



# ANNUAL STATEMENT

For the Year Ended December 31, 2017  
of the Condition and Affairs of the

## Molina Healthcare of New Mexico, Inc.

NAIC Group Code.....1531, 1531 (Current Period) (Prior Period) NAIC Company Code..... 95739 Employer's ID Number..... 85-0408506

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

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

Incorporated/Organized..... November 6, 1992 Commenced Business..... December 27, 1993

Statutory Home Office 400 Tijeras Ave NW, Suite 200..... Albuquerque ..... NM ..... US .... 87102-3234  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 400 Tijeras Ave NW, Suite 200..... Albuquerque ..... NM ..... US .... 87102-3234 505-348-0410  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 400 Tijeras Ave NW, Suite 200..... Albuquerque ..... NM ..... US .... 87102-3234  
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 400 Tijeras Ave NW, Suite 200..... Albuquerque ..... NM ..... US .... 87102-3234 505-348-0410  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.molinahealthcare.com

Statutory Statement Contact Marilyn Louise Rippie 888-562-5442-187439  
(Name) (Area Code) (Telephone Number) (Extension)  
marilyn.rippie@molinahealthcare.com 505-348-0409  
(E-Mail Address) (Fax Number)

### OFFICERS

Name	Title	Name	Title
1. Daniel Scott Sorrells #	President	2. Marilyn Louise Rippie #	Treasurer/CFO
3. Jeffrey Don Barlow	Secretary	4.	

### OTHER

### DIRECTORS OR TRUSTEES

Daniel Scott Sorrells # Lisa Ann Rubino Craig Lawton Bass George Stephen Goldstein Ph.D.

State of..... New Mexico  
County of..... Bernalillo

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) Daniel Scott Sorrells	_____ (Signature) Marilyn Louise Rippie	_____ (Signature) Jeffrey Don Barlow
1. (Printed Name) President	2. (Printed Name) Treasurer/CFO	3. (Printed Name) Secretary
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me  
This \_\_\_\_\_ day of \_\_\_\_\_ 2018

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).....	79,481,287		79,481,287	83,473,074
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....			.0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....180,281,581, Schedule E-Part 1), cash equivalents (\$.....65,080,693, Schedule E-Part 2) and short-term investments (\$.....35,595,225, Schedule DA).....	280,957,499		280,957,499	272,873,284
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....	1,505,135		1,505,135	1,300,000
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	361,943,921	.0	361,943,921	357,646,358
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	408,472		408,472	399,107
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	6,241,855		6,241,855	6,136,026
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 (\$.....9,993) and contracts subject to redetermination (\$.....3,675,430).....	3,685,423		3,685,423	3,107,405
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	916,287		916,287	1,253,137
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.....	7,851		7,851	7,851
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0	17,331,438
18.2 Net deferred tax asset.....			.0	4,860,015
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....	36,652	36,652	.0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....	1,953,359	1,953,359	.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....			.0	36,512,729
24. Health care (\$.....29,294,978) and other amounts receivable.....	59,970,395	11,922,654	48,047,741	41,061,233
25. Aggregate write-ins for other-than-invested assets.....	215,367	215,367	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	435,379,582	14,128,032	421,251,550	468,315,299
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTAL (Lines 26 and 27).....	435,379,582	14,128,032	421,251,550	468,315,299

### 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	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Prepays, deposits, and other assets.....	215,367	215,367	.0	
2502.....			.0	
2503.....			.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	215,367	215,367	.0	.0

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	156,904,801	590,131	157,494,932	122,619,532
2. Accrued medical incentive pool and bonus amounts.....	841,232		841,232	129,998
3. Unpaid claims adjustment expenses.....	2,067,164	8,510	2,075,674	1,974,627
4. Aggregate health policy reserves, including the liability of \$....4,560,514 for medical loss ratio rebate per the Public Health Service Act.....	29,298,472		29,298,472	161,169,782
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserves.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	3,518,560		3,518,560	3,279,830
9. General expenses due or accrued.....	26,260,023		26,260,023	21,567,838
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....	11,005,071		11,005,071	
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....			0	
12. Amounts withheld or retained for the account of others.....			0	198
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.....	16,872,459		16,872,459	4,332,635
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 reinsurers 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.....	2,131,226		2,131,226	4,046,719
23. Aggregate write-ins for other liabilities (including \$....53,047,069 current).....	53,047,069	0	53,047,069	26,541,160
24. Total liabilities (Lines 1 to 23).....	301,946,077	598,641	302,544,718	345,662,319
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	23,000,000	0
26. Common capital stock.....	XXX	XXX	14,561	14,561
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX	205,880,665	192,880,665
29. Surplus notes.....	XXX	XXX		
30. Aggregate write-ins for other-than-special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	(110,188,394)	(70,242,246)
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	118,706,832	122,652,980
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	421,251,550	468,315,299

**DETAILS OF WRITE-INS**

2301. Amounts due to New Mexico Human Services Department & CMS.....	53,047,069		53,047,069	26,541,160
2302. ....			0	
2303. ....			0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above).....	53,047,069	0	53,047,069	26,541,160
2501. 2018 Health insurer fee accrual estimate.....	XXX	XXX	23,000,000	
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 through 2503 plus 2598) (Line 25 above).....	XXX	XXX	23,000,000	0
3001. ....	XXX	XXX		
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above).....	XXX	XXX	0	0

## STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	.XXX	3,174,087	3,033,407
2. Net premium income (including \$.....0 non-health premium income).....	.XXX	1,281,738,061	1,417,863,002
3. Change in unearned premium reserves and reserve for rate credits.....	.XXX	132,357,859	(31,295,608)
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	.300	.499
8. Total revenues (Lines 2 to 7).....	.XXX	1,414,096,220	1,386,567,893
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits.....		853,946,394	823,551,933
10. Other professional services.....		78,367,467	91,767,911
11. Outside referrals.....	4,902,822	26,484,346	16,488,808
12. Emergency room and out-of-area.....		89,383,004	88,787,770
13. Prescription drugs.....		140,672,576	128,659,545
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		1,415,119	487,315
16. Subtotal (Lines 9 to 15).....	4,902,822	1,190,268,906	1,149,743,282
<b>Less:</b>			
17. Net reinsurance recoveries.....		1,618,734	3,450,800
18. Total hospital and medical (Lines 16 minus 17).....	4,902,822	1,188,650,172	1,146,292,482
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....58,169,339 cost containment expenses.....		61,252,292	72,675,297
21. General administrative expenses.....		174,889,304	194,695,220
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).....	4,902,822	1,424,791,768	1,413,662,999
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	.XXX	(10,695,548)	(27,095,106)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		1,793,442	1,196,680
26. Net realized capital gains or (losses) less capital gains tax of \$.....(17,830).....		(30,419,631)	11,027
27. Net investment gains or (losses) (Lines 25 plus 26).....	.0	(28,626,189)	1,207,707
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	(8,560,725)	(5,078,421)
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	(47,882,462)	(30,965,820)
31. Federal and foreign income taxes incurred.....	.XXX	(4,268,486)	(2,512,468)
32. Net income (loss) (Lines 30 minus 31).....	.XXX	(43,613,976)	(28,453,352)

### 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 through 0603 plus 0698) (Line 6 above).....	.XXX	.0	.0
0701. Miscellaneous income.....	.XXX	.300	.499
0702. ....	.XXX		
0703. ....	.XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	.XXX	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above).....	.XXX	.300	.499
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	.0	.0	.0
2901. Penalties on late payment of claims.....		(1,441,165)	(1,691,273)
2902. Fines from regulatory authorities.....		(7,119,560)	(3,387,148)
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	.0	(8,560,725)	(5,078,421)

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

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year	Prior Year
33. Capital and surplus prior reporting period.....	122,652,980	109,717,225
34. Net income or (loss) from Line 32.....	(43,613,976)	(28,453,352)
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.....	(18,429,049)	18,429,047
39. Change in nonadmitted assets.....	45,096,877	(13,539,940)
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.....		
44.2 Transferred from surplus (Stock Dividend).....		
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....	13,000,000	36,500,000
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....		
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	(3,946,148)	12,935,755
49. Capital and surplus end of reporting period (Line 33 plus 48).....	118,706,832	122,652,980

**DETAILS OF WRITE-INS**

4701. ....		
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above).....	0	0

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	1,299,643,814	1,419,813,753
2. Net investment income.....	1,942,007	1,346,348
3. Miscellaneous income.....	300	499
4. Total (Lines 1 through 3).....	1,301,586,121	1,421,160,600
5. Benefit and loss related payments.....	1,154,972,946	1,154,648,576
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	227,384,934	252,809,358
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....(17,830) tax on capital gains (losses).....	(32,622,825)	18,943,000
10. Total (Lines 5 through 9).....	1,349,735,055	1,426,400,934
11. Net cash from operations (Line 4 minus Line 10).....	(48,148,934)	(5,240,334)
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	30,094,411	27,505,230
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.....		63
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	30,094,411	27,505,293
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	26,311,498	27,081,220
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	205,135	1,300,000
13.7 Total investments acquired (Lines 13.1 to 13.6).....	26,516,633	28,381,220
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).....	3,577,778	(875,927)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....	49,500,000	
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	3,155,371	3,796,200
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	52,655,371	3,796,200
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	8,084,215	(2,320,061)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	272,873,284	275,193,345
19.2 End of year (Line 18 plus Line 19.1).....	280,957,499	272,873,284
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Capital Contribution.....		36,500,000
20.0002 Realized Loss due to Impairment of Goodwill.....	19,934,665	



## 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).....	116,000,855		107,800	115,893,055
2. Medicare supplement.....				.0
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal employees health benefits plan.....				.0
6. Title XVIII - Medicare.....	53,529,880		22,326	53,507,554
7. Title XIX - Medicaid.....	1,117,733,760		5,396,308	1,112,337,452
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8).....	1,287,264,495	0	5,526,434	1,281,738,061
10. Life.....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11).....	1,287,264,495	0	5,526,434	1,281,738,061



**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.....	1,158,234,005	75,031,719					40,225,855	1,042,976,431		
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	1,955,584	1,063,089						892,495		
1.4 Net.....	1,156,278,421	73,968,630	0	0	0	0	40,225,855	1,042,083,936	0	0
2. Paid medical incentive pools and bonuses.....	703,885	85,009					75,279	543,597		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	157,494,932	10,225,280					5,285,687	141,983,965		
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	157,494,932	10,225,280	0	0	0	0	5,285,687	141,983,965	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.....	841,232						31,800	809,432		
6. Net healthcare receivables (a).....	4,255,619	1,383,843					623,293	2,248,483		
7. Amounts recoverable from reinsurers December 31, current year.....	916,287	209,887						706,400		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	122,619,532	5,660,676					5,435,155	111,523,701		
8.2 Reinsurance assumed.....	0									
8.3 Reinsurance ceded.....	0									
8.4 Net.....	122,619,532	5,660,676	0	0	0	0	5,435,155	111,523,701	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.....	129,998						7,250	122,748		
11. Amounts recoverable from reinsurers December 31, prior year.....	1,253,137	1,138,628						114,509		
12. Incurred benefits:										
12.1 Direct.....	1,188,853,786	78,212,480	0	0	0	0	39,453,094	1,071,188,212	0	0
12.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	1,618,734	134,348	0	0	0	0	0	1,484,386	0	0
12.4 Net.....	1,187,235,052	78,078,132	0	0	0	0	39,453,094	1,069,703,826	0	0
13. Incurred medical incentive pools and bonuses.....	1,415,119	85,009	0	0	0	0	99,829	1,230,281	0	0

(a) Excludes \$.....132,770 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.....	13,560,438	1,859,793					786,509	10,914,136		
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	13,560,438	1,859,793	0	0	0	0	786,509	10,914,136	0	0
2. Incurred but unreported:										
2.1 Direct.....	143,934,494	8,365,487					4,499,178	131,069,829		
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	0									
2.4 Net.....	143,934,494	8,365,487	0	0	0	0	4,499,178	131,069,829	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.....	157,494,932	10,225,280	0	0	0	0	5,285,687	141,983,965	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.....	157,494,932	10,225,280	0	0	0	0	5,285,687	141,983,965	0	0

## UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical).....	3,924,886	70,972,485	935,368	9,289,912	4,860,254	5,660,676
2. Medicare supplement.....					0	
3. Dental only.....					0	
4. Vision only.....					0	
5. Federal employees health benefits plan.....					0	
6. Title XVIII - Medicare.....	2,885,303	37,361,598	33,133	5,252,554	2,918,436	5,435,155
7. Title XIX - Medicaid.....	72,391,115	969,079,885	4,370,901	137,613,064	76,762,016	111,523,701
8. Other health.....					0	
9. Health subtotal (Lines 1 to 8).....	79,201,304	1,077,413,968	5,339,402	152,155,530	84,540,706	122,619,532
10. Healthcare receivables (a).....	5,667,005	34,864,730		553,127	5,667,005	36,829,243
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....	129,998	573,887		841,232	129,998	129,998
13. Totals (Lines 9 - 10 + 11 + 12).....	73,664,297	1,043,123,125	5,339,402	152,443,635	79,003,699	85,920,287

(a) Excludes \$.....132,770 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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	13,249	13,249	13,249	13,249	13,249
2. 2013.....	373,704	407,181	407,181	407,181	407,181
3. 2014.....	XXX	812,472	933,189	933,189	933,189
4. 2015.....	XXX	XXX	963,952	1,034,293	1,034,293
5. 2016.....	XXX	XXX	XXX	1,082,651	1,161,852
6. 2017.....	XXX	XXX	XXX	XXX	1,077,414

#### 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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	13,249	13,249	13,249	13,249	13,249
2. 2013.....	410,082	406,970	406,970	406,970	406,970
3. 2014.....	XXX	957,157	933,304	933,304	933,304
4. 2015.....	XXX	XXX	1,082,969	1,037,182	1,037,182
5. 2016.....	XXX	XXX	XXX	1,202,511	1,167,191
6. 2017.....	XXX	XXX	XXX	XXX	1,230,410

#### 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. 2013.....	490,705	407,181	16,294	4.0	423,475	86.3			423,475	86.3
2. 2014.....	1,118,143	933,189	57,761	6.2	990,950	88.6			990,950	88.6
3. 2015.....	1,322,291	1,034,293	77,052	7.4	1,111,345	84.0			1,111,345	84.0
4. 2016.....	1,392,312	1,161,852	72,675	6.3	1,234,527	88.7	5,339	79	1,239,945	89.1
5. 2017.....	1,419,622	1,077,414	61,251	5.7	1,138,665	80.2	152,996	1,997	1,293,658	91.1

12.GT

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
(\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....					
2. 2013.....					
3. 2014.....	XXX	2,763	3,501	3,501	3,501
4. 2015.....	XXX	XXX	7,219	8,206	8,206
5. 2016.....	XXX	XXX	XXX	39,236	43,161
6. 2017.....	XXX	XXX	XXX	XXX	70,972

**SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....					
2. 2013.....					
3. 2014.....	XXX	3,499	3,513	3,513	3,513
4. 2015.....	XXX	XXX	8,603	8,185	8,185
5. 2016.....	XXX	XXX	XXX	44,918	44,096
6. 2017.....	XXX	XXX	XXX	XXX	80,262

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....		0		0.0	0	0.0			0	0.0
2. 2014.....	5,158	3,501	285	8.1	3,786	73.4			3,786	73.4
3. 2015.....	12,716	8,206	704	8.6	8,910	70.1			8,910	70.1
4. 2016.....	62,056	43,161	2,865	6.6	46,026	74.2	935	17	46,978	75.7
5. 2017.....	114,143	70,972	5,032	7.1	76,004	66.6	9,290	138	85,432	74.8

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**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 EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
(\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	839	839	839	839	839
2. 2013.....	7,917	8,687	8,687	8,687	8,687
3. 2014.....	XXX	14,616	16,746	16,746	16,746
4. 2015.....	XXX	XXX	15,063	17,461	17,461
5. 2016.....	XXX	XXX	XXX	26,787	29,672
6. 2017.....	XXX	XXX	XXX	XXX	37,362

**SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	839	839	839	839	839
2. 2013.....	8,842	8,682	8,682	8,682	8,682
3. 2014.....	XXX	16,310	16,747	16,747	16,747
4. 2015.....	XXX	XXX	18,155	17,455	17,455
5. 2016.....	XXX	XXX	XXX	32,235	29,705
6. 2017.....	XXX	XXX	XXX	XXX	42,646

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....	9,166	8,687	388	4.5	9,075	99.0			9,075	99.0
2. 2014.....	15,971	16,746	642	3.8	17,388	108.9			17,388	108.9
3. 2015.....	21,792	17,461	2,068	11.8	19,529	89.6			19,529	89.6
4. 2016.....	34,591	29,672	5,850	19.7	35,522	102.7	33	1	35,556	102.8
5. 2017.....	53,165	37,362	4,606	12.3	41,968	78.9	5,284	83	47,335	89.0

12.XV

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
(\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	12,410	12,410	12,410	12,410	12,410
2. 2013.....	365,787	398,494	398,494	398,494	398,494
3. 2014.....	XXX	795,093	912,942	912,942	912,942
4. 2015.....	XXX	XXX	941,670	1,008,626	1,008,626
5. 2016.....	XXX	XXX	XXX	1,016,628	1,089,019
6. 2017.....	XXX	XXX	XXX	XXX	969,080

**SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	12,410	12,410	12,410	12,410	12,410
2. 2013.....	401,240	398,288	398,288	398,288	398,288
3. 2014.....	XXX	937,348	913,044	913,044	913,044
4. 2015.....	XXX	XXX	1,056,211	1,011,542	1,011,542
5. 2016.....	XXX	XXX	XXX	1,125,358	1,093,390
6. 2017.....	XXX	XXX	XXX	XXX	1,107,502

12.XI

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....	481,539	398,494	15,906	4.0	414,400	86.1			414,400	86.1
2. 2014.....	1,097,014	912,942	56,834	6.2	969,776	88.4			969,776	88.4
3. 2015.....	1,287,783	1,008,626	74,280	7.4	1,082,906	84.1			1,082,906	84.1
4. 2016.....	1,295,665	1,089,019	63,960	5.9	1,152,979	89.0	4,371	.61	1,157,411	89.3
5. 2017.....	1,252,314	969,080	51,613	5.3	1,020,693	81.5	138,422	1.776	1,160,891	92.7



**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - OTHER**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

**SECTION B - INCURRED HEALTH CLAIMS - OTHER**

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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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior.....	<b>NONE</b>				
2. 2013.....					
3. 2014.....		.XXX			
4. 2015.....		.XXX	.XXX		
5. 2016.....		.XXX	.XXX	.XXX	
6. 2017.....		.XXX	.XXX	.XXX	.XXX

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER**

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. 1 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2013.....		.0		.0	<b>NONE</b>	.0			.0	.0
2. 2014.....		.0		.0		.0			.0	.0
3. 2015.....		.0		.0		.0			.0	.0
4. 2016.....		.0		.0		.0			.0	.0
5. 2017.....		.0		.0		.0			.0	.0

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY**

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	0								
2. Additional policy reserves (a).....	0								
3. Reserve for future contingent benefits.....	0								
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income).....	28,811,923	1,857,701					2,077,426	24,876,796	
5. Aggregate write-ins for other policy reserves.....	486,549	0	0	0	0	0	486,549	0	0
6. Totals (gross).....	29,298,472	1,857,701	0	0	0	0	2,563,975	24,876,796	0
7. Reinsurance ceded.....	0								
8. Totals (net) (Page 3, Line 4).....	29,298,472	1,857,701	0	0	0	0	2,563,975	24,876,796	0
9. Present value of amounts not yet due on claims.....	0								
10. Reserve for future contingent benefits.....	0								
11. Aggregate write-ins for other claim reserves.....	0	0	0	0	0	0	0	0	0
12. Totals (gross).....	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded.....	0								
14. Totals (net) (Page 3, Line 7).....	0	0	0	0	0	0	0	0	0

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**DETAILS OF WRITE-INS**

0501. Part C Risk Transfer.....	486,549						486,549		
0502. ....	0								
0503. ....	0								
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	486,549	0	0	0	0	0	486,549	0	0
1101. ....	0								
1102. ....	0								
1103. ....	0								
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0	0	0	0	0	0

(a) Includes \$.....0 premium deficiency reserve.

## 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).....		275	8,398,220		8,398,495
2. Salaries, wages and other benefits.....	45,518,455	1,175,474	40,889,006		87,582,935
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....			2,231,772		2,231,772
4. Legal fees and expenses.....	1,200		808,483		809,683
5. Certifications and accreditation fees.....	1,950				1,950
6. Auditing, actuarial and other consulting services.....	599,842	34,589	4,024,592		4,659,023
7. Traveling expenses.....	1,058,814	3,386	599,143		1,661,343
8. Marketing and advertising.....	164,036		1,715,190		1,879,226
9. Postage, express and telephone.....	494,327	1,007	2,469,301		2,964,635
10. Printing and office supplies.....	38,960	5,216	2,014,529		2,058,705
11. Occupancy, depreciation and amortization.....			15,235,260		15,235,260
12. Equipment.....	385	92	218,445		218,922
13. Cost or depreciation of EDP equipment and software.....	22,729	92	6,976,133		6,998,954
14. Outsourced services including EDP, claims, and other services.....	7,086,881	1,773,604	12,168,332		21,028,817
15. Boards, bureaus and association fees.....	5,371		189,747		195,118
16. Insurance, except on real estate.....	8,237		318,579		326,816
17. Collection and bank service charges.....				688,078	688,078
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....			316,531		316,531
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....			45,788,750		45,788,750
23.3 Regulatory authority licenses and fees.....	13,062		21,319,006		21,332,068
23.4 Payroll taxes.....	3,155,090	89,218	2,711,862		5,956,170
23.5 Other (excluding federal income and real estate taxes).....			451		451
24. Investment expenses not included elsewhere.....				43,406	43,406
25. Aggregate write-ins for expenses.....	0	0	6,495,972	0	6,495,972
26. Total expenses incurred (Lines 1 to 25).....	58,169,339	3,082,953	174,889,304	731,484	(a) 236,873,080
27. Less expenses unpaid December 31, current year.....		2,075,674	26,260,023		28,335,697
28. Add expenses unpaid December 31, prior year.....		1,974,627	21,567,838		23,542,465
29. Amounts receivable relating to uninsured plans, prior year.....			7,851		7,851
30. Amounts receivable relating to uninsured plans, current year.....			7,851		7,851
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	58,169,339	2,981,906	170,197,119	731,484	232,079,848

#### DETAILS OF WRITE-INS

2501. Charitable contributions.....			17,500		17,500
2502. Borrowing costs.....			6,109,620		6,109,620
2503. Other administrative expenses.....			368,852		368,852
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above).....	0	0	6,495,972	0	6,495,972

(a) Includes management fees of \$.....89,758,990 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).....167,354	.....189,886
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....1,075,121	.....1,089,863
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).....1,273,086	.....1,245,177
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....2,515,561	.....2,524,926
11. Investment expenses.....	.....	(g).....731,484
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).....	.....	.....731,484
17. Net investment income (Line 10 minus Line 16).....	.....	.....1,793,442

### 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 through 0903 plus 0998) (Line 9 above).....	0	0
1501. ....		
1502. ....		
1503. ....		
1598. Summary of remaining write-ins for Line 15 from overflow page.....		0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....		0

- (a) Includes \$.....45,457 accrual of discount less \$.....203,385 amortization of premium and less \$.....96,080 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 \$.....828,405 accrual of discount less \$.....89,416 amortization of premium and less \$.....46,981 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....731,484 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.....	122		122		
1.1 Bonds exempt from U.S. tax.....			0		
1.2 Other bonds (unaffiliated).....	(51,067)		(51,067)		
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	(30,386,517)	(30,386,517)	0	0
10. Total capital gains (losses).....	(50,945)	(30,386,517)	(30,437,462)	0	0

### DETAILS OF WRITE-INS

0901. Realized loss due to impairment of goodwill.....		(30,386,517)	(30,386,517)		
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 through 0903 plus 0998) (Line 9 above).....	0	(30,386,517)	(30,386,517)	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.....			0
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.....		13,569,032	13,569,032
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....	36,652	91,630	54,978
21. Furniture and equipment, including health care delivery assets.....	1,953,359	2,553,934	600,575
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.....	11,922,654	7,120,937	(4,801,717)
25. Aggregate write-ins for other-than-invested assets.....	215,367	35,889,376	35,674,009
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	14,128,032	59,224,909	45,096,877
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	14,128,032	59,224,909	45,096,877

**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 through 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Prepaids, deposits, and other assets.....	215,367	173,866	(41,501)
2502. Goodwill and intangible assets.....		35,715,510	35,715,510
2503. ....			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	215,367	35,889,376	35,674,009

**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.....	253,687	270,400	266,178	255,920	253,293	3,174,087
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.....	253,687	270,400	266,178	255,920	253,293	3,174,087

**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 through 0603 plus 0698) (Line 6 above).....	0	0	0	0	0	0

## NOTES TO FINANCIAL STATEMENTS

### Note 1 – Summary of Significant Accounting Policies and Going Concern

#### A. Accounting Practices

Molina Healthcare of New Mexico, Inc. (the “Plan”) is a wholly owned subsidiary of Molina Healthcare, Inc. (“Molina”). The financial statements of the Plan are presented on the basis of accounting practices prescribed or permitted by the New Mexico Office of Superintendent of Insurance (the “Department”).

The Department recognizes only statutory accounting practices prescribed or permitted by the state of New Mexico for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the New Mexico insurance law. The National Association of Insurance Commissioners’ *Accounting Practices and Procedures Manual* (“NAIC SAP” or the “Manual”) has been adopted as a component of prescribed or permitted practices by the state of New Mexico.

Such prescribed accounting practices have no significant effect on the Plan’s statutory basis financial statements for the periods presented.

	SSAP #	F/S Page	F/S Line #	2017	2016
<b>NET INCOME</b>					
(1) Molina Healthcare of New Mexico, Inc. Company state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ (43,613,976)	\$ (28,453,352)
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ (43,613,976)	\$ (28,453,352)
<b>SURPLUS</b>					
(5) Molina Healthcare of New Mexico, Inc. Company state basis (Page 3, line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 118,706,832	\$ 122,652,980
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
Goodwill (NAIC SAP allows partial admissibility)	68	2	25	\$	\$ (11,779,297)
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 118,706,832	\$ 134,432,277

#### B. Use of Estimates in the Preparation of the Financial Statement

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

#### C. Accounting Policy

**Revenue Recognition:** The Plan arranges for the provision of health care services to Medicaid and Medicare recipients under contracts with the state of New Mexico and the Centers for Medicare and Medicaid Services (“CMS”). The Plan also serves members through the Health Insurance Marketplace (“Marketplace”). Premium revenue is recognized in the month that members are entitled to receive health care services, and is fixed in advance of the periods covered. Premiums received in advance are deferred. Generally, premium revenue is not subject to significant accounting estimates except as described below and in Note 24.

##### Contractual Provisions that May Adjust or Limit Revenue or Profit

**Medical Cost Corridors:** New Mexico Human Services Department (“HSD”) may require the Plan to return premiums related to its Medicaid expansion business, or the Plan may receive additional premiums from HSD if the amount spent on medical care cost relative to premiums is below or above the threshold levels specified by HSD. There is also a similar medical cost corridor in the Temporary Assistance for Needy Families and Aged, Blind and Disabled populations related to Hepatitis C pharmacy expenditures.

**Gain Sharing:** The Plan’s contract with HSD contains gain-sharing provisions for certain lines of business under which the Plan refunds a shared amount to the state if the Plan generates an underwriting gain above a certain specified percentage.

**Medical Cost Floors:** The Plan may be required to return a portion of Medicare and Marketplace premiums if certain minimum amounts are not spent on defined medical care costs in accordance with requirements established by the Federal government.

**Quality Incentive Premiums:** Under the Plan’s contract with the state of New Mexico, 1.5% of revenue is withheld and is not earned until certain performance measures are met. These performance measures are generally linked to various administrative measures dictated by the state.

**Recognition of Medical Care Costs:** Medical care costs include primarily fee-for-services expenses. Nearly all hospital services and the majority of the Plan’s primary care and physician specialist services are paid on a fee-for-service basis. Under fee-for-service arrangements, the Plan retains the financial responsibility for medical care provided and incurs costs based on actual utilization of services. Such expenses are recorded in the period in which the related services are dispensed. Medical care costs include amounts that have been paid by the Plan through the reporting date, as well as estimated liabilities for medical care costs incurred but not paid by the Plan as of the reporting date. Refer to Note 25 for further information.

In addition, the Plan applies the following accounting policies:

- (1) Short-term investments consist primarily of money market funds and investments in corporate debt securities with maturity dates of less than one year from the date of issuance. Realized capital gains and losses are determined using the specific-identification method.
- (2) Investments in bonds: Bonds not backed by other loans are principally stated at amortized cost using the scientific method. Changes in admitted asset carrying amounts of bonds are credited or charged directly to unassigned surplus.
- (3) Investments in common stock: None.

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## NOTES TO FINANCIAL STATEMENTS

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- (4) Investments in preferred stock: None.
- (5) Investments in mortgage loans: None.
- (6) Investments in loan-backed securities:
- Loan-backed securities designated highest-quality and high-quality (NAIC designations 1 and 2, respectively) are stated at amortized cost. The Plan's investments in loan-backed securities consist of asset-backed securities and mortgage-backed securities. Prepayment assumptions using a prospective approach were obtained from broker-dealer survey values or internal estimates.
- (7) Investments in subsidiaries, controlled or affiliated companies: None.
- (8) Investments in joint ventures, partnerships and limited liability companies: None.
- (9) Investments in derivatives: None.
- (10) Premium deficiency calculation: The Plan anticipates investment income as a factor in the premium deficiency calculation, in accordance with Statement of Statutory Accounting Principles ("SSAP") No. 54, *Individual and Group Accident and Health Contracts*.
- (11) Claims unpaid and claims adjustment expenses: Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
- (12) Capitalization policy: No change from prior period.
- (13) Pharmacy rebate receivables: Amounts receivable for pharmacy rebates are estimated based upon billed amounts to pharmaceutical companies, utilization data, historical collection trends and the Plan's judgment regarding the ability to collect specific amounts. Income from pharmacy rebates is reported as a reduction of hospital and medical expense in the statement of revenue and expenses. The Plan admits estimated pharmacy rebate receivables relating to the three months immediately preceding the reporting date in accordance with SSAP No. 84, *Certain Health Care Receivables and Receivables Under Government Insured Plans*.

D. Going Concern

The Plan is not aware of any relevant conditions or events that raise substantial doubt about its abilities to continue as a going concern.

**Note 2 – Accounting Changes and Correction of Errors**

There were no accounting changes or corrections of errors during the year ended December 31, 2017.

**Note 3 – Business Combinations and Goodwill**

- A. Statutory Purchase Method: None.
- B. Statutory Merger: None.
- C. Assumption Reinsurance: None.
- D. Impairment Loss

- (1) In August 2013, the Plan acquired Lovelance Community Health Plan's contract for the New Mexico Program, under which Lovelance's Medicaid members became the Plan's Medicaid members. The cost was \$51.6 million, resulting in goodwill in the amount of \$35.2 million. In January 2018, the Plan was notified by the New Mexico Human Services Department (HSD) that the Plan had not been selected for the tentative award of a Medicaid contract effective January 1, 2019. This decision does not affect the Plan's current contract with HSD which runs through December 31, 2018. The Plan recorded impairment charges in connection with this event.
- (2) The Plan's remaining amount of goodwill of \$19.9 million has been impaired and charged to realized capital gains and losses.

**Note 4 – Discontinued Operations**

None.

**Note 5 – Investments**

- A. Mortgage Loans, including Mezzanine Real Estate Loans: None.
- B. Debt Restructuring: None.
- C. Reverse Mortgages: None.
- D. Loan-Backed Securities

As of December 31, 2017, the Plan's long-term investments include asset-backed securities and mortgage-backed securities.

- (1) Prepayment assumptions using a prospective approach were obtained from broker-dealer survey values or internal estimates.
- (2),(3) Recognized other-than-temporary impairment ("OTTI") securities: None.
- (4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):



**NOTES TO FINANCIAL STATEMENTS**

a. The aggregate amount of unrealized losses:	1. Less than 12 Months	\$	19,663
	2. 12 Months or Longer	\$	13,582
b. The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	\$	3,895,078
	2. 12 Months or Longer	\$	3,932,777

- (5) Because the decline in the market values of the securities was not due to the credit quality of the issuers, and because the Plan does not intend to sell nor does it expect to be required to sell these securities before a recovery in their cost basis, the Plan does not consider the securities to be other-than-temporarily impaired at December 31, 2017.

- E. Dollar Repurchase Agreements and/or Securities Lending Transactions: None.
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing: None.
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing: None.
- H. Repurchase Agreements Transactions Accounted for as a Sale: None.
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale: None.
- J. Real Estate: None.
- K. Low-Income Housing Tax Credits (LIHTC): None.
- L. Restricted Assets

## (1) Restricted Assets (Including Pledged)

Restricted Asset Category	1 Total Gross Restricted from Current Year	2 Total Gross Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Current Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	7 Additional Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$	\$	%	%
b. Collateral held under security lending arrangements						%	%
c. Subject to repurchase agreements						%	%
d. Subject to reverse repurchase agreements						%	%
e. Subject to dollar repurchase agreements						%	%
f. Subject to dollar reverse repurchase agreements						%	%
g. Placed under option contracts						%	%
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock						%	%
i. FHLB capital stock						%	%
j. On deposit with states	321,849	325,269	(3,420)		321,849	0.1%	0.1%
k. On deposit with other regulatory bodies	129,094,516	127,856,304	1,238,212		129,094,516	29.7%	30.6%
l. Pledged as collateral to FHLB (including assets backing funding agreements)						%	%
m. Pledged as collateral not captured in other categories						%	%
n. Other restricted assets						%	%
o. Total Restricted Assets	\$ 129,416,365	\$ 128,181,573	\$ 1,234,792	\$	\$ 129,416,365	29.7%	30.7%

(a) Column 1 divided by Asset Page, Column 1, Line 28

(b) Column 5 divided by Asset Page, Column 3, Line 28

The PY amount for "On deposit with other regulatory bodies" was reported on "Other restricted assets" in the 2016 annual statement. This has been corrected in 2017.

- (2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate): None.
- (3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate): None.
- (4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements: None.

- M. Working Capital Finance Investments: None.
- N. Offsetting and Netting of Assets and Liabilities: None.
- O. Structured Notes: None.
- P. 5\* Securities: None.
- Q. Short Sales: None.
- R. Prepayment Penalty and Acceleration Fees

(1) Number of CUSIPs	3
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**NOTES TO FINANCIAL STATEMENTS**

(2) Aggregate Amount of Investment Income	\$	(51,383)
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**Note 6 – Joint Ventures, Partnerships and Limited Liability Companies**

None.

**Note 7 – Investment Income**

The Plan had no investment income that was excluded in 2017 or 2016. All of the Plan's investments and the income derived from such investments meet the criteria for admitted receivables.

**Note 8 – Derivative Instruments**

None.

**Note 9 – Income Taxes**

## A. Deferred Tax Assets/(Liabilities)

## 1. Components of Net Deferred Tax Asset/(Liability)

	2017			2016			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$ 11,949,624	\$	\$ 11,949,624	\$ 18,429,047	\$	\$ 18,429,047	\$ (6,479,423)	\$	\$ (6,479,423)
b. Statutory valuation allowance adjustment	11,893,379		11,893,379				11,893,379		11,893,379
c. Adjusted gross deferred tax assets (1a-1b)	\$ 56,245	\$	\$ 56,245	\$ 18,429,047	\$	\$ 18,429,047	\$ (18,372,802)	\$	\$ (18,372,802)
d. Deferred tax assets nonadmitted				13,569,032		13,569,032	(13,569,032)		(13,569,032)
e. Subtotal net admitted deferred tax asset (1c-1d)	\$ 56,245	\$	\$ 56,245	\$ 4,860,015	\$	\$ 4,860,015	\$ (4,803,770)	\$	(4,803,770)
f. Deferred tax liabilities	56,245		56,245				56,245		56,245
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$	\$	\$	\$ 4,860,015	\$	\$ 4,860,015	\$ (4,860,015)	\$	\$ (4,860,015)

## 2. Admission Calculation Components SSAP No. 101

	2017			2016			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks				4,860,015		4,860,015	(4,860,015)		(4,860,015)
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below:  Adjusted gross deferred tax assets expected to be realized following the balance sheet date  Adjusted gross deferred tax assets allowed per limitation threshold									
			11,870,683			11,779,297			91,386
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	56,245		56,245				56,245		56,245
d. Deferred tax assets admitted as the result of application	56,245		56,245	4,860,015		4,860,015	(4,803,770)		(4,803,770)

**NOTES TO FINANCIAL STATEMENTS**

	2017	2016	Change
	1 Ordinary	2 Capital	3 (Col 1+2) Total
	4 Ordinary	5 Capital	6 (Col 4+5) Total
	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
of SSAP 101. Total (2(a)+2(b)+2(c))			

## 3. Other Admissibility Criteria

	2017	2016
a. Ratio percentage used to determine recovery period and threshold limitation amount	255.2%	261.3%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	118,706,832	117,792,965

## 4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	12/31/2017		12/31/2016		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	56,245		18,429,047		(18,372,802)	
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	%	%	%	%	%	%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	56,245		4,860,015		(4,803,770)	
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	%	%	%	%	%	%

(b) Does the company's tax planning strategies include the use of reinsurance? NO

B. Deferred Tax Liabilities Not Recognized: None.

C. Current and Deferred Income Taxes

## 1. Current Income Tax

	1 2017	2 2016	3 (Col 1-2) Change
a. Federal	(5,718,763)	(2,438,290)	(3,280,473)
b. Foreign			
c. Subtotal	(5,718,763)	(2,438,290)	(3,280,473)
d. Federal income tax on net capital gains	(17,830)	5,937	(23,767)
e. Utilization of capital loss carry-forwards			
f. Other	1,450,277	(74,178)	1,524,455
g. Federal and Foreign income taxes incurred	(4,286,316)	(2,506,531)	(1,779,785)

## 2. Deferred Tax Assets

	1 2017	2 2016	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	971,222	341,179	630,043
2. Unearned premium reserve	147,780	229,590	(81,810)
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets	7,803,077	14,418,045	(6,614,968)
8. Compensation and benefits accrual	201,569	490,163	(288,594)
9. Pension accrual			
10. Receivables - nonadmitted	2,487,845	1,793,337	694,508
11. Net operating loss carry-forward			
12. Tax credit carry-forward			
13. Other (items <5% of total ordinary tax assets)	338,131	1,156,733	(818,602)

**NOTES TO FINANCIAL STATEMENTS**

	1 2017	2 2016	3 (Col 1-2) Change
Other (items >=5% of total ordinary tax assets)			
14.			
99. Subtotal	11,949,624	18,429,047	(6,479,423)
b. Statutory valuation allowance adjustment	11,893,379		11,893,379
c. Nonadmitted		13,569,032	(13,569,032)
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	56,245	4,860,015	(4,803,770)
e. Capital:			
1. Investments			
2. Net capital loss carry-forward			
3. Real estate			
4. Other (items <5% of total capital tax assets)			
Other (items >=5% of total capital tax assets)			
5.			
99. Subtotal			
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)			
i. Admitted deferred tax assets (2d+2h)	56,245	4,860,015	(4,803,770)

## 3. Deferred Tax Liabilities

	1 2017	2 2016	3 (Col 1-2) Change
a. Ordinary:			
1. Investments			
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (items <5% of total ordinary tax liabilities)	56,245		56,245
Other (items >=5% of total ordinary tax liabilities)			
6.			
99. Subtotal	56,245		56,245
b. Capital:			
1. Investments			
2. Real estate			
3. Other (items <5% of total capital tax liabilities)			
Other (items >=5% of total capital tax liabilities)			
4.			
99. Subtotal			
c. Deferred tax liabilities (3a99+3b99)	56,245		56,245
4. Net Deferred Tax Assets (2i - 3c)		4,860,015	(4,860,015)

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

	12/31/2017	12/31/2016	Change
Total deferred tax assets	\$ 11,949,624	\$ 18,429,047	\$ (6,479,423)
Statutory valuation allowance	(11,893,379)	-	(11,893,379)
Total deferred tax liabilities	(56,245)	-	(56,245)
Net deferred tax asset (liability)	\$ -	\$ 18,429,047	(18,429,047)
( )Tax effect of unrealized (gains)/losses			-
Change in net deferred income tax assets - increase (decrease)			\$ (18,429,047)

The Tax Cuts and Jobs Act (TCJA) was enacted on December 22, 2017. The TCJA, in part, reduces the U.S. federal corporate tax rate from 35% to 21% effective January 1, 2018. TCJA's change in the federal rate requires that the Plan remeasure deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally the new 21% federal corporate tax rate. At December 31, 2017, the Plan has not completed accounting for the tax effects of enactment of the Act; however, the Plan has made a reasonable estimate of the effects of the existing deferred tax balances and recognized a provisional amount of \$7.9 million, which is included as a component of income tax expense. The Plan will continue to make and refine the calculations as additional analysis is completed. In addition, the Plan's estimates may also be affected as the Plan gains a more thorough understanding of the tax law based on expected future guidance from the Internal Revenue Service and U.S. Treasury.

The Plan is subject to taxation in the United States. With few exceptions, the Plan is no longer subject to U.S. federal tax examinations for tax years before 2014.

## D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate:

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

Tax Effect	Effective Tax Rate
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**NOTES TO FINANCIAL STATEMENTS**

Taxes on income at federal statutory tax rate	\$ (16,765,102)	35.00%
Changes in nonadmitted assets	11,034,746	-23.04%
Statutory valuation allowance	11,893,379	-24.83%
Remeasurement of deferred tax assets	7,928,920	-16.55%
Other	50,788	-0.11%
Reported tax expense	<u>\$ 14,142,731</u>	<u>-29.53%</u>

Federal and foreign income taxes incurred	\$ (4,268,486)	8.90%
Federal income tax on net capital gains	(17,830)	0.04%
Change in net deferred income taxes	18,429,047	-38.47%
Total statutory income taxes	<u>\$ 14,142,731</u>	<u>-29.53%</u>

**E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits**

At December 31, 2017, the Plan did not have any unused operating loss carryforwards available to offset against future taxable income.

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

Year	Amount
2017	\$ -
2016	\$ -

The Plan did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

**F. Consolidated Federal Income Tax Return**

The Plan is included in the consolidated federal income tax return with its ultimate parent, Molina. Under a written intercompany tax-sharing agreement with Molina, approved by the Plan's board of directors, the combined federal income tax is allocated to each entity which is a party to the consolidation. Molina collects from, or refunds to, the subsidiaries the amount of taxes or benefits determined as if each entity filed separate tax returns. Under the tax-sharing agreement, the Plan has an enforceable right to recoup federal income taxes paid in prior years in the event of future net losses or to recoup net losses carried forward as an offset to future net income subject to federal income taxes. Intercompany tax balances are settled within 90 days of filing the consolidated federal income tax return, or where a refund is due, within 90 days of the receipt of such refund. Molina's federal income tax return is consolidated with the entities shown in Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group.

**G. Federal or Foreign Federal Income Tax Loss Contingencies:**

The Plan does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

**Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

- A. The Plan is a wholly owned subsidiary of Molina. Molina and its subsidiaries provide quality managed care to people receiving government assistance. Molina offers healthcare services for persons served by Medicaid, Medicare, and the Marketplace, and products to assist government agencies in their administration of the Medicaid program. Molina has wholly owned operating subsidiaries in various states as indicated in Schedule Y, Parts 1 and 1A.

Effective September 30, 2017, the Plan's primary care services agreement with the Joseph M. Molina, M.D. Professional Corporations ("JMMPC") was terminated. Under this agreement, the Plan paid \$347,181 and \$582,658 to JMMPC for health care services provided to the Plan's members in the years ended December 31, 2017 and 2016, respectively.

- B. – C. During the first quarter of 2017, the Plan received funding from Molina in the amount of \$36.5 million to satisfy capital contributions deemed effective in 2016 and recorded as an admitted receivable from parent, subsidiaries, and affiliates in the 2016 Annual Statement. Additionally, the Plan received contributions in the amount of \$13.0 million from Molina in the year ended December 31, 2017, principally to provide funding to meet mandated net worth requirements. Molina has agreed to provide additional future funding to the Plan, if necessary, to ensure the Plan's compliance with minimum net worth requirements during the next 12 months.

The Plan has an agreement with Molina whereby Molina provides certain management services to the Plan. Expenses incurred relating to this agreement amounted to \$89.8 million and \$89.2 million for the years ended December 31, 2017 and 2016, respectively.

- D. As of December 31, 2017, amounts due to Molina and affiliates totaled \$16.9 million. Intercompany receivables and payables are generally settled on a monthly basis.
- E. The Plan is not a guarantor and does not participate in any undertakings.
- F. The Plan has a services agreement with Molina, as described in Note 10.C. above.
- G. As indicated in Note 10.A. above, the Plan is a wholly owned subsidiary of Molina. The entities under common ownership of Molina are indicated in Schedule Y, Parts 1 and 1A.
- H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned: None.
- I. Investment in Subsidiary, Controlled or Affiliated ("SCA") Entity that Exceeds 10% of the Admitted Assets of the Insurer: None.
- J. Investments in Impaired SCAs: None.
- K. Investment in Foreign Subsidiary: None.
- L. Investment in Downstream Noninsurance Holding Company: None.

## NOTES TO FINANCIAL STATEMENTS

- M. All SCA Investments: None.
- N. Investment in Insurance SCAs: None.

**Note 11 – Debt**

- A. Debt Including Capital Notes: None.
- B. FHLB (Federal Home Loan Bank) Agreements: None.

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

- A.– D. Defined Benefit Plan: None.
- E. Defined Contribution Plans: See Note 12.G. below.
- F. Multiemployer Plans: None.
- G. Consolidated/Holding Company Plans: The Plan's employees participate in a defined contribution 401(k) plan sponsored by Molina that covers substantially all full-time salaried and clerical employees. Eligible employees are allowed to contribute up to the maximum allowed by law. The Plan matches up to the first 4% of compensation contributed by the employees. The Plan has no legal obligation to provide benefits under the plan. The Plan's expense recognized in connection with the 401(k) plan was \$1,686,347 and \$1,981,429 for the years ended December 31, 2017 and 2016, respectively.
- H. Postemployment Benefits and Compensated Absences: None.
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17): None.

**Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

- (1) The Plan has 500,000 shares of \$1 par value common stock authorized, 14,561 shares issued and outstanding.
- (2) Preferred stock: None.
- (3) Dividend restrictions: The Plan must receive approval from the Department superintendent within a thirty-day period, prior to the distribution of dividends.
- (4) Dividends paid by the Plan to Molina during 2017 were as follows: None.
- (5) Subject to the limitations of (3) above, no restrictions have been placed on the portion of the Plan's profits that may be paid as ordinary dividends to Molina.
- (6) Restrictions placed on unassigned funds (surplus): None.
- (7) Advances to surplus not repaid: None.
- (8) Stock held for special purposes: None.
- (9) Changes in the balance of special surplus funds: In accordance with the SSAP No. 106, *Affordable Care Act Assessments*, the Plan reclassifies an amount equal to the estimated health insurer fee due in the following calendar year from unassigned surplus to special surplus. The special surplus balance at December 31, 2017 represented the Plan's estimated health insurer fee for 2018. Due to the moratorium on the health insurer fee for the 2017 calendar year, the Plan did not reclassify amounts to special surplus at December 31, 2016.
- (10) The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses: \$0.
- (11) Surplus debentures or similar obligations: None.
- (12) The impact of any restatement due to prior quasi-reorganizations: None.
- (13) The effective dates of all quasi-reorganizations in the prior 10 years: None.

**Note 14 – Liabilities, Contingencies and Assessments**

- A. Contingent Commitments: The Plan has no contingent commitments.
- B. Assessments

- (1) Assessments Where Amount is Known or Unknown

The Plan Participated in the New Mexico Insurance Pool ("NMMIP"), which is funded through a combination of member premium, state fund, and assessments of Health Insurance companies within the state of New Mexico. The Plan's net assessment paid were \$16.6 million and \$18.7 million at December 31, 2017 and 2016, respectively. Unpaid assessments expressed are due and paid in full in the subsequent year.

- (2) Assessments

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year –end	\$	9,210,796
b. Decreases current period:		
		7,847,184
c. Increases current period:		
		17,389,152
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current period	\$	18,752,764

- (3) Guaranty Fund Liabilities and Assets Related to Assessments from Insolvencies for Long-Term Care Contracts: None.

- C. Gain Contingencies: None.

## NOTES TO FINANCIAL STATEMENTS

- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - Total SSAP 97 and SSAP 48 Contingent Liabilities: None.
- E. Joint and Several Liabilities: None.
- F. All Other Contingencies: From time to time, the Plan may be involved in legal actions in the normal course of business, some of which involve a demand for both compensatory and punitive damages not covered by insurance. Currently, there are no pending or threatened actions which, to the knowledge and in the opinion of management and the Plan's counsel, would have a material adverse effect on the Plan's financial position, results of operations or cash flow.

### Note 15 – Leases

#### A. Lessee Operating Lease

- (1) The Plan leases office facilities and equipment under noncancelable long-term operating leases. Some of the leases contain escalation clauses and renewal options. Rental expense relating to these leases totaled \$3,890,341 and \$2,477,858 for the years ended December 31, 2017 and 2016, respectively.
- (2) Leases with Initial or Remaining Noncancelable Lease Terms in Excess of One Year
- a. At January 1, 2018 the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases
1. 2018	\$ 3,308,215
2. 2019	\$ 3,344,061
3. 2020	\$ 3,444,788
4. 2021	\$ 3,547,396
5. 2022	\$ 3,654,076
6. Total	\$ 26,575,498

- b. Total of Minimum Rentals to be Received in the Future under Noncancelable Subleases: None.

- (3) For Sale-Leaseback Transactions: None.

#### B. Lessor Leases: None.

### Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

None.

### Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales: None.
- B. Transfer and Servicing of Financial Assets: None.
- C. Wash Sales: None.

### Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

- A. ASO Plans: None.
- B. ASC Plans: None.
- C. Medicare or Similarly Structured Cost Based Reimbursement Contract: The Medicare Part D program is a partially insured plan. The Plan recorded amounts receivable of \$7,851 and \$7,851 and a payable of \$2,131,226 and \$4,046,719 relating to uninsured plans at December 31, 2017 and 2016, respectively, for cost reimbursements under the Medicare Part D program.

### Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None.

### Note 20 – Fair Value Measurements

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

Level 1 – Certain inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Certain inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specific (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.);
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.);
- Inputs that are derived principally from or corroborated by other observable market data.

## NOTES TO FINANCIAL STATEMENTS

Level 3 – Certain inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

A. Fair Value Measurements

- (1) Fair Value Measurements at Reporting Date: None.
- (2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy: None.
- (3) Policies when Transfers Between Levels are Recognized: The actual date of the event or change in circumstances that caused the transfer.
- (4) Description of Valuation Techniques and Inputs Used in Fair Value Measurement: None.
- (5) Fair Value Disclosures: None.

B. Fair Value Combination: None

C. Aggregate Fair Value Hierarchy

The aggregate fair value hierarchy of all financial instruments as of December 31, 2017 and 2016 is presented in the table below:

2017:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)	Net Asset Value (NAV) Included in Level 2
Asset-backed securities	\$ 7,701,977	\$ 7,735,090	\$ -	\$ 7,701,977	\$ -	\$ -	\$ -
Corporate debt securities	\$ 92,679,475	\$ 92,838,697	\$ -	\$ 92,679,475	\$ -	\$ -	\$ -
Government-sponsored enterprise securities	\$ 2,968,440	\$ 2,998,294	\$ 2,968,440	\$ -	\$ -	\$ -	\$ -
Money market funds	\$ 36,538,882	\$ 36,538,882	\$ 36,538,882	\$ -	\$ -	\$ -	\$ -
Mortgage-backed securities	\$ 125,878	\$ 126,010	\$ 125,878	\$ -	\$ -	\$ -	\$ -
Municipal securities	\$ 4,994,348	\$ 5,026,976	\$ -	\$ 4,994,348	\$ -	\$ -	\$ -
U.S. Treasury notes	\$ 34,789,554	\$ 34,893,256	\$ 34,789,554	\$ -	\$ -	\$ -	\$ -
Total bonds and short-term investments	\$ 179,798,554	\$ 180,157,205	\$ 74,422,754	\$ 105,375,800	\$ -	\$ -	\$ -

The Plan elects not to early adopt the use of net asset value per share ("NAV") for the year ended December 31, 2017.

2016:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Asset-backed securities	\$ 7,304,317	\$ 7,303,128	\$ -	\$ 7,304,317	\$ -	\$ -
Corporate debt securities	124,150,813	124,284,067		124,150,813		
Government-sponsored enterprise securities	4,054,178	4,049,685	4,054,178			
Money market funds	2,013,983	2,013,983	2,013,983			
Mortgage-backed securities	343,862	346,748	343,862			
Municipal securities	5,773,183	5,795,802		5,773,183		
U.S. Treasury notes	42,597,956	42,611,843	42,597,956			
Total bonds and short-term investments	186,238,292	186,405,256	49,009,979	137,228,313		

D. Not Practicable to Estimate Fair Value: None.

**Note 21 – Other Items**

- A. Unusual or Infrequent Items: None.
- B. Troubled Debt Restructuring Debtors: None.
- C. Other Disclosures and Unusual Items:

The state of New Mexico imposes a minimum net worth requirement on health insurance companies licensed in and conducting business within the state. Calculated in accordance with New Mexico regulation, the minimum net worth requirement as of December 31, 2017 is indicated below.



**NOTES TO FINANCIAL STATEMENTS**

<b>Net Worth per Statutory Financial Statement</b>		<b>\$115,706,832</b>
<b>59A-46-13 (A)(2)</b>		<b>Requirement is:</b>
<b>(a) Minimum Net Worth Required</b>		<b>\$ 1,000,000 Satisfied</b>
<b>(b) Annual premium revenues as reported on the most recently filed annual statement</b>	\$1,417,863,002	
2% of first \$150,000,000	\$ 3,000,000	
1% of premiums greater than \$150,000,000	<u>12,678,630</u>	
<b>Total Requirement</b>	<b>\$15,678,630</b>	<b>Satisfied</b>
<b>(c) The sum of three months uncovered health care expenditures as reported on most recently filed financial statement</b>		<b>\$ 3,060,473 Satisfied</b>
<b>(d) The sum of:</b>		
<b>(1) Annual health care expenditures for enrollees under prepaid contracts (except those paid on a capitated basis or managed hospital basis) as reported on the most recent financial statement.</b>		
Total expenditures per financial statement	\$ 901,968,678	
Less capitated reinsurance premium	\$ (4,181,378)	
Less capitation expense	\$ (24,433,185)	
Less managed care hospital expense	<u>\$ (286,490,470)</u>	
<b>Total</b>	<b>\$ 586,863,645</b>	
<b>8% of total</b>		<b>\$46,949,092</b>
<b>(2) Annual hospital expenditures for enrollees under prepaid contracts paid on a capitated basis and a managed hospital payment basis as reported on the recently filed financial statement.</b>		
Annual hospital expenditures – Capitated	\$ 24,433,185	
Annual hospital expenditures – FFS	<u>\$ 286,490,470</u>	
<b>Total</b>	<b>\$ 310,923,655</b>	
<b>4% of total</b>		<b>\$12,436,946</b>
<b>Combine (1) and (2)</b>		<b>\$59,386,038 Satisfied</b>
<b>Largest Requirement of (a), (b), (c), or (d)</b>		<b>\$59,386,038</b>
<b>All requirements are satisfied</b>		
<b>Net worth greater (less) than requirement</b>		<b>\$56,320,794</b>

D. Business Interruption Insurance Recoveries: None.

E. State Transferable and Non-Transferable Tax Credits: None.

F. Subprime Mortgage Related Risk Exposure: None.

G. Retained Assets: None.

H. Insurance-Linked Securities (ILS) Contracts: None.

**Note 22 – Events Subsequent**

Type I – Recognized Subsequent Events: None.

Type II – Nonrecognized Subsequent Events:

The Plan is subject to an annual health insurer fee under section 9010 of the Federal Affordable Care Act (“ACA”). This annual fee is allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. The special surplus balance at December 31, 2017 represented the Plan's estimated health insurer fee for 2018. Due to the moratorium on the health insurer fee for the 2017 calendar year, the Plan did not reclassify amounts to special surplus at December 31, 2016.

A.	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?	Yes [ X ]	No [ ]
B.	ACA fee assessment payable for the upcoming year	\$ 23,000,000	\$
C.	ACA fee assessment paid	\$	\$ 21,706,735
D.	Premium written subject to ACA 9010 assessment	\$ 1,488,876,766	\$
E.	Total adjusted capital before surplus adjustment (Five-Year Historical Line 14)	\$ 118,706,832	
F.	Total adjusted capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 95,706,832	
G.	Authorized control level (Five-Year Historical Line 15)	\$ 46,513,446	
H.	Would reporting the ACA assessment as of December 31, 2017 have triggered an RBC action level (YES/NO)?	Yes [ ]	No [ X ]

## NOTES TO FINANCIAL STATEMENTS

There are no events occurring subsequent to the close of the books that would have a material effect on the Plan's financial condition. Subsequent events were considered through March 1, 2018, for the statutory statement available to be issued on March 1, 2018.

### Note 23 – Reinsurance

#### A. Ceded Reinsurance Report

##### Section 1 – General Interrogatories

- (1) Are any of the reinsurers listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? No.
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business? No.

##### Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? No.
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? No.

##### Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0.
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? No.

#### B. Uncollectible Reinsurance: None.

#### C. Commutation of Ceded Reinsurance: None.

#### D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation: None.

### Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. – C. Based on member encounter data that the Plan submits to CMS, Medicare premiums are subject to retroactive increase or decrease based upon member medical conditions for up to two years after the original year of service. The Plan estimates the amount of Medicare revenue that will ultimately be realized for the periods presented based on its knowledge of its members' health care utilization patterns and CMS practices. Based on the Plan's knowledge of member health care utilization patterns and expenses, the Plan recorded a net payable of approximately \$1.0 million and \$0.6 million as of December 31, 2017 and 2016, respectively, related to its contracts with CMS. The Plan had net premiums written of \$53.5 million and \$35.8 million for its Medicare business for the years ended December 31, 2017 and 2016, representing 4.2% and 2.5% of total net premiums written in 2017 and 2016, respectively.

The Plan began serving members through the Marketplace in January 2014. Under the risk sharing provisions of the ACA, Marketplace premiums are subject to redetermination through the risk adjustment program in which the risk scores of enrollees are used to determine the final premium amount. In addition, Marketplace premiums are subject to retrospective rating through the risk corridor program in which the Plan and the Federal government share in loss experience above or below a specified range. The Plan estimates accrued retrospective premium adjustments for its Marketplace business through a mathematical approach with inputs that may include premiums, claims costs, administrative expenses, reinsurance recoveries, and risk adjustment transfer payments. The Plan recorded a net receivable of approximately \$0.2 million and \$2.0 million as of December 31, 2017 and 2016, respectively, related to its Marketplace business. The Plan had net premiums written of \$115.9 million and \$59.9 million for its Marketplace business for the years ended December 31, 2017 and 2016, representing 9.0% and 4.2% of the total net premiums written in 2017 and 2016, respectively.

Medicaid premiums are subject to retrospective rating. The Plan recorded a net payable of \$24.9 million and \$159.5 million as of December 31, 2017 and 2016, respectively, relating to Medicaid contracts. The Plan had net premiums written relating to Medicaid of \$1,112.3 million and \$1,322.1 million for its Medicaid business for the years ended December 31, 2017 and 2016, representing 86.8% and 93.2% of total net premiums written, respectively.

The Plan records accrued retrospective premium as an adjustment to earned premium.

#### D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act

	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Other Categories with Rebates	5 Total
<b>Prior Reporting Year</b>					
(1) Medical loss ratio rebates incurred	\$ (187,250)	\$	\$	\$	\$ (187,250)
(2) Medical loss ratio rebates paid	\$	\$	\$	\$	\$
(3) Medical loss ratio rebates unpaid	\$	\$	\$	\$	\$
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	\$
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	\$
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$
<b>Current Reporting Year-to-Date</b>					
(7) Medical loss ratio rebates incurred	\$ 4,560,514	\$	\$	\$	\$ 4,560,514
(8) Medical loss ratio rebates paid	\$	\$	\$	\$	\$
(9) Medical loss ratio rebates unpaid	\$ 4,560,514	\$	\$	\$	\$ 4,560,514
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	\$
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	\$
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ 4,560,514

## NOTES TO FINANCIAL STATEMENTS

**E. Risk Sharing Provisions of the Affordable Care Act**

- (1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions Yes [ X ]    No [   ]
- (2) Impact of Risk Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year:

a. Permanent ACA Risk Adjustment Program	AMOUNT
<b>Assets</b>	
1. Premium adjustments receivable due to ACA Risk Adjustment	\$ 2,098,610
<b>Liabilities</b>	
2. Risk adjustment user fees payable for ACA Risk Adjustment	\$ 41,079
3. Premium adjustments payable due to ACA Risk Adjustment	\$
<b>Operations (Revenue &amp; Expenses)</b>	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$ 3,304,025
5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	\$ (41,317)

b. Transitional ACA Reinsurance Program	AMOUNT
<b>Assets</b>	
1. Amounts recoverable for claims paid due to ACA Reinsurance	\$ 209,887
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	\$
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	\$
<b>Liabilities</b>	
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	\$
5. Ceded reinsurance premiums payable due to ACA Reinsurance	\$
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$
<b>Operations (Revenue &amp; Expenses)</b>	
7. Ceded reinsurance premiums due to ACA Reinsurance	\$
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$ 134,348
9. ACA Reinsurance contributions – not reported as ceded premium	\$

c. Temporary ACA Risk Corridors Program	AMOUNT
<b>Assets</b>	
1. Accrued retrospective premium due to ACA Risk Corridors	\$
<b>Liabilities</b>	
3. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	\$
<b>Operations (Revenue &amp; Expenses)</b>	
3. Effect of ACA Risk Corridors on net premium income (paid/received)	\$
4. Effect of ACA Risk Corridors on change in reserves for rate credits	\$

- (3) Roll forward of prior year ACA Risk Sharing Provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance:

	Accrued During the Prior Year on Business Written Before Dec. 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec. 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)
					5	6	7	8		9	10
	1 Receivable	2 (Payable)	3 Receivable	4 (Payable)	5 Receivable	6 (Payable)	7 Receivable	8 (Payable)		9 Receivable	10 (Payable)
<b>a. Permanent ACA Risk Adjustment Program</b>											
1. Premium adjustments receivable	\$ 1,996,709	\$	\$ 3,202,124	\$	\$ (1,205,415)	\$	\$ 1,205,415	\$	A	\$	\$
2. Premium adjustments (payable)									B		
3. Subtotal ACA Permanent Risk Adjustment Program	\$ 1,996,709	\$	\$ 3,202,124	\$	\$ (1,205,415)	\$	\$ 1,205,415	\$		\$	\$
<b>b. Transitional ACA Reinsurance Program</b>											
1. Amounts recoverable for claims paid	\$ 1,138,628	\$	\$ 1,063,089	\$	\$ 75,539	\$	\$ 134,348	\$	C	\$ 209,887	\$
2. Amounts recoverable for claims unpaid (contra liability)									D		
3. Amounts receivable relating to uninsured plans									E		
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premiums		(91,994)		(91,994)					F		
5. Ceded reinsurance premiums payable		(367,978)		(367,978)					G		
6. Liability for amounts held under uninsured									H		

## NOTES TO FINANCIAL STATEMENTS

	Accrued the Prior Business Before the Prior	During Year on Written Dec. 31 of Year	Received or the Current Business Before the Prior	Paid as of Year on Written Dec. 31 of Year	Differences		Adjustments		Ref	Unsettled as of the	Balances Reporting Date		
					Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances				Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)
					1	2	3	4					
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)		
plans													
7. Subtotal ACA Transitional Reinsurance Program	\$ 1,138,628	\$ (459,972)	\$ 1,063,089	\$ (459,972)	\$ 75,539		\$ 134,348			\$ 209,887			
c. Temporary ACA Risk Corridors Program													
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	I	\$	\$		
2. Reserve for rate credits or policy experience rating refunds									J				
3. Subtotal ACA Risk Corridors Program	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$		
d. Total for ACA Risk Sharing Provisions	\$ 3,135,337	\$ (459,972)	\$ 4,265,213	\$ (459,972)	\$ (1,129,876)		\$ 1,339,763			\$ 209,887			

**Explanations of Adjustments**

- A. Adjusted to reflect the final settlement amount communicated by CMS in December 2017.
- C. Adjusted as a result of additional paid claims and to reflect the final settlement amount communicated by CMS in December 2017.
  - (4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year: None.
  - (5) ACA Risk Corridors Receivable as of Reporting Date: None.

**Note 25 – Change in Incurred Losses and Loss Adjustment Expenses**

A. Change in Incurred Losses and Loss Adjustment Expenses

The change in prior year estimated claims reserves represents favorable development in claims experience. Original estimates are increased or decreased as additional information becomes known regarding incurred reported claims. Claims unpaid activity during the current period is summarized below:

	Year Ended 12/31/2017
Unpaid claims liabilities, accrued medical incentives, and claims adjustment expenses, beginning of period	\$ 124,724,158
Add provision for claims, net of reinsurance:	
Current year	1,190,418,196
Prior years	(1,768,024)
Net incurred claims during the current year	1,188,650,172
Deduct paid claims, net of reinsurance:	
Current year	1,075,771,643
Prior years	79,201,303
Net paid claims during the current year	1,154,972,946
Change in claims adjustment expenses	101,047
Change in health care receivables	2,246,258
Change in amounts due from reinsurers	(336,850)
Unpaid claims liabilities, accrued medical incentives, and claims adjustment expenses, end of period	\$ 160,411,839

B. Information about Significant Changes in Methodologies and Assumptions: The Plan did not make any significant changes in methodologies and assumptions used in the calculation of the liability for claims unpaid and unpaid Claim adjustment expenses in 2017.

**Note 26 – Intercompany Pooling Arrangements**

None.

**Note 27 – Structured Settlements**

None.

**Note 28 – Health Care Receivables**

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days After Billing
12/31/2017	\$ 3,535,430	\$	\$	\$	\$
09/30/2017	\$ 3,159,218	\$	\$	\$	\$
06/30/2017	\$ 2,595,260	\$	\$	\$ 2,399,654	\$
03/31/2017	\$ 2,722,109	\$	\$	\$ 2,382,503	\$ 275,413
12/31/2016	\$ 2,609,940	\$	\$	\$ 2,159,814	\$ 704,603
09/30/2016	\$ 2,674,696	\$	\$	\$ 2,107,614	\$ 446,365

**NOTES TO FINANCIAL STATEMENTS**

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days After Billing
06/30/2016	\$ 5,284,636	\$	\$	\$ 1,929,707	\$ 405,696
03/31/2016	\$ 1,483,773	\$	\$	\$ 1,777,660	\$ 392,479
12/31/2015	\$ 1,340,232	\$	\$	\$ 939,947	\$ 332,173
09/30/2015	\$ 1,239,070	\$	\$	\$ 1,040,942	\$ 165,836
06/30/2015	\$ 816,195	\$	\$	\$ 935,052	\$ 105,070
03/31/2015	\$ 611,895	\$	\$	\$ 532,433	\$ 236,954

B. Risk Sharing Receivables: None.

**Note 29 – Participating Policies**

None.

**Note 30 – Premium Deficiency Reserves**

1. Liability carried for premium deficiency reserve: \$0
2. Date of most recent evaluation of this liability: December 31, 2017
3. Was anticipated investment income utilized in the calculation? Yes [ X ] No [ ]

**Note 31 – Anticipated Salvage and Subrogation**

None.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes  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? New Mexico
- 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: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2014
- 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. 12/31/2014
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 02/02/2016
- 3.4 By what department or departments?  
New Mexico Office of Superintendent 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 the name of entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1<br>Name of Entity | 2<br>NAIC<br>Company<br>Code | 3<br>State of<br>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 \_\_\_\_\_ %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).
- | 1<br>Nationality | 2<br>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<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
|                     |                             |          |          |           |          |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Grant Thornton LLP, 90 State House Square, 10th Floor, Hartford, CT 06103
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes  No
- 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 compliance 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:  
The Plan is a direct wholly owned subsidiary of Molina. Molina is a publicly traded company and is subject to compliance with the Sarbanes-Oxley Act. An Audit Committee is maintained at the Corporate level (Molina).

# 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?  
Ben Lynam, FSA, MAAA, Chief Actuary, 200 Oceangate, Suite 100, Long Beach, CA 90802. Employee of the reporting entity.
- 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 BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**

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

- 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 and all subordinate 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 [X] No [ ]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ (3,202,124)
- 22.22 Amount paid as expenses \$ 3,990,625
- 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 [ ] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

### INVESTMENT

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 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 31 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 \$ 321,849

25.29 On deposit with other regulatory bodies \$ 129,094,516

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
		\$

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 31 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 agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Bank of Albuquerque	706A St. Michaels Dr., Santa Fe, NM 87505
Century Bank	P.O. Box 1507, Santa Fe, NM 87504-1507

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 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts", "... handle securities"].

1 Name of Firm or Individual	2 Affiliation
PFM Fund Distributors, Inc.	U



# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes  No

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes  No

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	Investment Management Agreement (IMA) Filed
114474	PFM Fund Distributors, Inc.		SEC	NO

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:

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 Holding	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	\$ 143,618,322	\$ 143,259,672	\$ (358,650)
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 143,618,322	\$ 143,259,672	\$ (358,650)

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

Fair values are provided by third party vendor, Clearwater Analytics, who uses unit prices published by the Securities Valuation Office of the NAIC (SVO) when available. For securities not priced by the SVO Clearwater Analytics receives pricing from S&P Capital IQ Pricing. Securities with short maturities and infrequent secondary market trades such as Commercial Paper and Certificates of Deposit, Clearwater will calculate prices by accreting the purchase price to face value at maturity.

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  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  No

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes  No

32.2 If no, list exceptions:

33. By self-designating 5\*GI securities, the reporting entity is certifying the following elements for each self-designation 5\*GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5\*GI securities? Yes  No

### OTHER

34.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 22,973

34.2 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
NAIC	\$ 22,973

35.1 Amount of payments for legal expenses, 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 payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$

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

36.2 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 1 - COMMON INTERROGATORIES**

## 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 Current Year	2 Prior Year
2.1	Premium Numerator	\$	1,281,738,061	\$ 1,417,863,002
2.2	Premium Denominator	\$	1,281,738,061	\$ 1,417,863,002
2.3	Premium Ratio (2.1/2.2)		100.0%	100.0%
2.4	Reserve Numerator	\$	187,634,636	\$ 283,919,312
2.5	Reserve Denominator	\$	187,634,636	\$ 283,919,312
2.6	Reserve Ratio (2.4/2.5)		100.0%	100.0%
3.1	Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, 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	\$		1,267,500
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: <u>The Plan is insured under an annual HMO excess risk reinsurance agreement effective 1/1/17-12/31/17 with RGA Reinsurance Company. Subscribers are also protected against the Plan's insolvency through provider agreements, evidence of coverage, and/or member</u>			

# GENERAL INTERROGATORIES

## PART 2 – HEALTH INTERROGATORIES

handbooks.

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes  No
- 7.2 If no, give details
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 15,552
- 8.2 Number of providers at end of reporting year 16,699
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes  No
- 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  No
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses 0
- 10.22 Amount actually paid for year bonuses 703,885
- 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
- 11.13 An Individual Practice Association (IPA), or, Yes  No
- 11.14 A Mixed Model (combination of above)? Yes  No
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes  No
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus.  
New Mexico
- 11.4 If yes, show the amount required. \$ 59,386,038
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes  No
- 11.6 If the amount is calculated, show the calculation  
New Mexico Statutes Chapter 59A-46-13. See Note 21C above for the calculation.

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

1 Name of Service Area
All Counties in New Mexico
Anthony, TX
Canutillo, TX
Durango, CO
El Paso, TX
Lubbock, TX

- 13.1 Do you act as a custodian for health savings accounts? Yes  No
- 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
- 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
- 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)

## **GENERAL INTERROGATORIES**

### **PART 2 – HEALTH INTERROGATORIES**

Universal Life (with or without secondary guarantee)
Variable Universal Life (with or without secondary guarantee)

## FIVE-YEAR HISTORICAL DATA

	1 2017	2 2016	3 2015	4 2014	5 2013
<b>Balance Sheet Items (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28).....	421,251,550	468,315,299	409,142,925	304,257,404	95,265,961
2. Total liabilities (Page 3, Line 24).....	302,544,718	345,662,319	299,425,700	218,174,091	54,318,349
3. Statutory minimum capital and surplus requirement.....	59,386,038	90,156,422	81,685,910	59,376,102	20,478,304
4. Total capital and surplus (Page 3, Line 33).....	118,706,832	122,652,980	109,717,225	86,083,313	40,947,612
<b>Income Statement Items (Page 4)</b>					
5. Total revenues (Line 8).....	1,414,096,220	1,386,567,893	1,318,018,099	1,121,179,278	499,683,611
6. Total medical and hospital expenses (Line 18).....	1,188,650,172	1,146,292,482	1,044,224,217	944,179,968	402,891,408
7. Claims adjustment expenses (Line 20).....	61,252,292	72,675,297	77,052,752	57,761,166	16,904,738
8. Total administrative expenses (Line 21).....	174,889,304	194,695,220	181,114,440	152,322,378	78,512,475
9. Net underwriting gain (loss) (Line 24).....	(10,695,548)	(27,095,106)	15,626,690	(33,084,234)	1,461,280
10. Net investment gain (loss) (Line 27).....	(28,626,189)	1,207,707	728,508	225,693	150,329
11. Total other income (Lines 28 plus 29).....	(8,560,725)	(5,078,421)	(5,977,998)	(1,387,464)	(78,844)
12. Net income or (loss) (Line 32).....	(43,613,976)	(28,453,352)	(1,599,366)	(24,899,163)	1,046,265
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11).....	(48,148,934)	(5,240,334)	83,416,102	107,299,781	18,121,128
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital.....	118,706,832	122,652,980	109,717,225	86,083,313	40,947,612
15. Authorized control level risk-based capital.....	46,513,446	45,078,211	40,842,955	36,653,728	14,849,069
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7).....	253,293	253,687	230,736	212,449	168,154
17. Total member months (Column 6, Line 7).....	3,174,087	3,033,407	2,771,735	2,471,030	1,492,389
<b>Operating Percentage (Page 4)</b> <b>(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0</b>					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19).....	84.1	82.7	79.3	84.4	82.1
20. Cost containment expenses.....	4.1	5.0	5.6	4.9	3.0
21. Other claims adjustment expenses.....	0.2	0.2	0.3	0.3	0.4
22. Total underwriting deductions (Line 23).....	100.8	102.0	98.8	103.2	101.6
23. Total underwriting gain (loss) (Line 24).....	(0.8)	(2.0)	1.2	(3.0)	0.3
<b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>					
24. Total claims incurred for prior years (Line 13, Col. 5).....	79,003,699	63,822,079	121,210,903	29,588,433	15,240,560
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)].....	85,920,287	93,037,393	132,336,706	34,406,564	18,973,339
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
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							9 Deposit-Type Contracts	
		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		
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	..L	116,000,855	53,529,880	1,117,733,760					1,287,264,495	
33. New York.....NY	..N								0	
34. North Carolina.....NC	..N								0	
35. North Dakota.....ND	..N								0	
36. Ohio.....OH	..N								0	
37. Oklahoma.....OK	..N								0	
38. Oregon.....OR	..N								0	
39. Pennsylvania.....PA	..N								0	
40. Rhode Island.....RI	..N								0	
41. South Carolina.....SC	..N								0	
42. South Dakota.....SD	..N								0	
43. Tennessee.....TN	..N								0	
44. Texas.....TX	..N								0	
45. Utah.....UT	..N								0	
46. Vermont.....VT	..N								0	
47. Virginia.....VA	..N								0	
48. Washington.....WA	..N								0	
49. West Virginia.....WV	..N								0	
50. Wisconsin.....WI	..N								0	
51. Wyoming.....WY	..N								0	
52. American Samoa.....AS	..N								0	
53. Guam.....GU	..N								0	
54. Puerto Rico.....PR	..N								0	
55. U.S. Virgin Islands.....VI	..N								0	
56. Northern Mariana Islands.....MP	..N								0	
57. Canada.....CAN	..N								0	
58. Aggregate Other alien.....OT	..XXX	0	0	0	0	0	0	0	0	0
59. Subtotal.....XXX		116,000,855	53,529,880	1,117,733,760	0	0	0	1,287,264,495	0	
60. Reporting entity contributions for Employee Benefit Plans.....XXX								0		
61. Total (Direct Business).....(a)	1	116,000,855	53,529,880	1,117,733,760	0	0	0	1,287,264,495	0	

**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 through 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.**  
All premiums written in the state of New Mexico

(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

1531	DE	13-4204626	Molina Healthcare, Inc.
-00000	DE	81-2824030	Molina Clinical Services, LLC
-00000	AZ	30-0876771	Molina Healthcare of Arizona, Inc.
-00000	CA	33-0342719	Molina Healthcare of California
-00000	CA	20-2714545	Molina Healthcare of California Partner Plan, Inc.
-00000	NM	45-2634351	Molina Healthcare Data Center, Inc.
-13128	FL	26-0155137	Molina Healthcare of Florida, Inc.
-15714	GA	80-0800257	Molina Healthcare of Georgia, Inc.
-14104	IL	27-1823188	Molina Healthcare of Illinois, Inc.
-00000	IA	47-3920055	Molina Healthcare of Iowa, Inc.
-00000	LA	81-4229476	Molina Healthcare of Louisiana, Inc.
-00000	MD	46-0598968	Molina Healthcare of Maryland, Inc.
-52630	MI	38-3341599	Molina Healthcare of Michigan, Inc.
-00000	MS	26-4390042	Molina Healthcare of Mississippi, Inc.
-00000	NV	20-3567602	Molina Healthcare of Nevada, Inc.
-95739	NM	85-0408506	Molina Healthcare of New Mexico, Inc.
-00000	NC	46-4148278	Molina Healthcare of North Carolina, Inc.
-12334	OH	20-0750134	Molina Healthcare of Ohio, Inc.
-00000	OK	81-0864563	Molina Healthcare of Oklahoma, Inc.
-00000	PA	81-0855820	Molina Healthcare of Pennsylvania, Inc.
-15600	PR	66-0817946	Molina Healthcare of Puerto Rico, Inc.
-15329	SC	46-2992125	Molina Healthcare of South Carolina, LLC
-10757	TX	20-1494502	Molina Healthcare of Texas, Inc.
-13778	TX	27-0522725	Molina Healthcare of Texas Insurance Company
-95502	UT	33-0617992	Molina Healthcare of Utah, Inc.
-15133	VA	26-1769086	Molina Healthcare of Virginia, Inc.
-96270	WA	91-1284790	Molina Healthcare of Washington, Inc.
-12007	WI	20-0813104	Molina Healthcare of Wisconsin, Inc.
-00000	NY	27-1603200	Molina Healthcare of New York, Inc.
-00000	NY	47-3580625	Molina Holdings Corporation
-00000	CA	46-2821516	Molina Hospital Management, LLC
-00000	CA	27-1510177	Molina Information Systems, LLC (dba Molina Medicaid Solutions)
-00000	CA	37-1652282	Molina Medical Management, Inc.
-00000	DE	45-2854547	Molina Pathways, LLC
-00000	TX	47-2296708	Molina Pathways of Texas, Inc.
-00000	DE	47-2525144	Pathways Health and Community Support LLC
-00000	DE	58-2478281	AmericanWork, Inc.



## SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

### PART 1 – ORGANIZATIONAL CHART

40.1

-00000	PA	20-2639439	Children's Behavioral Health, Inc.
-00000	DE	88-0469530	Choices Group, Inc.
-00000	CA	95-4864640	College Community Services
-00000	IN	35-2085281	Dockside Services, Inc.
-00000	VA	54-1620121	Family Preservation Services, Inc.
-00000	FL	65-0848685	Family Preservation Services of Florida, Inc.
-00000	NC	86-0976674	Family Preservation Services of North Carolina, Inc.
-00000	DC	20-0086731	Family Preservation Services of Washington, D.C., Inc.
-00000	WV	86-1035573	Family Preservation Services of West Virginia, Inc.
-00000	NV	88-0321776	Maple Star Nevada
-00000	OR	93-1263318	Maple Star Oregon, Inc.
-00000	DE	62-1651095	Pathways Community Corrections, Inc.
-00000	IL	36-3465604	Camelot Care Centers, Inc.
-00000	DE	33-0797276	Pathways Community Services LLC
-00000	PA	23-2820336	Pathways Community Services LLC
-00000	TX	74-2868929	Pathways Community Support of Texas, Inc.
-00000	AZ	86-0706547	Pathways of Arizona, Inc.
-00000	DE	59-3766748	Pathways of Delaware, Inc.
-00000	DE	81-2396831	Pathways Human Services, LLC
-00000	DE	46-5044433	Pathways of Idaho LLC
-00000	ME	86-0970832	Pathways of Maine, Inc.
-00000	DE	47-1016377	Pathways of Massachusetts LLC
-00000	OK	74-2884198	Pathways of Oklahoma, Inc.
-00000	WA	27-2837920	Pathways of Washington, Inc.
-00000	PA	23-2181371	The RedCo Group, Inc.
-00000	PA	25-1470445	Raystown Developmental Services, Inc.
-00000	GA	58-1923779	Transitional Family Services, Inc
I-00000	CA	46-5098489	Molina Youth Academy

**2017 ALPHABETICAL INDEX  
HEALTH ANNUAL STATEMENT BLANK**

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