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HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2003

OF THE CONDITION AND AFFAIRS OF THE

COMMUNITY CHOICE MICHIGAN

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 95562 Employer's ID Number 38-3252216

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Dental Service Corporation [ ]
Vision Service Corporation [ ] Other [ ] Health Maintenance Organization [X]
Hospital, Medical & Dental Service or Indemnity [ ] Is HMO, Federally Qualified? Yes [ ] No [X]

Incorporated 05/24/1995 Commenced Business 08/01/1996

Statutory Home Office 2369 Woodlake Dr Suite 200 (Street and Number), Okemos, MI 48864 (City or Town, State and Zip Code)

Main Administrative Office 2369 Woodlake Dr Suite 200 (Street and Number)
Okemos, MI 48864 (City or Town, State and Zip Code) 517-349-9922 (Area Code) (Telephone Number)

Mail Address 2369 Woodlake Dr Suite 200 (Street and Number or P.O. Box), Okemos, MI 48864 (City or Town, State and Zip Code)

Primary Location of Books and Records 2369 Woodlake Dr Suite 200 (Street and Number)
Okemos, MI 48864 (City or Town, State and Zip Code) 517-706-6604 (Area Code) (Telephone Number)

Internet Website Address www.ccmhmo.org

Statutory Statement Contact Kimberly A Saxton (Name) 517-706-6604 (Area Code) (Telephone Number) (Extension)
kim.saxton@care-source.com (E-mail Address) 507-349-5343 (FAX Number)

Policyowner Relations Contact 2369 Woodlake Dr., Suite 200 (Street and Number)
Okemos, MI 48864 (City or Town, State and Zip Code) 800-390-7102 (Area Code) (Telephone Number) (Extension)

OFFICERS

President James E Gerber # Secretary None
Treasurer None

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

State of Michigan
County of Ingham } ss

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.

James E. Gerber President (Deputy Rehabilitator)	Secretary	Treasurer

Subscribed and sworn to before me this
14 day of May, 2004

a. Is this an original filing? Yes [ ] No [X]
b. If no,
1. State the amendment number 1
2. Date filed 05/14/2004
3. Number of pages attached 20

Stephanie
Wycoff
August 15,2006

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	144,028		144,028	3,479,497
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	23,272		23,272	16,700
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ ..... encumbrances)			0	0
4.2 Properties held for the production of income (less $ ..... encumbrances)			0	0
4.3 Properties held for sale (less $ ..... encumbrances)			0	0
5. Cash ($ 21,292,394 , Schedule E, Part 1), cash equivalents ($ 0 , Schedule E, Part 2) and short -term investments ($ 860,482 , Schedule DA)	22,152,876		22,152,876	13,078,358
6. Contract loans, (including $ ..... premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivable for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	22,320,176	0	22,320,176	16,574,555
11. Investment income due and accrued	5,249		5,249	56,282
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection			0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ..... earned but unbilled premium)			0	0
12.3 Accrued retrospective premium			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers			0	0
13.2 Funds held by or deposited with reinsured companies			0	0
13.3 Other amounts receivable under reinsurance contracts			0	0
14. Amounts receivable relating to uninsured plans			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon			0	0
15.2 Net deferred tax asset			0	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software			0	0
18. Furniture and equipment, including health care delivery assets ($ .....)			0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
20. Receivables from parent, subsidiaries and affiliates	0		0	0
21. Health care ($ 2,365,828) and other amounts receivable	2,365,828		2,365,828	3,724,002
22. Other assets nonadmitted			0	0
23. Aggregate write-ins for other than invested assets	168,998	168,998	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	24,860,251	168,998	24,691,253	20,354,839
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	24,860,251	168,998	24,691,253	20,354,839
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepaid Insurance	1,957	1,957	0	0
2302. Prepaid Other	167,041	167,041	0	0
2303.				
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)	168,998	168,998	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $ ..... reinsurance ceded)	21,891,739		21,891,739	22,257,480
2. Accrued medical incentive pool and bonus amounts	(271,557)		(271,557)	(4,026,855)
3. Unpaid claims adjustment expenses			0	0
4. Aggregate health policy reserves			0	664,000
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserves			0	
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	2,901,185		2,901,185	1,254,824
10.1 Current federal and foreign income tax payable and interest thereon (including $ ..... 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	0
13. Remittance and items not allocated			0	
14. Borrowed money (including $ ..... current) and interest thereon $ ..... (including $ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with ($ ..... authorized reinsurers and $ ..... unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including $ ..... current)	0	0	0	0
22 Total liabilities (Lines 1 to 21)	24,521,367	0	24,521,367	20,149,449
23. Common capital stock	XXX	XXX		0
24 Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX	358,046	358,046
26. Surplus notes	XXX	XXX		0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	(188,160)	(152,656)
29. Less treasury stock, at cost:				
29.1 ..... shares common (value included in Line 23 $ .....)	XXX	XXX	0	0
29.2 ..... shares preferred (value included in Line 24 $ .....)	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 Less 29)	XXX	XXX	169,886	205,390
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	24,691,253	20,354,839
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2701.	XXX	XXX		
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1.	Member Months	XXX	773,435	898,579
2.	Net premium income (including ..... non-health premium income)	XXX	111,717,581	126,807,250
3.	Change in unearned premium reserves and reserve for rate credits	XXX		0
4.	Fee-for-service (net of $ ..... medical expenses)	XXX		0
5.	Risk revenue	XXX		0
6.	Aggregate write-ins for other health care related revenues	XXX	0	244,665
7.	Aggregate write-ins for other non-health revenues	XXX	0	0
8.	Total revenues (Lines 2 to 7)	XXX	111,717,581	127,051,915
	Hospital and Medical:			
9.	Hospital/medical benefits		61,015,515	69,118,099
10.	Other professional services			0
11.	Outside referrals			0
12.	Emergency room and out-of-area		11,962,124	15,580,572
13.	Prescription drugs		19,656,361	24,838,594
14.	Aggregate write-ins for other hospital and medical	0	8,234,604	10,878,522
15.	Incentive pool, withhold adjustments and bonus amounts		(502,684)	(1,789,828)
16.	Subtotal (Lines 9 to 15)	0	100,365,920	118,625,959
	Less:			
17.	Net reinsurance recoveries		0	8,788
18.	Total hospital and medical (Lines 16 minus 17)	0	100,365,920	118,617,171
19.	Non-health claims			
20.	Claims adjustment expenses		2,219,654	1,655,878
21.	General administrative expenses		10,847,770	14,071,660
22.	Increase in reserves for life and accident and health contracts (including $ ..... increase in reserves for life only)		0	1,027,143
23.	Total underwriting deductions (Lines 18 through 22)	0	113,433,344	135,371,852
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(1,715,763)	(8,319,937)
25.	Net investment income earned		174,921	452,842
26.	Net realized capital gains or (losses)		28,876	(127,067)
27.	Net investment gains or (losses) (Lines 25 plus 26)	0	203,797	325,775
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ .....) (amount charged off $ .....)]			0
29.	Aggregate write-ins for other income or expenses	0	1,414,909	24,729
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(97,057)	(7,969,433)
31.	Federal and foreign income taxes incurred	XXX		0
32.	Net income (loss) (Lines 30 minus 31)	XXX	(97,057)	(7,969,433)
	DETAILS OF WRITE-INS			
0601.		XXX	0	166,668
0602.	Grant	XXX		77,997
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	244,665
0701.		XXX		
0702.		XXX		
0703.		XXX		
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799.	Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.	Other Ancillary		8,222,864	10,935,644
1402.	Grant Expense		11,740	140,392
1403.	Risk Settlement		0	(197,514)
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	8,234,604	10,878,522
2901.	Third Party Liability		93,997	24,729
2902.	Transition Agreement		1,320,912	0
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	1,414,909	24,729

CAPITAL AND SURPLUS ACCOUNT

		1 Current Year	2 Prior Year
	CAPITAL AND SURPLUS ACCOUNT:		
33.	Capital and surplus prior reporting period	205,390	8,175,494
	GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34.	Net income or (loss) from Line 32	(97,057)	(7,969,433)
35.	Change in valuation basis of aggregate policy and claim reserves		0
36.	Net unrealized capital gains and losses		0
37.	Change in net unrealized foreign exchange capital gain or (loss)		0
38.	Change in net deferred income tax		0
39.	Change in nonadmitted assets	61,553	(671)
40.	Change in unauthorized reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	0	0
43.	Cumulative effect of changes in accounting principles		0
44.	Capital Changes:		
	44.1 Paid in		0
	44.2 Transferred from surplus (Stock Dividend)		0
	44.3 Transferred to surplus		0
45.	Surplus adjustments:		
	45.1 Paid in		0
	45.2 Transferred to capital (Stock Dividend)	0	0
	45.3 Transferred from capital		0
46.	Dividends to stockholders	0	0
47.	Aggregate write-ins for gains or (losses) in surplus	0	0
48.	Net change in capital & surplus (Lines 34 to 47)	(35,504)	(7,970,104)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	169,886	205,390
	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 To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	114,669,584	127,035,336
2. Net investment income	169,672	390,207
3. Miscellaneous income	0	24,729
4. Total (Lines 1 to 3)	114,839,256	127,450,272
5. Benefits and loss related payments	96,976,363	124,367,911
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	12,341,659	12,891,497
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) $ 0 net tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	109,318,022	137,259,408
11. Net cash from operations (Line 4 minus Line 10)	5,521,234	(9,809,136)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	4,554,348	1,053,969
12.2 Stocks	0	78,000
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash and short-term investments	(33,825)	0
12.7 Miscellaneous proceeds	65,759	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	4,586,282	1,131,969
13. Cost of investments acquired (long-term only):		
13.1 Bonds	864,000	2,756,875
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	864,000	2,756,875
14. Net increase (or decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	3,722,282	(1,624,906)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds received	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	(168,998)	5,651,113
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(168,998)	5,651,113
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	9,074,518	(5,782,929)
19. Cash and short-term investments:		
19.1 Beginning of year	13,078,358	18,861,287
19.2 End of period (Line 18 plus Line 19.1)	22,152,876	13,078,358

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-term Care	12 Other Health	13 Other Non-Health
1. Net premium income	111,717,581							111,717,581					
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of $ ..... medical expenses)	0												XXX
4. Risk revenue	0												XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	111,717,581	0	0	0	0	0	0	111,717,581	0	0	0	0	0
8. Hospital/medical/ benefits	61,015,515							61,015,515					XXX
9. Other professional services	0												XXX
10. Outside referrals	0												XXX
11. Emergency room and out-of-area	11,962,124							11,962,124					XXX
12. Prescription Drugs	19,656,361							19,656,361					XXX
13. Aggregate write-ins for other hospital and medical	8,234,604	0	0	0	0	0	0	8,234,604	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	(502,684)							(502,684)					XXX
15. Subtotal (Lines 8 to 14)	100,365,920	0	0	0	0	0	0	100,365,920	0	0	0	0	XXX
16. Net reinsurance recoveries	0							0					XXX
17. Total medical and hospital (Lines 15 minus 16)	100,365,920	0	0	0	0	0	0	100,365,920	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses	2,219,654							2,219,654					
20. General administrative expenses	10,847,770							10,847,770					
21. Increase in reserves for accident and health contracts	0												XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	113,433,344	0	0	0	0	0	0	113,433,344	0	0	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	(1,715,763)	0	0	0	0	0	0	(1,715,763)	0	0	0	0	0
DETAILS OF WRITE-INS													
0501. Miscellaneous	0							0					XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Other Ancillary	8,222,864							8,222,864					XXX
1302. Grant Expense	11,740							11,740					XXX
1303. Risk Settlement	0							0					XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	8,234,604	0	0	0	0	0	0	8,234,604	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)				0
2. Medicare Supplement				0
3. Dental Only				0
4. Vision Only				0
5. Federal Employees Health Benefits Plan				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid	112,042,441		324,860	111,717,581
8. Stop Loss				0
9. Disability Income				0
10. Long-term care				0
11. Other health				0
12. Health subtotal (Lines 1 through 11)	112,042,441	0	324,860	111,717,581
13. Life				0
14. Property/Casualty				0
15. Totals (Lines 12 to 14)	112,042,441	0	324,860	111,717,581

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Payments during the year:													
1.1 Direct	105,261,199							105,261,199					
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	0												
1.4 Net	105,261,199	0	0	0	0	0	0	105,261,199	0	0	0	0	0
2. Paid medical incentive pools and bonuses	(1,832,579)							(1,832,579)					
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	21,891,739	0	0	0	0	0	0	21,891,739	0	0	0	0	0
3.3 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	21,891,739	0	0	0	0	0	0	21,891,739	0	0	0	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	0	0	0
5. Accrued medical incentive pools and bonuses, current year	(271,557)							(271,557)					
6. Amounts recoverable from reinsurers December 31, current year	0							0					
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct	22,257,479	0	0	0	0	0	0	22,257,479					
7.2 Reinsurance assumed	0	0	0	0	0	0	0	0					
7.3 Reinsurance ceded	0	0	0	0	0	0	0	0					
7.4 Net	22,257,479	0	0	0	0	0	0	22,257,479	0	0	0	0	0
8. Claim reserve December 31, prior year from Part 2D:													
8.1 Direct	4,026,855	0	0	0	0	0	0	4,026,855					
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0					
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0					
8.4 Net	4,026,855	0	0	0	0	0	0	4,026,855	0	0	0	0	0
9. Accrued medical incentive pools and bonuses, prior year	(1,795,042)	0	0	0	0	0	0	(1,795,042)					
10. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0					
11. Incurred Benefits:													
11.1 Direct	100,868,604	0	0	0	0	0	0	100,868,604	0	0	0	0	0
11.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
11.4 Net	100,868,604	0	0	0	0	0	0	100,868,604	0	0	0	0	0
12. Incurred medical incentive pools and bonuses	(309,094)	0	0	0	0	0	0	(309,094)	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1 Total	2 Comprehensive (Medical & Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan Premium	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	0							0					
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	21,891,739							21,891,739					
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	0												
2.4. Net	21,891,739	0	0	0	0	0	0	21,891,739	0	0	0	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	0	0	0
4. TOTALS:													
4.1. Direct	21,891,739	0	0	0	0	0	0	21,891,739	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	21,891,739	0	0	0	0	0	0	21,891,739	0	0	0	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 Dec. 31 of Current Year		5	6
	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	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan Premiums					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid	18,187,237	86,880,372	1,046,532	20,845,207	19,233,769	22,257,479
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	18,187,237	86,880,372	1,046,532	20,845,207	19,233,769	22,257,479
10. Other non-health					0	
11. Medical incentive pools, and bonus amounts	(1,832,579)		425,549	(697,106)	(1,407,030)	2,231,813
12. Totals (Lines 9 to 11)	16,354,658	86,880,372	1,472,081	20,148,101	17,826,739	24,489,292

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	7,461	640	(15)	26	(1)
2. 1999	57,168	14,473	836	185	10
3. 2000	XXX	77,268	21,056	789	164
4. 2001	XXX	XXX	95,136	16,559	587
5. 2002	XXX	XXX	XXX	105,813	16,543
6. 2003	XXX	XXX	XXX	XXX	79,674

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	24,169	640	(15)	26	
2. 1999	77,570	17,081	836	185	
3. 2000	XXX	99,327	21,549	789	
4. 2001	XXX	XXX	119,864	17,194	
5. 2002	XXX	XXX	XXX	105,186	
6. 2003	XXX	XXX	XXX	XXX	100,869

Section C – Incurred Year Health Claims and Claims 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 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1999	XXX			XXX	0	XXX			0	XXX
2. 1999	83,533	75,579	0	0.0	75,579	90.5	0	0	75,579	90.5
3. 2000	108,648	110,724	0	0.0	110,724	101.9	0	0	110,724	101.9
4. 2001	131,390	117,339	59	0.1	117,398	89.4	0	0	117,398	89.4
5. 2002	126,807	127,308	705	0.6	128,013	101.0	926	0	128,939	101.7
6. 2003	112,706	96,977	1,176	1.2	98,153	87.1	20,694		118,847	105.4
7. Total (Lines 1 through 6)	XXX	527,927	1,940	XXX	529,867	XXX	21,620	0	551,487	XXX
8. Total (Lines 2 through 6)	563,085	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	7,461	640	(15)	26	(1)
2. 1999	57,168	14,473	836	185	10
3. 2000	XXX	77,268	21,056	789	164
4. 2001	XXX	XXX	95,136	16,559	587
5. 2002	XXX	XXX	XXX	105,813	16,543
6. 2003	XXX	XXX	XXX	XXX	79,674

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	24,169	640	(15)	26	0
2. 1999	77,570	17,081	836	185	0
3. 2000	XXX	99,327	21,549	789	0
4. 2001	XXX	XXX	119,864	17,194	0
5. 2002	XXX	XXX	XXX	105,186	0
6. 2003	XXX	XXX	XXX	XXX	100,869

Section C – Incurred Year Health Claims and Claims 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 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1999	XXX	0	0	XXX	0	XXX	0	0	0	XXX
2. 1999	83,533	75,579	0	0.0	75,579	90.5	0	0	75,579	90.5
3. 2000	108,648	110,724	0	0.0	110,724	101.9	0	0	110,724	101.9
4. 2001	131,390	117,339	59	0.1	117,398	89.4	0	0	117,398	89.4
5. 2002	126,807	127,308	705	0.6	128,013	101.0	926	0	128,939	101.7
6. 2003	112,706	96,977	1,176	1.2	98,153	87.1	20,694	0	118,847	105.4
7. Total (Lines 1 through 6)	XXX	527,927	1,940	XXX	529,867	XXX	21,620	0	551,487	XXX
8. Total (Lines 2 through 6)	563,085	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other
POLICY RESERVE												
1. Unearned premium reserves												
2. Additional policy reserves (a)												
3. Reserve for future contingent benefits												
4. Reserve for rate credits or experience rating refunds (including $ ..... for investment income)												
5. Aggregate write-ins for other policy reserves												
6. Totals (Gross)												
7. Reinsurance ceded												
8. Totals (Net) (Page 3, Line 4)												
CLAIM RESERVE												
9. Present value of amounts not yet due on claims												
10. Reserve for future contingent benefits												
11. Aggregate write-ins for other claim reserves												
12. Totals (Gross)												
13. Reinsurance ceded												
14. Totals (Net) (Page 3, Line 7)												
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page												
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)												
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page												
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)												

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administration Expenses	3 Investment Expenses	4 Total
1. Rent ($ ..... for occupancy of own building)	13,014	63,600		76,614
2. Salaries, wages and other benefits		0		0
3. Commissions (less $ ..... ceded plus $ ..... assumed)				0
4. Legal fees and expenses	33,301	162,747		196,048
5. Certifications and accreditation fees				0
6. Auditing, actuarial and other consulting services	196,799	961,787		1,158,586
7. Traveling expenses				0
8. Marketing and advertising	3,748	18,318		22,066
9. Postage, express and telephone				0
10. Printing and office supplies				0
11. Occupancy, depreciation and amortization				0
12. Equipment				0
13. Cost or depreciation of EDP equipment and software				0
14. Outsourced services including EDP, claims, and other services	12,742	62,271		75,013
15. Boards, bureaus and association fees	5,069	24,775		29,844
16. Insurance, except on real estate	7,266	35,508		42,774
17. Collection and bank service charges	5,880	28,735		34,615
18. Group service and administration fees	1,930,171	9,433,031		11,363,202
19. Reimbursements by uninsured accident and health plans	0			0
20. Reimbursements from fiscal intermediaries				0
21. Real estate expenses				0
22. Real estate taxes				0
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes				0
23.2 State premium taxes				0
23.3 Regulatory authority licenses and fees				0
23.4 Payroll taxes				0
23.5 Other (excluding federal income and real estate taxes)				0
24. Investment expenses not included elsewhere	2,627	12,836		15,463
25. Aggregate write-ins for expenses	9,037	44,162	0	53,199
26. Total expenses incurred (Lines 1 to 25)	2,219,654	10,847,770	0	(a) 13,067,424
27. Less expenses unpaid December 31, current year	0	2,901,185		2,901,185
28. Add expenses unpaid December 31, prior year	0	1,254,824		1,254,824
29. Amounts receivable related to uninsured accident and health plans, prior year				0
30. Amounts receivable related to uninsured accident and health plans, current year				0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	2,219,654	9,201,409	0	11,421,063
DETAIL OF WRITE-INS				
2501. Charitable Contributions	85	415		500
2502. Janitorial Expenses	730	3,566		4,296
2503. Memberships and Dues	7,132	34,853		41,985
2598. Summary of remaining write-ins for Line 25 from overflow page	1,090	5,328	0	6,418
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	9,037	44,162	0	53,199

(a) Includes management fees of $ ..... to affiliates and $ ..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 116,050	119,907
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
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	6	6
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash/short-term investments	(e)	
7.	Derivative instruments	(f)	
8.	Other invested assets		55,008
9.	Aggregate write-ins for investment income	2,201	0
10.	Total gross investment income	118,257	174,921
11.	Investment expenses		(g)
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)
15.	Aggregate write-ins for deductions from investment income		0
16.	Total (Lines 11 through 15)		0
17.	Net Investment Income - (Line 10 minus Line 16)		174,921
	DETAILS OF WRITE-INS		
0901.	Investment sold in 2002	2,201	
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	2,201	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes $ ..... accrual of discount less $ ..... amortization of premium and less $ ..... paid for accrued interest on purchases.
(b) Includes $ ..... accrual of discount less $ ..... amortization of premium and less $ ..... paid for accrued dividends on purchases.
(c) Includes $ ..... accrual of discount less $ ..... amortization of premium and less $ ..... paid for accrued interest on purchases.
(d) Includes $ ..... for company's occupancy of its own buildings; and excludes $ ..... interest on encumbrances.
(e) Includes $ ..... accrual of discount less $ ..... amortization of premium and less $ ..... paid for accrued interest on purchases.
(f) Includes $ ..... accrual of discount less $ ..... amortization of premium.
(g) Includes $ ..... investment expenses and $ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ ..... interest on surplus notes and $ ..... interest on capital notes.
(i) Includes $ ..... depreciation on real estate and $ ..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1.	U.S. Government bonds	28,876				28,876
1.1	Bonds exempt from U.S. tax					0
1.2	Other bonds (unaffiliated)					0
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/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)	28,876	0	0	0	28,876
	DETAILS OF WRITE-INS					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 12 to 20, Column 2	0	0	0
2. Other Non-Admitted Assets:			
2.1 Bills receivable		0	0
2.2 Leasehold improvements		0	0
2.3 Cash advanced to or in hands of officers and agents		0	0
2.4 Loans on personal security, endorsed or not		0	0
2.5 Commuted commissions		0	0
3. Total (Lines 2.1 to 2.5)	0	0	0
4. Aggregate write-ins for other assets	168,998	230,551	61,553
5. Total (Line 1 plus Lines 3 and Line 4)	168,998	230,551	61,553
0401. Prepaid MIS Fee	90,000	150,000	60,000
0402. Prepaid Insurance	1,957	31,912	29,955
0403. Prepaid Dues	77,041	48,639	(28,402)
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	168,998	230,551	61,553

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health Maintenance Organizations	67,926	71,680	70,356	55,891	56,312	773,435
2. Provider Service Organizations	0					
3. Preferred Provider Organizations	0					
4. Point of Service	0					
5. Indemnity Only	0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	67,926	71,680	70,356	55,891	56,312	773,435
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

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Community Choice Michigan are presented in conformity with the National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures manual, except to the extent that the State of Michigan law differs from those standards thereby defined.

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

The preparation of financial statements in conformity with Statutory Accounting Principles 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 during the period. Actual results differ from those estimates.

C. Accounting Policy

Valuation on Investments: Short-term investments and Bonds are stated at market value. Common stocks are stated at market value.

Trust Indenture: The Trust Indenture is required to provide a contingency reserve for the payment of claims in the event of insolvency of the HMO. The trust is held by the Michigan Insurance Commissioner and CCM jointly at the Standard Federal Bank. As of December 31, 2003, this trust account holds approximately $1,000,000.

Accrued Medical Expense: Accrued medical expense included amounts billed and not paid and an estimate of the cost incurred for unbilled services provided to CCM members. The estimated reserve is based on actuarial data, membership, and the authorization of services. Although considerable variability is inherent in such estimates, CCM management believes that recorded reserves are adequate.

2. Accounting Changes and Correction of Errors

None

3. Business Combinations and Goodwill

None

4. Discontinued Operations

None

5. Investments

a. Mortgage Loans - None
b. Debt Restructuring - None
c. Reverse Mortgage - None
d. Loan-Backed Securities - None
e. Repurchase Agreements - None

6. Joint Ventures, Partnerships and Limited Liability Companies

None

NOTES TO FINANCIAL STATEMENTS

7. Investment Income

All due and accrued income was included in the current years surplus (deficit).

8. Derivative Instruments

None

9. Income Taxes

Community Choice Michigan has received determination from the Internal Revenue Service that it is exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization under section 501(c)(3) of the code. CCM is not classified as a private foundation.

10. Information Concerning Parent, Subsidiaries and Affiliates.

Community Heath Centers (CHCs) throughout the State of Michigan have contributed funds to establish CCM. Several of these CHCs are contracted to provide services for CCM. CCM pays capitation to the CHCs providing services to it's members. CCM and the CHCs have entered into a risk sharing agreement. Under the terms of the agreement, 10 to 15% of capitated amounts due the CHCs are withheld. Net income/loss of each CHC is shared between CCM and CHC. Those CHCs that have received funds for capitation, claims, and community services from CCM are as follows:

AmeriChoice/Evercare/Lifemark provided the following health plan management services to CCM during 2003 for claims with dates of service prior to August 1,2003. The compensation received for these services was $ 10,929,152. Care Source Management Group provided the same services for dates of service after July 31,2003. The compensation received by Care Source Management Group was $ 4,114,286

General management duties
Contracting with providers
Claims processing and payment
Accounting and finance duties
Coordination of benefits
Case management
Facilitation of services
Program coverage information
Quality assurance
Utilization management
Credentialing
Information systems and ownership of data
Member services
Grievance procedures

11. Debt

None

12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Other Post Retirement Benefit Plans

a. Defined Benefit Plan - None
b. Defined Contribution Plan - None
c. Multi-employer Plans - None
d. Consolidated/Holding Company Plans - None
e. Post Employment Benefits and Compensated Absences - None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

NOTES TO FINANCIAL STATEMENTS

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

a. Unrealized Gains and Losses	$ (87,955)
b. Nonadmitted asset values	168,998
c. Provision for reinsurance	
d. All others	

14. Contingencies

a. Contingent Commitments - None
b. Assessmetns - None
c. Gain Contingencies - None
d. All other Contingencies - None

15. Leases

All leases are the responsibility of CCM's management company, Care Source Management Group except for the lease of office space in Okemos, Michigan.

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk.

None

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

18. Gain or Loss to the reporting entity for uninsured A&H plans and the uninsured portion of partially insured plans.

a. ASO plans - None
b. ASC plans - None
c. Medicare or similarly structured cost based reimbursed contracts - None

19. Direct premium written/produced by managing general agents/third party administrator.

None

20. Other items

a. Extraordinary items - None
b. Troubled debt restructuring:Debtors - None
c. Other Disclosures - On May 12, 2003 Community Choice Michigan entered voluntary rehabilitation. A comprehensive rehabilitation plan is currently in process, and will be discussed in more detail in the Management Discussion and Analysis.

21. Events subsequent

None

22. Reinsurance

a. Unsecured Reinsurance Recoverables - None

NOTES TO FINANCIAL STATEMENTS

b. Reinsurance Recoverable in Dispute - None
c. Reinsurance Assumed and Ceded - $ 0 and $ 324,860 respectively
d. Uncollectible Reinsurance - None
e. Commutation of Ceded Reinsurance - None
f. Retroactive Reinsurance - None

23. Retrospectively rated contracts & contracts subject to redeterimation

None

24. Salvage and Subrogation

None

25. Change in incurred claims and claim adjustment expenses

Reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years decreased by $ 17,305,074 from $ 18,230,623 in 2002 to $ 925,549 in 2003. This decrease is generally the result of settlement of the previous estimates. The current year estimate for unpaid medical liabilities is $ 22,085,329. Also, in December 2003, withholds for prior years were settled against the settlement expense amounts due. The reserve amount shown for 2003 actually includes a withold payable amount of $ 855,825. This amount was $ 1,518,252 for 2002.

26. Organizations and Operation

Community Choice Michigan (CCM) was granted status as a licensed Health Maintenance Organization by the State of Michigan Insurance Bureau on June 24,1996. Effective August 1,1996 CCM entered into an agreement with the Michigan Department of Community Health. In 2003 CCM served the Medicaid population throughout the State of Michigan and had approximately 773,000 Michigan Medicaid member months. CCM is currently managed by Care Source Management Group with offices at 2369 Woodlake Drive, Suite 200, Okemos, Michigan 48863.

27. Minimum Net Worth

Under the laws of the State of Michigan, CCM is required to have approximately 200% of Risked Based Capital

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities		0.000		0.000
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	144,028	0.645	144,028	0.645
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA		0.000		0.000
1.512 Issued by FNMA and FHLMC		0.000		0.000
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000		0.000
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated	23,272	0.104	23,272	0.104
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes $ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale ($ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	22,152,876	99.250	22,152,876	99.250
9. Other invested assets		0.000		0.000
10. Total invested assets	22,320,176	100.000	22,320,176	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ ] No [X]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [ ] No [ ] NA [X]

1.3 State Regulating? Michigan

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1998

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1998

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 10/22/1999

3.4 By what department or departments? Office of Financial & Insurance Services

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [ ] No [X]

6.2 If yes, give full information

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

(continued)

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?..... Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Yeo & Yeo P.C., 3023 Davenport St., Saginaw, MI 48602

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

PricewaterhouseCoopers LLP, One North Wacker, Chicago, IL 60606

11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

11.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?

.....

11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [X] No [ ]

11.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [X]

11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [X]

BOARD OF DIRECTORS

12. 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 [ ] No [X]

13. 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 [ ]

14. 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 which is in or likely to conflict with the official duties of such person?. Yes [X] No [ ]

FINANCIAL

15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

15.11 To directors or other officers .. $ 0

15.12 To stockholders not officers ... $ 0

15.13 Trustees, supreme or grand (Fraternal only) ..... $ 0

15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

15.21 To directors or other officers ... $ 0

15.22 To stockholders not officers .... $ 0

15.23 Trustees, supreme or grand (Fraternal only) ..... $ 0

16.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? ..... Yes [ ] No [X]

16.2 If yes, state the amount thereof at December 31 of the current year:

16.21 Rented from others ..... $.....

16.22 Borrowed from others ..... $.....

16.23 Leased from others ..... $.....

16.24 Other ..... $.....

Disclose in Notes to Financial the nature of each obligation.

17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? ..... Yes [ ] No [X]

17.2 If answer is yes,

17.21 Amount paid as losses or risk adjustment ..... $.....

17.22 Amount paid as expenses ..... $.....

17.23 Other amounts paid ..... $.....

GENERAL INTERROGATORIES

(continued)

INVESTMENT

18. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?		6 Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred	0	0	0.000	0	[ ]	[X]	[ ]	[X]
Common		0	0.000	XXX	XXX	XXX	XXX	XXX

19.1. 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, except as shown by Schedule E - Part 3 - Special Deposits? ..... Yes [ ] No [X]

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

Smith Barney/Citigroup - Custodian

20.1 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, except as shown on the Schedule E - Part 3 - Special Deposits; 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 16.1) ..... Yes [ ] No [X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Loaned to others ..... $.....
20.22 Subject to repurchase agreements ..... $.....
20.23 Subject to reverse repurchase agreements ..... $.....
20.24 Subject to dollar repurchase agreements ..... $.....
20.25 Subject to reverse dollar repurchase agreements ..... $.....
20.26 Pledged as collateral ..... $.....
20.27 Placed under option agreements ..... $.....
20.28 Letter stock or other securities restricted as to sale ..... $.....
20.29 Other ..... $.....

20.3 For each category above, if any of these assets are held by other, identify by whom held:

20.31 ..... 20.35 .....
20.32 ..... 20.36 .....
20.33 ..... 20.37 .....
20.34 ..... 20.38 .....
20.39 .....

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

20.4 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] NA [X]
If no, attach a description with this statement.

22.1 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 [X]

22.2 If yes, state the amount thereof at December 31 of the current year. ..... $.....

GENERAL INTERROGATORIES

(continued)

INVESTMENT

23. Excluding items in Schedule E, 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 Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [ ] No [X]

23.01 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

23.02 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)	2 Complete Explanation(s)

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? ..... Yes [ ] No [X]

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

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

23.05 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	2 Address

24.1 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]

24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
9999999. TOTAL		0

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

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

GENERAL INTERROGATORIES

(continued)

OTHER

25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? $ 52,633

25.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

26.1 Amount of payments for legal expenses, if any? $ 196,048

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

1 Name	2 Amount Paid

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

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

(continued)

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 $

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. $ 0

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. $ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives $ 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives $ 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives $ 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives $ 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 111,717,581	$ 0
2.2	Premium Denominator	$ 111,717,581	$ 0
2.3	Premium Ratio (2.1/2.2)	1.000	0.000
2.4	Reserve Numerator	$ 21,620,182	$ 0
2.5	Reserve Denominator	$ 21,620,182	$ 0
2.6	Reserve Ratio (2.4/2.5)	1.000	0.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [ ] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments 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 [X] No [ ]

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 $ 225,000

5.32 Medical Only $

5.33 Medicare Supplement $

5.34 Dental $

5.35 Other Limited Benefit Plan $

5.36 Other $

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:

7.1 Does the reporting entity set up its claim liability for provider services on a service data base? 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 year

8.2 Number of providers at end of reporting year

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

GENERAL INTERROGATORIES

(continued)

PART 2 - HEALTH INTERROGATORIES

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

10.2 If yes:

10.21 Maximum amount payable bonuses $

10.22 Amount actually paid for year bonuses $

10.23 Maximum amount payable withholds $

10.24 Amount actually paid for year withholds $

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 [X] No [ ]

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. $

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

11.6 If the amount is calculated, show the calculation.

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

1 Name of Service Area
Alcona
Allegan
Alpena
Antrim
Berrien
Calhoun
Cass
Charlevoix
Genesee
Gladwin
Grand Traverse
Iosco
Kalamazoo
Kalkaska
Kent
Leelanau
Manistee
Mason
Mecosta
Monroe
Montmorency
Newago
Osceola
Presque Isle
Roscommon
Saginaw
St. Joseph
Van Buren
Wexford

FIVE-YEAR HISTORICAL DATA

	1 2003	2 2002	3 2001	4 2000	5 1999
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	24,691,253	20,354,839	30,655,047	31,185,430	23,481,891
2. Total liabilities (Page 3, Line 22)	24,521,367	20,149,449	22,479,553	23,111,365	19,195,234
3. Statutory surplus		0	0	0	0
4. Total capital and surplus (Page 3, Line 30)	169,886	205,390	8,175,494	8,074,065	4,286,657
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	111,717,581	127,051,915	131,524,360	110,724,043	84,526,808
6. Total medical and hospital expenses (Line 18)	100,365,920	118,617,171	117,351,668	95,742,669	75,282,110
7. Total administrative expenses (Line 21)	10,847,770	14,071,660	13,387,395	11,843,832	8,787,114
8. Net underwriting gain (loss) (Line 24)	(1,715,763)	(8,319,937)	(1,037,330)	3,393,301	0
9. Net investment gain (loss) (Line 27)	203,797	325,775	1,061,325	0	0
10. Total other income (Lines 28 plus 29)	1,414,909	24,729	21,176	0	0
11. Net income (loss) (Line 32)	(97,057)	(7,969,433)	45,171	3,393,301	457,854
RISK - BASED CAPITAL ANALYSIS					
12. Total adjusted capital	169,886	205,390	8,175,494	8,074,065	4,286,657
13. Authorized control level risk-based capital	4,409,017	4,902,891	5,024,282	4,175,978	2,879,644
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	56,312	67,926	74,999	63,858	57,442
15. Total member months (Column 6, Line 7)	773,435	898,579	834,143	748,344	0
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total hospital and medical (Line 18)	89.8	93.5	89.3	86.9	89.9
18. Total underwriting deductions (Line 23)	101.5	106.8	100.9	97.4	100.5
19. Total underwriting gain (loss) (Line 24)	(1.5)	(6.6)	(0.8)	3.1	(0.5)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 12, Col. 5)	17,826,739	15,377,135	21,255,746	17,721,689	8,203,204
21. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)]	24,489,292	22,404,895	22,980,118	21,144,346	9,901,916
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	16,700	11,275	0	0
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
26. Affiliated mortgage loans on real estate		0	0	0	0
27. All other affiliated		0	0	0	0
28. Total of above Lines 22 to 27	0	16,700	11,275	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS	1. United States	0	0	0	0
Governments	2. Canada	0	0	0	0
(Including all obligations guaranteed	3. Other Countries	0	0	0	0
by governments)	4. Totals	0	0	0	0
States, Territories and Possessions	5. United States	0	0	0	0
(Direct and guaranteed)	6. Canada	0	0	0	0
	7. Other Countries	0	0	0	0
	8. Totals	0	0	0	0
Political Subdivisions of States,	9. United States	96,458	96,458	96,000	96,000
Territories and Possessions	10. Canada	0	0	0	0
(Direct and guaranteed)	11. Other Countries	0	0	0	0
	12. Totals	96,458	96,458	96,000	96,000
Special revenue and special assessment					
obligations and all non-guaranteed	13. United States	0	0	0	0
obligations of agencies and authorities of	14. Canada	0	0	0	0
governments and their political subdivisions	15. Other Countries	0	0	0	0
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States	0	0	0	0
	18. Canada	0	0	0	0
	19. Other Countries	0	0	0	0
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant	21. United States	47,570	47,570	144,462	142,000
Loans (unaffiliated)	22. Canada	0	0	0	0
	23. Other Countries	0	0	0	0
	24. Totals	47,570	47,570	144,462	142,000
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. **Total Bonds**	144,028	144,028	240,462	238,000
PREFERRED STOCKS	27. United States	0	0	0	
Public Utilities (unaffiliated)	28. Canada	0	0	0	
	29. Other Countries	0	0	0	
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies	31. United States	0	0	0	
(unaffiliated)	32. Canada	0	0	0	
	33. Other Countries	0	0	0	
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States	0	0	0	
	36. Canada	0	0	0	
	37. Other Countries	0	0	0	
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. **Total Preferred Stocks**	0	0	0	
COMMON STOCKS	41. United States	0	0	0	
Public Utilities (unaffiliated)	42. Canada	0	0	0	
	43. Other Countries	0	0	0	
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies	45. United States	23,272	23,272	11,275	
(unaffiliated)	46. Canada	0	0	0	
	47. Other Countries	0	0	0	
	48. Totals	23,272	23,272	11,275	
Industrial and Miscellaneous (unaffiliated)	49. United States	0	0	0	
	50. Canada	0	0	0	
	51. Other Countries	0	0	0	
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. **Total Common Stocks**	23,272	23,272	11,275	
	55. **Total Stocks**	23,272	23,272	11,275	
	56. **Total Bonds and Stocks**	167,300	167,300	251,737	

(a) The aggregate value of bonds which are valued at other than actual fair value is $ .....

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 3,496,497
2. Cost of bonds and stocks acquired, Column 6, Part 3 864,000
3. Increase (decrease) by adjustment:
   - 3.1 Column 16, Part 1 16,966
   - 3.2 Column 12, Part 2, Sec. 1 0
   - 3.3 Column 10, Part 2, Sec. 2 0
   - 3.4 Column 10, Part 4 ..... 376,119 393,085
4. Total gain (loss), Col. 14, Part 4 ..... (31,934)
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 4,554,348
6. Foreign Exchange Adjustment:
   - 6.1 Column 17, Part 1 0
   - 6.2 Column 13, Part 2, Sec. 1 0
   - 6.3 Column 11, Part 2, Sec. 2 0
   - 6.4 Column 11, Part 4 ..... 0 0
7. Book/adjusted carrying value at end of current period 167,300
8. Total valuation allowance 0
9. Subtotal (Lines 7 plus 8) 167,300
10. Total nonadmitted amounts .....
11. Statement value of bonds and stocks, current period 167,300

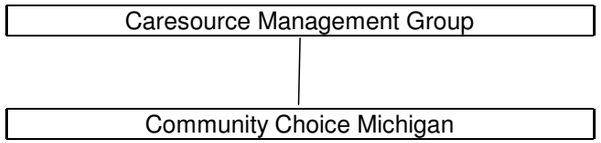
SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only 3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/ Casualty Premiums
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI		Yes			112,042,441			
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56 Canada CN								
57. Aggregate other alien OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	0	0	112,042,441	0	0	0
DETAILS OF WRITE-INS								
5701.								
5702.								
5703.								
5798. Summary of remaining write-ins for Line 57 from overflow page			0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)			0	0	0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.:

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART