

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

	<u>Estimated Realizable Value</u>
ASSETS	
Pooled Cash Due from the Admin Fund	\$15,739,686.40
Short Term Investments-Restricted	415,705.28
Accrued Interest Receivable	32,000.17
Accounts Receivable	4,023,424.09
Allowance - Accounts Receivables	(3,998,383.04)
Other Assets	<u>62,244.49</u>
Total Assets	<u><u>\$16,274,677.39</u></u>

LIABILITIES	
Secured Claims	1,191,428.63
Federal Government Claims (Class 4)	19,538.85
Claims Not Prioritized	<u>98,066,864.00</u>
Total Liabilities	\$99,277,831.48

EQUITY	
Contributed Equity - State of Florida	27,778.26
Estate Equity	<u>(83,030,932.35)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$83,003,154.09)</u>
Total Liabilities and Equity	<u><u>\$16,274,677.39</u></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 June 30, 2009

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
CASH RECEIPTS		
Premium Collections	\$274.40	\$274.40
Reinsurance Recoveries	317,462.21	317,462.21
Subrogation and Salvage Recoveries	3,670.00	3,670.00
Other Collections / Recoveries	16,705,594.41	16,705,594.41
Sale of Personal Property Inventory	<u>170,202.96</u>	<u>170,202.96</u>
Receipts Before Investment Activities	17,197,203.98	17,197,203.98
Interest and Dividend Receipts	173,360.98	173,360.98
Sale of Short Term Investment	<u>391,856.25</u>	<u>391,856.25</u>
Receipts From Investment Activities	<u>565,217.23</u>	<u>565,217.23</u>
Total Cash Receipts	<u>17,762,421.21</u>	<u>17,762,421.21</u>
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	251,243.05	251,243.05
Salaries and Fringe Benefits	1,448,722.95	1,448,722.95
Employee Welfare	263.25	263.25
Travel Expenses	99,463.44	99,463.44
Admin Expenses	218,149.27	218,149.27
Equipment and Furniture Expenses	4,450.54	4,450.54
Rent, Building and Equipment	120,113.10	120,113.10
Taxes	<u>277,623.23</u>	<u>277,623.23</u>
Disbursements	2,420,028.83	2,420,028.83
Disbursements & Distributions Before Investment Activities	2,420,028.83	2,420,028.83
Financial Expenses	<u>14,302.31</u>	<u>14,302.31</u>
Disbursements for Investment Activities	<u>14,302.31</u>	<u>14,302.31</u>
Total Cash Disbursements & Distributions	<u>2,434,331.14</u>	<u>2,434,331.14</u>
Net Increase (Decrease) in Cash	<u>15,328,090.07</u>	<u>15,328,090.07</u>
Beginning Cash Balance:		
Beginning Cash	0.00	0.00
Adjustments to Beginning Cash	13,230.88	13,230.88
Cash from New Estates	<u>398,365.45</u>	<u>398,365.45</u>
Adjusted Beginning Cash Balance	<u>411,596.33</u>	<u>411,596.33</u>
Ending Cash Balance	<u>15,739,686.40</u>	<u>15,739,686.40</u>

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

Short Term Investments - Restricted

Description	Balance @ Liquidation	Interest	Balance 6/30/09
FL Bank CD 7157107595 5-29-09	306,568.76	5,271.33	311,840.09
FL Bank CD 7157107820 4-24-09	102,329.71	1,535.48	103,865.19
	<u>408,898.47</u>	<u>6,806.81</u>	<u>415,705.28</u>

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

Accrued Interest Receivable

Description		Balance @ Liquidation	Accrued	Received	Balance 6/30/09
State Treasury	SPIA, 4-20-0-010000-00000	0.00	192,841.44	(160,841.27)	32,000.17
Totals:		0.00	0.00	(160,841.27)	32,000.17

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

Other Collection / Recovery Receivable

Description	Balance @ Liquidation	Adjustments	Balance 12/31/08
FL Bank Reserve Fund Balance	5,835,381.55	(1,836,998.51)	3,998,383.04
Employee Receivable	0.00	25,041.05	25,041.05
Totals:	<u>5,835,381.55</u>	<u>(1,811,957.46)</u>	<u>4,023,424.09</u>

Allowance - Other Collection / Recovery Receivable

Description	Balance @ Liquidation	Adjustments	Balance 12/31/08
FL Bank Reserve Fund Balance	5,835,381.55	(1,836,998.81)	3,998,382.74
Totals:	<u>5,835,381.55</u>	<u>(1,836,998.81)</u>	<u>3,998,382.74</u>

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

Prepaid Expenses

Description	Balance @ Liquidation	Adjustments	Balance 6/30/09
Federal Tax Overpayment	0.00	62,244.49	62,244.49
	<u>0.00</u>	<u>62,244.49</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 Twelve Months Ended June 30, 2009

Secured Claims Against Estate

Description	Balance				Balance
	@ Liquidation	Received	Interest	Adjustment	6/30/09
Florida Bank - Hold back per agreement	9,000,000.00	(9,000,000.00)	0.00	549,642.92	549,642.92
Florida Bank - Hold back per agreement			0.00	226,080.43	226,080.43
Florida Bank - Hold on CD 7595 for Caribe	0.00	0.00	5,271.33	306,568.76	311,840.09
Florida Bank - Hold on CD			1,535.48	102,329.71	103,865.19
Totals:	<u>9,000,000.00</u>	<u>(9,000,000.00)</u>	<u>6,806.81</u>	<u>1,184,621.82</u>	<u>1,191,428.63</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation

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

Dated June 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, 2008 through June 30, 2009. 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 certificates of deposit held at Florida Bank. Both deposits are part of negotiations with the bank to determine what funds will remain with the bank to resolve outstanding check issues.
6. **Accounts Receivable.** The accounts receivable represents the Reserve Fund Balance that has not been distributed to Florida Bank for credit to MD Medicare's account and 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 MD Medicare certificates of deposit held by Florida Bank. These funds are held by Florida Bank to cover overdrafts in MD's operating accounts. Our Legal section is negotiating the final amount and disposition of these funds.
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 the date of liquidation.
 - 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.