

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**MD Medicare Choice in Liquidation**  
**Statement of Affairs**  
**As of September 30, 2009**

	<u>Estimated Realizable Value</u>
<b>ASSETS</b>	
Pooled Cash Due from the Admin Fund	\$15,757,794.27
Short Term Investments-Restricted	417,888.53
Accrued Interest Receivable	32,817.26
Accounts Receivable	4,022,096.58
Allowance - Accounts Receivables	(3,998,383.04)
Other Assets	62,244.49
Total Assets	<u>\$16,294,458.09</u>
<b>LIABILITIES</b>	
Secured Claims	1,193,611.88
Federal Government Claims (Class 4)	19,538.85
Claims Not Prioritized	98,066,864.00
Total Liabilities	<u>\$99,280,014.73</u>
<b>EQUITY</b>	
Contributed Equity - State of Florida	30,118.79
Estate Equity	(83,015,675.43)
Excess (Deficiency) of Assets over Liabilities	<u>(\$82,985,556.64)</u>
Total Liabilities and Equity	<u>\$16,294,458.09</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**MD Medicare Choice in Liquidation**  
**Statement of Cash Receipts and Disbursements**  
**From the Date of Liquidation through September 30, 2009**

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
<b>CASH RECEIPTS</b>		
Premium Collections	\$0.00	\$274.40
Reinsurance Recoveries	0.00	317,462.21
Subrogation and Salvage Recoveries	8,190.95	11,860.95
Other Collections / Recoveries	51,635.91	16,757,230.32
Sale of Personal Property Inventory	0.00	170,202.96
Receipts Before Investment Activities	<u>59,826.86</u>	<u>17,257,030.84</u>
Interest and Dividend Receipts	106,785.70	280,146.68
Sale of Short Term Investment	0.00	391,856.25
Receipts From Investment Activities	<u>106,785.70</u>	<u>672,002.93</u>
<b>Total Cash Receipts</b>	<b><u>166,612.56</u></b>	<b><u>17,929,033.77</u></b>
<b>CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>		
Professional Fees and Expenses	299.53	251,542.58
Salaries and Fringe Benefits	132,880.65	1,581,603.60
Employee Welfare	100.97	364.22
Travel Expenses	16.19	99,479.63
Admin Expenses	5,214.54	223,363.81
Equipment and Furniture Expenses	1,507.97	5,958.51
Rent, Building and Equipment	2,860.56	122,973.66
Taxes	1.60	277,624.83
Disbursements	<u>142,882.01</u>	<u>2,562,910.84</u>
Disbursements & Distributions Before Investment Activities	142,882.01	2,562,910.84
Financial Expenses	5,622.68	19,924.99
Disbursements for Investment Activities	<u>5,622.68</u>	<u>19,924.99</u>
<b>Total Cash Disbursements &amp; Distributions</b>	<b><u>148,504.69</u></b>	<b><u>2,582,835.83</u></b>
<b>Net Increase (Decrease) in Cash</b>	<b><u>18,107.87</u></b>	<b><u>15,346,197.94</u></b>
<b>Beginning Cash Balance:</b>		
Beginning Cash	15,739,686.40	398,365.45
Adjustments to Beginning Cash	0.00	13,230.88
<b>Adjusted Beginning Cash Balance</b>	<b><u>15,739,686.40</u></b>	<b><u>411,596.33</u></b>
<b>Ending Cash Balance</b>	<b><u>15,757,794.27</u></b>	<b><u>15,757,794.27</u></b>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**MD Medicare Choice in Liquidation**  
**Schedule of Short Term Investments - Restricted**  
**For the Three Months Ended September 30, 2009**

**Short Term Investments - Restricted**

<b>Description</b>	<b>Balance 7/1/09</b>	<b>Interest</b>	<b>Balance 9/30/09</b>
FL Bank CD 7157107595 5-29-09	311,840.09	1,637.76	313,477.85
FL Bank CD 7157107820 4-24-09	103,865.19	545.49	104,410.68
	<u>415,705.28</u>	<u>2,183.25</u>	<u>417,888.53</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**MD Medicare Choice in Liquidation**  
**Schedule of Accrued Interest Receivable**  
**For the Three Months Ended September 30, 2009**

**Accrued Interest Receivable**

<b>Description</b>		<b>Balance 7/1/09</b>	<b>Accrued</b>	<b>Received</b>	<b>Balance 9/30/09</b>
State Treasury	SPIA, 4-20-0-010000-00000	32,000.17	134,006.27	(133,189.18)	32,817.26
Totals:		<u>32,000.17</u>	<u>0.00</u>	<u>(133,189.18)</u>	<u>32,817.26</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**MD Medicare Choice in Liquidation**  
**Schedule of Accounts Receivable**  
**For the Three Months Ended September 30, 2009**

**Other Collection / Recovery Receivable**

<b>Description</b>	<b>Balance 7/1/09</b>	<b>Adjustments</b>	<b>Balance 9/30/09</b>
FL Bank Reserve Fund Balance	3,998,383.04	0.00	3,998,383.04
Employee Receivable	25,041.05	(1,327.51)	23,713.54
<b>Totals:</b>	<b>4,023,424.09</b>	<b>(1,327.51)</b>	<b>4,022,096.58</b>

**Allowance - Other Collection / Recovery Receivable**

<b>Description</b>	<b>Balance 7/1/09</b>	<b>Adjustments</b>	<b>Balance 9/30/09</b>
FL Bank Reserve Fund Balance	(3,998,383.04)	0.00	(3,998,383.04)
<b>Totals:</b>	<b>(3,998,383.04)</b>	<b>0.00</b>	<b>(3,998,383.04)</b>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**MD Medicare Choice in Liquidation**  
**Schedule of Prepaid Expenses**  
**For the Three Months Ended September 30, 2009**

**Prepaid Expenses**

<u>Description</u>	<u>Balance 7/1/09</u>	<u>Adjustments</u>	<u>Balance 9/30/09</u>
Federal Tax Overpayment	62,244.49	0.00	62,244.49
	<u>62,244.49</u>	<u>0.00</u>	<u>62,244.49</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**MD Medicare Choice in Liquidation**  
**Schedule of Secured Claims**  
**For the Three Months Ended September 30, 2009**

**Secured Claims Against Estate**

<b>Description</b>	<b>Balance 7/1/09</b>	<b>Received</b>	<b>Interest</b>	<b>Balance 9/30/09</b>
Florida Bank - Hold back	549,642.92	0.00	0.00	549,642.92
Florida Bank - Hold back	226,080.43		0.00	226,080.43
Florida Bank - Hold on CD 12 M B 7595 for Caribe	311,840.09	0.00	1,637.76	313,477.85
Florida Bank - Hold on CD 12 M B 1820	103,865.19		545.49	104,410.68
Totals:	<u>1,191,428.63</u>	<u>0.00</u>	<u>2,183.25</u>	<u>1,193,611.88</u>

# Florida Department of Financial Services, Division of Rehabilitation and Liquidation

## MD Medicare Choice, Inc. in Liquidation Notes to Financial Statements

Dated September 30, 2009

1. **Estate Information.** MD Medicare Choice, Inc. was a health maintenance organization domiciled in Florida and placed in liquidation on September 30, 2008.
2. **Basis of Presentation.** The accompanying financial statements have been prepared on the liquidation basis of accounting using a fiscal year of July 1, 2009 through June 30, 2010. The assets are stated at their estimated realizable values, while the liabilities are stated at their ultimate (gross filed) amounts and are periodically adjusted as evaluated, adjudicated and/or paid. In addition, the statements do not provide accruals for future administrative costs to liquidate the estate or costs to pursue or litigate claims against others.
3. **Unaudited.** The accompanying financial statements have not been audited by an independent certified public accountant and no opinion is expressed on their compliance with generally accepted accounting principles.
4. **Pooled Investments.** The majority of the invested assets of the estates are combined into two main pooled accounts: the Receiver's operating account held at the Bank of America and the Special Purpose Investment Account held at the State of Florida Treasury. Each estate's share of the pooled investments is presented on the accompanying financial statements as "Pooled Cash Due to/from the Admin Fund".
5. **Short Term Investments – Restricted.** The investments are stated at fair value, which approximates market value. Market values are those provided by the depository trust institution in possession of the securities at the balance sheet date or through brokerage institutions. Where market values are not readily determinable, market value represents management's best estimate of the investments' fair value. These investments consist of two Florida Bank certificates of deposit (CD's). Both CD's were collateralized and are part of ongoing negotiations between the Receiver and Florida Bank.
6. **Accounts Receivable.** This accounts receivable represents funds due to Florida Bank from the Reserve Fund, a portion of which is to be credited to MD Medicare's account with Florida Bank. It also includes advances to employees made at the time of liquidation that are due back to the estate and for which we have promissory notes.
7. **Allowance – Accounts Receivable.** An estimate of uncollectible or impaired amounts for certain assets. This allowance represents the Reserve Fund balance due to Florida Bank and this estate.
8. **Other Assets.** This represents an overpayment of employer and employee social security and Medicare taxes in a prior period that may be refunded or applied to future tax liabilities.
9. **Secured Claims.** The secured claims represent a portion of the distributions made by the Prime Reserve Fund to Florida Bank for credit to MD Medicare's account and two certificates of deposit put on hold by Florida Bank. These funds are part of ongoing negotiations between the Receiver and Florida Bank.
10. **Claims.** Unless otherwise noted, the Statement of Affairs contains claim liabilities by priority class pursuant to 631.271, Florida Statutes. Unless otherwise stated, the claim liabilities reported are gross filed, unadjudicated, and has not been reduced by any early access payments from the Florida Receiver. Claims liability numbers are based upon information and documentation provided to the Receiver at June 30, 2009.
  - The estimated claim liability upon entry of the Order of Liquidation was \$98,066,864.00.
  - An un-determined amount of bank over-drafts will be an additional liability exposure to this receivership, possibly as a "secured" claim.
  - Proof of claim forms have not been mailed to potential claimants.
11. **Contributed Equity – State of Florida.** The Receiver will, from time to time, expend public funds to carry out certain duties during the course of liquidating an insurance company. The Division accounts for these expenditures as a contribution of equity by the State.
12. **Excess (Deficiency) of Assets over Liabilities.** The excess or (deficiency) represents the estimated realizable value of assets after deducting the current estimate of liabilities. This excess or (deficiency) does not take into consideration any estimates for future administrative costs to liquidate the estate or costs to pursue or litigate claims against others.