

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation
Statement of Affairs
As of March 31, 2013

	<u>Estimated Realizable Value</u>
ASSETS	
Pooled Cash Due from the Admin Fund	\$19,443,617.46
Pooled Cash Reserved for Unclaimed Property	91,272.88
Accrued Interest Receivable	18,665.53
Accounts Receivable	274,521.13
Allowance - Accounts Receivables	(266,794.81)
Total Assets	<u><u>\$19,561,282.19</u></u>

LIABILITIES	
Unclaimed Property	91,272.88
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
Total Liabilities	<u>\$163,474,114.43</u>

EQUITY	
Contributed Equity - State of Florida	61,429.84
Estate Equity	(143,974,262.08)
Excess (Deficiency) of Assets over Liabilities	<u>(\$143,912,832.24)</u>
Total Liabilities and Equity	<u><u>\$19,561,282.19</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, 2013

	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	9.18	17,128,671.98
Sale of Personal Property Inventory	0.00	173,359.96
Receipts Before Investment Activities	9.18	17,633,111.44
Interest and Dividend Receipts	314,737.91	1,828,656.01
Sale of Short Term Investment	0.00	497,886.93
Receipts From Investment Activities	314,737.91	2,326,542.94
Total Cash Receipts	314,747.09	19,959,654.38
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	2,723.45	342,557.60
Salaries and Fringe Benefits	70,031.95	2,105,998.50
Employee Welfare	405.59	2,116.09
Travel Expenses	89.47	100,909.45
Admin Expenses	715.99	229,647.11
Equipment and Furniture Expenses	3,438.20	17,119.01
Rent, Building and Equipment	11,203.09	170,169.43
Taxes	6.63	278,961.53
Disbursements	88,614.37	3,247,478.72
Distributions		
Secured Claims	(85,231.75)	458,370.04
Total Distributed	(85,231.75)	458,370.04
Disbursements & Distributions Before Investment Activities	3,382.62	3,705,848.76
Financial Expenses	18,443.80	101,492.42
Disbursements for Investment Activities	18,443.80	101,492.42
Total Cash Disbursements & Distributions	21,826.42	3,807,341.18
Net Increase (Decrease) in Cash	292,920.67	16,152,313.20
Beginning Cash Balance:		
Beginning Cash	19,241,969.67	398,365.45
Adjustments to Beginning Cash	0.00	2,984,211.69
Adjusted Beginning Cash Balance	19,241,969.67	3,382,577.14
Ending Cash Balance	19,534,890.34	19,534,890.34

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, 2013

Accrued Interest Receivable

Description		Balance 7/1/12	Accrued	Received	Balance 3/31/13
State Treasury	SPIA, 4-20-0-010000-00000	37,441.89	280,751.46	(299,527.82)	18,665.53
Totals:		<u>37,441.89</u>	<u>280,751.46</u>	<u>(299,527.82)</u>	<u>18,665.53</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, 2013

Other Collection / Recovery Receivable

Description	Balance 7/1/12	Adjustments	Received	Balance 3/31/13
FL Bank Reserve Fund Balance	266,794.81	0.00	0.00	266,794.81
Employee Receivable	9,483.84	0.00	(1,757.52)	7,726.32
	<u>276,278.65</u>	<u>0.00</u>	<u>(1,757.52)</u>	<u>274,521.13</u>

Allowance - Other Collection / Recovery Receivable

Description	Balance 7/1/12	Received	Adjustments	Balance 3/31/13
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 Unclaimed Property
For the Nine Months Ended March 31, 2013

Unclaimed Property

Due from	Account	Balance 7/1/11	Adjustments	Balance 3/31/13
Suspended and/or voided checks to be sent to the Bureau of Unclaimed Property		0.00	91,272.88	91,272.88
Totals:		<u>0.00</u>	<u>91,272.88</u>	<u>91,272.88</u>

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation**
MD Medicare Choice, Inc. in Liquidation
Notes to Financial Statements
March 31, 2013

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. **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.
6. **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.
7. **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.
8. **Unclaimed Property.** The Unclaimed Property funds consist of claim distribution funds for claimants who could not be located. The funds are due to the Unclaimed Property section of the State of Florida.
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, 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.
 - A distribution report has been prepared and sent to Estate Management for approval. The report list only Class II claims. It is anticipated there is sufficient funds to make a 100% distribution to the claimants.
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.