

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation in Liquidation
Statement of Affairs
As of September 30, 2010

	Estimated Realizable Value
ASSETS	
Cash-Restricted	\$550,000.00
Pooled Cash Due from the Admin Fund	18,745,332.27
Accrued Interest Receivable	30,597.09
Accounts Receivable	285,272.48
Allowance - Accounts Receivables	(266,794.81)
Other Assets	62,244.49
	62,244.49
Total Assets	\$19,406,651.52

LIABILITIES	
Secured Claims	550,000.00
Loss Claims (Class 2)	
- Other	60,228.31
Federal Government Claims (Class 4)	21,073,549.70
Employee Claims (Class 5)	92,252.41
General Creditor Claims (Class 6)	
- Other	96,868,331.41
Late Filed Claims (Class 8)	3,252,779.15
Shareholder Claims (Class 10)	49,941,712.36
	49,941,712.36
Total Liabilities	\$171,838,853.34

EQUITY	
Contributed Equity - State of Florida	39,636.90
Estate Equity	(152,471,838.72)
	(152,471,838.72)
Excess (Deficiency) of Assets over Liabilities	(\$152,432,201.82)
	(\$152,432,201.82)
Total Liabilities and Equity	\$19,406,651.52

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, 2010

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
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	12,730.75	17,114,830.65
Sale of Personal Property Inventory	0.00	173,352.96
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Receipts Before Investment Activities	12,730.75	17,619,263.11
Interest and Dividend Receipts	129,819.25	710,328.98
Sale of Short Term Investment	106,030.68	497,886.93
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Receipts From Investment Activities	235,849.93	1,208,215.91
Total Cash Receipts	<u>248,580.68</u>	<u>18,827,479.02</u>
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	717.91	321,892.94
Salaries and Fringe Benefits	25,606.41	1,805,363.24
Employee Welfare	123.98	854.88
Travel Expenses	137.22	99,820.16
Admin Expenses	272.10	225,958.08
Equipment and Furniture Expenses	778.31	8,267.70
Rent, Building and Equipment	2,990.09	135,096.65
Taxes	0.00	277,626.42
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Disbursements	30,626.02	2,874,880.07
Disbursements & Distributions Before Investment Activities	30,626.02	2,874,880.07
Financial Expenses	5,081.17	39,843.82
Disbursements for Investment Activities	5,081.17	39,843.82
Total Cash Disbursements & Distributions	<u>35,707.19</u>	<u>2,914,723.89</u>
Net Increase (Decrease) in Cash	<u>212,873.49</u>	<u>15,912,755.13</u>
Beginning Cash Balance:		
Beginning Cash	18,970,447.88	398,365.45
Adjustments to Beginning Cash	112,010.90	2,984,211.69
Adjusted Beginning Cash Balance	<u>19,082,458.78</u>	<u>3,382,577.14</u>
Ending Cash Balance	<u>19,295,332.27</u>	<u>19,295,332.27</u>

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, 2010

Cash - Restricted

Description	Balance 7/1/09	Deposits	Released	Balance 9/30/10
Florida Bank - Reserve Fund Distributions	2,858,969.91	484,859.52	(2,793,829.43)	550,000.00
Totals:	<u>2,858,969.91</u>	<u>484,859.52</u>	<u>(2,793,829.43)</u>	<u>550,000.00</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, 2010

Accrued Interest Receivable

Description		Balance 7/1/10	Accrued	Received	Balance 9/30/10
State Treasury	SPIA, 4-20-0-010000-00000	32,133.37	123,187.23	(124,723.51)	30,597.09
Totals:		<u>32,133.37</u>	<u>123,187.23</u>	<u>(124,723.51)</u>	<u>30,597.09</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, 2010

Other Collection / Recovery Receivable

Description	Balance 7/1/10	Adjustments	Received	Balance 9/30/10
FL Bank Reserve Fund Balance	356,020.45	22,785.26	(112,010.90)	266,794.81
Employee Receivable	19,170.29	0.00	(692.62)	18,477.67
	<u>375,190.74</u>	<u>22,785.26</u>	<u>(112,703.52)</u>	<u>285,272.48</u>

Allowance - Other Collection / Recovery Receivable

Description	Balance 7/1/10	Received	Adjustments	Balance 9/30/10
FL Bank Reserve Fund Balance	(356,020.45)	112,010.90	(22,785.26)	(266,794.81)
	<u>(356,020.45)</u>	<u>112,010.90</u>	<u>(22,785.26)</u>	<u>(266,794.81)</u>

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, 2010

Prepaid Expenses

Description	Balance 7/1/10	Adjustments	Balance 9/30/10
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, 2010

Secured Claims Against Estate

Description	Balance 7/1/10	Redeemed	Interest	Reserve Dist	Balance 9/30/10
Florida Bank - Hold back	2,858,969.91	(2,420,980.81)	0.00	112,010.90	550,000.00
Florida Bank - Hold on CD 12 M B 7595 for Caribe	318,095.80	(318,095.80)	0.00	0.00	0.00
Florida Bank - Hold on CD 12 M B 1820	105,854.50	(106,030.68)	176.18	0.00	0.00
Totals:	3,282,920.21	(2,845,107.29)	176.18		550,000.00

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation**
MD Medicare Choice, Inc. in Liquidation
Notes to Financial Statements
Dated September 30, 2010

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, 2010 through June 30, 2011. 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 – Restricted.** Cash, which is restricted in accordance with Florida statute, by court order, by loan or security agreement, by escrow agreement, or by any other legal means is generally unavailable for administrative expenses. The cash in this account represents funds received by Florida Bank as part of ongoing distributions by the Reserve Fund but not yet released to the Receiver by the bank. These funds are subject to ongoing negotiations between the Receiver and the bank.
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. **Secured Claims.** The secured claims represent a portion of the distributions made by the 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, 2010.
 - 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 been mailed to claimants and the deadline for filing a timely claim has expired. All claims are being reported as gross filed except for one. Class IV claim. It has been evaluated and denied.
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.