

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

	<u>Estimated Realizable Value</u>
<b>ASSETS</b>	
Cash-Distribution	\$246.58
Pooled Cash Due from the Admin Fund	19,387,765.87
Pooled Cash Reserved for Distributions	6,041.13
Accrued Interest Receivable	35,855.44
Accounts Receivable	275,113.93
Allowance - Accounts Receivables	(266,794.81)
Other Assets	62,244.49
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Total Assets	<u><u>\$19,500,472.63</u></u>

<b>LIABILITIES</b>	
Distribution Liability	6,041.13
Loss Claims (Class 2)	
- Other	1,216.68
Federal Government Claims (Class 4)	21,080,584.01
Employee Claims (Class 5)	94,252.41
General Creditor Claims (Class 6)	
- Other	88,789,918.08
Late Filed Claims (Class 8)	3,475,157.01
Shareholder Claims (Class 11)	49,941,713.36
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Total Liabilities	\$163,388,882.68

<b>EQUITY</b>	
Contributed Equity - State of Florida	60,491.20
Estate Equity	<u>(143,948,901.25)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$143,888,410.05)</u>
Total Liabilities and Equity	<u><u>\$19,500,472.63</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, 2012**

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
<b>CASH RECEIPTS</b>		
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	9.18	17,128,671.98
Sale of Personal Property Inventory	<u>0.00</u>	<u>173,359.96</u>
Receipts Before Investment Activities	9.18	17,633,111.44
Interest and Dividend Receipts	222,656.83	1,736,574.93
Sale of Short Term Investment	<u>0.00</u>	<u>497,886.93</u>
Receipts From Investment Activities	<u>222,656.83</u>	<u>2,234,461.86</u>
<b>Total Cash Receipts</b>	<b><u>222,666.01</u></b>	<b><u>19,867,573.30</u></b>
<b>CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>		
Professional Fees and Expenses	1,137.75	340,971.90
Salaries and Fringe Benefits	45,985.08	2,081,951.63
Employee Welfare	286.09	1,996.59
Travel Expenses	126.13	100,946.11
Admin Expenses	432.83	229,363.95
Equipment and Furniture Expenses	2,950.54	16,631.35
Rent, Building and Equipment	7,418.84	166,385.18
Taxes	<u>6.60</u>	<u>278,961.50</u>
Disbursements	58,343.86	3,217,208.21
Distributions		
Secured Claims	<u>0.00</u>	<u>543,601.79</u>
Total Distributed	0.00	543,601.79
Disbursements & Distributions Before Investment Activities	58,343.86	3,760,810.00
Financial Expenses	<u>12,238.24</u>	<u>95,286.86</u>
Disbursements for Investment Activities	<u>12,238.24</u>	<u>95,286.86</u>
<b>Total Cash Disbursements &amp; Distributions</b>	<b><u>70,582.10</u></b>	<b><u>3,856,096.86</u></b>
<b>Net Increase (Decrease) in Cash</b>	<b><u>152,083.91</u></b>	<b><u>16,011,476.44</u></b>
<b>Beginning Cash Balance:</b>		
Beginning Cash	19,241,969.67	398,365.45
Adjustments to Beginning Cash	<u>0.00</u>	<u>2,984,211.69</u>
<b>Adjusted Beginning Cash Balance</b>	<b><u>19,241,969.67</u></b>	<b><u>3,382,577.14</u></b>
<b>Ending Cash Balance</b>	<b><u>19,394,053.58</u></b>	<b><u>19,394,053.58</u></b>

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, 2012

**Cash - Distribution**

<b>Due from</b>	<b>Account</b>	<b>Balance 7/1/12</b>	<b>Adjustments</b>	<b>Balance 12/31/12</b>
Interest on Distribution Account		139.22	107.36	246.58
Totals:		<u>0.00</u>	<u>107.36</u>	<u>246.58</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, 2012**

**Accrued Interest Receivable**

<b>Description</b>		<b>Balance 7/1/12</b>	<b>Accrued</b>	<b>Received</b>	<b>Balance 12/31/12</b>
State Treasury	SPIA, 4-20-0-010000-00000	37,441.89	211,866.84	(213,453.29)	35,855.44
Totals:		<u>37,441.89</u>	<u>211,866.84</u>	<u>(213,453.29)</u>	<u>35,855.44</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, 2012**

**Other Collection / Recovery Receivable**

<b>Description</b>	<b>Balance 7/1/12</b>	<b>Adjustments</b>	<b>Received</b>	<b>Balance 12/31/12</b>
FL Bank Reserve Fund Balance	266,794.81	0.00	0.00	266,794.81
Employee Receivable	9,483.84	0.00	(1,164.72)	8,319.12
	<u>276,278.65</u>	<u>0.00</u>	<u>(1,164.72)</u>	<u>275,113.93</u>

**Allowance - Other Collection / Recovery Receivable**

<b>Description</b>	<b>Balance 7/1/12</b>	<b>Received</b>	<b>Adjustments</b>	<b>Balance 12/31/12</b>
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, 2012

**Prepaid Expenses**

<u>Description</u>	<u>Balance</u> <u>7/1/12</u>	<u>Adjustments</u>	<u>Balance</u> <u>12/31/12</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 Six Months Ended December 31, 2012**

**Distribution Liability**

<b>Due from</b>	<b>Account</b>	<b>Balance 7/1/11</b>	<b>Adjustments</b>	<b>Balance 12/31/12</b>
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 December 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, 2012 through June 30, 2013. 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. **Distribution Liability.** Represents the remaining liability for a court authorized distribution(s) that has not been released because the Receiver does not have a good mailing address for the claimant or does not have a completed W9 from the claimant.
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 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, 2012.

Pursuant to Section 631.271(1)(k), Florida Statutes 2012, all shareholder claims are now classified as Class 11 claims. The Receiver's interpretation of the applicable statutes may be subject to judicial review

  - Seventy-seven claimants have been identified as having a "secured claim" against the estate. 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.
  - Class II claims are the only claims evaluated. All other claims are being reported as gross filed.
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.