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ANNUAL STATEMENT

For the Year Ended December 31, 2008

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 Organizations Is HMO Federally Qualified? Yes [ ] No [X]

Incorporated/Organized..... February 10, 1997 Commenced Business..... January 1, 1998

Statutory Home Office	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number) (City or Town, State and Zip Code)*	248-925-1700 *(Area Code) (Telephone Number)*
Mail Address	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number) (City or Town, State and Zip Code)*	248-925-1700 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.molinahealthcare.com	
Statutory Statement Contact	Christine Surdock *(Name)*	248-925-1700 *(Area Code) (Telephone Number) (Extension)*
	christine.surdock@molinahealthcare.com *(E-Mail Address)*	248-925-1722 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Jesse L Thomas	President	2. Mark L Andrews	Secretary
3. Christine M Surdock	Chief Financial Officer	4.	

OTHER

DIRECTORS OR TRUSTEES

Jesse L Thomas	John Jamian	Dean G Smith	Kathryn F Crawford
Marissa Morgan	Ron Nelson	Vernice D Anthony	Walter C Watkins, Jr.
Anna Marie Lang	Barbara Striker	Steve O'Dell	

State of.....
County of.....

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)	(Signature)	(Signature)
Jesse L Thomas	Mark L Andrews	Christine M Surdock
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Secretary	Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____ 2009

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 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	46,433,322		46,433,322	26,981,190
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 $.....0 encumbrances)			0	
5. Cash ($.....11,882,017, Sch. E-Part 1), cash equivalents ($.....0, Sch. E-Part 2) and short-term investments ($.....74,941,674, Sch. DA)	86,823,691		86,823,691	105,138,323
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets (Schedule BA)			0	
8. Receivables for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	133,257,013	0	133,257,013	132,119,513
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	359,740		359,740	192,032
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection			0	
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	31,500		31,500	
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon			0	
16.2 Net deferred tax asset	3,899,125	1,973,953	1,925,172	2,085,429
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software	30,398		30,398	84,470
19. Furniture and equipment, including health care delivery assets ($.....0)	1,064,114	1,064,114	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates			0	509,413
22. Health care ($.....0) and other amounts receivable	8,296,933	1,148,759	7,148,174	6,865,338
23. Aggregate write-ins for other than invested assets	16,718,478	9,786,119	6,932,359	6,152,884
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	163,657,301	13,972,945	149,684,356	148,009,079
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	163,657,301	13,972,945	149,684,356	148,009,079

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
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid Expenses/Deposits	141,007	141,007	0	
2302. Intangible Assets (Goodwill/Patient Files)	16,577,471	9,645,112	6,932,359	6,152,884
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)	16,718,478	9,786,119	6,932,359	6,152,884

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $.....0 reinsurance ceded)	53,890,454		53,890,454	69,644,550
2. Accrued medical incentive pool and bonus amounts	1,755,299		1,755,299	
3. Unpaid claims adjustment expenses	705,423		705,423	1,033,256
4. Aggregate health policy reserves			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	2,100,009		2,100,009	
9. General expenses due or accrued	3,256,395		3,256,395	1,300,736
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))	5,577,076		5,577,076	2,057,503
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 $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	1,208,461		1,208,461	1,100,131
16. Payable for securities			0	
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
18. Reinsurance in unauthorized companies			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	
20. Liability for amounts held under uninsured plans			0	
21. Aggregate write-ins for other liabilities (including $.....0 current)	2,979,722	0	2,979,722	3,021,285
22. Total liabilities (Lines 1 to 21)	71,472,839	0	71,472,839	78,157,461
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	159,000	159,000
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX	65,874,589	65,874,589
27. Surplus notes	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	12,177,928	3,818,029
30. Less treasury stock at cost:				
30.1 .....0.000 shares common (value included in Line 24 $.....0)	XXX	XXX		
30.2 .....0.000 shares preferred (value included in Line 25 $.....0)	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	78,211,517	69,851,618
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	149,684,356	148,009,079

DETAILS OF WRITE-INS

2101. Premium Taxes Due	2,979,722		2,979,722	3,021,285
2102.			0	
2103.			0	
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)	2,979,722	0	2,979,722	3,021,285
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 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	2,525,384	2,596,806
2. Net premium income (including $.....0 non-health premium income)	XXX	648,851,696	595,256,970
3. Change in unearned premium reserves and reserve for rate credits	XXX		
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	(34,442,715)	(35,005,178)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	614,408,981	560,251,792
Hospital and Medical:			
9. Hospital/medical benefits		361,546,348	347,906,601
10. Other professional services		17,770,251	20,379,074
11. Outside referrals		40,255,558	39,365,867
12. Emergency room and out-of-area		21,517,577	18,965,026
13. Prescription drugs		78,692,389	70,846,993
14. Aggregate write-ins for other hospital and medical	0	4,302,223	4,002,007
15. Incentive pool, withhold adjustments and bonus amounts		1,755,299	(345,272)
16. Subtotal (Lines 9 to 15)	0	525,839,645	501,120,296
Less:			
17. Net reinsurance recoveries		175,964	67,260
18. Total hospital and medical (Lines 16 minus 17)	0	525,663,681	501,053,036
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....4,241,334 cost containment expenses		17,876,622	16,628,892
21. General administrative expenses		49,406,222	43,196,977
22. Increase in reserves for life and accident and health contracts including $.....0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	0	592,946,525	560,878,905
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	21,462,456	(627,113)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		3,965,795	6,297,003
26. Net realized capital gains or (losses) less capital gains tax of $.....0		541	
27. Net investment gains or (losses) (Lines 25 plus 26)	0	3,966,336	6,297,003
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	25,428,792	5,669,890
31. Federal and foreign income taxes incurred	XXX	8,897,771	1,790,587
32. Net income (loss) (Lines 30 minus 31)	XXX	16,531,021	3,879,303

DETAILS OF WRITE-INS

0601. Premium Tax	XXX	(34,442,715)	(35,005,178)
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	(34,442,715)	(35,005,178)
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. Patient Transportation		3,706,579	3,247,035
1402. Other Health care costs		595,644	754,972
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	4,302,223	4,002,007
2901. Miscellaneous			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	69,851,618	59,827,782
34. Net income or (loss) from Line 32	16,531,021	3,879,303
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 $.....0		
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	(1,964,682)	5,385,434
39. Change in nonadmitted assets	5,793,560	759,099
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders	(12,000,000)	
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	8,359,899	10,023,836
49. Capital and surplus end of reporting period (Line 33 plus 48)	78,211,517	69,851,618

DETAILS OF WRITE-INS

4701. Change in State DTA & DTL		
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	650,951,705	595,256,970
2. Net investment income	4,017,819	6,127,791
3. Miscellaneous income	(34,442,715)	(35,005,178)
4. Total (Lines 1 through 3)	620,526,809	566,379,583
5. Benefit and loss related payments	539,940,007	495,991,835
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	65,696,581	62,593,309
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	5,378,198	(80,314)
10. Total (Lines 5 through 9)	611,014,786	558,504,830
11. Net cash from operations (Line 4 minus Line 10)	9,512,023	7,874,753
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	11,288,960	1,190,000
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)	11,288,960	1,190,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds	30,960,283	27,188,310
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)	30,960,283	27,188,310
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)	(19,671,323)	(25,998,310)
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	12,000,000	
16.6 Other cash provided (applied)	3,844,668	2,372,555
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(8,155,332)	2,372,555
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)	(18,314,632)	(15,751,002)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	105,138,322	120,889,324
19.2 End of year (Line 18 plus Line 19.1)	86,823,690	105,138,322

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

20.0001		

ANALYSIS OF OPERATION BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	648,851,696						20,672,274	628,179,422		
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of $.....0 medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	(34,442,715)	0	0	0	0	0	0	(34,442,715)	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	614,408,981	0	0	0	0	0	20,672,274	593,736,707	0	0
8. Hospital/medical benefits	361,546,348						10,611,754	350,934,594		XXX
9. Other professional services	17,770,251						313,133	17,457,118		XXX
10. Outside referrals	40,255,558						2,696,918	37,558,640		XXX
11. Emergency room and out-of-area	21,517,577						486,856	21,030,721		XXX
12. Prescription drugs	78,692,389						4,293,389	74,399,000		XXX
13. Aggregate write-ins for other hospital and medical	4,302,223	0	0	0	0	0	62,968	4,239,255	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	1,755,299							1,755,299		XXX
15. Subtotal (Lines 8 to 14)	525,839,645	0	0	0	0	0	18,465,018	507,374,627	0	XXX
16. Net reinsurance recoveries	175,964						108,944	67,020		XXX
17. Total hospital and medical (Lines 15 minus 16)	525,663,681	0	0	0	0	0	18,356,074	507,307,607	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....13,635,288 cost containment expenses	17,876,622						250,273	17,626,349		
20. General administrative expenses	49,406,222						3,090,750	46,315,472		
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	592,946,525	0	0	0	0	0	21,697,097	571,249,428	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	21,462,456	0	0	0	0	0	(1,024,823)	22,487,279	0	0

DETAILS OF WRITE-INS

0501. Premium Tax	(34,442,715)							(34,442,715)		XXX
0502.	0									XXX
0503.	0									XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(34,442,715)	0	0	0	0	0	0	(34,442,715)	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	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	0
0699. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Patient Transportation	3,706,579						62,968	3,643,611		XXX
1302. Other Health care costs	595,644							595,644		XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above)	4,302,223	0	0	0	0	0	62,968	4,239,255	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	20,751,028		78,754	20,672,274
7. Title XIX - Medicaid	628,358,643		179,221	628,179,422
8. Other health				0
9. Health subtotal (Lines 1 through 8)	649,109,671	0	257,975	648,851,696
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	649,109,671	0	257,975	648,851,696

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and 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 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	540,084,471						16,347,955	523,736,516		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	144,464						77,444	67,020		
1.4 Net	539,940,007	0	0	0	0	0	16,270,511	523,669,496	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	53,890,454						4,190,891	49,699,563		
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	53,890,454	0	0	0	0	0	4,190,891	49,699,563	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	1,755,299							1,755,299		
6. Net healthcare receivables (a)	246,029							246,029		
7. Amounts recoverable from reinsurers December 31, current year	31,500						31,500			
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	69,644,550						1,943,399	67,701,151		
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	0									
8.4 Net	69,644,550	0	0	0	0	0	1,943,399	67,701,151	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	0									
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred benefits:										
12.1 Direct	524,084,346	0	0	0	0	0	18,595,447	505,488,899	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	175,964	0	0	0	0	0	108,944	67,020	0	0
12.4 Net	523,908,382	0	0	0	0	0	18,486,503	505,421,879	0	0
13. Incurred medical incentive pools and bonuses	1,755,299	0	0	0	0	0	0	1,755,299	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct	19,575,689						297,903	19,277,786		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	19,575,689	0	0	0	0	0	297,903	19,277,786	0	0
2. Incurred but unreported:										
2.1 Direct	34,314,765						3,892,988	30,421,777		
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	34,314,765	0	0	0	0	0	3,892,988	30,421,777	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	53,890,454	0	0	0	0	0	4,190,891	49,699,563	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	53,890,454	0	0	0	0	0	4,190,891	49,699,563	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	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	
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan					0	
6. Title XVIII - Medicare	1,666,371	14,572,640	94,072	4,096,819	1,760,443	1,943,399
7. Title XIX - Medicaid	53,147,131	470,522,365	862,290	48,837,273	54,009,421	67,701,151
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	54,813,502	485,095,005	956,362	52,934,092	55,769,864	69,644,550
10. Healthcare receivables (a)				2,391,336	0	2,145,307
11. Other non-health					0	
12. Medical incentive pools and bonus amounts				1,755,299	0	
13. Totals (Lines 9 - 10 + 11 + 12)	54,813,502	485,095,005	956,362	52,298,055	55,769,864	67,499,243

(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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	78,696	78,885	78,896	78,851	78,851
2. 2004	132,981	163,032	163,260	163,242	163,242
3. 2005	XXX	218,041	269,859	270,258	270,285
4. 2006	XXX	XXX	341,194	393,078	393,207
5. 2007	XXX	XXX	XXX	441,233	480,366
6. 2008	XXX	XXX	XXX	XXX	500,620

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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	78,696	78,885	78,896	78,851	78,851
2. 2004	132,981	163,032	163,260	163,242	163,242
3. 2005	XXX	218,041	271,274	270,258	270,285
4. 2006	XXX	XXX	404,343	457,168	457,297
5. 2007	XXX	XXX	XXX	512,334	552,424
6. 2008	XXX	XXX	XXX	XXX	557,700

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. 2004	196,160	163,242	2,682	1.6	165,924	84.6			165,924	84.6
2. 2005	304,638	270,285	7,355	2.7	277,640	91.1			277,640	91.1
3. 2006	468,290	393,207	11,883	3.0	405,090	86.5			405,090	86.5
4. 2007	560,252	480,366	16,865	3.5	497,231	88.8	956		498,187	88.9
5. 2008	614,409	500,620	17,877	3.6	518,497	84.4	54,689	705	573,891	93.4

U & I Ex.-Pt.2C-Sn A-Paid Claims-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Hospital & Medical
NONE

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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior					
2. 2004					
3. 2005	XXX				
4. 2006	XXX	XXX	252	363	410
5. 2007	XXX	XXX	XXX	4,583	6,202
6. 2008	XXX	XXX	XXX	XXX	14,573

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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior					
2. 2004					
3. 2005	XXX				
4. 2006	XXX	XXX	770	1,136	1,183
5. 2007	XXX	XXX	XXX	6,523	8,237
6. 2008	XXX	XXX	XXX	XXX	18,669

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. 2004				0.0	0	0.0			0	0.0
2. 2005				0.0	0	0.0			0	0.0
3. 2006	990	410	12	2.9	422	42.6			422	42.6
4. 2007	8,024	6,202	248	4.0	6,450	80.4	94		6,544	81.6
5. 2008	20,672	14,573	536	3.7	15,109	73.1	4,096	21	19,226	93.0

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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	78,696	78,885	78,896	78,851	78,851
2. 2004	132,981	163,032	163,260	163,242	163,242
3. 2005	XXX	218,041	269,859	270,258	270,285
4. 2006	XXX	XXX	340,942	392,715	392,797
5. 2007	XXX	XXX	XXX	436,650	474,164
6. 2008	XXX	XXX	XXX	XXX	486,047

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	78,696	78,885	78,896	78,851	78,851
2. 2004	132,981	163,032	163,260	163,242	163,242
3. 2005	XXX	218,041	271,274	270,258	270,285
4. 2006	XXX	XXX	403,573	456,032	456,114
5. 2007	XXX	XXX	XXX	505,811	544,187
6. 2008	XXX	XXX	XXX	XXX	539,031

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. 2004	196,160	163,242	2,682	1.6	165,924	84.6			165,924	84.6
2. 2005	304,638	270,285	7,355	2.7	277,640	91.1			277,640	91.1
3. 2006	467,300	392,797	11,871	3.0	404,668	86.6			404,668	86.6
4. 2007	552,228	474,164	16,617	3.5	490,781	88.9	862		491,643	89.0
5. 2008	593,737	486,047	17,341	3.6	503,388	84.8	50,593	684	554,665	93.4

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

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

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

U & I Ex.-Pt.2D
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($.....0 for occupancy of own building)			2,974,014		2,974,014
2. Salaries, wages and other benefits	10,592,135	2,229,906	19,710,386		32,532,427
3. Commissions (less $.....0 ceded plus $.....0 assumed)					0
4. Legal fees and expenses			266,884		266,884
5. Certifications and accreditation fees	5,117		342,742		347,859
6. Auditing, actuarial and other consulting services	565,080		1,072,900		1,637,980
7. Traveling expenses	103,911	22,351	488,802		615,064
8. Marketing and advertising	474,522		525,323		999,845
9. Postage, express and telephone	208,469	4,156	1,974,889		2,187,514
10. Printing and office supplies	238,931	17,015	776,894		1,032,840
11. Occupancy, depreciation and amortization			6,390,437		6,390,437
12. Equipment	3,387	4,312	131,049		138,748
13. Cost or depreciation of EDP equipment and software			1,157,895		1,157,895
14. Outsourced services including EDP, claims, and other services	354,563	1,480,820	3,021,711		4,857,094
15. Boards, bureaus and association fees	9,002	421	299,756		309,179
16. Insurance, except on real estate	208,219	322,454	1,035,273		1,565,946
17. Collection and bank service charges			247,034	77,508	324,542
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			95,794		95,794
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			6,097,154		6,097,154
23.2 State premium taxes					0
23.3 Regulator authority licenses and fees			33,572		33,572
23.4 Payroll taxes	790,114	153,190	1,194,208		2,137,512
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	81,838	6,709	1,569,505	0	1,658,052
26. Total expenses incurred (Lines 1 to 25)	13,635,288	4,241,334	49,406,222	77,508	(a) 67,360,352
27. Less expenses unpaid December 31, current year		705,423	3,256,395		3,961,818
28. Add expenses unpaid December 31, prior year		1,033,256	1,300,736		2,333,992
29. Amounts receivable relating to uninsured plans, prior year					0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	13,635,288	4,569,167	47,450,563	77,508	65,732,526

DETAILS OF WRITE-INS

2501. Contributions - Political			55,478		55,478
2502. Contributions - Charitable	1,652		100,522		102,174
2503.					0
2598. Summary of remaining write-ins for Line 25 from overflow page	80,186	6,709	1,413,505	0	1,500,400
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)	81,838	6,709	1,569,505	0	1,658,052

(a) Includes management fees of $.....33,699,070 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) 1,349,605	1,844,983
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		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 2,527,931	2,200,261
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	3,877,536	4,045,244
11.	Investment expenses		(g) 77,508
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 1,941
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)		79,449
17.	Net investment income (Line 10 minus Line 16)		3,965,795

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 $.....219,732 amortization of premium and less $.....185,420 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 $.....82,738 accrual of discount less $.....27,438 amortization of premium and less $.....14,132 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	541		541		
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, 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)	541	0	541	0	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. Other invested assets (Schedule BA)			0
8. Receivables for securities			0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only)			0
12. Investment income due and accrued			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection			0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
13.3 Accrued retrospective premiums			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			0
14.2 Funds held by or deposited with reinsured companies			0
14.3 Other amounts receivable under reinsurance contracts			0
15. Amounts receivable relating to uninsured plans			0
16.1 Current federal and foreign income tax recoverable and interest thereon			0
16.2 Net deferred tax asset	1,973,953	3,778,378	1,804,425
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software			0
19. Furniture and equipment, including health care delivery assets	1,064,114	1,373,598	309,484
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivables from parent, subsidiaries and affiliates			0
22. Health care and other amounts receivable	1,148,759	856,561	(292,198)
23. Aggregate write-ins for other than invested assets	9,786,119	13,757,968	3,971,849
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	13,972,945	19,766,505	5,793,560
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	13,972,945	19,766,505	5,793,560

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
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0
2301. Prepaid Expenses/Deposits	141,007	163,501	22,494
2302. Intangible Assets (Goodwill/Patient Files)	9,645,112	13,594,467	3,949,355
2303.			0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	9,786,119	13,757,968	3,971,849

EXHIBIT 1 - 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	209,111	215,775	211,361	207,003	206,339	2,525,384
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	209,111	215,775	211,361	207,003	206,339	2,525,384

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 Molina Healthcare of Michigan, Inc. (the "Company") are presented on the basis of accounting practices prescribed or permitted by the State of Michigan, Office of Financial & Insurance Regulation ("OFIR").

OFIR 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, and for determining its solvency under the Michigan Insurance Code. The National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures* manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Michigan.

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 could differ from those estimates.

C. Accounting Policy

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

1. The Company's financial instruments include cash and cash equivalents and investments. The Company believes the carrying amounts of cash and cash equivalents approximate their fair value because of their high liquidity. The fair value of bonds and short-term investments are based on the fair values prescribed by the Securities Valuation Office ("SVO"). For certain investments for which the SVO does not provide an estimated fair value, the Company uses amortized cost as a substitute for estimated marked value, in accordance with prescribed guidance.

2. Unpaid losses and loss adjustment expenses include an amount determined from health care costs 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 is continually reviewed and any adjustments are reflected in the period determined.

2. Accounting Changes and Corrections of Errors - In reporting the Company's acquisition of Cape Health Plan in 2006, Cape had $18,939,974 unassigned surplus at the time of the merger which was carried over to the Company's books as part of Gross Paid in Capital instead of Unassigned Surplus. Although no effect on overall Capital and Surplus, the Gross Paid-in Capital and Unasssigned Surplus for the Current Period and Prior Year have been revised based on SSAP#68 which requires the recorded assets, liabilities and related surplus accounts to be carried forward and combined.

3. Business Combinations and Goodwill

The following summarizes the goodwill balance:

Ending goodwill balance	16,577,471
Nonadmitted portion	(9,645,112)
Admitted Goodwill	6,932,359

4. Discontinued Operations – None

5. Investments – None

6. Joint Ventures, Partnerships and Limited Liability Companies – None

7. Investment Income –

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

8. Derivative Instruments – None

9. Income Taxes

NOTES TO FINANCIAL STATEMENTS

A.

The Company's net deferred tax asset is reflected on the following schedule:

	12/31/2008	12/31/2007
Total of all deferred tax assets	3,956,201	5,926,807
Total of all deferred tax liabilities	(57,076)	(63,000)
Net Deferred Tax Asset	3,899,125	5,863,807
Total deferred tax assets non-admitted	(1,973,935)	(3,778,378)
Net deferred tax assets admitted	1,925,172	2,085,429
(Increase) decrease in non-admitted asset	1,804,425	3,115,900

B.

N/A

C.

Current Tax and Change in Deferred Tax

Current income taxes incurred consist of the following major components:

	12/31/2008	12/31/2007
Current income tax expense (benefit)	8,897,771	3,383,144
Tax on capital gains	-	-
Federal income tax expense (benefit)	8,897,771	3,383,144

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

	12/31/2008	12/31/2007
Deferred tax assets:		
NOL Carryforwards	147,542	174,777
State Taxes	53,280	120,045
Compensation related payable	182,861	146,478
Interest Payable	-	4,600
Prepaids/Deposit	5,249	57,225
Health Care Receivable	402,066	299,796
Depreciation and amortization	3,046,262	5,123,886
Other	118,941	-
Total deferred tax assets	3,956,201	5,926,807
Non-admitted deferred tax assets	(1,973,953)	(3,778,378)
Admitted deferred tax assets	1,982,248	2,148,429
Deferred tax liabilities:		
Other	(57,076)	(63,000)
Total deferred tax liabilities	(57,076)	(63,000)
Non-admitted deferred tax liabilities	-	-
Admitted deferred tax liabilities	(57,076)	(63,000)
Net admitted deferred tax assets	1,925,172	2,085,429

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of non-

admitted assets as the Change in Non-admitted Assets is reported separately from the Change in Deferred Income Taxes in the surplus section of the Annual Statement):

	2008	2007	Change
Total deferred tax assets	3,956,201	5,926,807	(1,970,606)
Total deferred tax liabilities	(57,076)	(63,000)	5,924

NOTES TO FINANCIAL STATEMENTS

Net deferred tax asset (liability)	3,899,125	5,863,807	(1,964,682)
			-
Tax effect of unrealized (gains)/losses			
Change in net deferred income tax assets – increase (decrease)			(1,964,682)

The Company is subject to taxation in the United States and various states. With few exceptions, the Company is no longer subject to U.S. federal tax examination for tax years before 2005 and state as well as local income tax examination for tax years before 2004.

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:

	2008	2007
Taxes on income at federal statutory tax rate	8,900,077	1,984,492
Other perm items	9,606	11,705
Reported tax expense	8,909,683	1,996,167

E. 1. Net operating loss carryforward balance for 2008 forwarded is $421,548

2. The amount of federal income taxes incurred that will be available for recoupment in the event of any

future net losses is approximately is…..	2008	8,897,771
	2007	3,383,144

F. The Companys' Federal Income Tax return is consolidated with the following entities:

Molina Healthcare, Inc.
Molina Healthcare of California
Molina Healthcare of California Partner Plan
Molina Healthcare of Utah, Inc.
Molina Healthcare of Michigan, Inc.
Health Care Horizons, Inc.
Molina Healthcare of New Mexico, Inc.
Molina Healthcare of Washington, Inc.
Molina Healthcare of Indiana, Inc.
Molina Healthcare of Ohio, Inc.
Molina Healthcare of Texas
Molina Healthcare of Georgia, Inc.
Molina Healthcare of Nevada, Inc.
Molina Healthcare Insurance Company
Molina Healthcare of Florida, Inc.
HCLB, Inc.
Molina Healthcare of Missouri, Inc.
Molina Healthcare of Virginia
Alliance for Community Health (dba Molina Healthcare of Missouri)

Molina Healthcare, Inc. (Molina) and its subsidiaries file a consolidated federal income tax return. Under a written services agreement with Molina , approved by the Board of Directors, Molina collects from ,or refunds to the subsidiaries the amount of taxes or benefits determined as if Molina and the subsidiaries filed separate returns.

10. Information Concerning Parent, Subsidiaries and Affiliates –

A. The Company is a wholly owned subsidiary of Molina Healthcare, Inc. Molina Healthcare, Inc. also has other wholly owned subsidiaries located in the states of California, Indiana, New Mexico, Texas, Ohio, Missouri, Utah ,Washington Michigan, Nevada, Florida and Virginia.

NOTES TO FINANCIAL STATEMENTS

B. The Company has an agreement with Molina Healthcare, Inc. whereby Molina Healthcare, Inc. provides certain management and other support services to the Company. Expenses incurred relating to this agreement amounted to $33,699,070 in 2008 and $31,563,293 in 2007.

C. In June 2008 and December 2008 Molina Healthcare of Michigan Inc (MHM) declared a dividend and distributed $2,000,000 and $10,000,000, respectively, to Molina Healthcare Incorporated (MHI).

D. At December 31, 2008, the Company reported a net $181,374 payable to Molina Healthcare, Inc. for administrative and tax services and a receivable of $3,295 from Molina Healthcare of Ohio for inter-company transfer.

E. There are no guarantees or undertakings for the benefit of an affiliate or related party.

F. None

G. Molina Healthcare, Inc. owns all outstanding shares of the Company.

H. The Company owns no shares of Molina Healthcare, Inc.

I. The Company owns no interest in either Molina Healthcare, Inc. or any of the other subsidiaries of the Molina Healthcare, Inc.

J. N/A

K. N/A

L. N/A

11. Debt – None

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans –

A. Defined Benefit Plan – The Company does not have a Defined Benefit Plan.

B. Defined Contribution Plan – Employees meeting certain eligibility requirements may participate in the Company' 401(k) plan. Contribution expense to the 401(k) plan totaled $349,271 in 2008 and $357,116 in 2007.

C. Multiemployer Plans: The Company does not have a Multiemployer Plan.

D. Consolidated/Holding Company Plans: The Company does not have a Consolidated/Holding Company Plan.

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

A. The Company has 200,000 shares of common stock authorized and 159,000 shares of common stock issued. Par value is $1.00.

B. The Company has no preferred stock.

C. The laws of the State of Michigan limit the payment and declaration of extraordinary and ordinary dividends. As set forth in Michigan Insurance Code, without prior approval of its insurance commissioner, dividends may only be paid from earned surplus. Extraordinary dividends must be approved by OFIR.

D. In June 2008 Molina Healthcare of Michigan Inc (MHM) distributed an ordinary dividend payment of $2,000,000 to Molina Healthcare Incorporated (MHI). In December 2008 MHM distributed a dividend payment of $10,000,000 ($4,985,162 ordinary and $5,014,838 extraordinary) to MHI. Each of the dividend distributions were approved by OFIR.

E. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

F. N/A.

G. There is no stock held by the Company.

H. N/A

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

i. Unrealized gains or losses: $ 0

ii. Non admitted asset values: $13,972,945
iii. For stock purchase warrants: 0 shares

J. N/A

K. N/A

L. N/A

14. Contingencies –

A. Contingent Commitments – None

B. Assessments – None

C. Gain Contingencies – None

D. All Other Contingencies

Currently, the Company is not involved in any legal proceedings. However, in the normal course of business, the Company may become aware of disputes and complaints that could result in litigation. In the opinion of management, based upon current facts and circumstances known by the Company, the resolution of these matters (whether or not resulting in litigation) should not have a material adverse effect on the financial position or results of operation of the Company.

15. Leases –

A. Lessee Operating Lease

The Company leases office space, furniture and fixtures and office equipment under various leasing agreements.

At December 31, 2008, the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases
2009	$1,841,208
2010	$1,843,059
2011	$1,844,675
2012	$1,755,766
2013	$1,560,813
2014+	$ 624,154
Total	$6,188,073

The Company is not involved in any material sales-leaseback transactions

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 from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans – None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – None

20. Other Items – None

21. Events Subsequent – None

22. Reinsurance –

NOTES TO FINANCIAL STATEMENTS

A. Ceded Reinsurance Report

Section 1-General Interrogatories

1. No

2. No

Section 2 Ceded Reinsurance Report-Part A

1. No

2. No

Section 3 Ceded Reinsurance Report Part B

1. $0.00

2. No

B. Uncollectible Reinsurance– None

C. Commutation of Reinsurance– None

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination – None

24. Change in Incurred Claims and Claim Adjustment Expenses –

Reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years has decreased by $11,729,379 in 2008 for prior years as a result of re-estimation of unpaid claims and claim adjustment expenses. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

25. Inter-company Pooling Arrangements – None

26. Structured Settlements – Not Applicable

27. Health Care Receivable–

Pharmaceutical rebate payments are received by the Company 180 days after billing, therefore, pharmaceutical rebates are considered non-admitted assets.

Quarter	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
12/31/2008	341,840				
09/30/2008	288,215				
06/30/2008	259,646				
03/31/2008	259,058				
12/31/2007	233,919				490,053
09/30/2007	222,200				381,933
06/30/2007	202,567				312,303
03/31/2007	197,875				251,491
12/31/2006	450,589				450,589
09/30/2006	89,910				89,910
06/30/2006	92,433				92,433
03/31/2006	93,864				93,864

28. Participating Policies – Not Applicable

29. Premium Deficiency Reserves– None

30. Anticipated Salvage and Subrogation– None

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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 [X] No [ ] N/A [ ]

1.3 State regulating? Michigan

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

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004

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. 12/31/2004

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/30/2006

3.4 By what department or departments? Office of Financial and Insurance Regulation

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [X] No [ ] N/A [ ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

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

4.11 sales of new business? Yes [ ] No [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 Co. Code	3 State of Domicile

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [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(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

8.1 Is the company a subsidiary of a bank holding company regulated 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 locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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?
Ernst & Young 725 S. Figueroa St. Los Angeles, CA 90017-5418

10. 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, Ste 100, Long Beach, CA 90802

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

11.11 Name of real estate holding company

11.12 Number of parcels involved .....

11.13 Total book/adjusted carrying value .....

11.2 If yes, provide explanation.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]
12.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]
12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

13.1 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.
13.11 If the response to 13.1 is No, please explain:

13.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]
13.21 If the response to 13.2 is Yes, provide information related to amendment(s).

13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]
13.31 If the response to 13.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

14. 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 [ ]

15. 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 [ ]

16. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
18.11 To directors or other officers $.....0
18.12 To stockholders not officers $.....0
18.13 Trustees, supreme or grand (Fraternal only) $.....0
18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
18.21 To directors or other officers $.....0
18.22 To stockholders not officers $.....0
18.23 Trustees, supreme or grand (Fraternal only) $.....0

19.1 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]
19.2 If yes, state the amount thereof at December 31 of the current year:
19.21 Rented from others .....
19.22 Borrowed from others .....
19.23 Leased from others .....
19.24 Other .....

20.1 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]
20.2 If answer is yes:
20.21 Amount paid as losses or risk adjustment .....
20.22 Amount paid as expenses .....
20.23 Other amounts paid .....

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]
21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. .....

INVESTMENT

22.1 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 (other than securities lending programs addressed in 22.3)? Yes [ ] No [X]
22.2 If no, give full and complete information relating thereto.
Securities are held by UBS - Custodian

22.3 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 16 where this information is also provided).
N/A

22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ]
22.5 If answer to 22.4 is yes, report amount of collateral. .....
22.6 If answer to 22.4 is no, report amount of collateral. .....

23.1 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 19.1 and 22.3) Yes [X] No [ ]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

23.21	Subject to repurchase agreements	$.....0
23.22	Subject to reverse repurchase agreements	$.....0
23.23	Subject to dollar repurchase agreements	$.....0
23.24	Subject to reverse dollar repurchase agreements	$.....0
23.25	Pledged as collateral	$.....0
23.26	Placed under option agreements	$.....0
23.27	Letter stock or securities restricted as to sale	$.....0
23.28	On deposit with state or other regulatory body	$.....1,000,000
23.29	Other	$.....0

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

25.1 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]

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

26. 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 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

26.01 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
Bank of America (formerly LaSalle)	2600 W. Big Beaver Rd. Troy, MI 48084

26.02 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)
UBS	One N. Wacker Dr. Suite 2500, Chicago, IL 60606.	

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes [ ] No [X]

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

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

26.05 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
UBS	Louis Paster, Greg Glyman, Paul Tashima	One N. Waker Dr. Suite 2500, Chicago, IL 60606

27.1 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]

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
27.2999. TOTAL		0

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	121,374,996	118,925,668	(2,449,328)
28.2 Preferred stocks			0
28.3 Totals	121,374,996	118,925,668	(2,449,328)

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

29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]

29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $.....75,000

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

1 Name	2 Amount Paid
Michigan Association of Health Plans	75,000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

31.1 Amount of payments for legal expenses, if any? $.....0

31.2 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

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

32.2 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. .....

1.5 Indicate total incurred claims on all Medicare Supplement insurance. .....

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	648,851,696	595,256,970
2.2 Premium Denominator	648,851,696	595,256,970
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator	55,645,753	69,644,550
2.5 Reserve Denominator	55,645,753	69,644,550
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 $.....0

5.32 Medical only $.....1,200,000

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:

Plan has hold harmless provisions in every provider agreement: PCP, Specialty, Hospital, and Ancillary.

7.1 Does the reporting entity set up its claim liability for provider services on a service date 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 6,964

8.2 Number of providers at end of reporting year 7,490

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 $.....2,638,000

10.22 Amount actually paid for year bonuses $.....883,000

10.23 Maximum amount payable withholds $.....0

10.24 Amount actually paid for year withholds $.....0

GENERAL INTERROGATORIES (continued)

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. $.....34,732,640

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, Arenac, Bay, Benzie, Clare, Crawford,
Genesee, Gladwin, Gratiot, Huron, Ionia, Isoco, Isabella,
Kent, Lake, Macomb, Manistee, Mason, Mecosta,
Midland, Missaukee, Monroe, Montcalm, Montmorency,
Muskegon, Newaygo, Oakland, Oceana, Ogemaw,
Osceola, Oscoda, Otsego, Ottawa, Presque Isle,
Roscommon, Saginaw, Saint Clair, Sanilac,
Tuscola, Wayne, Wexford

FIVE-YEAR HISTORICAL DATA

	1 2008	2 2007	3 2006	4 2005	5 2004
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	149,684,356	148,009,079	132,720,451	141,245,251	70,452,112
2. Total liabilities (Page 3, Line 22)	71,472,839	78,157,461	72,892,668	86,079,332	47,202,065
3. Statutory surplus	34,732,640	56,025,179	46,856,896	42,418,646	14,004,366
4. Total capital and surplus (Page 3, Line 31)	78,211,517	69,851,618	59,827,783	55,165,919	23,250,047
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	614,408,981	560,251,792	468,568,961	472,713,213	196,160,457
6. Total medical and hospital expenses (Line 18)	525,663,681	501,053,036	385,868,562	415,458,549	171,416,947
7. Claims adjustment expenses (Line 20)	17,876,622	16,628,892	11,781,145	8,126,443	3,369,022
8. Total administrative expenses (Line 21)	49,406,222	43,196,977	41,060,479	36,233,288	12,474,596
9. Net underwriting gain (loss) (Line 24)	21,462,456	(627,113)	29,858,775	12,894,934	8,899,892
10. Net investment gain (loss) (Line 27)	3,966,336	6,297,003	5,687,433	3,359,480	398,469
11. Total other income (Lines 28 plus 29)			2,080	(9,144)	12
12. Net income or (loss) (Line 32)	16,531,021	3,879,303	23,187,316	10,768,567	6,315,102
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	9,512,023	7,874,753	13,933,850	23,219,815	
Risk-Based Capital Analysis					
14. Total adjusted capital	78,211,517	69,851,618	59,827,783	55,165,919	23,250,047
15. Authorized control level risk-based capital	17,366,320	17,665,924	14,777,641	16,440,560	7,002,183
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	206,339	209,111	227,797	232,425	157,998
17. Total member months (Column 6, Line 7)	2,525,384	2,596,806	2,765,276	2,834,165	1,271,961
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)	81.0	84.2	77.4	82.4	82.9
20. Cost containment expenses	0.7	1.9	1.5		1.0
21. Other claims adjustment expenses	0.7	0.9	0.9	1.4	1.6
22. Total underwriting deductions (Line 23)	91.4	94.2	88.0	91.3	90.5
23. Total underwriting gain (loss) (Line 24)	3.3	(0.1)	6.0	5.9	4.3
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5)	55,769,864	56,529,614	53,471,440	54,509,150	19,569,617
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	67,499,243	63,520,009	70,172,813	58,187,125	19,810,571
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
27. Affiliated preferred stocks (Sch D. Summary, Line 39, Col. 1)					
28. Affiliated common stocks (Sch D. Summary, Line 53, 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

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
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		20,751,028	628,358,643				649,109,671	
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 CN	N							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	0	20,751,028	628,358,643	0	0	0	649,109,671	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	0	20,751,028	628,358,643	0	0	0	649,109,671	0

DETAILS OF WRITE-INS

5801.								0	
5802.								0	
5803.								0	
5898. Summary of remaining write-ins for line 58	0	0	0	0	0	0	0	0	0
5899. Total (Lines 5801 thru 5803 + 5898) (Line 58 above)	0	0	0	0	0	0	0	0	0

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

(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

Company Code	ST	Fed ID #	Name of Company
00000	CA	13-4204626	Molina Healthcare, Inc.
|-00000	CA	33-0342719	Molina Healthcare of California, Inc.
|-00000	MI	38-3435959	HCLB, Inc.
|-52630	MI	38-3341599	Molina Healthcare of Michigan, Inc.
|-95502	UT	33-0617992	Molina Healthcare of Utah, Inc.
|-96270	WA	91-1284790	Molina Healthcare of Washington, Inc.
|-00000	NM	38-2623350	Health Care Horizons, Inc.
|-95739	NM	85-0408506	Molina Healthcare of New Mexico, Inc
|-12249	IN	20-1494455	Molina Healthcare of Indiana, Inc
|-10757	TX	20-1494502	Molina Healthcare of Texas Inc
|-12334	OH	20-0750134	Molina Healthcare of Ohio, Inc
|-00000	CA	20-2714545	Molina Healthcare of California Partner Plan, Inc.
|-00000	GA	20-3372390	Molina Healthcare of Georgia, Inc.
|-12905	NV	20-3567602	Molina Healthcare of Nevada, Inc.
|-69647	OH	31-0628424	Molina Healthcare Insurance Company
|-95609	MO	43-1743902	Alliance for Community Health, LLC (dba Molina Healthcare of Missouri)
|-13128	FL	26-0155137	Molina Healthcare of Florida, Inc.
|-00000	VA	26-1769086	Molina Healthcare of Virginia, Inc.

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