



# QUARTERLY STATEMENT

AS OF MARCH 31, 2008  
OF THE CONDITION AND AFFAIRS OF THE

## CareSource Michigan

NAIC Group Code	<u>0000</u>	, <u>0000</u>	NAIC Company Code	<u>95562</u>	Employer's ID Number	<u>38-3252216</u>
	(Current Period)	(Prior Period)				
Organized under the Laws of	<u>Michigan</u>			State of Domicile or Port of Entry	<u>Michigan</u>	
Country of Domicile	<u>United States</u>					
Licensed as business type:	Life, Accident & Health [ <input type="checkbox"/> ]	Property/Casualty [ <input type="checkbox"/> ]	Hospital, Medical & Dental Service or Indemnity [ <input type="checkbox"/> ]			
	Dental Service Corporation [ <input type="checkbox"/> ]	Vision Service Corporation [ <input type="checkbox"/> ]	Health Maintenance Organization [ <input type="checkbox"/> ]			
	Other [ <input type="checkbox"/> ]	Is HMO, Federally Qualified? Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]			
Incorporated/Organized	<u>05/24/1995</u>	Commenced Business	<u>08/01/1996</u>			
Statutory Home Office	<u>2369 Woodlake Dr, Suite 200</u>			<u>Okemos, MI 48864</u>		
	(Street and Number)			(City, State and Zip Code)		
Main Administrative Office	<u>2369 Woodlake Dr, Suite 200</u>	<u>Okemos, MI 48864</u>	<u>517-349-9922</u>			
	(Street and Number)	(City or Town, State and Zip Code)	(Area Code) (Telephone Number)			
Mail Address	<u>2369 Woodlake Dr, Suite 200</u>			<u>Okemos, MI 48864</u>		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	<u>2369 Woodlake Dr, Suite 200</u>	<u>Okemos, MI 48864</u>	<u>937-531-2206</u>			
	(Street and Number)	(City, State and Zip Code)	(Area Code) (Telephone Number)			
Internet Website Address	<u>www.caresource-mich.com</u>					
Statutory Statement Contact	<u>Pamela S. Sedmak</u>			<u>937-531-2206</u>		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	<u>pamela.sedmak@csmg-online.com</u>			<u>937-531-2676</u>		
	(E-Mail Address)			(Fax Number)		

### OFFICERS

Name	Title	Name	Title
<u>Pamela B. Morris</u>	<u>President/Chief Executive Officer</u>	<u>Kevin R. Brown</u>	<u>Board Chairman</u>
<u>R. Daniel Sadlier</u>	<u>Secretary/Treasurer</u>		

### OTHER OFFICERS

<u>Pamela S. Sedmak</u>	<u>Chief Financial Officer</u>	<u>Dan R. Paquin</u>	<u>Chief Operating Officer</u>
<u>Craig Thiele</u>	<u>Chief Medical Officer</u>		

### DIRECTORS OR TRUSTEES

<u>Pamela B. Morris</u>	<u>R. Daniel Sadlier</u>	<u>Kevin R. Brown</u>	<u>Patricia Teague</u>
<u>Evonne Williams</u>	<u>John M. Rockwood</u>		

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

Pamela B. Morris  
President/Chief Executive Officer

Pamela S. Sedmak  
Chief Financial Officer

a. Is this an original filing? Yes [  ] No [  ]

b. If no,  
1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_  
day of \_\_\_\_\_,  
\_\_\_\_\_

STATEMENT AS OF MARCH 31, 2008 OF THE CareSource Michigan

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	2,579,811		2,579,811	4,065,324
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....			0	0
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
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 (\$ .....28,572,383 ), cash equivalents (\$ .....0 ) and short-term investments (\$ .....1,796,684 ) .....	30,369,067		30,369,067	27,576,178
6. Contract loans, (including \$ ..... premium notes)			0	0
7. Other invested assets .....	0	0	0	0
8. Receivables 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) .....	32,948,878	0	32,948,878	31,641,502
11. Title plants less \$ ..... charged off (for Title insurers only)			0	0
12. Investment income due and accrued .....	43,339		43,339	71,150
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	160,852		160,852	1,441,496
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....			0	0
13.3 Accrued retrospective premiums .....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....	208,532		208,532	100,223
14.2 Funds held by or deposited with reinsured companies .....			0	0
14.3 Other amounts receivable under reinsurance contracts .....			0	0
15. Amounts receivable relating to uninsured plans .....			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
16.2 Net deferred tax asset .....			0	0
17. Guaranty funds receivable or on deposit .....			0	0
18. Electronic data processing equipment and software .....			0	0
19. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
21. Receivables from parent, subsidiaries and affiliates .....			0	2,976,060
22. Health care (\$ ..... ) and other amounts receivable .....	1,321,105	329,260	991,845	1,134,596
23. Aggregate write-ins for other than invested assets .....	26,547	26,547	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	34,709,253	355,807	34,353,446	37,365,027
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
26. Total (Lines 24 and 25)	34,709,253	355,807	34,353,446	37,365,027
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepaid Other .....	26,547	26,547	0	0
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	26,547	26,547	0	0

STATEMENT AS OF MARCH 31, 2008 OF THE CareSource Michigan

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)	17,370,966		17,370,966	13,999,534
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	379,264		379,264	286,181
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	1,002,141		1,002,141	1,236,898
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	264,802
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 plans			0	0
21. Aggregate write-ins for other liabilities (including \$ ..... 1,364,875 current)	5,364,875	0	5,364,875	12,090,718
22. Total liabilities (Lines 1 to 21)	24,117,246	0	24,117,246	27,878,133
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX		0
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	7,831,735	7,831,735
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	2,404,465	1,655,159
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24) \$ ..... )	XXX	XXX		0
30.2 ..... shares preferred (value included in Line 25) \$ ..... )	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	10,236,200	9,486,894
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	34,353,446	37,365,027
<b>DETAILS OF WRITE-INS</b>				
2101. Former CCM Member Liability	5,364,875		5,364,875	12,090,718
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)	5,364,875	0	5,364,875	12,090,718
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 To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	151,969	149,532	589,046
2. Net premium income (including \$ ..... non-health premium income).....	XXX	38,084,973	33,183,797	137,337,133
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		0	0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		0	0
5. Risk revenue .....	XXX		0	0
6. Aggregate write-ins for other health care related revenues .....	XXX	(2,109,477)	(2,000,887)	(8,251,427)
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	35,975,496	31,182,910	129,085,706
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		23,592,018	14,214,984	76,722,927
10. Other professional services .....		1,980,372	2,074,598	8,753,761
11. Outside referrals .....			0	0
12. Emergency room and out-of-area .....		1,636,910	1,848,289	6,967,273
13. Prescription drugs .....		6,111,687	5,305,370	21,544,177
14. Aggregate write-ins for other hospital and medical.....	0	0	4,950,308	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0	(23,800)
16. Subtotal (Lines 9 to 15) .....	0	33,320,987	28,393,549	113,964,338
<b>Less:</b>				
17. Net reinsurance recoveries .....		221,763	200,732	384,686
18. Total hospital and medical (Lines 16 minus 17) .....	0	33,099,224	28,192,817	113,579,652
19. Non-health claims (net).....			0	0
20. Claims adjustment expenses, including \$ 538,889 ..... cost containment expenses.....		645,453	951,962	3,445,580
21. General administrative expenses.....		1,690,107	2,466,471	8,929,507
22. Increase in reserves for life and accident and health contracts including \$ ..... increase in reserves for life only).....			0	0
23. Total underwriting deductions (Lines 18 through 22) .....	0	35,434,784	31,611,250	125,954,739
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	540,712	(428,340)	3,130,967
25. Net investment income earned .....		188,569	329,226	1,316,079
26. Net realized capital gains (losses) less capital gains tax of \$.....			0	0
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	188,569	329,226	1,316,079
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... ) .....			0	0
29. Aggregate write-ins for other income or expenses .....	0	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	729,281	(99,114)	4,447,046
31. Federal and foreign income taxes incurred .....	XXX		0	0
32. Net income (loss) (Lines 30 minus 31) .....	XXX	729,281	(99,114)	4,447,046
<b>DETAILS OF WRITE-INS</b>				
0601. Quality Assurance Assessment.....	XXX	(2,109,477)	(2,000,887)	(8,251,427)
0602. ....	XXX			
0603. ....	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	(2,109,477)	(2,000,887)	(8,251,427)
0701. ....	XXX			
0702. ....	XXX			
0703. ....	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	XXX	0	0	0
1401. Hospital Rate Adjustment/Graduate Medical Education.....			4,950,308	0
1402. Third Party Liability.....			0	0
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	4,950,308	0
2901. ....			0	0
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	0	0	0

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT:</b>			
33. Capital and surplus prior reporting year.....	9,486,894	11,877,100	11,877,100
34. Net income or (loss) from Line 32.....	729,281	(99,114)	4,447,046
35. Change in valuation basis of aggregate policy and claim reserves.....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....		0	0
37. Change in net unrealized foreign exchange capital gain or (loss).....		0	0
38. Change in net deferred income tax.....		0	0
39. Change in nonadmitted assets.....	20,025	1,354,531	2,277,406
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....		0	0
42. Change in surplus notes.....	0	0	0
43. Cumulative effect of changes in accounting principles.....		0	0
44. Capital Changes:			
44.1 Paid in.....		0	0
44.2 Transferred from surplus (Stock Dividend).....		0	0
44.3 Transferred to surplus.....		0	0
45. Surplus adjustments:			
45.1 Paid in.....	0	0	7,831,736
45.2 Transferred to capital (Stock Dividend).....	0	0	0
45.3 Transferred from capital.....	0	0	(16,946,394)
46. Dividends to stockholders.....		0	0
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0	0
48. Net change in capital & surplus (Lines 34 to 47).....	749,306	1,255,417	(2,390,206)
49. Capital and surplus end of reporting period (Line 33 plus 48)	10,236,200	13,132,517	9,486,894
<b>DETAILS OF WRITE-INS</b>			
4701. ....			
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

**CASH FLOW**

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	39,489,427	136,122,024
2. Net investment income .....	250,510	1,333,897
3. Miscellaneous income .....	(2,240,931)	(9,057,648)
4. Total (Lines 1 to 3) .....	37,499,006	128,398,273
5. Benefits and loss related payments .....	29,953,580	106,944,475
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	6,252,537	12,932,709
8. Dividends paid to policyholders .....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9) .....	36,206,117	119,877,184
11. Net cash from operations (Line 4 minus Line 10) .....	1,292,889	8,521,089
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	1,500,000	1,500,000
12.2 Stocks .....	0	0
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, cash equivalents and short-term investments .....	0	0
12.7 Miscellaneous proceeds .....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	1,500,000	1,500,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	0	0
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) .....	0	0
14. Net increase (or decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	1,500,000	1,500,000
<b>Cash from Financing and Miscellaneous Sources</b>		
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 .....	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).....	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	0	0
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	2,792,889	10,021,089
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	27,576,178	17,555,089
19.2 End of period (Line 18 plus Line 19.1) .....	30,369,067	27,576,178

**STATEMENT AS OF MARCH 31, 2008 OF THE CareSource Michigan**

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
<b>Total Members at end of:</b>										
1. Prior Year .....	47,956	.0	.0	.0	.0	.0	.0	.0	47,956	.0
2. First Quarter .....	50,463							.2	50,461	
3. Second Quarter .....	.0									
4. Third Quarter .....	.0									
5. Current Year .....	.0									
6. Current Year Member Months	151,969							.3	151,966	
<b>Total Member Ambulatory Encounters for Period:</b>										
7. Physician .....	61,235								61,235	
8. Non-Physician .....	43,088								43,088	
9. Total .....	104,323	.0	.0	.0	.0	.0	.0	.0	104,323	.0
10. Hospital Patient Days Incurred	4,989								4,989	
11. Number of Inpatient Admissions	1,312								1,312	
12. Health Premiums Written .....	38,161,081							3,986	38,157,095	
13. Life Premiums Direct .....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned .....	38,161,081							3,986	38,157,095	
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services .....	29,871,124							1,667	29,869,457	
18. Amount Incurred for Provision of Health Care Services	33,320,987							1,667	33,319,320	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ .....



STATEMENT AS OF MARCH 31, 2008 OF THE CareSource Michigan

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE**

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec. 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital & medical) .....					.0	.0
2. Medicare Supplement .....					.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....	1,667				1,667	.0
7. Title XIX - Medicaid .....	10,539,005	20,982,922	3,216,662	14,154,304	13,755,667	13,999,534
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	10,540,672	20,982,922	3,216,662	14,154,304	13,757,334	13,999,534
10. Healthcare receivables (a) .....	645,860	924,153	424,205	758,776	1,070,065	957,192
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts .....					.0	.0
13. Totals	9,894,812	20,058,769	2,792,457	13,395,528	12,687,269	13,042,342

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

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## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

A. Accounting Practices – The financial statements of CareSource Michigan, (“the Company”) are presented on the basis of accounting practices prescribed or permitted by the State of Michigan, Office of Financial and Insurance Regulation (“OFIR”). The statements have been completed in accordance with the NAIC *Accounting Practices and Procedures* manual except to the extent that Michigan law differs. No material change has occurred since the Annual 2007 filing.

B. Use of Estimates in the Preparation of the Financial Statements – The preparation of financial statements in conformity with accounting practices prescribed or permitted by the Office of Financial and Insurance Regulation of the State of Michigan requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Due to the prospective nature of these estimates, actual results could differ. Medical revenues and expenses require significant estimates, which include incurred but not reported claims.

C. Accounting Policy – The Company receives monthly capitation and delivery case rate payments under its contract with the Michigan Department of Community Health. The Company is required to provide covered health care services to all recipients enrolled, regardless of the cost of care provided. Capitation and delivery case rate revenue is recognized in the month that recipients are entitled to health care benefits. Reinsurance premiums are netted against premium revenue, and reinsurance recoveries are reported as a reduction of related health care costs.

### 2. Accounting Changes and Correction of Errors - None

### 3. Business Combinations and Goodwill – None

### 4. Discontinued Operations - Not applicable

### 5. Investments

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

### 6. Joint Ventures, Partnerships and Limited Liability Companies – The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

### 7. Investment Income – Interest income earned through March 31, 2008 is accrued in the accompanying financial statements.

### 8. Derivative Instruments – None

### 9. Income Taxes – Not applicable; tax exempt 501(c)3 organization.

### 10. Information Concerning Parent, Subsidiaries and Affiliates –

The Company paid management fees to CSMG of \$2,508,966 for the three months ended March 31, 2008. Costs are allocated in accordance with SSAP No. 70, Allocation of Expenses.

As of December 31, 2007, the Company reported \$2,976,060 as amounts due from the Parent Company, CSUSA. This receivable was fully funded on or before February 29, 2008, in accordance with SSAP No. 72, and was approved by OFIR as an admitted asset.

Effective March 12, 2008 the company name changed from Community Choice Michigan to CareSource Michigan

## NOTES TO FINANCIAL STATEMENTS

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

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations – Per the Membership Interest Transfer Agreement associated with the purchase of Community Choice Michigan by CSUSA, which closed on November 30, 2007, and in accordance with a Form A filing approved by OFIR, the net capital and surplus at the closing date is payable to the prior Member Owners over several post closing dates. The liabilities have been recorded for future payments to the prior Member Owners and appear on line 21 of the annual filing. A payment of \$6,731,900 occurred on February 7, 2008.

14. Contingencies

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

15. Leases – The monthly rental for the principal office location of the Company is the financial responsibility of the management company per the administrative services agreement.

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk – No such instruments.

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 – N/A
- b. ASC plans – N/A
- c. Medicare or similarly structured cost based reimbursed contracts – N/A

19. Direct premium written/produced by managing general agents/third party administrator – Not applicable.

20. Other Items

- a. Extraordinary items - None
- b. Troubled debt restructuring: Debtors - None
- c. Other Disclosures – None

21. Events subsequent - None

22. Reinsurance-

- A Ceded Reinsurance Report.
  - Section 1. General Interrogatories
    - 1. No

**NOTES TO FINANCIAL STATEMENTS**

- 2. No
- Section 2 Ceded Reinsurance Report - Part A
  - 1. No
  - 2. No
- Section 3 Ceded Reinsurance Report - Part B
  - 1. \$208,532
  - 2. No

B Uncollectable Reinsurance - None  
 C Commutation Reinsurance - None

- 23. Retrospectively rated contracts & contracts subject to redetermination – None.
- 24. Change in Incurred Claims and Claims Adjustment Expenses - There has been no change in the methodology of computing incurred claims and claims adjustment expenses in the current year. Original estimates of incurred but not reported claims at December 31, 2007 were more than adequate to cover claims payments made in 2008 attributable to insured events of the prior year.
- 25. Intercompany Pooling Arrangements - Not applicable
- 26. Structured Settlements - Not applicable
- 27. Health Care Receivables - CareSource Michigan recorded \$201,833 of pharmaceutical rebates receivable at March 31, 2008, net of non-admitted amounts of \$218,849. During 2008, CareSource Michigan collected \$187,489 for rebates related to 2007. Pharmacy rebates are netted with pharmacy expense.

The Company's administration of rebates is through a pharmacy benefits manager. Reports are generated by the PBM and these are used to estimate receivables. Estimated receivables are confirmed with actual cash receipt of rebates and the accompanying report detailing the amounts by manufacturer. These reports are received on a quarterly basis, generally six months after the quarter in which the receivable is recorded.

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Quarter	Estimated Pharmacy Rebates As Reported on Financial Statements	Pharmacy Rebates as billed or Otherwise Confirmed	Actual Rebates Received within 90 days of Billing	Actual Rebates Received Within 91 to 180 days of Billing	Actual Rebates Received More than 180 days of Billing
03/31/08	212,457	212,457			
12/31/07	230,366	230,366			
09/30/07	174,033	174,033			174,033
06/30/07	230,406	230,406			230,406
03/31/07	243,708	243,708			230,708
12/31/06	233,057	233,057			233,057
09/30/06	220,748	220,748			220,748
06/30/06	262,281	262,281			262,281
03/31/06	204,506	204,506			204,506
12/31/05	193,553	193,553			193,553
09/30/05	195,934	195,934			195,934

- 28. Participating Policies - Not applicable.

## NOTES TO FINANCIAL STATEMENTS

29. Premium Deficiency Reserves - Not deemed necessary.

30. Anticipated Salvage and Subrogation – Subrogation recoveries totaled \$ 7,437 for the period ended March 31, 2008.

**GENERAL INTERROGATORIES**

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

**PART 1 - COMMON INTERROGATORIES  
GENERAL**

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]
  
- 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 [X] No [ ]
- 2.2 If yes, date of change: ..... 03/13/2008  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
  
- 3. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [X] No [ ]  
If yes, complete the Schedule Y - Part 1 - organizational chart.
  
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [X] NA [ ]  
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2005
- 6.2 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. .... 12/31/2005
- 6.3 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). .... 11/13/2006
- 6.4 By what department or departments?  
State of Michigan, Office of Financial and Insurance Regulation.....
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ ] No [ ] NA [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [X] No [ ] NA [ ]
- 7.1 Has this 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]
- 7.2 If yes, give full information:  
.....
- 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 below the names and location (city and state of the main office) of any affiliates regulated by a federal 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

**GENERAL INTERROGATORIES**

- 9.1 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.
- 9.11 If the response to 9.1 is No, please explain:  
.....
- 9.2 Has the code of ethics for senior managers been amended?..... Yes [ ] No [X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
.....
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes [ ] No [X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).  
.....

**FINANCIAL**

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

**INVESTMENT**

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [X]
- 11.2 If yes, give full and complete information relating thereto:  
.....
12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....
13. Amount of real estate and mortgages held in short-term investments: ..... \$ .....
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [ ] No [X]
- 14.2 If yes, please complete the following:
- |   | 1   |  | 2  |  |
|---|---|--|--|--|
|   | Prior Year-End<br>Book/Adjusted<br>Carrying Value |  | Current Quarter<br>Book/Adjusted<br>Carrying Value |  |
| 14.21 Bonds .....   | \$ .....  |  | \$ .....   |  |
| 14.22 Preferred Stock .....   | \$ .....  |  | \$ .....   |  |
| 14.23 Common Stock .....  | \$ .....  |  | \$ .....   |  |
| 14.24 Short-Term Investments .....  | \$ .....  |  | \$ .....   |  |
| 14.25 Mortgage Loans on Real Estate .....   | \$ .....  |  | \$ .....   |  |
| 14.26 All Other .....   | \$ .....  |  | \$ .....   |  |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal<br>Lines 14.21 to 14.26)..... | \$ .....0   |  | \$ .....0  |  |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above ....                          | \$ .....  |  | \$ .....   |  |
- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes [ ] No [X]
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [X]  
If no, attach a description with this statement.

**GENERAL INTERROGATORIES**

16. 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 Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? .....

Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Asset Management.....	38 Fountain Sq Plaza, Cincinnati OH 45263.....

16.2 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)

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? .....

Yes [ ] No [X]

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

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

16.5 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	2 Name(s)	3 Address

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? .....

Yes [X] No [ ]

17.2 If no, list exceptions:

.....



**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

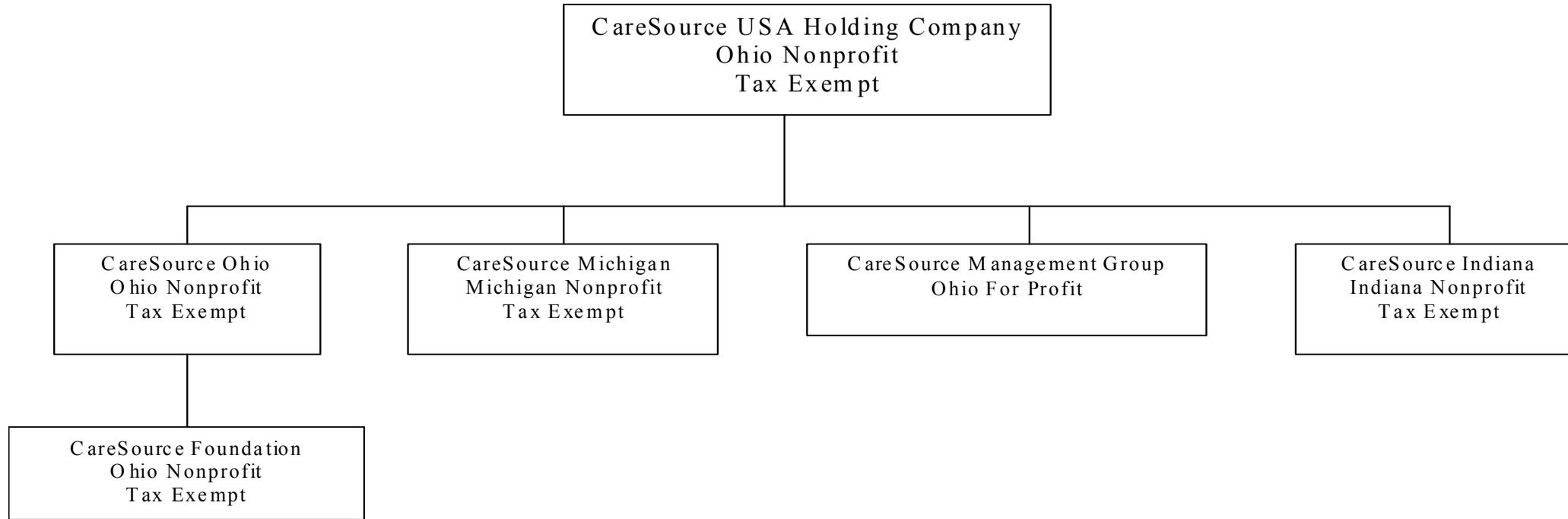
Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefit Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL								.0	
2. Alaska	AK								.0	
3. Arizona	AZ								.0	
4. Arkansas	AR								.0	
5. California	CA								.0	
6. Colorado	CO								.0	
7. Connecticut	CT								.0	
8. Delaware	DE								.0	
9. District of Columbia	DC								.0	
10. Florida	FL								.0	
11. Georgia	GA								.0	
12. Hawaii	HI								.0	
13. Idaho	ID								.0	
14. Illinois	IL								.0	
15. Indiana	IN								.0	
16. Iowa	IA								.0	
17. Kansas	KS								.0	
18. Kentucky	KY								.0	
19. Louisiana	LA								.0	
20. Maine	ME								.0	
21. Maryland	MD								.0	
22. Massachusetts	MA								.0	
23. Michigan	MI	L	3,986	38,157,095					38,161,081	
24. Minnesota	MN								.0	
25. Mississippi	MS								.0	
26. Missouri	MO								.0	
27. Montana	MT								.0	
28. Nebraska	NE								.0	
29. Nevada	NV								.0	
30. New Hampshire	NH								.0	
31. New Jersey	NJ								.0	
32. New Mexico	NM								.0	
33. New York	NY								.0	
34. North Carolina	NC								.0	
35. North Dakota	ND								.0	
36. Ohio	OH								.0	
37. Oklahoma	OK								.0	
38. Oregon	OR								.0	
39. Pennsylvania	PA								.0	
40. Rhode Island	RI								.0	
41. South Carolina	SC								.0	
42. South Dakota	SD								.0	
43. Tennessee	TN								.0	
44. Texas	TX								.0	
45. Utah	UT								.0	
46. Vermont	VT								.0	
47. Virginia	VA								.0	
48. Washington	WA								.0	
49. West Virginia	WV								.0	
50. Wisconsin	WI								.0	
51. Wyoming	WY								.0	
52. American Samoa	AS								.0	
53. Guam	GU								.0	
54. Puerto Rico	PR								.0	
55. U.S. Virgin Islands	VI								.0	
56. Northern Mariana Islands	MP								.0	
57. Canada	CN								.0	
58. Aggregate Other Alien	OT	XXX	.0	.0	.0	.0	.0	.0	.0	.0
59. Subtotal	XXX	.0	3,986	38,157,095	.0	.0	.0	38,161,081	.0	.0
60. Reporting entity contributions for Employee Benefit Plans	XXX							.0		
61. Total (Direct Business)	(a) 1	0	3,986	38,157,095	0	0	0	38,161,081	0	0
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0	0

(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**

**CareSource Family of Companies  
Corporate Structure**



## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Statement be filed with the state of domicile and the NAIC with this statement?

.....SEE EXPLANATION.....

**Explanation:**

1.Coverage provided through Medicare Advantage plan

**Bar Code:**

**OVERFLOW PAGE FOR WRITE-INS**

---

**SCHEDULE A - VERIFICATION**

## Real Estate

	1 Year to Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amount		0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

**SCHEDULE B – VERIFICATION**

## Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book value/recorded investment excluding accrued interest receivable as of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		0
2.2 Additional investment made after acquisitions		0
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted accounts		0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

**SCHEDULE BA – VERIFICATION**

## Other Long Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		0
2.2 Additional investment made after acquisitions		0
3. Capitalized deferred interest and other		
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts		0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

**SCHEDULE D – VERIFICATION**

## Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	4,065,324	5,542,040
2. Cost of bonds and stocks acquired		0
3. Accrual of discount	0	23,284
4. Unrealized valuation increase (decrease)	3,558	0
5. Total gain (loss) on disposals	26,925	0
6. Deduct consideration for bonds and stocks disposed of	1,515,996	1,500,000
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	2,579,811	4,065,324
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	2,579,811	4,065,324

STATEMENT AS OF MARCH 31, 2008 OF THE CareSource Michigan

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a).....	4,065,324		1,500,000	14,487	2,579,811	0	0	4,065,324
2. Class 2 (a).....	0				0	0	0	0
3. Class 3 (a).....	0				0	0	0	0
4. Class 4 (a).....	0				0	0	0	0
5. Class 5 (a).....	0				0	0	0	0
6. Class 6 (a).....	0				0	0	0	0
7. Total Bonds	4,065,324	0	1,500,000	14,487	2,579,811	0	0	4,065,324
<b>PREFERRED STOCK</b>								
8. Class 1.....	0				0	0	0	0
9. Class 2.....	0				0	0	0	0
10. Class 3.....	0				0	0	0	0
11. Class 4.....	0				0	0	0	0
12. Class 5.....	0				0	0	0	0
13. Class 6.....	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	4,065,324	0	1,500,000	14,487	2,579,811	0	0	4,065,324

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....; NAIC 2 \$.....; NAIC 3 \$.....; NAIC 4 \$.....; NAIC 5 \$.....; NAIC 6 \$.....

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**SCHEDULE DA - PART 1****Short-Term Investments Owned End of Current Quarter**

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	1,796,684	XXX	1,796,684	58,054	0

**SCHEDULE DA - VERIFICATION****Short-Term Investments**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	7,144,344	5,614,022
2. Cost of short-term investments acquired .....		8,002,667
3. Accrual of discount.....	0	
4. Unrealized valuation increase (decrease).....		18,650
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals.....	5,347,660	6,490,995
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	1,796,684	7,144,344
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	1,796,684	7,144,344

Schedule DB - Part F - Section 1

**NONE**

Schedule DB - Part F - Section 2

**NONE**

Schedule E Verification

**NONE**

Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 2

**NONE**

Schedule B - Part 3

**NONE**

Schedule BA - Part 2

**NONE**

Schedule BA - Part 3

**NONE**

Schedule D - Part 3

**NONE**

STATEMENT AS OF MARCH 31, 2008 OF THE CareSource Michigan

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22		
										11	12	13	14	15									
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)		
912828-EZ-9	US Treasury N/B	D	03/31/2008	Lehman Brothers		250,000	100	247,148	249,583		417		417		250,000		0	0	17,344	03/31/2008	1		
912828-CL-2	US Treasury N/B	D	01/25/2008	Banc/America Secur. LLC		256,357	100	241,494	245,675		188		188		245,864		10,494	10,494	1,120	06/15/2009	1		
912828-DU-1	US Treasury N/B	D	01/25/2008	Mont. Chase Securities		259,639	100	238,975	243,020		187		187		243,207		16,431	16,431	1,890	05/15/2010	1		
0399999 - Bonds - U.S. Governments						765,996	300	727,617	738,278		792		792		739,071		0	26,925	26,925	20,354	XXX	XXX	
31359W-DJ-9	Fed Nat'l Mtg Assn	D	02/15/2008	Morgan, J.P. Securities		250,000	100	250,635	250,059		(59)		(59)		250,000			0	7,188	01/18/2008	1		
3133XE-5K-1	Fed Home Ln Bank	D	01/18/2008	Morgan, J.P. Securities		500,000	100	493,710	499,791		209		209		500,000			0	0	02/15/2008	1		
1099999 - Bonds - All Other Governments						750,000	200	744,345	749,850		150		150		750,000				7,188	XXX	XXX		
6099997 - Bonds - Part 4						1,515,996	500	1,471,962	1,488,128		942		942		1,489,071		0	26,925	26,925	27,542	XXX	XXX	
6099999 - Total - Bonds						1,515,996	500	1,471,962	1,488,128		942		942		1,489,071		0	26,925	26,925	27,542	XXX	XXX	
6599999 - Total - Preferred Stocks						0	XXX	0	0		0		0		0		0	0	0	0	0	XXX	XXX
7299999 - Total - Common Stocks						0	XXX	0	0		0		0		0		0	0	0	0	0	XXX	XXX
7399999 - Total - Preferred and Common Stocks						0	XXX	0	0		0		0		0		0	0	0	0	0	XXX	XXX
7499999 Totals						1,515,996	XXX	1,471,962	1,488,128		942		942		1,489,071		0	26,925	26,925	27,542	XXX	XXX	

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

E05

Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part D - Section 1

**NONE**



Schedule E - Part 2 - Cash Equivalents

**NONE**