STATE OF VERMONT

GREEN MOUNTAIN CARE BOARD

In Re: MVP Health Plan, Inc.

Rates Filed May 15, 2015 in Vermont
MVPH-130053210
Docket number GMCB-007-15rr

REPORT OF DONNA NOVAK ASA, MAAA

July 19, 2015

 156 W. Calle Guija Ste 200 Sahuarita, AZ 85629 Tel: 520-908-7246 fax:772-673-0318

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I. NATURE AND PURPOSE OF REPORT

The purpose of this Report is to provide the results of my review and analysis of the premium rate filing of MVP Health Plan, Inc. (MVP) and to provide the Office of the Health Care Advocate recommendations and updated calculations of MVP's requested rates. The contents of this report are intended for the use of the Office of the Health Care Advocate and the Green Mountain Care Board. The report should be considered in its entirety and no part should be copied or provided without the whole.

II. PERSONAL QUALIFICATIONS

I am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. I am also president of NovaRest, Inc., which I founded in 2002. According to the Actuarial Standards Board and Code of Professional Conduct, I am qualified to offer my opinion in this matter.

My qualifications include:

- Over forty years of experience in the insurance industry dealing with pension, life and health insurance products.
- Active in the Academy of Actuaries ("AAA") for much of my career.
- Led the group that recently rewrote the Actuarial Standard of Practice (ASOP) number 8, Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits.
- Have performed rate filing reviews in 7 states, the District of Columbia, and Puerto Rico.
- Helped create an improved rate review process in 2 states, the District of Columbia and Puerto Rico

My curriculum vitae is provided as Attachment A.

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I have prepared this report on the basis of my review, analysis, and research to date, and knowledge gained working as an actuary. Revisions and supplementation may occur as further information becomes available or is otherwise discovered or developed or as any additional matters or issues may be raised.

III. BACKGROUND

MVP filed on May 15, 2015 for HMO premium rates in Vermont's combined Individual and Small Business Health Options Program ("SHOP") Exchange to be effective on January 1, 2016 through December 31, 2016.

Pursuant to Green Mountain Care Board (Board) Rule 2.000 Health Insurance Rate Review, the Board is required to determine whether the requested rate:

- is affordable,
- promotes quality care,
- promotes access to health care,
- protects insurer solvency,
- is not unjust, unfair, inequitable, misleading, or contrary to the law, and
- is not excessive, inadequate, or unfairly discriminatory.

In March 2010, the 111th Congress passed health reform legislation, the Patient Protection and Affordable Care Act ("ACA"; P.L. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 ("HCERA"; P.L. 111- 152) and other laws. The ACA expands federal private health insurance market requirements, and required the creation of health insurance exchanges effective January 1, 2014 to provide individuals and small groups with access to insurance. Beginning in 2014, MVP was required to comply with all of the ACA requirements for plans that are sold through the Exchange. Complying with the ACA required MVP to redesign its product offerings.

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IV. MATERIALS REVIEWED

In performing my analysis and preparing my report I reviewed the filing as well as all of the materials submitted by MVP in response to data requests submitted through July 17, 2015, the Actuarial Opinion from Lewis & Ellis dated July 14, 2015, and the Solvency Opinion from the Vermont Department of Financial Regulation dated July 6, 2015.

A complete list of the materials provided can be found in Attachment B.

V. FINDINGS

MVP did not demonstrate that its rate development followed the federal Unified Rate Review Instructions. The Paid to Allowed Average Factor in the Projection Period in Worksheet 1 of the Unified Rate Review Template (URRT) erroneously included the induced utilization in addition to the paid-to-allowed ratio. It is possible that this error did not impact the rates if the rate development was based on paid amounts rather than allowed amounts. If the allowed amounts in the URRT are correct then the rates are overstated by 3.8 percent. This issue is described in Section A.

In addition, MVP made an inappropriate assumption in calculating its requested rates that, in total, understates its requested rates by approximately 0.3 percent. This is described in detail in Section B.

For the calculation of the impact of MVP's inappropriate assumption, I have relied upon the data and formulas that MVP used in its filing or included in its responses to data requests along with my knowledge of the health insurance market.

I have measured the value of the correction by looking at the impact on the Index Rate which is identified in cell V44 of the Worksheet 1 of the Unified Rate Review Template and on the final rates shown in Exhibit 6 of the rate filing.

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A. <u>MVP overstated its paid to allowed ratio, which may impact its rates</u>

In projecting the amount of claims that it will be required to pay in 2016, MVP projected the amount of total paid claims assuming a very high ratio of paid to allowed.

On page 4 of its actuarial memorandum MVP states:

> **MVP projects an 81.0% paid-to-allowed ratio in 2016 and assumes the projection period membership will equal the experience period membership used to develop premium rates, or 179,944 Member Months. MVP assumed ACA compliant members would remain in the same product in 2016 as they purchased in 2014.**

The paid-to-allowed in 2014 according to Worksheet 1 Section I of the URRT, is 78 percent (Incurred claims of $18,992,311 divided by allowed claims of $24,367,859).

The weighted average of the AV Metal Value in Worksheet 2 Section I of the URRT is 0.70. The AV Metal Value in Worksheet 2 Section I of the URRT is the actuarial value or paid-to-allowed ratio that comes from the HHS Actuarial Value Calculator. The Actuarial Value Calculator uses a standard set of claims distributions and therefore company specific paid-to-allowed ratios will be different, but should not be very different.

Exhibit 6 of the actuarial memorandum, which demonstrates the development of the premium rates, has paid claims of $367.50 that almost match the projected paid claims or Projected Incurred Claims in Worksheet 1 Section III of the URRT of $367.83. From this we conclude that the premium rates are based on the URRT values.

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The weighted average of the Exhibit 6 Benefit Actuarial Value is 0.699 further implying that the 0.81 value in Worksheet 1 is incorrect.

In its letter of July 1, 2015 MVP states:

> **There are two primary drivers of the differences between the paid-to-allowed value of 0.81 in Worksheet 1 of the URRT and the 0.701 average actuarial value included in MVP's response to Objection Letter #2, question #9. First, the 0.701 average actuarial value does not include induced utilization while MVP's projected paid-to-allowed ratio reflects induced utilization; this accounts for ~4.0% of the difference between the two values. Second, MVP's benefit relativity model is not calibrated to the actual paid to allowed ratio because the model is only used to determine plan relativities and not actual projected net paid liabilities; the calibration factor accounts for the remaining difference between the values in question.**

The Paid to Allowed Average Factor in the Projection Period in Worksheet 1 of the URRT that is used to develop the Projected Incurred Claims should only include paid-to-allowed ratio. The allowed claims already have the impact of any utilization increases due to benefit richness in them and adding an additional amount would be inappropriately increasing the amount paid on top of an allowed amount that already had the increased utilization included. This would in effect be double counting.

It is possible that MVP actually started with paid amounts to develop their premium rates and not allowed amounts. If this is true then the allowed amounts in the URRT may be incorrect, but the paid amounts could then be correct even with an incorrect Paid to Allowed Average Factor in the Projection Period. Alternatively, if the allowed amounts are correct then the incorrect Paid to Allowed Average Factor in the Projection Period

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would have to be changed. That would reduce the 0.81 factor in Worksheet 1 of the URRT to 0.78 (0.81/1.04) and reduce the rates by 3.8% (1/1.04).

Insurance carriers often develop rates using a methodology completely different than the methodology required by the federal Unified Rate Review Instructions. When carriers use a different methodology they still have to provide a demonstration of the rates using the process and factors described in the federal instructions. This is needed so that reviewers can confirm that the Index Rate and Market Adjusted Index Rate are calculated consistent with ACA requirements and that only permitted adjustments are made to the Market Adjusted Index Rate. We recommend that MVP be required to demonstrate that the rates meet the federal requirements by reproducing the rates following the federal instructions.

B. MVP based its 2016 projections on 2014 demographics rather than the more appropriate first quarter 2015 demographics

In answer to Objection #4, MVP provided a file showing that the 2014 and projected 2016 average age was 39.6 and the average HHS age factor was 1.583.

MVP identified a number of populations that would be in the 2016 membership pool including, Non-ACA Compliant Agriservices, Non-ACA Compliant Individual Indemnity, and Non-ACA Compliant Large Group 51-100. In MVP's letter dated July 1, 2015 they provided the average age and HHS age factor for all of these as well as the ACA compliant membership as of first quarter 2015. The weighted average age represented in that data was 40.43 and the average age factor was 1.612.

We believe that MVP should have used the first quarter 2015 demographics for all of the populations that would be included in 2016 to project 2016 rather than the 2014

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demographics. This would have resulted in a demographic adjustment factor of 2 percent (1.612/1.583) and an increase of the index rate and average rate of 2 percent.

MVP used the 2014 demographics to calculate its Single Conversion Factor of 1.145. In its answer to Objection 14 in the first set of objections, MVP calculates a Single Conversion Factor of 1.126. Since we believe that the first quarter 2015 population should be used to predict 2016 membership we would recommend that the Single Conversion Factor of 1.126 be used. This would result in a 1.7 percent decrease in the average rate.[1]

VI. CONCLUSIONS

In addition to the changes to the original rate filing that MVP has agreed to, we recommend one further change to the rate filing. We also recommend that MVP be required to provide additional or alternative documentation for this rate filing and for its future rate filings.

A. MVP has already agreed to the following amendments:

1) Revision in the projected Blueprint payment by a reduction of $1.35;[2] and

2) Revision to correct policy duration factor for groups 51-100 employees resulting in a reduction of $0.38 PMPM in the single risk pool paid index rate.[3]

These changes were also recommended by Lewis and Ellis in its Actuarial Opinion letter dated July 14, 2015 and result in a 0.5% decrease in the rates.

B. We also recommend the following additional changes to the filing:

[1] We note that L&E came to the same conclusion, but used alternative calculations to come to their results.
[2] MVP letter dated July 7, 2015.
[3] MVP letter dated June 2, 2015, question #15.

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1) We recommend that MVP be required to demonstrate that the rates meet the federal requirements by reproducing the rates following the federal instructions. This allows reviewers to verify that the rate development meets ACA requirements without having to translate MVP's methodology into the HHS requirements.

2) We recommend that MVP use the first quarter 2015 demographics rather than the 2014 demographics. This would result in a 2 percent rate increase due to average factor changes and a 1.7 percent decrease due to the change in the Single Conversion Factor for a total increase of 0.3 percent [1.02*(1-.017)].

The increase of 0.3 percent combined with the changes MVP has agreed to, listed above, result in a 0.2 percent decrease in rates.

Since MVP's solvency level is strong, this reduction from the original filing and its zero percent projected profit margin would not likely be a threat to MVP's solvency. The following table shows the Risk based Capital (RBC) for MVP over the past five years, derived from data in the Five Year Historical Data Chart from MVP's 2014 Annual Statement. This Chart is attached as Attachment C.

MVP Health Plan Inc.	**2014**	**2013**	**2012**	**2011**	**2010**
Total adjusted capital	340,544,971	380,924,248	345,117,199	298,381,521	329,794,564
Authorized control level RBC	47,263,743	45,365,721	54,902,851	54,139,208	53,532,499
RBC *	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

I have reviewed the data and information provided by the issuers for reasonableness, but we have not audited it.

*REDACTED.

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VII. RELIANCE

In reaching my conclusions I have relied on the materials listed in Attachment B – Materials Reviewed as provided by the Office of the Health Care Advocate.

VIII. ASOP 41 DISCLOSURES

The contents of this report are intended for the use of the Office of the Health Care Advocate and the Green Mountain Care Board.

The purpose of this report is to provide the results of my review and analysis of the premium rate filing of MVP Health Plan, Inc. (MVP) and to provide the Office of the Health Care Advocate alternative recommendations and calculations of MVP's requested rates.

I am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. I am also president of NovaRest, Inc., which I founded in 2002. According to the Actuarial Standards Board standards and Code of Professional Conduct, I am qualified to offer my opinion in this matter.

The report should be considered in its entirety and no part should be copied or provided without the whole. Distribution of this letter to parties other than the Green Mountain Board by us or any other party does not constitute advice by us to those parties. The reliance of parties other than the Green Mountain Board on any aspect of our work is not authorized by us and is done at their own risk.

NovaRest does not and has never affiliated with the health plan or health insurance issuer whose rate filing we have reviewed. We have no conflicts of interest.

In arriving at our opinion, we used and relied on information (listed in Attachment B) provided by the company without independent investigation or verification. If this information is inaccurate, incomplete or out of date, our findings and conclusions may

need to be revised. While we have relied on the data provided by the company without independent investigation or verification, we have reviewed the information for consistency and reasonableness.

Information that was reviewed for the purposes of developing this opinion was provided through July 17, 2015.

We are not aware of any subsequent events at the time of this report.

NovaRest, INC.

July 19, 2015
(Date)

By: Donna C. Novak
Donna Novak, ASA, MAAA

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NovaRest
ACTUARIAL CONSULTING

ATTACHMENT A - DONNA NOVAK CURRICULUM VITAE

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CURRICULUM VITAE

NAME
Donna C. Novak

BUSINESS ADDRESS
NovaRest Consulting
156 W. Calle Guija Suite 200
Sahuarita, AZ, 85629
Phone: 520-908-7246
E-mail: Donna.Novak@NovaRest.com

EDUCATION
DePaul University, BA in Mathematics and Business, 1972

Post graduate work Illinois Institute of Technology, 1972-1973

Northwestern University (Kellogg), Masters in Health Care Management and Finance, 2000

CONTINUING EDUCATION
An estimated 90 hours annually of sessions at the National Association of Insurance Commissioners (NAIC) quarterly meetings

Prepare and speak annually at Society of Actuaries (SOA) meetings

Meet all continuing education requirements of the American Academy of Actuaries (AAA) necessary to sign public statements of actuarial opinion

MEMBERSHIP IN PROFESSIONAL ORGANIZATIONS
Fellow of the Conference of Consulting Actuaries (FCA)

Associate of the Society of Actuaries (ASA)

Member of the Academy of Actuaries (MAAA)

Fellow, Life Management Institute (FLMI)

Health Insurance Associate (HIA)

PROFESSIONAL ACTIVITIES
Prior Vice-Chair of the AAA Health Practice Council

Prior Vice-President of the AAA Financial Reporting Council

Prior Board member of the Conference of Consulting Actuaries (CCA)

PROFESSIONAL ACTIVITIES
(Continued)

Led numerous AAA projects including the project to draft the NAIC Health Reserve Guidance Manual and other advisory letters

Participated in numerous AAA projects including the project to develop the NAIC Risk-based Capital standard and other projects for the NAIC

Prior member of the General Committee of the Actuarial Standards Board (ASB)

Member of the Health Committee of the Actuarial Standards Board

Led the 2014 update of ASOP No. 8 *Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits*

PROFESSIONAL EXPERIENCE

Contracted advisor to HHS on the implementation of the ACA

Member of the Advisory Board to the HHS Consumer Operated and Oriented Plan (CO-OP) Program

Hired by the NAIC to write the NAIC Health Financial Analyst Manual

Perform audits of Medicare Risk Plan Adjusted Community Rated (ACR) filings for 2004 and 2005 ACRs

Perform Medicare bid desk reviews and audits 2006 to present

Rate filing reviews in 7 states, the District of Columbia, and Puerto Rico

Helped create an improved rate review process in 2 states, District of Columbia and Puerto Rico

Actuarial support for state financial audits of HMOs, Blue Cross Blue Shield Plans and commercial carriers

Assisted states in structuring programs to reduce the uninsured

Prepare reports on the impact of mandated benefits for states and consumers

Provide consulting services to state regulators reviewing the Form A filings for carrier business affiliations and mutual holding company conversions

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PROFESSIONAL EXPERIENCE
(Continued)

For state reviews of specific carrier solvency levels, determine optimum capital level for financial protection

Monitored the solvency of BlueCross BlueShield Plans and their recovery initiatives when they fell below Association requirements

Advised large employers concerning their future health insurance cost and the primary drivers of their health insurance cost

Advised large self-insurance employers concerning recommended employee contributions for various benefit options

Advised large employers when negotiating rates with providers and tracking actual experience with contracted providers

Provided actuarial audit support for two "big four" accounting firms

Reviewed Premera BlueCross and BlueShield pricing methodology and provided a report recommending improvements based on industry best practices

PUBLICATIONS
Authored 2002-2015

AAA Professional Practice Notes regularly published on the AAA website

2014 rewrite of ASOP No. 8 *Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits*

Participated in developing comment letters to the NAIC and HHS on the implementation of PPACA for the AAA that are published in the NAIC and CCIIO websites

PROFESSIONAL PRESENTATIONS
Speak regularly at Society of Actuaries meetings on such topics as:

Medicare bid audits and desk reviews

Professional Standards

Health Risk-based Capital

Health Reserving

Coordinator of the SOA Valuation Boot Camps

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PROFESSIONAL PRESENTATIONS

(Continued)

National Conference of Insurance Legislators on Association Health Plans

NAIC Conference on the Uninsured on state solutions to the uninsured

EXPERT TESTIMONY ETC.
Years 2010-2015

For an individual insured, provided expert report on insurance pricing of prosthetic devices in 2010 in a dispute concerning coverage of repairs in Arbitration in Nebraska.

Deposition in a case concerning Molina Healthcare of Wisconsin post purchase financial reconciliation that went to arbitration in Wisconsin in 2013.

Expert report for the California Dental Association in case concerning dentist reimbursement before the American Arbitration Association in 2014 and is ongoing.

Expert report and Testimony in Vermont Exchange Blue Cross Blue Shield of Vermont Rate Filing hearing 2014.

Expert report and Testimony in Vermont Exchange MVP Rate Filing hearing 2014.

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ATTACHMENT B - MATERIALS REVIEWED

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Attachment B MVP Materials Reviewed by NovaRest	
File Name	**Contents**
GMCB_007_15rr_Solvency_Analysis	Vermont Department of Financial Regulation solvency opinion of the rate filing on MVP
GMCB_007_15rr_Actuarial_Memorandum	L&E actuarial opinion of the MVP rate filing
GMBC_007_15rr_Excel_Quantitative Response to Objection_1-SERFF	Small Group Historical RX Claims Summary: Pre ACA
GMBC_007_15rr_Excel_Quantitative Response to Objection_1-SERFF	Small Group Historical RX Claims Summary: Pre ACA
GMBC_007_15rr_Response to 2016 VT Exchange Objection_1	2016 Vermont Exchange Rate Filing SERFF Tracking #: MVPH-130053210
GMBC_007_15rr_Excel_Quantitative Response to Objection_2-REDACTED	Question #5-Rx Claim Detail
GMBC_007_15rr_Excel_Quantitative Response Objection_2	2016 Vermont Exchange Rate Filing SERFF Tracking #: MVPH-130053210 Objections
Quantitative Response to Objection #2 Contains Confidential Info	Question #5-Rx Claim Detail
Quantitative Response to Objection #2 Contains Confidential Info	Derivation of Base Period Experience and Reinsurance Recoveries, 2015 Filing vs 2016 Filing, Actuarial Memo Dataset
Response to 2016 VT Exchange Objection_#2	2016 Vermont Exchange Rate Filing SERFF Tracking #: MVPH-130053210 Objections
Response to 2016 VT Exchange Objection_#3	2016 Vermont Exchange Rate Filing SERFF Tracking #: MVPH-130053210 Objections

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L&E Objection Letter #4 - email	RE: MVP 2016 Exchange Rate Filing SERFF#: MVPH 130053210 - Inquiry Letter
Quantitative Response to Objection #4 - SERFF	Objection Letter #4 Response - Enrollment and Age Factor Information
Quantitative Response to Objection #4 - SERFF	Objection Letter #4 Response - Enrollment and Age Factor Information
007__15rr Response to 2016 VT Exchange Objection_5	2016 Vermont Exchange Rate Filing SERFF Tracking #: MVPH-130053210 Objection response
GMBC-007-15r Response to 2016 VT Exchange Objection_r6	2016 Vermont Exchange Rate Filing SERFF Tracking #: MVPH-130053210 Objection response
GMBC-007-15rr Response to 2016 VT Exchange Objection_7	2016 Vermont Exchange Rate Filing SERFF Tracking #: MVPH-130053210 Objection response
007-15rr Response to 2016 VT Exchange Objection #5	2016 Vermont Exchange Rate Filing SERFF Tracking #: MVPH-130053210 Objection response
Actuarial Memo Dataset 2016 NO LINKS	Purpose, Scope, and Reason for Rate Increase
MVP Exchange Rate Increase Exhibit 2015-2016	MVP Health Care Derivation of 2016 VT Exchange Rate Increases by Contract and Benefit Plan for ACA Compliant Members as of March 2015
VT 2016 Exchange Rate Filing - SERFF	MVP Health Care -- 2016 Exchange Rate Filing
VT 2016 URRT	Unified Rate Review v 2.0.4
GMBC_007_15rr_Excel_Quantitive Response to Objection_#1-SERFF	Small Group Historical Rx Claims Summary: Pre-ACA Objection response
GMBC_007_15rr_Excel_Quantitive Response to Objection_#1-SERFF.pdf	Small Group Historical Rx Claims Summary: Pre-ACA Objection response
GMBC_007_15rr_Response to 2016 VT Exchange Objection_#1	2016 Vermont Exchange Rate Filing SERFF Tracking #: MVPH-130053210 Objection response
GMBC_007_15rr_SERFF_5_15_15	SERFF Filing at a Glance

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GMBC-007-15r Response to 2016 VT Exchange Objection_r6	2016 Vermont Exchange Rate Filing SERFF Tracking #: MVPH-130053210 Objection response
GMBC-007-15rr Response to 2016 VT Exchange Objection_#7	2016 Vermont Exchange Rate Filing SERFF Tracking #: MVPH-130053210 Objection response
MVP Fourth Objection Letter Question	L&E Objection Letter #4 to MVP (sent by email)
MVPHIC 2016 Exchange Filing MVPH-130053210 Objection Letter 1 20150528	MVP Health Plan, Inc 2016 Vermont Exchange Rate Filing SERFF Tracking #: MVPH-130053210 Objections
Quantitative Response to Objection #2 Contains Confidential Info	Question #5-Rx Claim Detail Objection response
Quantitative Response to Objection #2 Contains Confidential Info	Derivation of Base Period Experience and Reinsurance Recoveries, 2015 Filing vs 2016 Filing, Actuarial Memo Dataset
Quantitative Response to Objection #4 - SERFF	Objection Letter #4 Response - Enrollment and Age Factor Information
Quantitative Response to Objection #4 - SERFF	Objection Letter #4 Response - Enrollment and Age Factor Information
Response to 2016 VT Exchange Objection #2	2016 Vermont Exchange Rate Filing SERFF Tracking #: MVPH-130053210 Objection response
Response to 2016 VT Exchange Objection #3	2016 Vermont Exchange Rate Filing SERFF Tracking #: MVPH-130053210 Objection response
UnifiedRateReviewSubmission_2015051482545_VTExch_2016	SERFF rate filing
MVP 2014 Financial Statement	MVP’s Statutory Year End 2014 Financial Statement Statutory

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ATTACHMENT C – FIVE YEAR HISTORICAL DATA CHART FROM MVP 2014 ANNUAL STATEMENT

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ANNUAL STATEMENT FOR THE YEAR December 31, 2014 OF THE MVP Health Plan Inc. (NAIC #95521)

FIVE - YEAR HISTORICAL DATA

		1	2	3	4	5
		2014	2013	2012	2011	2010
	Balance Sheet (Pages 2 and 3)					
1	Total admitted assets (Page 2, Line 28)	498,224,615	538,232,649	535,699,264	489,578,001	528,772,005
2	Total liabilities (Page 3, Line 24)	157,679,644	157,308,401	190,582,065	191,196,480	198,977,442
3	Statutory surplus	202,162,478	200,904,855	245,253,441	221,652,977	219,134,346
4	Total capital and surplus (Page 3, Line 33)	340,544,971	380,924,248	345,117,199	298,381,521	329,794,564
	Income Statement (Page 4)					
5	Total revenues (Line 8)	1,656,693,169	1,678,557,613	1,959,820,495	1,972,453,427	2,084,427,206
6	Total medical and hospital expenses (Line 18)	1,514,076,703	1,508,287,733	1,751,605,257	1,719,205,546	1,798,995,672
7	Claims adjustment expenses (Line 20)	42,121,395	46,184,498	48,827,890	49,655,751	51,151,916
8	Total administrative expenses (Line 21)	136,297,690	110,514,714	109,006,994	137,790,750	135,435,777
9	Net underwriting gain (loss) (Line 24)	(33,985,599)	9,613,034	50,380,354	65,801,380	98,843,841
10	Net investment gain (loss) (Line 27)	10,081,125	18,095,331	12,165,106	11,950,516	27,917,183
11	Total other income (Line 28 plus29)	2,707	1,407	(1,307,558)	(1,930,386)	(1,894,177)
12	Net income or (loss) (Line 32)	(23,723,925)	27,544,266	61,360,614	75,485,734	124,364,142
	Cash Flow (Page 6)					
13	Net cash from operations (Line 11)	(14,136,358)	(6,736,072)	54,160,460	72,459,749	46,792,668
	Risk-Based Capital Analysis					
14	Total adjusted capital	340,544,971	380,924,248	345,117,199	298,381,521	329,794,564
15	Authorized control level risk-based capital	47,263,743	45,365,721	54,902,851	54,139,208	53,532,499
	Enrollment (Exhibit 1)					
16	Total members at end of period (Column 5, Line 7)	227,648	222,999	254,936	267,704	309,745
17	Total member months (Column 6, Line 7)	2,693,437	2,706,443	3,105,266	3,327,770	3,814,728
	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 Lines 19)	91.4	89.9	89.4	87.2	86.3
20	Cost containment expenses	1.8	2.0	1.9	1.9	1.9
21	Other claims adjustment expenses	0.7	0.7	0.6	0.6	0.6
22	Total underwriting deductions (Lines 23)	102.1	99.4	97.4	96.7	95.3
23	Total underwriting gain (loss) (Lines 24)	(2.1)	0.6	2.6	3.3	4.7
	Unpaid Claims Analysis					
	(U&I Exhibit, Part 2B)					
24	Total claims incurred for prior years (Line 13, Col. 5)	66,324,407	129,924,454	129,022,589	98,601,263	145,910,304
25	Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	90,859,714	127,480,237	120,792,965	132,685,329	177,704,171
	Investments In Parent, Subsidiaries and Affiliates					
26	Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27	Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28	Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29	Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10).	0	0	0	0	0
30	Affiliated mortgage loans on real estate	0	0	0	0	0
31	All other affiliated	0	75,354,762	0	0	0
32	Total of above Lines 26 to 31	0	75,354,762	0	0	0
33.	Total investment in parent included in Lines 26 to 31 above	0	0	0	0	0

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