

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
MD Medicare Choice in Liquidation
Statement of Affairs
As of September 30, 2015

	<u>Estimated Realizable Value</u>
ASSETS	
Pooled Cash Due from the Admin Fund	\$19,661,922.75
Accrued Interest Receivable	21,068.13
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Total Assets	<u>\$19,682,990.88</u>
LIABILITIES	
Federal Government Claims (Class 4)	5,583,972.13
Employee Claims (Class 5)	49,831.04
General Creditor Claims (Class 6)	
- Other	73,102,276.08
Late Filed Claims (Class 8)	4,088,097.42
Shareholder Claims	49,991,713.36
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Total Liabilities	\$132,815,890.03
EQUITY	
Contributed Equity - State of Florida	74,790.49
Estate Equity	(113,207,689.64)
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Excess (Deficiency) of Assets over Liabilities	(\$113,132,899.15)
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Total Liabilities and Equity	<u>\$19,682,990.88</u>

The accompanying notes & schedules are an integral part of these financial statements
UNAUDITED

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, 2015**

	<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	118.94	17,175,873.80
Sale of Personal Property Inventory	0.00	173,359.96
Sale of Other Assets	0.00	872.75
Receipts Before Investment Activities	118.94	17,681,186.01
Interest and Dividend Receipts	65,488.74	2,484,184.40
Sale of Short Term Investment	0.00	497,886.93
Receipts From Investment Activities	65,488.74	2,982,071.33
Total Cash Receipts	<u>65,607.68</u>	<u>20,663,257.34</u>
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	7,180.50	396,285.75
Salaries and Fringe Benefits	42,269.25	2,414,479.20
Employee Welfare	143.62	4,138.53
Travel Expenses	86.04	101,516.61
Admin Expenses	196.11	235,102.03
Equipment and Furniture Expenses	1,622.80	26,625.54
Rent, Building and Equipment	4,224.57	213,509.07
Taxes	0.04	278,975.00
Disbursements	55,722.93	3,670,631.73
Distributions		
Secured Claims	0.00	549,642.92
Loss Claims (Class 2)	0.00	1,216.68
Total Distributed	0.00	550,859.60
Disbursements & Distributions Before Investment Activities	55,722.93	4,221,491.33
Financial Expenses	6,265.08	162,420.40
Disbursements for Investment Activities	6,265.08	162,420.40
Total Cash Disbursements & Distributions	<u>61,988.01</u>	<u>4,383,911.73</u>
Net Increase (Decrease) in Cash	<u>3,619.67</u>	<u>16,279,345.61</u>
Beginning Cash Balance:		
Beginning Cash	19,658,303.08	398,365.45
Adjustments to Beginning Cash	0.00	2,984,211.69
Adjusted Beginning Cash Balance	<u>19,658,303.08</u>	<u>3,382,577.14</u>
Ending Cash Balance	<u>19,661,922.75</u>	<u>19,661,922.75</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, 2015

Accrued Interest Receivable

Description		Balance 7/1/15	Accrued	Received	Balance 9/30/15
State Treasury	SPIA, 4-20-0-010000-00000	16,386.37	64,099.29	(59,417.53)	21,068.13
Totals:		<u>16,386.37</u>	<u>64,099.29</u>	<u>(59,417.53)</u>	<u>21,068.13</u>

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation**
MD Medicare Choice, Inc. in Liquidation
Notes to Financial Statements
September 30, 2015

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 a modified cash basis of accounting using a fiscal year of July 1, 2015 through June 30, 2016. The assets are stated at their estimated realizable values, while the liabilities are stated at their gross filed amounts and are periodically adjusted as evaluated, adjudicated and/or paid. Interest is accrued and reinsurance receivables are only posted when billed to reinsurers. In addition, the statements do not provide accruals for all future administrative expenses 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.

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".
4. **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, un-adjudicated, and have not been reduced by any early access payments from the Florida Receiver. Claim liability numbers are based upon the most current available information and documentation provided to the Receiver from both internal and external sources.
 - Claims are being evaluated and are reported net of authorized distributions.
 - A 100% claims distribution for Secured claims was authorized on September 26, 2011.
 - The First Interim Claims Report was approved on June 10, 2012. Claims in Class 1 and Class 2 were evaluated and reported. Two objections were filed and resolved.
 - A 100% claims distribution for Class 2 claims was authorized on June 7, 2013.
 - The Second Interim Claims Report was approved on May 26, 2015. Claims in Class 4 through Class 10 were reported. Twenty-one objections were filed and remain unresolved with an estimated claimed value of \$28,751,621.22.
5. **Federal Priority.** Pursuant to 31 U.S.C.A. § 3713, a federal government claim must be paid first, when a debtor to the United States is insolvent. The federal government has taken the position that it is not subject to state insurance liquidation proceeding's claims filing deadlines. To establish finality, shield itself from potential liability, and ultimately discharge the estate, the Receiver requested a federal release from the U.S. Department of Justice (DOJ) on December 22, 2011. A supplemental affidavit was submitted to DOJ on July 31, 2015.
6. **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.
7. **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.