

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation
Statement of Affairs
As of March 31, 2012

| | <u>Estimated Realizable Value</u> |
|--|---|
| ASSETS | |
| Cash-Distribution | \$86.18 |
| Pooled Cash Due from the Admin Fund | 19,160,432.85 |
| Pooled Cash Reserved for Distributions | 6,041.13 |
| Accrued Interest Receivable | 30,600.61 |
| Accounts Receivable | 276,660.79 |
| Allowance - Accounts Receivables | (266,794.81) |
| Other Assets | 62,244.49 |
| | <hr/> |
| Total Assets | <u><u>\$19,269,271.24</u></u> |

| | |
|-------------------------------------|------------------|
| LIABILITIES | |
| Distribution Liability | 6,041.13 |
| Loss Claims (Class 2) | |
| - Other | 71,741.77 |
| Federal Government Claims (Class 4) | 21,080,584.01 |
| Employee Claims (Class 5) | 94,252.41 |
| General Creditor Claims (Class 6) | |
| - Other | 88,628,268.08 |
| Late Filed Claims (Class 8) | 3,475,377.01 |
| Shareholder Claims (Class 10) | 49,941,713.36 |
| | <hr/> |
| Total Liabilities | \$163,297,977.77 |

| | |
|--|-------------------------------|
| EQUITY | |
| Contributed Equity - State of Florida | 57,641.85 |
| Estate Equity | <u>(144,086,348.38)</u> |
| Excess (Deficiency) of Assets over Liabilities | <u>(\$144,028,706.53)</u> |
| Total Liabilities and Equity | <u><u>\$19,269,271.24</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, 2012

| | Fiscal Year to Date | Since Date of Liquidation |
|--|------------------------|---------------------------------|
| CASH RECEIPTS | | |
| Premium Collections | \$0.00 | \$274.40 |
| Reinsurance Recoveries | 0.00 | 317,462.21 |
| Subrogation and Salvage Recoveries | 0.00 | 13,342.89 |
| Other Collections / Recoveries | 10,166.11 | 17,126,470.66 |
| Sale of Personal Property Inventory | 7.00 | 173,359.96 |
| Receipts Before Investment Activities | 10,173.11 | 17,630,910.12 |
| Interest and Dividend Receipts | 371,281.54 | 1,411,526.03 |
| Sale of Short Term Investment | 0.00 | 497,886.93 |
| Receipts From Investment Activities | 371,281.54 | 1,909,412.96 |
| Total Cash Receipts | 381,454.65 | 19,540,323.08 |
| CASH DISBURSEMENTS & DISTRIBUTIONS | | |
| Professional Fees and Expenses | 2,639.09 | 339,513.78 |
| Salaries and Fringe Benefits | 102,186.25 | 2,018,382.40 |
| Employee Welfare | 230.31 | 1,521.23 |
| Travel Expenses | 637.81 | 100,716.60 |
| Admin Expenses | 732.81 | 228,164.00 |
| Equipment and Furniture Expenses | 2,472.53 | 13,129.41 |
| Rent, Building and Equipment | 10,590.98 | 155,489.73 |
| Taxes | 0.00 | 278,954.90 |
| Disbursements | 119,489.78 | 3,135,872.05 |
| Distributions | | |
| Secured Claims | 543,601.79 | 543,601.79 |
| Total Distributed | 543,601.79 | 543,601.79 |
| Disbursements & Distributions Before Investment Activities | 663,091.57 | 3,679,473.84 |
| Financial Expenses | 19,474.53 | 76,866.22 |
| Disbursements for Investment Activities | 19,474.53 | 76,866.22 |
| Total Cash Disbursements & Distributions | 682,566.10 | 3,756,340.06 |
| Net Increase (Decrease) in Cash | (301,111.45) | 15,783,983.02 |
| Beginning Cash Balance: | | |
| Beginning Cash | 19,467,671.61 | 398,365.45 |
| Adjustments to Beginning Cash | 0.00 | 2,984,211.69 |
| Adjusted Beginning Cash Balance | 19,467,671.61 | 3,382,577.14 |
| Ending Cash Balance | 19,166,560.16 | 19,166,560.16 |

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation
Schedule of Cash - Distribution
For the Nine Months Ended March 31, 2012

Cash - Distribution

| Due from | Account | Balance 7/1/11 | Adjustments | Balance 3/31/12 |
|----------------------------------|----------------|---------------------------|--------------------|----------------------------|
| Interest on Distribution Account | | 0.00 | 86.18 | 86.18 |
| Totals: | | 0.00 | 86.18 | 86.18 |

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, 2012

Accrued Interest Receivable

| Description | | Balance 7/1/11 | Accrued | Received | Balance 3/31/12 |
|--------------------|---------------------------|---------------------------|-------------------|---------------------|----------------------------|
| State Treasury | SPIA, 4-20-0-010000-00000 | 38,107.80 | 376,833.23 | (384,340.42) | 30,600.61 |
| Totals: | | <u>38,107.80</u> | <u>376,833.23</u> | <u>(384,340.42)</u> | <u>30,600.61</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, 2012

Other Collection / Recovery Receivable

| Description | Balance 7/1/11 | Adjustments | Received | Balance 3/31/12 |
|------------------------------|---------------------------|--------------------|-------------------|----------------------------|
| FL Bank Reserve Fund Balance | 266,794.81 | 0.00 | 0.00 | 266,794.81 |
| Employee Receivable | 14,600.82 | 0.00 | (4,734.84) | 9,865.98 |
| | <u>281,395.63</u> | <u>0.00</u> | <u>(4,734.84)</u> | <u>276,660.79</u> |

Allowance - Other Collection / Recovery Receivable

| Description | Balance 7/1/11 | Received | Adjustments | Balance 3/31/12 |
|------------------------------|---------------------------|-----------------|--------------------|----------------------------|
| FL Bank Reserve Fund Balance | (266,794.81) | 0.00 | 0.00 | (266,794.81) |
| | <u>(266,794.81)</u> | <u>0.00</u> | <u>0.00</u> | <u>(266,794.81)</u> |

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation
Schedule of Other Assets
For the Nine Months Ended March 31, 2012

Prepaid Expenses

| <u>Description</u> | <u>Balance</u> <u>7/1/11</u> | <u>Adjustments</u> | <u>Balance</u> <u>3/31/12</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 Distribution Liability
For the Nine Months Ended March 31, 2012

Distribution Liability

| Due from | Account | Balance 7/1/11 | Adjustments | Balance 3/31/12 |
|--|----------------|---------------------------|--------------------|----------------------------|
| Unreleased/unissued distribution amounts | | 0.00 | 6,041.13 | 6,041.13 |
| Totals: | | <u>0.00</u> | <u>6,041.13</u> | <u>6,041.13</u> |

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation**
MD Medicare Choice, Inc. in Liquidation
Notes to Financial Statements
Dated March 31, 2012

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, 2011 through June 30, 2012. 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 – Distribution Account.** Represents interest earned on the distribution account.
6. **Accounts Receivable.** This accounts receivable represents the remaining funds due to MD Medicare's Florida Bank account from the Reserve Fund. 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 MD Medicare's Florida Bank account.
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. **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 have 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 December 31, 2011.
 - Eighty two claimants filed a proof of claim form and they identified their claim as being a "secured claim". On September 26, 2011 a court order was entered authorizing the Receiver to release Escrowed Funds in settlement and payment of these "secured claims" in the amount of \$549,642.92.
 - All claims are being reported as gross filed.
10. **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.
11. **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.