* 5 2 6 3 0 2 0 1 0 2 0 1 0 0 1 0 0 *

ANNUAL STATEMENT

For the Year Ended December 31, 2010

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. Craig L Bass #	President	2. Christine M Surdock	Treasurer
3. Jeff D Barlow	Secretary	4.	

OTHER

DIRECTORS OR TRUSTEES

Craig L Bass # Anna Marie Lang George Goldstein

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)
Craig L Bass	Christine M Surdock	Jeff D Barlow
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Treasurer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____ 2011

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)	18,096,400		18,096,400	55,833,991
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 $.....0 encumbrances)			0	
5. Cash ($.....(9,835,477), Sch. E-Part 1), cash equivalents ($.....0, Sch. E-Part 2) and short-term investments ($.....122,929,551, Sch. DA)	113,094,074		113,094,074	67,719,228
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives			0	
8. Other invested assets (Schedule BA)			0	
9. Receivables for securities			0	
10. Securities lending reinvested collateral assets			0	
11. Aggregate write-ins for invested assets	11,544	11,544	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	131,202,018	11,544	131,190,474	123,553,219
13. Title plants less $.....0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	969,823		969,823	297,315
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection			0	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	
18.1 Current federal and foreign income tax recoverable and interest thereon			0	
18.2 Net deferred tax asset	3,249,968	1,632,201	1,617,767	1,780,720
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software			0	6,166
21. Furniture and equipment, including health care delivery assets ($.....0)	550,713	550,672	41	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	168,623		168,623	
24. Health care ($.....12,286,062) and other amounts receivable	13,596,139	1,310,077	12,286,062	13,851,815
25. Aggregate write-ins for other than invested assets	10,314,192	4,687,034	5,627,158	6,134,747
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	160,051,476	8,191,528	151,859,948	145,623,982
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTALS (Lines 26 and 27)	160,051,476	8,191,528	151,859,948	145,623,982

DETAILS OF WRITE-INS

1101. Deposits - Long Term	11,544	11,544	0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	11,544	11,544	0	0
2501. Prepaid Expenses/Deposits	73,033	73,033	0	
2502. Intangible Assets (Goodwill/Patient Files)	10,241,159	4,614,001	5,627,158	6,134,747
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	10,314,192	4,687,034	5,627,158	6,134,747

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $.....0 reinsurance ceded)	81,174,633		81,174,633	66,965,155
2. Accrued medical incentive pool and bonus amounts	1,561,416		1,561,416	1,518,112
3. Unpaid claims adjustment expenses	995,357		995,357	792,906
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	199,904		199,904	308,888
9. General expenses due or accrued	2,509,742		2,509,742	4,100,077
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))	1,552,457		1,552,457	1,818,061
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others			0	
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates			0	134,700
16. Derivatives			0	
17. Payable for securities			0	
18. Payable for securities lending			0	
19. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
20. Reinsurance in unauthorized companies			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	
22. Liability for amounts held under uninsured plans			0	
23. Aggregate write-ins for other liabilities (including $.....0 current)	349,897	0	349,897	716,983
24. Total liabilities (Lines 1 to 23)	88,343,406	0	88,343,406	76,354,882
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	159,000	159,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	58,329,493	66,904,971
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	5,028,049	2,205,129
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 $.....0)	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 $.....0)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	63,516,542	69,269,100
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	151,859,948	145,623,982

DETAILS OF WRITE-INS

2301. Premium/Use Taxes Due	349,897		349,897	716,983
2302.			0	
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)	349,897	0	349,897	716,983
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	2,708,441	2,522,898
2. Net premium income (including $.....0 non-health premium income)	XXX	806,365,616	728,242,259
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	0	(9,553,017)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	806,365,616	718,689,242
Hospital and Medical:			
9. Hospital/medical benefits		491,896,029	432,343,065
10. Other professional services		16,765,213	17,669,930
11. Outside referrals		43,762,779	41,427,915
12. Emergency room and out-of-area		25,317,328	22,767,922
13. Prescription drugs		95,101,258	83,632,027
14. Aggregate write-ins for other hospital and medical	0	4,391,601	3,534,458
15. Incentive pool, withhold adjustments and bonus amounts		2,977,722	2,563,962
16. Subtotal (Lines 9 to 15)	0	680,211,930	603,939,279
Less:			
17. Net reinsurance recoveries			55,466
18. Total hospital and medical (Lines 16 minus 17)	0	680,211,930	603,883,813
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....16,830,925 cost containment expenses		19,727,174	18,501,079
21. General administrative expenses		101,001,031	82,012,625
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	800,940,135	704,397,517
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	5,425,481	14,291,725
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,608,188	1,721,249
26. Net realized capital gains or (losses) less capital gains tax of $.....0		2,786	20,546
27. Net investment gains or (losses) (Lines 25 plus 26)	0	1,610,974	1,741,795
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	7,036,455	16,033,520
31. Federal and foreign income taxes incurred	XXX	3,372,553	6,055,038
32. Net income (loss) (Lines 30 minus 31)	XXX	3,663,902	9,978,482

DETAILS OF WRITE-INS

0601. Premium Tax	XXX		(9,553,017)
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	(9,553,017)
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		4,391,601	3,534,458
1402. Other Health care costs			
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	4,391,601	3,534,458
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	69,269,100	78,211,517
34. Net income or (loss) from Line 32	3,663,902	9,978,482
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	(51,167)	(597,990)
39. Change in nonadmitted assets	2,634,708	3,146,709
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	(8,575,478)	1,030,382
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders	(3,424,522)	(22,500,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(5,752,557)	(8,942,417)
49. Capital and surplus end of reporting period (Line 33 plus 48)	63,516,543	69,269,100

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	806,256,632	726,451,138
2. Net investment income	1,165,347	2,123,954
3. Miscellaneous income		(9,553,017)
4. Total (Lines 1 through 3)	807,421,979	719,022,075
5. Benefit and loss related payments	665,959,148	591,014,799
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	122,483,175	101,845,278
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	3,638,157	9,814,053
10. Total (Lines 5 through 9)	792,080,480	702,674,130
11. Net cash from operations (Line 4 minus Line 10)	15,341,499	16,347,945
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	51,535,000	25,482,410
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)	51,535,000	25,482,410
13. Cost of investments acquired (long-term only):		
13.1 Bonds	14,024,290	35,202,814
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		11,544
13.7 Total investments acquired (Lines 13.1 to 13.6)	14,024,290	35,214,358
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)	37,510,710	(9,731,948)
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	(8,575,478)	1,030,382
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	3,424,522	22,500,000
16.6 Other cash provided (applied)	4,522,637	(4,250,842)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(7,477,363)	(25,720,460)
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)	45,374,846	(19,104,463)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	67,719,227	86,823,690
19.2 End of year (Line 18 plus Line 19.1)	113,094,073	67,719,227

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	806,365,616	391,050					77,571,628	728,402,938		
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	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	806,365,616	391,050	0	0	0	0	77,571,628	728,402,938	0	0
8. Hospital/medical benefits	491,896,029	191,305					44,008,350	447,696,374		XXX
9. Other professional services	16,765,213	3,228					884,988	15,876,997		XXX
10. Outside referrals	43,762,779	37,444					8,334,484	35,390,851		XXX
11. Emergency room and out-of-area	25,317,328	11,194					1,881,070	23,425,064		XXX
12. Prescription drugs	95,101,258	64,974					18,068,191	76,968,093		XXX
13. Aggregate write-ins for other hospital and medical	4,391,601	0	0	0	0	0	816,070	3,575,531	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	2,977,722							2,977,722		XXX
15. Subtotal (Lines 8 to 14)	680,211,930	308,145	0	0	0	0	73,993,153	605,910,632	0	XXX
16. Net reinsurance recoveries	0									XXX
17. Total hospital and medical (Lines 15 minus 16)	680,211,930	308,145	0	0	0	0	73,993,153	605,910,632	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....16,830,924 cost containment expenses	19,727,174						1,817,773	17,909,401		
20. General administrative expenses	101,001,031	27,237					8,182,262	92,791,532		
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)	800,940,135	335,382	0	0	0	0	83,993,188	716,611,565	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	5,425,481	55,668	0	0	0	0	(6,421,560)	11,791,373	0	0

DETAILS OF WRITE-INS

0501.	0									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)	0	0	0	0	0	0	0	0	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	4,391,601						816,070	3,575,531		XXX
1302.	0									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)	4,391,601	0	0	0	0	0	816,070	3,575,531	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)	392,128		1,078	391,050
2. Medicare supplement				0
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan				0
6. Title XVIII - Medicare	77,782,582		210,954	77,571,628
7. Title XIX - Medicaid	728,955,283		552,345	728,402,938
8. Other health				0
9. Health subtotal (Lines 1 through 8)	807,129,993	0	764,377	806,365,616
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	807,129,993	0	764,377	806,365,616

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	662,258,499	236,129					66,617,052	595,405,318		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	662,258,499	236,129	0	0	0	0	66,617,052	595,405,318	0	0
2. Paid medical incentive pools and bonuses	2,934,418							2,934,418		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	81,174,634	118,296					15,230,058	65,826,280		
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	81,174,634	118,296	0	0	0	0	15,230,058	65,826,280	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	1,561,416							1,561,416		
6. Net healthcare receivables (a)	(766,231)							(766,231)		
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	66,965,155	42,635					7,750,693	59,171,827		
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	0									
8.4 Net	66,965,155	42,635	0	0	0	0	7,750,693	59,171,827	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	1,518,112							1,518,112		
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred benefits:										
12.1 Direct	677,234,209	311,790	0	0	0	0	74,096,417	602,826,002	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	677,234,209	311,790	0	0	0	0	74,096,417	602,826,002	0	0
13. Incurred medical incentive pools and bonuses	2,977,722	0	0	0	0	0	0	2,977,722	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	32,635,933	3,340					954,597	31,677,996		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	32,635,933	3,340	0	0	0	0	954,597	31,677,996	0	0
2. Incurred but unreported:										
2.1 Direct	48,538,701	114,956					14,275,461	34,148,284		
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	48,538,701	114,956	0	0	0	0	14,275,461	34,148,284	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	81,174,634	118,296	0	0	0	0	15,230,058	65,826,280	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	81,174,634	118,296	0	0	0	0	15,230,058	65,826,280	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)	11,043	225,086		118,296	11,043	42,635
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan					0	
6. Title XVIII - Medicare	5,760,500	60,826,152	105,742	15,230,058	5,866,242	7,778,438
7. Title XIX - Medicaid	59,790,485	535,645,233	1,933,403	63,787,135	61,723,888	59,144,083
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	65,562,028	596,696,471	2,039,145	79,135,489	67,601,173	66,965,156
10. Healthcare receivables (a)				1,310,077	0	2,076,308
11. Other non-health					0	
12. Medical incentive pools and bonus amounts	1,648,790	1,285,628		1,561,416	1,648,790	1,518,112
13. Totals (Lines 9 - 10 + 11 + 12)	67,210,818	597,982,099	2,039,145	79,386,828	69,249,963	66,406,960

(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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	433,119	433,500	433,527	433,527	433,527
2. 2006	341,194	393,078	393,207	393,207	393,207
3. 2007	XXX	441,233	480,366	481,268	481,229
4. 2008	XXX	XXX	500,620	524,795	524,902
5. 2009	XXX	XXX	XXX	565,654	601,071
6. 2010	XXX	XXX	XXX	XXX	626,775

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	434,534	433,500	433,527	433,527	433,527
2. 2006	404,343	457,168	457,297	457,297	457,297
3. 2007	XXX	512,334	552,424	553,326	553,287
4. 2008	XXX	XXX	557,700	581,931	582,042
5. 2009	XXX	XXX	XXX	632,563	669,864
6. 2010	XXX	XXX	XXX	XXX	706,060

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. 2006	468,290	393,207	11,883	3.0	405,090	86.5			405,090	86.5
2. 2007	560,252	481,232	16,865	3.5	498,097	88.9			498,097	88.9
3. 2008	614,409	524,795	17,877	3.4	542,672	88.3			542,672	88.3
4. 2009	728,242	565,654	18,500	3.3	584,154	80.2	2,039		586,193	80.5
5. 2010	806,366	626,892	19,727	3.1	646,619	80.2	80,696	995	728,310	90.3

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX	38	47
6. 2010	XXX	XXX	XXX	XXX	227

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX	80	89
6. 2010	XXX	XXX	XXX	XXX	345

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2006				0.0	0	0.0			0	0.0
2. 2007				0.0	0	0.0			0	0.0
3. 2008				0.0	0	0.0			0	0.0
4. 2009	93	38	2	5.3	40	43.0			40	43.0
5. 2010	391	345		0.0	345	88.2	118		463	118.4

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	252	363	410	410	410
3. 2007	XXX	4,583	6,202	6,284	6,285
4. 2008	XXX	XXX	14,573	17,435	17,533
5. 2009	XXX	XXX	XXX	24,590	29,270
6. 2010	XXX	XXX	XXX	XXX	61,808

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	770	1,136	1,183	1,183	1,183
3. 2007	XXX	6,523	8,237	8,319	8,320
4. 2008	XXX	XXX	18,669	21,587	21,685
5. 2009	XXX	XXX	XXX	32,313	37,091
6. 2010	XXX	XXX	XXX	XXX	77,045

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. 2006	990	410	12	2.9	422	42.6			422	42.6
2. 2007	8,024	6,248	248	4.0	6,496	81.0			6,496	81.0
3. 2008	20,672	17,435	536	3.1	17,971	86.9			17,971	86.9
4. 2009	35,448	24,590	912	3.7	25,502	71.9	106		25,608	72.2
5. 2010	77,572	61,807	1,818	2.9	63,625	82.0	15,230	192	79,047	101.9

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	433,119	433,500	433,527	433,527	433,527
2. 2006	340,942	392,715	392,797	392,797	392,797
3. 2007	XXX	436,650	474,164	474,984	474,944
4. 2008	XXX	XXX	486,047	507,360	507,369
5. 2009	XXX	XXX	XXX	541,026	571,754
6. 2010	XXX	XXX	XXX	XXX	564,740

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	434,534	433,500	433,527	433,527	433,527
2. 2006	403,573	456,032	456,114	456,114	456,114
3. 2007	XXX	505,811	544,187	545,007	544,967
4. 2008	XXX	XXX	539,031	560,344	560,357
5. 2009	XXX	XXX	XXX	600,170	632,684
6. 2010	XXX	XXX	XXX	XXX	628,670

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. 2006	467,300	392,797	11,871	3.0	404,668	86.6			404,668	86.6
2. 2007	552,228	474,984	16,617	3.5	491,601	89.0			491,601	89.0
3. 2008	593,737	507,360	17,341	3.4	524,701	88.4			524,701	88.4
4. 2009	692,701	541,026	17,586	3.3	558,612	80.6	1,933		560,545	80.9
5. 2010	728,403	564,740	17,909	3.2	582,649	80.0	65,348	803	648,800	89.1

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)	34,612		3,094,641		3,129,253
2. Salaries, wages and other benefits	11,379,625	1,032,057	26,109,347		38,521,029
3. Commissions (less $.....0 ceded plus $.....0 assumed)					0
4. Legal fees and expenses			907,722		907,722
5. Certifications and accreditation fees	8,872		406,877		415,749
6. Auditing, actuarial and other consulting services	559,370		1,033,107		1,592,477
7. Traveling expenses	88,505	7,281	541,794		637,580
8. Marketing and advertising	683,614		427,794		1,111,408
9. Postage, express and telephone	22,186	2,005	1,920,227		1,944,418
10. Printing and office supplies	396,451	8,415	1,050,288		1,455,154
11. Occupancy, depreciation and amortization	24		5,831,522		5,831,546
12. Equipment	3,699	575	473,208		477,482
13. Cost or depreciation of EDP equipment and software	705,139	213	2,667,939		3,373,291
14. Outsourced services including EDP, claims, and other services	1,836,085	1,562,382	2,279,416		5,677,883
15. Boards, bureaus and association fees	14,102	297	318,891		333,290
16. Insurance, except on real estate	287,920	197,536	1,345,602		1,831,058
17. Collection and bank service charges			157,337	71,128	228,465
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			93,258		93,258
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			7,028,493		7,028,493
23.2 State premium taxes			43,608,502		43,608,502
23.3 Regulatory authority licenses and fees			43,691		43,691
23.4 Payroll taxes	764,394	69,827	1,246,915		2,081,136
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	46,326	15,661	414,460	0	476,447
26. Total expenses incurred (Lines 1 to 25)	16,830,924	2,896,249	101,001,031	71,128	(a) 120,799,332
27. Less expenses unpaid December 31, current year		995,357	2,509,742		3,505,099
28. Add expenses unpaid December 31, prior year		792,906	4,100,077		4,892,983
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)	16,830,924	2,693,798	102,591,366	71,128	122,187,216

DETAILS OF WRITE-INS

2501. Contributions			45,951		45,951
2502. Contributions-Charity			222,084		222,084
2503. Other Admin			(45,583)		(45,583)
2598. Summary of remaining write-ins for Line 25 from overflow page	46,326	15,661	192,008	0	253,995
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)	46,326	15,661	414,460	0	476,447

(a) Includes management fees of $.....40,734,873 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) 317,545	248,905
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 635,737	588,878
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) 572,544	841,555
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	1,525,826	1,679,338
11.	Investment expenses		(g) 71,128
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 22
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)		71,150
17.	Net investment income (Line 10 minus Line 16)		1,608,188

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 $.....12,978 accrual of discount less $.....242,645 amortization of premium and less $.....54,408 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 $..... accrual of discount less $.....524,561 amortization of premium and less $.....0 paid for accrued interest on purchases.
(f) Includes $..... 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	2,786		2,786		
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)	2,786	0	2,786	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. Derivatives			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets			0
11. Aggregate write-ins for invested assets	11,544	11,544	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	11,544	11,544	0
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset	1,632,201	1,520,415	(111,786)
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets	550,672	790,694	240,022
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates			0
24. Health care and other amounts receivable	1,310,077	1,124,949	(185,128)
25. Aggregate write-ins for other than invested assets	4,687,034	7,378,634	2,691,600
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	8,191,528	10,826,236	2,634,708
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	8,191,528	10,826,236	2,634,708

DETAILS OF WRITE-INS

1101. Deposits - Long Term	11,544	11,544	0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	11,544	11,544	0
2501. Prepaid Expenses/Deposits	73,033	105,790	32,757
2502. Intangible Assets (Goodwill/Patient Files)	4,614,001	7,272,844	2,658,843
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	4,687,034	7,378,634	2,691,600

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	222,905	225,435	226,038	224,520	226,703	2,708,441
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	222,905	225,435	226,038	224,520	226,703	2,708,441

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

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 in the period. Actual results could differ from those estimates.

C. Accounting Policy

Revenue Recognition: The Company arranges for the provision of health care services to Medicaid, MIChild, and Medicare recipients under contracts with the State of Michigan and and the Centers for Medicare and Medicaid Services (CMS). Premium revenue is fixed in advance of the periods covered and is not generally subject to significant accounting estimates.

Recognition of Health Care Costs: Medical and hospital expenses related to both capitation and fee-for-service programs are recorded in the period in which the related services are dispensed or the member is entitled to service. Medical and hospital expenses include payments to primary care physicians, specialists, hospitals, pharmacies and other health care providers. In general, primary care physicians are paid on either a fee-for-service basis or a capitated basis (a fixed amount per-member per-month regardless of actual utilization of medical services), while specialists and hospitals are paid on a fee-for-service basis. Under capitated contracts, the Plan is liable for the provision of certain health care services, while under fee-for-service arrangements, the Plan retains the financial responsibility for medical care provided at discounted payments rates.

In addition, the Company applies the following accounting policies:

(1) Short-term investments consist of money market funds, and are stated at fair value. Realized capital gains and losses are determined using the specific identification method.

(2) Bonds are principally stated at amortized cost using the interest method. Changes in admitted asset carrying amounts of bonds are credit or charged directly to unassigned surplus.

(3) Investments in common stock: None

(4) Investments in preferred stock: None

(5) Investments in mortgage loans: None

(6) Investments in loan-backed securities: None

(7) Investments in subsidiaries, controlled or affiliated companies: None

(8) Investments in joint ventures, partnerships and limited liability companies: None

(9) Investments in derivatives: None

(10) The Company assesses the profitability of its contracts for providing health care services to its members when current operating results or forecasts indicate probable future losses. The Company compares anticipated premiums and investment income to health care related costs, including estimated payments for providers, commissions and costs of collecting premiums and processing claims. If the anticipated future costs exceed the premiums, a loss contract accrual is recognized. No premium deficiency reserves were deemed necessary as of December 31, 2010.

(11) Claims unpaid and claims adjustment expenses represent management's best estimate of the ultimate net cost of all reported and unreported claims incurred through December 31. Such estimates are based on many variables, including estimates of unreported claims using historical and statistical information and other factors. Such estimates are subject to the effects of trends in claims severity and frequency, changes in the regulatory environment and economic conditions. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims are adequate. The methods for making such estimates

and the resulting reserves are continually reviewed and updated as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

(12) There was no change in the capitalization policy from prior periods.

(13) Amounts receivable for pharmacy rebates are estimated based on a per-claim guarantee calculation. Rebates are typically collected on a quarterly basis 30 days after the end of each quarter.

1. Accounting Changes and Corrections of Errors

None

2. Business Combinations and Goodwill

The following summarizes the goodwill balance:

Ending goodwill balance	10,241,159
Nonadmitted portion	(4,614,001)
Admitted Goodwill	5,627,158

3. Discontinued Operations

None

4. Investments

A. Mortgage Loans: None

B. Debt Restructuring: None

C. Reverse Mortgages: None

D. Loan-Backed Securities: None

E. Repurchase Agreements and/or Securities Lending Transactions: None

F. Real Estate: None

G. Low-Income Housing Tax Credits: None

5. Joint Ventures, Partnerships and Limited Liability Companies

None

6. Investment Income

The Company had no investment income that was excluded in 2010 or 2009. All of the Company's investments and the income derived from such investments meet the criteria for admitted receivables.

7. Derivative Instruments

None

8. Income Taxes

A. (1) The Company's net deferred tax asset (all ordinary) is reflected on the following schedule:

	12/31/2010	12/31/2009
Total of all deferred tax assets	3,512,261	3,715,573
Statutory valuation allowance	-	-
Adjusted gross deferred tax assets	3,512,261	3,715,573
Total of all deferred tax liabilities	(262,293)	(414,438)
Net deferred tax asset/(liability) before admissibility test	3,249,968	3,301,135

Admitted pursuant to par. 10.a.	1,617,767	1,780,720
Par. 10.b.i.	-	-
Par. 10.b.ii.	5,948,845	6,691,701
Admitted pursuant to par. 10.b. (lesser of i. or ii.)	-	-
Admitted pursuant to 10.c.	262,293	414,438
Additional admitted pursuant to par. 10.e.i.	N/A	N/A
Admitted deferred tax asset	1,880,060	2,195,157
Deferred tax liability	(262,293)	(414,438)
Net admitted DTA or DTL	1,617,767	1,780,720
Total deferred tax assets non-admitted	1,632,201	1,520,415

(2) The Company has not elected to admit DTAs pursuant to paragraph 10.e.

(3) n/a

(4) n/a

B.

All deferred federal tax liabilities were recognized as an offset to deferred tax assets.

C.

Current Tax and Change in Deferred Tax

Current income taxes incurred consist of the following major components:

	12/31/2010	12/31/2009
Current income tax expense (benefit)	3,161,482	3,715,573
Tax on capital gains	207,537	-
Prior year underaccrual (overaccrual)	3,534	3,715,573
Federal income tax expense (benefit)	3,372,553	3,301,135

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

	12/31/2010	12/31/2009	Change	Character
Deferred tax assets:				
NOL Carryforwards	166,085	120,307	(27,235)	ordinary
State Taxes	-	-	(53,280)	ordinary
Compensation related payable	130,564	154,282	(28,579)	ordinary
Discounting of unpaid losses	542,835	477,708	477,708	ordinary
Unearned Premiums	13,993	29,819	29,819	ordinary
Healthcare Receivable	458,527	393,732	(8,334)	ordinary
Depreciation and amortization	2,124,200	2,466,004	(580,258)	ordinary
Other	76,057	73,721	(2,336)	ordinary
Total deferred tax assets	3,512,261	3,715,573	(203,312)	
Non-admitted deferred tax assets	(1,632,201)	(1,520,415)	(111,786)	
Admitted deferrred tax assets	1,880,060	2,195,157	(315,097)	
Deferred tax liabilities:				
Other	(262,293)	(414,438)	152,145	ordinary
Total deferred tax liabilities	(262,293)	(414,438)	152,145	
Non-admitted deferred tax liabilities	-	-	-	
Admitted deferred tax liabilities	(262,293)	(414,438)	152,145	
Net admitted deferred tax assets	1,617,767	1,780,720	(162,951)	

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

NOTES TO FINANCIAL STATEMENTS

	2010	2009	Change
Total deferred tax assets	3,512,261	3,715,573	(203,312)
Total deferred tax liabilities	(262,293)	(414,438)	152,145
Net deferred tax asset (liability)	3,249,968	3,301,135	(51,167)
Tax effect of unrealized (gains)/losses			-
Change in net deferred income tax - (expense) benefit			(51,167)

The Company is subject to taxation in the United States and the state of Michigan. With few exceptions, the Company is no longer subject to U.S. federal tax examination for tax years before 2007 and state as well as local income tax examination for tax years before 2006.

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

	Amount	Tax Effect	Effective Tax Rate
Taxes on income at federal statutory tax rate	7,036,454	2,462,759	35.00%
Changes in nonadmitted assets	2,799,082	979,679	13.92%
Meals and entertainment	9,522	3,333	0.05%
Other, incl Prior Year True-up	(63,003)	(22,051)	-0.31%
Reported tax expense	9,782,055	3,423,720	48.66%
Federal and foreign income taxes incurred		3,372,553	47.93%
Change in net deferred income taxes		51,167	0.73%
Total statutory income taxes		3,423,720	48.66%

E. There were no loss carry forwards.

The amount of federal income taxes incurred that will be available for recoupment in the event of future net losses is approximately:

2010	3,369,019
2009	6,259,061

Deposits admitted under IRC Section 6603: None

F. Federal income tax return consolidation

(1) The Company's Federal income tax return is consolidated with the following entities:

Molina Healthcare, Inc.
Molina Healthcare of Arizona, Inc.
Molina Healthcare of California
Molina Healthcare of California Partner Plan
Molina Healthcare of Utah, Inc.
Molina Healthcare of Michigan, Inc.
Molina Healthcare of New Mexico, Inc.
Molina Healthcare of Ohio, Inc.
Molina Healthcare of Washington, Inc.
Molina Healthcare of Texas, Inc.
Molina Healthcare of Georgia, Inc.
Molina Healthcare of Nevada, Inc.

Molina Healthcare Insurance Company
HCLB, Inc.
Molina Healthcare of Florida, Inc.
Molina Healthcare of Missouri, Inc.
Alliance for Community Health, LLC (dba Molina Healthcare of Missouri)
Molina Healthcare of Virginia, Inc.
Molina Healthcare of Mississippi, Inc.
Molina Healthcare Services
Molina Healthcare of Illinois, Inc.
Molina Healthcare of Texas Insurance Company
Abri Health Plan, Inc.

(2) Molina Healthcare, Inc. ("Molina") and its subsidiaries, including the Company, file a consolidated federal income tax return. Under a written services agreement, approved by the Company's 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 tax returns. Intercompany tax balances are settled annually in the first quarter of the new year.

9. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

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

B. The Company paid dividends totaling $12,000,000 to Molina in 2010.

C. The Company has an agreement with Molina whereby the Molina provides certain management services to the Company. Expenses incurred relating to this agreement amounted to $40,734,873 and $35,563,425 for the years ended December 31, 2010 and 2009, respectively.

D. As of December 31, 2010, amounts due from Molina and affiliates totaled $168,623. Intercompany receivables and payables are generally settled on a monthly basis.

E. Molina has entered into a credit facility, which is collateralized by the Company's common stock, as well as the common stock of other subsidiaries of Molina. $159,000 was outstanding under this credit facility as of December 31, 2010.

F. The Company has a services agreement with Molina, as described in 10.C. above. Additionally, the Company has a contract with a business that provides certain vision services to the Company's enrollees, and enrollees of Molina's other subsidiaries. Molina holds an equity investment in this business. Under the Company's contract with this related party, the Company paid $1,368,251 and $2,255,493 for vision services for the years ended December 31, 2010 and 2009, respectively.

G. As indicated in 10.A. above, the Company is a wholly owned subsidiary of Molina. Molina is a multi-state managed care organization that arranges for the delivery of health care services to persons eligible Medicaid, Medicare, and other government-sponsored health care programs for low-income families and individuals. The entities under common ownership of Molina are indicated in Note 9.F. above.

H. Amount deducted from the value of an upstream intermediate entity or ultimate parent owned: None

I. Investment in subsidiary, controlled or affiliated (SCA) entity that exceeds 10% of the admitted assets of the insurer: None

J. Investment in impaired SCA: None

K. Investment in foreign subsidiary: None

L. Investment in downstream noninsurance holding company: None

10. Debt: None

11. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Plans

A. Defined Benefit Plan: None

B. Defined Contribution Plan: see 12.D. below

C. Multiemployer Plans: None

D. Consolidated/Holding Company Plans: The Company's employees participate in a defined contribution 401(k) plan sponsored by Molina that covers substantially all full-time salaried and clerical employees. Eligible employees are allowed to contribute up to the maximum allowed by law. The Company matches up to the first 4% of compensation contributed by the employees. The Company has no legal obligation to provide benefits under the

plan. The Company's expense recognized in connection with the 401(k) plan was $370,012 and $371,682 for the years ended December 31, 2010 and 2009, respectively.

E. Postemployment Benefits and Compensated Absences: None

F. Impact of Medicare Modernization Act on Post Retirement Benefits: None

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

(1) The Company has 200,000 shares of common stock authorized and 159,000 shares issued and outstanding.

(2) Preferred stock: None

(3) Dividend restrictions: The laws of the State of Michigan limit the payment and declaration of extraordinary and ordinary dividends. As set forth in 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

(4) Dividends paid by the Company to Molina during 2010 were as follows:

In February 2010 Molina Healthcare of Michigan Inc (MHM) distributed a dividend payment of $7,500,000 to the shareholder. The dividend distribution was approved by the Office of Financial and Insurance Regulation ($3,424,522 considered extraordinary and remaining $4,075,478 considered paid from other than earned surplus). In December 2010 Molina Healthcare of Michigan Inc (MHM) distributed a dividend payment of $4,500,000 to the shareholder. The dividend distribution was approved by the Office of Financial and Insurance Regulation and the entire amount was considered paid from other than earned surplus

(5) Subject to the limitations of (3) above, no restrictions have been placed on the portion of the Company's profits that may be paid as ordinary dividends to Molina.

(6) Restrictions placed on unassigned funds (surplus): None

(7) Advances to surplus not repaid: None

(8) Stock held for special purposes: None

(9) Changes in balances of special surplus funds from the prior period: None

(10) Unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses: None

(11) Surplus Notes: None

(12) Impact of the restatement in a quasi-reorganization: None

(13) The effective date of a quasi-reorganization: None

14. Contingencies

A. Contingent Commitments: As described in Note 10.E. above, Molina has entered into a credit facility, which is collateralized by the Company's common stock, as well as the common stock of other subsidiaries of Molina. $159,000 was outstanding under this credit facility as of December 31, 2010.

A. Assessments: None

B. Gain Contingencies: None

C. Claims related extra contractual obligation and bad faith losses stemming from lawsuits: None

D. All Other Contingencies: From time to time, the Company may be involved in legal actions in the normal course of business, some of which involve a demand for both compensatory and punitive damages not covered by insurance. Currently, there are no pending or threatened actions which, to the knowledge and in the opinion of management and the Company's counsel, would have a material adverse effect on the Company's financial position, results of operations or cash flow.

15. Leases

A. Lessee lease arrangements

(1) Operating leases: The Company leases office facilities and equipment under noncancelable long-term operating leases. Some of the leases contain escalation clauses and renewal options. Rental expense relating to these leases totaled $1,859,231 and $1,853,976 for the years ended December 31, 2010 and 2009, respectively.

(2) Future minimum lease payments for years ending December 31 are as follows:

2011	$1,761,988
2012	$1,575,369
2013	$1,591,409
2014	$1,063,016
Total	$5,991,782

(3) Sale-leaseback transactions: None

B. Lessor lease arrangements: None

16. Information About Financial Instruments With Off-Balance Risk and Financial Instruments With Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, short-term investments, bonds and receivables. The Company invests a substantial portion of its cash in the PFM Fund Prime Series – Government Class, a portfolio of highly liquid money market securities that are managed by PFM Asset Management LLC (PFM), a Virginia business trust registered as a open-end management investment fund. This PFM investment totaled $42,463,869 as of December 31, 2010. The Company's investments and a portion of its cash equivalents are managed by professional portfolio managers operating under documented investment guidelines. Concentrations of credit risk with respect to receivables is limited because the Company's only payors are the state of Michigan and the Centers for Medicare and Medicaid Services, or CMS.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None

18. Gain or Loss to the Reporting Entity from Uninsured Accident and Health Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans: None

B. ASC Plans: None

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract: None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None

20. Fair Value Measurements

A.

(1) Assets Measured at Fair Value on a Recurring Basis

(1)	(2)	(3)	(4)	(5)
Description	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Money market funds	$82,106,313			
Total assets at fair value	$82,106,313			
b. Liabilities at fair value				
None (see (3) below)				

(2) None

(3) The Company's statutory-basis balance sheets include the following financial instruments: cash and cash equivalents, short-term investments, bonds, investment income due and accrued, receivables, federal income taxes recoverable, claims liabilities, accounts payable, and other current liabilities. The Company believes the carrying amounts of current assets and current liabilities in the statutory-basis financial statements approximate the fair value of these financial instruments because of the relatively short period of time between the origination of the instruments and their expected realization or payment. The Company's assets measured at fair value on a recurring basis include primarily short-term money market funds, which are classified as short-term investments. The Plan receives monthly statements from investment brokers that provide market pricing.

B. None

C. See A. (3) above

D. Not applicable.

21. Other Items

A. Extraordinary Items: None

B. Troubled Debt Restructuring: None

C. Other Disclosures:

D. Uncollectible Amounts: None

E. Business Interruption Insurance Recoveries: None

F. State Transferable Tax Credits: None

G. Subprime-Mortgage-Related Risk Exposure: None

H. Retained Assets: None

22. Events Subsequent: None

23. Reinsurance

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

(2) No

B. Uncollectible Reinsurance: None

C. Commutation of Ceded Reinsurance: None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. Medicare revenue paid to the Company is subject to retroactive adjustment for both member risk scores and member pharmacy cost experience. Based on member encounter data the Company submits to CMS, the Company's Medicare revenue is subject to adjustment for up to two years after the original year of service. This adjustment takes into account the acuity of each member's medical needs relative to what was anticipated when premiums were originally set for that member. In the event the Company's membership (measured on an individual by individual basis) requires less acute medical care than was anticipated by the original premium amount, CMS may recover premiums from the Company. In the event the membership requires more acute medical care than was anticipated by the original premium amount, CMS may pay the Company additional retroactive premiums. A similar retroactive reconciliation is undertaken by CMS for the Company's Medicare members' pharmacy utilization. That analysis is similar to the process for the adjustment of member risk scores, but is further complicated by member pharmacy cost-sharing provisions attached to the Medicare pharmacy benefit that do not apply to the services measured by the member risk adjustment process. The Company estimates the amount of Medicare revenue that will ultimately be realized for the periods presented based on the Company's knowledge of its members' heath care utilization patterns and CMS practices. To the extent that the premium revenue ultimately received from CMS differs from recorded amounts, the Company will adjust reported Medicare revenue.

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

C. The amount of net premiums written by the Company for the year ended December 31, 2010 that were subject to retrospective rating features was $77,782,582, which represented 9.6% of the total net premiums written by the Company in 2010. This includes $1,742,484 in premiums for prior years settlement reported in 2010.

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves for incurred claims and claims adjustment expenses attributable to insured events of prior year has increased by $2,843,003 as additional information becomes known regarding incurred reported claims.

26. Intercompany Pooling Arrangements: None

27. Structured Settlements: None

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables: At December 31, 2010, the Company had recorded $1,310,007 of pharmacy rebate receivables, of which $1,310,007 were non-admitted.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Actual Rebates Received More than 180 Days After Billing
12/31/2010	638,473	
09/30/2010	671,604	
06/30/2010	795,425	384,600
03/31/2010	997,717	997,364
12/31/2009	575,131	1,160,138
09/30/2009	549,818	613,624
06/30/2009	413,912	677,211
03/31/2009	382,149	592,836
12/31/2008	341,840	583,636
09/30/2008	288,215	557,316
06/30/2008	259,646	676,568
03/31/2008	259,058	570,217

NOTES TO FINANCIAL STATEMENTS

B. Risk-Sharing Receivables: None

29. Participating Policies: None

30. Premium Deficiency Reserves: None

31. Anticipated Salvage and Subrogation: None

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [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. 12/31/2008

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. 12/31/2008

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). 02/11/2010

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 [ ] No [ ] N/A [X]

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.6 If the response to 10.5 is yes, provide information related to this exemption:

10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ]

10.8 If the answer to 10.7 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Brian Goebel FSA, MAAA 200 Oceangate, Ste 100, Long Beach, CA 90802

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

12.11 Name of real estate holding company

12.12 Number of parcels involved .....

12.13 Total book/adjusted carrying value .....

12.2 If yes, provide explanation.

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

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

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

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

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

15. 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 [ ]

16. 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 [ ]

17. 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

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

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

19.11 To directors or other officers $.....0

19.12 To stockholders not officers $.....0

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

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

19.21 To directors or other officers $.....0

19.22 To stockholders not officers $.....0

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

20.1 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]

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

20.21 Rented from others .....

20.22 Borrowed from others .....

20.23 Leased from others .....

20.24 Other .....

21.1 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]

21.2 If answer is yes:

21.21 Amount paid as losses or risk adjustment .....

21.22 Amount paid as expenses .....

21.23 Other amounts paid .....

22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]

22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. $.....168,623

INVESTMENT

23.1 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 23.3)? Yes [ ] No [X]

23.2 If no, give full and complete information relating thereto.
Securities are held by UBS - Custodian

23.3 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 17 where this information is also provided).
N/A

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

23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. .....

23.6 If answer to 23.4 is no, report amount of collateral for other programs. .....

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

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

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

24.1 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 20.1 and 23.3) Yes [X] No [ ]

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

24.21 Subject to repurchase agreements $.....0

24.22 Subject to reverse repurchase agreements $.....0

24.23 Subject to dollar repurchase agreements $.....0

24.24 Subject to reverse dollar repurchase agreements $.....0

24.25 Pledged as collateral $.....0

24.26 Placed under option agreements $.....0

24.27 Letter stock or securities restricted as to sale $.....0

24.28 On deposit with state or other regulatory body $.....1,000,000

24.29 Other $.....0

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

25.2 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.

26.1 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]

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

27. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

27.01 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	2600 W. Big Beaver Rd. Troy, MI 48084

27.02 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.	

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? Yes [ ] No [X]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
UBS		07/01/2010	Securities sold back to UBS

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

27.05 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
U.S. Bank Trust Acct #98538400	Kyle J. Lunde	1420 Fifth Avenue, Ste 700, Seattle, WA 98101
U.S. Bank Trust Acct #98538400	Susan Selser, Scott Kjar	60 Livingston Avenue, St. Paul, MN 55107
U.S. Bank Trust Acct #19-504300	Lars Monroe, Juan Cardona, Greg Krohner	555 California St., 35th Floor, San Francisco, CA 94104
U.S. Bank Trust Acct #19-504302	Debra Goodnight, Marty Margolis, Peter Noel, Greg Manjerov	One Keystone Plaza, Suite 300, Harrisburg, PA 17101
U.S. Bank Trust Acct #19-504302	Michael Verano, Kenneth Schiebel, Robert Cheddar	One Keystone Plaza, Suite 300, Harrisburg, PA 17101
U.S. Bank Trust Acct #19-504302	Joseph Creason, Jeffrey Rowe, Nicole Goshorn, Kerry Staub	One Keystone Plaza, Suite 300, Harrisburg, PA 17101
U.S. Bank Trust Acct #19-504302	Brian Raubenstine, Matthew St. John	One Keystone Plaza, Suite 300, Harrisburg, PA 17101

28.1 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]

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
28.2999. TOTAL		0

28.3 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

29. 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 (+)
29.1 Bonds	141,025,951	141,145,618	119,667
29.2 Preferred stocks			0
29.3 Totals	141,025,951	141,145,618	119,667

29.4 Describe the sources or methods utilized in determining the fair values:
NAIC AVS valuations used when available otherwise broker or custodian values used

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

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No [ ]

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

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

31.2 If no, list exceptions:

OTHER

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

32.2 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

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

33.2 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

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

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total 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	806,365,616	728,242,259
2.2 Premium Denominator	806,365,616	728,242,259
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator	82,736,050	68,483,268
2.5 Reserve Denominator	82,736,049	68,483,267
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 9,242

8.2 Number of providers at end of reporting year 10,322

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 $.....5,500,000

10.22 Amount actually paid for year bonuses $.....2,977,722

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. $.....45,670,486

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

11.6. If the amount is calculated, show the calculation:
RBC 200% Authorized Control Level

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

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

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

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

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

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

FIVE-YEAR HISTORICAL DATA

	1 2010	2 2009	3 2008	4 2007	5 2006
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	151,859,948	145,623,982	149,684,356	148,009,079	132,720,451
2. Total liabilities (Page 3, Line 24)	88,343,406	76,354,882	71,472,839	78,157,461	72,892,668
3. Statutory surplus	45,670,486	39,890,512	34,732,640	56,025,179	46,856,896
4. Total capital and surplus (Page 3, Line 33)	63,516,542	69,269,100	78,211,517	69,851,618	59,827,783
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	806,365,616	718,689,242	614,408,981	560,251,792	468,568,961
6. Total medical and hospital expenses (Line 18)	680,211,930	603,883,813	525,663,681	501,053,036	385,868,562
7. Claims adjustment expenses (Line 20)	19,727,174	18,501,079	17,876,622	16,628,892	11,781,145
8. Total administrative expenses (Line 21)	101,001,031	82,012,625	49,406,222	43,196,977	41,060,479
9. Net underwriting gain (loss) (Line 24)	5,425,481	14,291,725	21,462,456	(627,113)	29,858,775
10. Net investment gain (loss) (Line 27)	1,610,974	1,741,795	3,966,336	6,297,003	5,687,433
11. Total other income (Lines 28 plus 29)					2,080
12. Net income or (loss) (Line 32)	3,663,902	9,978,482	16,531,021	3,879,303	23,187,316
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	15,341,499	16,347,945	9,512,023	7,874,753	13,933,850
Risk-Based Capital Analysis					
14. Total adjusted capital	63,516,542	69,269,100	78,211,517	69,851,618	59,827,783
15. Authorized control level risk-based capital	22,835,243	19,945,256	17,366,320	17,665,924	14,777,641
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	226,703	222,905	206,339	209,111	227,797
17. Total member months (Column 6, Line 7)	2,708,441	2,522,898	2,525,384	2,596,806	2,765,276
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)	84.4	82.9	81.0	84.2	77.4
20. Cost containment expenses	2.1	2.0	0.7	1.9	1.5
21. Other claims adjustment expenses	0.4	0.6	0.7	0.9	0.9
22. Total underwriting deductions (Line 23)	99.3	96.7	91.4	94.2	88.0
23. Total underwriting gain (loss) (Line 24)	0.7	2.0	3.3	(0.1)	6.0
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5)	69,249,963	48,102,580	55,769,864	56,529,614	53,471,440
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	66,406,960	53,254,417	67,499,243	63,520,009	70,172,813
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	0	0	0	0	0

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

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	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	392,128	77,782,582	728,955,283				807,129,993	
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	392,128	77,782,582	728,955,283	0	0	0	807,129,993	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	392,128	77,782,582	728,955,283	0	0	0	807,129,993	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

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

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

(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

00000	DE	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.
|-95739	NM	85-0408506	Molina Healthcare of New Mexico, Inc
|-10757	TX	20-1494502	Molina Healthcare of Texas Inc
|-13778	TX	27-0522725	Molina Healthcare of Texas Insurance Company
|-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.
|-00000	DE	27-1510177	Molina Information Systems, LLC (dba Molina Medicaid Solutions)
|-00000	WI	20-0810346	Avatar Partners, LLC
|-12007	WI	20-0813104	Abri Health Plan, Inc.

2010 ALPHABETICAL INDEX
HEALTH ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7	Schedule D – Part 6 – Section 1	E16
Assets	2	Schedule D – Part 6 – Section 2	E16
Cash Flow	6	Schedule D – Summary By Country	SI04
Exhibit 1 – Enrollment By Product Type for Health Business Only	17	Schedule D – Verification Between Years	SI03
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DA – Part 1	E17
Exhibit 3 – Health Care Receivables	19	Schedule DA – Verification Between Years	SI11
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	20	Schedule DB – Part A – Section 1	E18
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	21	Schedule DB – Part A – Section 2	E19
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	22	Schedule DB – Part A – Verification Between Years	SI12
Exhibit 7 – Part 1 – Summary of Transactions With Providers	23	Schedule DB – Part B – Section 1	E20
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	23	Schedule DB – Part B – Section 2	E21
Exhibit 8 – Furniture, Equipment and Supplies Owned	24	Schedule DB – Part B – Verification Between Years	SI12
Exhibit of Capital Gains (Losses)	15	Schedule DB – Part C – Section 1	SI13
Exhibit of Net Investment Income	15	Schedule DB – Part C – Section 2	SI14
Exhibit of Nonadmitted Assets	16	Schedule DB – Part D	E22
Exhibit of Premiums, Enrollment and Utilization (State Page)	29	Schedule DB – Verification	SI15
Five-Year Historical Data	28	Schedule DL – Part 1	E23
General Interrogatories	26	Schedule DL – Part 2	E24
Jurat Page	1	Schedule E – Part 1 – Cash	E25
Liabilities, Capital and Surplus	3	Schedule E – Part 2 – Cash Equivalents	E26
Notes To Financial Statements	25	Schedule E – Part 3 – Special Deposits	E27
Overflow Page For Write-ins	41	Schedule E – Verification Between Years	SI16
Schedule A – Part 1	E01	Schedule S – Part 1 – Section 2	30
Schedule A – Part 2	E02	Schedule S – Part 2	31
Schedule A – Part 3	E03	Schedule S – Part 3 – Section 2	32
Schedule A – Verification Between Years	SI02	Schedule S – Part 4	33
Schedule B – Part 1	E04	Schedule S – Part 5	34
Schedule B – Part 2	E05	Schedule S – Part 6	35
Schedule B – Part 3	E06	Schedule T – Part 2 – Interstate Compact	37
Schedule B – Verification Between Years	SI02	Schedule T – Premiums and Other Considerations	36
Schedule BA – Part 1	E07	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	38
Schedule BA – Part 2	E08	Schedule Y - Part 2 – Summary of Insurer's Transactions With Any Affiliates	39
Schedule BA – Part 3	E09	Statement of Revenue and Expenses	4
Schedule BA – Verification Between Years	SI03	Summary Investment Schedule	SI01
Schedule D – Part 1	E10	Supplemental Exhibits and Schedules Interrogatories	40
Schedule D – Part 1A – Section 1	SI05	Underwriting and Investment Exhibit – Part 1	8
Schedule D – Part 1A – Section 2	SI08	Underwriting and Investment Exhibit – Part 2	9
Schedule D – Part 2 – Section 1	E11	Underwriting and Investment Exhibit – Part 2A	10
Schedule D – Part 2 – Section 2	E12	Underwriting and Investment Exhibit – Part 2B	11
Schedule D – Part 3	E13	Underwriting and Investment Exhibit – Part 2C	12
Schedule D – Part 4	E14	Underwriting and Investment Exhibit – Part 2D	13
Schedule D – Part 5	E15	Underwriting and Investment Exhibit – Part 3	14