

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation
Statement of Affairs
As of December 31, 2011

	<u>Estimated Realizable Value</u>
ASSETS	
Cash-Distribution	\$12.74
Pooled Cash Due from the Admin Fund	19,063,462.30
Pooled Cash Reserved for Distributions	6,041.13
Accrued Interest Receivable	31,128.81
Accounts Receivable	278,578.33
Allowance - Accounts Receivables	(266,794.81)
Other Assets	<u>62,244.49</u>
Total Assets	<u><u>\$19,174,672.99</u></u>

LIABILITIES	
Distribution Liability	6,041.13
Loss Claims (Class 2)	
- Other	85,406.82
Federal Government Claims (Class 4)	21,080,584.01
Employee Claims (Class 5)	92,252.41
General Creditor Claims (Class 6)	
- Other	88,680,377.60
Late Filed Claims (Class 8)	3,475,337.01
Shareholder Claims (Class 10)	49,941,713.36
Total Liabilities	<u>\$163,361,712.34</u>

EQUITY	
Contributed Equity - State of Florida	53,232.29
Estate Equity	<u>(144,240,271.64)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$144,187,039.35)</u>
Total Liabilities and Equity	<u><u>\$19,174,672.99</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 December 31, 2011

	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	2,713.15	17,119,017.70
Sale of Personal Property Inventory	7.00	173,359.96
Receipts Before Investment Activities	2,720.15	17,623,457.16
Interest and Dividend Receipts	256,133.80	1,296,378.29
Sale of Short Term Investment	0.00	497,886.93
Receipts From Investment Activities	256,133.80	1,794,265.22
Total Cash Receipts	258,853.95	19,417,722.38
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	1,864.70	338,739.39
Salaries and Fringe Benefits	89,104.76	2,005,300.91
Employee Welfare	191.17	1,482.09
Travel Expenses	596.08	100,674.87
Admin Expenses	532.60	227,963.79
Equipment and Furniture Expenses	2,014.06	12,670.94
Rent, Building and Equipment	7,012.39	151,911.14
Taxes	0.00	278,954.90
Disbursements	101,315.76	3,117,698.03
Distributions		
Secured Claims	543,601.79	543,601.79
Total Distributed	543,601.79	543,601.79
Disbursements & Distributions Before Investment Activities	644,917.55	3,661,299.82
Financial Expenses	12,091.84	69,483.53
Disbursements for Investment Activities	12,091.84	69,483.53
Total Cash Disbursements & Distributions	657,009.39	3,730,783.35
Net Increase (Decrease) in Cash	(398,155.44)	15,686,939.03
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	19,069,516.17	19,069,516.17

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation
Schedule of Cash - Distribution
For the Six Months Ended December 31, 2011

Cash - Distribution

Due from	Account	Balance 7/1/11	Adjustments	Balance 12/31/11
Interest on Distribution Account		0.00	12.74	12.74
Totals:		<u>0.00</u>	<u>12.74</u>	<u>12.74</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation
Schedule of Accrued Interest Receivable
For the Six Months Ended December 31, 2011

Accrued Interest Receivable

Description		Balance 7/1/11	Accrued	Received	Balance 12/31/11
State Treasury	SPIA, 4-20-0-010000-00000	38,107.80	268,315.24	(275,294.23)	31,128.81
Totals:		<u>38,107.80</u>	<u>268,315.24</u>	<u>(275,294.23)</u>	<u>31,128.81</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation
Schedule of Accounts Receivable
For the Six Months Ended December 31, 2011

Other Collection / Recovery Receivable

Description	Balance 7/1/11	Adjustments	Received	Balance 12/31/11
FL Bank Reserve Fund Balance	266,794.81	0.00	0.00	266,794.81
Employee Receivable	14,600.82	0.00	(2,817.30)	11,783.52
	<u>281,395.63</u>	<u>0.00</u>	<u>(2,817.30)</u>	<u>278,578.33</u>

Allowance - Other Collection / Recovery Receivable

Description	Balance 7/1/11	Received	Adjustments	Balance 12/31/11
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 Six Months Ended December 31, 2011

Prepaid Expenses

<u>Description</u>	<u>Balance 7/1/11</u>	<u>Adjustments</u>	<u>Balance 12/31/11</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, Inc. in Liquidation
Notes to Financial Statements
Dated December 31, 2011

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 – 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. **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 September 30, 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.
 - 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.
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.