ 5,593,565 | \$ 22,764,000 |
| b. Statutory valuation allowance adjustment | - | - | - |
| c. Nonadmitted | 19,241,434 | 1,561,553 | 17,679,881 |
| d. Admitted ordinary deferred tax assets (2a99-2b-2c) | \$ 9,116,131 | \$ 4,032,012 | \$ 5,084,119 |
| e. Capital: | | | |
| 1. Investments | \$ 149 | \$ - | \$ 149 |
| 2. Net capital loss carry-forward | - | - | - |
| 3. Real estate | - | - | - |
| 4. Other (including items <5% of total capital tax assets) | - | - | - |
| 99. Subtotal | \$ 149 | \$ - | \$ 149 |
| f. Statutory valuation allowance adjustment | - | - | - |
| g. Nonadmitted | 149 | - | 149 |
| h. Admitted capital deferred tax assets (2e99-2f-2g) | - | - | - |
| i. Admitted deferred tax assets (2d+2h) | \$ 9,116,131 | \$ 4,032,012 | \$ 5,084,119 |

3. Deferred Tax Liabilities

NOTES TO FINANCIAL STATEMENTS

| | 1 2015 | 2 2014 | 3 (Col 1-2) Change |
|--|--------------|--------------|--------------------------|
| a. Ordinary: | | | |
| 1. Investments | \$ - | \$ - | \$ - |
| 2. Fixed assets | - | - | - |
| 3. Deferred and uncollected premium | - | - | - |
| 4. Policyholder reserves | - | - | - |
| 5. Other (including items <5% of total ordinary tax liabilities) | - | - | - |
| 99. Subtotal | \$ - | \$ - | \$ - |
| b. Capital: | | | |
| 1. Investments | \$ - | \$ - | \$ - |
| 2. Real estate | - | - | - |
| 3. Other (including items <5% of total capital tax liabilities) | - | - | - |
| 99. Subtotal | - | - | - |
| c. Deferred tax liabilities (3a99+3b99) | \$ - | \$ - | \$ - |
| 4. Net Deferred Tax Assets (2i - 3c) | \$ 9,116,131 | \$ 4,032,012 | \$ 5,084,119 |

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the change in nonadmitted assets is reported separately from the change in deferred income taxes in the surplus section of the Annual Statement):

| | 12/31/2015 | 12/31/2014 | Change |
|--|------------|------------|------------|
| Total deferred tax assets | 28,357,714 | 5,593,565 | 22,764,149 |
| Total deferred tax liabilities | - | - | - |
| Net deferred tax asset (liability) | 28,357,714 | 5,593,565 | 22,764,149 |
| Tax effect of unrealized (gains)/losses | | - | (149) |
| Change in net deferred income tax assets - increase (decrease) | | | 22,764,000 |

The Company is subject to taxation in the United States and the state of Michigan. The Company is currently under exam by the Internal Revenue Service for tax year 2011. With few exceptions, the Company is no longer subject to U.S. federal, state, or local tax examination for the tax years before 2011.

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The provision for federal and foreign taxes incurred is different from that which would be obtained by applying the statutory federal tax rate to income before taxes. The significant items causing this difference are as follows:

| | Amount | Tax Effect | Effective Tax Rate |
|---|--------------|--------------|--------------------|
| Taxes on income at federal statutory tax rate | 93,150,342 | 32,602,620 | 35.00% |
| Changes in nonadmitted assets | (65,254,559) | (22,839,096) | -24.52% |
| Health insurance providers fee | 19,605,459 | 6,861,911 | 7.37% |
| Meals and entertainment | 24,367 | 8,528 | 0.01% |
| Lobbying expenses | 35,918 | 12,571 | 0.01% |
| Nondeductible fines & penalties | - | 0 | 0.00% |
| Other, including Prior Year True-up | (70,911) | (24,819) | -0.03% |
| Reported tax expense | 47,490,616 | 16,621,715 | 17.84% |
| Federal and foreign income taxes incurred | | 39,383,431 | 42.28% |
| Federal income tax on net capital gains | | 2,284 | 0.00% |
| Change in net deferred income taxes | | (22,764,000) | -24.44% |
| Total statutory income taxes | | 16,621,715 | 17.84% |

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

| | | |
|---|------|------------|
| Federal net operating loss carryovers: | 2015 | 85,453 |
| | 2014 | 163,268 |
| The amount of federal income taxes incurred that will be available for recoupment in the event of future net losses is approximately: | 2015 | 39,410,068 |
| | 2014 | 22,254,993 |

The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS**F. Consolidated Federal Income Tax Return**

The Company's federal income tax return is consolidated with the following entities:

| | |
|--|--|
| A to Z In-Home Tutoring LLC | Molina Healthcare of South Carolina, LLC |
| AlphaCare Resources, Inc. | Molina Healthcare of Texas Insurance Company |
| AmericanWork, Inc. | Molina Healthcare of Texas, Inc. |
| Camelot Care Centers, Inc. | Molina Healthcare of Utah, Inc. |
| Children's Behavioral Health, Inc. | Molina Healthcare of Virginia, Inc. |
| Choices Group, Inc. | Molina Healthcare of Washington, Inc. |
| College Community Services | Molina Healthcare of Wisconsin, Inc. |
| Dockside Services, Inc. | Molina Healthcare, Inc. |
| Drawbridges Counseling Services, LLC | Molina Hospital Management, Inc |
| Family Builders, Inc. | Molina Information Systems, LLC |
| Family Preservation Services of Florida, Inc. | Molina Medical Management, Inc. |
| Family Preservation Services of North Carolina, Inc. | Molina Pathways of Ohio, LLC |
| Family Preservation Services of Washington, D.C., Inc. | Molina Pathways of Texas, Inc. |
| Family Preservation Services of West Virginia, Inc. | Molina Pathways, LLC |
| Family Preservation Services, Inc. | Molina Personal Care of South Carolina, Inc. |
| Family-Based Strategies, Inc. | Molina Personal Care of Texas, Inc. (f/k/a Molina Personal Care, Inc.) |
| Maple Star Nevada, Inc. | Oasis Comprehensive Foster Care LLC |
| Maple Star Oregon, Inc. | Pathways Community Corrections, Inc. |
| Molina Health Plan Management, Inc. | Pathways Community Services LLC |
| Molina Healthcare Data Center, Inc. | Pathways Community Services LLC |
| Molina Healthcare of Arizona, Inc. | Pathways Community Support of Texas, Inc. |
| Molina Healthcare of California | Pathways Health and Community Support of Florida, Inc. |
| Molina Healthcare of California Partner Plan, Inc. | Pathways Health and Community Support, LLC |
| Molina Healthcare of Florida, Inc. | Pathways of Alabama, Inc. |
| Molina Healthcare of Georgia, Inc. | Pathways of Arizona, Inc. |
| Molina Healthcare of Illinois, Inc. | Pathways of Delaware, Inc. |
| Molina Healthcare of Iowa, Inc. | Pathways of Idaho LLC |
| Molina Healthcare of Maryland, Inc. | Pathways of Maine, Inc. |
| Molina Healthcare of Michigan, Inc. | Pathways of Massachusetts LLC |
| Molina Healthcare of Mississippi, Inc. | Pathways of Oklahoma, Inc. |
| Molina Healthcare of New Mexico, Inc. | Pathways of Washington, Inc. |
| Molina Healthcare of New York, Inc. | Raystown Developmental Services, Inc. |
| Molina Healthcare of North Carolina, Inc. | Rio Grande Management Company, L.L.C. |
| Molina Healthcare of Ohio, Inc. | Synergy Partners, L.L.C. |
| Molina Healthcare of Oklahoma, Inc. | The RedCo Group, Inc. |
| Molina Healthcare of Pennsylvania, Inc. | Transitional Family Services, Inc. |
| Molina Healthcare of Puerto Rico, Inc. | W.D. Management, L.L.C. |

2. Molina and its subsidiaries, including the Company, file a consolidated federal income tax return. Under a written intercompany tax-sharing agreement with Molina, approved by the Company's board of directors, the combined federal income tax is allocated to each entity which is a party to the consolidation. Molina collects from, or refunds to, the subsidiaries the amount of taxes or benefits determined as if each entity filed separate tax returns. Under the tax-sharing agreement, the Company has an enforceable right to recoup federal income taxes paid in prior years in the event of future net losses or to recoup net losses carried forward as an offset to future net income subject to federal income taxes. Intercompany balances are settled within 90 days of filing the consolidated federal income tax return.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

- A. The Company is a wholly owned subsidiary of Molina. Molina is a multi-state managed care organization that arranges for the delivery of health care services to persons eligible for Medicaid, Medicare, and other government-sponsored health care programs for low-income families and individuals. Molina also assists state agencies in their administration of the Medicaid program. Molina has wholly owned operating subsidiaries in various states as indicated in Note 9 above and Schedule Y, Parts 1 and 1A.

The Company leases office space from Molina Healthcare of California, a subsidiary of Molina. Rental payments for this lease amounted to \$1.7 million for the year ended December 31, 2015 and \$0.4 million for the year ended December 31, 2014.

- B., C. The Company received contributions amounting to \$20.0 million from Molina in the year ended December 31, 2015, principally to provide funding to meet mandated net worth requirements. Molina has agreed to provide additional future funding to the Company, if necessary, to ensure the Company's compliance with minimum net worth requirements during the next 12 months.

The Company has an agreement with Molina whereby Molina provides certain management services to the Company. Expenses incurred relating to this agreement amounted to \$72.8 million and \$59.1 million for the years ended December 31, 2015 and 2014, respectively.

- D. As of December 31, 2015, amounts due to Molina and affiliates totaled \$4,693,195. Intercompany receivables and payables are generally settled on a monthly basis.
- E. The Company is not a guarantor and does not participate in any undertakings.

NOTES TO FINANCIAL STATEMENTS

- F. The Company has a services agreement with Molina, as described in Note 10.C. above.
- G. As indicated in Note 10.A. above, the Company is a wholly owned subsidiary of Molina. The entities under common ownership of Molina are indicated in Note 9.F. above and Schedule Y, Parts 1 and 1A.
- H. Amount deducted from the value of an upstream intermediate entity or ultimate parent owned: None.
- I. Investment in subsidiary, controlled or affiliated ("SCA") entity that exceeds 10% of the admitted assets of the insurer: None.
- J. Investment in impaired SCA entities: None
- K. Investment in foreign subsidiary: None.
- L. Investment in downstream noninsurance holding company: None.
- M. SCA investment value: None.
- N. Investment in SCA for which the audited statutory equity reflects a departure from the NAIC SAP: None.

NOTE 11 – DEBT

None.

NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

- A.-D. Defined Benefit Plan: None.
- E. Defined Contribution Plans: See Note 12.G. below.
- F. Multiemployer Plans: None.
- G. Consolidated/Holding Company Plans: The Company's employees participate in a defined contribution 401(k) plan sponsored by Molina that covers substantially all full-time salaried and clerical employees. Eligible employees are allowed to contribute up to the maximum allowed by law. The Company matches up to the first 4% of compensation contributed by the employees. The Company has no legal obligation to provide benefits under the plan. The Company's expense recognized in connection with the 401(k) plan was \$850,561 and \$598,165 for the years ended December 31, 2015 and 2014, respectively.
- H. Postemployment Benefits and Compensated Absences: No postemployment benefits and no unrecorded amounts for compensated absences.
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17): None.

NOTE 13 – CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

- (1) The Company has 200,000 shares of \$0 par value common stock authorized, 159,000 shares issued and outstanding.
- (2) Preferred stock: None.
- (3) Dividend restrictions: The laws of the state of Michigan limit the payment and declaration of extraordinary and ordinary dividends. As set forth in the Michigan Insurance Code, without prior approval of its insurance commissioner, dividends may only be paid from earned surplus. Extraordinary dividends must be approved by the DIFS.
- (4) Dividends paid by the Company to Molina during 2015 were as follows: None.
- (5) Subject to the limitations of (3) above, no restrictions have been placed on the portion of the Company's profits that may be paid as ordinary dividends to Molina.
- (6) Restrictions placed on unassigned funds (surplus): None.
- (7) Advances to surplus not repaid: None.
- (8) Stock held for special purposes: None.
- (9) Changes in balances of special surplus funds from the prior period: In accordance with the SSAP No. 106 requirements, the Company reclassifies an amount equal to the estimated health insurer fee due in the following calendar year from unassigned surplus to special surplus. The special surplus balance at December 31, 2015 represented the Company's estimated health insurer fee for 2016. The special surplus balance at December 31, 2014 represented the Company's estimated health insurer fee for 2015. Refer to Note 22 for further discussion.
- (10) The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses: (\$425)
- (11) Surplus debentures or similar obligations: None.
- (12) The impact of any restatement due to prior quasi-reorganizations: None.
- (13) The effective dates of all quasi-reorganizations in the prior 10 years: None.

NOTE 14 – CONTINGENCIES

- A. Contingent Commitments
- (1) Total SSAP No. 97, Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88, and SSAP No. 48, Joint Ventures, Partnerships and Limited Liability Company contingent liabilities: None.
- (2), (3) Detail of other contingent commitments: None; the Company is not a guarantor.
- B. Assessments: None.

NOTES TO FINANCIAL STATEMENTS

- C. Gain Contingencies: None.
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits: None.
- E. Joint and Several Liabilities: None.
- F. All Other Contingencies: From time to time, the Company may be involved in legal actions in the normal course of business, some of which involve a demand for both compensatory and punitive damages not covered by insurance. Currently, there are no pending or threatened actions which, to the knowledge and in the opinion of management and the Company's counsel, would have a material adverse effect on the Company's financial position, results of operations or cash flow.

NOTE 15 – LEASES

A. Lessee Operating Lease

- (1) The Company leases office facilities and equipment under noncancelable long-term operating leases. Some of the leases contain escalation clauses and renewal options. Rental expense paid relating to these leases totaled \$1.4 million and \$0.9 million for the years ended December 31, 2015 and 2014, respectively.

(2)

| | | | |
|----|---|------------------|-----------|
| a. | At January 1, 2016 the minimum aggregate rental commitments are as follows: | | |
| | Year Ending December 31 | Operating Leases | |
| 1. | 2016 | \$ | 1,824,468 |
| 2. | 2017 | \$ | 1,880,657 |
| 3. | 2018 | \$ | 1,936,888 |
| 4. | 2019 | \$ | 1,507,365 |
| 5. | 2020 | \$ | 37,422 |
| 6. | Total | \$ | 7,186,800 |

- (3) Sale-leaseback transactions: None.

B. Revenue, Net Income or Assets with Respect to Leases: None.

NOTE 16 – INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Company has no financial instruments with off-balance-sheet risk.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, short-term investments, bonds and receivables. The Company invests a substantial portion of its cash in the PFM Fund Prime Series – Institutional Class, a portfolio of highly liquid money market securities that are managed by PFM Asset Management LLC ("PFM"), a Virginia business trust registered as an open-end management investment fund. The Company maintains deposits with PFM and other financial institutions which exceed Federal Deposit Insurance Commission limits. The Company's investments and a portion of its cash equivalents are managed by professional portfolio managers operating under documented investment guidelines. Concentrations of credit risk with respect to receivables is limited because the Company's primary payors are the state of Michigan and CMS.

NOTE 17 – SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

- A. Transfers of Receivables Reported as Sales: None.
- B. Transfer and Servicing of Financial Assets: None.
- C. Wash Sales: None.

NOTE 18 – GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

- A. ASO Plans: None.
- B. ASC Plans: None.
- C. Medicare or Similarly Structured Cost Based Reimbursement Contract: The Medicare Part D program is a partially insured plan. The Company recorded amounts receivable relating to uninsured plans of \$3.6 million and \$3.0 million at December 31, 2015 and 2014, respectively for cost reimbursements under the Medicare Part D program.

NOTE 19 – DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

None.

NOTE 20 – FAIR VALUE MEASUREMENTS

A.

- (1) Fair Value Measurements at Reporting Date: The Company's assets measured and reported at fair value on a recurring basis are listed in the table below. The Company receives monthly statements from investment brokers that provide market pricing. There were no transfers between Level 1 and Level 2 of the fair value hierarchy.

| Assets at Fair Value | Level 1 | Level 2 | Level 3 | Total |
|----------------------|---------|------------|---------|------------|
| Bonds | \$ -- | \$ 719,576 | \$ -- | \$ 719,576 |
| Total | \$ -- | \$ 719,576 | \$ -- | \$ 719,576 |

| Liabilities at Fair Value | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|---------|---------|---------|-------|
| None | \$ -- | \$ -- | \$ -- | \$ -- |
| Total | \$ -- | \$ -- | \$ -- | \$ -- |

- (2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy: None.

NOTES TO FINANCIAL STATEMENTS

- (3) Policy for determining when transfers between levels are recognized: The actual date of the event or change in circumstances that caused the transfer.
- (4) For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) follow:

Level 2 financial instruments include investments that are traded frequently though not necessarily daily. Fair value for these securities is determined using a market approach based on quoted prices for similar securities in active markets or quoted prices for identical securities in inactive markets.

- (5) Derivative assets and liabilities: None.

B. In addition to bonds and short-term investments (see below), the Company's statutory basis balance sheets typically include the following financial instruments: investment income due and accrued, federal income tax recoverable (payable), receivables, and current liabilities. The Company believes the carrying amounts of these financial instruments approximate the fair value of these financial instruments because of the relatively short period of time between the origination of the instruments and their expected realization or payment.

C. **Aggregate Fair Value Hierarchy**

The aggregate fair value by hierarchy of all financial instruments as of December 31, 2015 and 2014 is presented in the table below:

2015:

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Not Practicable (Carrying Value) |
|--|----------------------|-----------------|-------------|---------------|-----------|----------------------------------|
| Certificates of deposit | \$ 15,271,622 | \$ 15,284,575 | \$ | \$ 15,271,622 | \$ | \$ |
| Corporate debt securities | 159,556,405 | 160,061,810 | | 159,556,405 | | |
| Government-sponsored enterprise securities | 23,641,363 | 23,674,094 | 23,641,363 | | | |
| Money market funds | 96,273,667 | 96,273,667 | 96,273,667 | | | |
| Municipal securities | 13,276,248 | 13,295,488 | | 13,276,248 | | |
| Total bonds and short-term investments | 308,019,305 | 308,589,634 | 119,915,030 | 188,104,275 | | |

2014:

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Not Practicable (Carrying Value) |
|--|----------------------|-----------------|------------|---------------|-----------|----------------------------------|
| Certificates of deposit | \$ 14,594,660 | \$ 14,599,683 | \$ | \$ 14,594,660 | \$ | \$ |
| Corporate debt securities | 103,489,092 | 103,645,452 | | 103,489,092 | | |
| Government-sponsored enterprise securities | 3,998,320 | 4,001,387 | 3,998,320 | | | |
| Money market funds | 95,434,123 | 95,434,123 | 95,434,123 | | | |
| Municipal securities | 8,039,120 | 8,033,334 | | 8,039,120 | | |
| Total bonds and short-term investments | 225,555,315 | 225,713,979 | 99,432,443 | 126,122,872 | | |

- D. Not Practicable to Estimate Fair Value: Not applicable.

NOTE 21 – OTHER ITEMS

- A. Unusual or Infrequent Items: None.
- B. Troubled Debt Restructuring Debtors: None.
- C. Other Disclosures and Unusual Items:

The state of Michigan is participating in CMS's dual eligible demonstration to integrate Medicare and Medicaid services for dual eligible individuals. The Company refers to the demonstration as its Medicare-Medicaid Plan ("MMP") implementation. The Company's MMP was effective May 1, 2015. Results for the Medicare component of the MMP have been reported under the Medicare category, and results for the Medicaid component of the MMP have been reported under the Medicaid category. Ending membership and member months for MMP enrollees have been reported under the Medicare category.

On October 13, 2015, the Michigan Department of Health and Human Services announced that the Company is one of the health plans recommended to serve the state's Medicaid members under Michigan's Comprehensive Health Plan expected to commence effective January 1, 2016. The new contract has a five-year term with three one-year extensions, and covers Regions 2 through 6, and 8 through 10, of the state, representing an expansion into 15 additional counties as compared to the existing Michigan Medicaid contract.

On January 1, 2016, the Company closed on its acquisition of the Medicaid and MICHild membership, and certain Medicaid and MICHild assets, of HAP Midwest Health Plan, Inc. The Company assumed approximately 81,000 Medicaid and MICHild members in this acquisition.

- D. Business Interruption Insurance Recoveries: None.
- E. State Transferable and Non-Transferable Tax Credits: None.
- F. Subprime Mortgage Related Risk Exposure: None.
- G. Retained Assets: None.

NOTE 22 – EVENTS SUBSEQUENT

The Company is subject to an annual health insurer fee under section 9010 of the Federal Affordable Care Act ("ACA"). This annual fee is allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2015, the Company has written health insurance subject to the ACA health insurer fee, expects to conduct health insurance business in 2016, and estimates their portion of the annual health insurer fee to be payable on September 30, 2016 to be \$26.3 million. This amount is reflected in special surplus. This assessment is expected to impact risk based capital ("RBC") by (19.0)%.

NOTES TO FINANCIAL STATEMENTS

A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)? Yes No

| | | | | | |
|----|--|----|---------------|----|---------------|
| B. | ACA fee assessment payable for the upcoming year | \$ | 26,300,000 | \$ | 19,500,000 |
| C. | ACA fee assessment paid | | 19,605,459 | | 12,925,000 |
| D. | Premium written subject to ACA 9010 assessment | | 1,371,000,000 | | 1,024,000,000 |
| E. | Total adjusted capital before surplus adjustment (Five-Year Historical Line 14) | | 138,724,772 | | |
| F. | Total adjusted capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above) | | 112,424,772 | | |
| G. | Authorized control level (Five-Year Historical Line 15) | \$ | 33,902,313 | | |

H. Would reporting the ACA assessment as of December 31, 2015 have triggered an RBC action level (YES/NO)? Yes No

With the exception of the subsequent event disclosed above, there were no recognized or unrecognized events occurring subsequent to the close of the books that would have a material effect on the Company's financial condition. Subsequent events were considered through February 26, 2016, for the statutory statement available to be issued on February 26, 2016.

NOTE 23 – REINSURANCE

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? No.
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business? No.

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? No.
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? No.

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? No.

B. Uncollectible Reinsurance: None.

C. Commutation of Ceded Reinsurance: None.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation: None.

NOTE 24 – RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDTERMINATION

A.- C. Based on member encounter data that the Company submits to CMS, Medicare premiums are subject to retroactive increase or decrease based upon member medical conditions for up to two years after the original year of service. The Company estimates the amount of Medicare revenue that will ultimately be realized for the periods presented based on its knowledge of its members' health care utilization patterns and CMS practices. Based on the Company's knowledge of member health care utilization patterns and expenses, the Company recorded a net payable of approximately \$2.4 million and a net receivable of approximately \$3.2 million as of December 31, 2015 and 2014, respectively, related to its contracts with CMS. The Company had net premiums written of \$225.9 million and \$173.6 million for its Medicare business for the years ending December 31, 2015 and 2014, representing 15.3% and 16.4% of total net premiums written in 2015 and 2014, respectively.

The Company began serving members through the Marketplace in January 2014. Under the risk sharing provisions of the ACA, Marketplace premiums are subject to redetermination through the risk adjustment program in which the risk scores of enrollees are used to determine the final premium amount. In addition, Marketplace premiums are subject to retrospective rating through the risk corridor program in which the Company and the Federal government share in loss experience above or below a specified range. The Company estimates accrued retrospective premium adjustments for its Marketplace business through a mathematical approach with inputs that may include premiums, claims costs, administrative expenses, reinsurance recoveries, and risk adjustment transfer payments. The Company recorded a net payable of approximately \$1.3 million and \$0.0 million as of December 31, 2015 and 2014, respectively, related to its Marketplace business. The Company had net premiums written of \$3.9 million and \$0.1 million for its Marketplace business for the years ended December 31, 2015 and 2014, representing 0.3% and .01% of the total net premiums written in 2015 and 2014, respectively.

The Company is subject to a medical loss ratio corridor for certain Medicaid business. The Company recorded a net payable of \$8.6 million as of December 31, 2015, relating to this provision.

The Company records accrued retrospective premium as an adjustment to earned premium.

NOTES TO FINANCIAL STATEMENTS

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act. None

E. Risk Sharing Provisions of the Affordable Care Act

(1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions: Yes.

(2) Impact of Risk Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year:

| a. Permanent ACA Risk Adjustment Program | | AMOUNT |
|--|---|------------|
| Assets | | |
| 1. | Premium adjustments receivable due to ACA Risk Adjustment | \$ 124 |
| Liabilities | | |
| 2. | Risk adjustment user fees payable for ACA Risk Adjustment | 1,202 |
| 3. | Premium adjustments payable due to ACA Risk Adjustment | 628,825 |
| Operations (Revenue & Expenses) | | |
| 4. | Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment | (622,493) |
| 5. | Reported in expenses as ACA Risk Adjustment user fees (incurred/paid) | \$ 1,207 |
| b. Transitional ACA Reinsurance Program | | |
| Assets | | |
| 1. | Amounts recoverable for claims paid due to ACA Reinsurance | \$ 71,569 |
| 2. | Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability) | 65,308 |
| 3. | Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance | |
| Liabilities | | |
| 4. | Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium | 12,573 |
| 5. | Ceded reinsurance premiums payable due to ACA Reinsurance | 37,719 |
| 6. | Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance | \$ |
| Operations (Revenue & Expenses) | | |
| 7. | Ceded reinsurance premiums due to ACA Reinsurance | \$ 37,719 |
| 8. | Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments | 131,211 |
| 9. | ACA Reinsurance contributions – not reported as ceded premium | \$ 12,573 |
| c. Temporary ACA Risk Corridors Program | | |
| Assets | | |
| 1. | Accrued retrospective premium due to ACA Risk Corridors | \$ |
| Liabilities | | |
| 2. | Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors | 639,028 |
| Operations (Revenue & Expenses) | | |
| 3. | Effect of ACA Risk Corridors on net premium income (paid/received) | |
| 4. | Effect of ACA Risk Corridors on change in reserves for rate credits | \$ 639,028 |

(3) Roll forward of prior year ACA Risk Sharing Provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance:

| | Accrued During the Prior Year on Business Written Before December 31 of the Prior Year | | Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year | | Differences | | Adjustments | | Unsettled Balances as of the Reporting Date | | | |
|---|--|-----------|--|-----------|---|---|------------------------|------------------------|--|--|-----------|----|
| | 1 | 2 | 3 | 4 | Prior Year Accrued Less Payments (Col. 1-3) | Prior Year Accrued Less Payments (Col. 2-4) | To Prior Year Balances | To Prior Year Balances | Cumulative Balance from Prior Years (Col. 1-3+7) | Cumulative Balance from Prior Years (Col. 2-4+8) | | |
| | Receivable | (Payable) | Receivable | (Payable) | Receivable | (Payable) | Receivable | (Payable) | Ref | Receivable | (Payable) | |
| a. Permanent ACA Risk Adjustment Program | | | | | | | | | | | | |
| 1. | Premium adjustments receivable | \$ | \$ | \$ 6,208 | \$ | \$ (6,208) | \$ | \$ 6,332 | \$ | A | \$ 124 | \$ |
| 2. | Premium adjustments payable | | | | | | | | | B | | |
| 3. | Subtotal ACA Permanent Risk Adjustment Program | \$ | \$ | \$ 6,208 | \$ | \$ (6,208) | \$ | \$ 6,332 | \$ | | \$ 124 | \$ |
| b. Transitional ACA Reinsurance Program | | | | | | | | | | | | |
| 1. | Amounts recoverable for claims paid | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | C | \$ | \$ |
| 2. | Amounts recoverable for claims unpaid (contra liability) | 5,666 | | | | 5,666 | | (5,666) | | D | | |
| 3. | Amounts receivable | | | | | | | | | E | | |

NOTES TO FINANCIAL STATEMENTS

| | | | | | | | | | | | | |
|---|---|----------|----|----------|-------------|----------|------------|----------|-------------|---|--------|----|
| | relating to uninsured plans | | | | | | | | | | | |
| 4. | Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premiums | | | | | | | | | F | | |
| 5. | Ceded reinsurance premiums payable | | | | | | | | | G | | |
| 6. | Liability for amounts held under uninsured plans | | | | | | | | | H | | |
| 7. | Subtotal ACA Transitional Reinsurance Program | \$ 5,666 | \$ | \$ | \$ 5,666 | \$ | \$ (5,666) | \$ | \$ | | \$ | \$ |
| c. Temporary ACA Risk Corridors Program | | | | | | | | | | | | |
| 1. | Accrued retrospective premium | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | I | \$ | \$ |
| 2. | Reserve for rate credits or policy experience rating refunds | | | (33,006) | | 33,006 | | (33,006) | | J | | |
| 3. | Subtotal ACA Risk Corridors Program | | | (33,006) | | 33,006 | | (33,006) | | | | |
| d. | Total for ACA Risk Sharing Provisions | \$ 5,666 | \$ | \$ 6,208 | \$ (33,006) | \$ (542) | \$ 33,006 | \$ 666 | \$ (33,006) | | \$ 124 | \$ |

Explanations of Adjustments

- A. Adjusted to reflect the final settlement amount communicated by CMS in June 2015.
- D. Adjusted as a result of additional paid claims and to reflect the final settlement amount communicated by CMS in June 2015.
- J. Adjusted as a result of additional months of development and for final settlements related to risk adjustment and reinsurance.

NOTE 25 – CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

The change in prior year estimated claims reserves represents favorable development in claims experience. Original estimates are increased or decreased as additional information becomes known regarding incurred reported claims. Claims unpaid activity during the periods indicated is summarized below:

| | Year ended 12/31/2015 | Year ended 12/31/2014 |
|--|-----------------------|-----------------------|
| Unpaid claims liabilities, accrued medical incentives, and claims adjustment expenses, beginning of period | \$ 117,425,893 | \$ 84,160,379 |
| Add provision for claims, net of reinsurance: | | |
| Current year | 1,168,188,784 | 886,406,614 |
| Prior years | (9,581,133) | (9,079,331) |
| Net incurred claims during the current year | <u>1,158,607,651</u> | <u>877,327,283</u> |
| Deduct paid claims, net of reinsurance: | | |
| Current year | 979,755,893 | 778,084,808 |
| Prior years | 102,554,014 | 72,800,132 |
| Net incurred claims during the current year | <u>1,082,309,907</u> | <u>850,884,940</u> |
| Change in claims adjustment expenses | 790,773 | 413,903 |
| Change in health care receivables | 7,532,143 | 6,403,602 |
| Change in amounts due from reinsurers | 1,505,903 | 5,666 |
| Unpaid claims liabilities, accrued medical incentives, and claims adjustment expenses, end of period | <u>\$ 203,552,456</u> | <u>\$ 117,425,893</u> |

NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS

None.

NOTE 27 – STRUCTURED SETTLEMENTS

None.

NOTE 28 – HEALTH CARE RECEIVABLES

- A. Pharmaceutical Rebate Receivables

| 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 |
|------------|--|---|---|--|--|
| 12/31/2015 | \$ 6,551,103 | \$ - | \$ - | \$ - | \$ - |
| 09/30/2015 | 4,255,128 | - | - | - | - |
| 06/30/2015 | 4,205,145 | - | - | 4,033,193 | - |

NOTES TO FINANCIAL STATEMENTS

| | | | | | |
|------------|-----------|---|---|-----------|---------|
| 03/31/2015 | 2,601,230 | - | - | 2,596,945 | 948,157 |
| 12/31/2014 | 2,847,776 | - | - | 2,154,278 | 774,503 |
| 09/30/2014 | 2,780,557 | - | - | 1,841,481 | 854,369 |
| 06/30/2014 | 2,307,154 | - | - | 2,338,276 | 20,631 |
| 03/31/2014 | 2,058,641 | - | - | 1,507,115 | 606,311 |
| 12/31/2013 | 960,657 | - | - | 1,577,239 | 354,559 |
| 09/30/2013 | 1,057,624 | - | - | 1,106,117 | 502,835 |
| 06/30/2013 | 1,441,600 | - | - | 1,083,264 | 380,061 |
| 03/31/2013 | 1,293,426 | - | - | 698,043 | 521,705 |

B. Risk Sharing Receivables: None

NOTE 29 – PARTICIPATING POLICIES

None.

NOTE 30 – PREMIUM DEFICIENCY RESERVES

- | | |
|--|----------|
| (1) Liability carried for premium deficiency reserve: | \$ 0 |
| (2) Date of most recent evaluation of this liability: | 12/31/15 |
| (3) Was anticipated investment income utilized in the calculation? | Yes |

NOTE 31 – ANTICIPATED SALVAGE AND SUBROGATION

None.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State regulating? Michigan
- 2.1 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
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011
- 3.2 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. 12/31/2011
- 3.3 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). 05/01/2013
- 3.4 By what department or departments?
State of Michigan - Department of Insurance and Financial Services
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.11 sales of new business? Yes No
 - 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.21 sales of new business? Yes No
 - 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 5.2 If yes, provide 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 |
|---------------------|------------------------|------------------------|
| | | |

- 6.1 Has the 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? Yes No
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes No
- 7.2 If yes,
 - 7.21 State the percentage of foreign control _____ %
 - 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact).

| 1 Nationality | 2 Type of Entity |
|------------------|---------------------|
| | |

- 8.1 Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board? Yes No
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes No
- 8.4 If the response to 8.3 is yes, please provide below the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), 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 FDIC | 6 SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
| | | | | | |

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Grant Thornton LLP, 2501 E. Enterprise Ave. Suite 300, Appleton, WI 54913
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes No
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes No
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes No N/A
- 10.6 If the response to 10.5 is no or n/a, please explain:
The Company is a direct wholly owned subsidiary of Molina Healthcare, Inc. ("Molina") Molina is a publicly traded company and is subject to compliance with the Sarbanes-Oxley Act. An Audit Committee is maintained at the Corporate level (Molina).

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Brian Goebel, FSA, MAAA, 200 Oceangate, Suite 100, Long Beach, CA 90802. Employee of the reporting entity.
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved 0
- 12.13 Total book/adjusted carrying value \$ 0
- 12.2 If yes, provide explanation

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

| 1 American Bankers Association (ABA) Routing Number | 2 Issuing or Confirming Bank Name | 3 Circumstances That Can Trigger the Letter of Credit | 4 Amount |
|---|--------------------------------------|---|-------------|
| | | | |

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinator committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ 0
- 20.12 To stockholders not officers \$ 0
- 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$ 0
- 20.22 To stockholders not officers \$ 0
- 20.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$ 0
- 21.22 Borrowed from others \$ 0
- 21.23 Leased from others \$ 0
- 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [X] No []
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ (6,208)
- 22.22 Amount paid as expenses \$ 176,986
- 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

24.01 Were all of the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes No

24.02 If no, give full and complete information, relating thereto:

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off balance sheet (an alternative is to reference Note 17 where this information is also provided).

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*? Yes No N/A

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 0

24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ 0

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes No N/A

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0

24.103 Total payable for securities lending reported on the liability page: \$ 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes No

25.2 If yes, state the amount thereof at December of the current year:

25.21 Subject to repurchase agreements \$ 0

25.22 Subject to reverse repurchase agreements \$ 0

25.23 Subject to dollar repurchase agreements \$ 0

25.24 Subject to reverse dollar repurchase agreements \$ 0

25.25 Placed under option agreements \$ 0

25.26 Letter stock or securities restricted as sale – excluding FHLB Capital Stock \$ 0

25.27 FHLB Capital Stock \$ 0

25.28 On deposit with states \$ 1,013,991

25.29 On deposit with other regulatory bodies \$ 0

25.30 Pledged as collateral – excluding collateral pledged to an FHLB \$ 0

25.31 Pledged as collateral to FHLB – including assets backing funding agreements \$ 0

25.32 Other \$ 0

25.3 For category (25.26) provide the following:

| 1 Nature of Restriction | 2 Description | 3 Amount |
|----------------------------|------------------|-------------|
| | | \$ |

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No

27.2 If yes, state the amount thereof at December of the current year: \$ 0

28. Excluding items in Schedule E-Part 3-Special Deposits, 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 Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes No

28.01 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 |
|---------------------------|---|
| Oppenheimer Trust Company | 18 Columbia Turnpike Florham Park, NJ 07932 |
| UBS Financial Services | 1000 Harbor Blvd. Weehawken, NJ 07086 |

28.02 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) |
|--------------|------------------|------------------------------|
| | | |

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes No

28.04 If yes, give full and complete information relating thereto:

| 1 Old Custodian | 2 New Custodian | 3 Date of Change | 4 Reason |
|--------------------|--------------------|---------------------|-------------|
| | | | |

28.05 Identify all investment advisors, broker/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 |
|--------------------------------------|------------------------|--|
| 249 | Oppenheimer & Co. | 500 W. Madison, Ste 400, Chicago, IL 60661 |
| 8174 | UBS Financial Services | 1000 Harbor Blvd. Weehawken, NJ 07086 |

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]

29.2 If yes, complete the following schedule:

| 1 CUSIP | 2 Name of Mutual Fund | 3 Book/Adjusted Carrying Value |
|---------------|--------------------------|-----------------------------------|
| | | |
| 29.2999 TOTAL | | |

29.3 For each mutual fund listed in the table above, complete the following schedule:

| 1 Name of Mutual Fund (from above table) | 2 Name of Significant Holding of the Mutual Fund | 3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holdings | 4 Date of Valuation |
|--|--|---|------------------------|
| | | | |

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

| | | 1 Statement (Admitted) Value | 2 Fair Value | 3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|------|------------------|---------------------------------|-----------------|--|
| 30.1 | Bonds | 308,589,634 | 308,019,304 | (570,330) |
| 30.2 | Preferred Stocks | 0 | 0 | 0 |
| 30.3 | Totals | 308,589,634 | 308,019,304 | (570,330) |

30.4 Describe the sources or methods utilized in determining fair values:

Fair values are provided by third party vendor, Clearwater Analytics, who uses unit prices published by the Securities Valuation Office of the NAIC (SVO) when available. For securities not priced by the SVO Clearwater Analytics receives pricing from S&P Capital IQ Pricing. Securities with short maturities and infrequent secondary market trades such as Commercial Paper and Certificates of Deposit, Clearwater will calculate prices by accreting the purchase price to face value at maturity.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliance pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No []

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 297,029

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|--------------------------------------|------------------|
| Michigan Association of Health Plans | \$ 297,029 |

34.1 Amount of payments for legal expenses, if any? \$ 0

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | \$ |

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 0

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | \$ |

GENERAL INTERROGATORIES**PART 2 – HEALTH INTERROGATORIES**

| | | | | | |
|------|---|--------------|---------------|------------|---------------|
| 1.1 | Does the reporting entity have any direct Medicare Supplement Insurance in force? | | | Yes [] | No [X] |
| 1.2 | If yes, indicate premium earned on U.S. business only. | | \$ | | 0 |
| 1.3 | What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? | | \$ | | 0 |
| 1.31 | Reason for excluding: | | | | |
| 1.4 | Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. | | \$ | | 0 |
| 1.5 | Indicate total incurred claims on all Medicare Supplement insurance. | | \$ | | 0 |
| 1.6 | Individual policies: | | | | |
| | Most current three years: | | | | |
| 1.61 | Total premium earned | | \$ | | 0 |
| 1.62 | Total incurred claims | | \$ | | 0 |
| 1.63 | Number of covered lives | | \$ | | 0 |
| | All years prior to most current three years: | | | | |
| 1.64 | Total premium earned | | \$ | | 0 |
| 1.65 | Total incurred claims | | \$ | | 0 |
| 1.66 | Number of covered lives | | \$ | | 0 |
| 1.7 | Group policies: | | | | |
| | Most current three years: | | | | |
| 1.71 | Total premium earned | | \$ | | 0 |
| 1.72 | Total incurred claims | | \$ | | 0 |
| 1.73 | Number of covered lives | | \$ | | 0 |
| | All years prior to most current three years: | | | | |
| 1.74 | Total premium earned | | \$ | | 0 |
| 1.75 | Total incurred claims | | \$ | | 0 |
| 1.76 | Number of covered lives | | \$ | | 0 |
| 2. | Health Test: | | | | |
| | | 1 | | 2 | |
| | | Current Year | | Prior Year | |
| 2.1 | Premium Numerator | \$ | 1,480,688,554 | \$ | 1,060,052,919 |
| 2.2 | Premium Denominator | \$ | 1,480,688,554 | \$ | 1,060,052,919 |
| 2.3 | Premium Ratio (2.1/2.2) | \$ | 100.000 | \$ | 100.000 |
| 2.4 | Reserve Numerator | \$ | 215,791,020 | \$ | 117,071,477 |
| 2.5 | Reserve Denominator | \$ | 215,791,020 | \$ | 117,071,477 |
| 2.6 | Reserve Ratio (2.4/2.5) | \$ | 100.000 | \$ | 100.000 |
| 3.1 | Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? | | | Yes [] | No [X] |
| 3.2 | If yes, give particulars: | | | | |
| 4.1 | Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? | | | Yes [X] | No [] |
| 4.2 | If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? | | | Yes [] | No [X] |
| 5.1 | Does the reporting entity have stop-loss reinsurance? | | | Yes [X] | No [] |
| 5.2 | If no, explain: | | | | |
| 5.3 | Maximum retained risk (see instructions) | | | | |
| 5.31 | Comprehensive Medical | | \$ | | 1,067,500 |
| 5.32 | Medical Only | | \$ | | 0 |
| 5.33 | Medicare Supplement | | \$ | | 0 |
| 5.34 | Dental and Vision | | \$ | | 0 |
| 5.35 | Other Limited Benefit Plan | | \$ | | 0 |
| 5.36 | Other | | \$ | | 0 |
| 6. | Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements: <u>The Company is insured under an annual HMO excess risk reinsurance agreement effective 1/1/15-12/31/15 with RGA Reinsurance Company. Subscribers are also protected against the Company's insolvency through provider agreements, evidence of coverage, and/or member handbooks.</u> | | | | |
| 7.1 | Does the reporting entity set up its claim liability for provider services on a service date basis? | | | Yes [X] | No [] |

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

7.2 If no, give details

8. Provide the following information regarding participating providers:

| | | |
|-----|--|--------|
| 8.1 | Number of providers at start of reporting year | 18,728 |
| 8.2 | Number of providers at end of reporting year | 27,646 |

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]

9.2 If yes, direct premium earned:

| | | |
|------|---|------|
| 9.21 | Business with rate guarantees with rate guarantees between 15-36 months | \$ 0 |
| 9.22 | Business with rate guarantees over 36 months | \$ 0 |

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No []

10.2 If yes:

| | | |
|-------|---|---------------|
| 10.21 | Maximum amount payable bonuses | \$ 13,197,641 |
| 10.22 | Amount actually paid for year bonuses | \$ 4,648,509 |
| 10.23 | Maximum amount payable withholds | \$ 1,518,893 |
| 10.24 | Amount actually paid for year withholds | \$ 0 |

11.1 Is the reporting entity organized as:

- 11.12 A Medical Group/Staff Model, Yes [] No [X]
- 11.13 An Individual Practice Association (IPA), or, Yes [] No [X]
- 11.14 A Mixed Model (combination of above)? Yes [] No [X]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] No []

11.3 If yes, show the name of the state requiring such minimum capital and surplus.

Michigan

11.4 If yes, show the amount required. \$ 67,804,626

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]

11.6 If the amount is calculated, show the calculation

RBC 200% Authorized Control Level

12. List service areas in which reporting entity is licensed to operate:

| 1 Name of Service Area |
|---|
| Alcona, Allegan, Alpena, Antrim, Arenac, Bay, Benzie, |
| Berrien, Clare, Crawford, Genesee, Gladwin, |
| Grand Traverse, Gratiot, Huron, Ingham, Ionia, Iosco, |
| Isabella, Kalkaska, Kent, Lake, Lapeer, Macomb, |
| Manistee, Mason, Mecosta, Midland, Missaukee, Monroe, |
| Montcalm, Montmorency, Muskegon, Newaygo, Oakland, |
| Oceana, Ogemaw, Osceola, Oscoda, Otsego, Ottawa, |
| Presque Isle, Roscommon, Saginaw, Sanilac, |
| Washtenaw, Wayne, Wexford |

13.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0

13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [] No [] N/A [X]

14.2 If the answer to 14.1 is yes, please provide the following:

| 1 Company Name | 2 NAIC Company Code | 3 Domiciliary Jurisdiction | 4 Reserve Credit | Assets Supporting Reserve Credit | | |
|-------------------|------------------------|-------------------------------|---------------------|----------------------------------|-----------------------|------------|
| | | | | 5 Letters of Credit | 6 Trust Agreements | 7 Other |
| | 0 | | \$ | \$ | \$ | \$ |

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).

| | | |
|------|-------------------------|------|
| 15.1 | Direct Premium Written | \$ 0 |
| 15.2 | Total Incurred Claims | \$ 0 |
| 15.3 | Number of Covered Lives | 0 |

| *Ordinary Life Insurance Includes |
|---|
| Term (whether full underwriting, limited underwriting, jet issue, "short form app") |
| Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app") |
| Variable Life (with or without secondary guarantee) |
| Universal Life (with or without secondary guarantee) |
| Variable Universal Life (with or without secondary guarantee) |

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

FIVE-YEAR HISTORICAL DATA

| | 1 2015 | 2 2014 | 3 2013 | 4 2012 | 5 2011 |
|--|---------------|---------------|-------------|-------------|-------------|
| Balance Sheet Items (Pages 2 and 3) | | | | | |
| 1. Total admitted assets (Page 2, Line 28)..... | 375,975,829 | 254,548,256 | 193,671,094 | 174,431,437 | 164,590,356 |
| 2. Total liabilities (Page 3, Line 24)..... | 237,251,057 | 129,417,741 | 91,012,577 | 93,891,014 | 86,751,811 |
| 3. Statutory minimum capital and surplus requirement..... | 67,804,626 | 50,516,764 | 51,459,270 | 50,763,184 | 47,008,994 |
| 4. Total capital and surplus (Page 3, Line 33)..... | 138,724,772 | 125,130,515 | 102,658,517 | 80,540,423 | 77,838,545 |
| Income Statement Items (Page 4) | | | | | |
| 5. Total revenues (Line 8)..... | 1,467,933,626 | 1,059,675,436 | 883,384,967 | 841,177,957 | 844,349,216 |
| 6. Total medical and hospital expenses (Line 18)..... | 1,158,607,651 | 859,859,505 | 755,075,548 | 730,465,674 | 694,856,687 |
| 7. Claims adjustment expenses (Line 20)..... | 36,101,448 | 24,732,752 | 22,354,521 | 22,358,285 | 21,010,572 |
| 8. Total administrative expenses (Line 21)..... | 181,299,966 | 126,670,794 | 77,645,947 | 73,378,611 | 105,381,918 |
| 9. Net underwriting gain (loss) (Line 24)..... | 91,924,561 | 48,412,385 | 28,979,261 | 14,649,874 | 23,100,039 |
| 10. Net investment gain (loss) (Line 27)..... | 1,223,494 | 551,834 | 456,333 | 852,824 | 1,179,943 |
| 11. Total other income (Lines 28 plus 29)..... | | (35,459) | (16,748) | | |
| 12. Net income or (loss) (Line 32)..... | 53,764,624 | 26,719,674 | 18,550,126 | 9,375,405 | 15,054,263 |
| Cash Flow (Page 6) | | | | | |
| 13. Net cash from operations (Line 11)..... | 136,906,614 | 58,420,361 | 18,949,627 | 13,071,413 | 1,182,320 |
| Risk-Based Capital Analysis | | | | | |
| 14. Total adjusted capital..... | 138,724,772 | 125,130,515 | 102,658,517 | 80,540,423 | 77,838,545 |
| 15. Authorized control level risk-based capital..... | 33,902,313 | 25,258,382 | 25,729,635 | 25,381,852 | 23,506,340 |
| Enrollment (Exhibit 1) | | | | | |
| 16. Total members at end of period (Column 5, Line 7)..... | 327,904 | 242,022 | 212,837 | 220,377 | 222,321 |
| 17. Total member months (Column 6, Line 7)..... | 3,364,827 | 2,802,163 | 2,581,007 | 2,639,337 | 2,660,132 |
| Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0 | | | | | |
| 18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 19. Total hospital and medical plus other non-health (Line 18 plus Line 19)..... | 78.9 | 81.1 | 85.5 | 86.8 | 82.3 |
| 20. Cost containment expenses..... | 2.2 | 2.0 | 2.2 | 2.4 | 2.1 |
| 21. Other claims adjustment expenses..... | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 |
| 22. Total underwriting deductions (Line 23)..... | 93.7 | 95.4 | 96.7 | 98.3 | 97.3 |
| 23. Total underwriting gain (loss) (Line 24)..... | 6.3 | 4.6 | 3.3 | 1.7 | 2.7 |
| Unpaid Claims Analysis (U&I Exhibit, Part 2B) | | | | | |
| 24. Total claims incurred for prior years (Line 13 Col. 5)..... | 112,747,913 | 74,991,443 | 76,702,683 | 74,047,646 | 76,920,966 |
| 25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]..... | 109,664,797 | 83,216,790 | 81,370,572 | 78,023,866 | 81,425,973 |
| Investments in Parent, Subsidiaries and Affiliates | | | | | |
| 26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)..... | | | | | |
| 27. Affiliated preferred stocks (Sch. D. Summary, Line 18, Col. 1)..... | | | | | |
| 28. Affiliated common stocks (Sch. D. Summary, Line 24, Col. 1)..... | | | | | |
| 29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)..... | | | | | |
| 30. Affiliated mortgage loans on real estate..... | | | | | |
| 31. All other affiliated..... | | | | | |
| 32. Total of above Lines 26 to 31..... | 0 | 0 | 0 | 0 | 0 |
| 33. Total investment in parent included in Lines 26 to 31 above..... | | | | | |

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

| State, Etc. | 1 Active Status | Direct Business Only | | | | | | | 9 Deposit-Type Contracts |
|---|--------------------|---------------------------------|---------------------------|-------------------------|--|---|---------------------------------|--------------------------------|-----------------------------|
| | | 2 Accident & Health Premiums | 3 Medicare Title XVIII | 4 Medicaid Title XIX | 5 Federal Employees Health Benefits Plan Premiums | 6 Life & Annuity Premiums and Other Considerations | 7 Property/Casualty Premiums | 8 Total Columns 2 Through 7 | |
| 1. Alabama.....AL | N | | | | | | | | 0 |
| 2. Alaska.....AK | N | | | | | | | | 0 |
| 3. Arizona.....AZ | N | | | | | | | | 0 |
| 4. Arkansas.....AR | N | | | | | | | | 0 |
| 5. California.....CA | N | | | | | | | | 0 |
| 6. Colorado.....CO | N | | | | | | | | 0 |
| 7. Connecticut.....CT | N | | | | | | | | 0 |
| 8. Delaware.....DE | N | | | | | | | | 0 |
| 9. District of Columbia.....DC | N | | | | | | | | 0 |
| 10. Florida.....FL | N | | | | | | | | 0 |
| 11. Georgia.....GA | N | | | | | | | | 0 |
| 12. Hawaii.....HI | N | | | | | | | | 0 |
| 13. Idaho.....ID | N | | | | | | | | 0 |
| 14. Illinois.....IL | N | | | | | | | | 0 |
| 15. Indiana.....IN | N | | | | | | | | 0 |
| 16. Iowa.....IA | N | | | | | | | | 0 |
| 17. Kansas.....KS | N | | | | | | | | 0 |
| 18. Kentucky.....KY | N | | | | | | | | 0 |
| 19. Louisiana.....LA | N | | | | | | | | 0 |
| 20. Maine.....ME | N | | | | | | | | 0 |
| 21. Maryland.....MD | N | | | | | | | | 0 |
| 22. Massachusetts.....MA | N | | | | | | | | 0 |
| 23. Michigan.....MI | L | 15,339,327 | 225,930,982 | 1,239,668,671 | | | | 1,480,938,980 | |
| 24. Minnesota.....MN | N | | | | | | | | 0 |
| 25. Mississippi.....MS | N | | | | | | | | 0 |
| 26. Missouri.....MO | N | | | | | | | | 0 |
| 27. Montana.....MT | N | | | | | | | | 0 |
| 28. Nebraska.....NE | N | | | | | | | | 0 |
| 29. Nevada.....NV | N | | | | | | | | 0 |
| 30. New Hampshire.....NH | N | | | | | | | | 0 |
| 31. New Jersey.....NJ | N | | | | | | | | 0 |
| 32. New Mexico.....NM | N | | | | | | | | 0 |
| 33. New York.....NY | N | | | | | | | | 0 |
| 34. North Carolina.....NC | N | | | | | | | | 0 |
| 35. North Dakota.....ND | N | | | | | | | | 0 |
| 36. Ohio.....OH | N | | | | | | | | 0 |
| 37. Oklahoma.....OK | N | | | | | | | | 0 |
| 38. Oregon.....OR | N | | | | | | | | 0 |
| 39. Pennsylvania.....PA | N | | | | | | | | 0 |
| 40. Rhode Island.....RI | N | | | | | | | | 0 |
| 41. South Carolina.....SC | N | | | | | | | | 0 |
| 42. South Dakota.....SD | N | | | | | | | | 0 |
| 43. Tennessee.....TN | N | | | | | | | | 0 |
| 44. Texas.....TX | N | | | | | | | | 0 |
| 45. Utah.....UT | N | | | | | | | | 0 |
| 46. Vermont.....VT | N | | | | | | | | 0 |
| 47. Virginia.....VA | N | | | | | | | | 0 |
| 48. Washington.....WA | N | | | | | | | | 0 |
| 49. West Virginia.....WV | N | | | | | | | | 0 |
| 50. Wisconsin.....WI | N | | | | | | | | 0 |
| 51. Wyoming.....WY | N | | | | | | | | 0 |
| 52. American Samoa.....AS | N | | | | | | | | 0 |
| 53. Guam.....GU | N | | | | | | | | 0 |
| 54. Puerto Rico.....PR | N | | | | | | | | 0 |
| 55. U.S. Virgin Islands.....VI | N | | | | | | | | 0 |
| 56. Northern Mariana Islands.....MP | N | | | | | | | | 0 |
| 57. Canada.....CAN | N | | | | | | | | 0 |
| 58. Aggregate Other alien.....OT | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. Subtotal.....XXX | | 15,339,327 | 225,930,982 | 1,239,668,671 | 0 | 0 | 0 | 1,480,938,980 | 0 |
| 60. Reporting entity contributions for Employee Benefit Plans.....XXX | | | | | | | | 0 | |
| 61. Total (Direct Business).....(a) | 1 | 15,339,327 | 225,930,982 | 1,239,668,671 | 0 | 0 | 0 | 1,480,938,980 | 0 |

DETAILS OF WRITE-INS

| | | | | | | | | | |
|--|--|---|---|---|---|---|---|---|---|
| 58001..... | | | | | | | | 0 | |
| 58002..... | | | | | | | | 0 | |
| 58003..... | | | | | | | | 0 | |
| 58998. Summary of remaining write-ins for line 58..... | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58999. Total (Lines 58001 thru 58003 + 58998)..... | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.
All premiums written within the state of Michigan.

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

| | | | |
|--------|----|------------|---|
| 1531 | DE | 13-4204626 | Molina Healthcare, Inc. |
| \|-00000 | AZ | 30-0876771 | Molina Healthcare of Arizona, Inc. |
| \|-00000 | CA | 33-0342719 | Molina Healthcare of California |
| \|-00000 | CA | 20-2714545 | Molina Healthcare of California Partner Plan, Inc. |
| \|-00000 | NM | 45-2634351 | Molina Healthcare Data Center, Inc. |
| \|-13128 | FL | 26-0155137 | Molina Healthcare of Florida, Inc. |
| \|-15714 | GA | 80-0800257 | Molina Healthcare of Georgia, Inc. |
| \|-14104 | IL | 27-1823188 | Molina Healthcare of Illinois, Inc. |
| \|-00000 | IA | 47-3920055 | Molina Healthcare of Iowa, Inc. |
| \|-00000 | MD | 46-0598968 | Molina Healthcare of Maryland, Inc. |
| \|-52630 | MI | 38-3341599 | Molina Healthcare of Michigan, Inc. |
| \|-00000 | MS | 26-4390042 | Molina Healthcare of Mississippi, Inc. |
| \|-95739 | NM | 85-0408506 | Molina Healthcare of New Mexico, Inc. |
| \|-00000 | NY | 47-3580625 | Molina Healthcare of New York, Inc. |
| \|-00000 | NC | 46-4148278 | Molina Healthcare of North Carolina, Inc. |
| \|-12334 | OH | 20-0750134 | Molina Healthcare of Ohio, Inc. |
| \|-00000 | OK | 81-0864563 | Molina Healthcare of Oklahoma, Inc. |
| \|-00000 | PA | 81-0855820 | Molina Healthcare of Pennsylvania, Inc. |
| \|-15600 | PR | 66-0817946 | Molina Healthcare of Puerto Rico, Inc. |
| \|-15329 | SC | 46-2992125 | Molina Healthcare of South Carolina, LLC |
| \|-10757 | TX | 20-1494502 | Molina Healthcare of Texas, Inc. |
| \|-13778 | TX | 27-0522725 | Molina Healthcare of Texas Insurance Company |
| \|-95502 | UT | 33-0617992 | Molina Healthcare of Utah, Inc. |
| \|-00000 | VA | 26-1769086 | Molina Healthcare of Virginia, Inc. |
| \|-96270 | WA | 91-1284790 | Molina Healthcare of Washington, Inc. |
| \|-12007 | WI | 20-0813104 | Molina Healthcare of Wisconsin, Inc. |
| \|-00000 | NY | 47-3797019 | Molina Health Plan Management, Inc. |
| \|-00000 | CA | 46-2821516 | Molina Hospital Management, Inc. |
| \|-00000 | CA | 27-1510177 | Molina Information Systems, LLC (dba Molina Medicaid Solutions) |
| \|-00000 | CA | 37-1652282 | Molina Medical Management, Inc. |
| \|-00000 | CA | 47-1446940 | Easy Care MSO, LLC |
| \|-00000 | DE | 45-2854547 | Molina Pathways, LLC |
| \|-00000 | OH | 47-4937011 | Molina Pathways of Ohio, LLC |
| \|-00000 | TX | 47-2296708 | Molina Pathways of Texas, Inc. |
| \|-00000 | TX | 47-2308753 | Molina Personal Care of Texas, Inc. |
| \|-00000 | SC | 47-2373467 | Molina Personal Care of South Carolina, Inc. |
| \|-00000 | DE | 47-2525144 | Pathways Health and Community Support LLC |

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

| | | | | |
|------|---------|----|------------|--|
| 40.1 | \|-00000 | DE | 58-2478281 | AmericanWork, Inc. |
|  | \|-00000 | NV | 61-1436598 | A to Z In-Home Tutoring LLC |
|  | \|-00000 | IL | 36-3465604 | Camelot Care Centers, Inc. |
|  | \|-00000 | PA | 20-2639439 | Children's Behavioral Health, Inc. |
|  | \|-00000 | DE | 88-0469530 | Choices Group, Inc. |
|  | \|-00000 | CA | 95-4864640 | College Community Services |
|  | \|-00000 | IN | 35-2085281 | Dockside Services, Inc. |
|  | \|-00000 | AZ | 00-0000000 | Family Builders, Inc. |
|  | \|-00000 | VA | 54-1620121 | Family Preservation Services, Inc. |
|  | \|-00000 | FL | 65-0848685 | Family Preservation Services of Florida, Inc. |
|  | \|-00000 | NC | 86-0976674 | Family Preservation Services of North Carolina, Inc. |
|  | \|-00000 | DC | 20-0086731 | Family Preservation Services of Washington, D.C., Inc. |
|  | \|-00000 | WV | 86-1035573 | Family Preservation Services of West Virginia, Inc. |
|  | \|-00000 | NV | 88-0321776 | Maple Star Nevada, Inc. |
|  | \|-00000 | OR | 93-1263318 | Maple Star Oregon, Inc. |
|  | \|-00000 | DE | 62-1651095 | Pathways Community Corrections, Inc. |
|  | \|-00000 | DE | 33-0797276 | Pathways Community Services LLC |
|  | \|-00000 | PA | 23-2820336 | Pathways Community Services LLC |
|  | \|-00000 | TX | 74-2868929 | Pathways Community Support of Texas, Inc. |
|  | \|-00000 | FL | 20-0991181 | Pathways Health and Community Support of Florida, Inc. |
|  | \|-00000 | AL | 26-1742190 | Pathways of Alabama, Inc. |
|  | \|-00000 | AZ | 86-0706547 | Pathways of Arizona, Inc. |
|  | \|-00000 | DE | 59-3766748 | Pathways of Delaware, Inc. |
|  | \|-00000 | DE | 46-5044433 | Pathways of Idaho LLC |
|  | \|-00000 | ME | 86-0970832 | Pathways of Maine, Inc. |
|  | \|-00000 | DE | 47-1016377 | Pathways of Massachusetts LLC |
|  | \|-00000 | OK | 74-2884198 | Pathways of Oklahoma, Inc |
|  | \|-00000 | WA | 27-2837920 | Pathways of Washington, Inc. |
|  | \|-00000 | PA | 25-1470445 | Raystown Developmental Services, Inc. |
|  | \|-00000 | AZ | 86-1041182 | Rio Grande Management Company, L.L.C. |
|  | \|-00000 | PA | 23-2181371 | The RedCo Group, Inc. |
|  | \|-00000 | GA | 58-1923779 | Transitional Family Services, Inc. |
|  | \|-00000 | MO | 43-1699690 | W.D. Management, L.L.C. |
| | -00000 | MI | 38-3611499 | Synergy Partners, L.L.C. |
| | I-00000 | CA | 46-5098489 | Molina Youth Academy |

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