



ANNUAL STATEMENT

For the Year Ended December 31, 2015

of the Condition and Affairs of the

MMM Healthcare, LLC.

NAIC Group Code..... 0, 0 (Current Period) (Prior Period) NAIC Company Code..... 11157 Employer's ID Number..... 660588600

Organized under the Laws of PR State of Domicile or Port of Entry PR Country of Domicile US

Licensed as Business Type..... Is HMO Federally Qualified? Yes [X] No []

Incorporated/Organized..... September 25, 2000 Commenced Business..... January 1, 2001

Statutory Home Office 350 CHARDON AVE. STE. 500..... SAN JUAN 918
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 350 CHARDON AVE. STE. 500..... SAN JUAN PR 918 787-622-3000
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 350 CHARDON AVE. STE. 500..... SAN JUAN PR 918
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 350 CHARDON AVE. STE. 500..... SAN JUAN PR 918 787-622-3000
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address WWW.MEDICAREYMUCHOMAS.COM

Statutory Statement Contact SONIA I NIEVES 787-620-2399
(Name) (Area Code) (Telephone Number) (Extension)
sonia.nieves@mmmhc.com 787-620-2399
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
1. MANUEL SANCHEZ SIERRA	CHIEF OPERATIONAL OFFICER	2. CARLOS VIVALDI	CHIEF FINANCIAL OFFICER
3.		4.	

OTHER

RICHARD SHINTO	CEO	CARLOS VIVALDI	TREASURER / CFO
MYRA PLUMEY	COMPLIANCE OFFICER	MANUEL SANCHEZ SIERRA	COO
PAUL KLAUSNER	SECRETARY	WILSON QUIROGA	VICE PRESIDENT
VIVIAN ARTHUR TORRES	VICE PRESIDENT	LUIS GARCIA PADILLA	VICE PRESIDENT
VILMARIE GARCIA	VICE PRESIDENT	JUAN ARILL	VICE PRESIDENT
IVELISSE FERNANDEZ	CHIEF ADMINISTRATIVE OFFICER	DIEGO ROSSO	CMO
DOUGLAS MALTON	VICEPRESIDENT	MICHAEL J SORTINO	CHIEF ACCOUNTING OFFICER
CHRISTOPHER J JOYCE	VP AND GENERAL COUNSEL	EYMINEL VIEL	ASSISTANT SECRETARY

DIRECTORS OR TRUSTEES

RICHARD SHINTO	ORLANDO GONZALEZ	DOUGLAS MALTON	CARLOS VIVALDI
CHRISTOPHER JOYCE			

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) MANUEL SANCHEZ SIERRA _____ 1. (Printed Name) CHIEF OPERATIONAL OFFICER _____ (Title)	_____ (Signature) CARLOS VIVALDI _____ 2. (Printed Name) CHIEF FINANCIAL OFFICER _____ (Title)	_____ (Signature) _____ 3. (Printed Name) _____ (Title)
Subscribed and sworn to before me This _____ day of _____ 2016	a. Is this an original filing? Yes [X] No [] b. If no 1. State the amendment number _____ 2. Date filed _____ 3. Number of pages attached _____	

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	102,243,525		102,243,525	150,151,513
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	250,000		250,000	250,000
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 (\$.....12,380,704, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....16,528,130, Schedule DA).....	28,908,834		28,908,834	44,724,325
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....	21,263		21,263	909
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	
11. Aggregate write-ins for invested assets.....	600,000	0	600,000	600,000
12. Subtotals, cash and invested assets (Lines 1 to 11).....	132,023,622	0	132,023,622	195,726,747
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	757,975		757,975	724,836
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	26,368,218	4,226,228	22,141,990	7,049,483
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) and contracts subject to redetermination (\$.....0).....			.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.....	26,172,894		26,172,894	21,066,931
18.1 Current federal and foreign income tax recoverable and interest thereon.....	2,396,211		2,396,211	2,396,210
18.2 Net deferred tax asset.....	12,287,008	8,545,449	3,741,559	8,646,745
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....			.0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....	28,028,317		28,028,317	2,486,560
24. Health care (\$.....18,996,147) and other amounts receivable.....	18,996,147		18,996,147	8,234,806
25. Aggregate write-ins for other than invested assets.....	41,302,458	3,078,832	38,223,626	25,995,298
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	288,332,850	15,850,509	272,482,341	272,327,616
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTALS (Lines 26 and 27).....	288,332,850	15,850,509	272,482,341	272,327,616

DETAILS OF WRITE-INS

1101. Certificate of Deposit (P.R. Insurance Commissioner's Statutory Deposit).....	600,000		600,000	600,000
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).....	600,000	0	600,000	600,000
2501. Prepaid Expense.....	99,493	99,493	.0	
2502. Rent Deposit.....	504,413	504,413	.0	
2503. Other Receivable.....	1,306,489	1,306,489	.0	2,982,841
2598. Summary of remaining write-ins for Line 25 from overflow page.....	39,392,063	1,168,437	38,223,626	23,012,457
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	41,302,458	3,078,832	38,223,626	25,995,298

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	124,224,408		124,224,408	133,024,048
2. Accrued medical incentive pool and bonus amounts.....	13,032,113		13,032,113	7,221,250
3. Unpaid claims adjustment expenses.....	1,045,091		1,045,091	1,068,119
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....			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.....	53,788		53,788	102,644
9. General expenses due or accrued.....	6,607,035		6,607,035	2,363,205
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....			0	
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....			0	
12. Amounts withheld or retained for the account of others.....	1,605,905		1,605,905	1,807,680
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.....	3,207,508		3,207,508	12,256,215
16. Derivatives.....			0	
17. Payable for securities.....			0	
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized and \$.....0 certified reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
22. Liability for amounts held under uninsured plans.....			0	
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	1,885,229	0	1,885,229	10,371,361
24. Total liabilities (Lines 1 to 23).....	151,661,077	0	151,661,077	168,214,522
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
26. Common capital stock.....	XXX	XXX	2,000	2,000
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX	1,999,000	1,999,200
29. Surplus notes.....	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	27,800,000	29,208,000
31. Unassigned funds (surplus).....	XXX	XXX	91,020,264	72,903,894
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	120,821,264	104,113,094
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	272,482,341	272,327,616

DETAILS OF WRITE-INS

2301. Statutory Liabilities.....	600,000		600,000	600,000
2302. RAF Receivables.....			0	(8,637,483)
2303. Amount Due To CMS.....			0	18,408,844
2398. Summary of remaining write-ins for Line 23 from overflow page.....	1,285,229	0	1,285,229	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	1,885,229	0	1,885,229	10,371,361
2501. Health Insurance Industry Fee.....	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. Special Surplus Funds.....	XXX	XXX	27,800,000	29,208,000
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	27,800,000	29,208,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX	2,175,526	1,966,636
2. Net premium income (including \$.....0 non-health premium income).....	XXX	1,531,916,270	1,463,668,828
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	.0
7. Aggregate write-ins for other non-health revenues.....	XXX	.0	.0
8. Total revenues (Lines 2 to 7).....	XXX	1,531,916,270	1,463,668,828
Hospital and Medical:			
9. Hospital/medical benefits.....		495,636,406	481,213,788
10. Other professional services.....		537,231,786	490,660,628
11. Outside referrals.....			
12. Emergency room and out-of-area.....		24,383,738	25,755,851
13. Prescription drugs.....		234,882,256	201,514,017
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		19,138,028	31,460,720
16. Subtotal (Lines 9 to 15).....	.0	1,311,272,214	1,230,605,004
Less:			
17. Net reinsurance recoveries.....			
18. Total hospital and medical (Lines 16 minus 17).....	.0	1,311,272,214	1,230,605,004
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....0 cost containment expenses.....			
21. General administrative expenses.....		211,214,797	236,352,945
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	1,522,487,011	1,466,957,949
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	9,429,259	(3,289,121)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		2,482,520	3,253,138
26. Net realized capital gains or (losses) less capital gains tax of \$.....0.....		130,426	288,758
27. Net investment gains or (losses) (Lines 25 plus 26).....	.0	2,612,946	3,541,896
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	12,042,205	252,775
31. Federal and foreign income taxes incurred.....	XXX	840,000	3,308,542
32. Net income (loss) (Lines 30 minus 31).....	XXX	11,202,205	(3,055,767)

DETAILS OF WRITE-INS

0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX	.0	.0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	.0	.0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	XXX	.0	.0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	.0	.0	.0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	.0	.0	.0
2901. Other Income.....			
2902. Other Income.....			
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	2
	Current Year	Prior Year
33. Capital and surplus prior reporting period.....	104,113,094	123,681,783
34. Net income or (loss) from Line 32.....	11,202,205	(3,055,767)
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....0.....		
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	(1,336,194)	8,051,559
39. Change in nonadmitted assets.....	(6,459,841)	3,948,874
40. Change in unauthorized and certified reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....		
43. Cumulative effect of changes in accounting principles.....		
44. Capital changes:		
44.1 Paid in.....	13,302,000	
44.2 Transferred from surplus (Stock Dividend).....		
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....		
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....		(12,368,178)
47. Aggregate write-ins for gains or (losses) in surplus.....	0	(16,145,177)
48. Net change in capital and surplus (Lines 34 to 47).....	16,708,170	(19,568,689)
49. Capital and surplus end of reporting period (Line 33 plus 48).....	120,821,264	104,113,094

DETAILS OF WRITE-INS

4701. Other Surplus Adjustments.....		(16,145,177)
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	(16,145,177)

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	1,486,498,879	1,450,903,221
2. Net investment income.....	2,873,574	4,359,795
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	1,489,372,453	1,455,263,016
5. Benefit and loss related payments.....	1,323,271,160	1,260,457,871
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	204,904,689	235,531,133
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....		431,407
10. Total (Lines 5 through 9).....	1,528,175,849	1,496,420,411
11. Net cash from operations (Line 4 minus Line 10).....	(38,803,396)	(41,157,395)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	83,062,099	151,290,688
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).....	83,062,099	151,290,688
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	35,468,232	41,404,807
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	26,000,000	
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	61,468,232	41,404,807
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).....	21,593,867	109,885,881
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.....	6,500,000	
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		12,368,178
16.6 Other cash provided (applied).....	(5,105,962)	(17,520,596)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	1,394,038	(29,888,774)
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).....	(15,815,491)	38,839,712
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	44,724,325	5,884,613
19.2 End of year (Line 18 plus Line 19.1).....	28,908,834	44,724,325

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

20.0001		
---------------	--	--

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical).....				0
2. Medicare supplement.....				0
3. Dental only.....				0
4. Vision only.....				0
5. Federal employees health benefits plan.....				0
6. Title XVIII - Medicare.....	1,531,916,270			1,531,916,270
7. Title XIX - Medicaid.....				0
8. Other health.....				0
9. Health subtotal (Lines 1 through 8).....	1,531,916,270	0	0	1,531,916,270
10. Life.....				0
11. Property/casualty.....				0
12. Totals (Lines 9 to 11).....	1,531,916,270	0	0	1,531,916,270

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	1,319,929,973						1,319,929,973			
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	1,319,929,973	0	0	0	0	0	1,319,929,973	0	0	0
2. Paid medical incentive pools and bonuses.....	19,421,878						19,421,878			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	124,224,408						124,224,408			
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	124,224,408	0	0	0	0	0	124,224,408	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0									
4.2 Reinsurance assumed.....	0									
4.3 Reinsurance ceded.....	0									
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	13,032,113						13,032,113			
6. Net healthcare receivables (a).....	18,996,147						18,996,147			
7. Amounts recoverable from reinsurers December 31, current year.....	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	133,024,048						133,024,048			
8.2 Reinsurance assumed.....	0									
8.3 Reinsurance ceded.....	0									
8.4 Net.....	133,024,048	0	0	0	0	0	133,024,048	0	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.....	7,221,250						7,221,250			
11. Amounts recoverable from reinsurers December 31, prior year.....	0									
12. Incurred benefits:										
12.1 Direct.....	1,292,134,186	0	0	0	0	0	1,292,134,186	0	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.....	1,292,134,186	0	0	0	0	0	1,292,134,186	0	0	0
13. Incurred medical incentive pools and bonuses.....	25,232,741	0	0	0	0	0	25,232,741	0	0	0

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	.0									
1.2 Reinsurance assumed.....	.0									
1.3 Reinsurance ceded.....	.0									
1.4 Net.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. Incurred but unreported:										
2.1 Direct.....	124,224,408						124,224,408			
2.2 Reinsurance assumed.....	.0									
2.3 Reinsurance ceded.....	.0									
2.4 Net.....	124,224,408	.0	.0	.0	.0	.0	124,224,408	.0	.0	.0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	.0									
3.2 Reinsurance assumed.....	.0									
3.3 Reinsurance ceded.....	.0									
3.4 Net.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Totals:										
4.1 Direct.....	124,224,408	.0	.0	.0	.0	.0	124,224,408	.0	.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.....	124,224,408	.0	.0	.0	.0	.0	124,224,408	.0	.0	.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical).....					.0	
2. Medicare supplement.....					.0	
3. Dental only.....					.0	
4. Vision only.....					.0	
5. Federal employees health benefits plan.....					.0	
6. Title XVIII - Medicare.....	121,651,155	1,173,187,958	4,933,613	119,290,794	126,584,768	133,024,048
7. Title XIX - Medicaid.....					.0	
8. Other health.....					.0	
9. Health subtotal (Lines 1 to 8).....	121,651,155	1,173,187,958	4,933,613	119,290,794	126,584,768	133,024,048
10. Healthcare receivables (a).....					.0	
11. Other non-health.....					.0	
12. Medical incentive pools and bonus amounts.....	9,402,892	10,018,986	1,820,638	11,211,476	11,223,530	7,221,251
13. Totals (Lines 9 - 10 + 11 + 12).....	131,054,047	1,183,206,944	6,754,251	130,502,270	137,808,298	140,245,299

(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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior.....	3,371,495	3,371,495	3,371,495	3,371,495	3,371,495
2. 2011.....	1,047,228	1,047,228	1,047,228	1,047,228	1,047,228
3. 2012.....	.XXX	1,080,741	1,080,741	1,080,741	1,080,741
4. 2013.....	.XXX	.XXX	1,272,468	1,272,468	1,272,468
5. 2014.....	.XXX	.XXX	.XXX	1,483,317	1,483,317
6. 2015.....	.XXX	.XXX	.XXX	.XXX	1,323,271

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior.....	3,491,261	3,491,261	3,491,261	3,491,261	3,491,261
2. 2011.....	1,039,700	1,039,700	1,039,700	1,039,700	1,039,700
3. 2012.....	.XXX	1,072,632	1,072,632	1,072,632	1,072,632
4. 2013.....	.XXX	.XXX	1,250,620	1,250,620	1,250,620
5. 2014.....	.XXX	.XXX	.XXX	1,418,485	2,873,359
6. 2015.....	.XXX	.XXX	.XXX	.XXX	1,311,272

12.GT

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2011.....	1,531,826	1,272,468		0.0	1,272,468	83.1			1,272,468	83.1
2. 2012.....	1,698,280	1,223,609		0.0	1,223,609	72.0			1,223,609	72.0
3. 2013.....	1,732,988	1,483,278		0.0	1,483,278	85.6			1,483,278	85.6
4. 2014.....	1,463,668	1,124,661		0.0	1,124,661	76.8			1,124,661	76.8
5. 2015.....	1,531,916	1,323,271		0.0	1,323,271	86.4	137,256	1,045	1,461,572	95.4

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE**

**Underwriting and Investment Ex. - Pt. 2D - Aggregate Reserve for A&H Contracts Only
NONE**

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building).....			4,748,248		4,748,248
2. Salaries, wages and other benefits.....			78,674,043		78,674,043
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....			12,894,973		12,894,973
4. Legal fees and expenses.....			1,610,946		1,610,946
5. Certifications and accreditation fees.....			169,688		169,688
6. Auditing, actuarial and other consulting services.....			13,480,137		13,480,137
7. Traveling expenses.....			251,766		251,766
8. Marketing and advertising.....			8,377,444		8,377,444
9. Postage, express and telephone.....			7,038,197		7,038,197
10. Printing and office supplies.....			407,876		407,876
11. Occupancy, depreciation and amortization.....			10,403,799		10,403,799
12. Equipment.....			18,135		18,135
13. Cost or depreciation of EDP equipment and software.....					0
14. Outsourced services including EDP, claims, and other services.....					0
15. Boards, bureaus and association fees.....					0
16. Insurance, except on real estate.....			952,394		952,394
17. Collection and bank service charges.....					0
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....			1,613,889		1,613,889
22. Real estate taxes.....			435,898		435,898
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....					0
23.5 Other (excluding federal income and real estate taxes).....			1,293,058		1,293,058
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	0	68,844,306	0	68,844,306
26. Total expenses incurred (Lines 1 to 25).....	0	0	211,214,797	0	(a)...211,214,797
27. Less expenses unpaid December 31, current year.....			6,607,035		6,607,035
28. Add expenses unpaid December 31, prior year.....			2,363,205		2,363,205
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).....	0	0	206,970,967	0	206,970,967

DETAILS OF WRITE-INS

2501. Public & Provider Relation.....			1,838,848		1,838,848
2502. Data Process, Special projects & Others Expenses.....			20,327,785		20,327,785
2503. Corporate Allocations ,Stock Options, Interest, Bad Debts & Industry Fees.....			46,677,673		46,677,673
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0	68,844,306	0	68,844,306

(a) Includes management fees of \$.....0 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).....132,050	.....120,430
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....2,374,579	.....2,200,434
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).....97	.....82
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....161,574
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....2,506,726	.....2,482,520
11. Investment expenses.....	.....	(g).....
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....0
17. Net investment income (Line 10 minus Line 16).....	.....	.....2,482,520

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	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....0	.....0

- (a) Includes \$.....30,204 accrual of discount less \$.....454,396 amortization of premium and less \$.....41,478 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 \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....83,941	.....	.....83,941	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....46,485	.....	.....46,485	.....	.....
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).....	.....130,426	.....0	.....130,426	.....0	.....0

DETAILS OF WRITE-INS

0901.					
0902. ....			.....0		
0903. ....			.....0		
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....			.0
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.0	.0	.0
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	4,226,228	4,976,457	750,229
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			.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.....	8,545,449	2,371,078	(6,174,371)
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....			.0
21. Furniture and equipment, including health care delivery assets.....			.0
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.....			.0
25. Aggregate write-ins for other than invested assets.....	3,078,832	2,043,133	(1,035,699)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	15,850,509	9,390,668	(6,459,841)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	15,850,509	9,390,668	(6,459,841)

DETAILS OF WRITE-INS

1101.....			.0
1102.....			.0
1103.....			.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501. Prepaid Expense.....	99,493	34,349	(65,144)
2502. Rent Deposit.....	504,413	504,413	.0
2503. Other Receivable.....			.0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	2,474,926	1,504,371	(970,555)
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	3,078,832	2,043,133	(1,035,699)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....	179,236	184,950	179,838	179,081	179,043	2,175,526
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.....	179,236	184,950	179,838	179,081	179,043	2,175,526

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

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

MMM Healthcare, LLC (the Company or MMM) was organized under the laws of the Commonwealth of Puerto Rico on December 28, 2000 and is a wholly owned subsidiary of MMM Holdings, LLC (Holdings or Parent Company), a corporation organized under the laws of the Commonwealth of Puerto Rico.

The Company was organized to develop and provide Medicare Advantage Plan (MA Plan) coverage to residents of Puerto Rico who are eligible for Medicare benefits. The MA Plan offered by the Company provides plan members with full Medicare Part A and Plan B benefits plus coverage of Medicare deductibles and copayment amounts and additional benefits that traditional fee-for-service Medicare does not provide. Since January 2006, the MA Plan has also offered Medicare Part D drug coverage (MA-PD plan). The MA Plan operates as a health services organization (HSO) whereby members are covered for care provided by physicians, hospitals, and other healthcare providers.

The Company offers its Medicare Advantage Plan pursuant to a contract with the United States Centers for Medicare and Medicaid Services (CMS), a federal agency within the U.S. Department of Health and Human Services. Under the terms of this contract, CMS pays the Company a fixed amount that is subject to future adjustments for each member of the Company's coordinated care plan and the Company provides the coverage to that member for the health services provided. The contract is for a period of one year commencing January 1 and ending on December 31, and can be renewed for periods of one year, as defined in the contract. The contract was renewed effective January 1, 2016 for a period of one year. The Company also provides supplemental health coverage to Medicare and Medicaid dual eligible members enrolled in a specified MA-PD plan.

(b) Basis of Presentation

The accompanying statutory financial statements of the Company have been prepared in accordance with accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (the Commissioner of Insurance), which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The Commissioner of Insurance has adopted the National Association of Insurance Commissioners' statutory accounting practices (NAIC SAP), as the basis of its statutory accounting practices, as long as they do not contradict the provisions of the Insurance Code of the Commonwealth of Puerto Rico (the Insurance Code) or the Circular Letters issued by the Commissioner of Insurance.

The Commissioner of Insurance has the right to permit other specific practices that may deviate from prescribed practices. Prescribed statutory accounting practices (SAP) include a variety of publications of the National Association of Insurance Commissioners (NAIC) including its codification initiative contained in its *Accounting Practices and Procedures Manual*, as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Commissioner of Insurance has permitted the Company to follow certain accounting practices that differ from those found in NAIC SAP.

(c) Use of Estimates

The preparation of the statutory financial statements requires management of the Company to make estimates and assumptions relating to the reported amounts included in the statutory financial statements and accompanying notes. The most significant items subject to estimates and assumptions are the actuarial determination for medical claims liabilities, the Company's estimated risk adjustment payments receivable from CMS, and certain amounts recorded related to the Part D program. Actual results could differ from these estimates.

(e) Recognition of Premium Revenue

Premium revenue is recognized as revenue over the period in which service or benefits are obligated to be provided. The Company recognizes premium revenue for the Part D payments received from CMS for which it assumes risk. The Company does not record revenue related to Part D payments from CMS that represent payments for claims for which it assumes no risk (see note 4).

Every year, CMS adjusts the premium base paid to MA-PD plans for risk factor considerations. These adjustments are related to the severity of the clinical condition of each member and are calculated by CMS using, for the most part, claims data from the prior year. Final risk factor adjustments for the year are paid on a lump-sum basis to account for the proper risk factor retroactively to the beginning of the year. Changes in revenues from CMS resulting from the periodic changes in risk adjustment scores for the Company's membership are recognized when the amounts become determinable, and the collectability is reasonably assured. Such estimates are regularly reviewed and updated and any resulting adjustments are included in the current period's results.

Substantially all revenues recognized by the Company are received from CMS and from the Commonwealth of Puerto Rico Health Insurance Administration (ASES by its Spanish acronym). Revenues are recognized ratably over the period of coverage based on anticipated CMS and ASES reimbursement rates, number of enrollees, and expected Medicare and Medicaid eligibility. Actual amounts received from CMS and ASES are subject to adjustment based on subsequent review of members' eligibility or retroactive adjustments of reimbursement rates. An estimate is made of such retroactive adjustments based on historical trends, premiums billed, number of members, expected eligibility, and other information. Retroactive membership adjustments result from enrollment changes not yet processed, or not yet reported by CMS.

Expenses incurred in connection with the acquisition of business, such as sales and brokers' commissions, are charged to operations as incurred.

(f) Cash, Cash Equivalents, and Short-Term Investments

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents (none at December 31, 2015 and 2014). Short-term investments are defined as short-term highly liquid investments with remaining maturities of one year or less at the time of acquisition (excluding those investments classified as cash equivalents). Short-term investments having an original maturity of less than one year are stated at cost. At December 31, 2015 and 2014, cash and short-term investments consisted of cash deposited in financial institutions and money market funds amounting to approximately \$28,909,000 and \$44,724,000, respectively, of which approximately \$16,528,000 and \$3,006,000, respectively, represent short-term investments.

(f) Investment Securities

Bonds and other debt securities, and equity securities are reported in accordance with rules promulgated by NAIC. Bonds that are designated highest quality, NAIC designation 1 and 2, are reported at amortized cost, and bonds that are classified as NAIC designation 3 or lower are reported

at lower of amortized cost or fair value. Other debt securities eligible for amortization under such rules and nonredeemable preferred stocks are stated at amortized cost. Equity securities are carried at estimated fair value. Adjustments reflecting the unrealized appreciation or depreciation of equity securities are shown as a component of surplus, net of tax and are not included in the determination of the net gain from operations.

Realized gains or losses on the sale of investments are included in operations and are derived using the specific-identification method for determining the cost of securities sold. Interest and dividend income is recognized when earned.

The Company applies the provisions of SSAP No. 43R, *Loan-Backed and Structured Securities*, which requires insurers to separate other-than-temporary impairments between interest and noninterest-related declines in the value of all loan-backed and structured securities.

A decline in the fair value of any security below cost that is deemed to be other-than-temporary impairment (OTTI) results in a reduction in carrying amount to fair value. The impairment is charged to operations and a new cost basis for the security is established. To determine whether an impairment is other-than-temporary, the Company considers all available information relevant to the recoverability of the security, including past events, current conditions, and reasonable and supportable forecasts when developing an estimate of cash flows expected to be collected. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, and forecasted performance of the investee.

Premiums and discounts on bonds and other debt securities are amortized or accreted over the life of the related security as an adjustment to yield using the effective-interest method. Such amortization and accretion is included in the investment income line item in the accompanying statutory statements of revenue and expenses.

The Company's investments are exposed to three primary sources of risk: credit, interest rate, and liquidity risk. The financial statement risks, stemming from such investment risks, are those associated with the determination of estimated fair values, the diminished ability to sell certain investments in times of strained market conditions, the recognition of impairments and the recognition of income on certain investments. These financial statement risks may have a material effect on the amounts presented within the statutory financial statements.

(g) Fair Value Measurements

The Company follows the guidance in SSAP No. 100, *Fair Value Measurements*, for fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the statutory financial statements on a recurring basis. SSAP No. 100 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The carrying amounts of cash and cash equivalents, short-term investments, receivables, accounts payable, and accrued liabilities approximate fair value because of the short-term nature of these instruments and should be collected or paid within 12 months after year-end.

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use unobservable inputs. Additional information on the fair value of investments is included in note 5.

(h) Medical Claim Liabilities and Medical Costs and Claims

Medical claim liabilities are accrued as services are rendered, including claims in process and other medical liabilities and an estimate for claims incurred but not yet reported (IBNR). The IBNR is determined based upon an actuarial analysis of the Company's historical claim payment patterns, management estimates, and other statistics. In addition, the Company contracts with various service providers, which are compensated based on a capitation basis. Expenses related to these providers, which are based in part on estimates, are recorded in the period in which the related services are rendered.

The medical claim liabilities are necessarily based on estimates and, while management believes that the amounts are adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the statutory statements of revenue and expenses of the current period. Other medical claims liabilities include medical costs disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. The actual results could differ materially from the amount recorded in the statutory financial statements of the Company.

Medical costs and claims consist of claim payments, capitation payments, risk-sharing payments, compensation to doctors and pharmacy costs, net of rebates, as well as estimates of future payments of claims provided for services rendered prior to the end of the reporting period. Capitation payments represent monthly contractual fees disbursed to physicians and other providers who are responsible for providing medical care to members. Risk-sharing payments represent amounts paid under risk-sharing arrangements with providers, including independent physician associations. Pharmacy costs represent payments for members' prescription drug benefits, net of rebates from drug manufacturers. Rebates are recognized when the rebates are earned according to the contractual arrangements with the respective vendors. Premiums the Company pays to reinsurers are reported as an off-set to premiums, and related reinsurance recoveries are reported as reductions from medical expenses.

(i)Income Taxes

Income taxes are accounted for in accordance with SSAP No. 101, *Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10 (SAP 101)*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Under SAP 101, the amount permitted to be recognized is more restrictive and, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in the accompanying statutory statements of changes in capital and surplus in the period that includes the enactment date.

Under SAP 101, gross deferred tax assets generally are admitted to the extent the Company's income taxes paid in prior years can be recovered through loss carrybacks; plus the amounts determined by applying the *Realization Threshold Limitation Table – RBC Reporting Entities (RBC Reporting Entity)*; plus any remaining deferred tax assets that can be offset against existing gross deferred tax liabilities.

The Company reviews its gross deferred tax assets for realizability and in assessing the total deferred tax assets that will be realized management considers historical taxable income, projected future taxable income, applicable tax strategies, and the expected timing of the reversals of existing temporary differences. A valuation allowance is provided when it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. Management believes, it is more

likely than not the Company will be able to realize all gross deferred tax assets and therefore, no valuation allowance was established as of December 2015 and 2014.

On July 1, 2014 the Company converted into a single member Limited Liability Company (LLC) and immediately thereafter, elected to be treated as partnership for Puerto Rico tax purposes following a tax free reorganization pursuant to the provisions of sections 1034.04(b)(6) and 1072.01 of the Puerto Rico tax code. Therefore, commencing on July 1, 2014 the Company is no longer be considered a taxable entity and the Company's net taxable income or loss will be included as part of InnovaCare results of operations, pursuant to section 1071.01 of the Puerto Rico tax code. Following the establishment of the LLC, the Company entered in to a tax sharing agreement to provide Holdings with the funds necessary to satisfy the Company's share of income taxes. Income tax payments are allocated to the Company based on their taxable income or loss as it had been taxed as a corporation instead of a partnership.

Due to the above, the 2015 income tax provision of the Company consists of the actual provision for MMM for the period January 1, 2014 to June 30, 2014 and an allocation of the consolidated provision of InnovaCare, Inc. for the period July 1, 2014 to December 31, 2015 based on the activity of the Company for that period.

Deferred tax charges are amortized to income tax expense in proportion to the realization of the tax benefits that gave rise to the deferred tax charge.

The Company accounts for uncertainty in income taxes by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company recognizes interest and penalties relating to uncertain tax positions in income tax expense. For the years ended December 31, 2015 and 2014, there were no unrecognized tax benefits.

(2) Accounting for Prescription Drugs Benefit under Medicare Part D

Medicare prescription drug coverage is available to eligible members with Medicare. As a result, the Company renewed their contracts with CMS to offer MA-PD insurance coverage for medical and prescription drug benefits.

In general, pharmacy benefits under Part D plans may vary in terms of coverage levels and out-of-pocket costs for beneficiary premiums, deductibles, and coinsurance. However, all Part D plans must offer either "standard coverage" or its actuarial equivalent (with the Company's out-of-pocket threshold and deductible amounts that do not exceed those of standard coverage). These "defined standard" benefits represent the minimum level of benefits mandated by Congress.

The payment the Company receives monthly from CMS generally represents the Company's bid amount for providing insurance coverage. The Company recognizes premium revenue for providing this insurance coverage ratably over the term of the annual contract. However, the CMS payment is subject to (1) risk sharing through the risk corridor provisions, (2) reinsurance subsidy in order for the Company and CMS to share the risk associated with financing the ultimate costs of the Part D benefit and (3) CMS coverage gap discount program (CGDP) subsidy.

The amount of revenue payable to a plan by CMS is subject to adjustment, positive or negative, based upon the application of risk corridors that compare a plan's revenues targeted in their bids (target amount) to actual prescription drug costs. Variances exceeding certain thresholds may result in CMS making additional payments to the Company (risk sharing receivable) or require the Company to refund to CMS (risk sharing payable) a portion of the payments the Company received. Actual prescription drug costs

subject to risk sharing with CMS are limited to the costs that are, or would have been, incurred under the CMS “defined standard” benefit plan (allowable risk corridor costs). The Company recognizes any changes in the risk sharing receivable from or payable to CMS as an adjustment to premium revenue.

Reinsurance subsidies represent payments from CMS for claims the Company paid for which the Company assumed no risk. Claims paid above the out-of-pocket or catastrophic threshold for which the Company is not at risk are all reimbursed by CMS through the reinsurance subsidy for Part D plans offering the standard coverage. The Company accounts for these subsidies, net of withdrawals, as a liability for amounts receivable/payable under uninsured plans in the statutory statements of admitted assets, liabilities, and capital and surplus and as a financing activity in the statutory statements of cash flows. The Company does not recognize premium revenue or claims expense for these CMS subsidies.

Part D sponsors are required to provide the discounts for applicable drugs in the Medicare Part D coverage gap (difference between the initial coverage limit and the catastrophic coverage threshold) at point-of-sale under the CGDP. Part D sponsors receive monthly prospective payments from CMS under the CGDP. These prospective payments provide cash flows to Part D sponsors for advancing the gap discounts at the point of sale. The Company accounts for these prospective payments or subsidies as a receivable or liability in accounts receivable or payable under uninsured plans in the statutory statements of admitted assets, liabilities and capital and surplus and as a financing activity in the statutory statements of cash flows. On a quarterly basis, CMS invoices drug manufacturers for discounts provided by Part D sponsors which are recorded as an account receivable from manufacturers as part of other receivables in the accompanying statutory statements of admitted assets, liabilities and capital and surplus. Manufacturers remit payments for invoiced amounts directly to Part D sponsors. The prospective payments made to Part D sponsors are reduced by the discount amounts invoiced to manufacturers. The Company does not recognize premium revenue or claims expense for these CMS prospective payments or invoiced amounts to manufacturers.

These estimates of amounts due to or from CMS are primarily determined on the prescription drug benefit claim data submitted by plans to CMS in the form of Prescription Drug Event (PDE) data records. The Company used PDE submission reports and data, claims paid data, and actuarial assumptions pursuant to CMS risk sharing and reinsurance guidelines in order to estimate the final settlement amounts due to or from CMS.

The Company recorded a risk sharing receivable of approximately \$28,590,000 and \$9,940,000 which is reported as other receivables at December 31, 2015, and 2014, respectively, and a reinsurance receivable of approximately \$19,688,000 and \$30,861,000 at December 31, 2015, and 2014, respectively, reported as amounts receivable related to uninsured plans in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus. The Company has a CGDP receivable at December 31, 2015 and 2014 amounting to approximately \$6,485,000 and \$9,791,000, respectively, reported as amounts receivable related to uninsured plans in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus.

The Part D amounts due to or from CMS are necessarily based on estimates and, while management believes that the amounts are adequate, the ultimate balance may be in excess or less than the amount provided. The methodology for making such estimates and for establishing the resulting Part D balances is continually reviewed, and adjustments, if any, are reflected in the current year. The final Part D amounts due to or from CMS are determined within one year after the contract year-end.

Based upon updated CMS guidance, the Company has amended prior period Part D reporting to CMS resulting in an increase in the reinsurance and risk-sharing accrual for periods prior to January 1, 2014 of approximately \$30,200,000. At December 31, 2015 and 2014, the Company recorded pre-tax charges to income of approximately \$844,000 and \$13,800,000, respectively, due to changes in estimates for Part D amounts due to or from CMS, excluding the adjustment related to the updated CMS guidance.

The Company also receives premiums to enhance the drug benefit coverage to Medicaid-eligible members under the Medicare Platino Program sponsored by ASES. At December 31, 2015 and 2014, the Company has receivables from ASES of approximately \$2,420,000 and \$161,000, respectively, which are reflected as components of premium receivables in the accompanying statutory statements of admitted assets, liabilities and capital and surplus.

Pharmacy benefit costs are recognized as incurred. The Company has subcontracted the pharmacy claims administration to a third-party pharmacy benefit manager.

(3) Transactions with Related Parties

Holdings provides certain management, infrastructure support, and consulting services in the operations of the Company and other subsidiaries of Holdings. For these services Holdings charges a management fee based on 120% of Holdings monthly operating expenses. Holdings charged the Company approximately \$118,919,000 and \$153,272,000 during the years ended December 31, 2015 and 2014, respectively. Such service charges are presented within the general and administrative expenses in the accompanying statutory statements of revenues and expenses.

The Company has a delegation agreement with MSO of Puerto Rico, Inc. (MSO), an affiliate, to provide management and administrative services with respect to the network of physicians and other healthcare providers contracted by the Company in exchange for a management fee. The delegation agreement terms include a fixed and variable component. The fixed component is determined based on a fixed percentage (4%) of the total premiums earned by the Company. The variable component is the 25% of the surplus as contractually defined in the delegation agreements. During 2015 and 2014, MSO charged the Company approximately \$64,215,000 and \$61,225,000, respectively, of which \$61,615,000 and \$57,325,000, respectively, was for the fixed component which is included in general and administrative expenses and \$2,600,000 and \$3,900,000, respectively, was for the variable component which is included in medical costs and claims in the accompanying statements of revenue and expenses.

The amounts due to or from Parent Company and affiliates at December 31, 2015 and 2014 are noninterest-bearing.

The Company has a loan with Holdings at December 31, 2015 amounting to \$26,000,000. Such loan is an interest bearing loan. Interest for the year ended December 31, amounted to \$199,000; based on thirty day LIBOR Rate. The loan was approved the Commissioner of Insurance of the Commonwealth of Puerto Rico.

(4) Income Taxes

The income tax expense differs from the amount computed by applying the Puerto Rico statutory income tax rate of 39% in 2015 and 2014 to income before income taxes as a result of the following:

	<u>2015</u>	<u>2014</u>
Computed "expected" tax expense	\$ 4,696,460	98,582
Increase (reduction) in income taxes resulting from:		
Exempt interest income	(48,835)	(94,955)
Intangibles and deferred tax charge amortization		
tax rate differential	(1,344,000)	(4,747,337)
Change in nonadmitted deferred income taxes	(1,127,431)	(337,826)
Other	—	338,518
Total tax (benefit) expense	<u>\$ 2,176,194</u>	<u>(4,743,018)</u>
Income tax expense	\$ 840,000	3,308,542
Change in deferred income taxes	<u>1,336,194</u>	<u>(8,051,560)</u>
Total statutory income tax (benefit) expense	<u>\$ 2,176,194</u>	<u>(4,743,018)</u>

On July 1, 2014, the Governor of the Commonwealth of Puerto Rico signed House Bill 1919 into law, which became Act 77-2014 (the Act). The Act, which amends the Puerto Rico Internal Revenue Code of 2011 and Act 73-2008, also known as the "Economic Incentives for the Development of Puerto Rico Act", includes several new tax measures applicable to financial and non-financial entities. The main provisions of the Act include:

- A mechanism to impose a 10% tax on a deemed dividend amount resulting from the holding of certain foreign assets, as defined.
- Elimination of the former National Gross Receipts Tax as a component of the alternative minimum tax (AMT) for non-financial institutions for taxable years commencing on January 1, 2014. Effective for taxable years commencing after December 31, 2013, the National Gross Receipts Tax will be imposed in addition to the regular income tax or, the AMT, at graduated rates ranging from .20% to .85%. This National Gross Receipts Tax is deductible in arriving at taxable income, included in selling, general and administrative expense.
- Limitation of the amount of the tax credit to be claimed against the current year regular tax with respect to the AMT paid in prior years (AMT Credit) to 25% of the current net regular tax over the AMT for such taxable year.
- Increase in tax rates on: (a) net long term capital gains for corporations from 15% to 20%, and (b) dividends from certain corporations from 10% to 15%.
- The holding period to determine whether a gain or loss from the sale of capital assets is considered long-term is increased from six-months to one year, for gains realized after July 1, 2014.

On July 1, 2014 the Company converted from a corporation to a Limited Liability Company (an LLC) and immediately thereafter, elected to be treated as a partnership for Puerto Rico tax purposes following a tax free reorganization pursuant to the provisions of sections 1034.04(b)(6) and 1072.01 of the Puerto Rico tax code.

Deferred income taxes reflect the tax effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. Deferred tax assets and deferred tax liabilities at December 31, 2015 and 2014 of the Company are composed of the following:

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Deferred tax assets:			
Ordinary:			
Other liabilities	\$ 1,089,307	7,121,923	(6,032,616)
Net operating loss	8,348,728	4,779,737	3,568,991
Advances to providers	455,690	228,997	226,693
Premiums receivable	1,648,230	924,720	723,510
Security deposits	196,720	196,720	—
Other (including items <5% of total ordinary tax assets)	548,333	371,105	177,228
Total deferred tax assets	<u>12,287,008</u>	<u>13,623,202</u>	<u>(1,336,194)</u>
Nonadmitted	<u>(8,545,449)</u>	<u>(4,976,457)</u>	<u>(3,568,992)</u>
Admitted ordinary deferred tax assets	<u>\$ 3,741,559</u>	<u>8,646,745</u>	<u>(4,905,186)</u>

All the Deferred tax assets are admitted under SAP applying the *Realization Threshold Limitation Table – RBC Reporting Entities* paragraphs 11.b.i and 11.b.ii.

The (decrease) / increase in unassigned surplus resulting from the change in deferred income tax during 2015 and 2014 amounted to \$(1,336,194) and \$12,239,486, respectively. The Company has net operating losses amounting to \$21,407,000 and \$12,256,000, under its tax sharing agreement with InnovaCare as of December 31, 2015 and 2014, respectively.

The Company files its partnership informative return within the statutes of limitation. In the normal course of business, the Company is subject to examination by various taxing authorities. As of December 31, 2015, the Company may be subject to income tax examinations for the fiscal tax years ended 2011 through 2015.

(5) Significant Risks and Uncertainties Including Business and Credit Concentration

Financial Instruments

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash, cash equivalents, and investments in securities. The Company invests its excess cash primarily in money market funds. Although a majority of its cash accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by financial institutions and reviews the financial viability of these institutions on a periodic basis. The Company attempts to limit its risk in investment securities by maintaining a diversified portfolio. The components of investment securities are shown in note 5.

Medicare Advantage Payments

Medicare Advantage payment benchmarks have been cut over the last several years and additional funding reductions are to be phased in through 2017. In April 2015, CMS released its final notice of 2016 Medicare Advantage benchmark rates and payment policies. The final notice included significant reductions to 2016 Medicare Advantage standardized payment benchmarks, which were coupled with downward adjustments related to risk scores. The expected net effect of the 2016 payment benchmark reductions and offsetting adjustments is that actual 2016 payment rates will be down 11% from comparable 2015 rates, prior to the impact of the health insurance premium tax.

Additionally, the Budget Control Act of 2011, as amended by the American Taxpayer Relief Act of 2012, triggered automatic across-the-board budget cuts (known as sequestration), including a 2% reduction in Medicare Advantage and Medicare Part D payments beginning April 1, 2013. The impact of sequestration cuts to Medicare Advantage revenues continues to be partially mitigated by reductions in provider reimbursements for those care providers with rates indexed to Medicare Advantage revenues or Medicare fee-for-service reimbursement rates, as well as for those that receive shares of a surplus pool. Due to the commencement of a full year of sequestration reductions in 2014, the continuation of these reductions will not generate a year over year reduction in revenue in 2015 and later years.

Medicare Advantage plans are required to remit to CMS any amounts related to a medical loss ratio (“MLR”) below 85%. CMS has issued final guidance as to how this requirement will be calculated for Medicare Advantage plans. In the opinion of management, based on the results for the year ended December 31, 2015 and expectations for the year ended December 31, 2016, the minimum MLR standard will not have any material impact on the Company’s financial position or results of operations.

The Company’s 2014 Medicare Advantage rates reflected a 3% CMS quality bonus, as provided by the CMS Quality Demonstration program implemented by CMS from 2012 – 2014 for plans with a star rating of 3.0 stars. This program ended with the 2014 contract year, and commencing in 2015 quality bonus payments of 5% are paid only to plans rated 4.0 and higher. As a result, because the Company’s star rating for 2016 is 3.5, its CMS funding for 2016 does not include any quality bonus. The 3.5 star rating places the Company’s plans at the middle of three possible “rebate” levels. Rebate levels are used to determine the amount of additional benefits a plan is able to offer its members beyond those covered under the traditional fee-for-service Medicare program. The Company’s 2017 star rating has been determined and will result in a 4.0 rating for that contract year, which will (1) make the Company eligible for the quality bonus payment of 5%, with an effective impact of 4.3% for the Company’s plans, and (2) maintain the Company’s rebate percentage of 65%.

Final 2017 payment rates are expected to be published by CMS in April 2016. Based on information provided in the recently issued CMS Advance Notice, the rates are expected to reflect an additional cut of approximately 3% to the average Medicare Advantage risk-adjusted payment rates for Puerto Rico generally, resulting in cumulative Puerto Rico reductions of approximately 30% from 2011 through 2017. These calculations include the positive impact of the expected change to the risk adjustment model for 2017 to correct for predictive inaccuracies by separating the model based on full-dual, partial-dual, and non-dual status. The impact to the underlying fee for service rates is currently unknown and further detail is expected with the Final Rate Announcement from CMS in April 2016.

Premium Revenue

The Company provides its health plan to residents of Puerto Rico eligible for Medicare benefits under current Puerto Rico and federal laws and regulations and the premium for the health services provided is generated from contracts with CMS as described in note 1. Changes in such laws and regulations could affect the premiums to be received by the Company under such contracts and the population eligible to

participate in the plan. Earned premium revenue relating to premiums received from CMS amounted to approximately \$1,492,000,000 and \$1,423,000,000 for the years ended December 31, 2015 and 2014, respectively.

The Company provides enhanced benefit coverage to Medicaid-eligible members under the Medicare Platino Program sponsored by ASES. Changes in laws and regulations could affect the premiums to be received by the Company under such contracts and the population eligible to participate in the plan. Earned premium revenue relating to premium received from ASES, amounted to approximately to \$6,429,000 and \$8,670,000 for the years ended December 31, 2015 and 2014, respectively.

(6) Contingencies

(a) Legal Matters

Jose R. Valdez v. Aveta Inc., MMM Healthcare, Inc., PMC Medicare Choice, Inc., MSO of Puerto Rico, Inc. and MMM Holdings, Inc. In May 2011, Jose R. Valdez, a former employee of the MSO of Puerto Rico filed a qui tam lawsuit alleging, among other things, that Company had improperly submitted risk condition documentation to CMS in connection with its Medicare Advantage businesses. The action brought by Valdez was filed under seal and was the subject of a 30-month investigation by the Department of Justice. In February 2015, the DOJ advised the Court that it was declining to join in the case and as a result the complaint was unsealed and subsequently served by Valdez on the Company. In January 2015, the Court granted the Company's motion seeking a change of venue to Federal court in Puerto Rico, and the case has been reassigned to the District Court of Puerto Rico. While the Court is currently considering pre-trial motions, and the Company has not yet responded to the complaint, it categorically denies the allegations and in the opinion of management, the ultimate outcome of this matter is not expected to have a material financial impact on the Company.

MMM v. Cardio Services, Inc., Diagnostic Nuclear Medicine, Inc., Dr. Orlando Marini, and Dr. Ricardo Santiago. In 2009, the Company and one of its affiliates terminated the provider agreements of Dr. Orlando Marini and his affiliated cardiology provider entities (the Marini Entities) after an internal clinical review indicated the Marini Entities had submitted materially false billing documentation. Following that termination, the Company commenced an action in the First Instance Court of the Commonwealth of Puerto Rico to recover provider reimbursements related to such billings. The Marini Entities have denied all wrongdoing and have asserted counterclaims against The Company related to the terminations, including claims for lost profits and reputational damage. The case is in the early stages and the parties are currently engaged in discovery. Although the Company believe they have valid claims and valid defenses to the Marini Entities counterclaims, there can be no assurance that the Company will prevail against the Marini Entities. Notwithstanding the foregoing, in the event of an adverse ruling against the Company such a determination is not expected to have a material financial impact on the Company.

Miscellaneous. At December 31, 2015 and 2014, the Company is a defendant in various other lawsuits and other claims arising in the ordinary course of business. In addition, current and past business practices of the Company are subject to review or investigation by, or subpoenas or other requests for information from, various state, commonwealth or federal healthcare regulatory authorities, state or commonwealth attorneys general, the U.S. Department of Justice, U.S. Attorneys, the Office of the Inspector General, and other state, commonwealth or federal authorities or bodies. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the financial position and results of operations of the Company.

From time to time in the ordinary course of business, the Company (1) denies payments for service based on factors such as medical necessity and failure to meet preauthorization requirements and (2) determines payments for service based on contractual provisions. Certain providers have notified the

Company that they disagree with its determinations and have threatened legal action. The Company has included in its medical cost liabilities a provision for the potential payments to these providers.

(b) *Audits by CMS and the Commissioner of Insurance of the Commonwealth of Puerto Rico*

Under the terms of the agreement with CMS, the Company is subject to audit of compliance with federal regulations. Currently, the Company has outstanding audits from CMS. The Company believes these audits will not have a material adverse effect on the Company's financial statements. Future audits could result in claims against the Company that could have a material adverse effect on the financial position and results of operations of the Company.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State regulating? Puerto Rico
- 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
- 2.2 If yes, date of change: 07/01/2014
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2007
- 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). 06/08/2005
- 3.4 By what department or departments?
Office of the Commissioner of Insurance
- 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
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes 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
- 4.12 renewals? Yes No
- 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
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 5.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1
Name of Entity | 2
NAIC Company Code | 3
State of Domicile |
|---------------------|------------------------|------------------------|
| | | |
- 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
- 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
- 7.2 If yes,
- 7.21 State the percentage of foreign control 0.000%
- 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 with the Federal Reserve Board? Yes No
- 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
- 8.4 If the response to 8.3 is yes, please provide below 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 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
FDIC | 6
SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
| | | | | | |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG, LLP 250 Muñoz Rivera Ave. Suite 100 San Juan PR 00918
- 10.1 Has the insurer been granted an exemptions to the prohibited non-audit services provided by the certified independent public account 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
- 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 related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes No
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in complied with the domiciliary state insurance laws? Yes No N/A
- 10.6 If the response to 10.5 is no or n/a, please explain:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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?
Timothy Dickison-Innovacare Health Fort Lee NJ
- 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 0
- 12.13 Total book/adjusted carrying value \$ 0
- 12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCES 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 [X]
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors an all subordinator committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ 0
- 20.12 To stockholders not officers \$ 0
- 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$ 0
- 20.22 To stockholders not officers \$ 0
- 20.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$ 0
- 21.22 Borrowed from others \$ 0
- 21.23 Leased from others \$ 0
- 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ 0
- 22.22 Amount paid as expenses \$ 0
- 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 28,028,317

INVESTMENT

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 24.01 Were all of the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes No
- 24.02 If no, give full and complete information, relating thereto:
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off balance sheet (an alternative is to reference Note 17 where this information is also provided).
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*? Yes No N/A
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs \$ 0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes No N/A
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0
- 24.103 Total payable for securities lending reported on the liability page: \$ 0
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes No
- 25.2 If yes, state the amount thereof at December of the current year:
- 25.21 Subject to repurchase agreements \$ 0
- 25.22 Subject to reverse repurchase agreements \$ 0
- 25.23 Subject to dollar repurchase agreements \$ 0
- 25.24 Subject to reverse dollar repurchase agreements \$ 0
- 25.25 Placed under option agreements \$ 0
- 25.26 Letter stock or securities restricted as sale – excluding FHLB Capital Stock \$ 0
- 25.27 FHLB Capital Stock \$ 0
- 25.28 On deposit with states \$ 600,000
- 25.29 On deposit with other regulatory bodies \$ 0
- 25.30 Pledged as collateral – excluding collateral pledged to an FHLB \$ 0
- 25.31 Pledged as collateral to FHLB – including assets backing funding agreements \$ 0
- 25.32 Other \$ 0
- 25.3 For category (25.26) provide the following:
- | 1
Nature of Restriction | 2
Description | 3
Amount |
|----------------------------|------------------|--------------------------------|
| | | \$ <u> </u> |
- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No
- 27.2 If yes, state the amount thereof at December of the current year: \$ 0
28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes No
- 28.01 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:
- | 1
Name of Custodian(s) | 2
Custodian Address |
|---------------------------|------------------------|
| | |
- 28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation
- | 1
Name(s) | 2
Location(s) | 3
Complete Explanation(s) |
|--------------|------------------|------------------------------|
| | | |
- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes No
- 28.04 If yes, give full and complete information relating thereto:
- | 1
Old Custodian | 2
New Custodian | 3
Date of Change | 4
Reason |
|--------------------|--------------------|---------------------|-------------|
| | | | |
- 28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:
- | 1
Central Registration Depository | 2
Name(s) | 3
Address |
|--------------------------------------|--------------|--------------|
| | | |
- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes No
- 29.2 If yes, complete the following schedule:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		

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

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

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

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	118,771,655	0	(118,771,655)
30.2	Preferred Stocks	250,000	0	(250,000)
30.3	Totals	119,021,655	0	(119,021,655)

30.4 Describe the sources or methods utilized in determining fair values:
SVO

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No []
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliance pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No []
- 32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 0

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

1 Name	2 Amount Paid
	\$

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

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

1 Name	2 Amount Paid
	\$

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

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

1 Name	2 Amount Paid
	\$

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?		Yes []	No [X]
1.2	If yes, indicate premium earned on U.S. business only.	\$		0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$		0
1.31	Reason for excluding:			
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$		0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$		0
1.6	Individual policies:			
	Most current three years:			
1.61	Total premium earned	\$		0
1.62	Total incurred claims	\$		0
1.63	Number of covered lives	\$		0
	All years prior to most current three years:			
1.64	Total premium earned	\$		0
1.65	Total incurred claims	\$		0
1.66	Number of covered lives	\$		0
1.7	Group policies:			
	Most current three years:			
1.71	Total premium earned	\$		0
1.72	Total incurred claims	\$		0
1.73	Number of covered lives	\$		0
	All years prior to most current three years:			
1.74	Total premium earned	\$		0
1.75	Total incurred claims	\$		0
1.76	Number of covered lives	\$		0
2.	Health Test:			
		1	2	
		Current Year	Prior Year	
2.1	Premium Numerator	\$ 1,531,916,270	\$ 1,463,668,828	
2.2	Premium Denominator	\$ 1,531,916,270	\$ 1,463,668,828	
2.3	Premium Ratio (2.1/2.2)	\$ 100.000	\$ 100.000	
2.4	Reserve Numerator	\$ 137,256,521	\$ 152,711,703	
2.5	Reserve Denominator	\$ 137,256,521	\$ 140,245,297	
2.6	Reserve Ratio (2.4/2.5)	\$ 100.000	\$ 108.889	
3.1	Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?			Yes [] No [X]
3.2	If yes, give particulars:			
4.1	Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and 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 [X] No []
5.1	Does the reporting entity have stop-loss reinsurance?			Yes [X] No []
5.2	If no, explain:			
5.3	Maximum retained risk (see instructions)			
5.31	Comprehensive Medical	\$		0
5.32	Medical Only	\$		0
5.33	Medicare Supplement	\$		0
5.34	Dental and Vision	\$		0
5.35	Other Limited Benefit Plan	\$		0
5.36	Other	\$		0
6.	Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:			
7.1	Does the reporting entity set up its claim liability for provider services on a service date basis?			Yes [X] No []
7.2	If no, give details			

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 0
- 8.2 Number of providers at end of reporting year 0
-
- 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 with rate guarantees between 15-36 months \$ 0
- 9.22 Business with rate guarantees over 36 months \$ 0
-
- 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 \$ 0
- 10.22 Amount actually paid for year bonuses \$ 0
- 10.23 Maximum amount payable withholds \$ 0
- 10.24 Amount actually paid for year withholds \$ 0
-
- 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 Statutory Minimum Capital and Surplus Requirements? Yes [] No [X]
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus.
- 11.4 If yes, show the amount required. \$ 0
- 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
12. List service areas in which reporting entity is licensed to operate:
- | |
|---------------------------|
| 1
Name of Service Area |
| |
- 13.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0
- 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. \$ 0
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [] No [] N/A [X]
- 14.2 If the answer to 14.1 is yes, please provide the following:
- | 1
Company Name | 2
NAIC Company Code | 3
Domiciliary Jurisdiction | 4
Reserve Credit | Assets Supporting Reserve Credit | | |
|-------------------|------------------------|-------------------------------|---------------------|----------------------------------|-----------------------|------------|
| | | | | 5
Letters of Credit | 6
Trust Agreements | 7
Other |
| | 0 | | \$ | \$ | \$ | \$ |
15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).
- 15.1 Direct Premium Written \$ 0
- 15.2 Total Incurred Claims \$ 0
- 15.3 Number of Covered Lives 0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary guarantee)
Universal Life (with or without secondary guarantee)
Variable Universal Life (with or without secondary guarantee)

FIVE-YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28).....	272,482,341	272,327,616	314,160,757	306,499,510	333,317,076
2. Total liabilities (Page 3, Line 24).....	151,661,077	168,214,522	190,478,975	216,688,104	263,836,561
3. Statutory minimum capital and surplus requirement.....					
4. Total capital and surplus (Page 3, Line 33).....	120,821,264	104,113,094	123,681,782	89,811,406	69,480,515
Income Statement Items (Page 4)					
5. Total revenues (Line 8).....	1,531,916,270	1,463,668,828	1,732,988,517	1,698,279,764	1,531,826,371
6. Total medical and hospital expenses (Line 18).....	1,311,272,214	1,230,605,004	1,454,874,742	1,418,485,476	1,250,620,463
7. Claims adjustment expenses (Line 20).....					
8. Total administrative expenses (Line 21).....	211,214,797	236,352,945	232,451,407	189,446,877	151,801,321
9. Net underwriting gain (loss) (Line 24).....	9,429,259	(3,289,121)	45,662,368	90,347,411	129,404,587
10. Net investment gain (loss) (Line 27).....	2,612,946	3,541,896	3,159,722	4,262,267	5,185,757
11. Total other income (Lines 28 plus 29).....				1,722,000	
12. Net income or (loss) (Line 32).....	11,202,205	(3,055,767)	46,777,991	77,367,891	104,267,564
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	(38,803,396)	(41,157,395)	71,802,823	122,936,655	31,592,795
Risk-Based Capital Analysis					
14. Total adjusted capital.....	120,821,264	104,113,097	123,681,782	89,811,406	69,480,515
15. Authorized control level risk-based capital.....	52,368,252	49,746,598	59,844,047	58,107,089	51,159,691
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7).....	179,043	153,116	189,953	180,733	162,577
17. Total member months (Column 6, Line 7).....	2,175,526	1,887,556	2,286,044	2,084,184	1,836,197
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).....	85.6	84.1	84.0	83.5	81.6
20. Cost containment expenses.....					
21. Other claims adjustment expenses.....					
22. Total underwriting deductions (Line 23).....	99.4	100.2	97.3	94.7	91.6
23. Total underwriting gain (loss) (Line 24).....	0.6	(0.2)	2.7	5.3	8.4
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5).....	137,808,298	146,004,837	192,044,703	188,342,787	169,693,310
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)].....	140,245,299	171,680,400	200,124,328	183,575,360	168,502,308
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....					
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....					
32. Total of above Lines 26 to 31.....	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.....					

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

Yes [] No []

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 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	N								0
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	L		1,531,916,270						1,531,916,270
55. U.S. Virgin Islands.....VI	N								0
56. Northern Mariana Islands.....MP	N								0
57. Canada.....CAN	N								0
58. Aggregate Other alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal.....XXX		0	1,531,916,270	0	0	0	0	0	1,531,916,270
60. Reporting entity contributions for Employee Benefit Plans.....XXX									0
61. Total (Direct Business).....(a)	1	0	1,531,916,270	0	0	0	0	0	1,531,916,270

DETAILS OF WRITE-INS

58001.....									0
58002.....									0
58003.....									0
58998. Summary of remaining write-ins for line 58.....		0	0	0	0	0	0	0	0
58999. Total (Lines 58001 thru 58003 + 58998).....		0	0	0	0	0	0	0	0

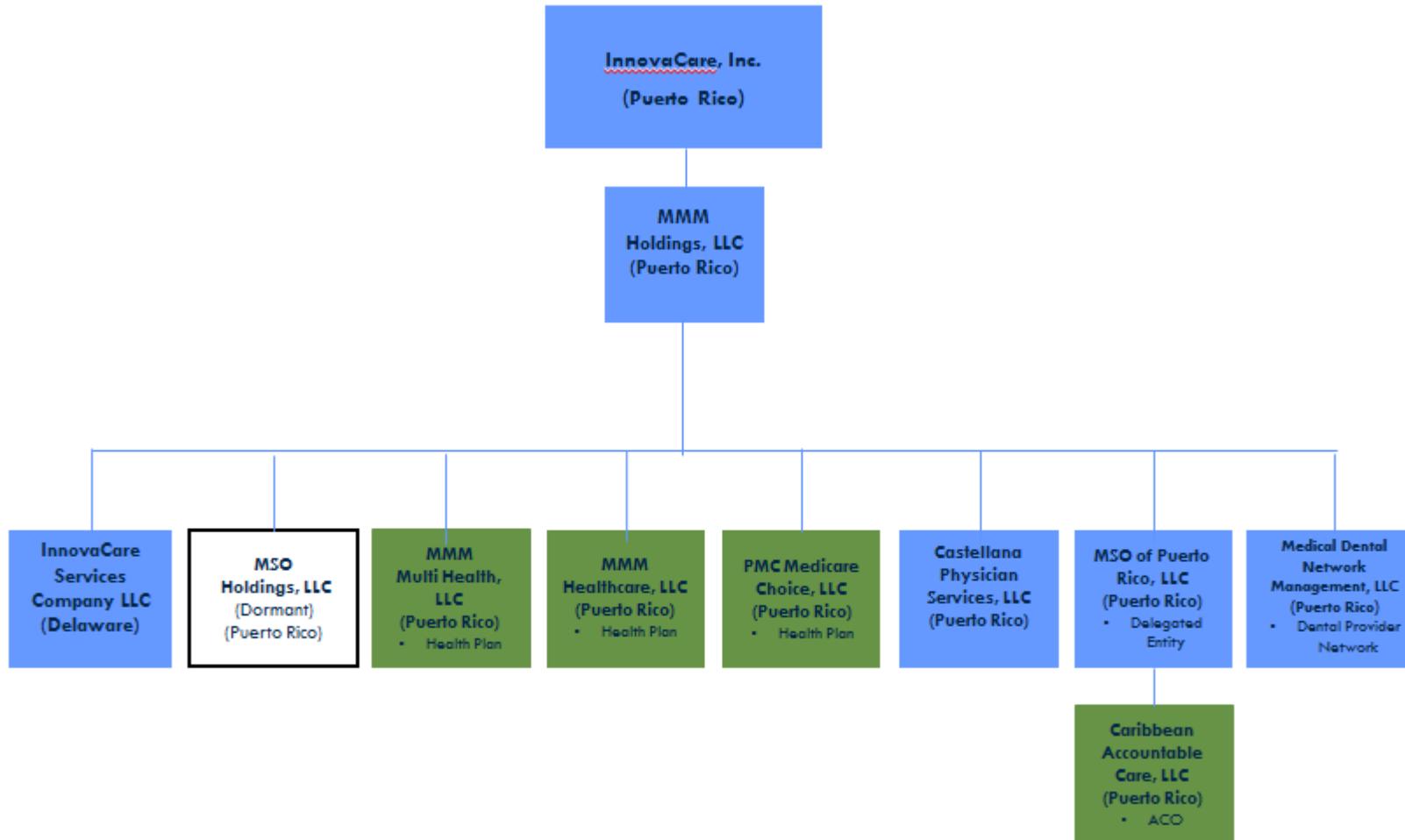
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to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

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

(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



**2015 ALPHABETICAL INDEX
HEALTH ANNUAL STATEMENT BLANK**

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