

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation
Statement of Affairs
As of March 31, 2009

	<u>Estimated Realizable Value</u>
ASSETS	
Cash-Company Operating	\$7,437.96
Pooled Cash Due from the Admin Fund	14,633,877.03
Short Term Investments	412,576.87
Accrued Interest Receivable	30,803.22
Accounts Receivable	4,191,805.04
Allowance - Accounts Receivables	(3,998,383.04)
Other Assets	62,244.49
Total Assets	<u><u>\$15,340,361.57</u></u>
LIABILITIES	
Secured Claims	856,211.68
Claims Not Prioritized	98,066,864.00
Total Liabilities	<u>\$98,923,075.68</u>
EQUITY	
Contributed Equity - State of Florida	19,966.02
Estate Equity	(83,602,680.13)
Excess (Deficiency) of Assets over Liabilities	(\$83,582,714.11)
Total Liabilities and Equity	<u><u>\$15,340,361.57</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 March 31, 2009

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
CASH RECEIPTS		
Premium Collections	\$274.40	\$274.40
Reinsurance Recoveries	102,251.16	102,251.16
Tax Recoveries	32.65	32.65
Other Collections / Recoveries	15,662,473.54	15,662,473.54
Sale of Personal Property Inventory	170,202.96	170,202.96
Receipts Before Investment Activities	15,935,234.71	15,935,234.71
Interest and Dividend Receipts	77,645.05	77,645.05
Sale of Short Term Investment	391,856.25	391,856.25
Receipts From Investment Activities	469,501.30	469,501.30
Total Cash Receipts	<u>16,404,736.01</u>	<u>16,404,736.01</u>
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	158,617.21	158,617.21
Salaries and Fringe Benefits	1,293,121.40	1,293,121.40
Employee Welfare	176.87	176.87
Travel Expenses	99,295.64	99,295.64
Admin Expenses	207,352.88	207,352.88
Equipment and Furniture Expenses	3,535.16	3,535.16
Rent, Building and Equipment	116,862.31	116,862.31
Taxes	277,173.23	277,173.23
Disbursements	2,156,134.70	2,156,134.70
Disbursements & Distributions Before Investment Activities	2,156,134.70	2,156,134.70
Financial Expenses	8,371.29	8,371.29
Disbursements for Investment Activities	8,371.29	8,371.29
Total Cash Disbursements & Distributions	<u>2,164,505.99</u>	<u>2,164,505.99</u>
Net Increase (Decrease) in Cash	<u>14,240,230.02</u>	<u>14,240,230.02</u>
Beginning Cash Balance:		
Beginning Cash	0.00	0.00
Adjustments to Beginning Cash	2,719.52	2,719.52
Cash from New Estates	398,365.45	398,365.45
Adjusted Beginning Cash Balance	<u>401,084.97</u>	<u>401,084.97</u>
Ending Cash Balance	<u>14,641,314.99</u>	<u>14,641,314.99</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation
Schedule of Short Term Investments
For the Nine Months Ended March 31, 2009

Other Short Term Investments

Certificates of Deposit

Description	Balance @ Liquidation	Interest	Balance 3/31/09
FL Bank CD 7157107595 5-29-09	306,568.76	2,805.43	309,374.19
FL Bank CD 7157107820 4-24-09	102,329.71	872.97	103,202.68
	<u>102,329.71</u>	<u>872.97</u>	<u>412,576.87</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation
Schedule of Cash - Company Operating
For the Nine Months Ended March 31, 2009

Cash - Company Operating

Description		Balance @ Liquidation	Adjustments	Balance 3/31/09
Bank of America	Operating	418,460.33	(411,022.37)	7,437.96
Bank of America	Debit	2,736.10	(2,736.10)	0.00
Bank of America	Claims	(23,910.73)	23,910.73	0.00
Fidelity	Cash	1,279.75	(1,279.75)	0.00
Totals:		398,565.45	(391,127.49)	7,437.96

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation
Schedule of Accrued Interest Receivable
For the Nine Months Ended March 31, 2009

Accrued Interest Receivable

Description		Balance @ Liquidation	Accrued	Received	Balance 3/31/09
State Treasury	SPIA, 4-20-0-010000-00000	0.00	100,320.14	(69,516.92)	30,803.22
Totals:		<u>0.00</u>	<u>0.00</u>	<u>(69,516.92)</u>	<u>30,803.22</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation
Schedule of Accounts Receivable
For the Nine Months Ended March 31, 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	193,422.00	193,422.00
Totals:	<u>5,835,381.55</u>	<u>(1,643,576.51)</u>	<u>4,191,805.04</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 Nine Months Ended March 31, 2009

Prepaid Expenses

Description	Balance @ Liquidation	Adjustments	Balance 3/31/09
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 Nine Months Ended March 31, 2009

Secured Claims Against Estate

Description	Balance @ Liquidation	Received	Interest	Adjustment	Balance 3/31/09
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 on CD 7595 for Caribe	0.00	0.00	0.00	306,568.76	306,568.76
Totals:	9,000,000.00	(9,000,000.00)	0.00	856,211.68	856,211.68

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation**
MD Medicare Choice, Inc. in Liquidation
Notes to Financial Statements
Dated March 31, 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. **Cash – Company Operating.** Represents the remaining balances in MD Medicare's Bank of America accounts as of the date of liquidation.
6. **Short Term Investments.** Short term investments consist of two certificates of deposit held at Florida Bank. One certificate is collateral for a loan. This certificate matures in May. The other certificate has been released and matures in April.
7. **Accounts Receivable.** The accounts receivable represents the Reserve Fund Balance held by Florida Bank and the December 31, 2008 Federal Payroll Tax pending deposit with the IRS.
8. **Allowance for Impaired Assets.** An estimate of uncollectible amounts for certain assets. This allowance represents an estimated amount for collateralized certificates of deposit and for office furniture and equipment.
9. **Other Assets.** This represents an overpayment of employer and employee social security and medicare taxes in a prior period that will be refunded or applied to future tax liabilities.
10. **Secured Claims.** The secured claims represents an estimated value MD Medicare funds held in their Florida Bank accounts invested in Prime Reserve Fund that are projected to be reimbursed on a pro rata basis. Due to overdrafts in MD's operating accounts it is as yet undetermined how much of these funds will belong to the estate and how much will belong to the bank. Our Legal section is negotiating their final disposition. The collateralized certificate of deposit is also shown as a secured claim.
11. **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.
12. **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.
13. **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.