



ANNUAL STATEMENT

For the Year Ended December 31, 2014
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 Pamela Mary Gourwitz 888-562-5442-151701
(Name) (Area Code) (Telephone Number) (Extension)
pamela.gourwitz@molinahealthcare.com 248-925-1721
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Stephen Devon Harris	President	2. Stephen Blaney Whiting	Treasurer/VP Finance & Analytics
3. Jeffrey Don Barlow	Secretary	4.	

OTHER

DIRECTORS OR TRUSTEES

Stephen Devon Harris	Matthew Carter Schueren	Maritza Esther Borrajero	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) Stephen Devon Harris	_____ (Signature) Stephen Blaney Whiting	_____ (Signature) Jeffrey Don Barlow
1. (Printed Name) President	2. (Printed Name) Treasurer/VP Finance & Analytics	3. (Printed Name) Secretary
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This _____ day of _____ 2015

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).....	62,408,480		62,408,480	31,737,053
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 (\$....4,493,942, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$....163,305,500, Schedule DA).....	167,799,442		167,799,442	143,417,426
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).....	230,207,922	0	230,207,922	175,154,478
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	585,847		585,847	688,997
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	11,451,617	9,916	11,441,701	12,030,697
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	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	5,666		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.....	3,013,230		3,013,230	2,184,169
18.1 Current federal and foreign income tax recoverable and interest thereon.....	2,187,424		2,187,424	104,812
18.2 Net deferred tax asset.....	5,593,565	1,561,554	4,032,011	1,549,302
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....	3,220,180	3,220,180	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	220,001		220,001	
24. Health care (\$....2,854,454) and other amounts receivable.....	6,413,507	3,559,053	2,854,454	9,905
25. Aggregate write-ins for other than invested assets.....	269,597	269,597	0	1,948,734
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	263,168,556	8,620,300	254,548,256	193,671,094
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	263,168,556	8,620,300	254,548,256	193,671,094

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.....	258,053	258,053	0	
2502. Intangible Assets (Goodwill/Patient Files).....			0	1,141,458
2503. Deposits - Long Term.....	11,544	11,544	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	807,276
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	269,597	269,597	0	1,948,734

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	112,646,823		112,646,823	81,119,512
2. Accrued medical incentive pool and bonus amounts.....	3,431,481		3,431,481	2,107,183
3. Unpaid claims adjustment expenses.....	1,347,589		1,347,589	933,684
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....	993,173		993,173	615,690
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserve.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	71,779		71,779	2,753
9. General expenses due or accrued.....	3,743,248		3,743,248	2,814,883
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.....			0	1,078,544
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 \$.....7,183,648 current).....	7,183,648	0	7,183,648	2,340,328
24. Total liabilities (Lines 1 to 23).....	129,417,741	0	129,417,741	91,012,577
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	20,400,000	0
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	62,404,971	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	42,166,544	40,094,546
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	125,130,515	102,658,517
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	254,548,256	193,671,094

DETAILS OF WRITE-INS

2301. Premium/Use Taxes Due.....	7,097,571		7,097,571	2,340,328
2302. State Income Tax Payable.....	86,077		86,077	
2303.			0	
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).....	7,183,648	0	7,183,648	2,340,328
2501. 2015 health insurer fee accrual estimate.....	XXX	XXX	20,400,000	
2502.	XXX	XXX		
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	20,400,000	0
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	2,802,163	2,581,007
2. Net premium income (including \$.....0 non-health premium income).....	XXX	1,077,696,030	883,384,967
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	(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	1,077,318,547	883,384,967
Hospital and Medical:			
9. Hospital/medical benefits.....		599,913,536	511,353,035
10. Other professional services.....		14,786,056	9,162,975
11. Outside referrals.....		56,052,833	57,872,611
12. Emergency room and out-of-area.....		61,308,329	48,350,435
13. Prescription drugs.....		137,596,735	122,078,930
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		8,028,967	6,257,562
16. Subtotal (Lines 9 to 15).....	.0	877,686,456	755,075,548
Less:			
17. Net reinsurance recoveries.....		359,175	
18. Total hospital and medical (Lines 16 minus 17).....	.0	877,327,281	755,075,548
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....21,431,298 cost containment expenses.....		24,732,752	22,354,521
21. General administrative expenses.....		126,846,129	77,645,947
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....			(670,310)
23. Total underwriting deductions (Lines 18 through 22).....	.0	1,028,906,162	854,405,706
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	48,412,385	28,979,261
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		545,701	456,333
26. Net realized capital gains or (losses) less capital gains tax of \$.....3,302.....		6,133	
27. Net investment gains or (losses) (Lines 25 plus 26).....	.0	551,834	456,333
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	(35,459)	(16,748)
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	48,928,760	29,418,846
31. Federal and foreign income taxes incurred.....	XXX	22,209,086	10,868,720
32. Net income (loss) (Lines 30 minus 31).....	XXX	26,719,674	18,550,126

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)	(16,748)
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	(35,459)	(16,748)

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	102,658,517	80,540,423
34. Net income or (loss) from Line 32.....	26,719,674	18,550,126
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 \$....(111).....	(206)	
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	2,882,734	(1,037,513)
39. Change in nonadmitted assets.....	(7,130,204)	4,605,481
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.....		
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).....	22,471,998	22,118,094
49. Capital and surplus end of reporting period (Line 33 plus 48).....	125,130,515	102,658,517

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.....	1,078,344,136	880,294,440
2. Net investment income.....	1,513,976	1,126,665
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	1,079,858,112	881,421,105
5. Benefit and loss related payments.....	850,884,940	753,229,331
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	146,257,811	100,381,147
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....3,302 tax on capital gains (losses).....	24,295,000	8,861,000
10. Total (Lines 5 through 9).....	1,021,437,751	862,471,478
11. Net cash from operations (Line 4 minus Line 10).....	58,420,361	18,949,627
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	32,529,781	17,000,000
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).....	32,529,781	17,000,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	64,057,215	31,111,702
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).....	64,057,215	31,111,702
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).....	(31,527,435)	(14,111,702)
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.....		
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).....	(2,510,911)	3,414,685
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(2,510,911)	3,414,685
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).....	24,382,016	8,252,610
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	143,417,426	135,164,816
19.2 End of year (Line 18 plus Line 19.1).....	167,799,442	143,417,426

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).....	7,527,177		5,735	7,521,442
2. Medicare supplement.....				.0
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal employees health benefits plan.....				.0
6. Title XVIII - Medicare.....	173,634,573		35,555	173,599,018
7. Title XIX - Medicaid.....	896,732,914		157,344	896,575,570
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8).....	1,077,894,664	0	198,634	1,077,696,030
10. Life.....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11).....	1,077,894,664	0	198,634	1,077,696,030

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.....	844,533,780	3,489,173					162,622,918	678,421,689		
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	353,509							353,509		
1.4 Net.....	844,180,271	3,489,173	0	0	0	0	162,622,918	678,068,180	0	0
2. Paid medical incentive pools and bonuses.....	6,704,668						936,486	5,768,182		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	112,646,823	466,798					19,422,141	92,757,884		
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	112,646,823	466,798	0	0	0	0	19,422,141	92,757,884	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.....	3,431,481						376,863	3,054,618		
6. Net healthcare receivables (a).....	6,403,602	17					5,394,364	1,009,221		
7. Amounts recoverable from reinsurers December 31, current year.....	5,666	5,666								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	81,119,512	334,549					20,928,579	59,856,384		
8.2 Reinsurance assumed.....	0									
8.3 Reinsurance ceded.....	0									
8.4 Net.....	81,119,512	334,549	0	0	0	0	20,928,579	59,856,384	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.....	2,107,182						404,388	1,702,794		
11. Amounts recoverable from reinsurers December 31, prior year.....	0									
12. Incurred benefits:										
12.1 Direct.....	869,657,489	3,621,405	0	0	0	0	155,722,116	710,313,968	0	0
12.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	359,175	5,666	0	0	0	0	0	353,509	0	0
12.4 Net.....	869,298,314	3,615,739	0	0	0	0	155,722,116	709,960,459	0	0
13. Incurred medical incentive pools and bonuses.....	8,028,967	0	0	0	0	0	908,961	7,120,006	0	0

(a) Excludes \$.00 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.....	41,224,526	57,698					2,596,130	38,570,698		
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	41,224,526	57,698	0	0	0	0	2,596,130	38,570,698	0	0
2. Incurred but unreported:										
2.1 Direct.....	71,422,297	409,100					16,826,011	54,187,186		
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	0									
2.4 Net.....	71,422,297	409,100	0	0	0	0	16,826,011	54,187,186	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.....	112,646,823	466,798	0	0	0	0	19,422,141	92,757,884	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	112,646,823	466,798	0	0	0	0	19,422,141	92,757,884	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).....	224,252	3,259,254	781	466,017	225,033	334,550
2. Medicare supplement.....					.0	
3. Dental only.....					.0	
4. Vision only.....					.0	
5. Federal employees health benefits plan.....					.0	
6. Title XVIII - Medicare.....	13,622,604	149,000,314	190,056	19,232,084	13,812,660	20,928,578
7. Title XIX - Medicaid.....	58,953,276	619,114,906	(3,206)	92,761,091	58,950,070	59,856,384
8. Other health.....					.0	
9. Health subtotal (Lines 1 to 8).....	72,800,132	771,374,474	187,631	112,459,192	72,987,763	81,119,512
10. Healthcare receivables (a).....				6,413,507	.0	9,905
11. Other non-health.....					.0	
12. Medical incentive pools and bonus amounts.....	2,003,680	4,700,989		3,431,481	2,003,680	2,107,183
13. Totals (Lines 9 - 10 + 11 + 12).....	74,803,812	776,075,463	187,631	109,477,166	74,991,443	83,216,790

(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 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	35,485	37,715	37,715	37,715	37,715
2. 2010.....	626,775	667,398	667,398	667,398	667,398
3. 2011.....	XXX	651,720	724,494	724,494	724,494
4. 2012.....	XXX	XXX	649,847	724,542	724,542
5. 2013.....	XXX	XXX	XXX	672,843	745,643
6. 2014.....	XXX	XXX	XXX	XXX	771,374

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 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	35,485	37,715	37,715	37,715	37,715
2. 2010.....	706,060	746,867	746,867	746,867	746,867
3. 2011.....	XXX	729,997	724,580	724,580	724,580
4. 2012.....	XXX	XXX	735,455	724,863	724,863
5. 2013.....	XXX	XXX	XXX	755,748	745,831
6. 2014.....	XXX	XXX	XXX	XXX	887,265

12.GT

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. 2010.....	806,366	667,398	19,727	3.0	687,125	85.2			687,125	85.2
2. 2011.....	844,349	724,494	21,011	2.9	745,505	88.3			745,505	88.3
3. 2012.....	841,179	724,542	22,358	3.1	746,900	88.8			746,900	88.8
4. 2013.....	883,385	745,643	22,354	3.0	767,997	86.9	188		768,185	87.0
5. 2014.....	1,077,319	771,374	24,732	3.2	796,106	73.9	115,891	1,348	913,345	84.8

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 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	.9	.9	.9	.9	.9
2. 2010.....	.227	.248	.248	.248	.248
3. 2011.....	XXX	.562	.666	.666	.666
4. 2012.....	XXX	XXX	.642	.779	.779
5. 2013.....	XXX	XXX	XXX	1,033	1,257
6. 2014.....	XXX	XXX	XXX	XXX	3,259

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 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	.9	.9	.9	.9	.9
2. 2010.....	.345	.345	.345	.345	.345
3. 2011.....	XXX	.703	.666	.666	.666
4. 2012.....	XXX	XXX	.743	.779	.779
5. 2013.....	XXX	XXX	XXX	1,367	1,258
6. 2014.....	XXX	XXX	XXX	XXX	3,725

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. 2010.....	.391	.248	.248	.0.0	.248	.63.4	.248	.248	.248	.63.4
2. 2011.....	.977	.666	.666	.0.0	.666	.68.2	.666	.666	.666	.68.2
3. 2012.....	.1,155	.779	.28	.3.6	.807	.69.9	.807	.807	.807	.69.9
4. 2013.....	.2,569	.1,257	.84	.6.7	.1,341	.52.2	.1	.1,342	.1,342	.52.2
5. 2014.....	.7,521	.3,259	.216	.6.6	.3,475	.46.2	.466	.6	.3,947	.52.5

12.HM

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Dental
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Dental
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Dental
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Vision
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Vision
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Vision
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Fed Emp Health
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Fed Emp Health
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Fed Emp Health
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 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	4,779	4,672	4,672	4,672	4,672
2. 2010.....	61,808	72,165	72,165	72,165	72,165
3. 2011.....	XXX	92,131	111,254	111,254	111,254
4. 2012.....	XXX	XXX	95,724	118,305	118,305
5. 2013.....	XXX	XXX	XXX	109,517	123,140
6. 2014.....	XXX	XXX	XXX	XXX	149,000

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 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	4,779	4,672	4,672	4,672	4,672
2. 2010.....	77,045	87,412	87,412	87,412	87,412
3. 2011.....	XXX	105,743	111,235	111,235	111,235
4. 2012.....	XXX	XXX	116,988	118,440	118,440
5. 2013.....	XXX	XXX	XXX	130,715	123,330
6. 2014.....	XXX	XXX	XXX	XXX	168,609

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. 2010.....	77,572	72,165	1,818	2.5	73,983	95.4			73,983	95.4
2. 2011.....	118,410	111,254	2,154	1.9	113,408	95.8			113,408	95.8
3. 2012.....	144,719	118,305	2,002	1.7	120,307	83.1			120,307	83.1
4. 2013.....	153,800	123,140	4,247	3.4	127,387	82.8	190		127,577	82.9
5. 2014.....	173,222	149,000	4,558	3.1	153,558	88.6	19,609	232	173,399	100.1

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 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	30,697	33,034	33,034	33,034	33,034
2. 2010.....	564,740	594,985	594,985	594,985	594,985
3. 2011.....	XXX	559,027	612,574	612,574	612,574
4. 2012.....	XXX	XXX	553,481	605,458	605,458
5. 2013.....	XXX	XXX	XXX	562,293	621,246
6. 2014.....	XXX	XXX	XXX	XXX	619,115

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

12.XI

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 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	30,697	33,034	33,034	33,034	33,034
2. 2010.....	628,670	659,110	659,110	659,110	659,110
3. 2011.....	XXX	623,551	612,679	612,679	612,679
4. 2012.....	XXX	XXX	617,724	605,644	605,644
5. 2013.....	XXX	XXX	XXX	623,666	621,243
6. 2014.....	XXX	XXX	XXX	XXX	714,931

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. 2010.....	728,403	594,985	17,909	3.0	612,894	84.1			612,894	84.1
2. 2011.....	724,962	612,574	18,857	3.1	631,431	87.1			631,431	87.1
3. 2012.....	695,305	605,458	20,328	3.4	625,786	90.0			625,786	90.0
4. 2013.....	727,016	621,246	18,023	2.9	639,269	87.9	(3)		639,266	87.9
5. 2014.....	896,576	619,115	19,958	3.2	639,073	71.3	95,816	1,110	735,999	82.1

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 2011	3 2012	4 2013	5 2014
1. Prior.....	NONE				
2. 2010.....					
3. 2011.....	XXX				
4. 2012.....	XXX	XXX			
5. 2013.....	XXX	XXX	XXX		
6. 2014.....	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 2010	2 2011	3 2012	4 2013	5 2014
1. Prior.....	NONE				
2. 2010.....					
3. 2011.....	XXX				
4. 2012.....	XXX	XXX			
5. 2013.....	XXX	XXX	XXX		
6. 2014.....	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. 2010.....				.0		.0			.0	.0
2. 2011.....				.0		.0			.0	.0
3. 2012.....				.0		.0			.0	.0
4. 2013.....				.0		.0			.0	.0
5. 2014.....				.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.....	993,173						993,173		
5. Aggregate write-ins for other policy reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross).....	993,173	.0	.0	.0	.0	.0	993,173	.0	.0
7. Reinsurance ceded.....	.0								
8. Totals (net) (Page 3, Line 4).....	993,173	.0	.0	.0	.0	.0	993,173	.0	.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).....			2,974,400		2,974,400
2. Salaries, wages and other benefits.....	15,753,235	755,070	29,002,884		45,511,189
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....					0
4. Legal fees and expenses.....			771,495		771,495
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	615,551	323,180	5,279,877		6,218,608
7. Traveling expenses.....	194,255	2,541	945,135		1,141,931
8. Marketing and advertising.....	23,534		1,571,977		1,595,511
9. Postage, express and telephone.....	44,387	768	1,504,282		1,549,437
10. Printing and office supplies.....	15,371	2,127	3,075,244		3,092,742
11. Occupancy, depreciation and amortization.....			4,079,843		4,079,843
12. Equipment.....	3,899		535,066		538,965
13. Cost or depreciation of EDP equipment and software.....	12,112	12,053	7,461,305		7,485,470
14. Outsourced services including EDP, claims, and other services.....	965,722	1,409,878	5,028,543		7,404,143
15. Boards, bureaus and association fees.....	7,692		131,787		139,479
16. Insurance, except on real estate.....	177		304,982		305,159
17. Collection and bank service charges.....			72,835	21,033	93,868
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.....			334,604		334,604
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....			1,503,353		1,503,353
23.2 State premium taxes.....			46,543,728		46,543,728
23.3 Regulatory authority licenses and fees.....	12,552		409,465		422,017
23.4 Payroll taxes.....	1,143,273	44,666	1,799,812		2,987,751
23.5 Other (excluding federal income and real estate taxes).....			12,969,110		12,969,110
24. Investment expenses not included elsewhere.....				201	201
25. Aggregate write-ins for expenses.....	2,639,536	751,171	546,402	0	3,937,109
26. Total expenses incurred (Lines 1 to 25).....	21,431,296	3,301,454	126,846,129	21,234	(a) 151,600,113
27. Less expenses unpaid December 31, current year.....		1,347,589	3,743,248		5,090,837
28. Add expenses unpaid December 31, prior year.....		933,684	2,814,883		3,748,567
29. Amounts receivable relating to uninsured plans, prior year.....			2,184,169		2,184,169
30. Amounts receivable relating to uninsured plans, current year.....			3,013,230		3,013,230
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	21,431,296	2,887,549	126,746,825	21,234	151,086,904

DETAILS OF WRITE-INS

2501. Contributions - Political.....			20,088		20,088
2502. Contributions - Charitable.....			182,446		182,446
2503. Continuing Educ/User Training.....	30,456	118	107,241		137,815
2598. Summary of remaining write-ins for Line 25 from overflow page.....	2,609,080	751,053	236,627	0	3,596,760
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	2,639,536	751,171	546,402	0	3,937,109

(a) Includes management fees of \$.....59,082,190 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).....70,970	.....271,658
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).....599,295	.....295,277
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....670,265	.....566,935
11. Investment expenses.....	.....	(g).....21,234
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).....	.....	.....21,234
17. Net investment income (Line 10 minus Line 16).....	.....	.....545,701

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 \$.....0 accrual of discount less \$....865,125 amortization of premium and less \$....327,614 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 \$....110,295 accrual of discount less \$....893,216 amortization of premium and less \$....89,362 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 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).....	.....9,435	.....	.....9,435	.....(317)	.....
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	.....0	.....0
10. Total capital gains (losses).....	.....9,435	.....0	.....9,435	.....(317)	.....0

DETAILS OF WRITE-INS

0901. ....	.....	.....	.....0	.....	.....
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	.....0	.....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.....	9,916		(9,916)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.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.....	1,561,554	1,161,415	(400,139)
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....			.0
21. Furniture and equipment, including health care delivery assets.....	3,220,180	115,398	(3,104,782)
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.....	3,559,053		(3,559,053)
25. Aggregate write-ins for other than invested assets.....	269,597	213,283	(56,314)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	8,620,300	1,490,096	(7,130,204)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	8,620,300	1,490,096	(7,130,204)

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.....	258,053	201,739	(56,314)
2502. Deposits - Long Term.....	11,544	11,544	.0
2503.....			.0
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).....	269,597	213,283	(56,314)

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.....	212,837	218,187	243,974	237,453	242,022	2,802,163
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.....	212,837	218,187	243,974	237,453	242,022	2,802,163

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**

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

The DIFS 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") 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	2014	2013
NET INCOME			
(1) Molina Healthcare of Michigan, Inc. state basis (Page 4, Line 32, Columns 2 & 3)	MI	26,719,674	18,550,126
(2) State Prescribed Practices that increase/(decrease) NAIC SAP			
(3) State Permitted Practices that increase/(decrease) NAIC SAP			
(4) NAIC SAP (1 – 2 – 3 = 4)	MI	26,719,674	18,550,126
SURPLUS			
(5) Molina Healthcare of Michigan, Inc. state basis (Page 3, line 33, Columns 3 & 4)	MI	125,130,515	102,658,517
(6) State Prescribed Practices that increase/(decrease) NAIC SAP			
(7) State Permitted Practices that increase/(decrease) NAIC SAP			
(8) NAIC SAP (5 – 6 – 7 = 8)	MI	125,130,515	102,658,517

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), which is discussed further in Note 21 C. below. 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. 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.

NOTES TO FINANCIAL STATEMENTS

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 Health 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 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 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: The capitalization threshold for tangible assets was increased from \$500 to \$5,000 effective January 1, 2014.
- (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. Upon reevaluation of the pharmacy benefit management contract, the Company has determined that it will admit 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

In 2014, the Company adopted SSAP No. 106, *Affordable Care Act Assessments*. The Affordable Care Act ("ACA") imposes an annual fee on health insurers for each calendar year beginning on or after January 1, 2014, and is discussed further in Note 22 below. SSAP No. 106 requires insurers to recognize the annual fee for the current calendar year in full on January 1. The guidance also requires an insurer to reclassify from unassigned surplus to special surplus an amount equal to its estimated fee for the following calendar year. This reclassification is recognized ratably throughout the current calendar year. Finally, SSAP No. 106 requires certain disclosures relating to the annual fee, including certain effects on risk based capital. The Company adopted SSAP No. 106 effective January 1, 2014, and has included the expense for the 2014 annual fee in Page 4, Statement of Revenue and Expenses, line 21, General administrative expenses

In 2014, the Company adopted SSAP No. 107, *Accounting for the Risk-Sharing Provisions of the Affordable Care Act*. The ACA established three risk sharing programs for health insurance issuers offering commercial health insurance. These programs are known as risk adjustment, reinsurance, and risk corridors. SSAP No. 107 defines the accounting treatment for each of the programs and requires extensive disclosures, which the Company has included in Note 24 below.

NOTE 3 – BUSINESS COMBINATIONS AND GOODWILL

None

NOTE 4 – DISCONTINUED OPERATIONS

None

NOTES TO FINANCIAL STATEMENTS**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
- 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	1,013,935	1,013,874	61	1,013,935	0.385	0.398
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	1,013,935	1,013,874	61	1,013,935	0.385	0.398

- (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 2014 or 2013. All of the Company's investments and the income derived from such investments meet the criteria for admitted receivables.

NOTE 8 – DERIVATIVE INSTRUMENTS

None

NOTES TO FINANCIAL STATEMENTS**NOTE 9 – INCOME TAXES****A. Deferred Tax Assets/(Liabilities)****1. Components of Net Deferred Tax Asset/(Liability)**

	2014			2013			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	5,593,565		5,593,565	2,710,717		2,710,717	2,882,848		2,882,848
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	5,593,565		5,593,565	2,710,717		2,710,717	2,882,848		2,882,848
d. Deferred tax assets nonadmitted	1,561,553		1,561,553	1,161,415		1,161,415	400,138		400,138
e. Subtotal net admitted deferred tax asset (1c-1d)	4,032,012		4,032,012	1,549,302		1,549,302	2,482,710		2,482,710
f. Deferred tax liabilities									
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	4,032,012		4,032,012	1,549,302		1,549,302	2,482,710		2,482,710

2. Admission Calculation Components

	2014			2013			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	3,389,887		3,389,887	1,137,630		1,137,630	2,252,257		2,252,257
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:	642,125		642,125	411,672		411,672	230,453		230,453
Adjusted gross deferred tax assets expected to be realized following the balance sheet date	642,125		642,125	411,672		411,672	230,453		230,453
Adjusted gross deferred tax assets allowed per limitation threshold			18,164,776			15,166,382			2,998,394
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)	4,032,012		4,032,012	1,549,302		1,549,302	2,482,710		2,482,710

3. Other Admissibility Criteria

	2014	2013
a. Ratio percentage used to determine recovery period and threshold limitation amount	479.400	399.000
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	121,098,504	101,109,215

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.**

	12/31/14		12/31/13		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)	5,593,565		2,710,717		2,882,848	
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.000	0.000	0.000	0.000	0.000	0.000
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	4,032,012		1,549,302		2,482,710	
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.000	0.000	0.000	0.000	0.000	0.000

(b) Does the company's tax planning strategies include the use of reinsurance? NO**B. Deferred Tax Liabilities Not Recognized: None****C. Current and Deferred Income Taxes****1. Current Income Tax**

	1 2014	2 2013	3 (Col 1-2) Change
a. Federal	22,250,363	10,764,487	11,485,876
b. Foreign			

NOTES TO FINANCIAL STATEMENTS

c. Subtotal	22,250,363	10,764,487	11,485,876
d. Federal income tax on net capital gains	3,302		3,302
e. Utilization of capital loss carry-forwards			
f. Other	(41,277)	104,233	(145,510)
g. Federal and Foreign income taxes incurred	22,212,388	10,868,720	11,343,668

2. Deferred Tax Assets

	1 2014	2 2013	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	354,912	322,527	32,385
2. Unearned premium reserve	17,352	193	17,159
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets & intangibles	2,782,979	1,984,860	798,119
8. Compensation and benefits accrual	220,592	224,232	(3,640)
9. Pension accrual			
10. Receivables - nonadmitted	1,249,139		1,249,139
11. Net operating loss carry-forward	57,144	84,379	(27,235)
12. Tax credit carry-forward			
13. Other (including items <5% of total ordinary tax assets)	334,815	94,526	240,289
14. Construction allowance	576,632		576,632
99. Subtotal	5,593,565	2,710,717	2,882,848
b. Statutory valuation allowance adjustment			
c. Nonadmitted	1,561,553	1,161,415	400,138
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	4,032,012	1,549,302	2,482,710
e. Capital:			
1. Investments			
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items <5% of total capital tax assets)			
99. Subtotal			
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)			
i. Admitted deferred tax assets (2d+2h)	4,032,012	1,549,302	2,482,710

3. Deferred Tax Liabilities

	1 2014	2 2013	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 assets)			
99. Subtotal			
b. Capital:			
1. Investments			
2. Real estate			
3. Other (including items <5% of total capital tax assets)			
99. Subtotal			
c. Deferred tax liabilities (3a99+3b99)			

4. Net Deferred Tax Assets (2i - 3c)	4,032,012	1,549,302	2,482,710
--------------------------------------	-----------	-----------	-----------

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):

	12/31/2014	12/31/2013	Change
Total deferred tax assets	5,593,565	2,710,717	2,882,848
Total deferred tax liabilities	-	-	-
Net deferred tax asset (liability)	5,593,565	2,710,717	2,882,848
Tax effect of unrealized (gains)/losses		-	(111)
Change in net deferred income tax assets - increase (decrease)			2,882,737

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 examination for tax years before 2011 and state or local tax examinations for tax years before 2010.

NOTES TO FINANCIAL STATEMENTS

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

	Amount	Tax Effect	Effective Tax Rate
Taxes on income at federal statutory tax rate	48,932,059	17,126,221	35.00%
Changes in nonadmitted assets	(6,729,568)	(2,355,349)	-4.81%
Health insurance providers fee	12,925,000	4,523,750	9.24%
Meals and entertainment	14,590	5,107	0.01%
Lobbying expenses	54,179	18,963	0.04%
Nondeductible fines & penalties	35,300	12,355	0.03%
Other, including Prior Year True-up	(3,988)	(1,396)	0.00%
Reported tax expense	<u>55,227,572</u>	<u>19,329,651</u>	<u>39.51%</u>
Federal and foreign income taxes incurred		22,209,086	45.39%
Federal income tax on net capital gains		3,302	0.01%
Change in net deferred income taxes		<u>(2,882,737)</u>	<u>-5.89%</u>
Total statutory income taxes		<u>19,329,651</u>	<u>39.51%</u>

- E. Federal net operating loss carryovers:

Year	Amount
2014	163,268
2013	241,083

The following is income tax expense for 2014 and 2013 that is available for recoupment in the event of future net losses:

Year	Amount
2014	22,253,665
2013	10,735,376

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

- F. Consolidated Federal Income Tax Return

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

Molina Healthcare, Inc.
Molina Healthcare of Arizona, Inc.
Molina Healthcare of California
Molina Healthcare of California Partner Plan
Molina Healthcare of Florida, Inc.
Molina Healthcare of Georgia, Inc.
Molina Healthcare of Illinois, Inc.
Molina Healthcare of Maryland, Inc.
Molina Healthcare of Michigan, Inc.
Molina Healthcare of Mississippi, Inc.
Molina Healthcare of Missouri, Inc.
Molina Healthcare of New Mexico, Inc.
Molina Healthcare of North Carolina, Inc.
Molina Healthcare of Ohio, Inc.
Molina Healthcare of South Carolina, Inc.
Molina Healthcare of Texas, Inc.
Molina Healthcare of Texas Insurance Company
Molina Healthcare of Utah, Inc.
Molina Healthcare of Washington, Inc.
Molina Healthcare of Wisconsin, Inc.
Molina Healthcare of Virginia, Inc.
Molina Healthcare Data Center, Inc.
Molina Hospital Management, Inc. (f/k/a American Family Care Hospital Management, Inc.)
Molina Information Systems, LLC
Molina Medical Management, Inc. (f/k/a American Family Care, Inc.)
Molina Pathways, LLC
Molina Pathways of Texas, Inc.
Molina Personal Care of Texas, Inc.
Molina Personal Care of South Carolina, Inc.

2. Molina Healthcare, Inc. (the "Parent") and its subsidiaries, including the Company, file a consolidated federal income tax return. Under a written intercompany tax-sharing agreement with the Parent, approved by the Company's board of directors, the combined federal income tax

NOTES TO FINANCIAL STATEMENTS

is allocated to each entity which is a party to the consolidation. The Parent 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 annually 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 the Parent. The Parent 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. The Parent also assists state agencies in their administration of the Medicaid program. The Parent has wholly owned operating subsidiaries in various states as indicated in Note 9 above.

The Company has entered into a lease for office space from the Parent. Rental expense for this lease commenced in October 2014 and amounted to \$0.4 million for the year ended December 31, 2014. Minimum future lease commitments for this lease are presented in Note 15.

B., C. The Company neither paid dividends to, nor received contributions from the Parent during the year ended December 31, 2014.

The Company has an agreement with the Parent whereby the Parent provides certain management services to the Company. Expenses incurred relating to this agreement amounted to \$59.1 million and \$62.3 million for the years ended December 31, 2014 and 2013, respectively.

D. As of December 31, 2014, amounts due to the Parent and affiliates totaled \$0 and amounts due from the Parent and affiliates totaled \$220,001. 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.

F. The Company has a services agreement with the Parent, as described in 10.C. above.

G. As indicated in 10.A. above, the Company is a wholly owned subsidiary of the Parent. The entities under common ownership of the Parent are indicated in Note 9.F. above.

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 SCA: None

K. Investment in foreign subsidiary: None

L. Investment in downstream noninsurance holding company: 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 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 the Parent 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 \$598,165 and \$461,783 for the years ended December 31, 2014 and 2013, 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

NOTES TO FINANCIAL STATEMENTS

- (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 the Parent during 2014 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 the Parent.
- (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: As disclosed in Note 2, the Company reclassified an amount equal to its estimated 2015 ACA fee to special surplus funds in accordance with the SSAP No. 106 requirements.
- (10) The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses is: \$317
- (11) The reporting entity issued the following surplus debentures or similar obligations: None
- (12) The impact of any restatement due to prior quasi-reorganizations is as follows: None
- (13) The effective dates of all quasi-reorganizations in the prior 10 years are: 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**C. Gain Contingencies: None****D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits: None****E. 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, including the lease from the Parent discussed in Note 10. Some of the leases contain escalation clauses and renewal options. Rental expense relating to these leases totaled \$0.9 million and \$0.7 million for the years ended December 31, 2014 and 2013, respectively.

(2)

a. At January 1, 2015 the minimum aggregate rental commitments are as follows:		
	Year Ending December 31	Operating Leases
1.	2015	1,693,589
2.	2016	1,744,397
3.	2017	1,796,729
4.	2018	1,850,630
5.	2019	1,418,969
6.	Total	8,504,314

- (3) Sale-leaseback transactions: None

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

NOTES TO FINANCIAL STATEMENTS

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, 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. This PFM investment totaled \$93,073,045 as of December 31, 2014. The Company’s investments 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 PORTION OF PARTIALLY INSURED PLANS

- A. ASO Plans: None
- B. ASC Plans: None
- C. Medicare or Similarly Structured Cost Based Reimbursement Contract: None

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 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
Money Market Funds	95,434,123			95,434,123
Unaffiliated Domestic Securities		67,871,377		67,871,377
Total	95,434,123	67,871,377		163,305,500

Liabilities at Fair Value	Level 1	Level 2	Level 3	Total
Total				

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

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	62,287,412	62,408,480		62,287,412		
Total	62,287,412	62,408,480		62,287,412		

NOTES TO FINANCIAL STATEMENTS

D. Not Practicable to Estimate Fair Value: Not Applicable.

21. OTHER ITEMS

A. Extraordinary Items: None.

B. Troubled Debt Restructuring Debtors: None

C. Other Disclosures and Unusual Items

As disclosed in Note 2 and Note 22, the Company is subject to an annual fee under section 9010 of the ACA effective January 1, 2014. While characterized as a "fee" in the text of the ACA, the intent of Congress was to impose a broad-based health insurance industry excise tax, with the understanding that the tax could be passed on to consumers, most likely through higher commercial insurance premiums. However, because Medicaid is a government-funded program, Medicaid health plans have no alternative but to look to their respective state partners for payment to offset the impact of this tax. In Medicaid, capitation rates paid to managed care plans are required to be developed using principles of actuarial soundness. Actuarial soundness requires that the full costs of doing business, including the costs of both federal and state taxes, be considered and factored into the applicable payment to the health plan. Thus, for Medicaid managed care plans like Company, the cost of the annual fee should be included in the plans' capitated rates. The Company has a contractual commitment from the state of Michigan to reimburse the Company for the excise tax, but does not have a commitment for the reimbursement of the related tax effects. The Company recognized the reimbursement as net premium income in the accompanying Statement of Revenue and Expenses.

The Marketplace became available for consumers to access coverage beginning January 1, 2014. In some instances, the Marketplace allows individuals to purchase health insurance that is federally subsidized. The Company is participating in the state of Michigan's Marketplace primarily to serve members who have lost Medicaid eligibility. In accordance with the NAIC instructions, the Company reported the results for the Marketplace under the Comprehensive (Hospital and Medical) line of business.

In the second quarter of 2014, the Michigan Department of Treasury (DOT) restored the Medicaid HMO Use Tax retroactive to April 1, 2014. The Use Tax is equal to 6% of Medicaid premiums earned. In addition, the DOT reduced the rate of the Health Insurance Claims Assessment (HICA) from 1.0% to 0.75% effective July 1, 2014.

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

On January 1, 2015, the Company will be subject to an annual fee under section 9010 of the ACA. This annual fee will be 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, 2014, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2015, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2015 to be \$20.4 million. This amount is reflected in special surplus. This assessment is expected to impact risk based capital ("RBC") by (16.3)%. Reporting the ACA assessment as of December 31, 2014 would not have triggered an RBC action level. Amounts reported in rows A. - C. are rounded.

	Current Year	Prior Year
A. ACA fee assessment payable for the upcoming year	20,400,000	12,925,000
B. ACA fee assessment paid	12,925,000	
C. Premium written subject to ACA 9010 assessment	1,073,000,000	878,147,000
D. Total adjusted capital before surplus adjustment	125,130,515	
E. Authorized control level before surplus adjustment	25,258,382	
F. Total adjusted capital after surplus adjustment	104,730,515	
G. Authorized control level after surplus adjustment	25,297,490	
H. Would reporting the ACA assessment as of December 31, 2014 have triggered an RBC action level (YES/NO)? 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, 2015, for the statutory statement available to be issued on February 26, 2015.

NOTE 23 – REINSURANCE

A. Ceded Reinsurance Report

Section1 – 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

NOTES TO FINANCIAL STATEMENTS

- (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 adjustment for both member risk scores and member pharmacy cost experience for up to two years after the original year of service. This adjustment takes into account the acuity of each member's medical needs relative to what was anticipated when premiums were originally set for that member. In the event that a member requires less acute medical care than was anticipated by the original premium amount, CMS may recover premium from the Company. In the event that a member requires more acute medical care than was anticipated by the original premium amount, CMS may pay the Company additional retroactive premium. These amounts are recognized as premiums under contracts subject to redetermination. A similar retroactive reconciliation is undertaken by CMS for Medicare members' pharmacy utilization. The actual benefit costs are compared to a target amount, and the Company and CMS share in amounts above or below a specified range. This is recognized as a retrospective rating provision. 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 receivable of approximately \$3.2 million and \$8.4 million as of December 31, 2014 and December 31, 2013, related to its contracts with CMS. The Company had net premiums written of \$173.6 million and \$153.8 million for its Medicare business for the years ending December 31, 2014 and 2013, representing 16.1% and 17.4% of total net premiums written in 2014 and 2013, 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 had net premiums written of \$0.1 million for its Marketplace business for the year ended December 31, 2014, representing 0.01% of the total net premiums written in 2014.

Additionally, as discussed in Note 2, the Company is subject to Federal medical loss ratio minimums for its Medicare and Marketplace business, and a medical loss ratio corridor for certain Medicaid business. The Company did not record any liabilities under these provisions at December 31, 2014.

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

- 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:

	AMOUNT
Permanent ACA Risk Adjustment Program	
Assets	

NOTES TO FINANCIAL STATEMENTS

1.	Premium adjustments receivable due to ACA Risk Adjustment	
Liabilities		
2.	Risk adjustment user fees payable for ACA Risk Adjustment	35
3.	Premium adjustments payable due to ACA Risk Adjustment	
Operations (Revenue & Expenses)		
4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	
5.	Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	35
b.	Transitional ACA Reinsurance Program	
Assets		
1.	Amounts recoverable for claims paid due to ACA Reinsurance	
2.	Amounts recoverable for claims unpaid due to ACA Reinsurance	5,666
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	
5.	Ceded reinsurance premiums payable due to ACA Reinsurance	
6.	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	
Operations (Revenue & Expenses)		
7.	Ceded reinsurance premiums due to ACA Reinsurance	1,989
8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	5,666
9.	ACA Reinsurance contributions – not reported as ceded premium	398
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	
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	

(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	9	Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)	
		Receivable	(Payable)	Receivable	(Payable)	5	6	7	8	Ref	10	11	
a.	Permanent ACA Risk Adjustment Program												
1.	Premium adjustments receivable											A	
2.	Premium adjustments (payable)											B	
3.	Subtotal ACA Permanent Risk Adjustment Program												
b.	Transitional ACA Reinsurance Program												
1.	Amounts recoverable for claims paid											C	
2.	Amounts recoverable for claims unpaid (contra liability)											D	
3.	Amounts receivable relating to uninsured plans											E	
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												
c.	Temporary ACA Risk Corridors Program												
1.	Accrued retrospective premium											I	
2.	Reserve for rate credits or policy experience rating refunds											J	
3.	Subtotal ACA Risk Corridors Program											K	
d.	Total for ACA Risk Sharing Provisions												

Explanations of Adjustments: None

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 12/31/2014	Year ended 12/31/2013
Unpaid claims liabilities, accrued medical incentives, and claims adjustment expenses, beginning of period	\$ 84,160,379	\$ 86,679,316

Add provision for claims, net of reinsurance:

NOTES TO FINANCIAL STATEMENTS

Current year	886,406,614	761,521,627
Prior years	(9,079,331)	(9,446,079)
Net incurred claims during the current year	<u>877,327,283</u>	<u>755,075,548</u>
Deduct paid claims, net of reinsurance:		
Current year	778,084,808	678,533,992
Prior years	72,800,132	74,695,339
Net paid claims during the current year	<u>850,884,940</u>	<u>753,229,331</u>
Current year change in claims adjustment expenses	413,903	(52,553)
Current year change in health care receivables	6,403,602	(4,312,601)
Current year change in amounts due from reinsurers	5,666	0
Unpaid claims liabilities, accrued medical incentives, and claims adjustment expenses, end of period	<u>\$ 117,425,893</u>	<u>\$ 84,160,379</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
12/31/2014	2,847,776				
09/30/2014	2,780,557				
06/30/2014	2,307,154			2,338,276	
03/31/2014	2,058,641			1,507,115	602,858
12/31/2013	960,657			1,577,239	98,498
09/30/2013	1,057,624			1,106,117	503,197
06/30/2013	1,441,600			1,083,264	376,409
03/31/2013	1,293,426			698,043	521,791
12/31/2012	916,701			863,348	523,647
09/30/2012	1,223,848			805,798	412,646
06/30/2012	1,118,071				1,110,116
03/31/2012	969,548			652,416	310,658

B. Risk Sharing Receivables: None**NOTE 29 – PARTICIPATING POLICIES**

None

NOTE 30 – PREMIUM DEFICIENCY RESERVES

- Liability carried for premium deficiency reserve: \$0
- Date of most recent evaluation of this liability: December 31, 2014
- Was anticipated investment income utilized in the calculation? YES

NOTE 31 – ANTICIPATED SALVAGE AND SUBROGATION

None

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [] No [X] N/A []
- 10.6 If the answer to 10.5 is no or n/a, please explain.
 The Company is a direct wholly owned subsidiary of Molina Healthcare, Inc. (MHI) MHI is a publicly traded company and is subject to compliance with the Sarbanes-Oxley Act. An Audit Committee is maintained at the Corporate level (MHI).
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 _____
- 12.13 Total book/adjusted carrying value _____
- 12.2 If yes, provide explanation. _____
13. 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	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount

PART 1 - COMMON INTERROGATORIES - 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 subordinate 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 subordinate 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 []

PART 1 - COMMON INTERROGATORIES - 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 _____
- 21.22 Borrowed from others _____
- 21.23 Leased from others _____
- 21.24 Other _____

PART 1 - COMMON INTERROGATORIES - FINANCIAL

- 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 No
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....0
- 22.22 Amount paid as expenses \$.....6,263
- 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
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....220,001

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.01 Were all 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.

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

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.

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

24.103 Total payable for securities lending reported on the liability page.

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 currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes No

25.2 If yes, state the amount thereof at December 31 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 to sale - excluding FHLB Capital Stock \$.....0

25.27 FHLB Capital Stock \$.....0

25.28 On deposit with states \$.....1,013,935

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 31 of the current year:

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 agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's 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, brokers/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 Number(s)	2 Name	3 Address
249	Oppenheimer & Company	500 W. Madison, Ste 400, Chicago, IL 60661
8174	UBS Financial Services	1000 Harbor Blvd, Weehawken, NJ 07086

Molina Healthcare of Michigan, Inc.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2999. TOTAL		0

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

1	2	3	4
Name of Mutual Fund (from the above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	225,713,980	225,555,316	(158,664)
30.2 Preferred stocks.....			0
30.3 Totals.....	225,713,980	225,555,316	(158,664)

30.4 Describe the sources or methods utilized in determining the 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

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 reliable 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 Securities Valuation Office been followed? Yes [X] No []

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....307,929

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	2
Name	Amount Paid
Michigan Association of Health Plans	307,929

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	2
Name	Amount Paid
	0

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	2
Name	Amount Paid
	0

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?
- 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.
- 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
- 1.62 Total incurred claims
- 1.63 Number of covered lives
- All years prior to most current three years:
1.64 Total premium earned
- 1.65 Total incurred claims
- 1.66 Number of covered lives
- 1.7 Group policies:
Most current three years:
1.71 Total premium earned
- 1.72 Total incurred claims
- 1.73 Number of covered lives
- All years prior to most current three years:
1.74 Total premium earned
- 1.75 Total incurred claims
- 1.76 Number of covered lives

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	1,077,696,030	883,384,967
2.2 Premium Denominator.....	1,077,696,030	883,384,967
2.3 Premium Ratio (2.1/2.2).....	100.0	100.0
2.4 Reserve Numerator.....	117,071,477	83,842,385
2.5 Reserve Denominator.....	117,071,477	83,842,385
2.6 Reserve Ratio (2.4/2.5).....	100.0	100.0

- 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, 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 \$.....1,200,000
- 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:
 Provider contracts; reinsurance agreement; Evidence of Coverage and/or member handbooks.

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No []
- 7.2 If no, give details:

- 8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year16,155
- 8.2 Number of providers at end of reporting year18,728

- 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 between 15-36 months
- 9.22 Business with rate guarantees over 36 months

- 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 \$.....12,667,942
- 10.22 Amount actually paid for year bonuses \$.....6,704,668
- 10.23 Maximum amount payable withholds \$.....0
- 10.24 Amount actually paid for year withholds \$.....0

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 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 Minimum Net Worth Requirements? Yes [X] No []
- 11.3. If yes, show the name of the state requiring such net worth. Michigan
- 11.4. If yes, show the amount required. \$ 50,516,764
- 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 account? Yes [] No [X]
- 13.2. If yes, please provide the amount of custodial funds held as of the reporting date. _____
- 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. _____
- 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

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 written premium.....\$.....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)

FIVE-YEAR HISTORICAL DATA

	1 2014	2 2013	3 2012	4 2011	5 2010
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28).....	254,548,256	193,671,094	174,431,437	164,590,356	151,859,948
2. Total liabilities (Page 3, Line 24).....	129,417,741	91,012,577	93,891,014	86,751,811	88,343,406
3. Statutory surplus.....	50,516,764	51,459,270	50,763,184	47,008,994	45,670,486
4. Total capital and surplus (Page 3, Line 33).....	125,130,515	102,658,517	80,540,423	77,838,545	63,516,542
Income Statement Items (Page 4)					
5. Total revenues (Line 8).....	1,077,318,547	883,384,967	841,177,957	844,349,216	806,365,616
6. Total medical and hospital expenses (Line 18).....	877,327,281	755,075,548	730,465,674	694,856,687	680,211,930
7. Claims adjustment expenses (Line 20).....	24,732,752	22,354,521	22,358,285	21,010,572	19,727,174
8. Total administrative expenses (Line 21).....	126,846,129	77,645,947	73,378,611	105,381,918	101,001,031
9. Net underwriting gain (loss) (Line 24).....	48,412,385	28,979,261	14,649,874	23,100,039	5,425,481
10. Net investment gain (loss) (Line 27).....	551,834	456,333	852,824	1,179,943	1,610,974
11. Total other income (Lines 28 plus 29).....	(35,459)	(16,748)			
12. Net income or (loss) (Line 32).....	26,719,674	18,550,126	9,375,405	15,054,263	3,663,902
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	58,420,361	18,949,627	13,071,413	1,182,320	15,341,499
Risk-Based Capital Analysis					
14. Total adjusted capital.....	125,130,515	102,658,517	80,540,423	77,838,545	63,516,542
15. Authorized control level risk-based capital.....	25,258,382	25,729,635	25,381,852	23,506,340	22,835,243
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7).....	242,022	212,837	220,377	222,321	226,703
17. Total member months (Column 6, Line 7).....	2,802,163	2,581,007	2,639,337	2,660,132	2,708,441
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).....	81.4	85.5	86.8	82.3	84.4
20. Cost containment expenses.....	2.0	2.2	2.4	2.1	2.1
21. Other claims adjustment expenses.....	0.3	0.3	0.3	0.4	0.4
22. Total underwriting deductions (Line 23).....	95.5	96.7	98.3	97.3	99.3
23. Total underwriting gain (loss) (Line 24).....	4.5	3.3	1.7	2.7	0.7
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5).....	74,991,443	76,702,683	74,047,646	76,920,966	69,249,963
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)].....	83,216,790	81,370,572	78,023,866	81,425,973	66,406,960
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	7,527,177	173,634,573	896,732,913				1,077,894,663	
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		7,527,177	173,634,573	896,732,913	0	0	0	1,077,894,663	0
60. Reporting entity contributions for Employee Benefit Plans.....XXX								0	
61. Total (Direct Business).....(a)	1	7,527,177	173,634,573	896,732,913	0	0	0	1,077,894,663	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.
I-00000	AZ	00-0000000	Molina Healthcare of Arizona, Inc.
|I-00000	CA	33-0342719	Molina Healthcare of California
|I-00000	CA	20-2714545	Molina Healthcare of California Partner Plan, Inc.
|I-00000	NM	45-2634351	Molina Healthcare Data Center, Inc.
|I-13128	FL	26-0155137	Molina Healthcare of Florida, Inc.
I-00000	GA	80-0800257	Molina Healthcare of Georgia, Inc.
|I-14104	IL	27-1823188	Molina Healthcare of Illinois, Inc.
I-00000	MD	46-0598968	Molina Healthcare of Maryland, Inc.
|I-52630	MI	38-3341599	Molina Healthcare of Michigan, Inc.
I-00000	MS	26-4390042	Molina Healthcare of Mississippi, Inc.
|I-95739	NM	85-0408506	Molina Healthcare of New Mexico, Inc.
I-00000	NC	46-4148278	Molina Healthcare of North Carolina, Inc.
|I-12334	OH	20-0750134	Molina Healthcare of Ohio, Inc.
I-15600	PR	66-0817946	Molina Healthcare of Puerto Rico, Inc.
|I-15329	SC	46-2992125	Molina Healthcare of South Carolina, Inc.
|I-10757	TX	20-1494502	Molina Healthcare of Texas, Inc.
|I-13778	TX	27-0522725	Molina Healthcare of Texas Insurance Company
|I-95502	UT	33-0617992	Molina Healthcare of Utah, Inc.
|I-15133	VA	26-1769086	Molina Healthcare of Virginia, Inc.
|I-96270	WA	91-1284790	Molina Healthcare of Washington, Inc.
|I-12007	WI	20-0813104	Molina Healthcare of Wisconsin, Inc.
|I-00000	CA	46-2821516	Molina Hospital Management, Inc.
|I-00000	CA	27-1510177	Molina Information Systems, LLC (dba Molina Medicaid Solutions)
|I-00000	CA	37-1652282	Molina Medical Management, Inc.
|I-00000	DE	45-2854547	Molina Pathways, LLC
|I-00000	TX	47-2296708	Molina Pathways of Texas, Inc.
|I-00000	TX	47-2308753	Molina Personal Care, Inc.
|I-00000	SC	47-2373467	Molina Personal Care of South Carolina, Inc.
I-00000	CA	46-5098489	Molina Youth Academy

**2014 ALPHABETICAL INDEX
HEALTH ANNUAL STATEMENT BLANK**

Analysis of Operations By Lines of Business	7	Schedule D – Part 6 – Section 2	E16
Assets	2	Schedule D – Summary By Country	SI04
Cash Flow	6	Schedule D – Verification Between Years	SI03
Exhibit 1 – Enrollment By Product Type for Health Business Only	17	Schedule DA – Part 1	E17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DA – Verification Between Years	SI10
Exhibit 3 – Health Care Receivables	19	Schedule DB – Part A – Section 1	E18
Exhibit 3A – Health Care Receivables Collected and Accrued	20	Schedule DB – Part A – Section 2	E19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21	Schedule DB – Part A – Verification Between Years	SI11
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	22	Schedule DB – Part B – Section 1	E20
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	23	Schedule DB – Part B – Section 2	E21
Exhibit 7 – Part 1 – Summary of Transactions With Providers	24	Schedule DB – Part B – Verification Between Years	SI11
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	24	Schedule DB – Part C – Section 1	SI12
Exhibit 8 – Furniture, Equipment and Supplies Owned	25	Schedule DB – Part C – Section 2	SI13
Exhibit of Capital Gains (Losses)	15	Schedule DB – Part D – Section 1	E22
Exhibit of Net Investment Income	15	Schedule DB – Part D – Section 2	E23
Exhibit of Nonadmitted Assets	16	Schedule DB – Verification	SI14
Exhibit of Premiums, Enrollment and Utilization (State Page)	30	Schedule DL – Part 1	E24
Five-Year Historical Data	29	Schedule DL – Part 2	E25
General Interrogatories	27	Schedule E – Part 1 – Cash	E26
Jurat Page	1	Schedule E – Part 2 – Cash Equivalents	E27
Liabilities, Capital and Surplus	3	Schedule E – Part 3 – Special Deposits	E28
Notes To Financial Statements	26	Schedule E – Verification Between Years	SI15
Overflow Page For Write-ins	44	Schedule S – Part 1 – Section 2	31
Schedule A – Part 1	E01	Schedule S – Part 2	32
Schedule A – Part 2	E02	Schedule S – Part 3 – Section 2	33
Schedule A – Part 3	E03	Schedule S – Part 4	34
Schedule A – Verification Between Years	SI02	Schedule S – Part 5	35
Schedule B – Part 1	E04	Schedule S – Part 6	36
Schedule B – Part 2	E05	Schedule S – Part 7	37
Schedule B – Part 3	E06	Schedule T – Part 2 – Interstate Compact	38
Schedule B – Verification Between Years	SI02	Schedule T – Premiums and Other Considerations	39
Schedule BA – Part 1	E07	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule BA – Part 2	E08	Schedule Y – Part 1A – Detail of Insurance Holding Company System	41
Schedule BA – Part 3	E09	Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	42
Schedule BA – Verification Between Years	SI03	Statement of Revenue and Expenses	4
Schedule D – Part 1	E10	Summary Investment Schedule	SI01
Schedule D – Part 1A – Section 1	SI05	Supplemental Exhibits and Schedules Interrogatories	43
Schedule D – Part 1A – Section 2	SI08	Underwriting and Investment Exhibit – Part 1	8
Schedule D – Part 2 – Section 1	E11	Underwriting and Investment Exhibit – Part 2	9
Schedule D – Part 2 – Section 2	E12	Underwriting and Investment Exhibit – Part 2A	10
Schedule D – Part 3	E13	Underwriting and Investment Exhibit – Part 2B	11
Schedule D – Part 4	E14	Underwriting and Investment Exhibit – Part 2C	12
Schedule D – Part 5	E15	Underwriting and Investment Exhibit – Part 2D	13
Schedule D – Part 6 – Section 1	E16	Underwriting and Investment Exhibit – Part 3	14