

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

	<u>Estimated Realizable Value</u>
ASSETS	
Cash-Restricted	\$2,858,969.91
Pooled Cash Due from the Admin Fund	16,111,477.97
Short Term Investments-Restricted	423,950.30
Accrued Interest Receivable	32,133.37
Accounts Receivable	375,190.74
Allowance - Accounts Receivables	(356,020.45)
Other Assets	62,244.49
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Total Assets	<u><u>\$19,507,946.33</u></u>
LIABILITIES	
Secured Claims	3,282,920.21
Loss Claims (Class 2)	
- Other	56,810.51
Federal Government Claims (Class 4)	21,073,549.70
Employee Claims (Class 5)	92,252.41
General Creditor Claims (Class 6)	
- Other	96,867,000.46
Late Filed Claims (Class 8)	3,246,710.15
Shareholder Claims (Class 10)	49,941,712.36
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Total Liabilities	\$174,560,955.80
EQUITY	
Contributed Equity - State of Florida	37,006.10
Estate Equity	(155,090,015.57)
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Excess (Deficiency) of Assets over Liabilities	(\$155,053,009.47)
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Total Liabilities and Equity	<u><u>\$19,507,946.33</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, 2010

	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	9,672.89	13,342.89
Other Collections / Recoveries	396,505.49	17,102,099.90
Sale of Personal Property Inventory	3,150.00	173,352.96
Receipts Before Investment Activities	409,328.38	17,606,532.36
Interest and Dividend Receipts	407,148.75	580,509.73
Sale of Short Term Investment	0.00	391,856.25
Receipts From Investment Activities	407,148.75	972,365.98
Total Cash Receipts	816,477.13	18,578,898.34
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	69,931.98	321,175.03
Salaries and Fringe Benefits	331,033.88	1,779,756.83
Employee Welfare	467.65	730.90
Travel Expenses	219.50	99,682.94
Admin Expenses	7,536.71	225,685.98
Equipment and Furniture Expenses	3,038.85	7,489.39
Rent, Building and Equipment	11,993.46	132,106.56
Taxes	3.19	277,626.42
Disbursements	424,225.22	2,844,254.05
Disbursements & Distributions Before Investment Activities	424,225.22	2,844,254.05
Financial Expenses	20,460.34	34,762.65
Disbursements for Investment Activities	20,460.34	34,762.65
Total Cash Disbursements & Distributions	444,685.56	2,879,016.70
Net Increase (Decrease) in Cash	371,791.57	15,699,881.64
Beginning Cash Balance:		
Beginning Cash	15,739,686.40	398,365.45
Adjustments to Beginning Cash	2,858,969.91	2,872,200.79
Adjusted Beginning Cash Balance	18,598,656.31	3,270,566.24
Ending Cash Balance	18,970,447.88	18,970,447.88

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, 2010

Cash - Restricted

<u>Description</u>	<u>Balance</u> <u>7/1/09</u>	<u>Reclassifications</u>	<u>Balance</u> <u>6/30/10</u>
Florida Bank - Reserve Fund Distributions	0.00	2,858,969.91	2,858,969.91
Totals:	<u>0.00</u>	<u>2,858,969.91</u>	<u>2,858,969.91</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, 2010

Short Term Investments - Restricted

Description	Balance 7/1/09	Interest	Balance 6/30/10
FL Bank CD 7157107595 5-29-09	311,840.09	6,255.71	318,095.80
FL Bank CD 7157107820 4-24-09	103,865.19	1,989.31	105,854.50
	<u>415,705.28</u>	<u>8,245.02</u>	<u>423,950.30</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, 2010

Accrued Interest Receivable

Description		Balance 7/1/09	Accrued	Received	Balance 6/30/10
State Treasury	SPIA, 4-20-0-010000-00000	32,000.17	418,680.34	(418,547.14)	32,133.37
Totals:		<u>32,000.17</u>	<u>0.00</u>	<u>(418,547.14)</u>	<u>32,133.37</u>

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, 2010

Other Collection / Recovery Receivable

Description	Balance 7/1/09	Reclassifications	Balance 6/30/10
FL Bank Reserve Fund Balance	3,998,383.04	(3,642,362.59)	356,020.45
Employee Receivable	25,041.05	(5,870.76)	19,170.29
Totals:	<u>4,023,424.09</u>	<u>(3,648,233.35)</u>	<u>375,190.74</u>

Allowance - Other Collection / Recovery Receivable

Description	Balance 7/1/09	Reclassifications	Balance 6/30/10
FL Bank Reserve Fund Balance	(3,998,383.04)	3,642,362.59	(356,020.45)
Totals:	<u>(3,998,383.04)</u>	<u>3,642,362.59</u>	<u>(356,020.45)</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, 2010

Prepaid Expenses

Description	Balance 7/1/09	Adjustments	Balance 6/30/10
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 Twelve Months Ended June 30, 2010

Secured Claims Against Estate

Description	Balance 7/1/09	Adjustments	Interest	Balance 6/30/10
Florida Bank - Hold back	775,723.35	2,083,246.56	0.00	2,858,969.91
Florida Bank - Hold on CD 12 M B 7595 for Caribe	311,840.09	0.00	6,255.71	318,095.80
Florida Bank - Hold on CD 12 M B 1820	103,865.19	0.00	1,989.31	105,854.50
Totals:	1,191,428.63	2,083,246.56	8,245.02	3,282,920.21

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation**
MD Medicare Choice, Inc. in Liquidation
Notes to Financial Statements
Dated June 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, 2009 through June 30, 2010. 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. **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 Florida Bank certificates of deposit (CD's). Both CD's were collateralized and are part of ongoing negotiations between the Receiver and Florida Bank.
7. **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.
8. **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.
9. **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.
10. **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.
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 March 31, 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.

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

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.