IN THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT, IN AND FOR LEON COUNTY, FLORIDA

State of Florida, ex rel., the
Department of Financial Services of
the State of Florida,

Relator,

v. CASE NO: _____

Universal Health Care, Inc.,

Respondent

_____/

THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES' APPLICATION FOR ORDER TO SHOW CAUSE, INJUNCTION, AND NOTICE OF AUTOMATIC STAY FOR PURPOSES OF LIQUIDATION

The Florida Department of Financial Services (hereinafter "Department") hereby applies to this Court pursuant to Sections 631.031 and 631.061, Florida Statutes, for the entry of an Order to Show Cause, Injunction, and Notice of Automatic Stay on the appointment of the Department as Receiver of Universal Health Care, Inc. ("Respondent" or "UHC") for purposes of liquidation. In support of its Application, the Department states:

1. This Court has jurisdiction pursuant to Section 631.021(1), Florida Statutes, and venue is proper pursuant to Section 631.021(2), Florida Statutes.

2. Respondent is a corporation authorized pursuant to the Florida Insurance Code to transact business in the State of Florida as a health maintenance organization ("HMO") since 2003. Respondent's principal place of business is located at 100 Central Avenue, Suite 200, St. Petersburg, Florida. As of January, 2013, UHC provided health care coverage to approximately 105,000 Medicare and Medicaid members and at least one commercial subscriber.

3. Universal Health Care Group, Inc. (UHCG) is the sole owner of UHC, and Universal Health Care Insurance Company, Inc. ("UHCIC"), an insurance company. UHCG

also owns American Managed Care ("AMC") which is the management company and third party administrator for UHC and UHCIC. AMC employs the corporate officers and the majority of the employees of both UHC and UHCIC. UHCG, UHC and UHCIC have identical corporate officers.

4. Section 631.021(3), Florida Statutes, provides that a delinquency proceeding pursuant to Chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving a Florida domiciled insurer.

5. Sections 631.031 and 631.061, Florida Statutes, empower the Department to apply to this Court for an order directing it to liquidate a domestic insurer upon the existence of any of the grounds specified in Sections 631.051 and 631.061, Florida Statutes. Further, Section 631.025(2), Florida Statutes, authorizes the Department to initiate delinquency proceedings against any insurer if the statutory grounds are present as to that insurer.

6. Pursuant to Section 631.031(1), Florida Statutes, by letter dated February 1, 2013, Kevin McCarty, Commissioner of the Office of Insurance Regulation, advised Florida's Chief Financial Officer, Jeff Atwater, that the Office of Insurance Regulation ("the Office") concluded grounds existed for the initiation of delinquency proceedings against Respondent. A copy of the letter is attached as Exhibit "A."

7. Based on the documentation received from the Office, the Department has determined that grounds for Respondent's liquidation exist pursuant to Section 631.061(1), Florida Statutes, in that Respondent is or is about to become insolvent. The basis for that determination is summarized as follows:

A. On February 1, 2013, UHC filed its Monthly Statement as of December 31, 2012 with the Office (attached as Exhibit "B"). The Monthly Statement reflects that UHC is presently insolvent, as its total capital and surplus is stated to be ($29,182,403).

B. On January 15, 2013, UHC requested that the Centers for Medicare & Medicaid Services ("CMS") allow the company to implement enrollment capacity limits on UHC's HMO contract. On January 17, 2013, UHC again requested that CMS allow the company to implement enrollment capacity limits. By its own admission, UHC stated that the reason for this request is that the company "has reason to believe that Universal is financially impaired." See Exhibit "C", email from UHC's Chief Compliance Officer to CMS.

C. Some of UHC's assets, as reported on previously filed financial statements, have been materially overstated, which would require adjustments to UHC's statutory financial statements causing UHC to be in worse financial condition than its previously filed financial statements make it appear, including but not limited to the Medicare Risk Adjustment Receivable ("MRA"), which was overstated by approximately $10-15 million. See Exhibit "D", Affidavit of Toma L. Wilkerson, Director of Life & Health Financial Oversight, Office of Insurance Regulation, with attachments.

D. UHC's 2011 audited financial statement reflected a qualified opinion indicating that UHC had not recorded the claim reserve number of the auditor. (Exhibit "E") Subsequent to receiving the audit, the Office required UHC to file an independent actuarial certification with its June 30, 2012 financial statement. The actuarial statement indicated that UHC was under reserved by $35,834,447. Such adjustment would have made UHC insolvent; however, UHC recorded multiple receivables on its first amended June 30, 2012, statement, which were not on the original June 30, 2012, statement. These receivables were used to offset the reserve

adjustment which enabled the company to meet its surplus requirements. The Office determined that many of these receivables were not valid receivables at the time recorded. On December 6, 2012, UHC again amended the June 30, 2012, financial statement to reflect that it was impaired by $2,187,550.

8. In addition, the Department has determined that grounds for Respondent's liquidation exist under Section 631.051(3), Florida Statutes, in that Respondent is found by the Department to be in such condition, as to render its further transaction of insurance hazardous to its policyholders, creditors, stockholders, or the public. The basis for this determination is summarized as follows:

A. During 2012, UHCG entered into a credit agreement with BankUnited for a total of $60 million. On three separate occasions since October 29, 2012, BankUnited notified UHCG of certain events of default. These events include allegations that the financial statements provided at the time the Credit Agreement was entered into were incorrect, false, and/or misleading. Copies of the three letters from BankUnited to UHCG, are attached collectively as Composite Exhibit "F." The letters note misstatements in the financial statements that had been subsequently "corrected" following the closing, such as changing the previously disclosed net income from over $10 million to a net loss of $29 million, and EBITDA decreasing from a profit of over $16 million to a loss of $46 million.

B. There has been frequent turnover in the position of UHC's Chief Financial Officer. UHC has had five Chief Financial Officers within a period of six years. UHC was without a Chief Financial Officer between May 2011 and October 2012.

C. The Report on Significant Deficiencies in Internal Controls that accompanied the 2011 audited financial statements included a list of issues that the auditor considered material

weaknesses involving internal control over financial reporting, including but not limited to lacking processes to improve tracking of claim overpayments and processes to ensure that premiums and other health care receivables are recognized correctly as they are earned. (Exhibit "G")

D. The claim system is compromised and attempts to convert to a new claim system have been unsuccessful. (Exhibit "H")

E. Further, although UHCG, the parent company of UHC, has entered into a Letter Agreement with America's 1st Choice Holdings of Florida, LLC, for the purchase of UHCG and all its affiliated health plans, including UHC, completion of the transaction detailed within the letter agreement is subject to governmental and regulatory approval. Obtaining regulatory approval is unlikely, given the reluctance of America's 1st Choice Holdings of Florida, Inc. to assume the liabilities, as well as the assets, of UHCG. A copy of the Letter Agreement is attached as Exhibit "I. "

10. Section 631.041(1), Florida Statutes, provides that the Department's Application for an Order to Show Cause operates as an automatic stay of certain actions. Notice of the automatic stay should be contained within the Order to Show Cause. However, the Court Order should provide that regulatory actions against Respondent by any regulatory body shall not be stayed. Section 631.041(3) and 63.041(4), Florida Statutes, authorize this Court to enter certain injunctions to preserve the remaining assets of the insurer.

11. It is in the best interest of Respondent, its creditors, its insureds and the public that the relief requested in this Application be granted.

12. Due to the time sensitive nature of the filing of this Petition and the imperative need for uninterrupted healthcare coverage of the Respondent's estimated 105,000 current

members, the Department requests that this Court set the appropriate hearing as expeditiously as possible to avoid further delay.

WHEREFORE, the Florida Department of Financial Services respectfully moves this Court for an Order:

A. Directing Respondent to appear before this Court on a short day certain and show good cause, if any, as to why the Department should not be appointed Receiver of Respondent for purposes of liquidation under the provisions of Chapter 631, Florida Statutes.

B. Requiring Respondent to file a written response along with any defenses it may have to the Department's allegations no later than twenty (20) days after the service of any Order to Show Cause issued by this Court and at least fifteen (15) days prior to hearing.

C. Directing that in order to protect the interests of policyholders, creditors, and the public generally, pending the adjudication of this matter and to protect and preserve the assets, books, and records of Respondent pending hearing on the Department's application pursuant to Section 631.041(3) and 631.041(4), Florida Statutes, all persons, firms, corporations, associations and Respondent's affiliates as defined by Section 631.011, Florida Statutes, and all other persons or entities within the jurisdiction of this Court, including, but not limited to, Respondent and its officers, directors, stockholders, trustees, members, agents, and employees be enjoined and restrained from removing, destroying, or otherwise disposing of any documents, books, records, including electronic records or assets of Respondent (or pertaining to Respondent), from doing, through acts of commission or omission, or permitting to be done any action which might waste or otherwise dispose of the books, records, and assets of, or directly or indirectly relating to, the Respondent; from denying the Department access to the books, records, and assets of, or directly or indirectly relating to, the Respondent; from in any manner interfering

with the Department or the conduct of these proceedings, from the removal, concealment or other disposition of the property, books, records, and accounts of, or directly or indirectly relating to, the Respondent; from commencement or prosecution of any actions against the Respondent, or the obtaining of preferences, judgments, writs of attachment or execution against Respondent or its property or assets. However, regulatory actions against Respondent by any regulatory body should not be stayed or enjoined;

D. Directing the Department be given authorization to conduct, at its discretion, an investigation authorized by Section 631.391, Florida Statutes, of Respondent and its affiliates, as defined above, to uncover and make fully available to the Court the true state of Respondent's financial affairs. In furtherance of this investigation, Respondent and its parent corporation, its subsidiaries and affiliates, should be required to make all books, documents, accounts, records, and affairs, which either belong to or pertain to the Respondent, wherever located, available for full, free and unhindered inspection and examination by the Department during normal business hours (8:00a.m. to 5:00p.m.) Monday through Friday, from the date of this Order. This investigation should include a full complete examination of any and all reviews, compilations, audits or any other work of whatever nature performed by any accounting firm to include all work papers, on behalf of, related to or in any way connected with respondent, its affiliates and/or Respondent's corporate structure and affiliations. Respondent and its affiliates should be ordered and enjoined to cooperate with the Department to the fullest extent required by Section 631.391, Florida Statutes. Such cooperation should include, but not be limited to, the taking of oral testimony under oath of Respondent's officers, directors, managers, trustees, agents, adjusters, employees, or independent contractor of Respondent and its affiliates and any other person who possesses any executive authority over, or who exercises any control over, any

segment of the affairs of Respondent in both their official, representative and individual capacities and the production of all documents that are calculated to disclose the true state of Respondent's affairs.

E. Directing that any officer, director, manager, trustee, agent, accountants, adjuster, employee, or independent contractor of Respondent and any other person who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Respondent to fully cooperate with the Department as required by Section 631.391, Florida Statutes, and as set out in the preceding paragraph.

F. Directing that the failure of Respondent and its affiliates and all other persons or entities within the jurisdiction of this Court, to cooperate with the Department's investigations as required by Section 631.391, Florida Statutes, and that failure to comply with any Order to Show Cause issued by this Court shall result in the immediate entry of an order of liquidation.

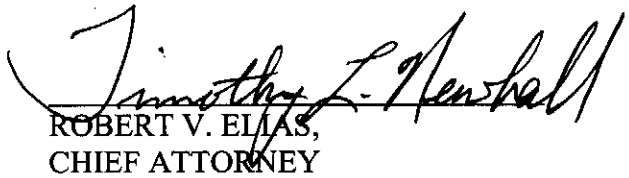
G. Giving notice of the automatic stay provisions of Section 631.041(1), Florida Statutes.

H. Directing the Officers and Directors of Respondent to comply with the provisions of Section 626.9541(1)(w), Florida Statutes; and

I. Granting such other relief as the Court deems appropriate.

AND FURTHER, at hearing or on consent of Respondent, if this Court determines that a receiver should be appointed, the Department moves this Court for entry of an Order of Liquidation. A sample Liquidation Order that the Department may potentially request be entered at the conclusion of the Show Cause proceedings is attached to this Application as Exhibit "J".

RESPECTFULLY SUBMITTED on this day 4TH of FEBRUARY, 2013.



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FINANCIAL SERVICES COMMISSION

RICK SCOTT
GOVERNOR

JEFF ATWATER
CHIEF FINANCIAL OFFICER

PAM BONDI
ATTORNEY GENERAL

ADAM PUTNAM
COMMISSIONER OF AGRICULTURE

OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER

February 1, 2013

Via Email

The Honorable Jeff Atwater
Chief Financial Officer
Department of Financial Services
The Capitol, PL-11
Tallahassee, FL 32399

Re: Universal Health Care, Inc.

Dear Chief Financial Officer Atwater:

Please be advised that the Office of Insurance Regulation (hereinafter referred to as the "Office") has determined that one or more grounds exist for the initiation of delinquency proceedings, pursuant to Chapter 631, Florida Statutes, against Universal Health Care, Inc. (hereinafter referred to as "UHC"), and that delinquency proceedings must be initiated. UHC is a health-maintenance organization licensed in the State of Florida, and currently services Medicare, Medicaid, Long-Term Care Diversion, and an individual commercial member. As specified in Section 631.051, Florida Statutes, the grounds that allow a petition for an order appointing the Department of Financial Services (hereinafter referred to as the "Department") as receiver include:

(1) The HMO is impaired or insolvent.

The Office finds for the reasons set forth in the attached documents that UHC is impaired or insolvent.

(2) The HMO is found by the Office to be in such condition or is using or has been subject to such methods or practices in the conduct of its business, as to render its further transaction of insurance presently or prospectively hazardous to its policyholders, creditors, stockholders, or the public;

UHC's impairment or insolvency poses a serious danger to the financial safety of the policyholders, subscribers, claimants, creditors and citizens of the State of Florida.

EXHIBIT "A"

(3) The HMO has been the victim of embezzlement, wrongful sequestration, conversion, diversion, or encumbering of its assets; forgery or fraud affecting it; or other illegal conduct in, by, or with respect to it, which if established would threaten its solvency; or that the Office has reasonable cause to so believe any of the foregoing has occurred or may occur;

The Office has concluded, for the reasons set forth in the attached documents, that UHC has fraudulently overstated some of UHC's assets as reported on previously filed financial statements.

The Office has determined that UHC is currently impaired, insolvent, or about to become insolvent. As such, I am advising you of that determination so that delinquency proceedings can be initiated by the Division of Rehabilitation and Liquidation. The following documents are attached in support of such determination:

Exhibit 1 – Affidavit of Toma Wilkerson, Director Life & Health Financial Oversight, with Exhibits.

As always, the Office stands ready to provide any additional information or assistance the Department needs in order for this matter to proceed as expeditiously as possible. Thank you for your attention to this matter.

Sincerely,

Kevin M. McCarty
Commissioner

cc: PK Jameson, General Counsel
Department of Financial Services

Sha'Ron James, Division Director
Division of Rehabilitation and Liquidation
Department of Financial Services

MONTHLY STATEMENT

OF THE

Universal Health Care, Inc.

OF

St. Petersburg

IN THE STATE OF

Florida

TO THE

INSURANCE DEPARTMENT

OF THE

STATE OF FLORIDA

AS OF

DECEMBER 31, 2012

HEALTH

2012

EXHIBIT "B"

2012

1 1 5 7 4 2 0 1 2 2 0 1 0 0 1 0 3

QUARTERLY STATEMENT

AS OF DECEMBER 31, 2012

OF THE CONDITION AND AFFAIRS OF THE

Universal Health Care, Inc.

NAIC Group Code 4091 (Current Period), 4091 (Prior Period) NAIC Company Code 11574 Employer's ID Number 05-0528708

Organized under the Laws of Florida, State of Domicile or Port of Entry Florida

Country of Domicile United States

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]
Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [X]
Other [ ] Is HMO, Federally Qualified? Yes [X] No [ ]

Incorporated/Organized 07/30/2002 Commenced Business 09/01/2002

Statutory Home Office 100 Central Avenue, Suite 200 (Street and Number), St. Petersburg, FL 33701 (City or Town, State and Zip Code)

Main Administrative Office 100 Central Avenue, Suite 200 (Street and Number) St. Petersburg, FL 33701 (City or Town, State and Zip Code) 727-822-3446 (Area Code) (Telephone Number)

Mail Address 100 Central Avenue, Suite 200 (Street and Number or P.O. Box), St. Petersburg, FL 33701 (City or Town, State and Zip Code)

Primary Location of Books and Records 100 Central Avenue, Suite 200 (Street and Number) St. Petersburg, FL 33701 (City or Town, State and Zip Code) 727-456-6517 (Area Code) (Telephone Number)

Internet Web Site Address www.univhc.com

Statutory Statement Contact Maria C Zevallos (Name) 727-456-6560 (Area Code) (Telephone Number) (Extension)
mzevallos@univhc.com (E-mail Address) 727-329-0036 (FAX Number)

OFFICERS

Name	Title	Name	Title
Akshay M. Desai MD, MPH	President, CEO	Sandip I. Patel	CAO, General Counsel, Secretary
Deepak Desai	Chief Strategy Officer	Steven J. Schaefer	Treasurer

OTHER OFFICERS

Jeff Ludy	Chief Marketing Officer		

DIRECTORS OR TRUSTEES

Akshay M. Desai MD, MPH	Deepak Desai	Seema Desai	

State of Florida
ss
County of Pinellas

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Akshay M. Desai, MD
CEO, President

Alec Mahmood
Chief Financial Officer

a. Is this an original filing? Yes [X] No [ ]

b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

Subscribed and sworn to before me this
1st day of February, 2013

Mary Kaye Raddatz

MARY KAYE RADDATZ
MY COMMISSION # EE 021808
EXPIRES: August 29, 2014
Bonded Thru Notary Public Underwriters

ASSETS

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1. Bonds	238,804		238,804	1,505,678
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	2,030,520
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less $ ... encumbrances)	9,398,544	462,289	8,936,255	9,263,188
4.2 Properties held for the production of income (less $ ... encumbrances)			0	0
4.3 Properties held for sale (less $ ... encumbrances)			0	0
5. Cash ($ 8,633,249), cash equivalents ($ 0) and short-term investments ($ 23,847,508)	32,680,757		32,680,757	72,041,962
6. Contract loans (including $ ... premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	42,318,105	462,289	41,855,816	84,841,348
13. Title plants less $ ... charged off (for Title insurers only)			0	0
14. Investment income due and accrued	12,498		12,498	9,160
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ... earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums	16,783,691		16,783,691	10,254,670
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	41,282	41,282	0	1,980,423
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	819,788		819,788	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	2,536,018
18.2 Net deferred tax asset	11,293,686	11,293,686	0	5,058,482
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets ($ ...)	2,547,484	2,547,484	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	12,031,358	12,031,358	0	0
24. Health care ($ ...) and other amounts receivable	2,189,446	2,189,446	0	2,635,282
25. Aggregate write-ins for other than invested assets	2,601,051	1,803,265	797,786	606,353
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	90,738,389	30,468,810	60,269,579	107,921,736
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	90,738,389	30,468,810	60,269,579	107,921,736
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Deposits for claim obligation	2,031,909	1,234,123	797,786	606,353
2502. Accounts Receivable	468,977	468,977	0	0
2503. Prepaid Expense	100,165	100,165	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,601,051	1,803,265	797,786	606,353

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less $ ..... reinsurance ceded)	80,638,802		80,638,802	83,615,540
2.	Accrued medical incentive pool and bonus amounts			0	0
3.	Unpaid claims adjustment expenses	831,134		831,134	749,009
4.	Aggregate health policy reserves including the liability of $ ..... for medical loss ratio rebate per the Public Health Service Act			0	0
5.	Aggregate life policy reserves			0	0
6.	Property/casualty unearned premium reserve			0	0
7.	Aggregate health claim reserves			0	0
8.	Premiums received in advance	114,776		114,776	0
9.	General expenses due or accrued	1,797,140		1,797,140	4,584,275
10.1	Current federal and foreign income tax payable and interest thereon (including $ ..... on realized gains (losses))			0	0
10.2	Net deferred tax liability			0	0
11.	Ceded reinsurance premiums payable			0	0
12.	Amounts withheld or retained for the account of others	1,026,182		1,026,182	583,612
13.	Remittances and items not allocated			0	0
14.	Borrowed money (including $ ..... current) and interest thereon $ ..... (including $ ..... current)			0	0
15.	Amounts due to parent, subsidiaries and affiliates	341,011		341,011	0
16.	Derivatives			0	0
17.	Payable for securities			0	0
18.	Payable for securities lending			0	0
19.	Funds held under reinsurance treaties (with $ ..... authorized reinsurers and $ ..... unauthorized reinsurers)			0	0
20.	Reinsurance in unauthorized companies			0	0
21.	Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22.	Liability for amounts held under uninsured plans	2,213,878		2,213,878	2,856,141
23.	Aggregate write-ins for other liabilities (including $ ..... current)	2,489,059	0	2,489,059	1,650,656
24.	Total liabilities (Lines 1 to 23)	89,451,982	0	89,451,982	94,039,233
25.	Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26.	Common capital stock	XXX	XXX	316	316
27.	Preferred capital stock	XXX	XXX	0	0
28.	Gross paid in and contributed surplus	XXX	XXX	11,640,684	11,640,684
29.	Surplus notes	XXX	XXX	3,750,000	3,750,000
30.	Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31.	Unassigned funds (surplus)	XXX	XXX	(44,573,403)	(1,508,497)
32.	Less treasury stock, at cost: 32.1 ..... shares common (value included in Line 26 $ .....) 32.2 ..... shares preferred (value included in Line 27 $ .....)	XXX	XXX		0
33.	Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	(29,182,403)	13,882,503
34.	Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	60,269,579	107,921,736
	DETAILS OF WRITE-INS				
2301.	Accrued Rx	2,474,607		2,474,607	1,645,647
2302.	Accrued Plan To Plan Payable	14,452		14,452	5,009
2303.					
2398.	Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399.	Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	2,489,059	0	2,489,059	1,650,656
2501.		XXX	XXX		
2502.		XXX	XXX		
2503.		XXX	XXX		
2598.	Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.		XXX	XXX		
3002.		XXX	XXX		
3003.		XXX	XXX		
3098.	Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099.	Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	XXX	1,392,351	886,052	1,194,161
2. Net premium income (including $ non-health premium income)	XXX	695,117,911	401,374,747	547,065,033
3. Change in unearned premium reserves and reserve for rate credits	XXX		0	0
4. Fee-for-service (net of $ medical expenses)	XXX		0	0
5. Risk revenue	XXX		0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	2,004,507	0
8. Total revenues (Lines 2 to 7)	XXX	695,117,911	403,379,254	547,065,033
Hospital and Medical:				
9. Hospital/medical benefits		522,174,619	261,581,338	376,602,160
10. Other professional services		10,857,724	11,722,949	15,289,467
11. Outside referrals			0	0
12. Emergency room and out-of-area		42,564,945	25,438,887	33,555,388
13. Prescription drugs		76,739,645	44,975,008	58,462,027
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts			0	0
16. Subtotal (Lines 9 to 15)	0	652,336,933	343,718,182	483,909,042
Less:				
17. Net reinsurance recoveries			0	0
18. Total hospital and medical (Lines 16 minus 17)	0	652,336,933	343,718,182	483,909,042
19. Non-health claims (net)			0	0
20. Claims adjustment expenses, including $ cost containment expenses		82,125	81,874	442,358
21. General administrative expenses		89,995,512	54,011,351	69,444,911
22. Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)			0	0
23. Total underwriting deductions (Lines 18 through 22)	0	742,414,570	397,811,407	553,796,311
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(47,296,659)	5,567,847	(6,731,278)
25. Net investment income earned		1,843,451	347,257	2,239,557
26. Net realized capital gains (losses) less capital gains tax of $		70,210	1,012,749	1,623,057
27. Net investment gains (losses) (Lines 25 plus 26)	0	1,913,661	1,360,006	3,862,614
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]			0	0
29. Aggregate write-ins for other income or expenses	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(45,382,998)	6,927,853	(2,868,664)
31. Federal and foreign income taxes incurred	XXX		2,414,051	(900,054)
32. Net income (loss) (Lines 30 minus 31)	XXX	(45,382,998)	4,513,802	(1,968,610)
DETAILS OF WRITE-INS				
0601.	XXX			
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701. Rent Revenue	XXX		2,004,507	0
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	2,004,507	0
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901.				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
	CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	13,882,503	33,146,108	33,146,108
34.	Net income or (loss) from Line 32	(45,382,998)	4,513,802	(1,968,610)
35.	Change in valuation basis of aggregate policy and claim reserves		0	0
36.	Change in net unrealized capital gains (losses) less capital gains tax of $	62,325	113,204	(166,709)
37.	Change in net unrealized foreign exchange capital gain or (loss)		0	0
38.	Change in net deferred income tax		0	7,705,849
39.	Change in nonadmitted assets	2,255,767	(1,630,992)	(24,834,135)
40.	Change in unauthorized reinsurance	0	0	0
41.	Change in treasury stock		0	0
42.	Change in surplus notes	0	0	0
43.	Cumulative effect of changes in accounting principles		0	0
44.	Capital Changes:			
	44.1 Paid in		0	0
	44.2 Transferred from surplus (Stock Dividend)		0	0
	44.3 Transferred to surplus		0	0
45.	Surplus adjustments:			
	45.1 Paid in		0	0
	45.2 Transferred to capital (Stock Dividend)	0	0	0
	45.3 Transferred from capital		0	0
46.	Dividends to stockholders		0	0
47.	Aggregate write-ins for gains or (losses) in surplus	0	0	0
48.	Net change in capital and surplus (Lines 34 to 47)	(43,064,906)	2,996,014	(19,263,605)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	(29,182,403)	36,142,122	13,882,503
	DETAILS OF WRITE-INS			
4701.				
4702.				
4703.				
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799.	Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
	Cash from Operations			
1.	Premiums collected net of reinsurance	688,703,666	434,322,125	527,532,749
2.	Net investment income	1,985,513	1,007,431	3,029,988
3.	Miscellaneous income	0	2,004,507	0
4.	Total (Lines 1 to 3)	690,689,179	437,334,063	530,562,737
5.	Benefit and loss related payments	532,429,866	335,070,206	448,745,782
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0	0
7.	Commissions, expenses paid and aggregate write-ins for deductions	94,244,698	51,102,901	65,113,855
8.	Dividends paid to policyholders		0	0
9.	Federal and foreign income taxes paid (recovered) net of $ ..... tax on capital gains (losses)	(2,570,219)	(591,879)	718,931
10.	Total (Lines 5 through 9)	724,104,345	385,581,228	514,578,568
11.	Net cash from operations (Line 4 minus Line 10)	(33,415,166)	51,752,835	15,984,169
	Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:			
	12.1 Bonds	1,252,350	29,278,187	34,607,047
	12.2 Stocks	1,984,385	0	0
	12.3 Mortgage loans	0	0	0
	12.4 Real estate	0	20,000	0
	12.5 Other invested assets	0	0	0
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	51,787	0	0
	12.7 Miscellaneous proceeds	406,223	0	0
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	3,694,745	29,298,187	34,607,047
13.	Cost of investments acquired (long-term only):			
	13.1 Bonds	66,318	9,657,741	9,657,742
	13.2 Stocks	0	1,238,455	2,128,240
	13.3 Mortgage loans	0	0	0
	13.4 Real estate	0	0	0
	13.5 Other invested assets	0	0	0
	13.6 Miscellaneous applications	0	1	95,374
	13.7 Total investments acquired (Lines 13.1 to 13.6)	66,318	10,896,197	11,881,356
14.	Net increase (or decrease) in contract loans and premium notes	0	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	3,628,427	18,401,990	22,725,691
	Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):			
	16.1 Surplus notes, capital notes	0	0	0
	16.2 Capital and paid in surplus, less treasury stock	0	0	0
	16.3 Borrowed funds	0	0	0
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		0	0
	16.5 Dividends to stockholders	0	0	0
	16.6 Other cash provided (applied)	(9,574,466)	193,693	(415,388)
17.	Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(9,574,466)	193,693	(415,388)
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(39,361,205)	70,348,518	38,294,472
19.	Cash, cash equivalents and short-term investments:			
	19.1 Beginning of year	72,041,962	33,747,490	33,747,490
	19.2 End of period (Line 18 plus Line 19.1)	32,680,757	104,096,008	72,041,962

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	105,202	1	0	0	0	0	0	42,554	62,647	0
2. First Quarter	113,419	1	0	0	0	0	0	49,993	63,425	0
3. Second Quarter	116,210	1	0	0	0	0	0	50,977	65,232	0
4. Third Quarter	119,405	1						52,537	66,867	
5. Current Year	0									
6. Current Year Member Months	1,392,351	12						613,988	778,351	
Total Member Ambulatory Encounters for Period:										
7. Physician	170,338							113,935	56,403	
8. Non-Physician	18,563							7,060	11,503	
9. Total	188,901	0	0	0	0	0	0	120,995	67,906	0
10. Hospital Patient Days Incurred	7,913							6,400	1,513	
11. Number of Inpatient Admissions	1,376							1,002	374	
12. Health Premiums Written (a)	695,117,911	2,184						491,670,760	203,444,967	
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	695,003,135	2,184						491,555,984	203,444,967	
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	655,312,671	373						475,205,056	180,107,242	
18. Amount Incurred for Provision of Health Care Services	662,336,933	373						478,400,279	173,936,281	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees $ 491,670,760

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January 15, 2013

Ms. Shirley Fuquay
Account Manager
Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite 4T20
Atlanta, Georgia 30303-8909

Re: Universal Health Care Insurance Company, Inc.
Contract No: H8098, H5820 and H5096
Universal Health Care, Inc.
Contract No: H5404
Request to Specify Plan Capacity Limit

Dear Ms. Fuquay:

In its letter to the Centers for Medicare and Medicaid ("CMS") dated January 14, 2013, Universal Health Care Group ("Universal") requests to implement plan capacity limits for Universal Insurance Company, Inc. ("UHCIC") and Universal Health Care, Inc. ("UHC") in keeping with the provisions stated at 42 CFR 422.60 (b) (2),(3). Universal expects that this capacity limit will ensure that neither UHCIC nor UHC will accept any new enrollments during the effective period of the capacity limit.

This decision pertains to UHCIC'S Network PFFS (Contract No. H8098), Non-Network PFFS (Contract No. H5820) and PPO (Contract No. H5096) and UHC's HMO contract (Contract No. H5404).
Specifically Universal would like to specify the following capacity limits per contract:
H8098 – 14,106
H5820 – 20,659
H5096 – 2,705
H8404 – 38,193

Please note that specified plan limits are based on the plan's current membership enrolled as of January 18, 2013.

EXHIBIT
EXHIBIT "C"

Please also note that this decision does NOT affect the subsidiaries of Universal Health Care Group Inc., Universal HMO of Texas, Inc. and Universal Health Care of Nevada, Inc.

If you have any questions or need additional information, please do not hesitate to contact Francoise Trotman, Chief Compliance Officer at 727-456-6585 or at ftrotman@univhc.com.

Sincerely,

Akshay Desai, M.D., MPH
President & CEO

Cc: FL Office of Insurance Regulation
Clarisse Owens Centers for Medicare and Medicaid Services (CMS/CM)

encl

From: Wilkerson, Toma
Sent: Thursday, January 17, 2013 4:40 PM
To: Schoenecker, Catharine; Threadgill, Dennis; Johns, Paul; Struk, Christopher; Reglat, Valerie; Davis, Heather; Kennedy, Ray; Davis, LaTasha; Davis, Rebecca
Subject: Fw: Universal's Request - Enrollment Capacity Limits

Categories: UHC

From: Francoise Trotman [mailto:FTrotman@univhc.com]
Sent: Thursday, January 17, 2013 04:12 PM
To: Fuquay, Shirley (CMS/CMHPO) (SHIRLEY.FUQUAY@cms.hhs.gov) <SHIRLEY.FUQUAY@cms.hhs.gov>
Cc: Wilkerson, Toma; Akshay Desai, M.D., M.P.H. <adesai@univhc.com>; mitchell@sostrategy.com <mitchell@sostrategy.com>
Subject: Re: Universal's Request - Enrollment Capacity Limits

Ms. Fuquay,

On January 15, 2013 Universal Health Care ("UHC") requested that CMS allow the plan to implement enrollment capacity limits on the following contracts: H8090, H5820, H5096 and H5404. The Universal management team is requesting that CMS assist with expediting its decision. The company has assessed its financial acumen and has reason to believe that Universal is financially impaired. We believe that expediting this matter allows the company, CMS and the State to protect our existing members and avoid risk to any new Medicare beneficiaries through continued enrollment.

Thank you,

Francoise Trotman
Chief Compliance Officer

UNIVERSAL Health Care Group

Universal Health Care
100 Central Avenue, Suite 200
St. Petersburg, FL 33701
Office: 727-456-6585
Fax: 727-329-0745
FTrotman@univhc.com
http://www.univhc.com

EXHIBIT C

AFFIDAVIT OF TOMA L. WILKERSON

BEFORE ME, the undersigned authority, personally appeared Toma L. Wilkerson, Director of Life & Health Financial Oversight, Office of Insurance Regulation, who after being duly sworn, deposes and says:

1. I, Toma L. Wilkerson, am over the age of eighteen (18), sui juris, and I am competent to testify to and have personal knowledge of the facts contained herein.

2. I, Toma L. Wilkerson, currently hold the position of Director with Life & Health Financial Oversight, Office of Insurance Regulation (hereinafter referred to as the "Office"). I graduated from the University of West Florida in 1995 with a Bachelor of Science degree in Management. I have been employed by the Office for approximately 15 years.

3. Universal Health Care Group, Inc. ("UHCG") is the sole owner of Universal Health Care, Inc. ("UHC"), an HMO, and Universal Health Care Insurance Company, Inc. ("UHCIC"), an insurance company. UHCG also owns American Managed Care ("AMC") which is the management company and third party administrator for UHC and UHCIC. AMC employs the corporate officers and the majority of the employees of both UHC and UHCIC. UHC and UHCIC have identical corporate officers.

4. UHC was licensed on February 3, 2003, in the State of Florida as a health maintenance organization and was authorized to write Medicare and Medicaid HMO products and Commercial Coverage (large group only). Since licensure, UHC has been authorized to write Long-Term Care Diversion, Healthy Kids, and Individual Commercial. UHC currently services Medicare, Medicaid, Long-Term Care Diversion, and an individual commercial member.

5. The Office has determined that grounds exist for the Department of Financial Services (hereinafter referred to as the "Department") to petition for an order, under Section 631.051(1), (3), and (13) Florida Statutes, directing the Department to initiate delinquency proceedings against UHC. The basis for this determination is summarized as follows:

(a) UHC is currently in such condition as to render its further transaction of insurance presently hazardous to its policyholders, creditors, stockholders, and the public.

(b) On January 14, 2013, the Office received a copy of UHCG's Management Presentation, which was presented by the management of UHCG to

potential buyers of UHC and UHCIC. This presentation shows, by its own admission, that UHC is insolvent by $12.6 million as of December 2012. (Exhibit A).

(c) On January 15, 2013, UHC requested that CMS allow the company to implement enrollment capacity limits on UHC's HMO contract (Contract No. H5404). (Exhibit B). On January 17, 2013, UHC again requested that CMS allow the company to implement enrollment capacity limits, and requested that the decision be expedited. By its own admission, UHC stated that the reason for this request is that the company "has reason to believe that Universal is financially impaired." (Exhibit C).

(d) The Office has concluded that some of UHC's assets, as reported on previously filed financial statements, have been materially overstated, which would require adjustments to UHC's statutory financial statements causing UHC to be in worse financial condition than its filed financial statements make it appear.

i. The Office has concluded that the Medicare Risk Adjustment Receivable ("MRA") reported by the company is inaccurate and shows UHC to be much healthier than it actually is.
    1. The Office suspected that the MRA receivable amount that UHC was reporting was not accurate. The Office retained Kirsha Consulting, Inc. to provide an estimate of the MRA receivable. On December 18, 2012, Kirsha Consulting, Inc. reported a projection for December 31, 2012, of $10,764,280 for the two UHC contracts (Contract No. H5404 and H5429). (Exhibit D). As of September 30, 2012, UHC has booked a MRA receivable of $25,092,258. Because of this discrepancy, the Office began questioning UHC about the validity of the amount booked.
    2. The Office's exam has determined that UHC management has instructed individuals with UHC to inflate the MRA receivable with no justification.
    3. The Office's exam has determined that UHC's MRA accruals were improperly calculated, resulting in MRA receivables being substantially inflated. The Office has concluded that management was aware of the error and did not want the matter discussed.
    4. The Office's exam has determined of UHC that the MRA receivable has been improperly allocated between UHC and UHCIC causing the actual amount of the receivable to be greatly misstated. It has been reported that management directed individuals to allocate approximately $25 million of the MRA receivable to

UHC, even though only approximately $9 million could be justified.

ii. UHC's 2011 audited financial statement reflected a qualified opinion indicating that UHC had not recorded the claim reserve number of the auditor. (Exhibit E) Subsequent to receiving the audit, the Office required UHC to file an independent actuarial certification with its June 30, 2012 financial statement. The actuarial statement indicated that UHC was under reserved by $35,834,447. Such adjustment would have made UHC insolvent; however, UHC recorded multiple receivables on its first amended June 30, 2012, statement, which were not on the original June 30, 2012, statement. These receivables were used to offset the reserve adjustment which enabled the company to meet its surplus requirements. The Office has determined that many of these receivables were not valid receivables at the time recorded. On December 6, 2012, UHC again amended the June 30, 2012, financial statement to reflect that it was impaired by $2,187,550 as calculated pursuant to Section 641.225, F.S. (Exhibits F, G, and H).

(e) UHC has a pattern of mismanagement, which has resulted in UHC operating in such a condition as to render its further transaction of insurance hazardous to its policyholders, creditors, stockholders, and the public.

i. There has been frequent turnover in the position of Chief Financial Officer. UHC has had five Chief Financial Officers within a period of six years. UHC was without a Chief Financial Officer between May 2011 and October 2012.
ii. The Report on Significant Deficiencies in Internal Controls that accompanied the 2011 audited financial statements included a list of issues that the auditor considered material weakness involving internal control over financial reporting. (Exhibit I).
iii. The claim system is compromised and attempts to convert to a new claim system have been unsuccessful. (Exhibit J).

6. UHC has been given a reasonable amount of time to improve its financial condition. Multiple companies have initialized due diligence for acquiring the company and a deal has not been finalized. The most recent termination of negotiations indicates that the company needs in excess of $30 million. (Exhibit K).

7. Based on the above admissions from UHC and other conclusions of the Office, the Office has determined that UHC is impaired or insolvent, is in an unsound financial condition, and is in such a condition and is using such methods and practices as to render its further transaction of insurance hazardous to it policyholders, creditors, stockholders, or the public. Thus, grounds for issuing an Order for entry into receivership exist under Sections 631.051(1), (3), and (13), Florida Statutes.

FURTHER AFFIANT SAYETH NOT.

Toma L. Wilkerson, Director
Life & Health Financial Oversight
Office of Insurance Regulation

STATE OF Florida
COUNTY OF Leon

The foregoing instrument was acknowledged before me this 31st day of January 2013, by Toma L. Wilkerson (name of person) as Director of L&H Financial Oversight (type of authority ..... e.g. officer, trustee attorney in fact) for FLOIR (company name).

(Signature of the Notary)

DEBRA L. SEYMOUR
MY COMMISSION # DD 176898
EXPIRES: August 6, 20

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known ✓ OR Produced Identification ________
Type of Identification Produced ________________

Management Presentation

Privileged and Confidential

January 2013

EXHIBIT A

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Cautionary Statement:

Except for the historical information contained in the presentation to be made, there are matters discussed here that are forward-looking statements within the meaning of the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995. Although Universal Health Care Group, Inc. ("UHCG" or the "Company") believes that the expectations reflected in such forward-looking statements are reasonable at this time, no assurance can be given that such expectations will prove to have been correct. These statements, including those given during the question and answer part of this presentation, are therefore only predictions and actual events or results may differ materially. You are cautioned not to place undue reliance on such forward-looking statements. Universal Health Care Group, Inc. does not undertake any obligation to update publicly any forward-looking statements discussed in this presentation, whether as a result of new information, future events or otherwise.

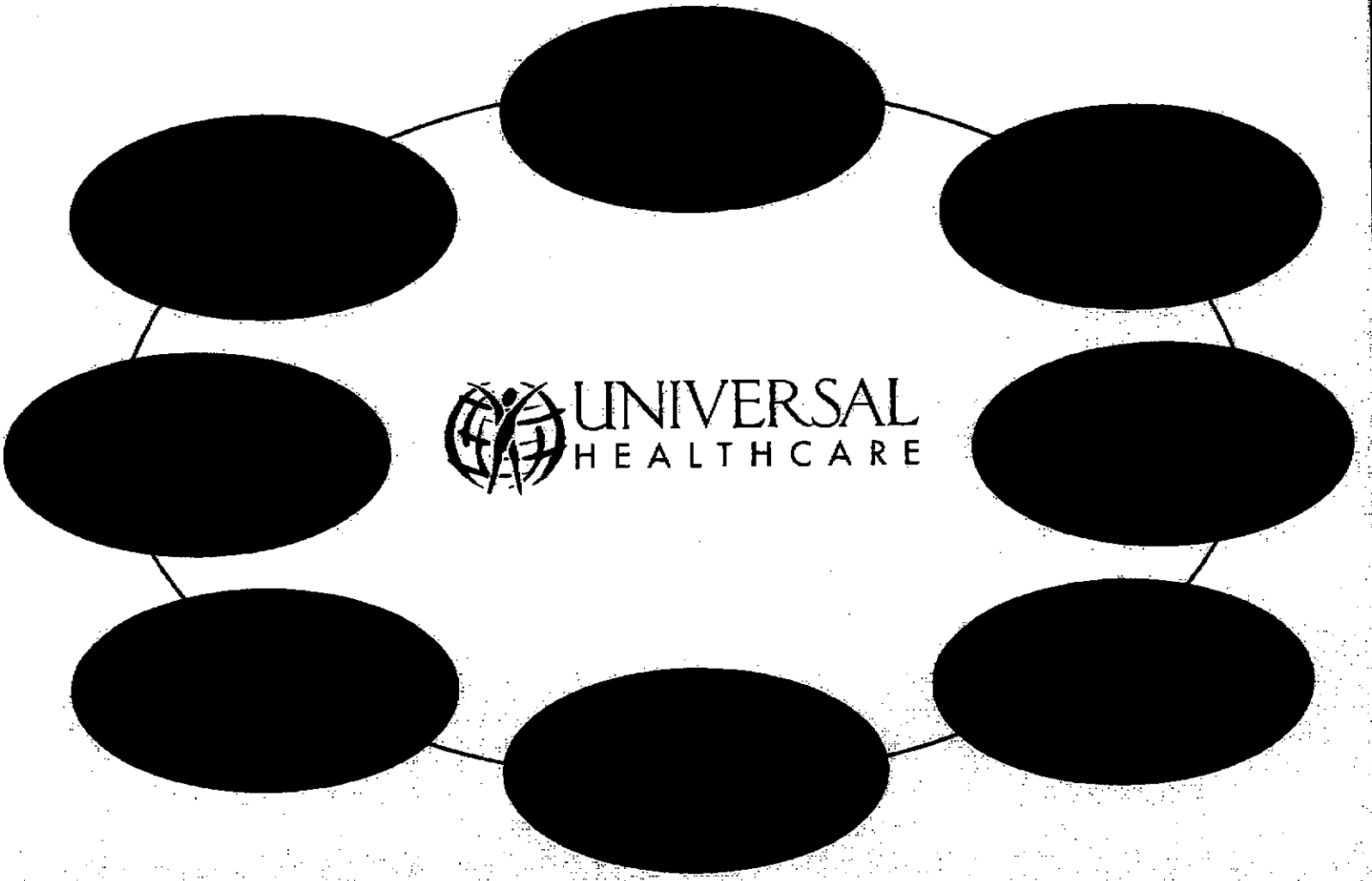
Index:

Company Overview

Management Overview

Name	Title	Background
A.K. Desai, MD, MPH	Founder, Chairman & CEO	• Founded Universal in 2002 as an HMO, as well as a Third-Party Administrator ("TPA") • More than 20 years in managed care and gerontology • Successful management of multiple global contracts through an MSO serving the greater Tampa Bay Area
Deepak Desai	Chief Strategy Officer	• Board Member of Universal since July 2006 • Consultant to Universal since inception of the company in 2002 • Former President and CEO of GlobalEnglish Corporation, Silicon Valley • Took Hong Kong based Asiacontent.com public as CFO on NASDAQ in April 2000
Michael P. Holohan	Chief Operating Officer	• Over 20 years of business, operations, finance and IT experience; including start-up of PDP and PFFS business at WellCare • Operational expertise through process standardization, business integration, centralization initiatives supply chain optimization and implementation
Alec Mahmood	Chief Financial Officer	• Over 20 years of executive-level financial and operational experience within the health care industry • Most recently served as CFO for HealthMarkets, Inc. • Prior to HealthMarkets, served as CFO and COO of Healthcare USA

Investment Highlights



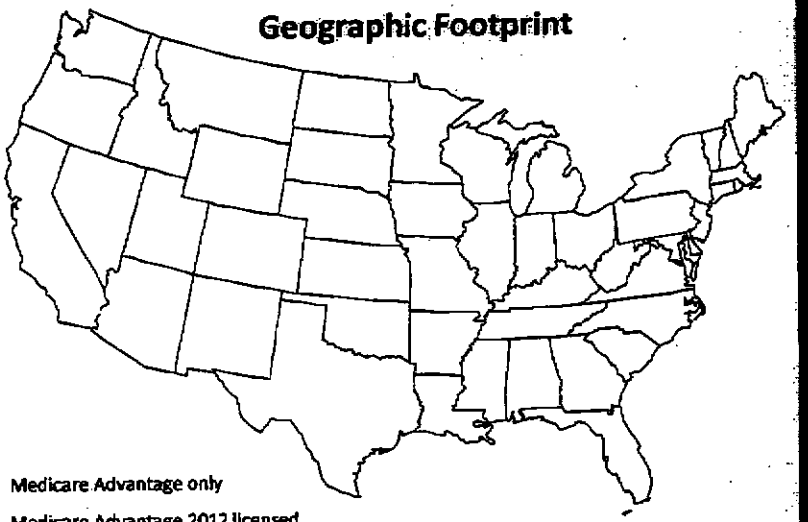
2012 Corporate Priorities

	Objectives	Achievements
Experience Hassle Free Healthcare	• Growth in membership • Member-centric operations focused on delivering positive outcomes • Robust retention strategy to enhance member tenure and create brand ambassadors	• Grew membership from 172K at end of 2011 to 194K at the end of 2012 - Growth of 13% • CTM count was 126 in Q4 2012 (0.34 per 1,000) vs. 147 in Q4 2011 (0.45 per 1,000)
Effective Medical Management	• Care Management initiatives for cost containment and MLR management • Improvement in MRA risk scores	• Reduction in MLR from 93.3% in 2011 to 88.3% in 2012 • Increase in MRA scores of 8% ...from 0.92 (initial 2012) to 1.00 (final 2012)
SG&A	• Organizational goal to achieve SG&A of low teens • Process refinements to drive long-term cost efficiency and enhance profitability	• Excluding one-time costs of $10 million (IT implementation and Network Development), S;G& A for 2012 is 11.1% of Revenue, down from 12.2% of revenue in 2011

Company Overview

- Leading provider of managed care services with a suite of network-based products for Medicare Advantage (MA), Medicaid and the state of Florida's Nursing Home Diversion populations
- HMO operations in FL, TX and NV and as of 2012 licensed to offer PFFS/PPO products in nineteen states and the District of Columbia
- The Company's coordinated care plans ("CCPs") are highly focused on membership growth while effectively managing medical costs

Geographic Footprint



Medicare Advantage only
Medicare Advantage 2012 licensed
Medicare Advantage and Medicaid

	Medicare Advantage	Medicaid	Total
Membership as of 1/1/2013 (thousands)	90	64	154
Geographies (states)	20 + Washington DC	1 (FL)	21 (includes DC)
2013E Revenue ($mm)	$1,017	$200	$1,247*

*Total includes $28million of nursing home diversion revenues and $2million of investment income.

Corporate Milestones

2002 – 2005

Founding

- Founded in 2002 in St. Petersburg, Florida
- Mid-2003: Medicare enrollment began
- 2004: Received NCQA accreditation
- 2005: Medicaid enrollment began

2006 – 2010

Growth and Expansion

- 2007: Received NCQA accreditation with Commendation
- 2007: Began offering PFFS, "Any, Any, Any Plan"
- 2009: Named among the Top 6 Medicare Plans in Florida by US News and World Report
- 2010: Added HMO-POS product in Texas
- All membership growth has been strictly organic

2011 – 2012

Scale and Diversification

- 2011: Received NCQA accreditation with Commendation
- 2011: Added HMO-POS & PPO plans in Nevada
- 2011: Expanded into six new PFFS states for a total of 20 States plus District of Columbia
- 2011: Added HMO in Georgia
- 2012: Began offering a national PPO

Operating Model

Shared Services

- Executive Management
- Care Management
- Customer Service
- Sales and Marketing
- Operations and IT
- Finance and Accounting
- Compliance, Legal, HR

Local Market Presence

- Sales
- Network Administration
- Redundant Operational Departments
- 100-Seat Call Center in Jackson, Mississippi

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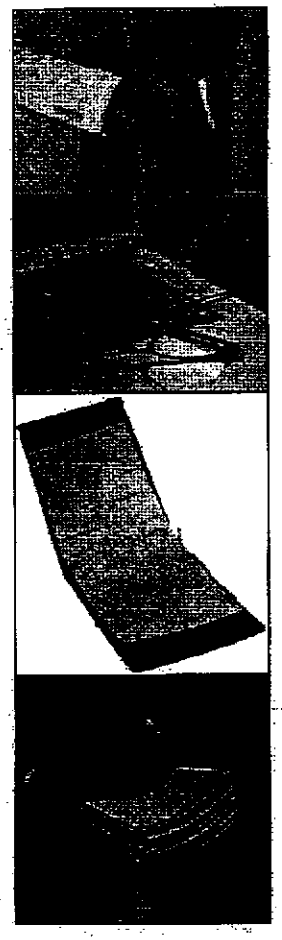
Network Building Overview

- Company has been increasingly focused on network-based products and has made significant progress to build out network capabilities

Network (as 1/1/2013)	Primary Care Physicians	Hospitals	Facilities	Specialists
Florida HMO	2,758	130	1,822	7,298
Texas HMO	1,029	94	469	2,803
Nevada HMO	83	6	83	299
Medicaid	1,726	111	1,675	5,499
PFFS / PPO	18,649	847	6,300	42,655
Total	**24,245**	**1,188**	**10,349**	**58,554**

Operational Update



Network Building

- Over $15 million spent in the last three years for network expansion
- Footprint in 20 States plus D.C.

Information Technology

- Significant investments in operational technology
- Launched several applications to enhance member experience

Product Expansion

- Expanded Dual Eligibles and C-SNP in Texas and C-SNP in Nevada
- Potential Medicaid expansion pending capital investments
- Continuing to build robust networks for PFFS and National PPO

Human Resources

- Recent experienced Senior Management hires
- Clear commitment to talent management, leadership development and building a culture of accountability
- Voted as one of the Top Places to Work in 2011 & 2012 in the Large Company Category in Tampa Bay

Summary Financials ('11 – '15E)

Historical and Projected Financials

	Group Consolidated				
	2011	2012E	2013E	2014E	2015E
Revenue	$1,105	$1,398	$1,247	$1,364	$1,514
% Growth	*83.9%*	*26.5%*	*(10.8%)*	*9.4%*	*11.0%*
Medical Expenses	1,031	1,235	1,079	1,175	1,305
% MLR	*93.3%*	*88.3%*	*86.5%*	*86.1%*	*86.2%*
Gross Profit	74	163	168	189	209
% Margin	*6.7%*	*11.7%*	*13.5%*	*13.9%*	*13.8%*
SG&A	135	166	127	133	145
% of Revenue	*12.2%*	*11.9%*	*10.2%*	*9.8%*	*9.6%*
Adj. EBITDA	(61)[1]	(3)[1]	41	56	64
% Margin	*(5.5%)*	*(0.2%)*	*3.3%*	*4.1%*	*4.2%*

2013 Priorities

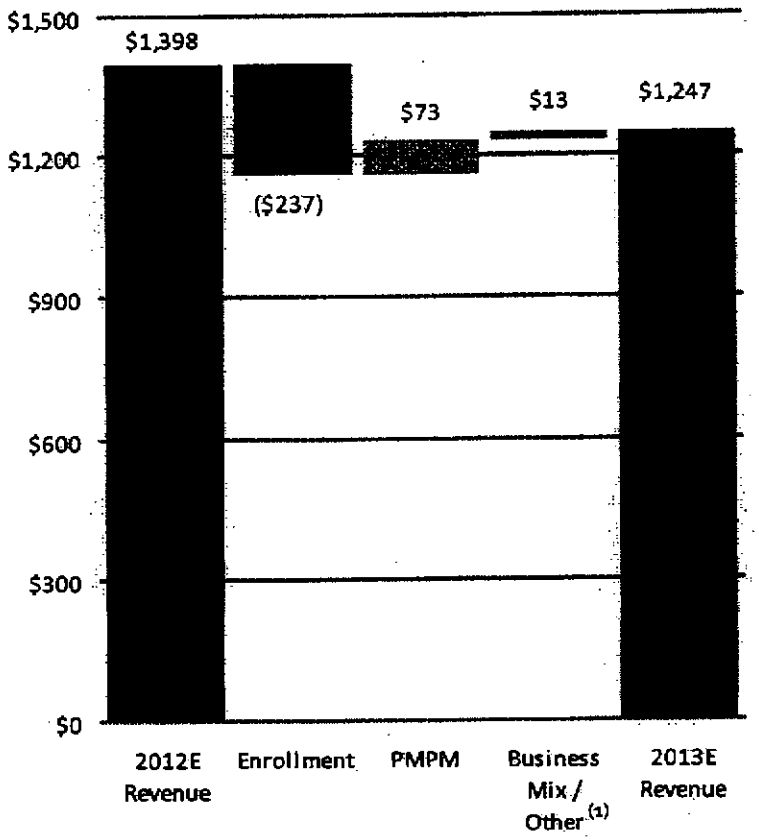
- Company has made significant operational improvements:
  - Continue to improve MRA scores – went from 76K charts reviewed in 2011 to over 400K charts in 2012
  - Increased Utilization review
  - Increased claims payment accuracy
  - Significant re-contracting with our key providers including Bay Care, and HCA
  - Reductions in SG&A costs (as a percentage of revenue: 2011 – 12.2%; 2012 – 11.9%; 2013 – 10.2%)
- Opportunities exist for an increased presence in the growing government health care sector
  - Preparation for upcoming Florida Medicaid RFP
  - Positioning for future dual-eligible opportunities

1. Adj. EBITDA includes ~$20 million reduction for claims recovery and $23 million for MSO receivables and prior period adjustments.

'12 – '13 Bridges

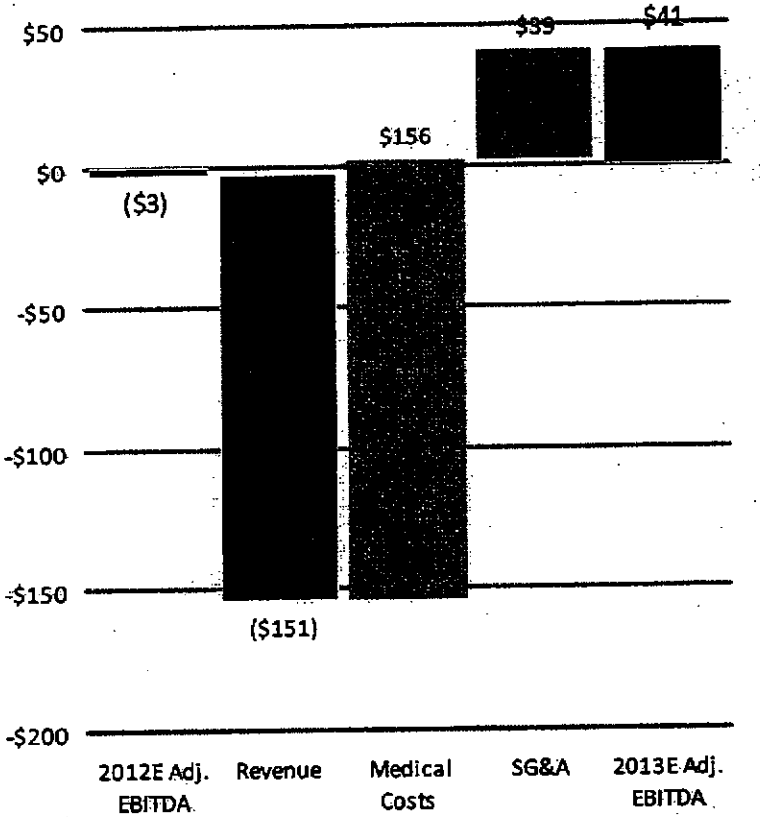
Revenue

($ in millions)



Adj. EBITDA

($ in millions)



1. *Includes investment income, net of fees, of $2.1mm.*

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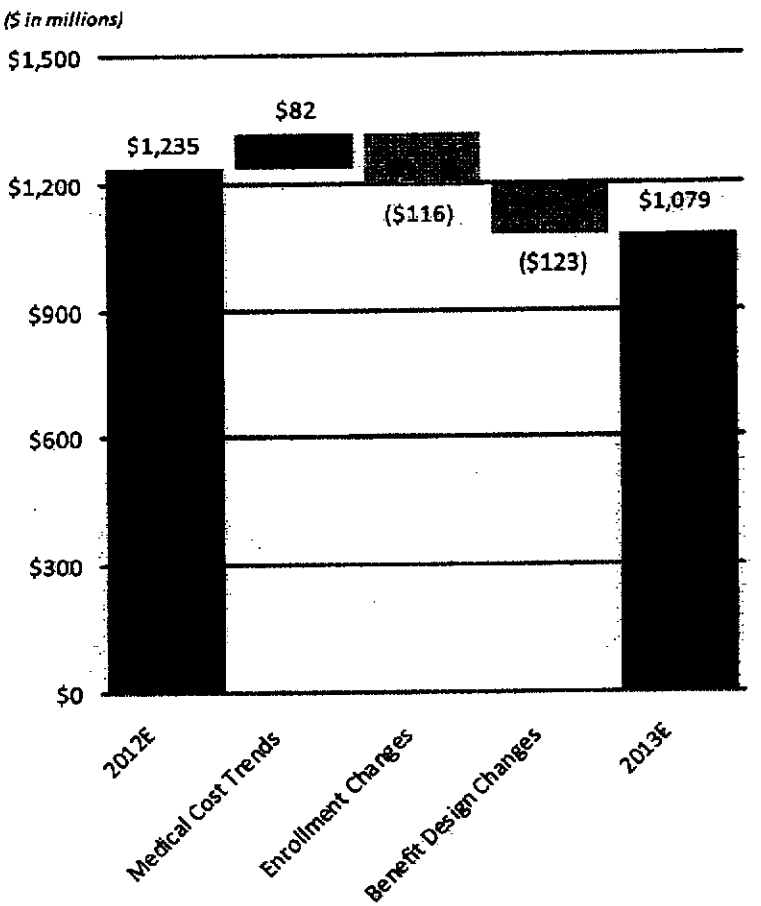
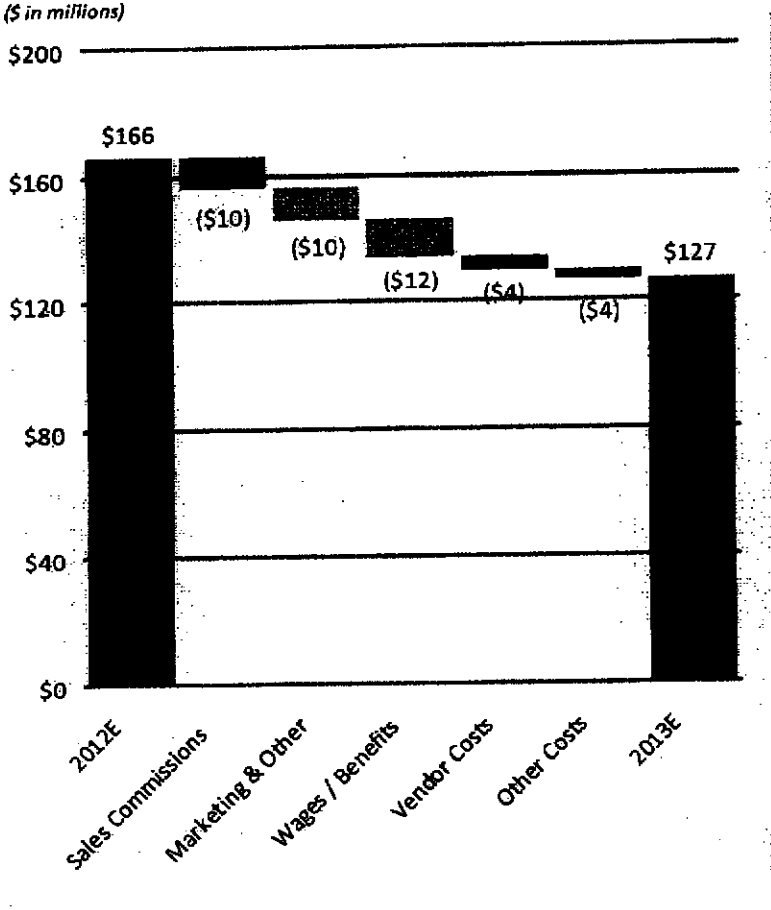
'12 – '13 Cost Bridges

Medical Costs



SG&A



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Benefit Changes in 2013

Benefits Changes Summary

- **Objective:** Focus on profitable membership

- **Approach:** Benefits changes based on MLR analysis by county and number of competing plans in each county
    - Focused on high value business for the future (SNP's and Duals)

- **Results:** Changes in benefit design for 2013 that includes a premium charged, benefits reduction, increased co-pay and co-insurance

Benefit Changes Between 2011 – 2013 (UHC – FL HMO)

UHC	2011	2012	2013
Part B Premium Reduction/Premiums	$75 – $96.40 reduction in most plans $106.74 cost of benefit	$75–$96.40 reduction in most plans $124.97 cost of benefit	$0 or $99.90 reduction in most plans $62.60 cost of benefit
Inpatient Hospital Cost Sharing	$50/day, days 1 – 5 or $150/day, days 1 – 10 in most plans	$75/day, days 1 – 5 or $175/day, days 1 – 10 in most plans	$50/day, days 1 – 5 or $75/day, days 1 – 5 in most plans
Outpatient Hospital Cost Sharing	$100 – $200	$100 – $200	20% coinsurance in most plans
PCP/Specialist Cost Sharing	$0 PCP $15 – $30 Specialist	$0 PCP $15 – $30 Specialist	$0 PCP $10 – $20 Specialist
Part D Cost Sharing	$0 – $4 generics $20 – $69 brands	$0 – $8 generics $20 – $75 brands	$0 generics $15 – $60 brands
New Benefits/ Elimination of Benefits	Added V/T benefit with $5k limit	Eliminated V/T benefit	OTC in SNPs; Readmission prevention benefit in most plans
New Plans/Elimination of Plans	e-plans with additional cash back	Convert Diabetes C-SNP to multi-condition C-SNP. e-plans eliminated	MA-Only plan eliminated; Premier consolidated with Masterpiece

- The average Part B premium reduction cost has changed from $124.97 to $62.60 – cost benefit to the Company of $62.37
- Outpatient Hospital cost sharing moved from co-pays to coinsurance
- Additional benefits such as readmission prevention and OTC will help drive down Inpatient medical expense

Benefit Changes Between 2011 – 2013 (UHCIC – PFFS/PPO)

UHCIC	2011	2012	2013
Part B Premium Reduction/Premiums	$20 – $60 reduction in most plans $41.53 benefit cost	$0 reduction in most plans $2.10 benefit cost	$0 reduction; $0 – $79 in plan premium $39.42 weighted average premium
Inpatient Hospital Cost Sharing	$268/day, days 1 – 6	$268/day, days 1–6	$322/day – $395/day, days 1 – 5
Outpatient Hospital Cost Sharing	25% – 30% coinsurance	30% coinsurance	30% coinsurance*
PCP/Specialist Cost Sharing	$15 PCP $40 Specialist	$15 PCP $40 Specialist	$20 PCP $50 Specialist
Part D Cost Sharing	$4 – $15 generics $45 – $80 brands	$6 – $15 generics $45 – $85 brands	$6 – $15 generics $45 – $95 brands
Supplemental Benefits	Dental included Hearing included Vision included Gym included	Dental included Hearing included Vision included Gym not included	Dental included Hearing, Vision, and Gym not included Hearing and Vision can be purchased for $19 premium
New Plans/Elimination of Plans	e-plans with additional cash back	Platinum plans eliminated. UHCIC PPO plans created	UHCIC PPO split into two service areas

- The average Part B premium reduction has changed from costing $41.53 to the plan to charging $39.42 premium to the member - a net gain to Company of $80.95
- Inpatient Hospital co-pays increased to drive down inpatient utilization
- Removal of supplemental benefits reduces rebate needed to offer supplemental benefits
- Split out UHCIC PPO into two service areas, one with a higher premium that includes AZ, DC, MD, NV, SC, and UT

*includes additional outpatient services not included in prior years such as cardiac rehab, PT, OT, ST, Diagnostic Radiology, and Preventive services

Revenue Changes Between 2012 – 2013

		2012 PMPM CMS Revenue		2013 Increase in Bid Revenue from CMS		2013 Member MRA score increase		2013 Member Plan Premium (and Supplemental Premium)		2013 Plan Revenue
UHCIC	PFFS	$723	x	4.9%	x	3.0%	+	$35	=	$816
	PPO	$761	x	6.7%	x	3.0%	+	$22	=	$857
UHC	HMO	$841	x	0.2%	x	4.0%	+	$2	=	$877

- UHCIC increases by 12.8%, primarily due to changes in the bid, addition of a plan premium, and increase in MRA scores
- UHC revenue increases by 4.3%, primarily due to MRA score increases (as Part B reduction is eliminated in many plans)

MRA Changes Between 2011 – 2013

		2011	2012	2013
UHC	MRA PMPM	$ 38.10	$ 71.90	$ 78.01
	Rev PMPM	$ 787.11	$ 840.86	$ 877.24
	MRA/Rev %	4.8%	8.6%	8.9%
	MRA Risk Score	0.99	1.10	1.14
UHCIC	MRA PMPM	$ 35.83	$ 53.21	$ 58.57
	Rev PMPM	$ 706.36	$ 725.22	$ 819.88
	MRA/Rev %	5.1%	7.3%	7.1%
	MRA Risk Score	0.86	0.93	0.97

- Great intensity and effort for MRA in 2012
- Even with significant new members in 2012, we were able to improve the risk scores significantly
- We expect this effort to continue in 2013

Segment Overview

Segment Overview
Medicare HMO

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Universal's Strategy

Market Entry Strategy

- Enter the market with a non-network PFFS plan
- Build a network and offer a network PPO
- Transition PPO into HMO and provide additional Medicaid offering

Market Objective

- Establish deeper relationships with IPAs, MSO providers to establish global risk contracts

Universal HMOs

Three States with active HMO membership

- Florida with 41,058 members in 36 counties
- Texas with 4,540 members in 8 counties
- Nevada with 360 members in Clark County
- HMO license in Georgia which is inactive

Deep provider and MSO relationships

- Florida HMO has been in operation since 2002
- 65% of Florida HMO members in MSO/IPA risk relationships. Majority in Global Risk arrangements
- Increasing Texas membership in risk relationships (65%)

Florida HMO 41,058 members by County

County	# of Members	County	# of Members
Polk	4,179	Clay	523
Pinellas	3,969	Lee	464
Manatee	3,496	Seminole	298
Pasco	3,444	Alachua	257
Hillsborough	3,317	Putnam	197
Brevard	3,025	Leon	178
Sarasota	2,640	Sumter	173
Hernando	2,483	Collier	164
Duval	2,266	Lake	148
St. Lucie	1,892	Okeechobee	125
Charlotte	1,468	Gadsden	69
Palm Beach	1,441	Madison	69
Volusia	1,244	Miami-Dade	54
Citrus	800	Wakulla	33
Osceola	717	Jefferson	26
Orange	679	Franklin	11
Marion	645	Liberty	7
Broward	553	Calhoun	4

SNP Membership

- Out of the ~45,000 HMO members ~19,300 or 43% are C-SNP / D-SNP (44% of Florida membership is C-SNP/D-SNP)
- We offer several C-SNP plans in Florida
  - Diabetes, CHF, CAD
  - COPD
  - Dementia

FL – H5404

County	C-SNP
Brevard	1,623
Broward	145
Citrus	220
Clay	235
Dade	3
Duval	942
Hernando	1,006
Hillsborough	1,323
Manatee	1,243
Marion	347
Miami-Dade	3
Orange	258
Osceola	367
Palm Beach	377
Pasco	1,460
Pinellas	1,473
Polk	1,767
Saint Lucie	184
Sarasota	737
Seminole	94
St Lucie	495
St. Lucie	7
Sumter	72
Volusia	574
Grand Total	**14,955**

TX – H6642

County	C-SNP
Bexar	47
Collin	48
Dallas	196
Denton	37
Galveston	170
Harris	775
Montgomery	75
Tarrant	94
Grand Total	**1,442**

NV – H6705

County	C-SNP
Clark	119

Dual Membership

- Our current Dual membership is
  - 2,560 in Florida
  - 245 in Texas
- Florida has Medicaid and Medicare overlap; All 15 counties in which we have Medicaid membership, we have HMO membership as well

FL – H5404	
County	**D-SNP**
Broward	36
Dade	12
Duval	265
Hernando	157
Hillsborough	44
Manatee	196
Miami-Dade	4
Palm Beach	130
Pasco	297
Pinellas	455
Polk	488
Sarasota	78
Grand Total	**2,560**

TX – H6642	
County	**D-SNP**
Bexar	26
Collin	4
Dallas	51
Denton	2
Galveston	13
Harris	122
Montgomery	8
Tarrant	19
Grand Total	**245**

Segment Overview
PFFS and National PPO

Universal's Strategy

Current

- To date the strategy has been to grow our footprint and extend the scale of the business
  - Expanded into 20 states
  - Provides reach and scale to compete effectively
- Offering choice and flexibility to members is key to success
  - Pioneers when offered the Any, Any, Any product in 2007
- With the CMS requirement for building networks in certain counties (primarily urban), the Company has created networks in 121 counties and laid the foundation for a business with more depth

Future

- The logical extension after building the networks was to offer a PPO product in those counties, which the Company did in 2012
- There is a compelling case for a Non-Network PFFS product in rural areas, where such a product gives good value vis-s-vis a Med supp product
- In places where the Company has built the network, the logical next step is to build HMOs, provide more MA choice and eventually enter the Medicaid market

Universal PFFS/National PPO

Three Products

- Network Private Fee for Service (PFFS)
- Non-Network Private Fee for Service (PFFS)
- National PPO

National Footprint – 43,051 members in 19 states

- Network Private Fee for Service (PFFS) – 1/1/13 membership 15,828 in 16 states
- Non-Network Private Fee for Service (PFFS) – 1/1/13 membership 24,466 in 19 states
- National PPO – 1/1/13 membership 2,257 in 16 states

PFFS/PPO Network Footprint

State	Network PFFS	Counties	National PPO	Counties	Total
Arizona	864	2	11	1	875
District of Columbia	10	1	5	1	15
Florida	2,088	30	797	19	2,885
Georgia	3,348	10	227	6	3,575
Louisiana	68	6	36	6	104
Maryland	500	7	86	5	586
Missouri	13	3	48	3	61
North Carolina	86	4	134	4	220
Nevada	1,778	2	194	2	1,972
New York	2	1	6	1	8
Ohio	28	6	142	7	170
Pennsylvania	519	16	221	15	740
South Carolina	3,526	8	3	3	3,529
Texas	1,635	15	379	11	2,014
Utah	1,296	5	11	3	1,307
Virginia	67	5	457	4	524
Total	**16,828**	**121**	**2,757**	**91**	**18,585**

Network Product

- Since networks have already been created in 121 counties in 16 states for this product, there is an opportunity to create an HMO and offer MA as well as Medicaid. This requires regulatory capital
- Relationships are already in place and can be leveraged
- We have spent about $15 million in the past three years to build these networks on our own paper

Non-Network Product

- In rural areas where CMS has not required us to build networks, we offer a great value for seniors
- Often their choice is traditional Medicare with an additional Medicare Supplement product that costs between $150-200 per month
  - Does not cover Part D, which is an additional $50 per month
- Even with charging a premium, we can be very competitive and offer great value
- Since providers are deemed we pay 100% of Medicare allowable rates; we also have lower costs compared to about 105% in our Network product

PPO Product

- The PPO product is very appealing to seniors who are used to the choice and flexibility that they are used to in employer plans
- We have leveraged our Network PFFS business to offer this National PPO product
- Same co-pay for in- and out-of-network results in a competitive advantage and a less expensive option for the company

Examples of HMO Conversion Opportunity

Our established PFFS/PMO network can be translated into an HMO network and to serve Medicare eligibles across our 13 additional states

Arizona

County	PFFS (Network) Members	PPO Members	MA Penetration	Medicare Eligibles
Gila	1		11.1%	14,012
Maricopa	783		42.1%	534,519
Pima	15	40	44.7%	173,473

Georgia[1]

County	PFFS (Network) Members	PPO Members	MA Penetration	Medicare Eligibles
Bartow	1		21.4%	14,940
Chatham	357	29	27.5%	40,405
Clayton	168	34	31.1%	26,389
Cobb	327		26.3%	78,365
Columbia	79		21.8%	16,417
DeKalb	418	40	31.0%	81,508
Fulton	516	43	29.1%	107,822
Gwinnett	515		26.8%	74,262
Henry	226	43	27.7%	24,156
Newton	0		25.5%	14,146
Richmond	211		29.7%	31,696
Rockdale	160	21	28.4%	12,109
Tift	2		22.0%	6,807
Union	0	4	20.7%	6,572

Louisiana

County	PFFS (Network) Members	PPO Members	MA Penetration	Medicare Eligibles
Bossier	0	6	13.3%	17,206
Caddo	4	6	15.7%	43,920
East Baton Rouge	50	3	34.9%	62,222
Lafayette	4	6	8.8%	29,766
Ouachita	0	10	15.4%	24,783
Rapides	1	7	11.5%	24,836

Maryland

County	PFFS (Network) Members	PPO Members	MA Penetration	Medicare Eligibles
Anne Arundel	42	95	6.3%	77,919
Baltimore	41	156	10.0%	138,856
Baltimore City	56	184	15.4%	93,053
Caroline	1		2.3%	5,789
Howard	46	19	6.1%	35,212
Montgomery	77		6.9%	130,958
Prince George's	168	114	12.8%	101,706

1. *Georgia HMO license in place but currently inactive.*

Examples of HMO Conversion Opportunity *(cont'd)*

Our established PFFS/PMO network can be translated into an HMO network and to serve Medicare eligibles across our 13 additional states

Missouri

County	PFFS (Network) Members	PPO Members	MA Penetration	Medicare Eligibles
Jackson	3	32	32.5%	108,528
St. Louis	9	13	30.0%	177,572

New York / Washington DC

County	PFFS (Network) Members	PPO Members	MA Penetration	Medicare Eligibles
New York	2	7	30.0%	253,262
District Of Columbia	11	47	10.3%	82,991

North Carolina

County	PFFS (Network) Members	PPO Members	MA Penetration	Medicare Eligibles
Davidson	13	36	45.9%	30,598
Forsyth	10	19	47.4%	59,236
Guilford	9	18	38.6%	78,168
Mecklenburg	64	59	20.0%	107,418
Vance	13	36	45.9%	30,598

Ohio

County	PFFS (Network) Members	PPO Members	MA Penetration	Medicare Eligibles
Butler	0	18	38.9%	55,998
Franklin	7	35	41.3%	151,153
Hamilton	3	18	36.8%	131,149
Lucas	7	33	35.6%	74,903
Mahoning	5	6	44.3%	50,768
Montgomery	0	18	44.8%	99,421
Stark	4	11	48.3%	74,685

Examples of HMO Conversion Opportunity *(cont'd)*

Our established PFFS/PMO network can be translated into an HMO network and to serve Medicare eligibles across our 13 additional states

Pennsylvania

County	PFFS (Network) Members	PPO Members	MA Penetration	Medicare Eligibles
Allegheny	26	25	61.4%	240,513
Beaver	0	30	64.6%	38,853
Berks	1	5	33.9%	73,643
Bucks	125		30.3%	113,670
Butler	1		56.2%	34,572
Carbon	0	6	16.5%	14,160
Dauphin	0	6	45.3%	46,782
Delaware	49		26.9%	94,881
Erie	13	47	43.8%	52,228
Lehigh	0	9	29.9%	63,974
Luzerne	0	11	22.0%	69,826
Mercer	5	9	43.3%	26,801
Northampton	0	8	25.0%	57,503
Philadelphia	123	71	41.7%	236,173
Schuylkill	1	3	25.9%	33,141
Washington	0	1	61.2%	45,572
Westmoreland	0	3	65.2%	81,492

South Carolina

County	PFFS (Network) Members	PPO Members	MA Penetration	Medicare Eligibles
Aiken	547		15.7%	31,424
Beaufort	309		13.5%	37,729
Berkeley	336		15.9%	25,878
Charleston	640	53	14.0%	57,580
Greenville	544		26.7%	77,698
Orangeburg	0		23.1%	17,776
Pickens	44	24	27.8%	22,122
Spartanburg	386		31.9%	54,324
York	458		17.7%	34,687

Utah

County	PFFS (Network) Members	PPO Members	MA Penetration	Medicare Eligibles
Cache	0		43.7%	10,632
Davis	45	7	35.1%	31,626
Salt Lake	188	34	40.3%	113,127
Utah	13	3	41.5%	42,167
Weber	51		32.3%	29,658

Virginia

County	PFFS (Network) Members	PPO Members	MA Penetration	Medicare Eligibles
Chesterfield	10	114	18.7%	45,258
Fairfax	16	130	10.4%	121,685
Henrico	19	119	20.1%	46,104
Richmond City	23	92	22.3%	29,859

Segment Overview

U-First & Community First Medicaid

Future of Florida Medicaid and Universal's Strategy

Future of Florida Medicaid

- Managed Medical Assistance (MMA); will replace current FL 2012 – 2015 Medicaid contract
- State going to reform program model in all areas
- Florida will no longer manage care of Medicaid recipients (i.e., Medipass or "fee-for-service"); state will auto-assign all non-chooser eligibles to MCO's
- All MCO's, PSN's, and ACO's required to submit RFP for Medicaid beyond 2015 (contract will be 5 years)
- Only a select number of MCO's, PSN's, and ACO's will be selected to contract with state; # of selected MCO's will be based on eligible population of region

Universal Medicaid Strategy

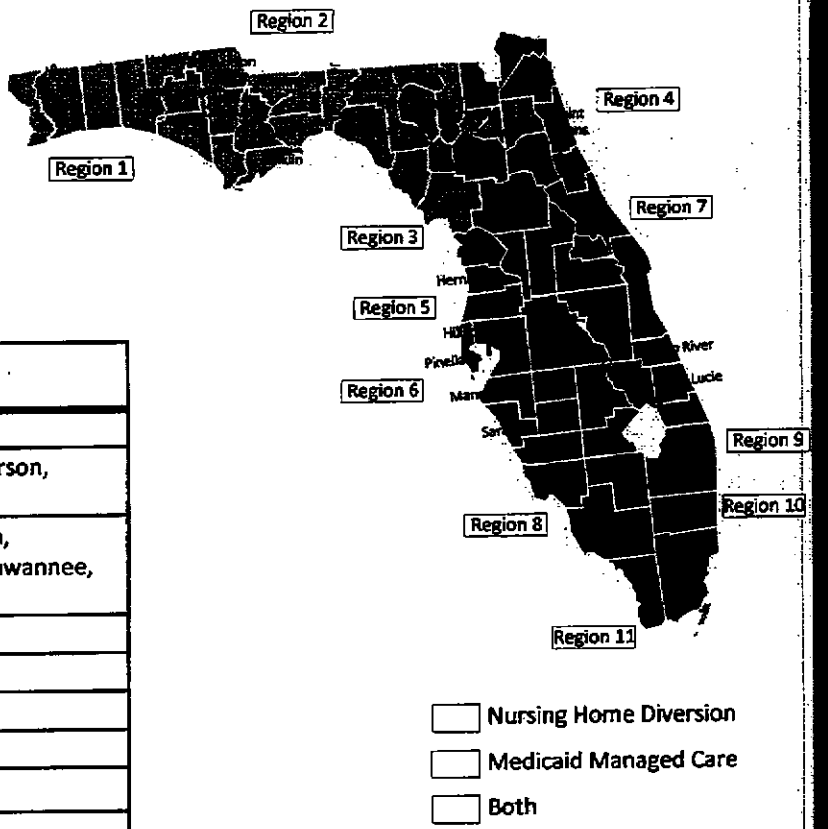
- Bid on regions 4 – 11 (majority of state) upon release of ITN in January 2013, with award announced in June 2013
- Anticipated membership is 130,000 members by 2014 (Assuming 2 regions awarded)
- Nationwide expansion efforts to take place post Florida Managed Medical Assistance RFP

Florida Medicaid Components

Two Medicaid Components within Florida:

- Medicaid Managed Care
- Nursing Home Diversion

Region Number	Counties
1	Escambia, Okaloosa, Santa Rosa, and Walton
2	Bay, Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Jefferson, Leon, Liberty, Madison, Taylor, Wakulla, and Washington
3	Alachua, Bradford, Citrus, Columbia, Dixie, Gilchrist, Hamilton, Hernando, Lafayette, Lake, Levy, Marion, Putnam, Sumter, Suwannee, and Union
4	Baker, Clay, Duval, Flagler, Nassau, Saint Johns, and Volusia
5	Pasco and Pinellas
6	Hardee, Highlands, Hillsborough, Manatee, and Polk
7	Brevard, Orange, Osceola, and Seminole
8	Charlotte, Collier, DeSoto, Glades, Hendry, Lee, and Sarasota
9	Indian River, Martin, Okeechobee, Palm Beach, and Saint Lucie
10	Broward
11	Miamie-Dade and Monroe



Reform Program and Enrollment by County

Programs	Description	Medicaid Covered Services	Universal Expanded Benefits
Reform "Pilot"	• No FL state Medicaid (Medipass) • Participate in MCO or PSN required • Enhanced Benefit Rewards • Counties: – Duval , Baker, Clay, Nassau (Region 4) – Broward (Region 10)	• Physician Services • Outpatient Hospital Services • Inpatient Hospital Services • Prescribed Drug Services • Family Planning Services • Lab and X-Ray Services • Home Health Care • Durable Medical Equipment • Immunizations • Wellness • Podiatry • Dermatology • Chiropractor	• Vision Services • Hearing Services • Adult Comprehensive Dental • Pediatric Comprehensive Dental • OTC Medicine and Supplies • Transportation

County	Area	Total TANF	Total SSI	Total 1/1/2013[1]	Enrolled Prev. Mo.	% CHG. Prev. Mo.	Total 12/31/2011	% CHG. Prev. Yr.
Broward	10	9,148	1,667	**10,911**	11,003	-0.84%	**11,292**	-3.4%
Duval	04	7,525	1,074	**8,671**	8,527	1.69%	**7,971**	8.8%
Total		16,673	2,741	**19,582**	19,530	0.27%	**19,263**	**1.7%**

1 *Includes AIDS and HIV enrollment*

Non-Reform Program

Programs	Description	Medicaid Covered Services	Universal Expanded Benefits
Non-Reform	• FL state Medicaid program option (Medipass). Members are auto-assigned to MCOs, but can opt-out to Medipass • In all other counties than reform	• Physician Services • Outpatient Hospital Services • Inpatient Hospital Services • Prescribed Drug Services • Transportation • Family Planning Services • Lab and X-Ray Services • Home Health Care • Durable Medical Equipment • Immunizations • Wellness • Pediatric Basic Dental • Podiatry • Dermatology • Chiropractor	• Vision Services • Hearing Services • Adult Basic Dental • OTC Medicine and Supplies **New Expanded Benefits as of 1/1/2013** • Hearing Aid Benefit, annual if medically necessary • Nutritional Supplement • Circumcision (up to 12 weeks old)

Enrollment by County: Non-Reform

County	Area	Total TANF	Total SSI	Total 1/1/13	Enrolled Prev. Mo.	% CHG. Prev. Mo.	Total 12/31/2011	% CHG. Prev. Yr.
DADE	11	2,674	484	**3,158**	3,173	-0.47%	**3,615**	-12.6%
GADSDEN	02	602	144	**746**	730	2.19%	**787**	-5.2%
HERNANDO	03	2,136	411	**2,547**	2,600	-2.04%	**2,584**	-1.4%
HILLSBOROUGH	06	7,870	1,144	**9,014**	8,824	2.15%	**7,324**	23.1%
JEFFERSON	02	95	23	**118**	117	0.85%	**165**	-28.5%
LEON	02	2,134	393	**2,527**	2,506	0.84%	**2,510**	0.7%
MANATEE	06	3,166	387	**3,553**	3,497	1.60%	**3,114**	14.1%
PALM BEACH	09	4,820	1,037	**5,857**	5,867	-0.17%	**5,622**	4.18%
PASCO	05	2,815	422	**3,237**	3,202	1.09%	**2,942**	10.0%
PINELLAS	05	5,166	857	**6,023**	5,971	0.87%	**4,935**	22.1%
POLK	06	3,413	639	**4,052**	4,089	-0.90%	**4,060**	-0.2%
SARASOTA	08	3,555	578	**4,133**	4,203	-1.67%	**4,192**	1.4%
St. Lucie	09	97	15	**112**	7	NA	**0**	NA
WAKULLA	02	260	32	**292**	287	1.74%	**330**	-11.5%
Total		38,803	6,566	**45,369**	45,073	**0.66%**	**42,180**	**7.6%**

Segment Overview

Long-Term Care Nursing Home Diversion Program

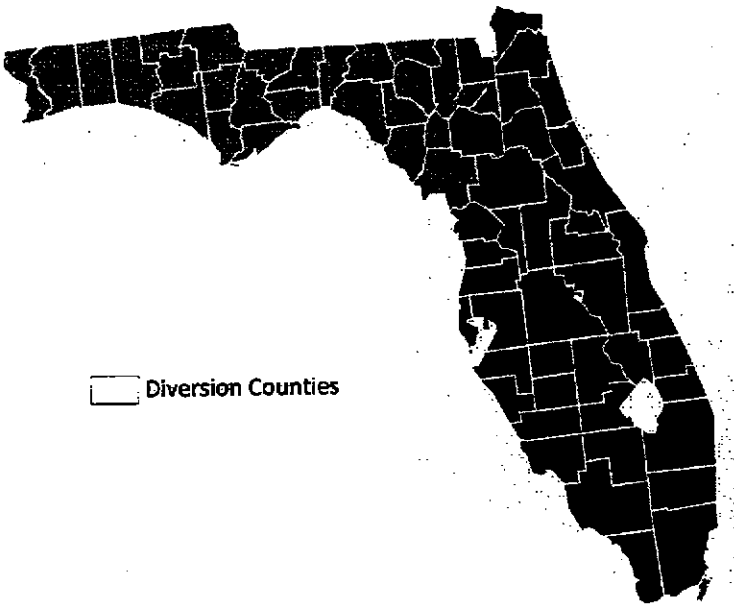
Nursing Home Diversion

- The Program is a Florida Medicaid waiver program administered by the Department of Elder Affairs (DOEA)
- The Diversion program diverts people from unnecessary early placement in nursing homes by maintaining them in their own home or an Assisted Living Facility (ALF)
- The program brings services to the individual, coordinated by Diversion Case Managers in conjunction with the member's PCP and family
- Some of the services this program offers are; case management, companion, homemaker, emergency response systems, family training, home delivered meals, and assisted living services

Diversion Footprint

Nursing Home Diversion Program

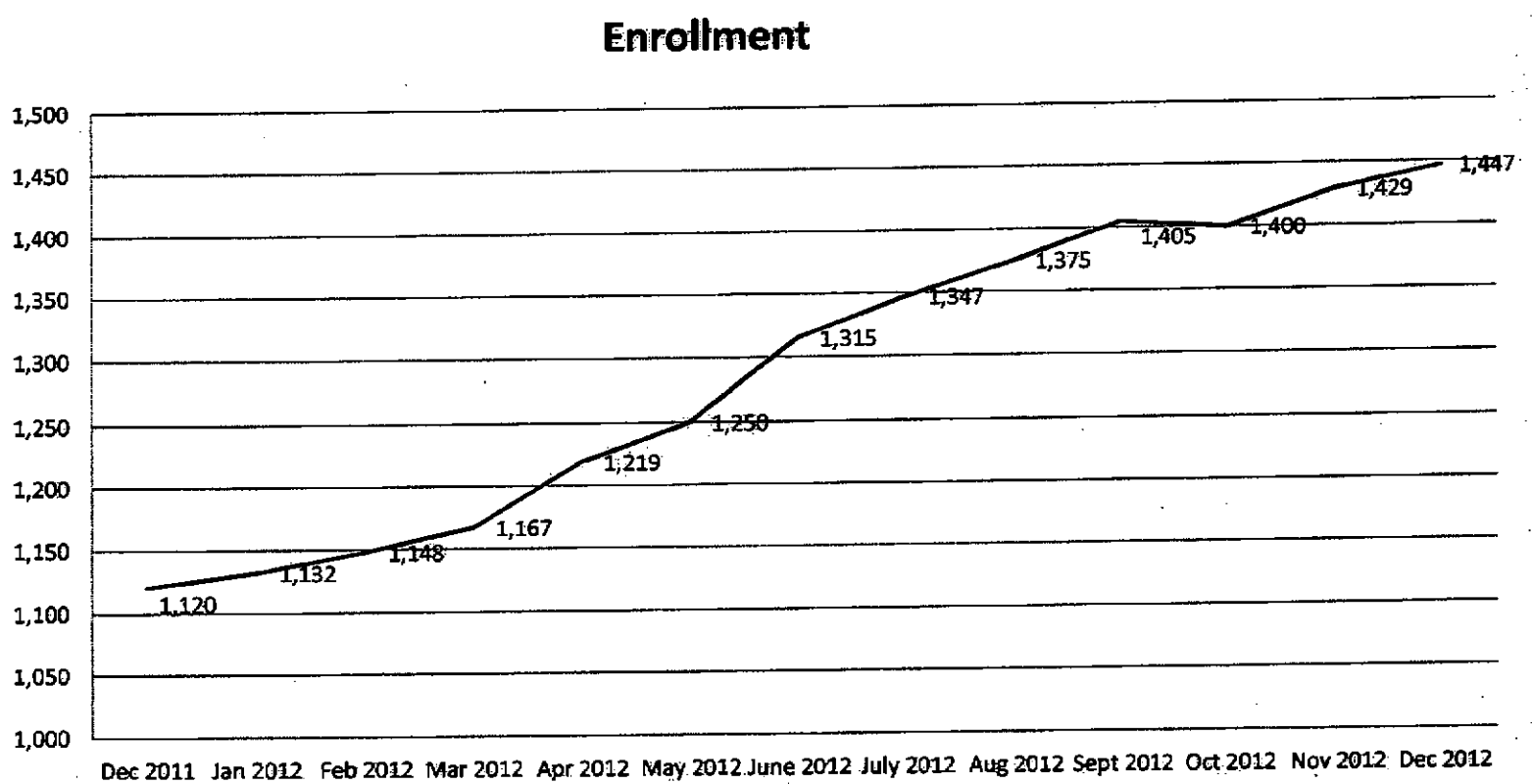
- Contracted with Florida to manage Diversion members since 2004
- 1,500 members statewide as of 12/1/2012 → 6th among Plans participating in program
- Operating in 40 counties statewide
  - Expanded into 16 of those counties in 2012
- Dedicated company-wide FTEs – 32
  - Est. staffing costs: $1.5M



Nursing Home Diversion

Programs	Medicaid Covered Services	Universal Expanded Benefits
Diversion	• Adult Companion • Adult Day Care • Assisted Living • Case Management • Chore Services • Consumable Medical Supplies • Coordination of Acute Care Services • Emergency Response Systems • Environmental Adaptation • Escort Services • Family Training • Financial Assessment and Risk Reduction • Home Delivered Meals • Home Maker Services • Nursing Facility • Nutritional Assessments and Risk Reduction • Occupational Therapy • Personal Care • Physical Therapy • Respiratory Therapy • Respite Care • Selected Prescribed Drug Services • Speech Therapy	• Vision Services • Hearing Services • Dental Services • $25 monthly flex reimbursement • Transportation

Nursing Home Diversion



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Operational Improvements and Potential Synergies

Potential Synergy Overview

We believe that a total estimated synergies of $82.7 million across SG&A efficiencies and MLR improvements are achievable in the existing cost structure

SG&A Costs ($ in millions)		
Segment	**Gross Opportunity**	**Description**
Support Department	$16.9	• Compliance, HR, creative services, provider operations, finance and IT related costs
Executives	$11.9	• Rationalization of headcount for directors and above
Vendor Costs	$13.0	• 50% of total vendor related costs
Other Costs	$5.0	
Marketing Costs	$11.0	
Total SG&A Costs	**$57.8**	• **Represents 45% of existing SG&A costs**
Potential MLR Savings ($ in millions)		
Segment	**Gross Opportunity**	**Description**
MLR Savings	**$24.9**	• **Assumes 2% MLR savings from increased scale and utilizing superior network discounts for acquired membership**
Total Opportunity ($ in millions)		
Total	**$82.7**	

Additionally, the Company has NOLs of approximately $50-55 million that can be used to offset future income

MRA and Increased Retro Effort in 2012

- Intense focus on retrospective chart reviews
- Team of in-house people (25) retrieves and codes charts
  - MSO partners retrieve & code charts
  - Several vendors retrieve & code charts
- Robust in-house Q.C. system to ensure that all HCCs are valid and well documented
  - Expect a 95% quality performance
- Vendors, such as CENSEO, perform prospective chart reviews
- Increased number of chart reviews driving MRA revenue improvements

Period	2011	2012
Total Members (with at least one month's claims	119,064	155,000
Unique members for whom charts pulled	57,651	124,000
% of Total	48%	80%
Total Charts Pulled	73,750	297,182
Charts pulled per member	1.28	2.4
MRA Revenue	$20.5 MM	$74.5 MM
% of Total Revenue	2.2%	6.0%
Incremental Revenue		$45 MM
Incremental Costs		$4 MM
MRA Revenue per chart	137	175

2012 Risk Scores

PLAN	2012 MBRS	AVG AGE	New Enrollees Membership	NEW to MEDICARE (Aged In) %	New Enroll RAF	MBRS w/12 MONTHS in DCP	2012 INITIAL RAF	2012 MID YEAR RAF	% RAF CHANGE	2012 FINAL RAF	% RAF CHANGE
FL HMO	49,982	71	3,902	8%	0.60	27,401	1.03	1.07	4%	1.10	7%
FL PPO	969	72	40	4%	0.57	798	0.97	0.97	0%	0.99	2%
Non-Network PFFS	45,273	70	3,588	8%	0.63	22,982	0.82	0.87	6%	0.95	16%
TX HMO	4231	69	363	9%	0.60	2044	0.77	0.83	8%	0.91	18%
NV HMO	314	68	41	13%	0.60	105	0.86	0.72	-16%	0.75	-13%
Network PFFS	23,101	71	1,639	7%	0.59	17,471	0.86	0.84	-2%	0.90	5%
National PPO	2,604	68	325	12%	0.62	N/A	N/A	N/A	N/A	N/A	N/A
Total	**126,474**	**70**	**9,898**	**8%**	**0.61**	**70,801**	**0.92**	**0.94**	**2%**	**1.00**	**8%**

Opportunity to Improve

Quick 5-Star YoY Recap

Contract	2012			2013		
	Part C	Part D	Overall	Part C	Part D	Overall
H5096 (PPO)	Plan too new to be measured	Plan too new to be measured	Plan too new to be measured	Plan too new to be measured	Not enough data available	Plan too new to be measured
H5404 (HMO) FL	3.0	2.5	3.0	2.5 (12.88)	2.5[1] (4.25)	2.5
H5429 (PPO)	2.5	2.5	2.5	2.0 (2.88)	2.5 (3.4)	2.5
H5820 (PFFS)	2.5	2.5	2.5	2.5 (21.48)	2.5[1] (13.75)	2.5
H6642 (HMO) TX	Not enough data available	2.0	Not Enough Data Available	2.0 (18.75)	2.0 (0.5)	2.0
H6705 (HMO) Nevada	Plan too new to be measured	Not enough data available	Plan too new to be measured	Not enough data available	2.5 (5.88)	Not enough data available
H8098 (PFFS)	Plan too new to be measured	Plan too new to be measured	Plan too new to be measured	2.5 (19.63)	2.0 (8.63)	2.5
H5096 (PPO)	Plan too new to be measured	Plan too new to be measured	Plan too new to be measured	Plan too new to be measured	Not enough data available	Plan too new to be measured

1. *Low Performing Plan for three consecutive years having three stars or lower.*
2. *(##) Points needed to reach the for next star.*

UHC Current Performance (at Measure Level)

[Received 1 to 2.5 Star] – Areas of Opportunity
(Admin, HEDIS and PDE)

- **Internal Administration/Operational Measures** – Controlled by UHC (such as Foreign Language and TTY/TDD Interpreter Availability, CTMs)
- **HEDIS/Medical Claims Data Measures** – Robust Data-Driven Interventions (Member and Provider Behavior)
- **PDE/Medication Claims Data Measures** – Interventions to ensure Medication Adherence (Member and Provider Behavior)

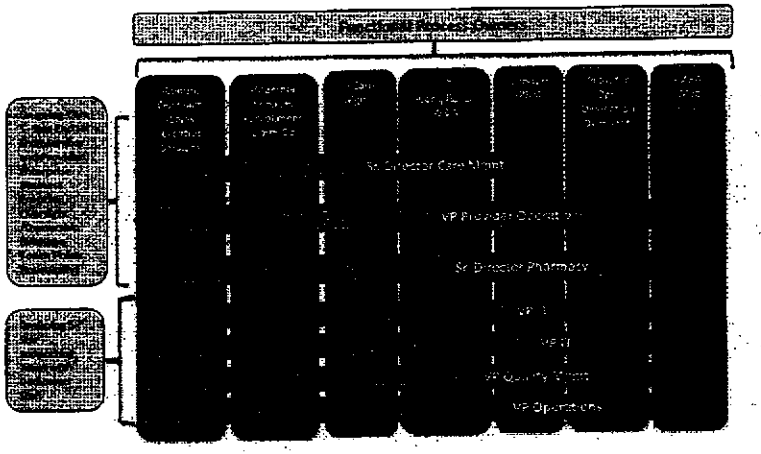
[Received 4 Star] – Member Experience
Performance (CAHPS/HOS Surveys)

- **Getting Needed Care** – Felt they were getting the care they needed
- **Customer Service (HMO and PFFS)** – Felt that they were getting the information they need when they call
- **Overall Rating of Health Care Quality (HMO and PFFS)** – Rated their overall quality 7.0 or higher out of ten
- **Getting Information from Drug Plan** – Felt they were getting the information or help they need. (PFFS)
- **Getting Needed Prescription Drugs** – Felt it was easy to get the prescribed medicines
- **Rating of Drug Plan (HMO)** – Rated their overall quality 7.0 or higher out of ten

The Approach, Targets and Appeals

- Implemented a company-wide strategy to increase ratings to **3-Star by June 2013** and **4-Star by 2014**
- New team (2012) focuses on identifying and driving Quality Improvements via a comprehensive quality improvement program (**47 Projects, 181 Deliverables**) that
  - Outlines the process, systems and people infrastructure requirements necessary to deliver higher quality of care and services to our members; aligns with Quality Improvement Model approach; includes industry best practice initiatives to help increase 5-Star performance; ensures cross-functional and vertical 5-Star awareness and ownership
- Built strong provider networks consisting of over 10,000+ physicians including 5,000 primary care physicians

Quality Improvement Model
(How to Implement Across The Enterprise)



2013 Medicare/5-Star Reconsideration (Using NCQA Accreditation)

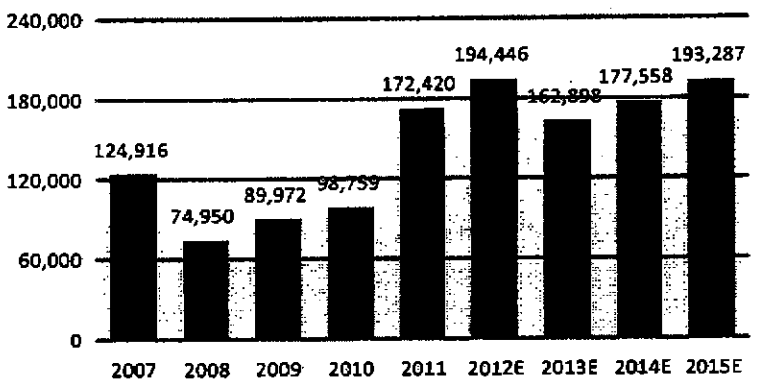
- Currently appealing up to four measures based on incorrect data and [2011–2014] – Medicare HMO/POS- Deemed Status
- Appeals are across all contracts and would have material impact in Part C and/or Part D star rating

Financial Overview

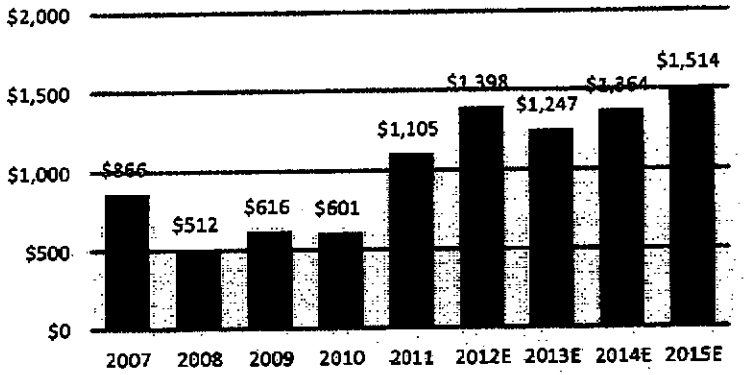
Universal Healthcare – Financial Overview

($ in millions)

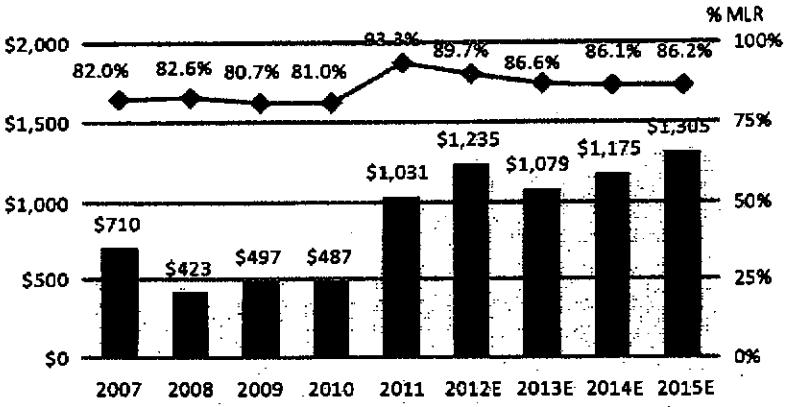
Membership



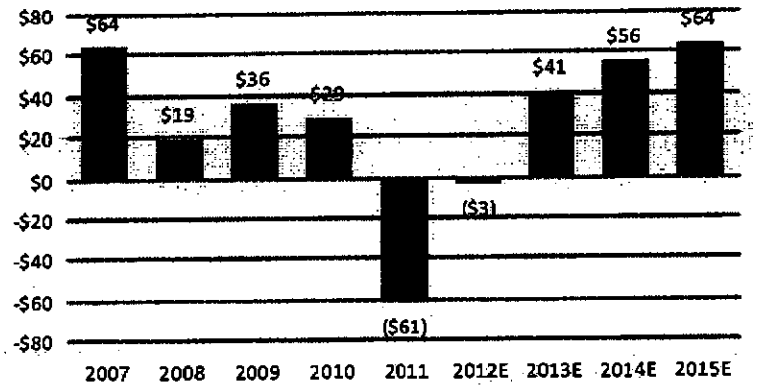
Revenue



Medical Expenses / % MLR



Adj. EBITDA



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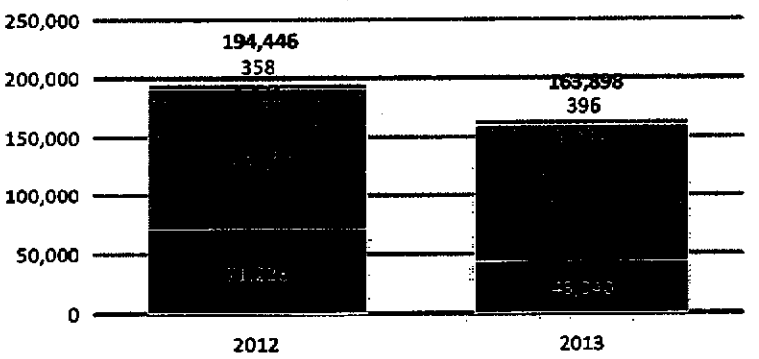
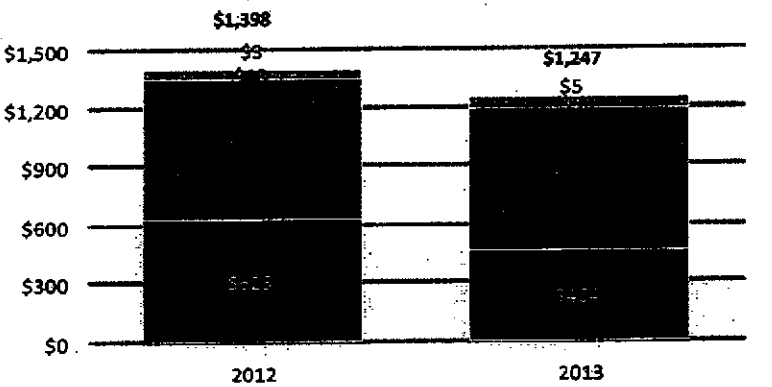
2012 & 2013 Comparison

($ in 000s)

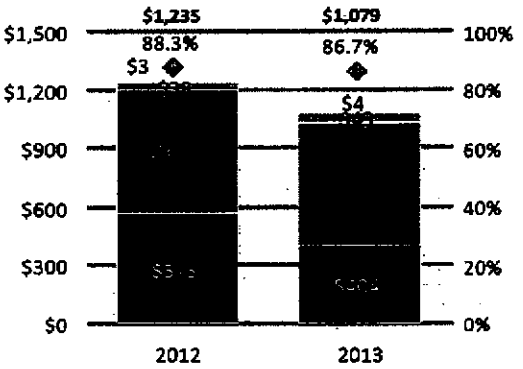
Membership



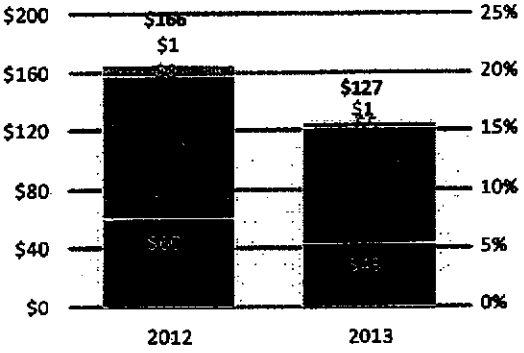
Revenue[1]



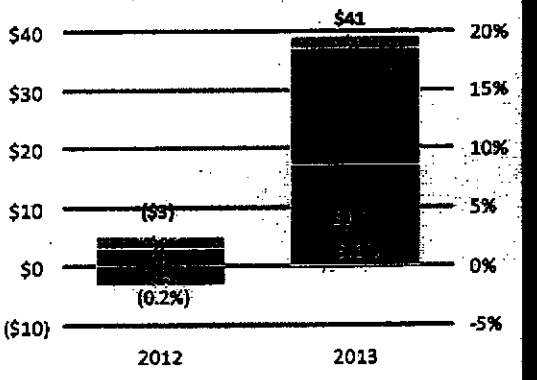
Medical Expenses (% Margin)



SG&A (% of Revenue)



EBITDA (% Margin)[1]



■ UHC ■ UHC ■ TX ■ NV

1. 2013E revenue and EBITDA include investment income, net of fees, of $2.1mm.

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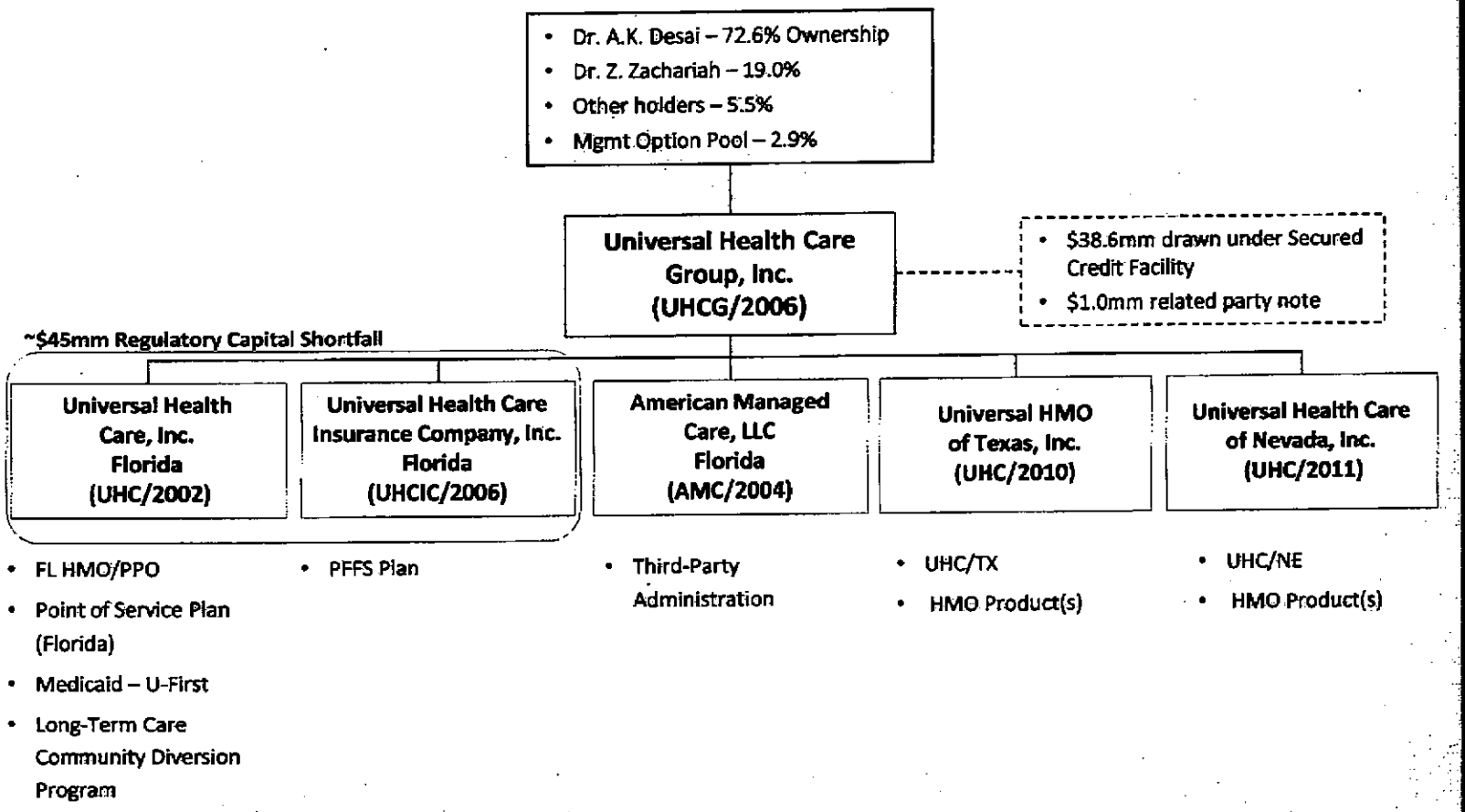
Statutory Capital Needs

At the end of January 2013 a capital injection of ~$45 million would solve current expected statutory capital needs

$ Millions	Dec 2012	Jan 2013	Feb 2013	Mar 2013
UHC				
Statutory Surplus	($12.6)	($11.6)	($10.6)	$16.4
Capital Injected	-	-	25.0	-
Surplus After Injection	(12.6)	(11.6)	14.4	16.4
Required Surplus	17.1	17.0	17.0	17.0
(Shortfall) / Excess	**(29.7)**	**(28.6)**	**(2.6)**	**(0.6)**
UHCIC				
Statutory Surplus	$18.1	$19.1	$20.1	$41.1
Capital Injected	-	-	20.0	-
Surplus After Injection	18.1	19.1	40.1	41.1
Required Surplus	18.5	12.3	12.3	40.0
(Shortfall) / Excess	**(0.4)**	**6.8**	**27.8**	**1.1**
Total (Shortfall) / Excess	**($30.1)**	**($21.8)**	**$25.2**	**$0.5**

Organisational Chart:



Managed Care Companies' Debt as a % of Revenue

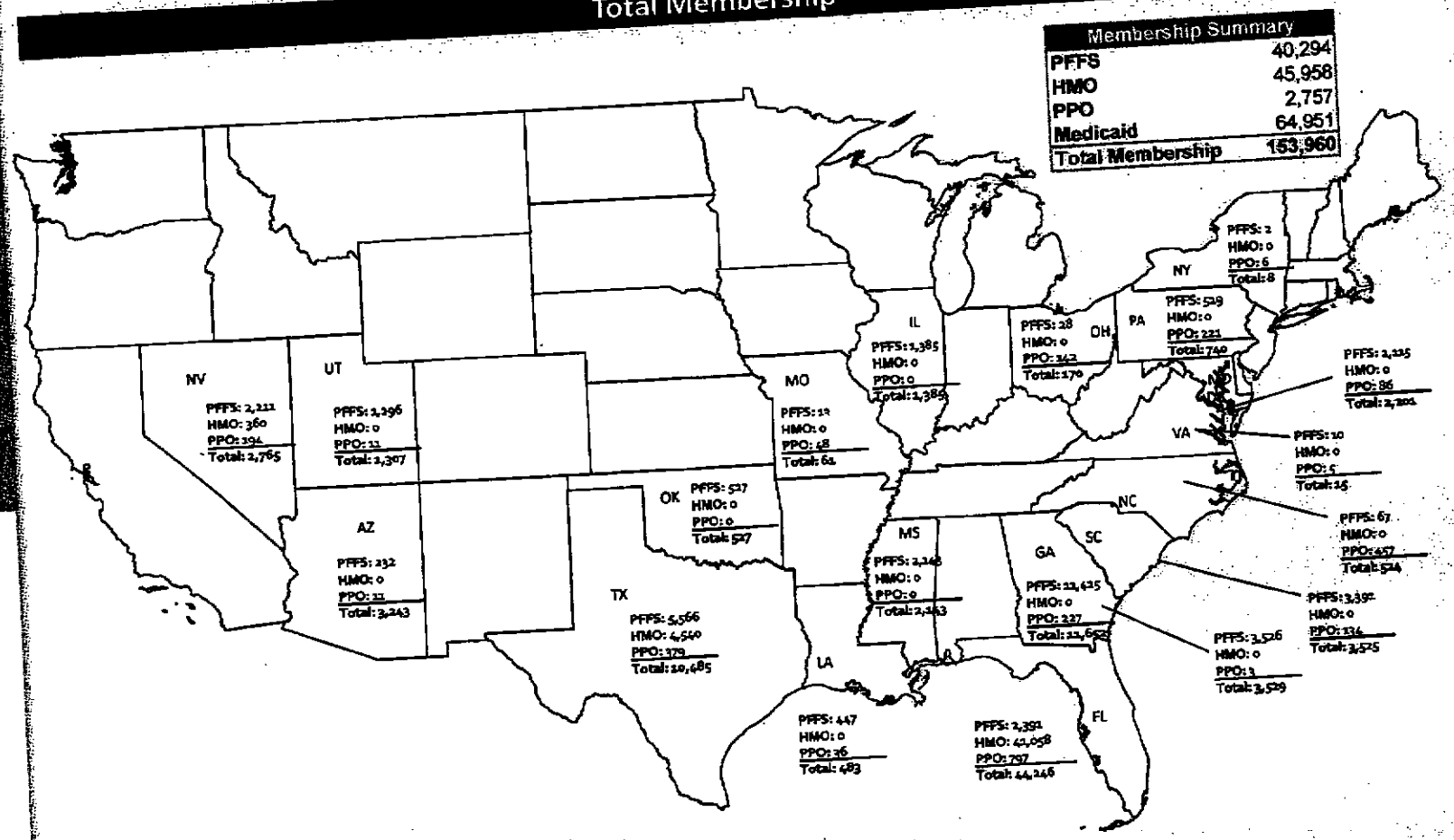
	As of 12/31/2005			As of 12/31/2011		
$ Millions	Revenues	Debt	Debt as % of Revenue	Revenues	Debt	Debt as % of Revenue
Cigna	16,684	1,338	8%	21,998	5,094	23%
HealthSpring *	856	188	22%	3,135	626	20%
Coventry	6,611	770	12%	12,186	1,818	15%
Centene	1,505	93	6%	5,340	348	7%
Molina	1,650	160	10%	4,769	218	5%
Average	27,306	2,549	9%	47,428	8,104	17%
** Data as of 12/31/2010*						
Universal Fiscal 2012				1,398	39	3%

- All the companies have grown significantly
- We have the ability to change benefits every year and provider contracts on an ongoing basis
- Scale and Barriers to entry create enduring businesses

Appendices

Total Membership as of 1/1/2013

Total Membership[1]



1. Total membership excludes Program of All-Inclusive Care for the Elderly (PACE).

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Historical and Forecast Income Statements
Universal Health Care Group, Inc.

$ Millions	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue	866	512	616	601	1,105	1,398	1,247	1,364	1,514
Medical Expense	710	423	497	487	1,031	1,235	1,079	1,175	1,305
S,G&A	92	70	83	85	135	166	127	133	145
EBITDA	64	19	36	29	(61)	(3)	41	56	64

2012 Forecast

$ Millions	UHCIC	UHC	Texas	Nevada	Group Consolidated
Revenue $	625.0	722.0	48.0	3.0	1,398.0
Med Exp $	573.0	621.5	38.0	2.5	1,235.0
Gross Margin $	52.0	100.5	10.0	0.5	163.0
S,G&A $	60.0	97.2	8.0	0.8	166.0
EBITDA $	(8.0)	3.3	2.0	(0.3)	(3.0)
MLR %	91.7%	86.1%	79.2%	83.3%	88.3%
Admin %	9.6%	13.5%	16.7%	26.7%	11.9%
EBITDA %	(1.3%)	0.5%	4.2%	(10.0%)	(0.2%)

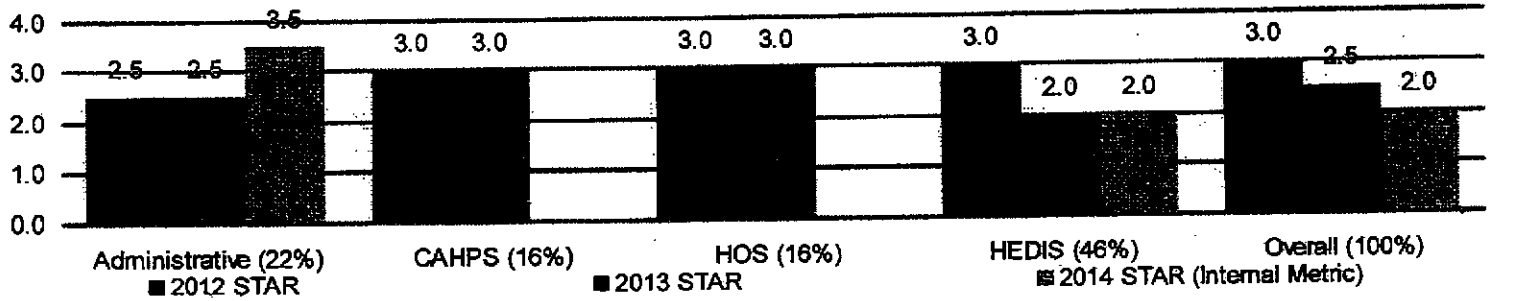
2013 Forecast

$ Millions	UHCIC	UHC	Texas	Nevada	Group Consolidated
Revenue $[1]	$464.0	$726.5	$50.0	$4.5	$1,247.0[1]
Med Exp $	404.0	628.5	42.6	3.9	1,079.0
Gross Margin $	60.0	98.0	7.4	0.6	166.0
S,G&A $	43.4	78.0	5.0	0.6	127.0
EBITDA $	16.6	20.0	2.4	-	41.0[1]
MLR %	87.1%	86.5%	85.2%	86.7%	86.7%
Admin %	9.4%	10.7%	10.0%	13.3%	10.2%
EBITDA %	3.6%	2.8%	4.8%	0.0%	3.1%

1. *2013E revenue and EBITDA include investment income, net of fees, of $2.1mm.*

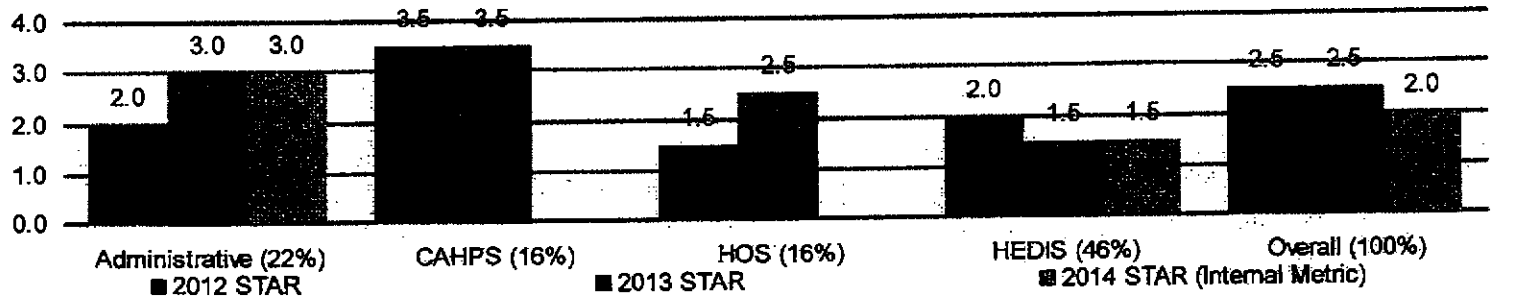
Overall 5-Star YOY Comparison

H5404 (HMO) – Part C



YOY Summary: Held constant with Admin/Operations, CAHPS, and HOS measures. HEDIS was impacted by inability to file hybrid measures per NCQA, in particular for chart dependent measures such as Controlling Blood Pressure (CBP) and Body Mass Index (BMI).

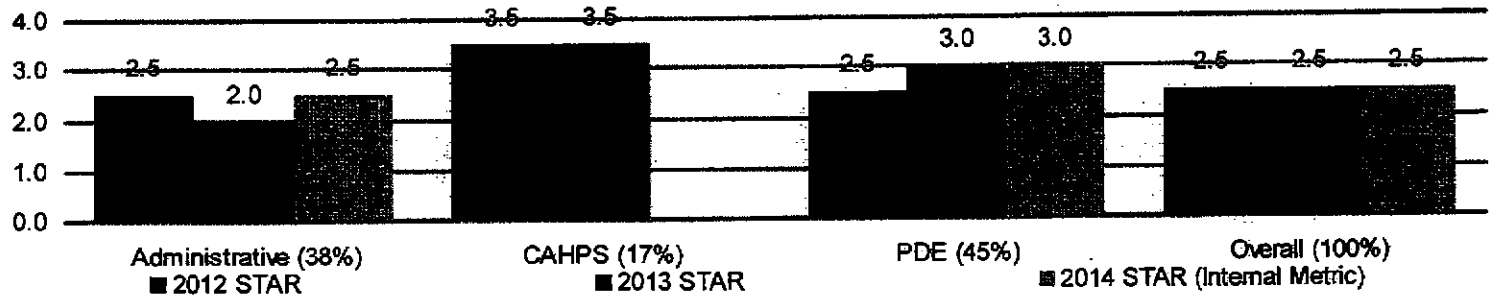
H5820 (PFFS) – Part C



YOY Summary: Admin/Operations measures increased due to lower CTMs and better YOY performance for TTY/TDD and Foreign Interpreter availability, held constant with CAHPS measures. Increases HOS due to better survey results on Fall Prevention and increase in Physical Activity. The HEDIS decrease was due to removal of the measure Access to Primary Care Visits in 2013, where we had a 4 STAR with a 1.5 weight.

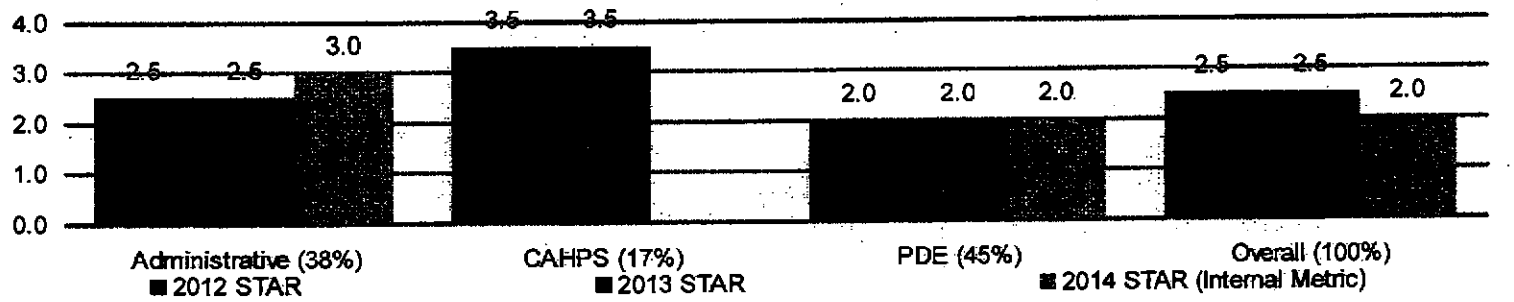
Overall 5-Star YOY Comparison

H5404 (HMO) – Part D – All Measures



Summary: Held constant with Admin/Operations, CAHPS, and HOS measures. HEDIS was impacted by inability to file hybrid measures per NCQA, in particular for chart dependent measures such as Controlling Blood Pressure (CBP) and Body Mass Index (BMI).

H5820 (PFFS) – Part D – All Measures



Summary: Held constant with all Admin/Operations, CAHPS, and PDE measures with a slight overall increase YOY, but not enough to meet the threshold to the next star.

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January 15, 2013

Ms. Shirley Fuquay
Account Manager
Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite 4T20
Atlanta, Georgia 30303-8909

Re: Universal Health Care Insurance Company, Inc.
Contract No: H8098, H5820 and H5096
Universal Health Care, Inc.
Contract No: H5404
Request to Specify Plan Capacity Limit

Dear Ms. Fuquay:

In its letter to the Centers for Medicare and Medicaid ("CMS") dated January 14, 2013, Universal Health Care Group ("Universal") requests to implement plan capacity limits for Universal Insurance Company, Inc. ("UHCIC") and Universal Health Care, Inc. ("UHC") in keeping with the provisions stated at 42 CFR 422.60 (b) (2),(8). Universal expects that this capacity limit will ensure that neither UHCIC nor UHC will accept any new enrollments during the effective period of the capacity limit.

This decision pertains to UHCIC's Network PFFS (Contract No. H8098), Non-Network PFFS (Contract No. H5820) and PPO (Contract No. H5096) and UHC's HMO contract (Contract No. H5404).
Specifically Universal would like to specify the following capacity limits per contract:
H8098 – 14,106
H5820 – 20,659
H5096 – 2,705
H5404 – 38,198

Please note that specified plan limits are based on the plan's current membership enrolled as of January 18, 2013.

EXHIBIT
B

Please also note that this decision does NOT affect the subsidiaries of Universal Health Care Group Inc., Universal HMO of Texas, Inc. and Universal Health Care of Nevada, Inc.

If you have any questions or need additional information, please do not hesitate to contact Francoise Trotman, Chief Compliance Officer at 727-456-6585 or at ftrotman@univhc.com.

Sincerely,

Akshay Desai, M.D., MPH
President & CEO

Cc: FL Office of Insurance Regulation
Clarisse Owens Centers for Medicare and Medicaid Services (CMS/CM)

encl

From: Wilkerson, Toma
Sent: Thursday, January 17, 2013 4:40 PM
To: Schoenecker, Catharine; Threadgill, Dennis; Johns, Paul; Struk, Christopher; Reglat, Valerie; Davis, Heather; Kennedy, Ray; Davis, LaTasha; Davis, Rebecca
Subject: Fw: Universal's Request - Enrollment Capacity Limits

Categories: UHC

From: Francoise Trotman [mailto:FTrotman@univhc.com]
Sent: Thursday, January 17, 2013 04:12 PM
To: Fuquay, Shirley (CMS/CMHPO) (SHIRLEY.FUQUAY@cms.hhs.gov) <SHIRLEY.FUQUAY@cms.hhs.gov>
Cc: Wilkerson, Toma; Akshay Desai, M.D., M.P.H. <adesai@univhc.com>; mitchell@sostrategy.com <mitchell@sostrategy.com>
Subject: Re: Universal's Request - Enrollment Capacity Limits

Ms. Fuquay,

On January 15, 2013 Universal Health Care ("UHC") requested that CMS allow the plan to implement enrollment capacity limits on the following contracts: H8090, H5820, H5096 and H5404. The Universal management team is requesting that CMS assist with expediting its decision. The company has assessed its financial acumen and has reason to believe that Universal is financially impaired. We believe that expediting this matter allows the company, CMS and the State to protect our existing members and avoid risk to any new Medicare beneficiaries through continued enrollment.

Thank you,

Francoise Trotman
Chief Compliance Officer

UNIVERSAL Health Care Group

Universal Health Care
100 Central Avenue, Suite 200
St. Petersburg, FL 33701
Office: 727-456-6585
Fax: 727-329-0745
FTrotman@univhc.com
http://www.univhc.com

EXHIBIT C

From: Wilkerson, Toma
Sent: Tuesday, December 18, 2012 12:57 PM
To: Johns, Paul; Struk, Christopher
Cc: Davis, LaTasha; Reglat, Valerie; Kennedy, Ray; Davis, Rebecca
Subject: FW: Universal Medicare Risk Adjusted Premiums

Categories: UHC

FYI

From: Kirk Shanks [mailto:KirkS@KirkShanks.com]
Sent: Tuesday, December 18, 2012 10:53 AM
To: Wilkerson, Toma
Cc: Tan, Richard
Subject: RE: Universal Medicare Risk Adjusted Premiums

Toma,

I've taken a quick look at the table you sent to me for the MA receivable and noticed a few things (see the table below).

1. The Texas and Nevada contracts are included in that file (H6642 and H6705)
2. There are a some lines that had a "RA Factor Type Code" of NULL. It appears these are hospice members and should not be risk scored at all.
3. There are members with a "RA Factor Type Code" of SE or ED. These are Chronic SNP new enrollees and ESRD new enrollees that are only risk scored based on their age.

PAYMENT YEAR	PLAN ID	RA FACTOR TYPE	ESTIMATED VALUE	Kirsha Est
2012	H5096	C	$103,923	$103,923
2012	H5096	I	$610	$610
2012	H5404		$124,914	$0
2012	H5404	C	$9,129,099	$9,129,099
2012	H5404	C2	$142,825	$142,825
2012	H5404	D	$1,172,256	$1,172,256
2012	H5404	ED	$43,882	$0
2012	H5404	I	$19,464	$19,464
2012	H5404	SE	$2,971,338	$0
2012	H5429		$3,851	$0
2012	H5429	C	$262,810	$262,810
2012	H5429	C2	$11,971	$11,971
2012	H5429	D	$25,855	$25,855
2012	H5820		$315,283	$0
2012	H5820	C	$19,797,629	$19,797,629
2012	H5820	C2	$117,985	$117,985

EXHIBIT
tabbies
D

2012	H5820	D	$1,066,200	$1,066,200
2012	H5820	ED	$43,543	$0
2012	H5820	I	$112,341	$112,341
2012	H6642		$5,436	$0
2012	H6642	C	$2,102,358	$0
2012	H6642	C2	$1,213	$0
2012	H6642	D	$151,654	$0
2012	H6642	SE	$581,810	$0
2012	H6705	C	$59,103	$0
2012	H6705	D	$17,081	$0
2012	H8098		$266,330	$0
2012	H8098	C	$9,263,181	$9,263,181
2012	H8098	C2	$207,135	$207,135
2012	H8098	D	$1,247,663	$1,247,663
2012	H8098	ED	$31,359	$0
2012	H8098	I	$108,858	$108,858
		Total:	$49,508,958	$42,789,804

New contact information:

KIRSHA consulting

Kirk L. Shanks
Kirsha Consulting, Inc.
125 TownPark Drive
Suite 300
Kennesaw, GA 30144
770.377.1142
KirkS@KirshaConsulting.com
www.KirshaConsulting.com

From: Wilkerson, Toma [mailto:Toma.Wilkerson@floir.com]
Sent: Tuesday, December 18, 2012 6:17 AM
To: kirks@kirshaconsulting.com
Subject: FW: Universal Medicare Risk Adjusted Premiums

FYI

From: Alec Mahmood [mailto:AMahmood@univhc.com]
Sent: Monday, December 17, 2012 3:37 PM
To: Wilkerson, Toma
Cc: jblack@merid-consulting.com; Tan, Richard
Subject: Re: Universal Medicare Risk Adjusted Premiums

I will look into it. I know they were a little hesitant to speak directly about our number since they don't book it but they said they would definitely look at their reports and work with them on their data.

Alec

K. Alec Mahmood
(817) 917-6422

On Dec 17, 2012, at 3:25 PM, "Wilkerson, Toma" <Toma.Wilkerson@floir.com> wrote:

> Alec,
> We are getting some push back on HRP discussing their work directly with Kirsha without UHC participation. See highlight below. Any idea what the problem might be? Seems like it would be a great first step for the two to simply have a discussion. Thanks - Toma
>
> ---
>
> **From:** Kirk Shanks [mailto:KirkS@KirkShanks.com]
> **Sent:** Monday, December 17, 2012 12:38 PM
> **To:** 'Price, Pam'
> **Cc:** Wilkerson, Toma; Tan, Richard
> **Subject:** RE: Universal Medicare Risk Adjusted Premiums
>
> Pam,
>
> I am trying to discern what is contained in the number that UNIVHC is reporting to the state of Florida for the risk adjusted premiums. They are reporting approximately $50,000,000 and are basing it on HRP reports.
>
> My questions are:
> 1. Are these amounts based solely on risk adjusted premium adjustments? If not, what else is included and what are the amounts?
> 2. Are these amounts based only on the 2012 plan year?
> 3. Do these amounts contain adjustments for the Nevada (H6705) and Texas (H6642) plans?
>
> Thank you,
>
> New contact information:
>
> <image002.jpg>
> Kirk L. Shanks
> Kirsha Consulting, Inc.
> 125 TownPark Drive
> Suite 300
> Kennesaw, GA 30144
> 770.377.1142
> KirkS@KirshaConsulting.com
> www.KirshaConsulting.com
>
> ---
>
> **From:** Price, Pam [mailto:pam.price@veriskhealth.com]
> **Sent:** Monday, December 17, 2012 9:55 PM
> **To:** Kirk Shanks
> **Subject:** RE: Universal Medicare Risk Adjusted Premiums
>
> Good morning, Kirk. As I mentioned in my email last week, my management team has not

authorized me to talk with you without Universal Health Care on the call . However, we are happy to respond to any written questions you may have. Please feel free to send me your questions and I will respond quickly. I know you are eager to complete your analysis.

Thank you,
Pamela Price
Senior Healthcare Consultant
Verisk Health – Revenue Integrity Division
P. 804.201.4034 **C.** 804.928.7454 **W.** www.veriskhealth.com
6802 Paragon Place, Suite 500, Richmond, VA 23230
<image003.jpg>

From: Kirk Shanks [mailto:KirkS@KirkShanks.com]
Sent: Saturday, December 15, 2012 2:22 AM
To: Price, Pam
Subject: Re: Universal Medicare Risk Adjusted Premiums

Pam,

I'm sorry, but I am unavailable during the afternoon. I can call you any morning (including weekends) between 8 and 11 AM ET.

I am currently traveling and my availability for calls is limited to the early mornings.

Kirk L. Shanks

On Dec 15, 2012, at 3:59 AM, "Price, Pam" <pam.price@veriskhealth.com> wrote:

> Good afternoon Kirk,
>
> I have received written authorization from Alec Mahmood to discuss Universal Health Care business. I see that you suggest 8am on Saturday for this meeting. I would prefer to talk at 5pm today, rather than on Saturday, if that is acceptable to you.
>
> **Thank you,**
> **Pamela Price**
> Senior Healthcare Consultant
> Verisk Health – Revenue Integrity Division
> **P.** 804.201.4034 **C.** 804.928.7454 **W.** www.veriskhealth.com
> 6802 Paragon Place, Suite 500, Richmond, VA 23230
> <image002.jpg>
>
> ---
>
> **From:** Wilkerson, Toma [mailto:Toma.Wilkerson@floir.com]
> **Sent:** Friday, December 14, 2012 2:17 PM
> **To:** Price, Pam; Kirk Shanks; AMahmood@univhc.com
> **Cc:** Tan, Richard; Liberty Clearwater (lclearwater@univhc.com)

Subject: RE: Universal Medicare Risk Adjusted Premiums

Alec,
Please see the e-mails. It does not appear that Universal has provided approval for Kirsha to work directly with HRP to resolve the discrepancies. Can you please expedite this process? Thanks - Toma

---

From: Price, Pam [mailto:pam.price@veriskhealth.com]
Sent: Friday, December 14, 2012 2:13 PM
To: Kirk Shanks
Cc: Wilkerson, Toma; Tan, Richard; Price, Pam; Liberty Clearwater (lclearwater@univhc.com)
Subject: RE: Universal Medicare Risk Adjusted Premiums

Good afternoon Kirk,

Thank you for your email. I have escalated this request to my leadership team, who has advised that I may participate in a phone call between Kirsha Consulting and Universal Health Care at Universal Health Care's request. I am not authorized, however, to meet with you separately to discuss Universal Health Care business. Can you please place a meeting request through Universal Health Care?

Thank you,
Pamela Price
Senior Healthcare Consultant
Verisk Health – Revenue Integrity Division
P. 804.201.4034 **C.** 804.928.7454 **W.** www.veriskhealth.com
6802 Paragon Place, Suite 500, Richmond, VA 23230
<image002.jpg>

From: Kirk Shanks [mailto:Kirk@KirkShanks.com]
Sent: Friday, December 14, 2012 12:53 PM
To: Price, Pam
Cc: 'Wilkerson, Toma'; Tan, Richard
Subject: Universal Medicare Risk Adjusted Premiums

Pamela,

I have been asked to contact you to discuss the Medicare risk adjusted premiums being reported to the state of Florida by Universal Health Care and Universal Health Care Insurance Company. I was hoping you and I could have a high level discussion about our two reports (Health Risk Partners and Kirsha Consulting). I want to make sure that we are comparing apples to apples before we start digging too deep into the data.

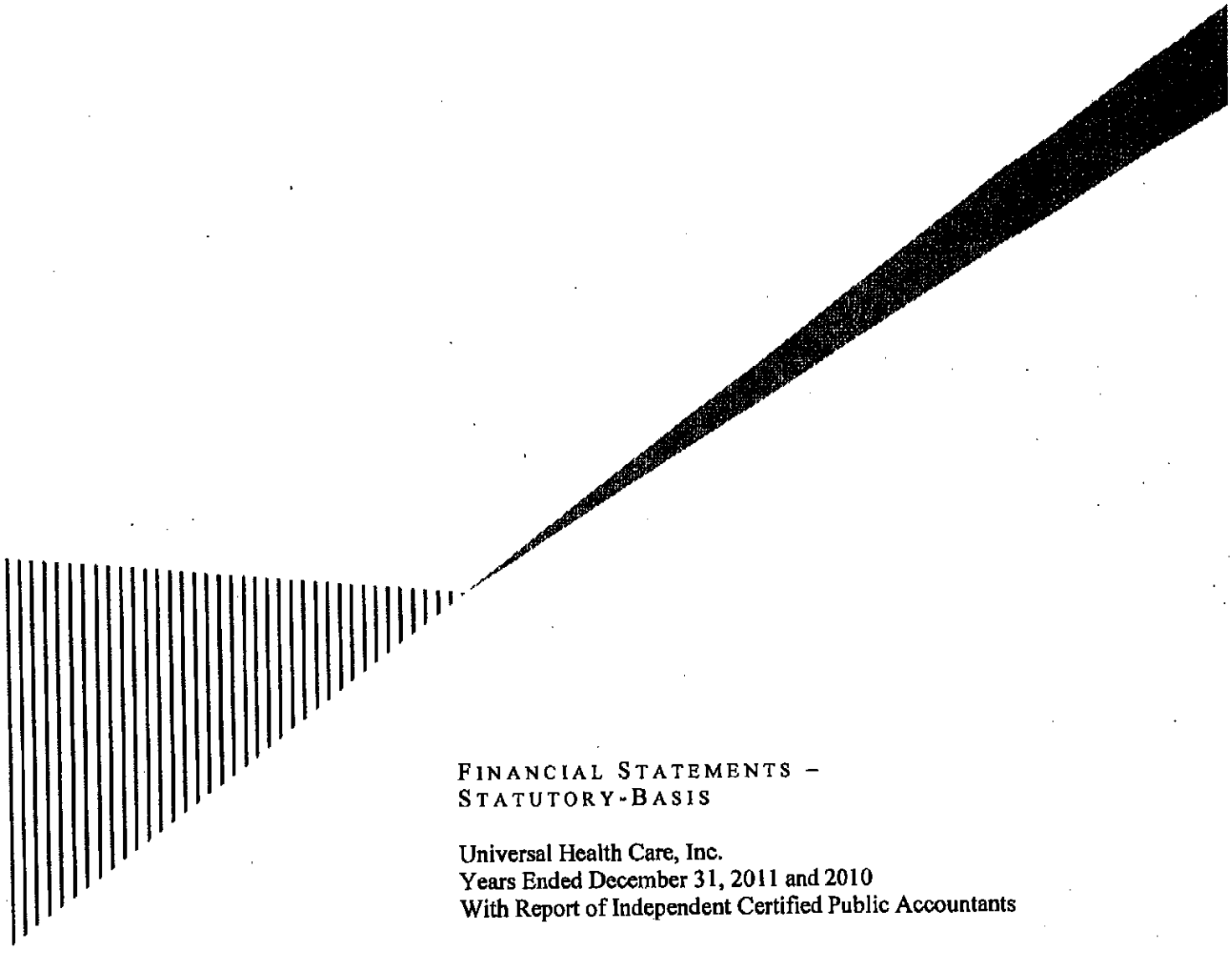
Would 8 AM ET tomorrow work for you? I know it's a Saturday,

but I'm sure both of our clients would like to have this matter cleared up as quickly as possible.

Thank you,

New contact information:


Kirk L. Shanks
Kirsha Consulting, Inc.
125 TownPark Drive
Suite 300
Kennesaw, GA 30144
770.377.1142
KirkS@KirshaConsulting.com
www.KirshaConsulting.com



FINANCIAL STATEMENTS – STATUTORY-BASIS

Universal Health Care, Inc.
Years Ended December 31, 2011 and 2010
With Report of Independent Certified Public Accountants

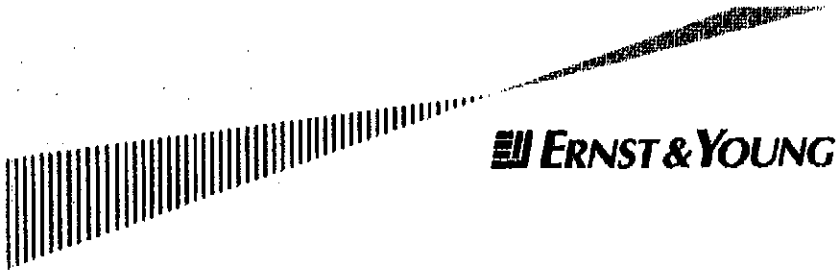
Ernst & Young LLP

Universal Health Care, Inc.

Financial Statements – Statutory-Basis

Years Ended December 31, 2011 and 2010

Contents



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401 East Jackson Street
Tampa, FL 33602
Tel: +1 813 225 4800
Fax: +1 813 225 4711
www.ey.com

Report of Independent Certified Public Accountants

The Board of Directors
Universal Health Care Group, Inc.

We have audited the accompanying statutory-basis balance sheets of Universal Health Care, Inc. (the Company) as of December 31, 2011 and 2010, and the related statutory-basis statements of income, changes in capital and surplus, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 6 to the financial statements, the Company recognizes a liability for medical claims incurred but not paid ("medical claims payable") at each balance sheet date. At December 31, 2011, the Company had recognized a liability for medical claims payable of approximately $69,300,000. Additionally, the Company recognized a liability for accrued pharmacy claims payable of approximately $2,000,000 at December 31, 2011 that is classified in accounts payable and accrued expenses in the accompanying statutory-basis balance sheets. The total liability for medical claims payable and accrued pharmacy claims payable was approximately $71,300,000 at December 31, 2011. Through March 31, 2012, the Company paid medical and pharmacy claims totaling approximately $71,500,000 for medical services rendered and pharmaceuticals provided to its members prior to December 31, 2011. The Company's historical claims experience does not provide reasonable assurance that all medical and pharmacy claims payable are paid within three months of the close of the Company's fiscal year. Accordingly, we believe that the Company's liability for medical and pharmacy claims payable at December 31, 2011 is understated. Based on the results of our audit procedures, we believe that the Company's liability for medical and pharmacy claims payable at December 31, 2011 ranges from approximately $78,400,000 to $79,600,000, as compared to the amounts recognized in the statutory-basis balance sheet at December 31, 2011 of approximately $71,300,000.

As described in Note 1 to the financial statements, the Company presents its financial statements in conformity with accounting practices prescribed or permitted by the State of Florida Department of Financial Services, Office of Insurance Regulation, which practices differ from U.S. generally accepted accounting principles. The variances between such practices and U.S. generally accepted accounting principles also are described in Note 1. The effects on the financial statements of these variances are not reasonably determinable but are presumed to be material.

In our opinion, because of the effects of the matter described in the immediately preceding paragraph of our report, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of Universal Health Care, Inc. at December 31, 2011 and 2010, or the results of its operations or its cash flows for the years then ended.

However, in our opinion, except for the effects of the understatement of the Company's liability for medical and pharmacy claims payable at December 31, 2011 as discussed in the third paragraph of our report that begins on page 1, the financial statements referred to above present fairly, in all material respects, the financial position of Universal Health Care, Inc. at December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with accounting practices prescribed or permitted by the State of Florida Department of Financial Services, Office of Insurance Regulation.

Ernst & Young LLP

April 12, 2012

Universal Health Care, Inc.

Balance Sheets – Statutory-Basis

	December 31	
	2011	2010
Admitted assets		
Admitted assets:		
Cash, cash equivalents, and short-term investments	$ 61,162,504	$ 24,699,141
Due from financial services institution	10,579,458	8,748,349
Investments in bonds	1,505,678	24,154,907
Investments in equity securities	2,030,520	–
Deposits – Florida Department of Financial Services	300,000	300,000
Investments in real estate	9,263,188	9,609,677
Premiums and other health care receivables	10,254,671	5,374,734
Medical deposits and other current assets	5,231,217	767,265
Due from affiliates	–	1,675,611
Deferred tax assets	5,765,935	2,451,118
Total admitted assets	$ 106,093,171	$ 77,780,802
Liabilities and capital and surplus		
Liabilities:		
Medical claims payable	$ 69,308,699	$ 25,050,000
Unearned premiums	–	13,791,024
Accounts payable and accrued expenses	9,674,684	4,939,316
Accrued loss-adjustment expense	749,009	306,651
Due to affiliates	714,946	547,703
Total liabilities	80,447,338	44,634,694
Capital and surplus:		
Common stock, $0.0000025 par value; 400,000,000 shares authorized, 126,250,000 shares issued and outstanding	316	316
Gross paid-in and contributed surplus	11,640,684	11,640,684
Unassigned surplus	10,254,833	17,755,108
Surplus note payable, related party	3,750,000	3,750,000
Total capital and surplus	25,645,833	33,146,108
Total liabilities and capital and surplus	$ 106,093,171	$ 77,780,802

See accompanying notes.

Universal Health Care, Inc.

Statements of Income – Statutory-Basis

	Year Ended December 31	
	2011	2010
Revenues:		
Medicare – Title XVIII, net of Part B reimbursement	$ 371,786,009	$ 190,248,723
Medicaid premiums	156,586,818	127,725,227
Other premiums revenue	18,692,205	20,935,386
Net investment income	2,239,558	1,701,557
Total revenues	549,304,590	340,610,893
Operating expenses:		
Medical expenses	366,881,475	241,509,476
Pharmacy expenses	58,462,027	37,980,807
Change in medical claims payable	44,258,699	(1,810,000)
Total medical services	469,602,201	277,680,283
General and administrative expenses	70,674,145	50,468,753
Total operating expenses	540,276,346	328,149,036
Income before income taxes and net realized capital gains	9,028,244	12,461,857
Income tax expense	1,564,034	4,417,693
Net income before net realized capital gains	7,464,210	8,044,164
Realized capital gains, net of taxes of $873,954 and $57,462 in 2011 and 2010, respectively	1,623,057	106,715
Net income	$ 9,087,267	$ 8,150,879

See accompanying notes.

Universal Health Care, Inc.

Statements of Changes in Capital and Surplus – Statutory-Basis

	Common Stock Shares	Common Stock Amount	Gross Paid-In and Contributed Surplus	Unassigned Surplus	Surplus Note Payable, Related Party	Total
Capital and surplus at January 1, 2010	126,250,000	$ 316	$ 11,640,684	$ 12,031,601	$ 6,750,000	$ 30,422,601
Change in surplus notes	–	–	–	–	(3,000,000)	(3,000,000)
Net income	–	–	–	8,150,879	–	8,150,879
Change in unrealized gains and losses	–	–	–	39,212	–	39,212
Change in deferred income tax	–	–	–	960,033	–	960,033
Change in nonadmitted assets	–	–	–	(3,426,617)	–	(3,426,617)
Capital and surplus at December 31, 2010	126,250,000	316	11,640,684	17,755,108	3,750,000	33,146,108
Net income	–	–	–	9,087,267	–	9,087,267
Change in unrealized gains and losses	–	–	–	(132,508)	–	(132,508)
Change in deferred income tax	–	–	–	5,403,747	–	5,403,747
Change in nonadmitted assets	–	–	–	(21,858,781)	–	(21,858,781)
Capital and surplus at December 31, 2011	126,250,000	$ 316	$ 11,640,684	$ 10,254,833	$ 3,750,000	$ 25,645,833

Universal Health Care, Inc.

Statements of Cash Flows – Statutory-Basis

	Year Ended December 31	
	2011	2010
Operating activities:		
Premiums and revenues collected, net of Part B reimbursement	$ 527,718,763	$ 342,302,616
Claims and loss-adjustment expense paid	(447,594,265)	(279,490,283)
General and administrative expenses	(67,995,753)	(53,269,573)
Net investment income	3,029,988	2,113,060
Net cash flows provided by operating activities	15,158,733	11,655,820
Investing activities:		
Cost of investments in bonds purchased	(9,657,741)	(11,728,679)
Cost of investments in common stock purchased	(2,128,238)	–
Proceeds from the sale of investments	34,607,048	17,827,455
Cost of property and equipment purchased	(804,690)	(1,631,487)
Cost of investment in real estate	–	(9,827,963)
Medical deposits paid	(264,496)	(1,372,174)
Medical deposits refunded	2,750	1,612,174
Change in due from financial services institution	(1,831,109)	(1,342,936)
Net cash flows provided by (used in) investing activities	19,923,524	(6,463,610)
Financing activities:		
Payment on surplus note payable, related parties	–	(3,000,000)
Change in due to/from affiliates	1,381,106	(4,252,398)
Net cash flows provided by (used in) financing activities	1,381,106	(7,252,398)
Net change in cash and cash equivalents	36,463,363	(2,060,188)
Cash, cash equivalents, and short-term investments at beginning of year	24,699,141	26,759,329
Cash, cash equivalents, and short-term investments at end of year	$ 61,162,504	$ 24,699,141

See accompanying notes.

Universal Health Care, Inc.

Notes to Financial Statements – Statutory-Basis

December 31, 2011

1. Organization and Basis of Presentation

Organization

Universal Health Care, Inc. (the Company) is a Florida domiciled health maintenance organization and a wholly owned subsidiary of Universal Health Care Group, Inc. (Group). The Company was incorporated in 2002 and formed for the purpose of promoting and operating a health maintenance organization (HMO). The Company commenced revenue-generating activities in August 2003. During 2006, Group was formed pursuant to a merger, whereby ownership of the Company was transferred from the existing stockholders to Group in exchange for an ownership interest in Group. Accordingly, Group became the sole stockholder of the Company at that time.

The Company has two contracts with the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) to provide health care services to Medicare enrollees in various counties in Florida. CMS awarded the Company the contracts for the period beginning July 1, 2003 and ending December 31, 2004, and has renewed the contracts through December 31, 2012. The contracts provide for annual extensions subject to agreement and approval by both parties. The Company also has contracts with the Agency for Health Care Administration (AHCA) and the Florida Department of Elder Affairs (DEA) to provide health care services to Medicaid and Diversion enrollees in various counties in Florida.

Basis of Presentation

The accompanying statutory-basis financial statements have been prepared in conformity with the statutory accounting practices prescribed or permitted by the State of Florida Department of Financial Services, Office of Insurance Regulation (OIR), which practices differ from U.S. generally accepted accounting principles (GAAP). The more significant variances from GAAP are as follows:

Investments: Investments in bonds are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating. For GAAP, such fixed-maturity investments would be designated at purchase as held-to-maturity, trading, or available for sale. Held-to-maturity fixed investments would be reported at amortized cost, and trading and available-for-sale fixed-maturity investments would be reported at fair value with unrealized gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income for those designated as available-for-sale.

1. Organization and Basis of Presentation (continued)

Fair value for statutory purposes is based on the prices published by the Securities Valuation Office of the NAIC (SVO), if available, whereas fair value for GAAP is based on quoted market prices.

All single-class and multi-class mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS, and ABS securities), other than high-quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to fair value. If high-credit-quality securities are adjusted, the retrospective method is used.

Nonadmitted assets: Certain assets designated as "nonadmitted," principally furniture and equipment, certain deferred tax assets, and other assets not specifically identified as an admitted asset with the NAIC Accounting Practices and Procedures Manual, are excluded from the accompanying statutory-basis balance sheets and are charged directly to unassigned surplus. Under GAAP, such assets would be included in the balance sheets to the extent that those assets are not impaired. The balances of nonadmitted assets are as follows:

	December 31	
	2011	**2010**
Pharmacy rebates receivable	**$ 1,675,508**	$ 1,000,198
Net deferred tax asset	**3,294,051**	1,170,920
Furniture and equipment	**2,360,461**	1,612,930
Accounts receivable	**18,862,977**	785,562
Prepaid expenses	**76,591**	397,408
Deposits	**641,391**	446,927
Investments in bonds	**–**	100,000
Amounts due from related parties	**2,838,244**	2,376,497
Total	**$.29,749,223**	$ 7,890,442

1. Organization and Basis of Presentation (continued)

Surplus notes payable: Notes payable issued by the Company to related parties are classified as capital and surplus on a statutory-basis, if approved by the OIR. Under GAAP, such notes payable are recorded as liabilities (see Note 8).

Deferred income taxes: Deferred tax assets are limited to: (1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the subsequent calendar year, plus (2) the lesser of the remaining gross deferred tax assets expected to be realized within one year of the balance sheet date or 10% of net worth, excluding any net deferred tax assets, electronic data processing (EDP) equipment and operating software, and any net positive goodwill, plus (3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities. Any remaining deferred tax assets are nonadmitted. Deferred taxes do not include amounts for state taxes. Under GAAP, state income taxes are included in the computation of deferred taxes, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in all future years, and a valuation allowance is established for deferred tax assets not realizable.

Statement of cash flows: Cash, cash equivalents, and short-term investments in the statement of cash flows represent cash balances and investments with initial maturities of one year or less. Under GAAP, the corresponding caption includes cash balances and investments with initial maturities of three months or less.

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been determined, but are presumed to be material.

2. Significant Accounting Policies

Significant accounting practices are as follows:

Investments in Bonds and Securities

Investments in bonds, securities, cash, cash equivalents, and short-term investments are stated at values prescribed by the NAIC, as follows:

Investments in bonds and securities are reported at amortized cost or fair value based on their NAIC rating. Bonds not backed by other loans are principally stated at amortized cost using the interest method. Investments in equity securities are stated at fair value.

Single-class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method, including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys or internal or third-party estimates and are based on the current interest rate and economic environment. The prospective adjustment method is used to value all such securities.

Cash, cash equivalents, and short-term investments include cash balances and investments that are liquid and mature in one year or less when purchased, including funds maintained under statutory requirements (deposits), and consist of money market funds and bank bonds registered with the NAIC.

Realized capital gains and losses are determined using the specific-identification basis. Changes in the admitted asset carrying amounts of bonds, mortgage loans, and common and nonredeemable preferred stocks are credited or charged directly to unassigned surplus.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation settlement.

Fair values are based on quoted market prices when available. When quoted market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that

2. Significant Accounting Policies (continued)

management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment, which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model, or input used.

Financial assets carried at fair value are classified, for disclosure purposes, based on a hierarchy defined by the *Fair Value Measurements Disclosure* Topic of the Financial Accounting Standards Board's Accounting Standards Codification. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement.

The levels of the fair value hierarchy are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

At December 31, 2011, the Company's investments in equity securities are classified as Level 1 instruments. At December 31, 2011 and 2010, the Company's investments in bonds are classified as Level 2 instruments.

2. Significant Accounting Policies (continued)

Investments in Real Estate

Investments in real estate represent a building that is occupied by the Company and meets the criteria for recognition of an admitted asset. Investments in real estate are recorded at cost, less accumulated depreciation. Depreciation expense is calculated using the straight-line method over the estimated useful life of the building – 30 years. Depreciation expense is included as an offset to net investment income in the accompanying statutory-basis statements of income.

Rental revenue related to the Company's own occupancy of the building and occupancy of the building by American Managed Care, LLC (AMC), a related company, is included in net investment income in the accompanying statutory-basis statements of income. Rent was determined based on arm's-length rent transactions of similar commercial properties. Rental expense related to the Company's own occupancy of the building is included in general and administrative expenses in the accompanying statutory-basis statements of income (see Note 8). Maintenance and repairs costs are charged to expense during the period incurred. Major improvements that extend the life of the building are capitalized and the useful life is adjusted as necessary.

The investment in real estate and other property and equipment are reviewed for impairment whenever facts and circumstances indicate that the carrying value may not be recoverable. The fair value is determined based on estimates of future cash flows, market value of similar assets, if available, or independent appraisals, if required. If the carrying amount of the asset is not recoverable, an impairment loss is recognized for the difference between the carrying amount and fair value of the asset. If the assets are determined to be recoverable and the useful lives are shorter than originally estimated, the net book value of the asset is depreciated over the newly determined remaining useful lives. The Company believes that no impairment existed at December 31, 2011; therefore, no impairment loss was recorded for the year then ended.

Risk-Sharing Receivables and Payables

Risk-sharing receivables and payables are billed or refunded in accordance with the risk-sharing agreement contractual provisions. To the extent a risk-sharing receivable meets the setoff conditions provided by Statement of Statutory Accounting Principle (SSAP) No. 64 and the right of offset is supported by the contractual agreement, the receivable may be offset against payables to the provider for known claims (i.e., excluding incurred but not reported claims). As of December 31, 2011, there were no risk-share receivables offset against payables. Evaluation

2. Significant Accounting Policies (continued)

of the collectibility of risk-sharing receivables is made periodically. If, in accordance with SSAP No. 5, it is probable the balance is uncollectible, any uncollectible receivable is written off and charged to income in the period the determination is made.

Minimum Capital and Surplus Requirements

Pursuant to Section 641.225(1) of Florida Statutes, the Company is required to maintain a minimum surplus in an amount that is the greater of $1,500,000, or 10.0% of total liabilities, or 2.0% percent of total annualized premiums. Additionally, according to a Consent Order filed with the OIR on September 25, 2008, the Company must maintain a minimum surplus in an amount that is greater than 120% of the statutory requirement. As of December 31, 2011, the Company's capital and surplus of $25,645,833 exceeded the $13,129,561 minimum level prescribed by Consent Order and the Florida Statutes by $12,516,272 (hereinafter referred to as the "excess minimum capital and surplus level").

Recognition of Premium Revenue and Medical Expenses

The Company may receive premiums in advance of providing services. However, the Company recognizes premium revenue during the period in which the Company is obligated to provide services to its members. Premiums are billed monthly for coverage in the following month and are recognized as revenue in the month for which insurance coverage is provided. Accordingly, the portion of premiums applicable to future periods is recorded as unearned premiums.

The Company reconciles the membership for its Medicare, Medicaid, and Diversion plans in its administrative system to the enrollment data provided by CMS, AHCA, and DEA (collectively, the Agencies). There are timing differences between the addition of a member to the Company's administrative system and the approval, or accretion, of the member by the Agencies. Additionally, the monthly payments from the Agencies include adjustments to reflect changes in membership as a result of retroactive terminations, additions, or other changes. Current period membership, net premiums, and claims expense are adjusted to reflect retroactive changes in membership.

Premium and other receivables consist of premiums due from federal and state agencies and members, based on enrolled membership and other related health care plan receivables. On an ongoing basis, management estimates the amount of premium billings that may not be fully collectible, based on historical trends and other factors. Amounts deemed uncollectible are written off against premium revenue in the period the determination is made.

2. Summary of Significant Accounting Policies (continued)

Medical expenses consist of claim payments, capitation payments, and pharmacy costs, net of rebates, as well as estimates of future payments of claims provided for services rendered prior to the end of the reporting period. Capitation payments represent monthly contractual fees disbursed to physicians and other providers who are responsible for providing medical care to members. Pharmacy costs (including Medicare Part D costs) represent payments for members' prescription drug benefits, net of rebates from drug manufacturers. Rebates are recognized when the rebates are earned according to the contractual arrangements with the respective vendors.

Premiums the Company pays to reinsurers are reported as medical expenses and related reinsurance recoveries are reported as reductions of medical expenses.

Medical claims liability represents the Company's payment responsibility for services that have been rendered by medical service providers to members. These costs have not been settled as of the balance sheet dates. The liability consists of medical claims reported by the medical service providers, as well as an actuarially determined estimate of claims that have been incurred but not yet reported (IBNR) by the medical service providers.

Due to the numerous factors influencing this liability, the Company develops estimates based upon generally accepted actuarial projection methodologies using claim submission and payment patterns and cost trends. Deviations, whether positive or negative, between actual experience and estimates used to establish the liability are recorded in the period of claim payment on a consistent basis. The Company continually monitors the reasonableness of the assumptions used in prior estimates by comparison with actual claim patterns and considers this information in future estimates.

Medical and other benefits paid can also be significantly impacted by outcomes from court decisions, interpretations by regulatory authorities, and legislative changes involving health care matters. As a result, amounts ultimately paid may differ from initial estimates that did not consider such outcomes, interpretations, and changes.

Medicare Plans

CMS uses risk-adjusted rates per member to determine the monthly payments to the Company's Medicare plans. CMS has implemented a risk-adjustment model, which apportions premiums paid according to health diagnoses. The risk-adjustment model uses health-status indicators, or risk scores, to improve the accuracy of payment. The CMS risk-adjustment model pays more for

2. Summary of Significant Accounting Policies (continued)

members with increasing health severity. Under this risk-adjustment methodology, diagnosis data from inpatient and ambulatory treatment settings are used by CMS to calculate the risk-adjusted premium payment to the Medicare plans. The monthly risk-adjusted premium per member is determined by CMS based on normalized risk scores of each member from the prior year. Annually, CMS provides the updated risk scores to the Company and revises premium rates prospectively, beginning with the July remittance for current plan year members. CMS will also calculate the retroactive adjustments to premium related to the revised risk scores for the current year for current plan year members and for the prior year for prior plan year members.

All health benefit organizations must capture, collect, and submit the necessary diagnosis code information to CMS within prescribed deadlines. Accordingly, the Company collects, captures, and submits the necessary and available diagnosis data to CMS within prescribed deadlines for its HMO plans. The Company estimates changes in CMS premiums related to revenue adjustments based upon the diagnosis data submitted to CMS and ultimately accepted by CMS. Risk scores are updated annually by CMS, and the Company reconciles the data to estimated amounts recorded by the Company with any adjustments recorded in premium revenue.

The Company's Medicare plans offer prescription drug benefits under Part D of the Medicare federal health insurance program to individuals eligible for benefits under Part A or Part B. As such, the Company receives additional premium and cost-reimbursement components as described below.

For qualifying low-income status (LIS) members of the Medicare Advantage Plans, CMS pays the Company for some or all of the LIS members' monthly premium. The CMS payment is dependent upon a member's income level, which is determined by the Social Security Administration. Low-income premium is recognized over the contract period and reported as premium revenue. Additionally, for qualifying LIS members, CMS will reimburse the Company for all or a portion of the LIS member's deductible, coinsurance, and co-payment amounts above the out-of-pocket threshold for low-income beneficiaries. Low-income cost-sharing subsidies are paid by CMS prospectively as a fixed amount per member per month, and are determined based upon the plan year bid submitted to CMS. After the close of the annual plan year, CMS reconciles actual experience to low-income cost-sharing subsidies paid to the plan and any differences are settled between CMS and the Company.

2. Summary of Significant Accounting Policies (continued)

The Company also receives payments from CMS for catastrophic reinsurance for members of its Medicare plans. CMS reimburses the Company for 80% of the drug costs after a member reaches his or her out-of-pocket catastrophic threshold through a catastrophic reinsurance subsidy. Catastrophic reinsurance subsidies are paid by CMS prospectively as a fixed amount per member per month, and are determined based upon the plan year bid submitted to CMS. After the close of the annual plan year, CMS reconciles actual experience compared to catastrophic reinsurance subsidies paid to the Company and any differences are settled between CMS and the Company.

Effective January 1, 2011, CMS began providing the Medicare Coverage Gap Discount Program, where CMS provides monthly prospective payments for pharmaceutical manufacturer discounts made available to members. The prospective discount payments are determined based upon the plan year bid submitted by plan sponsors to CMS and current plan enrollment. Following the plan year, CMS performs an annual reconciliation of the prospective discount payments received by the plan sponsor to the cost of actual manufacturer discounts made available to each plan sponsor's enrollees under the program.

Low-income cost-sharing, catastrophic reinsurance subsidies and coverage gap discount subsidies represent funding from CMS for which the Company assumes no risk and amounts received from CMS are reported net of payments of the actual prescription drug costs related to the low-income cost-sharing, catastrophic reinsurance and coverage gap discounts in the accompanying statutory-basis balance sheets. The Company does not recognize premium revenue or medical claims expense for these activities.

Premiums from CMS for members of Medicare plans with Part D benefits are subject to risk corridor provisions. The CMS risk corridor calculation compares the target amount of prescription drug costs (limited to costs under the standard coverage as defined by CMS) less rebates in the Company's annual plan bid (target amount) to actual experience. Variances of more than 5% above the target amount will result in CMS making additional payments to the Company, and variances of more than 5% below the target amount will require the Company to refund to CMS a portion of the premiums received. Risk corridor payments due to or from CMS are estimated throughout the year and are recognized as adjustments to premium revenues and due and unpaid premiums. This estimate requires the Company to consider factors that may not be certain, including membership, risk scores, prescription drug events, and rebates. After the close of the annual plan year, CMS reconciles actual experience to the target amount and any differences are settled between CMS and the Company.

2. Summary of Significant Accounting Policies (continued)

Medicare Part D activity resulted in a payable to CMS of $2,856,141 at December 31, 2011, which is included in accounts payable and accrued expenses in the accompanying statutory-basis balance sheet. Such activity resulted in a receivable from CMS of $861,325 at December 31, 2010, which is included premiums and other health care receivables in the accompanying statutory-basis balance sheet. Actual amounts of Medicare Part D related assets and liabilities could differ materially from amounts recorded.

Accrued Loss-Adjustment Expense

Claim processing expenses for unpaid claims, including claims incurred but not yet reported, are accrued based on estimated expenses necessary to process such claims. Claims processing expense are included in general and administrative expenses in the accompanying statutory-basis statements of income.

Advertising Expense

Advertising costs are expensed as incurred. For the years ended December 31, 2011 and 2010, the Company incurred $632,044 and $892,505, respectively, of advertising expense.

Income Taxes

On September 27, 2007, the Company elected to memorialize its tax-sharing arrangement by participating in an Intercompany Tax-Sharing Agreement (the Agreement) with Group, Universal Health Care Insurance Company, Inc. (UHCIC), and AMC. UHCIC and AMC are entities wholly owned by Group. Beginning with the 2007 tax year, Group has filed a consolidated federal tax return that includes the operations of the Company, Group, UHCIC, and AMC. On May 27, 2009, the Agreement was amended to include participation by Universal HMO of Texas, Inc. (UHMOT). UHMOT was incorporated during the year ended December 31, 2009, and is wholly owned by Group. The Company obtained final approval of the amended Agreement from the OIR in October 2009. On July 27, 2010, the Agreement was amended to include participation by Universal Health Care of Nevada, Inc. (UHCNV). UHCNV was incorporated during the year ended December 31, 2010, and is wholly owned by Group. The Company obtained final approval of the amended Agreement from the OIR in March 2011.

2. Summary of Significant Accounting Policies (continued)

Under terms of the Agreement, each company shall be responsible for and shall reimburse Group for its separately calculated share of the consolidated tax benefit or expense. Further, per the Agreement, each company shall pay promptly to Group, on a quarterly basis not later than the due date for the estimated quarterly payment of taxes, its share of such payment, estimated in the same manner as specified above. Any final adjustments to payments shall be made following the preparation of the consolidated federal income tax return.

Use of Estimates

The presentation of the financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Significant accounts that are largely determined based on management's estimates and assumptions include incurred but not reported claims and accrued pharmacy reimbursement due to CMS, which are included in medical claims payable and accounts payable and accrued expenses, respectively; premiums receivable due from CMS related to retro-premium adjustments and risk-sharing adjustments; and unallocated premiums received from CMS included in unearned premium. Actual results could differ from those estimates, and those differences could be material. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported herein.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation. Such reclassifications had no effect on capital and surplus or net income.

3. Invested Assets

Included in cash, cash equivalents, and short-term investments at December 31, 2011 and 2010, is $4,333,972 and $3,953,216, respectively, of minimum deposits required to be maintained under contracts with certain health care agencies.

At December 31, 2011 and 2010, cash and investments with an admitted-asset value of $300,000 were on deposit with state insurance departments to satisfy regulatory requirements and are included in deposits – Florida Department of Financial Services in the accompanying statutory-basis balance sheets.

3. Invested Assets (continued)

The Company entered into a sweep repurchase agreement with a financial services institution to increase its return on invested assets. The transactions involve the transfer of excess cash to a regulated financial institution that is collateralized by securities. On the next business day, the transferred cash, along with any interest thereon, is transferred back to the Company and the collateralized securities are returned. The arrangements meet the requirements to be accounted for as secured borrowings under SSAP No. 91R. The Company requires that at all times, securities obtained as collateral are sufficient to fund substantially all of the cost of purchasing replacement assets.

As of December 31, 2011 and 2010, the amounts outstanding under repurchase agreement of $10,579,458 and $8,748,349, respectively, are classified as due from financial services institution in the accompanying statutory-basis balance sheets. At December 31, 2011 and 2010, securities with a fair market value of approximately $10,791,000 and $8,923,000, respectively, were held as collateral under this agreement.

The carrying value and fair value of investments in bonds and equity securities at December 31, 2011, are summarized as follows:

	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed and asset-backed securities	$ 552,367	$ 4,412	$ 1,605	$ 555,174
Corporate debt securities	233,311	1,222	–	234,533
Bank bonds	720,000	490	220	720,270
Equity securities	2,128,238	585	98,303	2,030,520
Total bonds and equity securities	$ 3,633,916	$ 6,709	$ 100,128	$ 3,540,497

The carrying value and fair value of investments in bonds at December 31, 2010, are summarized as follows:

	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government and agencies	$ 6,109,023	$ 336,246	$ 13,088	$ 6,432,181
States, territories, and possessions and political subdivisions	9,300,447	78,889	150,051	9,229,285
Mortgage-backed and asset-backed securities	5,241,979	188,764	62	5,430,681
Corporate debt securities	2,503,458	77,926	222	2,581,162
Bank bonds	1,000,000	4,372	–	1,004,372
Total bonds	$ 24,154,907	$ 686,197	$ 163,423	$ 24,677,681

3. Invested Assets (continued)

The following table shows gross unrealized losses and fair values of bonds and equity securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2011.

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Mortgage-backed and asset-backed securities	192,649	1,605	–	–	192,649	1,605
Bank bonds	239,780	220	–	–	239,780	220
Equity securities	2,030,520	98,303	–	–	2,030,520	98,303
	$ 2,462,949	$ 100,128	$ –	$ –	$ 2,462,949	$ 100,128

The Company reviews its investment securities at least quarterly to determine if an other-than-temporary impairment is present, based on certain quantitative and qualitative factors. The primary factors considered in evaluating whether a decline in value is other-than-temporary include (a) the length of time and the extent to which the fair value has been or is expected to be less than cost or amortized cost, (b) the financial condition, credit rating, and near-term prospects of the issuer, (c) whether the debtor is current on contractually obligated interest and principal payments, and (d) the intent and ability of the Company to retain the investment for a period of time sufficient to allow for recovery. In addition, the Company compares the carrying amount of securities with potential other-than-temporary impairment with undiscounted anticipated cash flows on the security. There is no impairment unless the undiscounted anticipated cash flows are less than the carrying amount.

Each quarter, during this analysis, the Company asserts its intent and ability to retain until recovery those securities judged to be temporarily impaired. Once identified, the Company will only authorize the sale of these securities based on criteria that relate to events that could not have been foreseen. Examples of the criteria include, but are not limited to, the deterioration in the issuer's creditworthiness, a change in regulatory requirements, or a major business combination or major disposition.

3. Invested Assets (continued)

Based on that analysis, management makes a judgment as to whether the loss is other-than-temporary. If the loss is other-than-temporary, an impairment charge is recorded within net realized capital gains (losses) in the statutory-basis statements of income in the period the determination is made. The Company has reviewed its investment portfolio and there were no other-than-temporary impairments during the years ended December 31, 2011 and 2010.

A summary of the amortized cost and fair value of the Company's investments in bonds and equity securities at December 31, 2011, by contractual maturity, is as follows:

	Carrying Value	Fair Value
Years to maturity:		
One or less	$ 480,000	$ 479,924
After one through five	473,311	474,879
Mortgage-backed and asset-backed securities	552,367	555,174
Equity securities	2,128,238	2,030,520
Total	$ 3,633,916	$ 3,540,497

The expected maturities in the foregoing table may differ from the contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

At December 31, 2011 and 2010, there were no bonds or marketable securities carried at market value because their NAIC rating required a reduction in carrying value (market value lower than amortized cost).

In May 2010, the Company purchased, with cash, the commercial condominium units in the building previously leased by AMC from an unrelated third party. As part of the transaction, the lease held by AMC was terminated. The cost of the building of $9,807,992, net of accumulated amortization of $544,804, is included in investments in real estate in the accompanying statutory-basis balance sheet. Depreciation expense related to the building was $343,453 and $218,286 for the years ended December 31, 2011 and 2010, respectively.

3. Invested Assets (continued)

Major categories of net investment income are summarized as follows:

	Year Ended December 31	
	2011	2010
Income:		
Cash, cash equivalents, and short term investments	$ 63,419	$ 83,818
Bonds	638,239	747,584
Real estate rent revenue	2,672,676	1,731,492
Total investment income	3,374,334	2,562,894
Investment expenses	(81,261)	(67,192)
Real estate investment expenses	(710,062)	(575,859)
Real estate depreciation	(343,453)	(218,286)
Total investment expenses	(1,134,776)	(861,337)
Net investment income	$ 2,239,558	$ 1,701,557

All accrued investment income was included in admitted assets at December 31, 2011 and 2010.

Gross gains of $2,497,054 and $178,177 were realized on sales of investments during the years ended December 31, 2011 and 2010, respectively. Gross losses of $43 and $14,000 were realized from the sales of investments during the years ended December 31, 2011 and 2010, respectively.

4. Fair Values

The following methods and assumptions were used by the Company in estimating the fair value of financial instruments in the accompanying financial statements and notes thereto:

Cash, Cash Equivalents, and Short Term Investments: The carrying amounts reported in the accompanying statutory-basis balance sheets for these financial instruments approximate their fair values.

Investments: Fair values for investment securities are based on unit prices published by the SVO or, in the absence of SVO published unit prices or when amortized cost is used by the SVO as the unit price, quoted market prices by other third-party organizations, where available. For certain mortgage-backed and asset-backed securities, inputs used in the

3. Invested Assets (continued)

Major categories of net investment income are summarized as follows:

	Year Ended December 31	
	2011	**2010**
Income:		
Cash, cash equivalents, and short term investments	**$ 63,419**	**$ 83,818**
Bonds	**638,239**	747,584
Real estate rent revenue	**2,672,676**	1,731,492
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4. Fair Values (continued)

determination of fair value include, but are not limited to, reported trades, benchmark yields, issuer spreads, bids, offers, and/or estimated cash flows and prepayments speeds. Based on the typical trading volumes and the lack of quoted market prices for certain fixed-maturities, third-party pricing services will normally derive the security prices through recent reported trades for identical or similar securities, making adjustments through the reporting date based upon available market observable information as outlined above. If there are no recent reported trades, the third-party pricing services may use matrix or model processes to develop a security price where future cash flow expectations are developed based upon collateral performance and discounted at an estimated market rate. Included in the pricing for mortgage-backed and asset-backed securities are estimates of the rate of future prepayments of principal over the remaining life of the securities. Such estimates are derived based on the characteristics of the underlying structure and prepayment speeds previously experienced at the interest rate levels projected for the underlying collateral. Actual prepayment experience may vary from these estimates.

Financial Assets Measured at Fair Value on a Recurring Basis: Financial assets measured at fair value on a recurring basis would include actively traded public and private equity securities. Fair values of equity securities reported in this category are provided by external sources. The fair value of equity securities held by the Company at December 31, 2011, was $2,030,520. The Company did not have any financial assets measured at fair value on a recurring basis at December 31, 2010.

Financial Assets Measured at Fair Value on a Nonrecurring Basis: Certain financial assets are measured at fair value on a nonrecurring basis, such as certain fixed-income securities valued at cost, that are other-than-temporarily impaired or designated as an NAIC Level 6 security by the SVO during the reporting period and recorded at fair value on the accompanying statutory-basis balance sheet. The Company does not have any financial assets measured at fair value on a nonrecurring basis at December 31, 2011 and 2010.

Due from Affiliates and Due to Affiliates: The carrying amounts reported in the accompanying statutory-basis balance sheets approximate the fair value of amounts due to and due from affiliates due to the short-term settlement of those amounts.

4. Fair Values (continued)

The carrying amounts and fair values of the Company's admitted financial instruments are as follows:

	December 31, 2011		December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash, cash equivalents, and short-term investments	$ 61,162,504	$ 61,162,504	$ 24,699,141	$ 24,699,141
Due from financial services institution	10,579,458	10,579,458	8,748,349	8,748,349
Investments in bonds	1,505,678	1,509,977	24,154,907	24,677,681
Investments in equity securities	2,030,520	2,030,520	–	–
Deposits – Florida Department of Financial Services	300,000	300,000	300,000	300,000
Due from affiliates	–	–	1,675,611	1,675,611
Financial liabilities:				
Due to affiliates	$ 714,946	$ 714,946	$ 547,703	$ 547,703

5. Risk-Sharing Receivable

The admitted risk-sharing receivable as of December 31, 2011 and 2010, was $1,009,880 and $0, respectively.

Calendar Year	Evaluation Period Year Ending	Risk-Sharing Receivable as Estimated and Reported in the Prior Year	Risk-Sharing Receivable as Estimated and Reported in the Current Year	Risk-Sharing Receivable Invoiced	Risk-Sharing Receivable Not Invoiced	Actual Risk-Sharing Amounts Collected in Year Invoiced	Actual Risk-Sharing Amounts Collected First Year Subsequent	Actual Risk-Sharing Amounts Collected Second Year Subsequent	Actual Risk-Sharing Amounts Collected – All Other
2011	2011	$ –	$ 1,009,880	$ –	$ 1,009,880	$ –			
	2012	–	–	–	–	–	–		

6. Medical Claims Payable and Accrued Loss-Adjustment Expense

The liability for medical claims payable as of December 31, 2011 and 2010, was $69,308,699 and $25,050,000, respectively. The liabilities include claims received and in process, as well as management's estimate of the cost of claims incurred but not reported totaling $37,639,796 and $31,668,903, respectively, for 2011 and totaling $9,079,877 and $15,970,123, respectively, for 2010. The liability for accrued loss-adjustment expense as of December 31, 2011 and 2010, was $749,009 and $306,651, respectively.

The following table provides a reconciliation of the beginning and ending balances of medical claims payable:

	Year Ended December 31	
	2011	2010
Medical claims payable at beginning of year	$ 25,050,000	$ 26,860,000
Add provision for claims related to:		
The current year	468,756,955	280,183,828
Prior years	845,246	(2,503,545)
Total benefits paid or provided during the current year	469,602,201	277,680,283
Deduct payments for claims related to:		
The current year	399,704,725	254,953,828
Prior years	25,638,777	24,536,455
Total benefits paid	425,343,502	279,490,283
Medical claims payable at end of year	$ 69,308,699	$ 25,050,000

The provision for claims incurred but not yet reported is actuarially determined based on historical claims payment experience, current enrollment, member statistics, and other statistics. This liability is subject to the impact of changes in claim severity and frequency, as well as numerous other factors. The liability for medical claims payable also includes management's best estimate for amounts due to providers for disputed and denied claims. These accruals are continually monitored and reviewed and as settlements are made or accruals adjusted, differences are reflected in current operations. Accounts payable and accrued expenses includes an accrual for unpaid pharmacy claims of approximately $2,000,000 at December 31, 2011. Through March 31, 2012, the Company paid medical and pharmacy claims of approximately $71,500,000 related to member benefits through December 31, 2011, an overage of approximately $200,000 as compared to the liability at December 31, 2011. Management

6. Medical Claims Payable and Accrued Loss-Adjustment Expense (continued)

believes that the recorded liability is adequate, but the variance between the estimate and the ultimate net cost of settling this liability could be material. However, management does not believe that such variance would exceed its excess minimum capital and surplus level of $12,516,272.

7. Income Taxes

The Company adopted SSAP No. 10R, *Income Taxes*, which was effective beginning January 1, 2009. The application of SSAP No. 10R requires the Company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the deferred tax asset to an amount that is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary and, if so, the amount of such valuation allowance. In evaluating the need for valuation allowance, the Company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of their reversal; (4) taxable income in prior carryback years, as well as projected taxable earnings exclusive of reversing temporary differences and carryforwards; (5) the length of time that carryovers can be utilized; (6) unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to prevent a tax benefit from expiring unused.

Management has determined that recorded deferred tax assets are fully realizable and has concluded that no valuation allowance is required at December 31, 2011. There have been no changes in circumstances which would cause the assessment of realizability of recognized deferred tax assets to change.

The components of deferred tax assets are as follows:

		December 31, 2011			December 31, 2010			Change		
		(1) Ordinary	(2) Capital	(3) (Col 1 + 2) Total	(4) Ordinary	(5) Capital	(6) (Col 4 + 5) Total	(7) (Col 1 – 4) Ordinary	(8) (Col 2 – 5) Capital	(9) (Col 7 + 8) Total
(a)	Gross deferred tax assets	$ 9,025,785	$ 34,201	$ 9,059,986	$ 3,587,038	$ 35,000	$ 3,622,038	$ 5,438,747	$ (799)	$ 5,437,948
(b)	Statutory valuation allowance adjustment	–	–	–	–	–	–	–	–	–
(c)	Adjusted gross deferred tax assets (1a-1b)	9,025,785	34,201	9,059,986	3,587,038	35,000	3,622,038	5,438,747	(799)	5,437,948
(d)	Deferred tax liabilities	–	–	–	–	–	–	–	–	–
(e)	Subtotal (net deferred tax assets) (1c-1d)	9,025,785	34,201	9,059,986	3,587,038	35,000	3,622,038	5,438,747	(799)	5,437,948
(f)	Deferred tax assets nonadmitted	3,259,850	34,201	3,294,051	1,135,920	35,000	1,170,920	2,123,930	(799)	2,123,131
(g)	Net admitted deferred tax assets (1e-1f)	$ 5,765,935	$ –	$ 5,765,935	$ 2,451,118	$ –	$ 2,451,118	$ 3,314,817	$ –	$ 3,314,817

7. Income Taxes (continued)

The amount of admitted gross deferred tax assets under each component of SSAP No. 10R is as follows:

	December 31, 2011			December 31, 2010			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1–4) Ordinary	(8) (Col 2–5) Capital	(9) (Col 7+8) Total
Admission calculation components – SSAP 10R, paragraphs 10.a., 10.b., and 10.c.									
(a) Paragraph 10.a.	$ 5,765,935	$ –	$ 5,765,935	$ 2,451,118	$ –	$ 2,451,118	$ 3,314,817	$ –	$ 3,314,817
(b) Paragraph 10.b. (the lesser paragraph of 10.b.i. and 10.b.ii. below)	–	–	–	–	–	–	–	–	–
(c) Paragraph 10.b.i.	–	–	–	–	–	–	–	–	–
(d) Paragraph 10.b.ii.	1,987,990	–	1,987,990	3,069,499	–	3,069,499	(1,081,509)	–	(1,081,509)
(e) Paragraph 10.c.	–	–	–	–	–	–	–	–	–
(f) Total (4a + 4b + 4c)	$ 5,765,935	$ –	$ 5,765,935	$ 2,451,118	$ –	$ 2,451,118	$ 3,314,817	$ –	$ 3,314,817
SSAP 10R, paragraphs 10.a., 10.b., and 10.c.									
(a) Admitted deferred tax assets	$ 5,765,935	$ –	$ 5,765,935	$ 2,451,118	$ –	$ 2,451,118	$ 5,892,304	$ –	$ 3,314,817
(b) Admitted assets	N/A	N/A	106,093,171	N/A	N/A	77,780,802			28,312,369
(c) Adjusted statutory surplus*	N/A	N/A	19,879,898	N/A	N/A	30,694,990			(10,815,092)
(d) Total adjusted capital from DTAs	5,765,935	–	5,765,935	2,451,118	–	2,451,118	5,892,304	–	3,314,817

* As reported on the statutory balance sheet for the most recently filed statement with the domiciliary state commissioner adjusted in accordance with SSAP No. 10R, paragraph 10.b.ii.

Pursuant to SSAP No. 10R, paragraph 10.d, the Company is not subject to risk-based capital (RBC) requirements and, thus, is not eligible to admit a higher amount of adjusted gross deferred tax assets as calculated in Paragraph 10.e. As a result, the Company had no admitted deferred tax assets resulting from SSAP No. 10R, paragraph 10.e.

The Company had no admitted deferred tax assets resulting from tax planning strategies.

7. Income Taxes (continued)

The components of incurred income taxes are as follows:

	(1) Year Ended December 31 2011	(2) 2010	(3) (Col 1-2) Change
(a) Federal	**$ 1,564,034**	$ 4,417,693	$ (2,853,659)
(b) Foreign	–	–	–
(c) Subtotal	**1,564,034**	4,417,693	(2,853,659)
(d) Federal income tax on net capital gains	**873,954**	57,462	816,492
(e) Utilization of capital loss carry-forwards	–	–	–
(f) Other	–	–	–
(g) Federal and foreign income taxes incurred	**$ 2,437,988**	$ 4,475,155	$ (2,037,167)

7. Income Taxes (continued)

The components of deferred tax assets are as follows:

	(1) December 31 2011	(2) 2010	(3) (Col 1-2) Change
(a) Ordinary:			
1. Discounting of unpaid losses	$ –	$ 164,380	$ (164,380)
2. Unearned premium reserve	–	965,372	(965,372)
3. Depreciable fixed assets	556,861	470,920	85,941
4. Compe			

7. Income Taxes (continued)

The Company's federal income taxes incurred differs from the amount that would be obtained by applying the statutory federal income tax rate of 35% to pretax net income for the year ended December 31, 2011, for the following reasons:

	Amount	Effective Tax Rate (%)
Provision computed at statutory rate	$ 4,184,892	35.0%
Change in nonadmitted assets	(6,907,478)	(57.8)
Nontaxable investment income	(92,983)	(0.8)
Nondeductible expense	5,246	0.0
State taxes	(151,053)	(1.4)
Other	(4,383)	0.0
Totals	$ (2,965,759)	(25.0%)
Federal and foreign income taxes incurred	$ 1,564,034	13.1%
Realized capital gains (losses) tax	873,954	7.3
Change in deferred income taxes	(5,403,747)	(45.4)
	$ (2,965,759)	(25.0%)

At December 31, 2011 and 2010, no operating loss or tax credit carryforwards were available for tax purposes.

At December 31, 2011, the amount of federal income taxes that is available for recoupment in the event of future net losses is:

Year	Ordinary	Capital	Total
2010	$ 4,119,767	$ 56,313	$ 4,176,080
2011	1,688,076	856,475	2,544,551
	$ 5,807,843	$ 912,788	$ 6,720,631

The Company had an intercompany tax balance due to Group of $714,946 as of December 31, 2011, and the Company had an intercompany tax balance due from Group of $1,675,611 as of December 31, 2010 (see Note 8).

7. Income Taxes (continued)

At December 31, 2011 and 2010, the Company did not record any gross unrecognized tax benefits. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense when incurred. No interest and penalties related to unrecognized tax benefits were incurred for the years ended December 31, 2011 and 2010, or accrued as of those dates.

In the normal course of business, the Company is subject to examination by federal and state income tax authorities. During 2010, an amended 2008 consolidated federal income tax return was filed requesting a federal tax refund of $2,250,855. This request prompted an audit by the Internal Revenue Service which was concluded in 2011 and a refund of $2,250,855 was issued. The consolidated federal income tax returns for the years ended December 31, 2010 and 2009, are still open for federal income tax examination. The Company is not currently under any federal or state income tax examinations. Although the statute of limitations can vary by state, in general, years prior to 2008 are closed for state income tax examination.

8. Related-Party and Affiliated Transactions

A summary of transactions between the Company and affiliated companies is as follows:

Surplus Note Payable, Related Party

On December 29, 2006, the Company received cash proceeds for a surplus note payable issued to Group amounting to $18,750,000. The terms of the note payable specify that principal and interest on the note are payable only upon the prior approval from OIR. The note payable bears interest at 5% per annum upon OIR approval. Any repayment of the principal or of any interest accrued is subordinate to the prior payment in full of all other liabilities of the Company, and no payment of any kind shall be made until all claims of subscribers or general creditors of the Company have been paid or otherwise discharged. The Company has not pledged any assets or other collateral to support the repayment of the note. The liquidation preference to the Company's common shareholders is paid in accordance with Florida Statute 631.271.

On September 26, 2008 and December 22, 2009, respectively, the Company made principal payments of $10,000,000 and $2,000,000 to Group. The Company made an additional principal payment to Group of $3,000,000 on July 15, 2010. During the period covered by these financial statements, the Company has not received approval from the OIR; therefore, the Company has not recorded accrued interest totaling $2,640,124 and $2,452,624 at December 31, 2011 and 2010, respectively.

8. Related-Party and Affiliated Transactions (continued)

Other Relationships

The Company has a management agreement with AMC, which automatically renews on an annual basis, whereby AMC provides supervisory and management services, performs specific functions, and contracts services to and performs certain payroll functions for the Company. Effective January 1, 2011, as compensation for services rendered, the Company shall pay AMC a percentage of total collected premiums on a monthly basis. The amount shall vary, as mutually agreed between AMC and the Company, but under no circumstance shall the percentage of collected premiums paid to AMC exceed 8.5%, without obtaining prior approval from the FL OIR. Further, no amounts paid by the Company shall result in the Company being out of compliance with the minimum statutory requirements of the Florida Statutes. Fee percentages incurred under this agreement approximated 7.7% and 8.5% for the years ended December 31, 2011 and 2010, respectively. Expenses incurred under this agreement totaled $41,834,345 and $28,849,900 for the years ended December 31, 2011 and 2010, respectively. Additionally, AMC allocated certain expenses directly to the Company. Allocated expenses include selling and marketing, telesales, grievance and appeals, compliance, Medicare risk-adjustment and executive costs. Allocated costs totaled $10,276,044 and $3,058,146 for the years ended December 31, 2011 and 2010, respectively.

The Company pays for and is reimbursed by AMC, UHCIC, UHMOT, UHCNV, and Group for certain expenditures. These affiliates also pay for certain expenditures on behalf of the Company and are reimbursed by the Company. These transactions resulted in a net payable to affiliates as follows:

	December 31	
	2011	**2010**
AMC	$ –	$ 530,159
UHCIC	–	–
UHMOT	–	17,544
UHCNV	–	–
Group	714,946	–
	$ 714,946	$ 547,703

The December 31, 2011 and 2010, amounts above were included in due to affiliates in the accompanying statutory-basis balance sheets.

8. Related-Party and Affiliated Transactions (continued)

During the years ended December 31, 2011 and 2010, the Company paid, and was reimbursed, for income taxes in accordance with the Intercompany Tax-Sharing Agreement. At December 31, 2011, $714,946 remained unreimbursed to Group and was included as amounts due to affiliates in the accompanying statutory-basis balance sheet. At December 31, 2010, $1,675,611 remained unreimbursed from Group and was included as amounts due from affiliates in admitted assets in the accompanying statutory-basis balance sheet. The Company adopted an intercompany transactions policy on November 1, 2009, which establishes prompt cash settlement of intercompany balances that meet the criteria for admitted assets (see Note 1).

During the years ended December 31, 2011 and 2010, the Company paid for and was reimbursed by AMC, UHCIC, UHMOT, and UHCNV for certain expenditures. At December 31, 2011, $1,564,501, $30,744, and $1,242,999 remained unreimbursed from AMC, UHCIC, and UHMOT, respectively. The net amounts due from affiliates of $2,838,244 were included in nonadmitted assets at December 31, 2011. At December 31, 2010, $476,230 and $267 remained unreimbursed from UHCIC and UHCNV, respectively. In a previous year, the Company paid, and was reimbursed, advances to Group. At December 31, 2010, a net balance of $1,900,000 remained unreimbursed from Group. The net amounts due from affiliates of $2,376,497 were included in nonadmitted assets at December 31, 2010 (see Note 1).

During the year ended December 31, 2011, AMC paid the Company $2,140,526 for rent associated with its occupancy of the Company's building.

In addition, the Company maintains a provider agreement with American Family & Geriatric Care (AFGC), which is owned 100% by a majority shareholder of Group. Amounts paid to AFGC under the provider agreement totaled $1,899,998 and $1,862,732 for the years ended December 31, 2011 and 2010, respectively.

9. Concentrations of Credit Risk and Revenues

Cash, Cash Equivalents, and Short-Term Investments

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and money market accounts. The Company maintains its cash and money market accounts in several different financial institutions, each of which is insured by the Federal Deposit Insurance Corporation up to $250,000. The Company has invested more than $250,000 in each of the financial institutions with whom it maintains depository relationships.

9. Concentrations of Credit Risk and Revenues (continued)

Revenue

The Company received 68% and 56% of its revenue from the Medicare program for the years ended December 31, 2011 and 2010, respectively, under contracts that have been renewed through December 31, 2011. The Company received 28% and 37% of its revenue from the Medicaid program for the years ended December 31, 2011 and 2010, respectively, under contracts that have been renewed through December 31, 2011. The loss of these contracts or significant changes in the programs as a result of legislative action, including reduction of premium payments to the Company, or increases in member benefits without corresponding increases in premiums to the Company, may have a material adverse effect on the Company's financial position, results of operations, and cash flows.

10. Employee Benefit Plan

The Company's employees are eligible to participate in a 401(k) plan sponsored by AFGC (the Plan). The Plan was established for the benefit of substantially all of the employees of AFGC and related affiliates who have completed one year of service. Under the terms of the Plan, employees may contribute up to 15% of their gross earnings, subject to IRS limitations. The Company matches up to 4% of employees' contributions as follows: 100% of the first 3% of gross earnings and 50% of the next 2% of gross earnings. The Company's matching contributions to the Plan were $34,874 and $13,730 for the years ended December 31, 2011 and 2010, respectively.

11. Commitments and Contingencies

Regulatory

The Company is subject to extensive federal and state health care and insurance regulations designed primarily to protect enrollees, particularly with respect to government-sponsored enrollees. Such regulations govern many aspects of the Company's business affairs and typically empower state agencies to review management agreements with health care plans for, among other things, reasonableness of charges. Among the other areas regulated by federal and state law are licensure requirements, premium rate increases, new product offerings, procedures for quality assurance, and the financial condition, including cash reserve requirements. Legislation

11. Commitments and Contingencies (continued)

mandating managed care for Medicare and Medicaid recipients is often subject to change and may not initially be accompanied by administrative rules and guidelines. Changes in federal or state governmental regulation could affect the Company's operations, cash flows, and business prospects. There can be no assurances that the Company will maintain federal qualifications or state licensure.

By Consent Order filed with the OIR on December 21, 2007 (Consent Order), the Company agreed to take the corrective actions set forth therein. Under the terms of the Consent Order, the Company agreed to file monthly financial statements for 24 months, correct any significant deficiencies or material weaknesses within 45 days of receipt of notice of such deficiencies, and reimburse the State of Florida for its examination expenses. Currently, the Company remains in full compliance with the Consent Order and has no restrictions on its ability to market new business. Effective January 1, 2010, the Company is no longer required to file monthly financial statements with the OIR. There can be no assurances that the Company will maintain compliance with the Consent Order.

Reinsurance

In 2011, the Company entered into two separate reinsurance agreements with HCC Life Insurance Company (HCC Life) and HM Life Insurance Company (HM Life) to reduce the risk of loss that may arise from excessive medical claims. These agreements do not relieve the Company from its obligations to its members. Failure on the part of HCC Life and HM Life to honor their obligations could result in losses to the Company.

Under the terms of the first agreement to reinsure Commercial HMO, Medicare HMO, and Medicare PPO members, effective from January 1, 2011 through December 31, 2011, HCC Life reinsures a percentage of eligible expenses, as defined, that exceeds the applicable attachment point, as defined, at the rates of $3.03 and $0.51 (per member per month) for Commercial HMO and Medicare HMO/PPO, respectively. The lifetime maximum reimbursement per individual stated in the agreement is $2,000,000.

Under the terms of the second agreement to reinsure Medicaid members, effective January 1, 2011 through December 31, 2011, HM Life reinsures a percentage of eligible expenses, as defined, that exceeds the $200,000 attachment point at the rate of $1.06 per member per month. The lifetime maximum reimbursement per individual stated in the agreement is $2,000,000.

11. Commitments and Contingencies (continued)

In 2010, the Company entered into two separate reinsurance agreements with HCC Life Insurance Company (HCC Life) and HM Life Insurance Company (HM Life) to reduce the risk of loss that may arise from excessive medical claims. These agreements do not relieve the Company from its obligations to its members. Failure on the part of HCC Life and HM Life to honor their obligations could result in losses to the Company.

Under the terms of the first agreement to reinsure Commercial HMO, Medicare HMO, and Medicare PPO members, effective from January 1, 2010 through December 31, 2010, HCC Life reinsures a percentage of eligible expenses, as defined, that exceeds the applicable attachment point, as defined, at the rates of $2.76 and $0.57 (per member per month) for Commercial HMO and Medicare HMO/PPO, respectively. The lifetime maximum reimbursement per individual stated in the agreement is $2,000,000.

Under the terms of the second agreement to reinsure Medicaid members, effective January 1, 2010 through December 31, 2010, HM Life reinsures a percentage of eligible expenses, as defined, that exceeds the $250,000 attachment point at the rate of $0.72 per member per month. The lifetime maximum reimbursement per individual stated in the agreement is $2,000,000.

During the years ended December 31, 2011 and 2010, respectively, premiums paid for reinsurance amounted to $354,375 and $227,212.

Litigation

In the normal course of its operations, the Company is engaged in various litigation, none of which is currently considered material to the Company's results of operations. Where appropriate, the Company has accrued the anticipated costs of loss or settlement of such litigation in the accompanying statutory-basis financial statements, in accordance with statutory accounting principles.

12. Subsequent Events

On April 6, 2012, Group entered into a $60,000,000 senior revolving line of credit, which placed additional minimum statutory capital requirements on its subsidiaries, including the Company. Group pledged 100% of its equity interest in the Company as security under the credit revolver.

Subsequent events have been evaluated by management through April 12, 2012, the date that the financial statements were available for issuance.

Supplementary Information

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Report of Independent Certified Public Accountants on Supplementary Information

The Board of Directors
Universal Health Care Group, Inc.

Our audits were conducted for the purpose of forming an opinion on the statutory-basis financial statements as a whole. The accompanying supplemental investment disclosures are presented to comply with the National Association of Insurance Commissioners' Annual Statement Instructions and the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the statutory-basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the statutory-basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the statutory-basis financial statements as a whole.

This report is intended solely for the information and use of the Company and state insurance departments to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

April 12, 2012

Universal Health Care, Inc.

Supplemental Schedule of Investment Risk Interrogatories

December 31, 2011

Investment Risks Interrogatories

1. Universal Health Care Inc.'s (the Company) total admitted assets, as reported on page three of the Company's Annual Statement for the year ended December 31, 2011, is $106,093,171.

2. Following are the 10 largest exposures to a single issuer/borrower/investment, excluding (i) U.S. government, U.S. government agency securities, and those U.S. government money market funds listed in the Appendix to the *SVO Practices and Procedures Manual* as exempt, (ii) property occupied by the Company, and (iii) policy loans.

Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
a. Bank of Carolinas NC	Bank Bonds	$ 240,000	0.2%
b. CIT BK Salt Lake City UT	Bank Bonds	240,000	0.2
c. Beal Bank Plano TX	Bank Bonds	240,000	0.2
d. USAmeriBank Largo FL	Bank Bonds	240,000	0.2
e. Nissan Auto Recv TALF	MBS/ABS	101,938	0.1
f. GE Cap CCMT TALF	MBS/ABS	100,848	0.1
g. FHLMC PC	MBS/ABS	34,551	0.0
h. Chrysler Fin Auto TALF	MBS/ABS	30,525	0.0

Investment Risks Interrogatories (continued)

3. The Company's total admitted assets held in bonds and equity securities, by NAIC rating, are:

Bonds			Preferred Stocks		
NAIC Rating	Amount	Percentage of Total Admitted Assets	NAIC Rating	Amount	Percentage of Total Admitted Assets
NAIC-1	$ 63,014,750	59.4%	P/RP-1	$ –	–%
NAIC-2	–	–	P/RP-2	–	–
NAIC-3	–	–	P/RP-3	–	–
NAIC-4	–	–	P/RP-4	–	–
NAIC-5	–	–	P/RP-5	–	–
NAIC-6	–	–	P/RP-6	–	–
	$ 63,014,750	59.4%		$ –	–%

4. Assets held in foreign investments with contractual sales restrictions are less than 2.5% of the Company's total admitted assets.

5. Assets held in Canadian investments are less than 2.5% of the Company's total admitted assets.

6. Assets held in investments with contractual sales restrictions are less than 2.5% of the Company's total admitted assets.

7. Assets held in equity interest are less than 2.5% of the Company's total admitted assets.

8. Assets held in nonaffiliated, privately placed equities are less than 2.5% of the Company's total admitted assets.

9. Assets held in general partnership interest are less than 2.5% of the Company's total admitted assets.

10. Mortgage loans reported in Schedule B are less than 2.5% of the Company's total admitted assets.

Investment Risks Interrogatories (continued)

11. Assets held in each of the five largest investments in one parcel or group of contiguous parcels of real estate reported in Schedule A are less than 2.5% of the Company's total admitted assets.

12. The Company had $10,579,458 in cash and equivalents at December 31, 2011, included in admitted assets that is subject to overnight repurchase agreements. The Company had no other admitted assets subject to securities lending (excluding assets held as collateral for such transaction), repurchase agreements, reverse repurchase agreements, dollar repurchase agreements, or dollar reverse repurchase agreements during the year ended December 31, 2011.

13. The Company had no warrants not attached to other financial instruments, options, caps, and floors at December 31, 2011.

14. The Company had no potential exposure for collars, swaps, and forwards at any time during the year ended December 31, 2011.

15. The Company had no potential exposure for futures contracts at any time during the year ended December 31, 2011.

16. The Company had no investments included in the write-ins for the invested assets category included on the accompanying summary investment schedule at December 31, 2011.

QUARTERLY STATEMENT

AS OF JUNE 30, 2012
OF THE CONDITION AND AFFAIRS OF THE

Universal Health Care, Inc.

NAIC Group Code 4091 (Current Period), 4091 (Prior Period) NAIC Company Code 11574 Employer's ID Number 05-0528708

Organized under the Laws of Florida, State of Domicile or Port of Entry Florida

Country of Domicile United States

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]
Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [ ]
Other [ ] Is HMO, Federally Qualified? Yes [ ] No [ ]

Incorporated/Organized 07/30/2002 Commenced Business 09/01/2002

Statutory Home Office 100 Central Avenue, Suite 200 (Street and Number), St. Petersburg, FL 33701 (City or Town, State and Zip Code)

Main Administrative Office 100 Central Avenue, Suite 200 (Street and Number), St. Petersburg, FL 33701 (City or Town, State and Zip Code), 727-822-3446 (Area Code) (Telephone Number)

Mail Address 100 Central Avenue, Suite 200 (Street and Number or P.O. Box), St. Petersburg, FL 33701 (City or Town, State and Zip Code)

Primary Location of Books and Records 100 Central Avenue, Suite 200 (Street and Number), St. Petersburg, FL 33701 (City or Town, State and Zip Code), 727-456-6517 (Area Code) (Telephone Number)

Internet Web Site Address www.univhc.com

Statutory Statement Contact Marie C Zevallos (Name), 727-456-6650 (Area Code) (Telephone Number) (Extension)
mzevallos@univhc.com (E-mail Address), 727-329-0036 (FAX Number)

OFFICERS

Name	Title	Name	Title
Akshey M. Desai MD, MPH	President, CEO	Sandip I. Patel	CAO, General Counsel, Secretary
Deepak Desai	CSO, Interim CFO	Steven J. Schaefer	Treasurer

OTHER OFFICERS

Jeff Ludy	Chief Marketing Officer	Michael Holphan #	Chief Operating Officer

DIRECTORS OR TRUSTEES

Akshey M. Desai MD, MPH	Deepak Desai	Gema Desai	John Adhe
Carol McAllister			

State of Florida
ss
County of Pinellas

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Akshey M. Desai, MD
CEO, President

Sandip I. Patel
Secretary, CAO, General Counsel

Deepak Desai
CSO, Interim CFO

Subscribed and sworn to before me this
14th day of August, 2012

Mary Kaye Raddatz

a. Is this an original filing? Yes [X] No [ ]

b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

MARY KAYE RADDATZ
MY COMMISSION # EE 021606
EXPIRES: August 29, 2014
Bonded Thru Notary Public Underwriters

EXHIBIT
F

QUARTERLY STATEMENT

AS OF JUNE 30, 2012
OF THE CONDITION AND AFFAIRS OF THE

Universal Health Care, Inc.

NAIC Group Code 4091 (Current Period) 4091 (Prior Period) NAIC Company Code 11574 Employer's ID Number 05-0528708

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Internet Web Site Address www.univhc.com

Statutory Statement Contact Maria C Zevallos (Name) 727-456-6560 (Area Code) (Telephone Number) (Extension)

mzevallos@univhc.com (E-mail Address) 727-329-0036 (FAX Number)

OFFICERS

Name	Title	Name	Title
Akshay M. Desai MD, MPH	President, CEO	Sandip I. Patel	CAO, General Counsel, Secretary
Deepak Desai	CSO, Interim CFO	Steven J. Schaefer	Treasurer

OTHER OFFICERS

Jeff Ludy	Chief Marketing Officer	Michael Holohan #	Chief Operating Officer

DIRECTORS OR TRUSTEES

Akshay M. Desai MD, MPH	Deepak Desai	Sema Desai	John Adha
Carol McAllister			

State of Florida
ss
County of Pinellas

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Akshay M. Desai, MD CEO, President	Sandip I. Patel Secretary, CAO, General Counsel	Deepak Desai CSO, Interim CFO

Subscribed and sworn to before me this
_____ day of August, 2012

a. Is this an original filing? Yes [X] No [ ]

b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Statement Date			4
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1. Bonds	1,004,400		1,004,400	1,505,678
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	5,058,717		5,058,717	2,030,520
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less $ ..... encumbrances)	9,570,493	470,772	9,099,721	9,263,168
4.2 Properties held for the production of income (less $ ..... encumbrances)			0	0
4.3 Properties held for sale (less $ ..... encumbrances)			0	0
5. Cash ($ 9,172,584), cash equivalents ($ 0) and short-term investments ($ 88,084,106)	97,256,690		97,256,690	72,041,962
6. Contract loans (including $ ..... premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	112,888,300	470,772	112,417,528	84,841,348
13. Title plants less $ ..... charged off (for Title insurers only)			0	0
14. Investment income due and accrued	9,284		9,284	9,160
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ..... earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums	23,847,154		23,847,154	10,254,670
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	332,379	332,379	0	1,980,422
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	517,501		517,501	2,158,892
18.2 Net deferred tax asset	9,051,516	3,294,051	5,757,465	5,765,935
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets ($ .....)	2,503,314	2,503,314	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	118,327	118,327	0	0
24. Health care ($ .....) and other amounts receivable	20,081,873	20,077,067	4,806	2,635,282
25. Aggregate write-ins for other than invested assets	1,315,550	709,196	606,354	606,353
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	170,665,196	27,505,106	143,160,092	108,252,063
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	170,665,196	27,505,106	143,160,092	108,252,063
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Deposits for claim obligation	1,247,744	641,390	606,354	606,353
2502. Accounts Receivable	5,933	5,933	0	0
2503. Prepaid Expense	61,873	61,873	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,315,550	709,196	606,354	606,353

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $ ..... reinsurance ceded)	53,802,403		53,802,403	76,758,699
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	552,542		552,542	749,009
4. Aggregate health policy reserves including the liability of $ ..... for medical loss ratio rebate per the Public Health Service Act			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	41,998,518		41,998,518	0
9. General expenses due or accrued	4,235,569		4,235,569	4,584,275
10.1 Current federal and foreign income tax payable and interest thereon (including $ ..... on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	582,436		582,436	583,612
13. Remittances and items not allocated			0	0
14. Borrowed money (including $ ..... current) and interest thereon $ ..... (including $ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	50		50	0
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with $ ..... authorized reinsurers and $ ..... unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	6,110,231		6,110,231	2,856,141
23. Aggregate write-ins for other liabilities (including $ ..... current)	1,563,280	0	1,563,280	1,650,656
24. Total liabilities (Lines 1 to 23)	108,245,029	0	108,245,029	87,182,392
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	315	315
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	11,640,684	11,640,684
29. Surplus notes	XXX	XXX	3,750,000	3,750,000
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	19,524,083	5,678,671
32. Less treasury stock, at cost: 32.1 ..... shares common (value included in Line 28 $ .....)	XXX	XXX		0
32.2 ..... shares preferred (value included in Line 27 $ .....)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	34,915,083	21,069,671
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	143,160,092	108,252,063
DETAILS OF WRITE-INS				
2301. Accrued Rx	1,562,000		1,562,000	1,645,647
2302. Accrued Plan To Plan Payable	1,280		1,280	5,009
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,563,280	0	1,563,280	1,650,656
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	XXX	684,318	582,992	1,194,181
2. Net premium income (including $ non-health premium income)	XXX	546,481,557	263,769,917	547,065,033
3. Change in unearned premium reserves and reserve for rate credits	XXX		0	0
4. Fee-for-service (net of $ medical expenses)	XXX		0	0
5. Risk revenue	XXX		0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	1,336,338	0
8. Total revenues (Lines 2 to 7)	XXX	546,481,557	265,106,255	547,065,033
Hospital and Medical:				
9. Hospital/medical benefits		219,607,149	168,854,839	389,745,319
10. Other professional services		4,739,707	7,756,979	15,289,467
11. Outside referrals			0	0
12. Emergency room and out-of-area		21,251,909	16,891,979	33,555,388
13. Prescription drugs		41,016,300	32,040,972	56,462,027
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts			0	0
16. Subtotal (Lines 9 to 15)	0	286,617,065	225,546,569	477,052,201
Less:				
17. Net reinsurance recoveries			0	0
18. Total hospital and medical (Lines 16 minus 17)	0	286,617,065	225,546,569	477,052,201
19. Non-health claims (net)			0	0
20. Claims adjustment expenses, including $ cost containment expenses		(199,467)	97,188	442,358
21. General administrative expenses		42,273,479	35,402,819	69,822,037
22. Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)			0	0
23. Total underwriting deductions (Lines 18 through 22)	0	328,691,077	261,046,576	547,316,596
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	17,787,480	4,059,679	(251,563)
25. Net investment income earned		741,732	239,281	2,239,557
26. Net realized capital gains (losses) less capital gains tax of $		(17)	8,851	1,623,057
27. Net investment gains (losses) (Lines 25 plus 26)	0	741,715	248,132	3,862,614
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]			0	0
29. Aggregate write-ins for other income or expenses	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	18,529,195	4,307,811	3,611,051
31. Federal and foreign income taxes incurred	XXX	6,943,647	1,643,407	(900,054)
32. Net income (loss) (Lines 30 minus 31)	XXX	11,585,548	2,664,404	4,511,105
DETAILS OF WRITE-INS				
0601.	XXX			
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701. Rent Revenue	XXX		1,336,338	0
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	1,336,338	0
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901.				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	21,069,670	33,146,108	33,146,108
34. Net income or (loss) from Line 32	11,585,568	2,664,404	4,511,105
35. Change in valuation basis of aggregate policy and claim reserves		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of $	15,728	105,449	(168,709)
37. Change in net unrealized foreign exchange capital gain or (loss)		0	0
38. Change in net deferred income tax		0	5,437,948
39. Change in nonadmitted assets	2,244,117	753,983	(21,856,781)
40. Change in unauthorized reinsurance	0	0	0
41. Change in treasury stock		0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles		0	0
44. Capital Changes:			
44.1 Paid in		0	0
44.2 Transferred from surplus (Stock Dividend)		0	0
44.3 Transferred to surplus		0	0
45. Surplus adjustments:			
45.1 Paid in		0	0
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital		0	0
46. Dividends to stockholders		0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital and surplus (Lines 34 to 47)	13,845,393	3,503,838	(12,076,437)
49. Capital and surplus end of reporting period (Line 33 plus 48)	34,915,063	36,649,944	21,069,671
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	374,287,591	257,035,832	527,552,749
2. Net investment income	921,829	446,500	3,029,988
3. Miscellaneous income	0	1,336,338	0
4. Total (Lines 1 to 3)	375,209,420	258,818,470	550,582,737
5. Benefit and loss related payments	304,879,080	211,031,294	445,745,781
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	39,368,095	34,114,077	85,490,981
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of $ ____ tax on capital gains (losses)	5,293,786	(921,471)	341,805
10. Total (Lines 5 through 9)	349,541,961	244,225,900	531,578,567
11. Net cash from operations (Line 4 minus Line 10)	25,674,459	14,594,570	15,984,170
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	493,008	2,325,731	34,607,047
12.2 Stocks	0	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	20,000	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(17)	0	0
12.7 Miscellaneous proceeds	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	492,988	2,345,731	34,607,047
13. Cost of investments acquired (long-term only):			
13.1 Bonds	0	9,362,992	9,657,742
13.2 Stocks	5,002,000	0	2,128,240
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	8,470	1	95,374
13.7 Total investments acquired (Lines 13.1 to 13.6)	5,010,470	9,362,993	11,881,357
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(4,517,481)	(7,016,662)	22,725,691
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	2,057,749	213,901	(415,368)
16.6 Other cash provided (applied)	2,057,749	213,901	(415,368)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	25,214,727	7,791,809	38,294,472
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	72,041,982	33,747,490	33,747,490
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	97,256,709	41,539,299	72,041,982
19.2 End of period (Line 18 plus Line 19.1)			

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	105,202	1	0	0	0	0	0	62,554	62,647	0
2. First Quarter	113,419	1	0	0	0	0	0	49,993	63,425	0
3. Second Quarter	116,210	1	0	0	0	0	0	50,977	65,232	0
4. Third Quarter	0									
5. Current Year	0									
6. Current Year Member Months	684,316	6						300,954	388,388	
Total Member Ambulatory Encounters for Period:										
7. Physician	530,601	2						355,488	175,111	
8. Non-Physician	57,032							22,834	34,198	
9. Total	587,633	2	0	0	0	0	0	378,322	209,309	0
10. Hospital Patient Days Incurred	82,849							74,441	8,208	
11. Number of Inpatient Admissions	5,528							3,918	1,610	
12. Health Premiums Written (a)	348,481,557	1,176						247,930,740	98,549,641	
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	305,693,039	1,176						206,532,222	98,549,641	
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	307,286,980	275						219,729,123	87,557,592	
18. Amount Incurred for Provision of Health Care Services	286,617,095	275						204,151,298	82,465,482	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees $ 247,930,740

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

1	Aging Analysis of Unpaid Claims					
Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims unpaid (Reported)						
	0	0	0	0	0	0
0199999 Individually listed claims unpaid						0
0299999 Aggregate accounts not individually listed-uncovered	32,419,512	3,943,894	933,929	792,321	1,681,644	39,771,410
0399999 Aggregate accounts not individually listed-covered	32,419,512	3,943,894	933,929	792,321	1,681,644	39,771,410
0499999 Subtotals	XXX	XXX	XXX	XXX	XXX	14,709,998
0599999 Unreported claims and other claim reserves	XXX	XXX	XXX	XXX	XXX	
0699999 Total amounts withheld	XXX	XXX	XXX	XXX	XXX	53,892,405
0799999 Total claims unpaid	XXX	XXX	XXX	XXX	XXX	
0899999 Accrued medical incentive pool and bonus amounts						

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
1. Comprehensive (hospital and medical)		276			0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan	53,297,357	166,544,368	1,472,738	37,156,745	54,770,095	54,361,904
6. Title XVIII - Medicare	25,372,792	64,358,574	2,023,409	13,107,511	27,396,201	22,366,795
7. Title XIX - Medicaid					0	0
8. Other health	78,670,149	230,903,212	3,496,147	50,306,256	82,166,296	76,758,699
9. Health subtotal (Lines 1 to 8)					0	0
10. Health care receivables (a)					0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9-10+11+12)	78,670,149	230,903,212	3,496,147	50,306,256	82,166,296	76,758,699

(a) Excludes $ _____ loans or advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

Universal Health Care Inc.
Notes to Financial Statements for the quarter ended June 30, 2012

1A. Summary of Significant Accounting Policies.
The accompanying statutory-basis financial statements have been prepared in conformity with the statutory accounting practices prescribed or permitted by the State of Florida Department of Financial Services, Office of Insurance Regulation (OIR), which practices differ from U.S. generally accepted accounting principles (GAAP).

Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC), as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Company has no permitted statutory accounting practices. The more significant variances from GAAP are as follows:

Investments: Investments in bonds are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating. For GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available for sale. Held-to-maturity fixed investments would be reported at amortized cost, and trading and available-for-sale fixed-maturity investments would be reported at fair value with unrealized gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income for those designated as available-for-sale.

Fair value for statutory purposes is based on the prices published by the Securities Valuation Office of the NAIC (SVO), if available, whereas fair value for GAAP is based on quoted market prices.

All single-class and multi-class mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS, and ABS securities), other than high-quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to fair value. If high-credit-quality securities are adjusted, the retrospective method is used.

Non-admitted assets: Certain assets designated as "non-admitted," principally furniture and equipment, certain deferred tax assets, and other assets not specifically identified as an admitted asset with the NAIC Accounting Practices and Procedures Manual, are excluded from the accompanying statutory-basis balance sheets and are charged directly to unassigned surplus. Under GAAP, such assets would be included in the balance sheets to the extent that those assets are not impaired. The balances of non-admitted assets are as follows:

Non Admitted Assets	June 30, 2012	December 31, 2011
Pharmacy rebate receivable	$ 1,428,584	$ 1,675,508
Deferred Tax Asset	3,294,051	3,294,051
Furniture and equipment	2,974,086	2,560,461
Accounts receivable	18,988,994	18,862,978
Prepaid expenses	61,873	76,591
Deposits	641,391	641,391
Investment in bonds	-	-
Amounts due from related parties	118,827	2,858,244
Total Non Admitted Assets	$ 27,505,106	$ 29,749,225

Surplus notes payable: Notes payable issued by the Company to related parties are classified as capital and surplus on a statutory-basis, if approved by the OIR. Under GAAP, such notes payable are recorded as liabilities (see Note 13).

Deferred income taxes: Deferred tax assets are limited to: (1) the amount of federal income taxes paid in prior years that can be recovered through loss carry backs for existing temporary differences that reverse by the end of the subsequent calendar year, plus (2) the lesser of the remaining gross deferred tax assets expected to be realized within one year of the balance sheet date or 10% of net worth excluding any net deferred tax assets, electronic data processing (EDP) equipment and operating software, and any net positive goodwill, plus (3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities. Any remaining deferred tax assets are non-admitted. Deferred taxes do not include amounts for state taxes. Under GAAP, state income taxes are included in the computation of deferred taxes, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in all future years, and a valuation allowance is established for deferred tax assets not realizable.

Statement of cash flows: Cash, cash equivalents, and short-term investments in the statement of cash flows represent cash balances and investments with initial maturities of one year or less. Under GAAP, the corresponding caption includes cash balances and investments with initial maturities of three months or less.

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been determined, but are presumed to be material.

B. Use of Estimates
The presentation of the financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Significant accounts that are largely determined based on management's estimates and assumptions include incurred but not reported claims and accrued

NOTES TO FINANCIAL STATEMENTS

pharmacy reimbursement due to CMS, which are both included in medical claims payable; premiums receivable due from CMS related to retro-premium adjustments and risk-sharing adjustments; and unallocated premiums received from CMS included in unearned premium. Actual results could differ from those estimates, and those differences could be material. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported herein.

C. Accounting Policies
Universal Health Care, Inc. (the "Company") is a Florida domiciled health maintenance organization and a wholly owned subsidiary of Universal Health Care Group, Inc. ("Group"). The Company was incorporated in 2002 and formed for the purpose of promoting and operating a health maintenance organization ("HMO"). The Company commenced revenue generating activities in August 2003.

The Company has four contracts with the Department of Health and Human Services, Centers for Medicare and Medicaid Services ("the Department") Agency for Health Care Administration and the Department of Elder Affairs to provide health care services to Medicare, Medicaid and Diversion enrollees in various counties in Florida. These contracts accounted for 99% of the Company's revenues in 2012. The Department awarded the Company the contracts for the period beginning July 1, 2003 and ending December 31, 2004 and has renewed the contracts through December 31, 2012. The contracts provide for annual extensions subject to agreement and approval by both parties.

1. Short-Term Investments
Cash, cash equivalents, and short-term investments include cash balances and investments which are liquid and mature in one year or less when purchased, including funds maintained under statutory requirements (deposits), and consist of money market and certificates of deposit funds registered with the NAIC.

2. Bonds
Investments in bonds are reported at amortized cost or fair value based on their NAIC rating. Bonds not backed by other loans are principally stated at amortized cost using the interest method.

Realized capital gains and losses are determined using the specific identification basis. Changes in the admitted asset carrying amounts of bonds, mortgage loans, and common and nonredeemable preferred stocks are credited or charged directly to unassigned surplus.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation settlement.

Fair values are based on quoted market prices when available. When quoted market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment, which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

Financial assets carried at fair value are classified, for disclosure purposes, based on a hierarchy defined by the Fair Value Measurements Disclosure Topic of the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC). The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement.

The levels of the fair value hierarchy are as follows:
Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.
Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

At June 30, 2012, the Company's investments in bonds are classified as Level 2 instruments and its investments in stocks are classified as Level 1 instruments.

3. Common Stocks
Investments in common stocks are designated as available for sale and are reported at fair value with unrealized gains or losses reported net of taxes in other charges in capital and surplus.

4. Preferred Stocks
N/A

5. Mortgage Loans on Real Estate
Single-class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys or internal or third-party estimates and are based on the current interest rate and economic environment. The prospective adjustment method is used to value all such securities.

NOTES TO FINANCIAL STATEMENTS

6. Loaned-backed Securities
N/A

7. Investments in subsidiaries, controlled and affiliated companies
N/A

8. Investments in joint ventures, partnerships and LLC
N/A

9. Policy for derivatives
N/A

10. Anticipated Investment Income as factor in premium deficiency
The Company generally receives premiums in advance of providing services, and recognizes premium revenue during the period in which the Company is obligated to provide services to its members. Premiums are billed monthly for coverage in the following month and are recognized as revenue in the month for which insurance coverage is provided. Accordingly, the portion of premiums applicable to future periods is included in the accompanying statutory-basis balance sheets as premiums received in advance.

11. Management's Policy and methodologies for estimating Liabilities Loss
Claim processing expenses for unpaid claims, including claims incurred but not yet reported, are accrued based on estimated expenses necessary to process such claims.

12. Capitalization policy/Predefined thresholds
Pursuant to Section 641.225(1) of Florida Statutes, the Company is required to maintain a minimum surplus in an amount that is the greater of $1,500,000, or 10.0% of total liabilities, or 2.0% percent of total annualized premiums. Additionally, according to a Consent Order filed with the OIR on September 25, 2008, the Company must maintain a minimum surplus in an amount that is greater than 120% of the statutory requirement. As of June 30, 2012, the Company's capital and surplus of $34,915,063 exceeded the $ 16,631,115 minimum level prescribed by Consent Order and the Florida Statutes by $18,283,948.

13. Prescription Drug Expense and Pharmacy Rebates Receivable
The Company's Medicare plans offer prescription drug benefits under Part D of the Medicare federal health insurance program to individuals eligible for benefits under Part A or Part B. As such, the Company receives additional premium and cost reimbursement components as described below.

For qualifying low-income status, or LIS, members of the Medicare Advantage Plans, CMS pays the Company for some or the entire LIS members' monthly premium. The CMS payment is dependent upon a member's income level, which is determined by the Social Security Administration. Low-income premium is recognized over the contract period and reported as premium revenue. Additionally, for qualifying LIS members, CMS will reimburse the Company for all or a portion of the LIS member's deductible, coinsurance, and co-payment amounts above the out-of-pocket threshold for low-income beneficiaries. Low-income cost-sharing subsidies are paid by CMS prospectively as a fixed amount per member per month, and are determined based upon the plan year bid submitted to CMS. After the close of the annual plan year, CMS reconciles actual experience to low-income cost sharing subsidies paid to the plan and any differences are settled between CMS and the Company.

The Company also receives payments from CMS for catastrophic reinsurance for members of its Medicare plans. CMS reimburses the Company for 80% of the drug costs after a member reaches his or her out-of-pocket catastrophic threshold through a catastrophic reinsurance subsidy. Catastrophic reinsurance subsidies are paid by CMS prospectively as a fixed amount per member per month, and are determined based upon the plan year bid submitted to CMS. After the close of the annual plan year, CMS reconciles actual experience compared to catastrophic reinsurance subsidies paid to the Company and any differences are settled between CMS and the Company.

Effective January 1, 2011, CMS began providing the Medicare Coverage Gap Discount Program, where CMS provides monthly prospective payments for pharmaceutical manufacturer discounts made available to members. The prospective discount payments are determined based upon the plan year bid submitted by plan sponsors to CMS and current plan enrollment. Following the plan year, CMS performs an annual reconciliation of the prospective discount payments received by the plan sponsor to the cost of actual manufacturer discounts made available to each plan sponsor's enrollees under the program.

Low-income cost sharing and catastrophic reinsurance subsidies represent funding from CMS for which the Company assumes no risk and amounts received from CMS are reported net of payments of the actual prescription drug costs related to the low-income cost sharing and catastrophic reinsurance in the accompanying statutory-basis balance sheets. The Company does not recognize premium revenue or medical claims expense for this activity.

Premiums from CMS for members of Medicare plans with Part D benefits are subject to risk corridor provisions. The CMS risk corridor calculation compares the target amount of prescription drug costs (limited to costs under the standard coverage as defined by CMS) less rebates in the Company's annual plan bid (target amount) to actual experience. Variances of more than 5% above the target amount will result in CMS making additional payments to the Company, and variances of more than 5% below the target amount will require the Company to refund to CMS a portion of the premiums received. Risk corridor payments due to or from CMS are estimated throughout the year and are recognized as adjustments to premium revenues and due and unpaid premiums. This estimate requires the Company to consider factors that may not be certain, including membership, risk scores, prescription drug events, and rebates. After the close of the annual plan year, CMS reconciles actual experience to the target amount and any differences are settled between CMS and the Company.

NOTES TO FINANCIAL STATEMENTS

Medicare Part D activity resulted in a payable from CMS of $6,110,231 at June 30, 2012, which is included in the liability for amounts held under uninsured plans in the accompanying statutory-basis balance sheet. Actual amounts of Medicare Part D related assets and liabilities could differ materially from amounts recorded.

2. Accounting Changes and Corrections of Errors

N/A

3. Business Combinations and Goodwill

N/A

4. Discontinued Operations

N/A

5. Investments

A - D. N/A

E. Repurchase Agreements and/or Securities Lending Transactions:

The Company entered into a sweep repurchase agreement with a financial services institution to increase its return on invested assets. The transactions involve the transfer of excess cash to a regulated financial institution that is collateralized by securities. On the next business day, the transferred cash, along with any interest thereon, is transferred back to the Company and the collateralized securities are returned. The arrangement meets the requirement to be accounted for as secured borrowings. The Company requires that at all times, securities obtained as collateral are sufficient to fund substantially all of the cost of purchasing replacement assets. As of June 30, 2012, amounts outstanding under repurchase agreements of $3,984,708 are classified as cash in the accompanying statement of assets. As of June 30, 2012, securities with a fair market value of approximately $4,064,000 were held as collateral under this agreement.

F - G. N/A

6. Joint Ventures, Partnerships and Limited Liability Companies

N/A

7. Investment Income

N/A

8. Derivative Instruments

N/A

9. Income Taxes

		06.30.2012			12.31.2011			Change		
SA		1	2	3	4	5	6	7	8	9
9A01		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
09A01a	Gross Deferred Tax Assets	9,025,785	25,731	9,051,516	9,025,785	34,201	9,059,986	-	(8,470)	(8,470)
09A01b	Statutory Valuation Allowance Adjustment			-	-	-	-	-	-	-
09A01c	Adjusted Gross Deferred Tax Assets (1a - 1b)	9,025,785	25,731	9,051,516	9,025,785	34,201	9,059,986	-	(8,470)	(8,470)
09A01d	Deferred Tax Liabilities			-	-	-	-	-	-	-
09A01e	Subtotal (Net Deferred Tax Asset) (1c - 1d)	9,025,785	25,731	9,051,516	9,025,785	34,201	9,059,986	-	(8,470)	(8,470)
09A01f	Deferred Tax Assets Nonadmitted	3,268,320	25,731	3,294,051	3,259,850	34,201	3,294,051	8,470	(8,470)	-
09A01g	Net Admitted Deferred Tax Assets (1e - 1f)	5,757,465	-	5,757,465	5,765,935	-	5,765,935	(8,470)	-	(8,470)

09A02 SSAP No. 10R, Income Taxes - A Temporary Replacement of of SSAP No. 10

09A03 The increased amount by tax character, and the change in such, of admitted adj gross dta as the result of the SSAP No. 10R

		06.30.2012			12.31.2011			Change		
9A04	Admission Calculation Components: SSAP No. 10R, Paragraphs 10a., 10b., and 10c	1 Ordinary	11 Capital	12 Total	13 Ordinary	14 Capital	15 Total	16 Ordinary	17 Capital	9 Total
09A04a	SSAP No. 10R, Paragraph 10a.	4,305,825	-	4,305,825	4,305,825	-	4,305,825	-	-	-
09A04b	SSAP No.10R, Paragraph 10.b. (the lesser of paragraph 10.b.i. and 10.b.ii. below)	1,460,110	-	1,460,110	1,460,110	-	1,460,110	-	-	-
09A04c	SSAP No.10R, Paragraph 10.b.i.	-	-	1,460,110	-	-	1,460,110	-	-	-
09A04d	SSAP No.10R, Paragraph 10.b.ii.	XXX	XXX	2,815,760	XXX	XXX	1,530,374	XXX	XXX	1,285,386
09A04e	SSAP No.10R, Paragraph 10.c.	-	-	-	-	-	-	-	-	-
09A04f	Total (4a + 4b + 4e)	5,765,935	-	5,765,935	5,765,935	-	5,765,935	-	-	-
	Admission Calculation Components SSAP No. 10R, Paragraph 10a.:									
09A04g	SSAP No.10R, Paragraph 10.a.i.	-	-	-	-	-	-	-	-	-
09A04h	SSAP No.10R, Paragraph 10.a.ii. (the lesser paragraph 10.a.i.a. and 10.a.ii.b below)	-	-	-	-	-	-	-	-	-
09A04i	SSAP No.10R, Paragraph 10. a.ii.a.	-	-	-	-	-	-	-	-	-
09A04j	SSAP No.10R, Paragraph 10. a.ii.b.									

NOTES TO FINANCIAL STATEMENTS

09AD4k	SSAP No.10R, Paragraph 10.e.iv.	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
09AD4l	Total (4g + 4h + 4k)	-	-	-	-	-	-	-	-	-
	Used in SSAP No. 10R, Paragraph 10.d.									
09AD4m	Total Adjusted Capital	XXX	XXX	34,915,064	XXX	XXX	21,069,671	XXX	XXX	
09AD4n	Authorized Control Level	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-

9AD5		06.30.2012			12.31.2011			Change		
		1 Ordinary	2 Capital	3 Total	4 Ordinary	5 Capital	6 Total	7 Ordinary	8 Capital	9 Total
	Impact of Tax Planning Strategies									
09AD5a	Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	-	-	-	-	-	-	-	-	-
09AD5b	Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-

9AD6		06.30.2012			12.31.2011			Change		
		1 Ordinary	2 Capital	3 Total	4 Ordinary	5 Capital	6 Total	7 Ordinary	8 Capital	9 Total
	SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c:									
09AD6a	Admitted Deferred Tax Assets	5,757,465	-	5,757,465	5,765,935	-	5,765,935	(8,470)	-	(8,470)
09AD6b	Admitted Assets	XXX	XXX	143,160,092	XXX	XXX	108,252,603	XXX	XXX	34,907,489
09AD6c	Adjusted Statutory Surplus*	XXX	XXX	29,157,599	XXX	XXX	15,303,736	XXX	XXX	13,853,863
09AD6d	Total Adjusted Capital from DTAs	XXX	XXX	5,757,465	XXX	XXX	5,765,935	XXX	XXX	(8,470)
	Increases due to SSAP No.10R, Paragraph 10.e.									
09AD6e	Admitted Deferred Tax Assets	-	-	-	-	-	-	-	-	-
09AD6f	Admitted Assets	-	-	-	-	-	-	-	-	-
09AD6g	Statutory Surplus	-	-	-	-	-	-	-	-	-

09B Regarding deferred tax liabilities that are not recognized:
N/A

09C		1 06.30.2012	2 12.31.2011	3 Change
09C1	Current Income Tax			
09C1a	Federal	6,943,653	(900,054)	7,843,707
09C1b	Foreign	-	-	-
09C1c	Subtotal	6,943,653	(900,054)	7,843,707
09C1d	Federal income tax on net capital gains	(6)	873,954	(873,960)
09C1e	Utilization of capital loss carry-forwards	-	-	-
09C1f	Other	-	-	-
09C1g	Federal and foreign income taxes incurred	6,943,647	(26,100)	6,969,747
09C2	Deferred Tax Assets			
(a)	Ordinary:			
09C2A01	Discounting of unpaid losses	-	-	-
09C2A02	Unearned premium reserve	-	-	-
09C2A03	Policyholder reserves	-	-	-
09C2A04	Investments	-	-	-
09C2A05	Deferred acquisition costs	-	-	-
09C2A06	Policyholder dividends accrual	-	-	-
09C2A07	Fixed Assets	556,861	556,861	-
09C2A08	Compensation and benefits accrual	-	-	-
09C2A09	Pension accrual	-	-	-
09C2A10	Receivables - nonadmitted	8,406,343	8,406,343	-
09C2A11	Net operating loss carry-forward	-	-	-
09C2A12	Tax credit carry-forward	-	-	-
09C2A13	Other (including items <5% of total ordinary tax assets)	62,581	62,581	-
09C2A99	Subtotal	9,025,785	9,025,785	-
09C2b	Statutory valuation allowance adjustment			-
09C2c	Nonadmitted	3,268,320	3,259,850	8,470
09C2d	Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	5,757,465	5,765,935	(8,470)
9C2e	Capital:			

8,470

NOTES TO FINANCIAL STATEMENTS

09C1E1	Investments	25,731	34,201	(8,470)
09C1E2	Net capital loss carry-forward	-	-	-
09C1E3	Real estate	-	-	-
09C1E4	Other (including items <5% of total capital tax assets)	-	-	-
	09C1E99 Subtotal	25,731	34,201	(8,470)
09C1F	Statutory valuation allowance adjustment	-	-	-
09C1g	Nonadmitted	25,731	34,201	(8,470)
09C1h	Admitted capital deferred tax assets (1e99 - 1f - 1g)	-	-	-
09C1I	Admitted deferred tax assets (1d + 1h)	5,757,465	5,765,935	(8,470)
09C2	Deferred Tax Liabilities			
(a)	Ordinary:			
09C2A1	Investments	-	-	-
09C2A2	Fixed assets	-	-	-
09C2A3	Deferred and uncollected premium	-	-	-
09C2A4	Policyholder reserves	-	-	-
09C2A5	Other (including items <5% of total ordinary tax liabilities)	-	-	-
	09C2A99 Subtotal	-	-	-
(b)	Capital:			
09C2B1	Investments	-	-	-
09C2B2	Real estate	-	-	-
09C2B3	Other (including items <5% of total capital tax liabilities)	-	-	-
	09C2B99 Subtotal	-	-	-
09C2C	Deferred tax liabilities(1e99 + 2b99)	-	-	-
09C4	Net deferred tax assets/liabilities(1I - 2c)	5,757,465	5,765,935	(8,470)

		06.30.2012	Effective Tax Rate (%)
09D	Provision computed at statutory rate	7,169,831	35.0%
	Change in nonadmitted assets	-	0.0%
	Nontaxable investment income	(46,492)	-0.2%
	Nondeductible expense	14,007	0.1%
	State taxes	(410,581)	-2.0%
	Other	16,882	0.1%
	Total	6,943,647	33.0%
	Federal and foreign income taxes incurred	6,943,653	33.0%
	Realized capital gains (losses) tax	(6)	0.0%
	Change in deferred income taxes	-	0.0%
	Total	6,943,647	33.0%

09E Capital Loss carry forwards

09E1 The Company has no operating loss carryforwards

09E2 The following is income tax expense that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2011	(726,730)	856,475	129,745
2012	6,804,781	(6)	6,804,775
Total	6,078,051	856,469	6,934,520

09E3 The aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code was $0 as of December 31, 2011.

09F Consolidated tax filing:

Company is included in a consolidated tax filing with the following entities:

Universal Health Care Group, Inc.
American Managed Care, LLC
Universal Health Care Insurance Company, Inc.
Universal HMO of Texas, Inc.
Universal Health Care of Nevada, Inc.
Universal Health Care of Georgia, Inc.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates

A - C. All outstanding shares of the Company are owned by Group, an insurance holding company incorporated in the State of Delaware with operations based in Florida. On February 14, 2011, Group entered into a $37,500,000 term-loan and a $2,500,000 unfunded revolving credit agreement. On April 6, 2012, Group entered into a $60,000,000 senior revolving line of credit, the proceeds were used to pay-off the term-loan and provide for any additional minimum statutory capital requirements for its subsidiaries, including UHC. Group pledged 100% of its equity interest in UHCIC as security under the credit revolver.

Surplus notes payable, related party:
During 2006, the Company received cash proceeds for surplus notes payable issued to Group amounting to $18,750,000 (see note 13). The terms of the notes payable specify that principal and interest on the notes is payable only upon the prior approval from FL OIR. The notes payable bear interest at 5% per annum upon FL OIR approval. On September 26, 2008, the Company paid down the principal $10,000,000 with FL OIR approval. The Company paid down the Note $2,000,000 on December 22, 2009 with FL OIR approval. On July 14, 2010 with FL OIR Approval, the Company made a $3,000,000 payment on the note. During the periods covered by these financial statements, the Company has not received approval to pay for interest from the FL OIR; therefore, the Company has not recorded accrued interest totaling $2,733,874 at June 30, 2012.

Other relationships:
The Company has a management agreement with American Managed Care, LLC (AMC), which automatically renews on an annual basis, whereby AMC provides supervisory and management services, performs specific functions and contract services to and performs certain payroll functions for the Company. AMC is owned 100% by Group. Effective January 1, 2011, for compensation for services rendered, the Company shall pay AMC a percentage of total collected premiums on a monthly basis. The amount shall vary, as mutually agreed between AMC and the Company, but under no circumstance shall the percentage of collected premiums paid to AMC exceed 8.5%, without obtaining prior approval from the FL OIR. Further, no amounts paid by the Company shall result in the Company being out of compliance with the minimum statutory requirements of the Florida Statutes. Percentage fees were 7.7% for 2011and 8.5% for six months ended June 30, 2012. Expenses incurred under this agreement totaled $27,430,000 for the six months ended June 30, 2012.

The Company records rent revenue from the space owned by the Company and occupied by AMC. Amounts received by the Company totaled $1,336,338 for the quarter ended June 30, 2012.

D. In addition to the above-referenced management agreement, certain expenditures for the Company are paid by and reimbursed to AMC, Universal Health Care Insurance Company, Inc. (UHCIC), Universal Health Care of Nevada, Inc. (UHCNV), and Universal HMO of Texas, Inc. (UHMOT), Universal Health Care of Georgia, Inc. (UHCGA), companies under common control by Group, as well as Group itself. The Company also pays for and is reimbursed by UHCIC, UHMOT, UHCNV and AMC for certain expenditures. At June 30, 2012, the Company owed $39 and 12 from UHMOT and UHCNV and was owed $17,478 and $100,849 from UHCIC and AMC respectively, which are classified as a non-admitted asset in Due from Affiliates in the accompanying Statement of Assets. All amounts will be settled per terms of the Company's intercompany transactions policy which requires the payment to be made within 30 days.

E. N/A

F. The Company has a management agreement with AMC, which renews on an automatic basis, whereby AMC provides supervisory and management services, performs specific functions and contract services to and performs certain payroll functions for the Company. AMC is owned 100% by Group.

In addition, the Company maintains a provider agreement with American Family & Geriatric care (AFGC), which is owned 100% by a majority of shareholder of Group. Amounts paid to AFGC under the provider agreement for the six months ended June 30, 2012 were $1,047,110.

G. - L. N/A

Under the Company's tax sharing agreement, $517,501, included in current federal and foreign income tax receivable in the accompanying Statement of Assets, Liabilities, Capital and Surplus, is due from Group to the Company and will be settled per terms of the intercompany transactions policy.

11. Debt
N/A

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
N/A

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations
1. UHC has 400,000,000 shares authorized, 126,250,000 shares issued and outstanding as of June 30, 2012.
2. N/A
3. Prior approval is needed by FL OIR and restrictions are related to statutory surplus.
4. N/A
5. Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
6. N/A
7. N/A
8. N/A
9. N/A

NOTES TO FINANCIAL STATEMENTS

10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses of $-81,990.

11. Please see table as follows:

	Date Issued	Interest Rate	Par Value (Face Amount of Note)	Carrying Value of Note	Principal and/or Interest Paid Current year	Total Principal and/or Interest paid	Unapproved Principal and/or interest	Date of Maturity
Surplus Note	12/29/2006	5.0%	$18,750,000	$3,750,000	$0	$15,000,000	$2,733,874	

12-13. N/A

14. Contingencies

N/A

15. Leases

N/A

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

N/A

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

N/A

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

N/A

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

N/A

20. Fair Value Measurements

N/A

21. Other Items

A.-C. N/A

D. Included in cash, cash equivalents and short term investments at June 30, 2012 is $4,732,202 of minimum deposits required to be maintained under contracts with certain health care agencies.

E.-G. N/A

22. Events Subsequent

N/A

23. Reinsurance

N/A

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

N/A

25. Change in Incurred Claims and Claim Adjustment Expenses

N/A

26. Intercompany Pooling Arrangements

N/A

27. Structured Settlements

N/A

28. Health Care Receivables

Pharmacy Rebates

Quarter	Estimated Rx Rebates as Reported on Financial Statements	Rx Rebates as Billed or Otherwise Confirmed	Actual Rebates Received within 90 days of Billing	Actual Rebates Received within 91 to 180 days of Billing	Actual Rebates Received More Than 180 days After Billing
3/31/2009	$ 667,329	$ 667,329	$ -	$ -	$ 667,329.00
6/30/2009	693,220	693,220	-	-	693,220
9/30/2009	726,079	726,079	-	-	726,079
12/31/2009	781,301	781,301	-	-	781,301
3/31/2010	596,985	596,985	-	-	596,985
6/30/2010	1,120,068	1,120,068	-	1,119,385	683
9/30/2010	864,779	864,779	-	864,779	-

NOTES TO FINANCIAL STATEMENTS

12/31/2010	1,006,988	1,006,988	6,790	760,676	239,522
3/31/2011	1,222,718	1,222,718	-	1,222,718	-
6/30/2011	1,383,657	1,383,657	169,969	1,032,248	181,440
9/30/2011	1,229,259	1,229,259	-	1,018,225	211,034
12/31/2011	1,464,474	1,464,474	-	891,157	573,317
3/31/2012	1,495,572	1,495,572	-	1,495,572	-
6/30/2012	3,208,342	3,208,342	1,779,958	-	-

Risk Share Receivables

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior year	Risk Sharing Receivable as Estimated Current Year	Risk Sharing Receivable Invoiced	Risk Sharing Receivable Not Invoiced	Actual Risk Sharing Amounts Collected in Year Invoiced	Actual Risk Sharing Amounts Collected first Year Subsequent	Actual Risk Sharing Amounts Collected Second Year Subsequent	Actual Risk Sharing Amounts Collected - All Other
2012	2011	$ 17,566,191		$ 16,400,955			$ 13,006,441		
	2012	XXX	$ 1,165,236	XXX	XXX	XXX	XXX	XXX	XXX
2011	2011	XXX	$ 16,400,955	$ 16,400,955					
	2012	XXX	$ 17,566,191	XXX	XXX	XXX	XXX	XXX	XXX

29. Participating Policies
N/A

30. Premium Deficiency Reserves

N/A

31. Anticipated Salvage and Subrogation
N/A

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [X] NA [ ]

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/10/2007

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 06/30/2007

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 12/10/2007

6.4 By what department or departments?

FL OIR

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [ ] NA [ ]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] NA [ ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

7.2 If yes, give full information:

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

GENERAL INTERROGATORIES

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

_____

9.2 Has the code of ethics for senior managers been amended? ..... Yes [ ] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

_____

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ ]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

_____

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ ] No [X]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... $ _____

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [X]

11.2 If yes, give full and complete information relating thereto:

_____

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... $ _____

13. Amount of real estate and mortgages held in short-term investments: ..... $ _____

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [ ] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	$	$
14.22 Preferred Stock	$	$
14.23 Common Stock	$	$
14.24 Short-Term Investments	$	$
14.25 Mortgage Loans on Real Estate	$	$
14.26 All Other	$	$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 0	$ 0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$	$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes [ ] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ]

If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? ..... Yes [X] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Wells Fargo Bank, NA	100 S Ashley Drive, MAC:20307-092, Tampa, FL 33602

16.2 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? ..... Yes [ ] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
104873	Wells Capital Management, Inc.	525 Market St. 10th Floor, San Francisco, CA 94105

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? ..... Yes [X] No [ ]

17.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 2 - HEALTH

1 Operating Percentages

1.1 A&H loss percent	82.7 %
1.2 A&H cost containment percent	0.0 %
1.3 A&H expense percent excluding cost containment expenses	%
2.1 Do you act as a custodian for health savings accounts?	Yes [ ] No [X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date	$
2.3 Do you act as an administrator for health savings accounts?	Yes [ ] No [X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date	$

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			NONE			

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

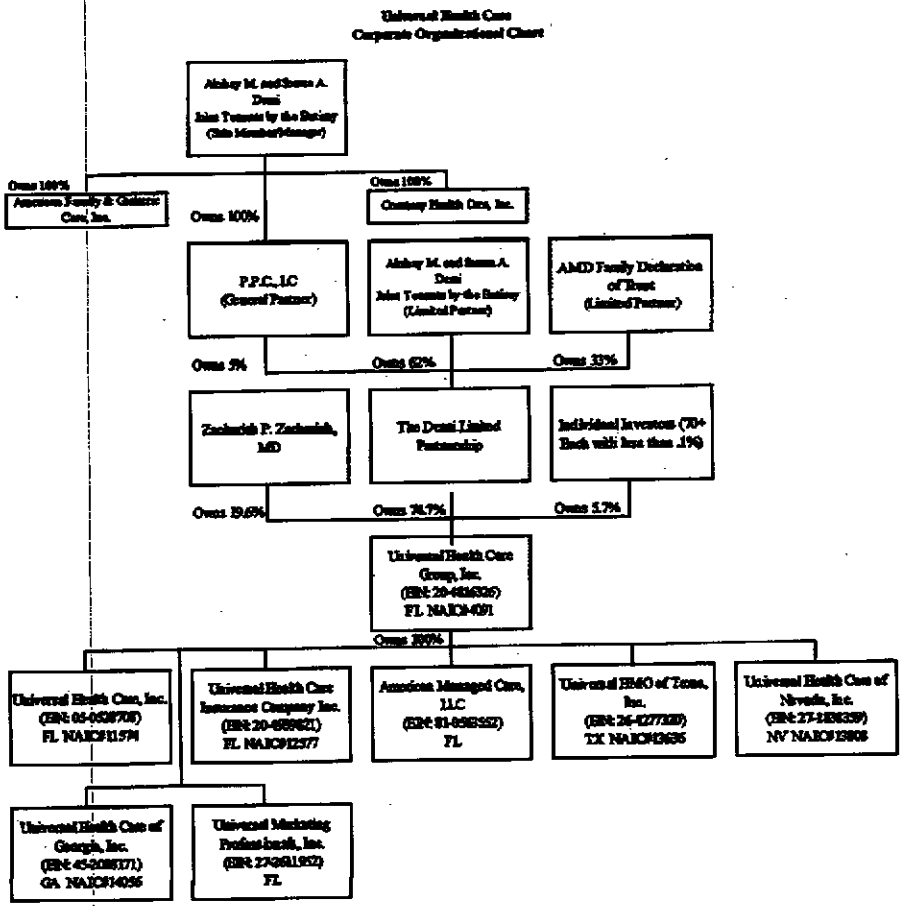
States, Etc.	1 Active Status	Direct Business Only 2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama AL								0	
2. Alaska AK								0	
3. Arizona AZ								0	
4. Arkansas AR								0	
5. California CA								0	
6. Colorado CO								0	
7. Connecticut CT								0	
8. Delaware DE								0	
9. Dist. Columbia DC								0	
10. Florida FL	L	1,176	247,930,740	98,549,641				346,481,557	
11. Georgia GA								0	
12. Hawaii HI								0	
13. Idaho ID								0	
14. Illinois IL								0	
15. Indiana IN								0	
16. Iowa IA								0	
17. Kansas KS								0	
18. Kentucky KY								0	
19. Louisiana LA								0	
20. Maine ME								0	
21. Maryland MD								0	
22. Massachusetts MA								0	
23. Michigan MI								0	
24. Minnesota MN								0	
25. Mississippi MS								0	
26. Missouri MO								0	
27. Montana MT								0	
28. Nebraska NE								0	
29. Nevada NV								0	
30. New Hampshire NH								0	
31. New Jersey NJ								0	
32. New Mexico NM								0	
33. New York NY								0	
34. North Carolina NC								0	
35. North Dakota ND								0	
36. Ohio OH								0	
37. Oklahoma OK								0	
38. Oregon OR								0	
39. Pennsylvania PA								0	
40. Rhode Island RI								0	
41. South Carolina SC								0	
42. South Dakota SD								0	
43. Tennessee TN								0	
44. Texas TX								0	
45. Utah UT								0	
46. Vermont VT								0	
47. Virginia VA								0	
48. Washington WA								0	
49. West Virginia WV								0	
50. Wisconsin WI								0	
51. Wyoming WY								0	
52. American Samoa AS								0	
53. Guam GU								0	
54. Puerto Rico PR								0	
55. U.S. Virgin Islands VI								0	
56. Northern Mariana Islands MP								0	
57. Canada CN								0	
58. Aggregate other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	1,176	247,930,740	98,549,641	0	0	0	346,481,557	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	1,176	247,930,740	98,549,641	0	0	0	346,481,557	0
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y
PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1 Group Code	2 Group Name	3 NAIC Company Code	4 Federal ID Number	5 Federal RSSD	6 CIK	7 Name of Securities Exchange if Publicly Traded (U.S. or International)	8 Name of Parent Subsidiaries or Affiliates	9 Domiciliary Location	10 Relationship to Reporting Entity	11 Directly Controlled by (Name of Entity/Person)	12 Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	13 If Control is Ownership Provide Percentage	14 Ultimate Controlling Entity(ies)/ Person(s)	15
04091	Universal Health Care Group, Inc	00000	20-4616326				Universal Health Care Group, Inc.	FL	UIP	Akshay Desai, MD, CEO, President	Ownership	74.7	Akshay H. Desai, MD	
04091	Universal Health Care Group, Inc	11574	05-0526908				Universal Health Care, Inc.	FL		Universal Health Care Group, Inc.	Ownership	100.0	Akshay H. Desai, MD	
04091	Universal Health Care Group, Inc	12577	20-4939821				Universal Health Care Insurance Company, Inc.	FL	IA	Universal Health Care Group, Inc.	Ownership	100.0	Akshay H. Desai, MD	
04091	Universal Health Care Group, Inc	13638	26-4277330				Universal MSO of Texas, Inc.	TX	IA	Universal Health Care Group, Inc.	Ownership	100.0	Akshay H. Desai, MD	
04091	Universal Health Care Group, Inc	13606	27-1838359				Universal Health Care of Nevada, Inc.	NV	IA	Universal Health Care Group, Inc.	Ownership	100.0	Akshay H. Desai, MD	
00000	Universal Health Care Group, Inc	00000	81-0568552				American Managed Care, LLC	FL	NIA	Universal Health Care Group, Inc.	Ownership	100.0	Akshay H. Desai, MD	
00000	Universal Health Care Group, Inc	00000	59-3016732				American Family & Geriatric Care, Inc.	FL	NIA	Akshay and Seema Desai	Ownership	100.0	Akshay H. Desai, MD	
00000	Universal Health Care Group, Inc	00000	59-3346287				Courtesy Health Care, Inc.	FL	NIA	Akshay and Seema Desai	Ownership	100.0	Akshay H. Desai, MD	
00000	Universal Health Care Group, Inc	00000	59-2298501				Desai Limited Partnership	FL	UIP	Akshay and Seema Desai	Ownership	100.0	Akshay H. Desai, MD	
00000	Universal Health Care Group, Inc	00000					Zachariah P. Zachariah, MD	FL	UIP	Zachariah P. Zachariah, MD	Ownership	100.0	Zachariah P. Zachariah, MD	
00000	Universal Health Care Group, Inc	00000	54-2078633				P.P.C., LC (General Partner)	FL	UIP	Akshay and Seema Desai	Ownership	100.0	Akshay H. Desai, MD	
00000	Universal Health Care Group, Inc	00000	59-2298501				A. Desai & S. Desai (Limited Partner) JT	FL	UIP	Akshay and Seema Desai	Ownership	100.0	Akshay H. Desai, MD	
00000	Universal Health Care Group, Inc	00000	20-6048338				AHD Family Declaration of Trust	FL	UIP	Akshay H. Desai, MD	Ownership	100.0	Akshay H. Desai, MD	
00000	Universal Health Care Group, Inc	00000	59-2298501				A. Desai & S. Desai (Sole Member) JTE	FL	UIP	Akshay and Seema Desai	Ownership	100.0	Akshay H. Desai, MD	
00000	Universal Health Care Group, Inc	00000					Individual Investors Less than 1%		UIP	Various	Ownership	100.0	Various	

Asterisk	Explanation

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	RESPONSE
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

1.

Bar Code:

1. 

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A – VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	9,742,442	10,105,896
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Current year change in encumbrances		0
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		20,000
8. Deduct current year's depreciation	171,949	343,454
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	9,570,493	9,742,442
10. Deduct total nonadmitted amounts	470,772	479,254
11. Statement value at end of current period (Line 9 minus Line 10)	9,099,721	9,263,188

SCHEDULE B – VERIFICATION

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

NONE

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

NONE

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	3,536,198	24,254,907
2. Cost of bonds and stocks acquired	3,001,998	11,765,981
3. Accrual of discount		(5,719)
4. Unrealized valuation increase (decrease)	24,198	(186,710)
5. Total gain (loss) on disposals		2,497,010
6. Deduct consideration for bonds and stocks disposed of	493,006	34,607,047
7. Deduct amortization of premium	8,272	222,224
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	6,061,117	3,536,198
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	6,061,117	3,536,198

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock, by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	92,457,864	46,843,171	50,206,812	(3,715)	92,457,864	89,088,508	0	63,614,750
2. Class 2 (a)	0				0	0	0	0
3. Class 3 (a)	0				0	0	0	0
4. Class 4 (a)	0				0	0	0	0
5. Class 5 (a)	0				0	0	0	0
6. Class 6 (a)	0				0	0	0	0
7. Total Bonds	92,457,864	46,843,171	50,206,812	(3,715)	92,457,864	89,088,508	0	63,614,750
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	92,457,864	46,843,171	50,206,812	(3,715)	92,457,864	89,088,508	0	63,614,750

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 $ _____ ; NAIC 2 $ _____ ;

NAIC 3 $ _____ ; NAIC 4 $ _____ ; NAIC 5 $ _____ ; NAIC 6 $ _____

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	88,084,106	XXX	88,084,106	24,050	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	81,509,071	25,989,268
2. Cost of short-term investments acquired	93,989,522	101,525,601
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals	(17)	0
6. Deduct consideration received on disposals	87,414,470	89,005,799
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	88,084,106	81,509,071
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	88,084,106	81,509,071

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E - Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Common Stocks - Industrial and Miscellaneous									
002896-10-1	ALBEMARLE GROUP INC		06/06/2012	VARIOUS	4,200,000	166,547			L
00206R-10-2	AT & T INC.		06/05/2012	VARIOUS	4,480,000	159,853			L
149123-10-1	CATERPILLAR INC DEL		06/05/2012	VARIOUS	2,980,000	251,127			L
191216-10-0	COCA COLA CO		06/04/2012	VARIOUS	3,400,000	249,751			L
302182-10-2	EXPRESS SCRIPTS HOLDING CO		06/05/2012	VARIOUS	1,800,000	100,644			L
369604-10-3	GENERAL ELECTRIC CO		06/05/2012	VARIOUS	9,800,000	200,093			M
459200-10-1	INTERNATIONAL BUSINESS MACHS		05/31/2012	Fifth Third Bank	1,390,000	263,471			L
478160-10-4	JOHNSON & JOHNSON		05/31/2012	Fifth Third Bank	1,890,000	149,845			L
539830-10-9	LOCKHEED MARTIN CORP		05/31/2012	Fifth Third Bank	1,790,000	182,994			L
580135-10-1	MCDONALDS CORP		06/06/2012	VARIOUS	1,790,000	147,928			L
594918-10-4	MICROSOFT CORP		05/31/2012	Fifth Third Bank	5,090,000	147,928			L
717081-10-3	PFIZER INC		06/04/2012	VARIOUS	7,000,000	151,599			L
718172-10-9	PHILIP MORRIS INTL INC		06/05/2012	VARIOUS	1,800,000	147,943			L
755111-50-7	RAYTHEON CO		05/31/2012	Fifth Third Bank	3,180,000	154,665			L
87236Y-10-8	TAL INTL GROUP INC		06/01/2012	VARIOUS	7,880,000	249,451			L
92343V-10-4	VERIZON COMMUNICATIONS INC		06/06/2012	VARIOUS	3,650,000	151,009			L
931142-10-3	WAL-MART STORES INC		05/31/2012	Fifth Third Bank	3,880,000	268,841			L
9899999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)						3,001,999	XXX	0	XXX
9799997 - Subtotals - Common Stocks - Part 3						3,001,999	XXX	0	XXX
9799999 - Subtotals - Common Stocks						3,001,999	XXX	0	XXX
9999999 - Subtotals - Preferred and Common Stocks						3,001,999	XXX	0	XXX
9999999 Totals						3,001,999	XXX	0	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide the number of such issues 1

E04

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.	16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments																					
[illegible]	GNMA REMIC TRUST 2007-[illegible]		06/20/2012	PRINCIPAL RECEIPT		17,581	17,581	18,818	18,102		(520)		(520)		17,581			0	385	[illegible]	1
0599999 - Bonds - U.S. Governments						17,581	17,581	18,818	18,102	0	(520)	0	(520)	0	17,581	0	0	0	385	XXX	XXX
Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																					
[illegible]	FHLMC REMIC SERIES [illegible]		06/15/2012	PRINCIPAL RECEIPT		3,010	3,010	3,571	3,418		(408)		(408)		3,010			0	178	10/15/2037	1
3137[illegible]	FHLMC REMIC SERIES 3770		06/15/2012	PRINCIPAL RECEIPT		3,358	3,358	3,522	3,511		(153)		(153)		3,358			0	69	12/15/2040	1
[illegible]	FNR REMIC TRUST 2003-128 [illegible]		06/25/2012	PRINCIPAL RECEIPT		35,856	35,856	36,430	36,288		(432)		(432)		35,856			0	588	11/25/2048	1
[illegible]	FNR REMIC TRUST 2009-26		06/25/2012	PRINCIPAL RECEIPT		10,234	10,234	10,845	10,530		(296)		(296)		10,234			0	185	07/25/2032	1
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						57,581	57,580	39,378	58,845	0	(1,289)	0	(1,289)	0	57,581	0	0	0	971	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
17120[illegible]	[illegible] 2006-A		06/15/2012	PRINCIPAL RECEIPT		10,280	10,283	10,520	10,355		(62)		(62)		10,283			0	117	04/15/2016	1FE
[illegible]	NISSAN AUTO [illegible] 2008-A		06/15/2012	PRINCIPAL RECEIPT		30,197	30,197	32,421	30,782		(585)		(585)		30,197			0	580	09/15/2016	1FE
[illegible]	US BANK [illegible]		05/18/2012	MATURITY		240,000	240,000	240,000	240,000				0		240,000			0	247	05/18/2012	1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						280,480	280,481	282,944	281,138	0	(647)	0	(647)	0	280,480	0	0	0	944	XXX	XXX
8399997 - Subtotals - Bonds - Part 4						355,012	355,012	380,940	358,485	0	(2,452)	0	(2,452)	0	355,012	0	0	0	2,239	XXX	XXX
8399999 - Subtotals - Bonds						355,012	355,012	380,940	358,485	0	(2,452)	0	(2,452)	0	355,012	0	0	0	2,239	XXX	XXX
9999999 Totals						355,012	XXX	380,940	358,485	0	(2,452)	0	(2,452)	0	355,012	0	0	0	2,239	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues ______

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6 First Month	7 Second Month	8 Third Month	*
Open Depositories								
FIFTH THIRD BANK - DEPOSITORY TAMPA, FL			1,508		14,191,875	16,858,925	3,964,897	XXX
WELLS FARGO BANK - DEPOSITORY TAMPA, FL					1,066,358	2,359,325	2,367,197	XXX
FIFTH THIRD BANK - CLAIM MEDICARE TAMPA, FL					(9,174,060)	(11,698,191)	(2,548,830)	XXX
FIFTH THIRD BANK - CLAIM MEDICAID TAMPA, FL					(5,811,971)	(9,524,310)	(1,429,818)	XXX
FIFTH THIRD BANK - SAVING DIVERSION TAMPA, FL			269		1,204,099	1,204,189	1,204,240	XXX
FIFTH THIRD BANK - SAVING MEDICAID TAMPA, FL			779		3,478,630	3,478,855	3,527,932	XXX
MERCANTIL COMMERCIAL BANK TAMPA, FL					1,999,970	1,999,970	1,999,970	XXX
FLORIDA 001 DEPOSIT FLORIDA DEPARTMENT OF FINANCIAL SERVICES	80	2.226	1,786	1,871	300,000	300,000	300,000	XXX
0199998 Deposits in 31 depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories	XXX	XXX	414		900,881	(328,220)	(132,997)	XXX
0199999 Total Open Depositories	XXX	XXX	4,834	1,871	10,214,754	9,824,332	9,172,594	XXX
0399999 Total Cash on Deposit	XXX	XXX	4,834	1,871	10,214,754	9,824,332	9,172,594	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999 Total	XXX	XXX	4,834	1,871	10,214,754	9,824,332	9,172,594	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8699999 Total Cash Equivalents					0	0	0

QUARTERLY STATEMENT

AS OF JUNE 30, 2012
OF THE CONDITION AND AFFAIRS OF THE

Universal Health Care, Inc.

NAIC Group Code 4091 (Current Period) 4091 (Prior Period) NAIC Company Code 11574 Employer's ID Number 05-0528708

Organized under the Laws of Florida State of Domicile or Port of Entry Florida

Country of Domicile United States

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]
Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [ ]
Other [ ] Is HMO, Federally Qualified? Yes [ ] No [ ]

Incorporated/Organized 07/30/2002 Commenced Business 09/01/2002

Statutory Home Office 100 Central Avenue, Suite 200 (Street and Number) St. Petersburg, FL 33701 (City or Town, State and Zip Code)

Main Administrative Office 100 Central Avenue, Suite 200 (Street and Number) St. Petersburg, FL 33701 (City or Town, State and Zip Code) 727-822-3445 (Area Code) (Telephone Number)

Mail Address 100 Central Avenue, Suite 200 (Street and Number or P.O. Box) St. Petersburg, FL 33701 (City or Town, State and Zip Code)

Primary Location of Books and Records 100 Central Avenue, Suite 200 (Street and Number) St. Petersburg, FL 33701 (City or Town, State and Zip Code) 727-456-6517 (Area Code) (Telephone Number)

Internet Web Site Address www.univhc.com

Statutory Statement Contact Maria C Zevallos (Name) 727-456-6560 (Area Code) (Telephone Number) (Extension)
mzevallos@univhc.com (E-mail Address) 727-329-0036 (FAX Number)

OFFICERS

Name	Title	Name	Title
Akshay M. Desai MD, MPH	President, CEO	Sandip I. Patel	CAO, General Counsel, Secretary
Deepak Desai	CSO, Interim CFO	Steven J. Schaefer	Treasurer

OTHER OFFICERS

Jeff Ludy	Chief Marketing Officer	Michael Holohan #	Chief Operating Officer

DIRECTORS OR TRUSTEES

Akshay M. Desai MD, MPH	Deepak Desai	Seema Desai	John Adhia
Carol McAllister			

State of Florida
ss
County of Pinellas

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Akshay M. Desai, MD
CEO, President

Sandip I. Patel
Secretary, CAO, General Counsel

Deepak Desai
CSO, Interim CFO

a. Is this an original filing? Yes [ ] No [X]

b. If no:
1. State the amendment number 1
2. Date filed
3. Number of pages attached

Subscribed and sworn to before me this
twenty-sixth day of September, 2012

Liberty Kiernan

LIBERTY KIERNAN
Notary Public - State of Florida
My Comm. Expires May 6, 2015
Commission # EE 87096
Bonded Through National Notary Assn

EXHIBIT
Exhibit
G

ASSETS

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1. Bonds	1,004,400		1,004,400	1,505,678
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	5,058,717		5,058,717	2,030,520
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less $ ..... encumbrances)	9,570,493	470,772	9,099,721	9,263,188
4.2 Properties held for the production of income (less $ ..... encumbrances)			0	0
4.3 Properties held for sale (less $ ..... encumbrances)			0	0
5. Cash ($ 9,172,584), cash equivalents ($ 0) and short-term investments ($ 88,084,106)	97,256,690		97,256,690	72,041,962
6. Contract loans (including $ ..... premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	112,888,300	470,772	112,417,528	84,841,348
13. Title plants less $ ..... charged off (for Title insurers only)			0	0
14. Investment income due and accrued	9,284		9,284	9,160
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ..... earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums	23,847,154		23,847,154	10,264,670
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	332,379	332,379	0	1,860,422
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	6,634,238		6,634,238	2,158,892
18.2 Net deferred tax asset	13,787,945	3,284,851	10,473,894	5,765,935
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets ($ .....)	2,503,314	2,503,314	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	116,327	116,327	0	0
24. Health care ($ 5,849,934) and other amounts receivable	20,881,873	14,231,939	5,849,934	2,635,282
25. Aggregate write-ins for other than invested assets	1,315,550	709,196	606,354	606,353
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	183,498,364	21,659,978	161,838,386	108,252,063
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	183,498,364	21,659,978	161,838,386	108,252,063
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Deposits for claim obligation	1,247,744	641,390	606,354	606,353
2502. Accounts Receivable	5,933	5,933	0	0
2503. Prepaid Expense	61,873	61,873	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,315,550	709,196	606,354	606,353

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $ ____ reinsurance ceded)	89,636,850		89,636,850	76,768,599
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	552,542		552,542	749,009
4. Aggregate health policy reserves including the liability of $ ____ for medical loss ratio rebate per the Public Health Service Act			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	41,396,518		41,396,518	0
9. General expenses due or accrued	4,235,589		4,235,589	4,584,276
10.1 Current federal and foreign income tax payable and interest thereon (including $ ____ on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	582,436		582,436	583,812
13. Remittances and items not allocated			0	0
14. Borrowed money (including $ ____ current) and interest thereon $ ____ (including $ ____ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	51		51	0
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with $ ____ authorized reinsurers and $ ____ unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	6,110,231		6,110,231	2,866,141
23. Aggregate write-ins for other liabilities (including $ ____ current)	1,563,280	0	1,563,280	1,650,666
24. Total liabilities (Lines 1 to 23)	144,079,477	0	144,079,477	87,182,382
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	316	316
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	11,640,684	11,640,684
29. Surplus notes	XXX	XXX	3,750,000	3,750,000
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	2,367,909	5,678,571
32. Less treasury stock, at cost: 32.1 ____ shares common (value included in Line 28 $ ____)	XXX	XXX		0
32.2 ____ shares preferred (value included in Line 27 $ ____)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	17,758,909	21,069,671
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	161,838,386	108,252,053
DETAILS OF WRITE-INS				
2301. Accrued Rx	1,562,000		1,562,000	1,645,647
2302. Accrued Plan To Plan Payable	1,280		1,280	5,009
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,563,280	0	1,563,280	1,650,666
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date	Prior Year Ended December 31
		1 Uncovered	2 Total	3 Total	4 Total
1.	Member Months	XXX	884,318	562,992	1,194,161
2.	Net premium income (including $ non-health premium income)	XXX	346,481,557	263,769,917	547,065,033
3.	Change in unearned premium reserves and reserve for rate credits	XXX		0	0
4.	Fee-for-service (net of $ medical expenses)	XXX		0	0
5.	Risk revenue	XXX		0	0
6.	Aggregate write-ins for other health care related revenues	XXX	0	0	0
7.	Aggregate write-ins for other non-health revenues	XXX	0	1,336,338	0
8.	Total revenues (Lines 2 to 7)	XXX	346,481,557	265,106,255	547,065,033
Hospital and Medical:					
9.	Hospital/medical benefits		255,441,596	168,854,639	369,745,319
10.	Other professional services		4,739,707	7,755,979	15,289,467
11.	Outside referrals			0	0
12.	Emergency room and out-of-area		21,251,909	16,891,979	33,656,366
13.	Prescription drugs		41,018,300	32,040,972	58,462,027
14.	Aggregate write-ins for other hospital and medical	0	0	0	0
15.	Incentive pool, withhold adjustments and bonus amounts			0	0
16.	Subtotal (Lines 9 to 15)	0	322,451,512	225,546,589	477,052,201
Less:					
17.	Net reinsurance recoveries			0	0
18.	Total hospital and medical (Lines 16 minus 17)	0	322,451,512	225,546,589	477,052,201
19.	Non-health claims (net)			0	0
20.	Claims adjustment expenses, including $ cost containment expenses		(196,467)	97,168	442,356
21.	General administrative expenses		41,100,390	35,402,819	69,822,037
22.	Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)			0	0
23.	Total underwriting deductions (Lines 18 through 22)	0	363,355,435	261,046,576	547,316,596
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(16,873,878)	4,059,679	(251,563)
25.	Net investment income earned		741,732	239,281	2,239,557
26.	Net realized capital gains (losses) less capital gains tax of $		(17)	8,851	1,823,057
27.	Net investment gains (losses) (Lines 25 plus 26)	0	741,715	248,132	3,962,614
28.	Net gain or (loss) from agents' or premium balances charged off ((amount recovered $) (amount charged off $))			0	0
29.	Aggregate write-ins for other income or expenses	0	0	0	0
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(16,132,163)	4,307,811	3,711,051
31.	Federal and foreign income taxes incurred	XXX	0	1,643,407	(800,054)
32.	Net income (loss) (Lines 30 minus 31)	XXX	(16,132,163)	2,664,404	4,511,105
	DETAILS OF WRITE-INS				
0601.		XXX			
0602.		XXX			
0603.		XXX			
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699.	Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701.	Rent Revenue	XXX		1,336,338	0
0702.		XXX			
0703.		XXX			
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799.	Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	1,336,338	0
1401.					
1402.					
1403.					
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901.					
2902.					
2903.					
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	21,069,670	33,148,108	33,148,108
34. Net income or (loss) from Line 32	(16,132,183)	2,864,404	4,511,105
35. Change in valuation basis of aggregate policy and claim reserves		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of $	15,728	105,449	(166,709)
37. Change in net unrealized foreign exchange capital gain or (loss)		0	0
38. Change in net deferred income tax	4,718,428	0	5,437,848
39. Change in nonadmitted assets	8,069,246	733,983	(21,858,781)
40. Change in unauthorized reinsurance	0	0	0
41. Change in treasury stock		0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles		0	0
44. Capital Changes:			
44.1 Paid in		0	0
44.2 Transferred from surplus (Stock Dividend)		0	0
44.3 Transferred to surplus		0	0
45. Surplus adjustments:			
45.1 Paid in		0	0
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital		0	0
46. Dividends to stockholders		0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(3,310,781)	3,503,836	(12,076,437)
49. Capital and surplus end of reporting period (Line 33 plus 48)	17,758,909	36,649,944	21,069,671
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	374,267,581	267,035,632	527,632,749
2. Net investment income	921,829	448,500	3,029,988
3. Miscellaneous income	0	1,336,338	0
4. Total (Lines 1 to 3)	375,209,420	268,818,470	530,662,737
5. Benefit and loss related payments	304,873,090	211,091,294	448,745,781
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	38,195,006	34,114,077	65,490,881
8. Dividends paid to policyholders		0	0
9. Federal and foreign income taxes paid (recovered) net of $ ____ tax on capital gains (losses)	6,486,877	(921,471)	341,805
10. Total (Lines 5 through 9)	349,534,963	344,223,900	514,578,567
11. Net cash from operations (Line 4 minus Line 10)	25,674,457	14,594,570	16,084,170
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	493,006	2,325,731	34,607,047
12.2 Stocks	0	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	20,000	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(17)	0	0
12.7 Miscellaneous proceeds	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	492,989	2,345,731	34,607,047
13. Cost of investments acquired (long-term only):			
13.1 Bonds	0	9,362,382	9,857,742
13.2 Stocks	3,001,999	0	2,128,240
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	8,470	1	95,374
13.7 Total investments acquired (Lines 13.1 to 13.6)	3,010,469	9,362,383	11,881,357
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(2,517,480)	(7,016,652)	22,725,691
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0	0
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	2,057,760	213,901	(415,368)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	2,057,760	213,901	(415,368)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	25,214,727	7,791,809	38,294,472
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	72,041,962	33,747,490	33,747,490
19.2 End of period (Line 18 plus Line 19.1)	97,256,689	41,539,299	72,041,962

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	105,202	1	0	0	0	0	0	42,554	62,647	0
2. First Quarter	113,419	1	0	0	0	0	0	49,993	63,425	0
3. Second Quarter	116,210	1	0	0	0	0	0	50,977	65,232	0
4. Third Quarter	0									
5. Current Year	0									
6. Current Year Member Months	684,318	6						300,954	383,358	
Total Member Ambulatory Encounters for Period:										
7. Physician	530,601	2						355,488	175,111	
8. Non-Physician	57,032							22,834	34,198	
9. Total	587,633	2	6	0	0	0	0	378,322	209,309	0
10. Hospital Patient Days Incurred	82,649							74,441	8,208	
11. Number of Inpatient Admissions	5,528							3,918	1,610	
12. Health Premiums Written (a)	346,481,557	1,176						247,930,740	98,549,841	
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	305,083,039	1,178						206,532,222	98,549,841	
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	309,573,361	275						219,841,720	89,731,368	
18. Amount Incurred for Provision of Health Care Services	322,461,512	275						226,739,119	95,722,118	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees $ 247,930,740

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims unpaid (Reported)						
0199999 Individually listed claims unpaid	0	0	0	0	0	0
0299999 Aggregate accounts not individually listed-uncovered						0
0399999 Aggregate accounts not individually listed-covered	32,419,812	3,943,804	933,829	792,321	1,681,644	39,771,410
0499999 Subtotals	32,419,812	3,943,804	933,829	792,321	1,681,644	39,771,410
0599999 Unreported claims and other claim reserves	XXX	XXX	XXX	XXX	XXX	49,865,440
0699999 Total amounts withheld	XXX	XXX	XXX	XXX	XXX	
0799999 Total claims unpaid	XXX	XXX	XXX	XXX	XXX	89,636,850
0899999 Accrued medical incentive pool and bonus amounts	XXX	XXX	XXX	XXX	XXX	

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
1. Comprehensive (hospital and medical)		275			0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	53,297,357	166,544,363	2,792,862	58,456,442	56,090,219	54,361,904
7. Title XIX - Medicaid	25,372,792	64,358,574	2,865,022	25,522,524	28,237,814	22,396,795
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	78,670,149	230,903,212	5,657,884	83,978,966	84,328,033	76,758,699
10. Health care receivables (a)					0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals (Lines 9-10+11+12)	78,670,149	230,903,212	5,657,884	83,978,966	84,328,033	76,758,699

(a) Excludes $ _____ loans or advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

Universal Health Care Inc.
Notes to Financial Statements for the quarter ended June 30, 2012

1A. Summary of Significant Accounting Policies.
The accompanying statutory-basis financial statements have been prepared in conformity with the statutory accounting practices prescribed or permitted by the State of Florida Department of Financial Services, Office of Insurance Regulation (OIR), which practices differ from U.S. generally accepted accounting principles (GAAP).

Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC), as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Company has no permitted statutory accounting practices. The more significant variances from GAAP are as follows:

Investments: Investments in bonds are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating. For GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available for sale. Held-to-maturity fixed investments would be reported at amortized cost, and trading and available-for-sale fixed-maturity investments would be reported at fair value with unrealized gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income for those designated as available-for-sale.

Fair value for statutory purposes is based on the prices published by the Securities Valuation Office of the NAIC (SVO), if available, whereas fair value for GAAP is based on quoted market prices.

All single-class and multi-class mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS, and ABS securities), other than high-quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to fair value. If high-credit-quality securities are adjusted, the retrospective method is used.

Non-admitted assets: Certain assets designated as "non-admitted," principally furniture and equipment, certain deferred tax assets, and other assets not specifically identified as an admitted asset with the NAIC Accounting Practices and Procedures Manual, are excluded from the accompanying statutory-basis balance sheets and are charged directly to unassigned surplus. Under GAAP, such assets would be included in the balance sheets to the extent that those assets are not impaired. The balances of non-admitted assets are as follows:

Non Admitted Assets	June 30, 2012	December 31, 2011
Pharmacy rebate receivable	$ 1,428,884	$ 1,675,508
Deferred Tax Asset	3,294,053	3,294,053
Furniture and equipment	2,974,086	2,360,461
Accounts receivable	13,141,866	18,882,978
Prepaid expenses	61,873	76,591
Deposits	641,391	641,391
Investment in bonds	-	-
Amounts due from related parties	118,327	2,898,244
Total Non Admitted Assets	$ 21,659,978	$ 29,749,223

Surplus notes payable: Notes payable issued by the Company to related parties are classified as capital and surplus on a statutory-basis, if approved by the OIR. Under GAAP, such notes payable are recorded as liabilities (see Note 13).

Deferred income taxes: Deferred tax assets are limited to: (1) the amount of federal income taxes paid in prior years that can be recovered through loss carry backs for existing temporary differences that reverse by the end of the subsequent calendar year, plus (2) the lesser of the remaining gross deferred tax assets expected to be realized within one year of the balance sheet date or 10% of net worth excluding any net deferred tax assets, electronic data processing (EDP) equipment and operating software, and any net positive goodwill, plus (3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities. Any remaining deferred tax assets are non-admitted. Deferred taxes do not include amounts for state taxes. Under GAAP, state income taxes are included in the computation of deferred taxes, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in all future years, and a valuation allowance is established for deferred tax assets not realizable.

Statement of cash flows: Cash, cash equivalents, and short-term investments in the statement of cash flows represent cash balances and investments with initial maturities of one year or less. Under GAAP, the corresponding caption includes cash balances and investments with initial maturities of three months or less.

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been determined, but are presumed to be material.

B. Use of Estimates
The presentation of the financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Significant accounts that are largely determined based on management's estimates and assumptions include incurred but not reported claims and accrued

NOTES TO FINANCIAL STATEMENTS

pharmacy reimbursement due to CMS, which are both included in medical claims payable; premiums receivable due from CMS related to retro-premium adjustments and risk-sharing adjustments; and unallocated premiums received from CMS included in unearned premium. Actual results could differ from those estimates, and those differences could be material. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported herein.

C. Accounting Policies

Universal Health Care, Inc. (the "Company") is a Florida domiciled health maintenance organization and a wholly owned subsidiary of Universal Health Care Group, Inc. ("Group"). The Company was incorporated in 2002 and formed for the purpose of promoting and operating a health maintenance organization ("HMO"). The Company commenced revenue generating activities in August 2003.

The Company has four contracts with the Department of Health and Human Services, Centers for Medicare and Medicaid Services ("the Department") Agency for Health Care Administration and the Department of Elder Affairs to provide health care services to Medicare, Medicaid and Diversion enrollees in various counties in Florida. These contracts accounted for 99% of the Company's revenues in 2012. The Department awarded the Company the contracts for the period beginning July 1, 2003 and ending December 31, 2004 and has renewed the contracts through December 31, 2012. The contracts provide for annual extensions subject to agreement and approval by both parties.

1. Short-Term Investments

   Cash, cash equivalents, and short-term investments include cash balances and investments which are liquid and mature in one year or less when purchased, including funds maintained under statutory requirements (deposits), and consist of money market and certificates of deposit funds registered with the NAIC.

2. Bonds

   Investments in bonds are reported at amortized cost or fair value based on their NAIC rating. Bonds not backed by other loans are principally stated at amortized cost using the interest method.

   Realized capital gains and losses are determined using the specific identification basis. Changes in the admitted asset carrying amounts of bonds, mortgage loans, and common and nonredeemable preferred stocks are credited or charged directly to unassigned surplus.

   The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation settlement.

   Fair values are based on quoted market prices when available. When quoted market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment, which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

   Financial assets carried at fair value are classified, for disclosure purposes, based on a hierarchy defined by the Fair Value Measurements Disclosure Topic of the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC). The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement.

   The levels of the fair value hierarchy are as follows:

   Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

   Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

   Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

   At June 30, 2012, the Company's investments in bonds are classified as Level 2 instruments and its investments in stocks are classified as Level 1 instruments.

3. Common Stocks

   Investments in common stocks are designated as available for sale and are reported at fair value with unrealized gains or losses reported net of taxes in other charges in capital and surplus.

4. Preferred Stocks

   N/A

5. Mortgage Loans on Real Estate

   Single-class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys or internal or third-party estimates and are based on the current interest rate and economic environment. The prospective adjustment method is used to value all such securities.

NOTES TO FINANCIAL STATEMENTS

6. Loaned-backed Securities
N/A

7. Investments in subsidiaries, controlled and affiliated companies
N/A

8. Investments in joint ventures, partnerships and LLC
N/A

9. Policy for derivatives
N/A

10. Anticipated Investment Income as factor in premium deficiency
The Company generally receives premiums in advance of providing services, and recognizes premium revenue during the period in which the Company is obligated to provide services to its members. Premiums are billed monthly for coverage in the following month and are recognized as revenue in the month for which insurance coverage is provided. Accordingly, the portion of premiums applicable to future periods is included in the accompanying statutory-basis balance sheets as premiums received in advance.

11. Management's Policy and methodologies for estimating Liabilities Loss
Claim processing expenses for unpaid claims, including claims incurred but not yet reported, are accrued based on estimated expenses necessary to process such claims.

12. Capitalization policy/Predefined thresholds
Pursuant to Section 641.225(1) of Florida Statutes, the Company is required to maintain a minimum surplus in an amount that is the greater of $1,500,000, or 10.0% of total liabilities, or 2.0% percent of total annualized premiums. Additionally, according to a Consent Order filed with the OIR on September 25, 2008, the Company must maintain a minimum surplus in an amount that is greater than 120% of the statutory requirement. As of June 30, 2012, the Company's capital and surplus of $17,758,909 exceeded the $ 17,289,537 minimum level prescribed by Consent Order and the Florida Statutes by $469,372.

13. Prescription Drug Expense and Pharmacy Rebates Receivable
The Company's Medicare plans offer prescription drug benefits under Part D of the Medicare federal health insurance program to individuals eligible for benefits under Part A or Part B. As such, the Company receives additional premium and cost reimbursement components as described below.

For qualifying low-income status, or LIS, members of the Medicare Advantage Plans, CMS pays the Company for some or the entire LIS members' monthly premium. The CMS payment is dependent upon a member's income level, which is determined by the Social Security Administration. Low-income premium is recognized over the contract period and reported as premium revenue. Additionally, for qualifying LIS members, CMS will reimburse the Company for all or a portion of the LIS member's deductible, coinsurance, and co-payment amounts above the out-of-pocket threshold for low-income beneficiaries. Low-income cost-sharing subsidies are paid by CMS prospectively as a fixed amount per member per month, and are determined based upon the plan year bid submitted to CMS. After the close of the annual plan year, CMS reconciles actual experience to low-income cost sharing subsidies paid to the plan and any differences are settled between CMS and the Company.

The Company also receives payments from CMS for catastrophic reinsurance for members of its Medicare plans. CMS reimburses the Company for 80% of the drug costs after a member reaches his or her out-of-pocket catastrophic threshold through a catastrophic reinsurance subsidy. Catastrophic reinsurance subsidies are paid by CMS prospectively as a fixed amount per member per month, and are determined based upon the plan year bid submitted to CMS. After the close of the annual plan year, CMS reconciles actual experience compared to catastrophic reinsurance subsidies paid to the Company and any differences are settled between CMS and the Company.

Effective January 1, 2011, CMS began providing the Medicare Coverage Gap Discount Program, where CMS provides monthly prospective payments for pharmaceutical manufacturer discounts made available to members. The prospective discount payments are determined based upon the plan year bid submitted by plan sponsors to CMS and current plan enrollment. Following the plan year, CMS performs an annual reconciliation of the prospective discount payments received by the plan sponsor to the cost of actual manufacturer discounts made available to each plan sponsor's enrollees under the program.

Low-income cost sharing and catastrophic reinsurance subsidies represent funding from CMS for which the Company assumes no risk and amounts received from CMS are reported net of payments of the actual prescription drug costs related to the low-income cost sharing and catastrophic reinsurance in the accompanying statutory-basis balance sheets. The Company does not recognize premium revenue or medical claims expense for this activity.

Premiums from CMS for members of Medicare plans with Part D benefits are subject to risk corridor provisions. The CMS risk corridor calculation compares the target amount of prescription drug costs (limited to costs under the standard coverage as defined by CMS) less rebates in the Company's annual plan bid (target amount) to actual experience. Variances of more than 5% above the target amount will result in CMS making additional payments to the Company, and variances of more than 5% below the target amount will require the Company to refund to CMS a portion of the premiums received. Risk corridor payments due to or from CMS are estimated throughout the year and are recognized as adjustments to premium revenues and due and unpaid premiums. This estimate requires the Company to consider factors that may not be certain, including membership, risk scores, prescription drug events, and rebates. After the close of the annual plan year, CMS reconciles actual experience to the target amount and any differences are settled between CMS and the Company.

NOTES TO FINANCIAL STATEMENTS

Medicare Part D activity resulted in a payable from CMS of $6,110,231 at June 30, 2012, which is included in the liability for amounts held under uninsured plans in the accompanying statutory-basis balance sheet. Actual amounts of Medicare Part D related assets and liabilities could differ materially from amounts recorded.

2. Accounting Changes and Corrections of Errors
N/A

3. Business Combinations and Goodwill
N/A

4. Discontinued Operations
N/A

5. Investments
A - D. N/A
E. Repurchase Agreements and/or Securities Lending Transactions:
The Company entered into a sweep repurchase agreement with a financial services institution to increase its return on invested assets. The transactions involve the transfer of excess cash to a regulated financial institution that is collateralized by securities. On the next business day, the transferred cash, along with any interest thereon, is transferred back to the Company and the collateralized securities are returned. The arrangement meets the requirement to be accounted for as secured borrowings. The Company requires that at all times, securities obtained as collateral are sufficient to fund substantially all of the cost of purchasing replacement assets. As of June 30, 2012, amounts outstanding under repurchase agreements of $3,984,708 are classified as cash in the accompanying statement of assets. As of June 30, 2012, securities with a fair market value of approximately $4,064,000 were held as collateral under this agreement.

F - G. N/A

6. Joint Ventures, Partnerships and Limited Liability Companies
N/A

7. Investment Income
N/A

8. Derivative Instruments
N/A

9. Income Taxes

		06.30.2012			12.31.2011			Change		
9A		1	2	3	4	5	6	7	8	9
9A01		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
09A01a	Gross Deferred Tax Assets	13,742,214	28,697	13,770,911	9,025,785	34,201	9,059,986	-	(8,470)	(8,470)
09A01b	Statutory Valuation Allowance Adjustment	-		-	-	-	-	-	-	-
09A01c	Adjusted Gross Deferred Tax Assets (1a - 1b)	13,742,214	28,697	13,770,911	9,025,785	34,201	9,059,986	-	(8,470)	(8,470)
09A01d	Deferred Tax Liabilities	-		-	-	-	-	-	-	-
09A01e	Subtotal (Net Deferred Tax Asset) (1c - 1d)	13,742,214	28,697	13,770,911	9,025,785	34,201	9,059,986	-	(8,470)	(8,470)
09A01f	Deferred Tax Assets Nonadmitted	3,294,051	28,697	3,322,748	3,259,850	34,201	3,294,051	8,479	(8,470)	-
09A01g	Net Admitted Deferred Tax Assets (1e - 1f)	10,448,163	-	10,448,163	5,765,935	-	5,765,935	(8,470)	-	(8,470)

09A02 SSAP No. 10R, Income Taxes - A Temporary Replacement of of SSAP No. 10

09A03 The increased amount by tax character, and the change in such, of admitted adj gross dta as the result of 10a SSAP No. 10R

		06.30.2012			12.31.2011			Change		
9A04	Admission Calculation Components: SSAP No. 10R, Paragraphs 10a., 10b., and 10c	1 Ordinary	11 Capital	12 Total	13 Ordinary	14 Capital	15 Total	16 Ordinary	17 Capital	9 Total
09A04a	SSAP No. 10R, Paragraph 10a.	6,123,845	-	6,123,845	4,305,825	-	4,305,825	-	-	-
09A04b	SSAP No.10R, Paragraph 10.b. (the lesser of paragraph 10.b.i. and 10.b.ii. below)	987,974	-	987,974	1,460,110	-	1,460,110	-	-	-
09A04c	SSAP No.10R, Paragraph 10.b.i.	4,966,508	-	4,966,508	-	-	1,460,110	-	-	-
09A04d	SSAP No.10R, Paragraph 10.b.ii.	XXX	XXX	987,974	XXX	XXX	1,550,374	XXX	XXX	1,365,316
09A04e	SSAP No.10R, Paragraph 10.c.	-	-	-	-	-	-	-	-	-
09A04f	Total (4a + 4b + 4e)	7,111,819	-	7,111,819	5,765,935	-	5,765,935	-	-	-
	Admission Calculation Components SSAP No. 10R, Paragraph 10e.:									
09A04g	SSAP No.10R, Paragraph 10.e.i.	-	-	-	-	-	-	-	-	-
09A04h	SSAP No.10R, Paragraph 10.e.ii. (the lesser paragraph 10.e.ii.a. and 10.e.ii.b below)	-	-	-	-	-	-	-	-	-
09A04i	SSAP No.10R, Paragraph 10. e.ii.a.	-	-	-	-	-	-	-	-	-
09A04j	SSAP No.10R, Paragraph 10. e.ii.b.									

NOTES TO FINANCIAL STATEMENTS

09A04k	SSAP No.10R, Paragraph 10.e.iii.	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
09A04l	Total (4g + 4h + 4k)	-	-	-	-	-	-	-	-	-
	Used in SSAP No. 10R, Paragraph 10.d.									
09A04m	Total Adjusted Capital	XXX	XXX	20,317,904	XXX	XXX	21,069,671	XXX	XXX	-
09A04n	Authorized Control Level	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-

9A05		06.30.2012			12.31.2011			Change		
		1 Ordinary	2 Capital	3 Total	4 Ordinary	5 Capital	6 Total	7 Ordinary	8 Capital	9 Total
	Impact of Tax-Planning Strategies:									
09A05a	Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	-	-	-	-	-	-	-	-	-
09A05b	Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-

9A06		06.30.2012			12.31.2011			Change		
	SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c:	1 Ordinary	2 Capital	3 Total	4 Ordinary	5 Capital	6 Total	7 Ordinary	8 Capital	9 Total
09A06a	Admitted Deferred Tax Assets	10,448,163	-	10,448,163	5,765,935	-	5,765,935	(8,470)	-	(8,470)
09A06b	Admitted Assets	XXX	XXX	161,838,386	XXX	XXX	108,252,608	XXX	XXX	34,907,489
09A06c	Adjusted Statutory Surplus*	XXX	XXX	10,647,090	XXX	XXX	15,309,736	XXX	XXX	13,853,863
09A06d	Total Adjusted Capital from DTAs	XXX	XXX	10,448,163	XXX	XXX	5,765,935	XXX	XXX	(8,470)
	Increase due to SSAP No.10R, Paragraph 10.e.									
09A06e	Admitted Deferred Tax Assets	-	-	-	-	-	-	-	-	-
09A06f	Admitted Assets	-	-	-	-	-	-	-	-	-
09A06g	Statutory Surplus	-	-	-	-	-	-	-	-	-

09B Regarding deferred tax liabilities that are not recognized:
N/A

09C		1 06.30.2012	2 12.31.2011	3 Change
09C1	Current Income Tax			
09C1a	Federal	6	(900,054)	900,060
09C1b	Foreign	-	-	-
09C1c	Subtotal	6	(900,054)	900,060
09C1d	Federal income tax on net capital gains	(8)	(873,954)	(873,960)
09C1e	Utilization of capital loss carry-forwards	-	-	-
09C1f	Other	-	-	-
09C1g	Federal and foreign income taxes incurred	-	(26,100)	26,100
09C2 (a)	Deferred Tax Assets Ordinary:			
09C2A01	Discounting of unpaid losses	-	-	-
09C2A02	Unearned premium reserve	-	-	-
09C2A03	Policyholder reserves	-	-	-
09C2A04	Investments	-	-	-
09C2A05	Deferred acquisition costs	-	-	-
09C2A06	Policyholder dividends accrual	-	-	-
09C2A07	Fixed Assets	536,861	536,861	-
09C2A08	Compensation and benefits accrual	-	-	-
09C2A09	Pension accrual	-	-	-
09C2A10	Receivables - nonadmitted	8,406,349	8,406,349	-
09C2A11	Net operating loss carry-forward	4,716,429	-	4,716,429
09C2A12	Tax credit carry-forward	-	-	-
09C2A13	Other (Including Items <5% of total ordinary tax assets)	82,581	82,581	-
09C2A99	Subtotal	13,742,214	9,025,785	4,716,429
09C2b	Statutory valuation allowance adjustment	-	-	-
09C2c	Nonadmitted	3,294,051	3,259,850	34,201
09C2d	Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	10,448,163	5,765,935	4,682,228
9C2e	Capital			

NOTES TO FINANCIAL STATEMENTS

09C2E1	Investments	28,697	34,201	(5,504)
09C2E2	Net capital loss carry-forward	-	-	-
09C2E3	Real estate	-	-	-
09C2E4	Other (including items <5% of total capital tax assets)	-	-	-
	09C2E99 Subtotal	28,697	34,201	(5,504)
09C2f	Statutory valuation allowance adjustment	-	-	-
09C2g	Nonadmitted	28,697	34,201	(5,504)
09C2h	Admitted capital deferred tax assets (2e99 - 2f - 2g)	-	-	-
09C2i	Admitted deferred tax assets (2d + 2h)	10,448,163	5,765,935	4,682,228

09C3	Deferred Tax Liabilities			
(a)	Ordinary:			
09C3A1	Investments	-	-	-
09C3A2	Fixed assets	-	-	-
09C3A3	Deferred and uncollected premium	-	-	-
09C3A4	Policyholder reserves	-	-	-
09C3A5	Other (including items <5% of total ordinary tax liabilities)	-	-	-
	09C3A99 Subtotal	-	-	-
(b)	Capital:			
09C3B1	Investments	-	-	-
09C3B2	Real estate	-	-	-
09C3B3	Other (including items <5% of total capital tax liabilities)	-	-	-
	09C3B99 Subtotal	-	-	-
09C3C	Deferred tax liabilities(3a99 + 3b99)	-	-	-
09C4	Net deferred tax assets/liabilities(2i - 3c)	10,448,163	5,765,935	4,682,228

09D		06.30.2012	Effective Tax Rate (%)
	Provision computed at statutory rate	4,273,999	35.0%
	Change in nonadmitted assets	-	0.0%
	Nontaxable investment income	(46,492)	0.4%
	Nondeductible expense	14,007	-0.1%
	State taxes	229,830)	-1.9%
	Other	(639,775)	5.2%
	Total	(4,716,429)	38.6%
	Federal and foreign income taxes incurred	8	0.0%
	Realized capital gains (losses) tax	(8)	0.0%
	Change in deferred income taxes	(4,716,429)	38.6%
	Total	(4,716,429)	38.6%

09E Capital Loss carry forwards

09E1 The Company has no operating loss carryforwards

09E2 The following is income tax expense that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2011	(726,730)	856,475	129,745
2012	5,994,106	(6)	5,994,100
Total	5,297,376	856,469	6,123,845

09E3 The aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code was $0 as of December 31, 2011.

09F Consolidated tax filing:

Company is included in a consolidated tax filing with the following entities:

Universal Health Care Group, Inc.
American Managed Care, LLC
Universal Health Care Insurance Company, Inc.
Universal HMO of Texas, Inc.
Universal Health Care of Nevada, Inc.
Universal Health Care of Georgia, Inc.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates

A - C. All outstanding shares of the Company are owned by Group, an insurance holding company incorporated in the State of Delaware with operations based in Florida. On February 14, 2011, Group entered into a $37,500,000 term-loan and a $2,500,000 unfunded revolving credit agreement. On April 6, 2012, Group entered into a $60,000,000 senior revolving line of credit, the proceeds were used to pay-off the term-loan and provide for any additional minimum statutory capital requirements for its subsidiaries, including UHC. Group pledged 100% of its equity interest in UHCIC as security under the credit revolver.

Surplus notes payable, related party:
During 2006, the Company received cash proceeds for surplus notes payable issued to Group amounting to $18,750,000 (see note 13). The terms of the notes payable specify that principal and interest on the notes is payable only upon the prior approval from FL OIR. The notes payable bear interest at 5% per annum upon FL OIR approval. On September 26, 2008, the Company paid down the principal $10,000,000 with FL OIR approval. The Company paid down the Note $2,000,000 on December 22, 2009 with FL OIR approval. On July 14, 2010 with FL OIR Approval, the Company made a $3,000,000 payment on the note. During the periods covered by these financial statements, the Company has not received approval to pay for interest from the FL OIR; therefore, the Company has not recorded accrued interest totaling $2,733,874 at June 30, 2012.

Other relationships:
The Company has a management agreement with American Managed Care, LLC (AMC), which automatically renews on an annual basis, whereby AMC provides supervisory and management services, performs specific functions and contract services to and performs certain payroll functions for the Company. AMC is owned 100% by Group. Effective January 1, 2011, for compensation for services rendered, the Company shall pay AMC a percentage of total collected premiums on a monthly basis. The amount shall vary, as mutually agreed between AMC and the Company, but under no circumstance shall the percentage of collected premiums paid to AMC exceed 8.5%, without obtaining prior approval from the FL OIR. Further, no amounts paid by the Company shall result in the Company being out of compliance with the minimum statutory requirements of the Florida Statutes. Percentage fees were 7.7% for 2011and 8.5% for six months ended June 30, 2012. Expenses incurred under this agreement totaled $27,430,000 for the six months ended June 30, 2012.

The Company records rent revenue from the space owned by the Company and occupied by AMC. Amounts received by the Company totaled $1,336,338 for the quarter ended June 30, 2012.

D. In addition to the above-referenced management agreement, certain expenditures for the Company are paid by and reimbursed to AMC, Universal Health Care Insurance Company, Inc. (UHCIC), Universal Health Care of Nevada, Inc. (UHCNV), and Universal HMO of Texas, Inc. (UHMOT), Universal Health Care of Georgia, Inc. (UHCGA), companies under common control by Group, as well as Group itself. The Company also pays for and is reimbursed by UHCIC, UHMOT, UHCNV and AMC for certain expenditures. At June 30, 2012, the Company owed $39 and 12 from UHMOT and UHCNV and was owed $17,478 and $100,849 from UHCIC and AMC respectively, which are classified as a non-admitted asset in Due from Affiliates in the accompanying Statement of Assets. All amounts will be settled per terms of the Company's intercompany transactions policy which requires the payment to be made within 30 days.

E. N/A

F. The Company has a management agreement with AMC, which renews on an automatic basis, whereby AMC provides supervisory and management services, performs specific functions and contract services to and performs certain payroll functions for the Company. AMC is owned 100% by Group.

In addition, the Company maintains a provider agreement with American Family & Geriatric care (AFGC), which is owned 100% by a majority of shareholder of Group. Amounts paid to AFGC under the provider agreement for the six months ended June 30, 2012 were $1,047,110.

G. - L. N/A

Under the Company's tax sharing agreement, $8,634,238, included in current federal and foreign income tax receivable in the accompanying Statement of Assets, Liabilities, Capital and Surplus, is due from Group to the Company and will be settled per terms of the intercompany transactions policy.

11. Debt
N/A

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
N/A

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations
1. UHC has 400,000,000 shares authorized, 126,250,000 shares issued and outstanding as of June 30, 2012.
2. N/A
3. Prior approval is needed by FL OIR and restrictions are related to statutory surplus.
4. N/A
5. Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
6. N/A
7. N/A
8. N/A
9. N/A

NOTES TO FINANCIAL STATEMENTS

10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses of $-81,990.

11. Please see table as follows:

	Date Issued	Interest Rate	Par Value (Face Amount of Note)	Carrying Value of Note	Principal and/or Interest Paid Current year	Total Principal and/or Interest paid	Unapproved Principal and/or interest	Date of Maturity
Surplus Note	12/29/2006	5.0%	$18,750,000	$3,750,000	$0	$15,000,000	$2,733,874	

12-13. N/A

14. Contingencies

N/A

15. Leases

N/A

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

N/A

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

N/A

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

N/A

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

N/A

20. Fair Value Measurements

N/A

21. Other Items

A.-C. N/A

D. Included in cash, cash equivalents and short term investments at June 30, 2012 is $4,732,202 of minimum deposits required to be maintained under contracts with certain health care agencies.

E.-G. N/A

22. Events Subsequent

N/A

23. Reinsurance

N/A

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

N/A

25. Change in Incurred Claims and Claim Adjustment Expenses

N/A

26. Intercompany Pooling Arrangements

N/A

27. Structured Settlements

N/A

28. Health Care Receivables

Pharmacy Rebates

Quarter	Estimated Rx Rebates as Reported on Financial Statements	Rx Rebates as Billed or Otherwise Confirmed	Actual Rebates Received within 90 days of Billing	Actual Rebates Received within 91 to 180 days of Billing	Actual Rebates Received More Than 180 days After Billing
3/31/2009	$ 667,329	$ 667,329	$ -	$ -	$ 667,329.00
6/30/2009	693,220	693,220	-	-	693,220
9/30/2009	726,079	726,079	-	-	726,079
12/31/2009	781,301	781,301	-	-	781,301
3/31/2010	596,985	596,985	-	-	596,985
6/30/2010	1,120,068	1,120,068	-	1,119,385	683
9/30/2010	864,779	864,779	-	864,779	-

NOTES TO FINANCIAL STATEMENTS

12/31/2010	1,006,988	1,006,988	6,790	760,676	239,522
3/31/2011	1,222,718	1,222,718	-	1,222,718	-
6/30/2011	1,383,657	1,383,657	169,969	1,032,248	181,440
9/30/2011	1,229,259	1,229,259	-	1,018,225	211,034
12/31/2011	1,464,474	1,464,474	-	891,157	573,317
3/31/2012	1,495,572	1,495,572	-	1,495,572	-
6/30/2012	3,208,342	3,208,342	1,779,958	-	-

Risk Share Receivables

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior year	Risk Sharing Receivable as Estimated Current Year	Risk Sharing Receivable Invoiced	Risk Sharing Receivable Not Invoiced	Actual Risk Sharing Amounts Collected in Year Invoiced	Actual Risk Sharing Amounts Collected first Year Subsequent	Actual Risk Sharing Amounts Collected Second Year Subsequent	Actual Risk Sharing Amounts Collected - All Other
2012	2011	$ 17,566,191		$ 16,400,955			$ 13,006,441		
	2012	XXX	$ 1,165,236	XXX	XXX	XXX	XXX	XXX	XXX
2011	2011	XXX	$ 16,400,955	$ 16,400,955					
	2012	XXX	$ 17,566,191	XXX	XXX	XXX	XXX	XXX	XXX

29. Participating Policies
N/A

30. Premium Deficiency Reserves

N/A

31. Anticipated Salvage and Subrogation
N/A

NAIC Input For NOTES
Universal Health Care, Inc.

NOTES TO FINANCIAL STATEMENTS

These items are based on illustrations taken from the NAIC Annual Statement Instructions

1. Summary of Significant Accounting Policies

NET INCOME

Line #	Description	State of Domicile	2012	2011
01A01.	Company state basis (Page 4, L 32, C2 & C4)	FL	(16,132,163)	4,511,105
01A04.	NAIC SAP (1 - 2 - 3 = 4)	FL	(16,132,163)	4,511,105
SURPLUS				
01A05.	Company State basis (Page 3, Line 33, Columns 3 & 4)	FL	17,758,909	21,089,671
01A08.	NAIC SAP (5 - 6 - 7 = 8)	FL	17,758,909	21,089,671

4. Discontinued Operations

		2012
0405A.	Assets - Line 5 - Cash	
0405B.	Assets - Line 28 - Totals	
0405C.	Liabilities, Surplus and Other Funds - Line 24 - Total Liabilities	
0405D.	Liabilities, Surplus and Other Funds - Line 33 -- Total Capital and Surplus	
0405E.	Liabilities, Surplus and Other Funds - Line 34 - Total	
0405F.	Statement of Revenue and Expenses - Line 2 - Premiums	
0405G.	Statement of Revenue and Expenses - Line 22 - Increase in aggregate reserves for A&H (current year less prior year)	
0405H.	Statement of Revenue and Expenses - Line 31 - Federal and foreign income taxes incurred	
0405I.	Statement of Revenue and Expenses - Line 26 - Net realized capital gains (losses)	
0405J.	Statement of Revenue and Expenses - Line 32 - Net income	

6. Investments

6A. Investments - Mortgage Loans

		2012	2011
05A04.	As of year end, the company held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued interest		0
05A04A.	Total interest due on mortgages with interest more than 180 days past due		0
05A05.	Taxes, assessments and any amounts advanced and not included in the mortgage loan total		0
05A06.	Current year impaired loans with a related allowance for credit losses		0
05A06A.	Related allowance for credit losses		0
05A07.	Impaired mortgage loans without an allowance for credit losses		0
05A08.	Average recorded investment in impaired loans		0
05A09.	Interest income recognized during the period the loans were impaired		0
05A10.	Amount of interest income recognized on a cash basis during the period the loans were impaired		0
	Allowance for credit losses:		
05A11A.	Balance at beginning of period	0	0
05A11B.	Additions charged to operations		0
05A11C.	Direct write-downs charged against the allowances		0
05A11D.	Recoveries of amounts previously charged off		0
05A11E.	Balance at end of period	0	0

6B. Investments - Debt Restructuring

		2012	2011
05B01.	The total recorded investment in restructured loans, as of year end		0
05B02.	The realized capital losses related to these loans		0
05B03.	Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructuring		0

6C. Reverse Mortgages

		Amount
05C03.	At December 31, the actuarial reserve reduced the asset value of the group of reverse mortgages	
05C04.	The company recorded an unrealized loss as a result of the re-estimate of the cash flows	

6D. Loan-Backed Securities

		1 Amortized Cost Basis Before Other-than-Temporary Impairment	2 Other-than-Temporary Impairment Recognized in Loss	3 Fair Value 1 - 2
	OTTI recognized 1st Quarter			
05D02A.	Intent to sell			0
05D02B.	Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			0
05D02C.	Total 1st Quarter	0	0	0
	OTTI recognized 2nd Quarter			
05D02D.	Intent to Sell			0
05D02E.	Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			0
05D02F.	Total 2nd Quarter	0	0	0
	OTTI recognized 3rd Quarter			
05D02G.	Intent to Sell			0
05D02H.	Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			0
05D02I.	Total 3rd Quarter	0	0	0
	OTTI recognized 4th Quarter			
05D02J.	Intent to Sell			0
05D02K.	Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			0
05D02L.	Total 4th Quarter	0	0	0
05D02M.	Annual Aggregate Total	XXX	0	XXX

		(1)
05D04.	The aggregate amount of unrealized losses	
05D04A1.	Less than 12 Months	
05D04A2.	12 Months or Longer	

		(1)
	The aggregate related fair value of securities with unrealized losses	
05D04B1.	Less than 12 Months	
05D04B2.	12 Months or Longer	

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NOTES TO FINANCIAL STATEMENTS

These items are based on illustrations taken from the NAIC Annual Statement Instructions

05E3A. Aggregate Amount Cash Collateral Received

1. Repurchase Agreement

	(1) Fair Value
05E3A1A. Open	
05E3A1B. 30 Days or Less	
05E3A1C. 31 to 60 Days	
05E3A1D. 61 to 90 Days	
05E3A1E. Greater Than 90 Days	
05E3A1F. Sub-Total	0
05E3A1G. Securities Received	
05E3A1H. Total Collateral Received	0

2. Securities Lending

	(1) Fair Value
05E3A2A. Open	
05E3A2B. 30 Days or Less	
05E3A2C. 31 to 60 Days	
05E3A2D. 61 to 90 Days	
05E3A2E. Greater Than 90 Days	
05E3A2F. Sub-Total	0
05E3A2G. Securities Received	
05E3A2H. Total Collateral Received	0

3. Dollar Repurchase Agreement

	(1) Fair Value
05E3A3A. Open	
05E3A3B. 30 Days or Less	
05E3A3C. 31 to 60 Days	
05E3A3D. 61 to 90 Days	
05E3A3E. Greater Than 90 Days	
05E3A3F. Sub-Total	0
05E3A3G. Securities Received	
05E3A3H. Total Collateral Received	0

	(1)
05E3B. The aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral (reinvested collateral)	

05E5A. Aggregate Amount Cash Collateral Reinvested

1. Repurchase Agreement

	(1) Amortized Cost	(2) Fair Value
05E5A1A. Open		
05E5A1B. 30 Days or Less		
05E5A1C. 31 to 60 Days		
05E5A1D. 61 to 90 Days		
05E5A1E. 91 to 120 Days		
05E5A1F. 121 to 180 Days		
05E5A1G. 181 to 365 Days		
05E5A1H. 1 to 2 Years		
05E5A1I. 2-3 Years		
05E5A1J. Greater Than 3 Years		
05E5A1K. Sub-Total	0	0
05E5A1L. Securities Received		
05E5A1M. Total Collateral Reinvested	0	0

2. Securities Lending

	(1) Amortized Cost	(2) Fair Value
05E5A2A. Open		
05E5A2B. 30 Days or Less		
05E5A2C. 31 to 60 Days		
05E5A2D. 61 to 90 Days		
05E5A2E. 91 to 120 Days		
05E5A2F. 121 to 180 Days		
05E5A2G. 181 to 365 Days		
05E5A2H. 1 to 2 Years		
05E5A2I. 2-3 Years		
05E5A2J. Greater Than 3 Years		
05E5A2K. Sub-Total	0	0
05E5A2L. Securities Received		
05E5A2M. Total Collateral Reinvested	0	0

2. Dollar Repurchase Agreement

	(1) Amortized Cost	(2) Fair Value
05E5A3A. Open		
05E5A3B. 30 Days or Less		
05E5A3C. 31 to 60 Days		
05E5A3D. 61 to 90 Days		
05E5A3E. 91 to 120 Days		
05E5A3F. 121 to 180 Days		
05E5A3G. 181 to 365 Days		
05E5A3H. 1 to 2 Years		
05E5A3I. 2-3 Years		
05E5A3J. Greater Than 3 Years		
05E5A3K. Sub-Total	0	0
05E5A3L. Securities Received		
05E5A3M. Total Collateral Reinvested	0	0

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These items are based on illustrations taken from the NAIC Annual Statement Instructions

9A Income Taxes – The components of the net deferred tax asset/(liability) at June 30 are as follows:

		12/31/2012			12/31/2011			Change		
		(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
09A01A	Gross Deferred Tax Assets			0	9,025,785	34,201	9,059,986	(9,025,785)	(34,201)	(9,059,986)
09A01B	Statutory Valuation Allowance Adjustment			0	0	0	0	0	0	0
09A01C	Adjusted Gross Deferred Tax Assets (1a - 1b)	0	0	0	9,025,785	34,201	9,059,986	(9,025,785)	(34,201)	(9,059,986)
09A01D	Deferred Tax Liabilities			0	0	0	0	0	0	0
09A01E	Subtotal Net Deferred Tax Assets/(Net Deferred Tax Liability)(1c-1d)	0	0	0	9,025,785	34,201	9,059,986	(9,025,785)	(34,201)	(9,059,986)
09A01F	Deferred Tax Assets Nonadmitted			0	3,259,850	34,201	3,294,051	(3,259,850)	(34,201)	(3,294,051)
09A01G	Net Admitted Deferred Tax Assets/ (Net Deferred Tax Liability) (1e - 1f)	0	0	0	5,765,935	0	5,765,935	(5,765,935)	0	(5,765,935)

		12/31/2012			12/31/2011			Change		
		(1) Ordinary	(11) Capital	(12) (Col 1+11) Total	(13) Ordinary	(14) Capital	(15) (Col 4+14) Total	(16) (Col 1-13) Ordinary	(17) (Col 2-14) Capital	(9) (Col 7+17) Total
	Admission Calculation Components SSAP No. 10R, Paragraphs 10a., 10b., and 10c:			0	4,305,825	0	4,305,825	(4,305,825)	0	(4,305,825)
09A04A	SSAP 10R Paragraph 10.a			0	1,460,110	0	1,460,110	(1,460,110)	0	(1,460,110)
09A04B	SSAP 10R Paragraph 10.b (the lesser of paragraph 10.b.I. and 10.b.II. Below)			0	0	0	0	0	0	0
09A04C	SSAP No. 10R Paragraph 10.b.I.	XXX	XXX		XXX	XXX	1,530,740	XXX	XXX	(1,530,740)
09A04D	SSAP No. 10R Paragraph 10.b.II.			0	0	0	0	0	0	0
09A04E	SSAP No. 10R Paragraph 10.c	0	0	0	5,765,935	0	5,765,935	(5,765,935)	0	(5,765,935)
09A04F	Total (4a + 4b + 4c)									
	Admission Calculation Components SSAP No. 10R, Paragraph 10.e.:			0	0	0	0	0	0	0
09A04G	SSAP No. 10R, Paragraph 10.e.I.			0	0	0	0	0	0	0
09A04H	SSAP No. 10R, Paragraph 10.e.II. (the lesser paragraph 10.e.II.a. and 10.e.II.b Below)			0	0	0	0	0	0	0
09A04I	SSAP No. 10R Paragraph 10.e.II.a.	XXX	XXX		XXX	XXX	0	XXX	XXX	0
09A04J	SSAP No. 10R Paragraph 10.e.II.b.			0	0	0	0	0	0	0
09A04K	SSAP No. 10R, paragraph 10.e.III.	0	0	0	0	0	0	0	0	0
09A04L	Total (4g + 4h + 4i)									
	Used in SSAP No. 10R, Paragraph 10.d.	XXX	XXX		XXX	XXX	21,059,671	XXX	XXX	(21,059,671)
09A04M	Total Adjusted capital	XXX	XXX		XXX	XXX	0	XXX	XXX	0
09A04N	Authorized Control level									

10.2

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These items are based on illustrations taken from the NAIC Annual Statement Instructions

		2012			2011			Change		
		(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
9A	Impact of Tax Planning Strategies									
09A05A	Adjusted Gross DTAs			0	0	0	0	0	0	0
	(% of Total Adjusted Gross DTAs)									
09A05B	Net Admitted Adjusted Gross DTAs	XXX	XXX	0	XXX	XXX	0	XXX	XXX	0
	(% of Total Net Admitted Adjusted Gross DTAs)									

		2012			2011			Change		
		(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
	SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c.:									
09A09A	Admitted Deferred Tax Assets			0	5,765,935	0	5,765,935	(5,765,935)	0	(5,765,935)
09A09B	Admitted Assets	XXX	XXX		XXX	XXX	198,252,063	XXX	XXX	(198,252,063)
09A09C	Adjusted Statutory Surplus	XXX	XXX		XXX	XXX	15,303,736	XXX	XXX	(15,303,736)
09A09D	Total Adjusted Capital from DTAs	XXX	XXX		XXX	XXX	5,765,935	XXX	XXX	(5,765,935)
	Increases due to SSAP No.10R, Paragraph 10.e.									
09A09E	Admitted Deferred Tax Assets			0	0	0	0	0	0	0
09A09F	Admitted Assets			0	0	0	0	0	0	0
09A09G	Statutory Surplus			0	0	0	0	0	0	0

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09C

			(1) 12/31/2012	(2) 12/31/2011	(3) (Col 1-2) Change
1.	Current Income Tax				
	09C1A	Federal		(900,854)	900,854
	09C1B	Foreign		0	0
	09C1C	Subtotal	0	(900,054)	900,054
	09C1D	Federal Income Tax on Net Capital Gains		873,954	(873,954)
	09C1E	Utilization of Capital Loss Carry-forwards		0	0
	09C1F	Other		0	0
	09C1G	Federal and Foreign income taxes incurred	0	(26,100)	26,100
2.	Deferred Tax Assets:				
	A	Ordinary			
		09C2A1 Discounting of unpaid losses		0	0
		09C2A2 Unearned premium reserve		0	0
		09C2A3 Policyholder reserves		0	0
		09C2A4 Investments		0	0
		09C2A5 Deferred acquisition costs		0	0
		09C2A6 Policyholder dividends accrual		0	0
		09C2A7 Fixed assets		558,881	(558,881)
		09C2A8 Compensation and benefits accrual		0	0
		09C2A9 Pension accrual		0	0
		09C2A10 Receivables - nonadmitted		8,408,343	(8,408,343)
		09C2A11 Net operating loss carry-forward		0	0
		09C2A12 Tax credit carry-forward		0	0
		09C2A13 Other (including items <5% of total ordinary tax assets)		82,561	(82,561)
		09C2A99 Subtotal	0	9,025,785	(9,025,785)
	B	09C2B Statutory valuation allowance adjustment		0	0
	C	09C2C Nonadmitted		3,259,850	(3,259,850)
	D	09C2D Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	0	5,765,935	(5,765,935)
	E	Capital:			
		09C2E1 Investments		34,201	(34,201)
		09C2E2 Net capital loss carry-forward		0	0
		09C2E3 Real estate		0	0
		09C2E4 Other (including items <5% of total capital tax assets)		0	0
		09C2E99 Subtotal	0	34,201	(34,201)
	F	09C2F Statutory valuation allowance adjustment		0	0
	G	09C2G Nonadmitted		34,201	(34,201)
	H	09C2H Admitted capital deferred tax assets (2e99 - 2f - 2g)	0	0	0
	I	09C2I Admitted deferred tax assets (2d + 2h)	0	5,765,935	(5,765,935)
3.	Deferred Tax Liabilities:				
	A	Ordinary			
		09C3A1 Investments		0	0
		09C3A2 Fixed Assets		0	0
		09C3A3 Deferred and uncollected premium		0	0
		09C3A4 Policyholder reserves		0	0
		09C3A5 Other (including items <5% of total ordinary tax liabilities)		0	0
		09C3A99 Subtotal	0	0	0
	B	Capital:			
		09C3B1 Investments		0	0
		09C3B2 Real estate		0	0
		09C3B3 Other (including items <5% of total capital tax liabilities)		0	0
		09C3B99 Subtotal	0	0	0
	C	09C3C Deferred tax liabilities (3a99 + 3b99)	0	0	0
4.	09C4	Net deferred tax assets/liabilities (2i - 3c)	0	5,765,935	(5,765,935)

11B.	Debt -FHLB (Federal Home Loan Bank) Agreement	2012	2011
	11B02. FHLB stock purchased/owned as part of the agreement		0
	11B03. Collateral pledged to the FHLB		0
	11B04. Borrowing capacity currently available		0

11B05 - Agreement assets and liabilities

	2012	2011
11B05A. General Account: Assets		0
11B05B. Liabilities		0
11B05C. Separate Account: Assets		0
11B05D. Liabilities		0

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12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

1. Change in benefit obligation

		Pension Benefits		Other Benefits	
		2012	2011	2012	2011
12A01A.	Benefit obligation at beginning of year	0	0	0	0
12A01B.	Service cost		0		0
12A01C.	Interest cost		0		0
12A01D.	Contribution by plan participants		0		0
12A01E.	Actuarial gain (loss)		0		0
12A01F.	Foreign currency exchange rate changes		0		0
12A01G.	Benefits paid		0		0
12A01H.	Plan amendments		0		0
12A01I.	Business combinations, divestitures, curtailments, settlements and special termination benefits		0		0
12A01J.	Benefit obligation at end of year	0	0	0	0

2. Change in plan assets

		Pension Benefits		Other Benefits	
		2012	2011	2012	2011
12A02A.	Fair value of plan assets at beginning of year	0	0	0	0
12A02B.	Actual return on plan assets		0		0
12A02C.	Foreign currency exchange rate changes		0		0
12A02D.	Employer contribution		0		0
12A02E.	Plan participants' contributions		0		0
12A02F.	Benefits paid		0		0
12A02G.	Business combinations, divestitures, and settlements		0		0
12A02H.	Fair value of plan assets at end of year	0	0	0	0

3. Funded status (Includes #4 – Benefit obligation for vested employees)

		Pension Benefits		Other Benefits	
		2012	2011	2012	2011
12A03A.	Unamortized prior service cost		0		0
12A03B.	Unrecognized net gain or (loss)		0		0
12A03C.	Remaining net obligation or net asset at initial date of application		0		0
12A03D.	Prepaid assets or accrued liabilities		0		0
12A03E.	Intangible asset		0		0
12A04.	Accumulated benefit obligation for vested employees and partially vested employees to the extent vested		0		0

5. Benefit obligation for non-vested employees

		Pension Benefits		Other Benefits	
		2012	2011	2012	2011
12A05A.	Projected pension obligation		0		0
12A05B.	Accumulated benefit obligation		0		0

6. Components of net periodic benefit cost

		Pension Benefits		Other Benefits	
		2012	2011	2012	2011
12A06A.	Service cost		0		0
12A06B.	Interest cost		0		0
12A06C.	Expected return on plan assets		0		0
12A06D.	Amortization of unrecognized transition obligation or transition asset		0		0
12A06E.	Amount of recognized gains and losses		0		0
12A06F.	Amount of prior service cost recognized		0		0
12A06G.	Amount of gain or loss recognized due to a settlement or curtailment		0		0
12A06H.	Total net periodic benefit cost	0	0	0	0

12A07.	The amount included in unassigned funds (surplus) for the period arising from a change in the additional minimum pension liability recognized	

8. Weighted-average assumptions used to determine net periodic benefit cost of June 30.

		2012	2011
12A08A.	Weighted average discount rate		0.000
12A08B.	Expected long-term rate of return on plan assets		0.000
12A08C.	Rate of compensation increase		0.000

Weighted average assumptions used to determine projected benefit obligations as of June 30

		2012	2011
12A08D.	Weighted average discount rate		0.000
12A08E.	Rate of compensation increase		0.000

11. Assumed health care cost trend rates

		1 Percentage Point Increase	1 Percentage Point Decrease
12A11A.	Effect on total of service and interest cost components		
12A11B.	Effect on postretirement benefit obligation		

12. The defined benefit pension plan asset allocation as of the measurement date and the target asset allocation, presented as a percentage of total plans were as follows:

		2012	2011	Target Allocation Low End	Target Allocation High End
12A12A.	Debt Securities	%	0.0 %	%	%
12A12B.	Equity Securities	%	0.0 %	%	%
12A12C.	Real Estate	%	0.0 %	%	%
12A12D.	Other	%	0.0 %	%	%
12A12E.	Total	100 %	100 %	XXX	XXX

13. The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

		Amount
12A13A.	2013	
12A13B.	2014	
12A13C.	2015	
12A13D.	2016	
12A13E.	2017	
12A13F.	Thereafter Total	

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NOTES TO FINANCIAL STATEMENTS

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

	Amount
1310. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses	(61,890)

14. Contingencies

A. Contingent Commitments

	Amount
14A01. SSAP #97 - total contingent liabilities	

	2012
14A03A. Aggregate Maximum Potential of Future Payments of All Guarantees (undiscounted) the guarantor could be required to make under guarantees. (Should equal total of Column 4 for (2)a above.)	

B. Current Liability Recognized in F/S:

14A03B1. Noncontingent Liabilities	
14A03B2. Contingent Liabilities	

C. Ultimate Financial Statement Impact if action under the guarantee is required.

14A03C1. Investment in SCA	
14A03C2. Joint Venture	
14A03C3. Dividends to Stockholders (capital contribution)	
14A03C4. Expense	
14A03C5. Other	
14A03C6. Total (Should equal (3)a.)	0

14B02 Assessments	Amount
14B02A. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	
14B02D. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	

D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits

	2012
14D01. Claims related ECO and bad faith losses paid during the reporting period	
14D02. Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period	
14D03. Indicate whether claim count information is disclosed per claim or per claimant	

15. Leases

A(2). Operating Leases - Minimum aggregate rental commitments are as follows:	Operating Leases
15A02A1. 2013 (year ending December 31)	
15A02A2. 2014 (year ending December 31)	
15A02A3. 2015 (year ending December 31)	
15A02A4. 2016 (year ending December 31)	
15A02A5. 2017 (year ending December 31)	
15A02A6. Aggregate total of all future years	

B(1). Lessor Leases - Future minimum lease payment receivables under noncancelable leasing arrangements: (Year ending December 31).	Lessor Leases
15B01C1. 2013 (year ending December 31)	
15B01C2. 2014 (year ending December 31)	
15B01C3. 2015 (year ending December 31)	
15B01C4. 2016 (year ending December 31)	
15B01C5. 2017 (year ending December 31)	
15B01C6. Aggregate total of all future years	

B(2)(B). Leveraged Leases	2012	2011
15B02B1. Income from leveraged leases before income tax including investment tax credit		0
15B02B2. Less current income tax		0
15B02B3. Net income from leveraged leases	0	0

B(2)(C). Components of investment in leveraged leases:	2012	2011
15B02C1. Lease contracts receivable (net of principal and interest on non-recourse financing)		0
15B02C2. Estimated residual value of leased assets		0
15B02C3. Unearned and deferred income		0
15B02C4. Investment in leveraged leases		0
15B02C5. Deferred income taxes related to leveraged leases		0
15B02C6. Net investment in leveraged leases		0

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

	Assets		Liabilities	
	2012	2011	2012	2011
16D1A. Swaps		0		0
16D1B. Futures		0		0
16D1C. Options		0		0
16D1D. Total	0	0	0	0

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Gain/(Loss)
Bonds				
17C02A. NAIC 3				0
17C02B. NAIC 4				0
17C02C. NAIC 5				0
17C02D. NAIC 6				0
Preferred Stocks				
17C02E. NAIC P/RP 3				0
17C02F. NAIC P/RP 4				0
17C02G. NAIC P/RP 5				0
17C02H. NAIC P/RP 6				0

NOTES TO FINANCIAL STATEMENTS

18 Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans

	(1) ASO Uninsured Plans	(2) Uninsured Portion of Partially Insured Plans	(3) Total ASO
18A0A. Net reimbursement for administrative Expenses (including administrative fees) in excess of actual expenses			0
18A0B. Total net other income or expenses (including interest paid to or received from plans)			0
18A0C. Net gain or (loss) from operations	0	0	0
18A0D. Total claim payment volume			0

B. ASC Plans

	(1) ASC Uninsured Plans	(2) Uninsured Portion of Partially Insured Plans	(3) Total ASC
18B0A. Gross reimbursement for medical cost incurred			0
18B0B. Gross administrative fees accrued			0
18B0C. Other income or expenses (including interest paid to or received from plans)			0
18B0D. Gross expenses incurred (claims and administrative)			0
18B0E. Total net gain or loss from operations	0	0	0

21Q. Subprime Mortgage Related Risk Exposure

2. Direct exposure through investments in subprime mortgages.

	1 Book/Adjusted Carrying Value (excluding Interest)	2 Fair Value	3 Value of Land And Buildings	4 Other Than Temporary Impairment Losses Recognized	5 Default Rate
21G02A. Mortgages in the process of foreclosure					
21G02B. Mortgages in good standing					
21G02C. Mortgages with restructured terms					
21G02D. Total	0	0	0	0	XXX

3. Direct exposure through other investments

	1 Actual Cost	2 Book/Adjusted Carrying Value (excluding Interest)	3 Fair Value	4 Other Than Temporary Impairment Losses Recognized
21G03A. Residential mortgage-backed securities				
21G03B. Commercial mortgage backed securities				
21G03C. Collateralized debt obligations				
21G03D. Structured securities				
21G03E. Equity investment in SCAs *				
21G03F. Other assets				
21G03G. Total	0	0	0	0

4. Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

	1 Losses Paid in the Current Year	2 Losses Incurred in the Current Year	3 Case Reserves At End of Current Period	4 IBNR Reserves at End of Current Period
21G04A. Mortgage Guaranty Coverage				
21G04B. Financial Guaranty Coverage				
21G04C. Other Lines (specify)	0	0	0	0
21G04D. Total	0	0	0	0

21H. Retained Assets

2.

	In Force			
	As of End of Current Year		As of End of Prior Year	
	(a) Number	(b) Balance	(c) Number	(d) Balance
21H02A. Up to and including 12 Months				
21H02B. 13 to 24 Months				
21H02C. 25 to 36 Months				
21H02D. 37 to 48 Months				
21H02E. 49 to 60 Months				
21H02F. Over 60 Months				
21H02G. Total		0		0

3.

	Individual		Group	
	(1) Number	(2) Balance/ Amount	(3) Number	(4) Balance/ Amount
21H03A. Number/Balance of Retained Asset Accounts at the Beginning of the Year				
21H03B. Number/Amount of Retained Asset Accounts Issued/Added During the Year				
21H03C. Investment Earnings Credited to Retained Asset Accounts During the Year	XXX		XXX	
21H03D. Fees and Other Charges Assessed to Retained Asset Accounts During the Year	XXX		XXX	
21H03E. Number/Amount of Retained Asset Accounts Transferred to State Unclaimed Property funds During the Year				
21H03F. Number/Amount of Retained Asset Accounts Closed/Withdrawn During the Year				
21H03G. Number/Balance of Retained Asset Accounts at the End of the Year				

* Company's subsidiary Company has investments in subprime mortgages. These investments comprise _____ % of the companies invested assets.

NAIC Input For NOTES
Universal Health Care, Inc.

NOTES TO FINANCIAL STATEMENTS

23B. Uncollectible Reinsurance:

	Amount
23B01. The Company has written off in the current year reinsurance balances due (from the companies listed below) the amount of	
Which is reflected as:	
23B01A. Losses incurred	
23B01B. Loss adjustment expenses incurred	
23B01C. Premiums earned	
23B01D. Other	

23C. Commutation of Ceded Reinsurance:

	Amount
23C01. Losses incurred	
23C02. Loss adjustment expenses incurred	
23C03. Premiums earned	
23C04. Other	

24D. Medical loss ratio rebates required pursuant to the Public Health Service Act.

	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Other Categories with rebates	5 Total
Prior Reporting Year					
24D01. Medical Loss Ratio Rebates Incurred	0	0	0	0	0
24D02. Medical Loss Ratio Rebates Paid	0	0	0	0	0
24D03. Medical Loss Rebates Unpaid	0	0	0	0	0
24D04. Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	0
24D05. Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	0
24D06. Rebates Unpaid net of reinsurance	XXX	XXX	XXX	XXX	0
Current Reporting Year-to-Date					
24D07. Medical Loss Ratio Rebates Incurred	0	0	0	0	0
24D08. Medical Loss Ratio Rebates Paid					0
24D09. Medical Loss Rebates Unpaid					0
24D10. Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
24D11. Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
24D12. Rebates Unpaid net of reinsurance	XXX	XXX	XXX	XXX	0

30. Premium Deficiency Reserves

	(1)
3001. Liability carried for premium deficiency reserves	
3002. Date of the most recent evaluation of this liability	
3003. Was anticipated investment income utilized in the calculation?	

NAIC Input For NOTES
Universal Health Care; Inc.

NOTES TO FINANCIAL STATEMENTS

1311. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

	Surplus debentures or similar obligations issued:	1 Date Issued	2 Interest Rate	3 Par Value (Face Amount of Note)	4 Carrying Value of Note	5 Principal and/or Interest Paid Current Year	6 Total Principal and/or Interest Paid	7 Unapproved Principal and/or Interest	8 Date of Maturity
1311001.	Surplus Note #1	12/29/2006	5.000	18,750,000	3,750,000		15,000,000	2,733,874	
1311999.	Totals	XXX	XXX	18,750,000	3,750,000	0	15,000,000	2,733,874	XXX

28A. Pharmacy/bcel Rebate Receivables

	Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days Of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
28A01.	03/31/2009	667,329	667,329			667,329
28A02.	06/30/2009	893,220	893,220			893,220
28A03.	09/30/2009	726,079	726,079			726,079
28A04.	12/31/2009	781,301	781,301			781,301
28A05.	03/31/2010	596,985	596,985			596,985
28A06.	06/30/2010	1,120,068	1,120,068		1,119,385	683
28A07.	09/30/2010	864,779	864,779		864,779	
28A08.	12/31/2010	1,008,988	1,008,988	8,790	780,676	239,522
28A09.	03/31/2011	1,222,718	1,222,718		1,222,718	
28A10.	06/30/2011	1,383,667	1,383,667	169,969	1,032,248	181,440
28A11.	09/30/2011	1,229,259	1,229,259		1,018,225	211,034
28A12.	12/31/2011	1,464,474	1,464,474		891,157	573,317
28A13.	03/31/2012	1,495,572	1,495,572		1,495,572	
28A14.	06/30/2012	3,208,342	3,208,342	1,779,858		

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]

2.2 If yes, date of change: .....

3. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [X] NA [ ]

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/18/2007

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 06/30/2007

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 12/18/2007

6.4 By what department or departments?

FL OIR .....

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [X] No [ ] NA [ ]

6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [X] No [ ] NA [ ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [X]

7.2 If yes, give full information:

.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

GENERAL INTERROGATORIES

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

9.2 Has the code of ethics for senior managers been amended? ..... Yes [ ] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ ]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ ] No [X]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... $

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [X]

11.2 If yes, give full and complete information relating thereto:

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... $

13. Amount of real estate and mortgages held in short-term investments: ..... $

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [ ] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	$	$
14.22 Preferred Stock	$	$
14.23 Common Stock	$	$
14.24 Short-Term Investments	$	$
14.25 Mortgage Loans on Real Estate	$	$
14.26 All Other	$	$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 0	$ 0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$	$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes [ ] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ]

If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? ..... Yes [X] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Wells Fargo Bank, NA	100 S Ashley Drive, MAC:20307-092, Tampa, FL 33602

16.2 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? ..... Yes [ ] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
104973	Wells Capital Management, Inc.	525 Market St. 10th Floor, San Francisco, CA 94105

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? ..... Yes [X] No [ ]

17.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 2 - HEALTH

1 Operating Percentages

1.1 A&H loss percent	93.1 %
1.2 A&H cost containment percent	0.0 %
1.3 A&H expense percent excluding cost containment expenses	%
2.1 Do you act as a custodian for health savings accounts?	Yes [ ] No [X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date	$
2.3 Do you act as an administrator for health savings accounts?	Yes [ ] No [X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date	$

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			NONE			

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

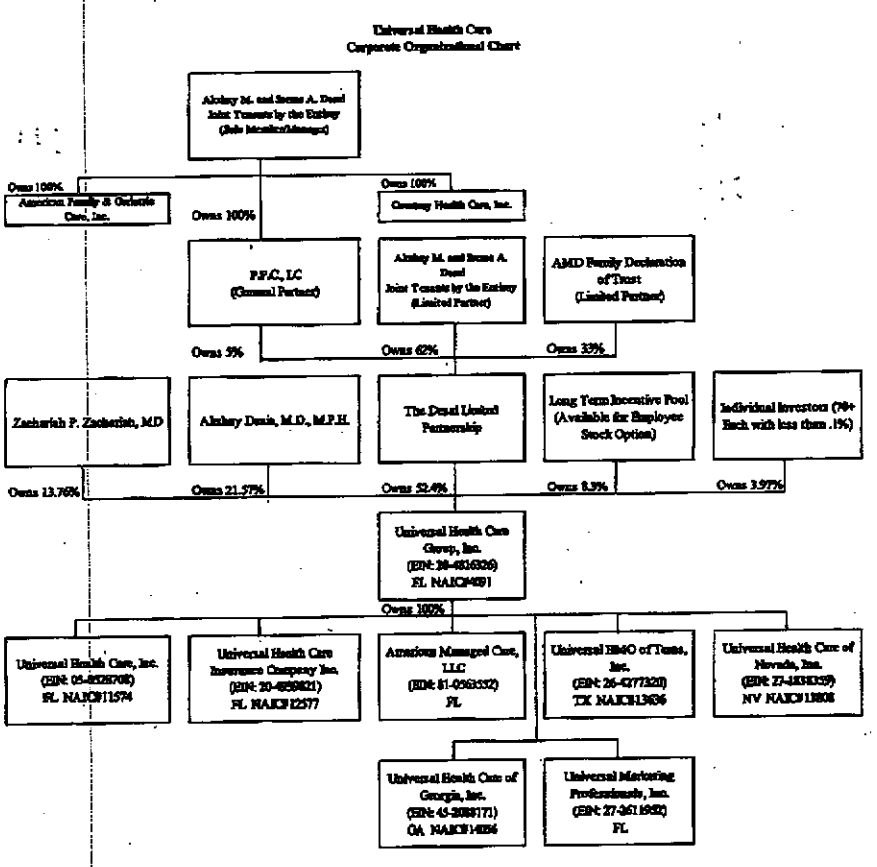
States, Etc.	1 Active Status	Direct Business Only 2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama AL								0	
2. Alaska AK								0	
3. Arizona AZ								0	
4. Arkansas AR								0	
5. California CA								0	
6. Colorado CO								0	
7. Connecticut CT								0	
8. Delaware DE								0	
9. Dist. Columbia DC								0	
10. Florida FL	L	1,176	247,930,740	98,549,641				346,481,557	
11. Georgia GA								0	
12. Hawaii HI								0	
13. Idaho ID								0	
14. Illinois IL								0	
15. Indiana IN								0	
16. Iowa IA								0	
17. Kansas KS								0	
18. Kentucky KY								0	
19. Louisiana LA								0	
20. Maine ME								0	
21. Maryland MD								0	
22. Massachusetts MA								0	
23. Michigan MI								0	
24. Minnesota MN								0	
25. Mississippi MS								0	
26. Missouri MO								0	
27. Montana MT								0	
28. Nebraska NE								0	
29. Nevada NV								0	
30. New Hampshire NH								0	
31. New Jersey NJ								0	
32. New Mexico NM								0	
33. New York NY								0	
34. North Carolina NC								0	
35. North Dakota ND								0	
36. Ohio OH								0	
37. Oklahoma OK								0	
38. Oregon OR								0	
39. Pennsylvania PA								0	
40. Rhode Island RI								0	
41. South Carolina SC								0	
42. South Dakota SD								0	
43. Tennessee TN								0	
44. Texas TX								0	
45. Utah UT								0	
46. Vermont VT								0	
47. Virginia VA								0	
48. Washington WA								0	
49. West Virginia WV								0	
50. Wisconsin WI								0	
51. Wyoming WY								0	
52. American Samoa AS								0	
53. Guam GU								0	
54. Puerto Rico PR								0	
55. U.S. Virgin Islands VI								0	
56. Northern Mariana Islands MP								0	
57. Canada CN								0	
58. Aggregate other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	1,176	247,930,740	98,549,641	0	0	0	346,481,557	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	1,176	247,930,740	98,549,641	0	0	0	346,481,557	0
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state

(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

SCHEDULE Y
PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1 Group Code	2 Group Name	3 NAIC Company Code	4 Federal ID Number	5 Federal RSSD	6 CIK	7 Name of Securities Exchange If Publicly Traded (U.S. or International)	8 Name of Parent Subsidiaries or Affiliates	9 Domiciliary Location	10 Relationship to Reporting Entity	11 Directly Controlled by (Name of Entity/Person)	12 Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	13 If Control is Ownership Provide Percentage	14 Ultimate Controlling Entity(ies)/ Person(s)	15 *
04091	Universal Health Care Group, Inc	00000	20-4818326				Universal Health Care Group, Inc.	FL	UDP	Akshay Desai, MD, CEO, President	Ownership	74.7	Akshay M. Desai, MD	
04091	Universal Health Care Group, Inc	11574	05-0528706				Universal Health Care, Inc	FL		Universal Health Care Group, Inc	Ownership	100.0	Akshay M. Desai, MD	
04091	Universal Health Care Group, Inc	12577	20-4939821				Universal Health Care Insurance Company, Inc.	FL	IA	Universal Health Care Group, Inc	Ownership	100.0	Akshay M. Desai, MD	
04091	Universal Health Care Group, Inc	13636	26-4277320				Universal HMO of Texas, Inc	TX	IA	Universal Health Care Group, Inc	Ownership	100.0	Akshay M. Desai, MD	
04091	Universal Health Care Group, Inc	13808	27-1838369				Universal Health Care of Nevada, Inc.	NV	IA	Universal Health Care Group, Inc	Ownership	100.0	Akshay M. Desai, MD	
00000	Universal Health Care Group, Inc	00000	81-0563552				American Managed Care, LLC	FL	NIA	Universal Health Care Group, Inc	Ownership	100.0	Akshay M. Desai, MD	
00000	Universal Health Care Group, Inc	00000	59-3016732				American Family & Geriatric Care, Inc	FL	NIA	Akshay and Seema Desai	Ownership	100.0	Akshay M. Desai, MD	
00000	Universal Health Care Group, Inc	00000	59-3348287				Courtesy Health Care, Inc.	FL	NIA	Akshay and Seema Desai	Ownership	100.0	Akshay M. Desai, MD	
00000	Universal Health Care Group, Inc	00000	56-2298501				Desai Limited Partnership	FL	UIP	Akshay and Seema Desai	Ownership	100.0	Akshay M. Desai, MD	
00000	Universal Health Care Group, Inc	00000					Zachariah P. Zachariah, MD	FL	UIP	Zachariah P. Zachariah, MD	Ownership	100.0	Zachariah P. Zachariah, MD	
00000	Universal Health Care Group, Inc	00000	54-2078533				P.P.C., LC (General Partner)	FL	UIP	Akshay and Seema Desai	Ownership	100.0	Akshay M. Desai, MD	
00000	Universal Health Care Group, Inc	00000	56-2298501				A. Desai & S. Desai (Limited Partner) JT	FL	UIP	Akshay and Seema Desai	Ownership	100.0	Akshay M. Desai, MD	
00000	Universal Health Care Group, Inc	00000	20-6049333				AMD Family Declaration of Trust	FL	UIP	Akshay M. Desai, MD	Ownership	100.0	Akshay M. Desai, MD	
00000	Universal Health Care Group, Inc	00000	56-2298501				A. Desai & S. Desai (Sole Member) JTE	FL	UIP	Akshay and Seema Desai	Ownership	100.0	Akshay M. Desai, MD	
00000	Universal Health Care Group, Inc	00000					Individual Investors Less than 1%		UIP	Various	Ownership	100.0	Various	

Asterisk	Explanation

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	RESPONSE
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

1.

Bar Code:

1. 

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A – VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	9,742,442	10,106,896
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Current year change in encumbrances		0
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		20,000
8. Deduct current year's depreciation	171,948	343,454
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	9,570,493	9,742,442
10. Deduct total nonadmitted amounts	470,772	479,254
11. Statement value at end of current period (Line 9 minus Line 10)	9,099,721	9,263,188

SCHEDULE B – VERIFICATION

Mortgage Loans

NONE

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

NONE

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	3,535,198	24,254,907
2. Cost of bonds and stocks acquired	3,001,996	11,785,981
3. Accrual of discount		(5,719)
4. Unrealized valuation increase (decrease)	24,199	(166,710)
5. Total gain (loss) on disposals		2,497,010
6. Deduct consideration for bonds and stocks disposed of	493,005	34,607,047
7. Deduct amortization of premium	8,272	222,224
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	6,061,117	3,536,198
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	6,061,117	3,536,198

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	92,457,864	46,843,171	50,206,812	(3,715)	92,457,864	89,088,508	0	63,014,750
2. Class 2 (a)	0				0	0	0	0
3. Class 3 (a)	0				0	0	0	0
4. Class 4 (a)	0				0	0	0	0
5. Class 5 (a)	0				0	0	0	0
6. Class 6 (a)	0				0	0	0	0
7. Total Bonds	92,457,864	46,843,171	50,206,812	(3,715)	92,457,864	89,088,508	0	63,014,750
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	92,457,864	46,843,171	50,206,812	(3,715)	92,457,864	89,088,508	0	63,014,750

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 $ _____ ; NAIC 2 $ _____ ;
NAIC 3 $ _____ ; NAIC 4 $ _____ ; NAIC 5 $ _____ ; NAIC 6 $ _____

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	88,084,106	XXX	88,084,106	24,050	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	61,509,071	28,989,268
2. Cost of short-term investments acquired	93,989,522	101,525,801
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals	(17)	0
6. Deduct consideration received on disposals	67,414,470	69,005,799
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	88,084,106	61,509,071
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	88,084,106	61,509,071

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E - Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
Bonds - All Other Governments									
Bonds - U.S. States, Territories and Possessions									
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
Bonds - U.S. Special Revenue									
Bonds - Industrial and Miscellaneous (Unaffiliated)									
Bonds - Hybrid Securities									
Bonds - Parent, Subsidiaries, and Affiliates									
Preferred Stocks - Parent, Subsidiaries, and Affiliates									
Preferred Stocks - Parent, Subsidiaries, and Affiliates									
Common Stocks - Industrial and Miscellaneous									
02209S-10-3	ALTRIA GROUP INC		06/06/2012	VARIOUS	4,700.000	150,317			
00206R-10-2	AT & T INC		06/05/2012	VARIOUS	4,400.000	159,563			
149123-10-1	CATERPILLAR INC DEL		06/05/2012	VARIOUS	2,900.000	251,127			
191216-10-0	COCA COLA CO		06/04/2012	VARIOUS	3,400.000	248,751			
302316-10-2	EXXON MOBIL CORP		06/05/2012	VARIOUS	1,900.000	151,644			
458140-10-0	INTEL CORP		05/31/2012	Fifth Third Bank	9,800.000	250,088			
459200-10-1	INTERNATIONAL BUSINESS MACHS		05/31/2012	Fifth Third Bank	1,300.000	253,171			
539830-10-9	LOCKHEED MARTIN CORP		05/31/2012	Fifth Third Bank	1,800.000	148,646			
580135-10-1	MCDONALDS CORP		06/06/2012	VARIOUS	1,750.000	152,804			
594918-10-4	MICROSOFT CORP		05/31/2012	Fifth Third Bank	5,900.000	147,028			
717081-10-3	PFIZER INC		06/04/2012	VARIOUS	7,000.000	151,589			
718172-10-9	PHILIP MORRIS INTL INC		06/06/2012	VARIOUS	1,800.000	147,843			
755111-50-7	RAYTHEON CO		05/31/2012	Fifth Third Bank	3,000.000	151,985			
874603-10-8	TAK INTL GROUP INC		06/01/2012	VARIOUS	7,000.000	243,481			
92343V-10-4	VERIZON COMMUNICATIONS INC		06/05/2012	VARIOUS	3,650.000	151,029			
931142-10-3	WAL-MART STORES INC		05/31/2012	Fifth Third Bank	5,800.000	250,941			
90999999- Common Stocks - Industrial and Miscellaneous (Unaffiliated)						3,001,999	XXX	0	XXX
Common Stocks - Parent, Subsidiaries, and Affiliates									
Common Stocks - Mutual Funds									
Common Stocks - Money Market Mutual Funds									
97999997 - Subtotals - Common Stocks - Part 3						3,001,999	XXX	0	XXX
97999999 - Subtotals - Common Stocks						3,001,999	XXX	0	XXX
98999999 - Subtotals - Preferred and Common Stocks						3,001,999	XXX	0	XXX
9999999 Totals						3,001,999	XXX	0	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide the number of such issues 1

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value 11	12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments																					
38376-[illegible]	GNR REMIC TRUST 2007-[illegible]		06/20/2012	PRINCIPAL RECEIPT		17,561	17,561	18,618	18,482		(920)		(920)		17,561			0	335	06/20/2035	1
0599999 - Bonds - U.S. Governments						17,561	17,561	18,618	18,482	0	(920)	0	(920)	0	17,561	0	0	0	335	XXX	XXX
Bonds - All Other Governments																					
Bonds - U.S. States, Territories and Possessions																					
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																					
Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																					
3139[illegible]	FHLMC REMIC SERIES 25[illegible]		06/15/2012	PRINCIPAL RECEIPT		8,043	8,043	8,571	8,418		(403)		(403)		8,033			0	173	10/15/2017	1
31574[illegible]-2	FHLMC REMIC SERIES 27[illegible]		06/15/2012	PRINCIPAL RECEIPT		3,358	3,358	3,522	3,511		(153)		(153)		3,358			0	53	12/15/2040	1
3138U-[illegible]-1	FNMA REMIC TRUST 2006-120 2016120		06/26/2012	PRINCIPAL RECEIPT		35,958	35,958	36,630	36,388		(433)		(433)		35,958			0	538	11/25/2016	1
3139[illegible]-2	FNMA REMIC TRUST 2009-[illegible]		06/25/2012	PRINCIPAL RECEIPT		10,234	10,234	10,655	10,530		(296)		(296)		10,234			0	100	07/25/2022	1
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						57,581	57,580	59,378	58,845	0	(1,285)	0	(1,285)	0	57,581	0	0	0	871	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
17128[illegible]-AC-6	CHRYSLER FIN AUTO TALF 2009-A		06/15/2012	PRINCIPAL RECEIPT		10,288	10,288	10,523	10,385		(92)		(92)		10,288			0	117	01/15/2016	1FE
65[illegible]-AF-2	NISSAN AUTO RECV TALF 2009-A		06/15/2012	PRINCIPAL RECEIPT		30,197	30,197	32,421	30,783		(585)		(585)		30,197			0	588	08/15/2015	1FE
91732[illegible]-2	UNIONBANK LARGO FL CD		05/18/2012	MATURITY		240,000	240,000	240,000	240,000				0		240,000			0	242	05/18/2012	1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						280,485	280,485	282,944	281,138	0	(677)	0	(677)	0	280,485	0	0	0	924	XXX	XXX
Bonds - Hybrid Securities																					
Bonds - Parent, Subsidiaries, and Affiliates																					
8399997 - Subtotals - Bonds - Part 4						355,012	355,012	360,940	358,465	0	(2,452)	0	(2,452)	0	355,012	0	0	0	2,280	XXX	XXX
8399999 - Subtotals - Bonds						355,012	355,012	360,940	358,465	0	(2,452)	0	(2,452)	0	355,012	0	0	0	2,280	XXX	XXX
Preferred Stocks - Industrial and Miscellaneous (Unaffiliated)																					
Preferred Stocks - Parent, Subsidiaries, and Affiliates																					
Common Stocks - Industrial and Miscellaneous (Unaffiliated)																					
Common Stocks - Parent, Subsidiaries, and Affiliates																					
Common Stock - Mutual Funds																					
Common Stocks - Money Market Mutual Funds																					
9999999 Totals						355,012	XXX	360,940	358,465	0	(2,452)	0	(2,452)	0	355,012	0	0	0	2,280	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues ________

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
						6	7	8	
Depository		Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories									
FIFTH THIRD BANK - DEPOSITORY	TAMPA, FL			1,606		14,191,879	16,638,925	3,864,887	XXX
WELLS FARGO BANK - DEPOSITORY	TAMPA, FL					1,068,358	2,353,323	2,287,197	XXX
FIFTH THIRD BANK - CLAIM MEDICARE	TAMPA, FL					(9,174,880)	(11,886,191)	(2,548,828)	XXX
FIFTH THIRD BANK - CLAIM MEDICAID	TAMPA, FL					(3,811,871)	(3,924,330)	(1,429,858)	XXX
FIFTH THIRD BANK - SAVING DIVERSION	TAMPA, FL			269		1,204,069	1,204,180	1,204,249	XXX
FIFTH THIRD BANK - SAVING MEDICAID	TAMPA, FL			779		3,478,430	3,478,885	3,527,852	XXX
MERCANTIL COMMERCIAL BANK	TAMPA, FL					1,999,970	1,999,970	1,999,970	XXX
FLORIDA CON DEPOSIT	FLORIDA DEPARTMENT OF FINANCIAL SERVICES	SD	2.220	1,766	1,671	300,000	300,000	300,000	XXX
0199998 Deposits in .... 1 depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories		XXX	XXX	414		980,851	(528,220)	(132,987)	XXX
0199999 Total Open Depositories		XXX	XXX	4,834	1,671	10,214,734	9,624,332	9,172,584	XXX
0399999 Total Cash on Deposit		XXX	XXX	4,834	1,671	10,214,734	9,624,332	9,172,584	XXX
0499999 Cash in Company's Office		XXX	XXX	XXX	XXX				XXX
0599999 Total		XXX	XXX	4,834	1,671	10,214,734	9,624,332	9,172,584	XXX

Schedule E - Part 2

NONE

Medicare Part D Coverage Supplement

NONE

QUARTERLY STATEMENT

AS OF JUNE 30, 2012
OF THE CONDITION AND AFFAIRS OF THE

Universal Health Care, Inc.

NAIC Group Code 4091 (Current Period) 4091 (Prior Period) NAIC Company Code 11674 Employer's ID Number 05-0528708

Organized under the Laws of Florida, State of Domicile or Port of Entry Florida

Country of Domicile United States

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]
Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [X]
Other [ ] Is HMO, Federally Qualified? Yes [X] No [ ]

Incorporated/Organized 07/30/2002 Commenced Business 09/01/2002

Statutory Home Office 100 Central Avenue, Suite 200 (Street and Number), St. Petersburg, FL 33701 (City or Town, State and Zip Code)

Main Administrative Office 100 Central Avenue, Suite 200 (Street and Number), St. Petersburg, FL 33701 (City or Town, State and Zip Code), 727-822-3446 (Area Code) (Telephone Number)

Mail Address 100 Central Avenue, Suite 200 (Street and Number or P.O. Box), St. Petersburg, FL 33701 (City or Town, State and Zip Code)

Primary Location of Books and Records 100 Central Avenue, Suite 200 (Street and Number), St. Petersburg, FL 33701 (City or Town, State and Zip Code), 727-456-6517 (Area Code) (Telephone Number)

Internet Web Site Address www.univhc.com

Statutory Statement Contact Maria C Zevallos (Name), 727-456-6560 (Area Code) (Telephone Number) (Extension)
mzevallos@univhc.com (E-mail Address), 727-329-0036 (FAX Number)

OFFICERS

Name	Title	Name	Title
Akshay M. Desai MD, MPH	President, CEO	Sanjiv I. Patel	CAO, General Counsel, Secretary
Deepak Desai	Chief Strategy Officer	Steven J. Schaefer	Treasurer

OTHER OFFICERS

Jeff Ludy	Chief Marketing Officer	Michael Holohan	Chief Operating Officer

DIRECTORS OR TRUSTEES

Akshay M. Desai MD, MPH	Deepak Desai	Seema Desai	John Adkis

State of Florida
County of Pinellas } ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Akshay M. Desai, MD
CEO, President

Deepak Desai
Chief Strategy Officer

a. Is this an original filing? Yes [ ] No [X]

b. If no:
1. State the amendment number 2
2. Date filed
3. Number of pages attached

Subscribed and sworn to before me this
5th day of December, 2012

Mary Kaye Raddatz

MARY KAYE RADDATZ
MY COMMISSION # EE 021608
EXPIRES: August 29, 2014
Bonded Thru Notary Public Underwriters

EXHIBIT
Exhibit
H

ASSETS

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1. Bonds	1,004,400		1,004,400	1,595,678
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	5,056,717		5,056,717	2,030,520
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less $ ..... encumbrances)	9,570,493	470,772	9,099,721	9,263,186
4.2 Properties held for the production of income (less $ ..... encumbrances)			0	0
4.3 Properties held for sale (less $ ..... encumbrances)			0	0
5. Cash ($ 9,172,584), cash equivalents ($ 0) and short-term investments ($ 88,084,108)	97,256,690		97,256,690	72,041,962
6. Contract loans (including $ ..... premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	112,888,300	470,772	112,417,528	84,841,346
13. Title plants less $ ..... charged off (for Title insurers only)			0	0
14. Investment income due and accrued	9,284		9,284	9,160
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ..... earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums	23,847,154		23,847,154	10,254,670
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	332,379	332,379	0	1,988,423
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	9,011,384		9,011,384	2,538,018
18.2 Net deferred tax asset	16,035,846	6,269,405	9,766,441	6,068,482
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets ($ .....)	2,503,314	2,503,314	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	118,327	118,327	0	0
24. Health care ($ 1,087,297) and other amounts receivable	20,081,873	18,994,576	1,087,297	2,635,282
25. Aggregate write-ins for other than invested assets	1,315,550	709,196	606,354	606,353
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	186,143,391	29,397,969	156,745,422	107,921,736
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	186,143,391	29,397,969	156,745,422	107,921,736
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Deposits for claim obligation	1,247,744	641,390	606,354	606,353
2502. Accounts Receivable	5,933	5,933	0	0
2503. Prepaid Expense	61,873	61,873	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,315,550	709,196	606,354	606,353

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $ ..... reinsurance ceded)	89,636,860		89,636,860	83,615,540
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	957,585		957,585	749,009
4. Aggregate health policy reserves including the liability of $..... for medical loss ratio rebate per the Public Health Service Act			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	41,398,518		41,398,518	0
9. General expenses due or accrued	4,235,569		4,235,569	4,584,275
10.1 Current federal and foreign income tax payable and interest thereon (including $ ..... on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	582,436		582,436	583,612
13. Remittances and items not allocated			0	0
14. Borrowed money (including $ ..... current) and interest thereon $ ..... (including $ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	51		51	0
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with $ ..... authorized reinsurers and $ ..... unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	8,110,231		8,110,231	2,855,141
23. Aggregate write-ins for other liabilities (including $ ..... current)	1,563,280	0	1,563,280	1,650,656
24. Total liabilities (Lines 1 to 23)	144,464,520	0	144,464,520	94,039,233
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	316	316
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	11,640,684	11,640,684
29. Surplus notes	XXX	XXX	3,750,000	3,750,000
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	(3,130,098)	(1,608,497)
32. Less treasury stock, at cost: 32.1 ..... shares common (value included in Line 26 $ .....)	XXX	XXX		0
32.2 ..... shares preferred (value included in Line 27 $ .....)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	12,260,902	13,882,503
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	156,745,422	107,921,736
DETAILS OF WRITE-INS				
2301. Accrued Rx	1,562,000		1,562,000	1,645,647
2302. Accrued Plan To Plan Payable	1,280		1,280	5,009
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,563,280	0	1,563,280	1,650,656
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	XXX	884,318	582,992	1,194,161
2. Net premium income (including $ non-health premium income)	XXX	348,481,557	263,769,917	547,065,033
3. Change in unearned premium reserves and reserve for rate credits	XXX		0	0
4. Fee-for-service (net of $ medical expenses)	XXX		0	0
5. Risk revenue	XXX		0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	1,336,338	0
8. Total revenues (Lines 2 to 7)	XXX	348,481,557	265,106,255	547,065,033
Hospital and Medical:				
9. Hospital/medical benefits		249,584,755	188,854,639	376,602,160
10. Other professional services		4,739,706	7,758,979	15,289,467
11. Outside referrals			0	0
12. Emergency room and out-of-area		21,251,909	16,891,979	33,565,388
13. Prescription drugs		41,018,300	32,040,972	58,462,027
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts			0	0
16. Subtotal (Lines 9 to 15)	0	315,594,670	226,546,589	483,909,042
Less:				
17. Net reinsurance recoveries			0	0
18. Total hospital and medical (Lines 16 minus 17)	0	315,594,670	226,546,589	483,909,042
19. Non-health claims (net)			0	0
20. Claims adjustment expenses, including $ cost containment expenses		208,578	97,188	442,358
21. General administrative expenses		41,100,390	35,402,819	69,444,911
22. Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)			0	0
23. Total underwriting deductions (Lines 18 through 22)	0	356,903,636	261,046,576	553,796,311
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(10,422,079)	4,059,679	(6,731,278)
25. Net investment income earned		741,732	239,281	2,239,557
26. Net realized capital gains (losses) less capital gains tax of $		(17)	8,851	1,623,057
27. Net investment gains (losses) (Lines 25 plus 26)	0	741,715	248,132	3,862,614
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]			0	0
29. Aggregate write-ins for other income or expenses	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(9,680,364)	4,307,811	(2,868,664)
31. Federal and foreign income taxes incurred	XXX	0	1,643,407	(900,054)
32. Net income (loss) (Lines 30 minus 31)	XXX	(9,680,364)	2,664,404	(1,968,610)
DETAILS OF WRITE-INS				
0601.	XXX			
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701. Rent Revenue	XXX		1,336,338	0
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	1,336,338	0
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901.				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	13,882,503	33,145,108	33,145,108
34. Net income or (loss) from Line 32	(9,680,364)	2,684,404	(1,966,610)
35. Change in valuation basis of aggregate policy and claim reserves		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of $	15,728	105,449	(166,709)
37. Change in net unrealized foreign exchange capital gain or (loss)		0	0
38. Change in net deferred income tax	4,716,428	0	7,705,849
39. Change in nonadmitted assets	3,326,607	733,983	(24,834,135)
40. Change in unauthorized reinsurance	0	0	0
41. Change in treasury stock		0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles		0	0
44. Capital Changes:			
44.1 Paid in		0	0
44.2 Transferred from surplus (Stock Dividend)		0	0
44.3 Transferred to surplus		0	0
45. Surplus adjustments:			
45.1 Paid in		0	0
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital		0	0
46. Dividends to stockholders		0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(1,621,601)	3,503,836	(19,283,605)
49. Capital and surplus end of reporting period (Line 33 plus 48)	12,260,902	36,649,944	13,882,503
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	374,287,581	257,035,632	527,532,749
2. Net investment income	921,829	446,609	3,029,988
3. Miscellaneous income	0	1,336,228	0
4. Total (Lines 1 to 3)	375,209,420	258,818,470	530,562,737
5. Benefit and loss related payments	304,873,079	211,031,294	448,745,782
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	38,195,006	34,114,077	66,113,865
8. Dividends paid to policyholders		0	0
9. Federal and foreign income taxes paid (recovered) net of $ tax on capital gains (losses)	6,466,877	(921,471)	718,931
10. Total (Lines 5 through 9)	349,534,962	244,223,900	514,578,578
11. Net cash from operations (Line 4 minus Line 10)	25,674,458	14,594,570	15,984,159
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	493,006	2,325,731	34,607,047
12.2 Stocks	0	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	20,000	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(17)	0	0
12.7 Miscellaneous proceeds	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	492,989	2,345,731	34,607,047
13. Cost of investments acquired (long-term only):			
13.1 Bonds	0	9,362,392	9,857,742
13.2 Stocks	3,001,999	0	2,128,240
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	8,470	1	95,374
13.7 Total investments acquired (Lines 13.1 to 13.6)	3,010,469	9,362,393	11,881,356
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(2,517,480)	(7,016,662)	22,725,691
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0	0
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	2,057,750	213,901	(415,388)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	2,057,750	213,901	(415,388)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	25,214,728	7,791,809	38,294,472
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	72,041,962	33,747,490	33,747,490
19.2 End of period (Line 18 plus Line 19.1)	97,256,690	41,539,299	72,041,962

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	105,202	1	0	0	0	0	0	42,554	62,647	0
2. First Quarter	113,419	1	0	0	0	0	0	49,993	63,425	0
3. Second Quarter	116,210	1	0	0	0	0	0	59,977	65,232	0
4. Third Quarter	0									
5. Current Year	0									
6. Current Year Member Months	684,318	6						300,954	383,358	
Total Member Ambulatory Encounters for Period:										
7. Physician	530,601	2						355,488	175,111	
8. Non-Physician	57,032							22,834	34,198	
9. Total	587,633	2	0	0	0	0	0	378,322	209,309	0
10. Hospital Patient Days Incurred	82,649							74,441	8,208	
11. Number of Inpatient Admissions	5,528							3,918	1,610	
12. Health Premiums Written (a)	346,481,557	1,176						247,930,740	98,549,641	
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	305,083,039	1,176						206,532,222	98,549,641	
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	309,573,361	275						219,841,720	89,731,366	
18. Amount Incurred for Provision of Health Care Services	315,594,671	275						225,478,883	90,115,713	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees $ 247,930,740

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

	Aging Analysis of Unpaid Claims					
1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims unpaid (Reported)						
0199999 Individually listed claims unpaid	0	0	0	0	0	0
0299999 Aggregate accounts not individually listed-uncovered						0
0399999 Aggregate accounts not individually listed-covered	32,419,812	3,943,804	933,829	792,321	1,681,644	39,771,410
0499999 Subtotals	32,419,812	3,943,804	933,829	792,321	1,681,644	39,771,410
0599999 Unreported claims and other claim reserves	XXX	XXX	XXX	XXX	XXX	49,865,440
0699999 Total amounts withheld	XXX	XXX	XXX	XXX	XXX	
0799999 Total claims unpaid	XXX	XXX	XXX	XXX	XXX	89,636,850
0899999 Accrued medical incentive pool and bonus amounts	XXX	XXX	XXX	XXX	XXX	

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End-of-Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
1. Comprehensive (hospital and medical)		275			0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	53,297,357	166,544,363	2,792,952	58,456,442	56,090,219	55,612,340
7. Title XIX - Medicaid	25,372,792	64,358,574	2,865,022	25,522,524	28,237,814	28,003,200
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	78,670,149	230,903,212	5,657,884	83,978,966	84,328,033	83,615,540
10. Health care receivables (a)					0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals (Lines 9-10+11+12)	78,670,149	230,903,212	5,657,884	83,978,966	84,328,033	83,615,540

(a) Excludes $ _____ loans or advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

Universal Health Care Inc.
Notes to Financial Statements for the quarter ended June 30, 2012

1A. Summary of Significant Accounting Policies.
The accompanying statutory-basis financial statements have been prepared in conformity with the statutory accounting practices prescribed or permitted by the State of Florida Department of Financial Services, Office of Insurance Regulation (OIR), which practices differ from U.S. generally accepted accounting principles (GAAP).

Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC), as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Company has no permitted statutory accounting practices. The more significant variances from GAAP are as follows:

Investments: Investments in bonds are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating. For GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available for sale. Held-to-maturity fixed investments would be reported at amortized cost, and trading and available-for-sale fixed-maturity investments would be reported at fair value with unrealized gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income for those designated as available-for-sale.

Fair value for statutory purposes is based on the prices published by the Securities Valuation Office of the NAIC (SVO), if available, whereas fair value for GAAP is based on quoted market prices.

All single-class and multi-class mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS, and ABS securities), other than high-quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to fair value. If high-credit-quality securities are adjusted, the retrospective method is used.

Non-admitted assets: Certain assets designated as "non-admitted," principally furniture and equipment, certain deferred tax assets, and other assets not specifically identified as an admitted asset with the NAIC Accounting Practices and Procedures Manual, are excluded from the accompanying statutory-basis balance sheets and are charged directly to unassigned surplus. Under GAAP, such assets would be included in the balance sheets to the extent that those assets are not impaired. The balances of non-admitted assets are as follows:

Non Admitted Assets	June 30, 2012	December 31, 2011
Pharmacy rebate receivable	$ 1,428,384	$ 1,675,508
Deferred Tax Asset	6,269,405	6,269,405
Furniture and equipment	2,974,086	2,360,461
Accounts receivable	17,904,503	18,862,978
Prepaid expenses	61,873	76,590
Deposits	641,391	641,391
Investment in bonds	-	-
Amounts due from related parties	118,327	2,838,244
Total Non Admitted Assets	$ 29,397,969	$ 32,724,577

Surplus notes payable: Notes payable issued by the Company to related parties are classified as capital and surplus on a statutory-basis, if approved by the OIR. Under GAAP, such notes payable are recorded as liabilities (see Note 13).

Deferred income taxes: Deferred tax assets are limited to: (1) the amount of federal income taxes paid in prior years that can be recovered through loss carry backs for existing temporary differences that reverse by the end of the subsequent calendar year, plus (2) the lesser of the remaining gross deferred tax assets expected to be realized within one year of the balance sheet date or 10% of net worth excluding any net deferred tax assets, electronic data processing (EDP) equipment and operating software, and any net positive goodwill, plus (3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities. Any remaining deferred tax assets are non-admitted. Deferred taxes do not include amounts for state taxes. Under GAAP, state income taxes are included in the computation of deferred taxes, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in all future years, and a valuation allowance is established for deferred tax assets not realizable.

Statement of cash flows: Cash, cash equivalents, and short-term investments in the statement of cash flows represent cash balances and investments with initial maturities of one year or less. Under GAAP, the corresponding caption includes cash balances and investments with initial maturities of three months or less.

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been determined, but are presumed to be material.

B. Use of Estimates
The presentation of the financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Significant accounts that are largely determined based on management's estimates and assumptions include incurred but not reported claims and accrued

NOTES TO FINANCIAL STATEMENTS

pharmacy reimbursement due to CMS, which are both included in medical claims payable; premiums receivable due from CMS related to retro-premium adjustments and risk-sharing adjustments; and unallocated premiums received from CMS included in unearned premium. Actual results could differ from those estimates, and those differences could be material. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported herein.

C. Accounting Policies

Universal Health Care, Inc. (the "Company") is a Florida domiciled health maintenance organization and a wholly owned subsidiary of Universal Health Care Group, Inc. ("Group"). The Company was incorporated in 2002 and formed for the purpose of promoting and operating a health maintenance organization ("HMO"). The Company commenced revenue generating activities in August 2003.

The Company has four contracts with the Department of Health and Human Services, Centers for Medicare and Medicaid Services ("the Department") Agency for Health Care Administration and the Department of Elder Affairs to provide health care services to Medicare, Medicaid and Diversion enrollees in various counties in Florida. These contracts accounted for 99% of the Company's revenues in 2012. The Department awarded the Company the contracts for the period beginning July 1, 2003 and ending December 31, 2004 and has renewed the contracts through December 31, 2012. The contracts provide for annual extensions subject to agreement and approval by both parties.

1. Short-Term Investments

   Cash, cash equivalents, and short-term investments include cash balances and investments which are liquid and mature in one year or less when purchased, including funds maintained under statutory requirements (deposits), and consist of money market and certificates of deposit funds registered with the NAIC.

2. Bonds

   Investments in bonds are reported at amortized cost or fair value based on their NAIC rating. Bonds not backed by other loans are principally stated at amortized cost using the interest method.

   Realized capital gains and losses are determined using the specific identification basis. Changes in the admitted asset carrying amounts of bonds, mortgage loans, and common and nonredeemable preferred stocks are credited or charged directly to unassigned surplus.

   The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation settlement.

   Fair values are based on quoted market prices when available. When quoted market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment, which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

   Financial assets carried at fair value are classified, for disclosure purposes, based on a hierarchy defined by the Fair Value Measurements Disclosure Topic of the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC). The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement.

   The levels of the fair value hierarchy are as follows:

   Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

   Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

   Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

   At June 30, 2012, the Company's investments in bonds are classified as Level 2 instruments and its investments in stocks are classified as Level 1 instruments.

3. Common Stocks

   Investments in common stocks are designated as available for sale and are reported at fair value with unrealized gains or losses reported net of taxes in other charges in capital and surplus.

4. Preferred Stocks

   N/A

5. Mortgage Loans on Real Estate

   Single-class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys or internal or third-party estimates and are based on the current interest rate and economic environment. The prospective adjustment method is used to value all such securities.

NOTES TO FINANCIAL STATEMENTS

6. Loaned-backed Securities
N/A

7. Investments in subsidiaries, controlled and affiliated companies
N/A

8. Investments in joint ventures, partnerships and LLC
N/A

9. Policy for derivatives
N/A

10. Anticipated Investment Income as factor in premium deficiency
The Company generally receives premiums in advance of providing services, and recognizes premium revenue during the period in which the Company is obligated to provide services to its members. Premiums are billed monthly for coverage in the following month and are recognized as revenue in the month for which insurance coverage is provided. Accordingly, the portion of premiums applicable to future periods is included in the accompanying statutory-basis balance sheets as premiums received in advance.

11. Management's Policy and methodologies for estimating Liabilities Loss
Claim processing expenses for unpaid claims, including claims incurred but not yet reported, are accrued based on estimated expenses necessary to process such claims.

12. Capitalization policy/Predefined thresholds
Pursuant to Section 641.225(1) of Florida Statutes, the Company is required to maintain a minimum surplus in an amount that is the greater of $1,500,000, or 10.0% of total liabilities, or 2.0% percent of total annualized premiums. Additionally, according to a Consent Order filed with the OIR on September 25, 2008, the Company must maintain a minimum surplus in an amount that is greater than 120% of the statutory requirement. As of June 30, 2012, the Company's capital and surplus of $12,260,902 is below the minimum of $17,338,142 as prescribed by Consent Order and the Florida Statutes by $5,077,240.

13. Prescription Drug Expense and Pharmacy Rebates Receivable
The Company's Medicare plans offer prescription drug benefits under Part D of the Medicare federal health insurance program to individuals eligible for benefits under Part A or Part B. As such, the Company receives additional premium and cost reimbursement components as described below.

For qualifying low-income status, or LIS, members of the Medicare Advantage Plans, CMS pays the Company for some or the entire LIS members' monthly premium. The CMS payment is dependent upon a member's income level, which is determined by the Social Security Administration. Low-income premium is recognized over the contract period and reported as premium revenue. Additionally, for qualifying LIS members, CMS will reimburse the Company for all or a portion of the LIS member's deductible, coinsurance, and co-payment amounts above the out-of-pocket threshold for low-income beneficiaries. Low-income cost-sharing subsidies are paid by CMS prospectively as a fixed amount per member per month, and are determined based upon the plan year bid submitted to CMS. After the close of the annual plan year, CMS reconciles actual experience to low-income cost sharing subsidies paid to the plan and any differences are settled between CMS and the Company.

The Company also receives payments from CMS for catastrophic reinsurance for members of its Medicare plans. CMS reimburses the Company for 80% of the drug costs after a member reaches his or her out-of-pocket catastrophic threshold through a catastrophic reinsurance subsidy. Catastrophic reinsurance subsidies are paid by CMS prospectively as a fixed amount per member per month, and are determined based upon the plan year bid submitted to CMS. After the close of the annual plan year, CMS reconciles actual experience compared to catastrophic reinsurance subsidies paid to the Company and any differences are settled between CMS and the Company.

Effective January 1, 2011, CMS began providing the Medicare Coverage Gap Discount Program, where CMS provides monthly prospective payments for pharmaceutical manufacturer discounts made available to members. The prospective discount payments are determined based upon the plan year bid submitted by plan sponsors to CMS and current plan enrollment. Following the plan year, CMS performs an annual reconciliation of the prospective discount payments received by the plan sponsor to the cost of actual manufacturer discounts made available to each plan sponsor's enrollees under the program.

Low-income cost sharing and catastrophic reinsurance subsidies represent funding from CMS for which the Company assumes no risk and amounts received from CMS are reported net of payments of the actual prescription drug costs related to the low-income cost sharing and catastrophic reinsurance in the accompanying statutory-basis balance sheets. The Company does not recognize premium revenue or medical claims expense for this activity.

Premiums from CMS for members of Medicare plans with Part D benefits are subject to risk corridor provisions. The CMS risk corridor calculation compares the target amount of prescription drug costs (limited to costs under the standard coverage as defined by CMS) less rebates in the Company's annual plan bid (target amount) to actual experience. Variances of more than 5% above the target amount will result in CMS making additional payments to the Company, and variances of more than 5% below the target amount will require the Company to refund to CMS a portion of the premiums received. Risk corridor payments due to or from CMS are estimated throughout the year and are recognized as adjustments to premium revenues and due and unpaid premiums. This estimate requires the Company to consider factors that may not be certain, including membership, risk scores, prescription drug events, and rebates. After the close of the annual plan year, CMS reconciles actual experience to the target amount and any differences are settled between CMS and the Company.

NOTES TO FINANCIAL STATEMENTS

Medicare Part D activity resulted in a payable from CMS of $6,110,231 at June 30, 2012, which is included in the liability for amounts held under uninsured plans in the accompanying statutory-basis balance sheet. Actual amounts of Medicare Part D related assets and liabilities could differ materially from amounts recorded.

2. Accounting Changes and Corrections of Errors
N/A

3. Business Combinations and Goodwill
N/A

4. Discontinued Operations
N/A

5. Investments
A - D. N/A
B. Repurchase Agreements and/or Securities Lending Transactions:
The Company entered into a sweep repurchase agreement with a financial services institution to increase its return on invested assets. The transactions involve the transfer of excess cash to a regulated financial institution that is collateralized by securities. On the next business day, the transferred cash, along with any interest thereon, is transferred back to the Company and the collateralized securities are returned. The arrangement meets the requirement to be accounted for as secured borrowings. The Company requires that at all times, securities obtained as collateral are sufficient to fund substantially all of the cost of purchasing replacement assets. As of June 30, 2012, amounts outstanding under repurchase agreements of $3,984,708 are classified as cash in the accompanying statement of assets. As of June 30, 2012, securities with a fair market value of approximately $4,064,000 were held as collateral under this agreement.

F - G. N/A

6. Joint Ventures, Partnerships and Limited Liability Companies
N/A

7. Investment Income
N/A

8. Derivative Instruments
N/A

9. Income Taxes

9A		06.30.2012			12.31.2011			Change		
9A01		1 Ordinary	2 Capital	3 Total	4 Ordinary	5 Capital	6 Total	7 Ordinary	8 Capital	9 Total
09A01a	Gross Deferred Tax Assets	13,742,214	28,697	13,770,911	9,025,785	34,201	9,059,986	-	(5,470)	(5,470)
09A01b	Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
09A01c	Adjusted Gross Deferred Tax Assets (1a - 1b)	13,742,214	28,697	13,770,911	9,025,785	34,201	9,059,986	-	(5,470)	(5,470)
09A01d	Deferred Tax Liabilities	-	-	-	-	-	-	-	-	-
09A01e	Subtotal (Net Deferred Tax Asset) (1c - 1d)	13,742,214	28,697	13,770,911	9,025,785	34,201	9,059,986	-	(5,470)	(5,470)
09A01f	Deferred Tax Assets Nonadmitted	3,294,051	28,697	3,322,748	3,259,850	34,201	3,294,051	5,470	(5,470)	-
09A01g	Net Admitted Deferred Tax Assets (1e - 1f)	10,448,163	-	10,448,163	5,765,935	-	5,765,935	(5,470)	-	(5,470)

09A02 SSAP No. 10R, Income Taxes - A Temporary Replacement of of SSAP No. 10

09A03 The increased amount by tax character, and the change in such, of admitted adj gross dta as the result of 10a SSAP No. 10R

9A04	Admission Calculation Components: SSAP No. 10R, Paragraphs 10a., 10b., and 10c	06.30.2012 1 Ordinary	11 Capital	12 Total	12.31.2011 13 Ordinary	14 Capital	15 Total	Change 16 Ordinary	17 Capital	9 Total
09A04a	SSAP No. 10R, Paragraph 10a.	6,123,845	-	6,123,845	4,305,825	-	4,305,825	-	-	-
09A04b	SSAP No.10R, Paragraph 10.b. (the lesser of paragraph 10.b.i. and 10.b.ii. below)	987,974	-	987,974	1,460,110	-	1,460,110	-	-	-
09A04c	SSAP No.10R, Paragraph 10.b.i.	4,366,508	-	4,366,508	-	-	1,460,110	-	-	-
09A04d	SSAP No.10R, Paragraph 10.b.ii.	XXX	XXX	987,974	XXX	XXX	1,530,374	XXX	XXX	1,385,386
09A04e	SSAP No.10R, Paragraph 10.c.	-	-	-	-	-	-	-	-	-
09A04f	Total (4a + 4b + 4e)	7,111,819	-	7,111,819	5,765,935	-	5,765,935	-	-	-
09A04g	Admission Calculation Components SSAP No. 10R, Paragraph 10a.: SSAP No.10R, Paragraph 10.a.i.	-	-	-	-	-	-	-	-	-
09A04h	SSAP No.10R, Paragraph 10.a.ii. (the lesser paragraph 10.a.ii.a. and 10.a.ii.b Below)	-	-	-	-	-	-	-	-	-
09A04i	SSAP No.10R, Paragraph 10. a.ii.a.	-	-	-	-	-	-	-	-	-
09A04j	SSAP No.10R, Paragraph 10. a.ii.b.									

NOTES TO FINANCIAL STATEMENTS

09A04k	SSAP No.10R, Paragraph 10.e.iii.	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
09A04l	Total (4g + 4h + 4k)	-	-	-	-	-	-	-	-	-
	Used in SSAP No. 10R, Paragraph 10.d.									
09A04m	Total Adjusted Capital	XXX	XXX	28,327,904	XXX	XXX	21,069,671	XXX	XXX	
09A04n	Authorized Control Level	XXX	XXX	-	XXX	XXX	-	XXX	XXX	

9A05

		06.30.2012			12.31.2011			Change		
		1 Ordinary	2 Capital	3 Total	4 Ordinary	5 Capital	6 Total	7 Ordinary	8 Capital	9 Total
	Impact of Tax Planning Strategies									
09A05a	Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	-	-	-	-	-	-	-	-	-
09A05b	Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-

9A06

		06.30.2012			12.31.2011			Change		
	SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c:	1 Ordinary	2 Capital	3 Total	4 Ordinary	5 Capital	6 Total	7 Ordinary	8 Capital	9 Total
09A06a	Admitted Deferred Tax Assets	10,448,163	-	10,448,163	5,765,935	-	5,765,935	(8,470)	-	(8,470)
09A06b	Admitted Assets	XXX	XXX	161,836,886	XXX	XXX	108,252,609	XXX	XXX	34,907,489
09A06c	Adjusted Statutory Surplus*	XXX	XXX	10,647,090	XXX	XXX	15,303,736	XXX	XXX	19,853,863
09A06d	Total Adjusted Capital from DTAs	XXX	XXX	10,448,163	XXX	XXX	5,765,935	XXX	XXX	(8,470)
	Increases due to SSAP No.10R, Paragraph 10.e.									
09A06e	Admitted Deferred Tax Assets	-	-	-	-	-	-	-	-	-
09A06f	Admitted Assets	-	-	-	-	-	-	-	-	-
09A06g	Statutory Surplus	-	-	-	-	-	-	-	-	-

09B Regarding deferred tax liabilities that are not recognized:
N/A

09C

		1 06.30.2012	2 12.31.2011	3 Change
09C1	Current Income Tax			
09C1a	Federal	6	(900,054)	900,060
09C1b	Foreign	-	-	-
09C1c	Subtotal	6	(900,054)	900,060
09C1d	Federal income tax on net capital gains	(6)	873,954	(873,960)
09C1e	Utilization of capital loss carry-forwards	-	-	-
09C1f	Other	-	-	-
09C1g	Federal and foreign income taxes incurred	-	(26,100)	26,100
09C2	Deferred Tax Assets			
(a)	Ordinary:			
09C2A01	Discounting of unpaid losses	-	-	-
09C2A02	Unearned premium reserve	-	-	-
09C2A03	Policyholder reserves	-	-	-
09C2A04	Investments	-	-	-
09C2A05	Deferred acquisition costs	-	-	-
09C2A06	Policyholder dividends accrual	-	-	-
09C2A07	Fixed Assets	556,861	556,861	-
09C2A08	Compensation and benefits accrual	-	-	-
09C2A09	Pension accrual	-	-	-
09C2A10	Receivables - nonadmitted	8,406,543	8,406,543	-
09C2A11	Net operating loss carry-forward	4,716,429	-	4,716,429
09C2A12	Tax credit carry-forward	-	-	-
09C2A13	Other (including items <5% of total ordinary tax assets)	62,381	62,381	-
09C2A99	Subtotal	13,742,214	9,025,785	4,716,429
09C2b	Statutory valuation allowance adjustment	-	-	-
09C2c	Nonadmitted	3,294,051	3,259,850	34,201
09C2d	Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	10,448,163	5,765,935	4,682,228
9C2a	Capital:			

NOTES TO FINANCIAL STATEMENTS

09C1E1	Investments	28,697	34,201	(5,504)
09C1E2	Net capital loss carry-forward	-	-	-
09C1E3	Real estate	-	-	-
09C1E4	Other (including items <5% of total capital tax assets)	-	-	-
	09C1E99 Subtotal	28,697	34,201	(5,504)
09C1f	Statutory valuation allowance adjustment	-	-	-
09C1g	Nonadmitted	28,697	34,201	(5,504)
09C1h	Admitted capital deferred tax assets (1e99 - 1f - 1g)	-	-	-
09C1i	Admitted deferred tax assets (1d + 1h)	10,448,163	5,765,935	4,682,228
09C3	Deferred Tax Liabilities			
(a)	Ordinary:			
09C3A1	Investments	-	-	-
09C3A2	Fixed assets	-	-	-
09C3A3	Deferred and uncollected premium	-	-	-
09C3A4	Policyholder reserves	-	-	-
09C3A5	Other (including items <5% of total ordinary tax liabilities)	-	-	-
	(09C3A99 Subtotal)	-	-	-
(b)	Capital:			
09C3B1	Investments	-	-	-
09C3B2	Real estate	-	-	-
09C3B3	Other (including items <5% of total capital tax liabilities)	-	-	-
	(09C3B99 Subtotal)	-	-	-
09C3C	Deferred tax liabilities(3a99 + 3b99)	-	-	-
09C4	Net deferred tax assets/liabilities(1i - 3c)	10,448,163	5,765,935	4,682,228

09D		06.30.2012	Effective Tax Rate (%)
	Provision computed at statutory rate	4,773,999	35.0%
	Change in nonadmitted assets	-	0.0%
	Nontaxable investment income	(46,492)	0.4%
	Nondeductible expense	14,007	-0.1%
	State taxes	228,890	-1.9%
	Other	(693,775)	5.2%
	Total	(4,716,429)	38.6%
	Federal and foreign income taxes incurred	6	0.0%
	Realized capital gains (losses) tax	(6)	0.0%
	Change in deferred income taxes	(4,716,429)	38.6%
	Total	(4,716,429)	38.6%

08E Capital Loss carry forwards

09E1 The Company has no operating loss carryforwards

09E2 The following is income tax expense that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2011	(728,730)	856,475	129,745
2012	5,894,106	(6)	5,894,100
Total	5,287,376	856,469	6,123,845

09E3 The aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code was $0 as of December 31, 2011.

09F Consolidated tax filing:

Company is included in a consolidated tax filing with the following entities:

Universal Health Care Group, Inc.
American Managed Care, LLC
Universal Health Care Insurance Company, Inc.
Universal HMO of Texas, Inc.
Universal Health Care of Nevada, Inc.
Universal Health Care of Georgia, Inc.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates

A - C. All outstanding shares of the Company are owned by Group, an insurance holding company incorporated in the State of Delaware with operations based in Florida. On February 14, 2011, Group entered into a $37,500,000 term-loan and a $2,500,000 unfunded revolving credit agreement. On April 6, 2012, Group entered into a $60,000,000 senior revolving line of credit, the proceeds were used to pay-off the term-loan and provide for any additional minimum statutory capital requirements for its subsidiaries, including UHC. Group pledged 100% of its equity interest in UHCIC as security under the credit revolver.

Surplus notes payable, related party:
During 2006, the Company received cash proceeds for surplus notes payable issued to Group amounting to $18,750,000 (see note 13). The terms of the notes payable specify that principal and interest on the notes is payable only upon the prior approval from FL OIR. The notes payable bear interest at 5% per annum upon FL OIR approval. On September 26, 2008, the Company paid down the principal $10,000,000 with FL OIR approval. The Company paid down the Note $2,000,000 on December 22, 2009 with FL OIR approval. On July 14, 2010 with FL OIR Approval, the Company made a $3,000,000 payment on the note. During the periods covered by these financial statements, the Company has not received approval to pay for interest from the FL OIR; therefore, the Company has not recorded accrued interest totaling $2,733,874 at June 30, 2012.

Other relationships:
The Company has a management agreement with American Managed Care, LLC (AMC), which automatically renews on an annual basis, whereby AMC provides supervisory and management services, performs specific functions and contract services to and performs certain payroll functions for the Company. AMC is owned 100% by Group. Effective January 1, 2011, for compensation for services rendered, the Company shall pay AMC a percentage of total collected premiums on a monthly basis. The amount shall vary, as mutually agreed between AMC and the Company, but under no circumstance shall the percentage of collected premiums paid to AMC exceed 8.5%, without obtaining prior approval from the FL OIR. Further, no amounts paid by the Company shall result in the Company being out of compliance with the minimum statutory requirements of the Florida Statutes. Percentage fees were 7.7% for 2011and 8.5% for six months ended June 30, 2012. Expenses incurred under this agreement totaled $27,430,000 for the six months ended June 30, 2012.

The Company records rent revenue from the space owned by the Company and occupied by AMC. Amounts received by the Company totaled $1,336,338 for the quarter ended June 30, 2012.

D. In addition to the above-referenced management agreement, certain expenditures for the Company are paid by and reimbursed to AMC, Universal Health Care Insurance Company, Inc. (UHCIC), Universal Health Care of Nevada, Inc. (UHCNV), and Universal HMO of Texas, Inc. (UHMOT), Universal Health Care of Georgia, Inc. (UHCGA), companies under common control by Group, as well as Group itself. The Company also pays for and is reimbursed by UHCIC, UHMOT, UHCNV and AMC for certain expenditures. At June 30, 2012, the Company owed $39 and 12 from UHMOT and UHCNV and was owed $17,478 and $100,849 from UHCIC and AMC respectively, which are classified as a non-admitted asset in Due from Affiliates in the accompanying Statement of Assets. All amounts will be settled per terms of the Company's intercompany transactions policy which requires the payment to be made within 30 days.

E. N/A

F. The Company has a management agreement with AMC, which renews on an automatic basis, whereby AMC provides supervisory and management services, performs specific functions and contract services to and performs certain payroll functions for the Company. AMC is owned 100% by Group.

In addition, the Company maintains a provider agreement with American Family & Geriatric care (AFGC), which is owned 100% by a majority of shareholder of Group. Amounts paid to AFGC under the provider agreement for the six months ended June 30, 2012 were $1,047,110.

G. - L. N/A

Under the Company's tax sharing agreement, $9,011,364, included in current federal and foreign income tax receivable in the accompanying Statement of Assets, Liabilities, Capital and Surplus, is due from Group to the Company and will be settled per terms of the intercompany transactions policy.

11. Debt
N/A

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
N/A

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations
1. UHC has 400,000,000 shares authorized, 126,250,000 shares issued and outstanding as of June 30, 2012.
2. N/A
3. Prior approval is needed by FL OIR and restrictions are related to statutory surplus.
4. N/A
5. Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
6. N/A
7. N/A
8. N/A
9. N/A

NOTES TO FINANCIAL STATEMENTS

10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses of $-81,990.

11. Please see table as follows:

	Date Issued	Interest Rate	Par Value (Face Amount of Note)	Carrying Value of Note	Principal and/or Interest Paid Current year	Total Principal and/or Interest paid	Unapproved Principal and/or Interest	Date of Maturity
Surplus Note	12/29/2006	5.0%	$18,750,000	$3,750,000	$0	$15,000,000	$2,733,874	

12-13. N/A

14. Contingencies
N/A

15. Leases
N/A

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk
N/A

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
N/A

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
N/A

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
N/A

20. Fair Value Measurements
N/A

21. Other Items
A.-C. N/A
D. Included in cash, cash equivalents and short term investments at June 30, 2012 is $4,732,202 of minimum deposits required to be maintained under contracts with certain health care agencies.
E.-G. N/A

22. Events Subsequent
N/A

23. Reinsurance
N/A

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination
N/A

25. Change in Incurred Claims and Claim Adjustment Expenses
N/A

26. Intercompany Pooling Arrangements
N/A

27. Structured Settlements
N/A

28. Health Care Receivables

Pharmacy Rebates

Quarter	Estimated Rx Rebates as Reported on Financial Statements	Rx Rebates as Billed or Otherwise Confirmed	Actual Rebates Received within 90 days of Billing	Actual Rebates Received within 91 to 180 days of Billing	Actual Rebates Received More Than 180 days After Billing
3/31/2009	$ 667,329	$ 667,329	$ -	$ -	$ 667,329.00
6/30/2009	693,220	693,220	-	-	693,220
9/30/2009	726,079	726,079	-	-	726,079
12/31/2009	781,301	781,301	-	-	781,301
3/31/2010	596,985	596,985	-	-	596,985
6/30/2010	1,120,068	1,120,068	-	1,119,385	683
9/30/2010	864,779	864,779	-	864,779	-

NOTES TO FINANCIAL STATEMENTS

12/31/2010	1,006,988	1,006,988	6,790	760,676	239,522
3/31/2011	1,222,718	1,222,718	-	1,222,718	-
6/30/2011	1,383,657	1,383,657	169,969	1,032,248	181,440
9/30/2011	1,229,259	1,229,259	-	1,018,225	211,034
12/31/2011	1,464,474	1,464,474	-	891,157	573,317
3/31/2012	1,495,572	1,495,572	-	1,495,572	-
6/30/2012	3,208,342	3,208,342	1,779,958	-	-

29. Participating Policies
N/A

30. Premium Deficiency Reserves
N/A

31. Anticipated Salvage and Subrogation
N/A

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]

2.2 If yes, date of change: .....

3. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [X] NA [ ]

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/18/2007

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 06/30/2007

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 12/18/2007

6.4 By what department or departments?

FL OIR .....

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [X] No [ ] NA [ ]

6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [X] No [ ] NA [ ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [X]

7.2 If yes, give full information:

.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

GENERAL INTERROGATORIES

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

.....

9.2 Has the code of ethics for senior managers been amended? ..... Yes [ ] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ ] No [X]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... $ .....

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [X]

11.2 If yes, give full and complete information relating thereto:

.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... $ .....

13. Amount of real estate and mortgages held in short-term investments: ..... $ .....

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [ ] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	$	$
14.22 Preferred Stock	$	$
14.23 Common Stock	$	$
14.24 Short-Term Investments	$	$
14.25 Mortgage Loans on Real Estate	$	$
14.26 All Other	$	$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 0	$ 0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$	$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes [ ] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ]

If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? ..... Yes [X] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Wells Fargo Bank, NA	100 S Ashley Drive, MAC:20307-092, Tampa, FL 33602

16.2 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? ..... Yes [ ] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
104973	Wells Capital Management, Inc.	525 Market St. 10th Floor, San Francisco, CA 94105

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? ..... Yes [X] No [ ]

17.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES

PART 2 - HEALTH

1 Operating Percentages

1.1 A&H loss percent	91.1 %
1.2 A&H cost containment percent	0.0 %
1.3 A&H expense percent excluding cost containment expenses	%
2.1 Do you act as a custodian for health savings accounts?	Yes [ ] No [X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date	$
2.3 Do you act as an administrator for health savings accounts?	Yes [ ] No [X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date	$

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			NONE			

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

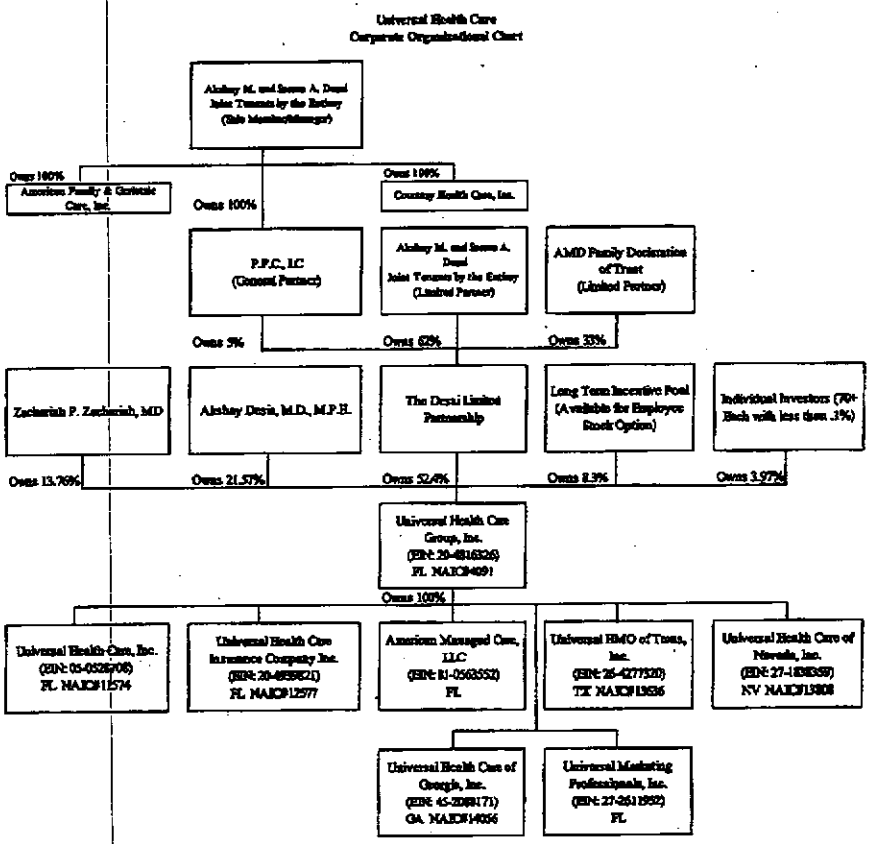
States, Etc.	1 Active Status	Direct Business Only 2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama AL								0	
2. Alaska AK								0	
3. Arizona AZ								0	
4. Arkansas AR								0	
5. California CA								0	
6. Colorado CO								0	
7. Connecticut CT								0	
8. Delaware DE								0	
9. Dist. Columbia DC								0	
10. Florida FL	L	1,176	247,930,740	98,549,641				346,481,557	
11. Georgia GA								0	
12. Hawaii HI								0	
13. Idaho ID								0	
14. Illinois IL								0	
15. Indiana IN								0	
16. Iowa IA								0	
17. Kansas KS								0	
18. Kentucky KY								0	
19. Louisiana LA								0	
20. Maine ME								0	
21. Maryland MD								0	
22. Massachusetts MA								0	
23. Michigan MI								0	
24. Minnesota MN								0	
25. Mississippi MS								0	
26. Missouri MO								0	
27. Montana MT								0	
28. Nebraska NE								0	
29. Nevada NV								0	
30. New Hampshire NH								0	
31. New Jersey NJ								0	
32. New Mexico NM								0	
33. New York NY								0	
34. North Carolina NC								0	
35. North Dakota ND								0	
36. Ohio OH								0	
37. Oklahoma OK								0	
38. Oregon OR								0	
39. Pennsylvania PA								0	
40. Rhode Island RI								0	
41. South Carolina SC								0	
42. South Dakota SD								0	
43. Tennessee TN								0	
44. Texas TX								0	
45. Utah UT								0	
46. Vermont VT								0	
47. Virginia VA								0	
48. Washington WA								0	
49. West Virginia WV								0	
50. Wisconsin WI								0	
51. Wyoming WY								0	
52. American Samoa AS								0	
53. Guam GU								0	
54. Puerto Rico PR								0	
55. U.S. Virgin Islands VI								0	
56. Northern Mariana Islands MP								0	
57. Canada CN								0	
58. Aggregate other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	1,176	247,930,740	98,549,641	0	0	0	346,481,557	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	1,176	247,930,740	98,549,641	0	0	0	346,481,557	0
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

SCHEDULE Y
PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1 Group Code	2 Group Name	3 NAIC Company Code	4 Federal ID Number	5 Federal RSSD	6 CIK	7 Name of Securities Exchange if Publicly Traded (U.S. or International)	8 Name of Parent Subsidiaries or Affiliates	9 Domiciliary Location	10 Relationship to Reporting Entity	11 Directly Controlled by (Name of Entity/Person)	12 Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	13 If Control is Ownership Provide Percentage	14 Ultimate Controlling Entity(ies)/ Person(s)	15
04091	Universal Health Care Group, Inc.	00000	20-4816326				Universal Health Care Group, Inc.	FL	UDP	Akshay Desai, MD, CEO, President	Ownership	74.7	Akshay N. Desai, MD	
04091	Universal Health Care Group, Inc.	11574	65-0526708				Universal Health Care, Inc.	FL		Universal Health Care Group, Inc.	Ownership	100.0	Akshay N. Desai, MD	
04091	Universal Health Care Group, Inc.	12577	20-4939821				Universal Health Care Insurance Company, Inc.	FL	IA	Universal Health Care Group, Inc.	Ownership	100.0	Akshay N. Desai, MD	
04091	Universal Health Care Group, Inc.	13836	26-4277320				Universal HMO of Texas, Inc.	TX	IA	Universal Health Care Group, Inc.	Ownership	100.0	Akshay N. Desai, MD	
04091	Universal Health Care Group, Inc.	13808	27-1838359				Universal Health Care of Nevada, Inc.	NV	IA	Universal Health Care Group, Inc.	Ownership	100.0	Akshay N. Desai, MD	
00000	Universal Health Care Group, Inc.	00000	81-0563552				American Managed Care, LLC	FL	NIA	Universal Health Care Group, Inc.	Ownership	100.0	Akshay N. Desai, MD	
00000	Universal Health Care Group, Inc.	00000	59-3016732				American Family & Geriatric Care, Inc.	FL	NIA	Akshay and Seema Desai	Ownership	100.0	Akshay N. Desai, MD	
00000	Universal Health Care Group, Inc.	00000	59-3346297				Courtesy Health Care, Inc.	FL	NIA	Akshay and Seema Desai	Ownership	100.0	Akshay N. Desai, MD	
00000	Universal Health Care Group, Inc.	00000	56-2296501				Desai Limited Partnership	FL	UIP	Akshay and Seema Desai	Ownership	100.0	Akshay N. Desai, MD	
00000	Universal Health Care Group, Inc.	00000					Zachariah P. Zachariah, MD	FL	UIP	Zachariah P. Zachariah, MD	Ownership	100.0	Zachariah P. Zachariah, MD	
00000	Universal Health Care Group, Inc.	00000	54-2076533				P.P.C., LC (General Partner)	FL	UIP	Akshay and Seema Desai	Ownership	100.0	Akshay N. Desai, MD	
00000	Universal Health Care Group, Inc.	00000	56-2296501				A. Desai & S. Desai (Limited Partner) JT	FL	UIP	Akshay and Seema Desai	Ownership	100.0	Akshay N. Desai, MD	
00000	Universal Health Care Group, Inc.	00000	20-6049333				AMD Family Declaration of Trust	FL	UIP	Akshay N. Desai, MD	Ownership	100.0	Akshay N. Desai, MD	
00000	Universal Health Care Group, Inc.	00000	56-2296501				A. Desai & S. Desai (Sole Member) JTE	FL	UIP	Akshay and Seema Desai	Ownership	100.0	Akshay N. Desai, MD	
00000	Universal Health Care Group, Inc.	00000					Individual Investors Less than 1%		UIP	Various	Ownership	100.0	Various	

Asterisk	Explanation

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	RESPONSE
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

1.

Bar Code:

1.

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A – VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	9,742,442	10,105,896
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Current year change in encumbrances		0
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		20,000
8. Deduct current year's depreciation	171,949	343,454
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4+5+6-7-8)	9,570,493	9,742,442
10. Deduct total nonadmitted amounts	470,772	479,254
11. Statement value at end of current period (Line 9 minus Line 10)	9,099,721	9,263,188

SCHEDULE B – VERIFICATION

Mortgage Loans

NONE

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

NONE

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	3,536,198	24,254,907
2. Cost of bonds and stocks acquired	3,001,958	11,785,981
3. Accrual of discount		(5,719)
4. Unrealized valuation increase (decrease)	24,198	(166,710)
5. Total gain (loss) on disposals		2,497,010
6. Deduct consideration for bonds and stocks disposed of	493,006	34,607,047
7. Deduct amortization of premium	8,272	222,224
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	6,061,117	3,536,198
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	6,061,117	3,536,198

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	92,457,864	46,843,171	50,208,812	(3,715)	92,457,864	89,088,508	0	63,014,750
2. Class 2 (a)	0				0	0	0	0
3. Class 3 (a)	0				0	0	0	0
4. Class 4 (a)	0				0	0	0	0
5. Class 5 (a)	0				0	0	0	0
6. Class 6 (a)	0				0	0	0	0
7. Total Bonds	92,457,864	46,843,171	50,208,812	(3,715)	92,457,864	89,088,508	0	63,014,750
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	92,457,864	46,843,171	50,208,812	(3,715)	92,457,864	89,088,508	0	63,014,750

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 $ _____ ; NAIC 2 $ _____ ;

NAIC 3 $ _____ ; NAIC 4 $ _____ ; NAIC 5 $ _____ ; NAIC 6 $ _____

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	88,084,106	XXX	88,084,106	24,050	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	61,509,071	28,889,268
2. Cost of short-term investments acquired	93,986,522	101,625,601
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals	(17)	0
6. Deduct consideration received on disposals	67,414,470	69,005,799
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	88,084,106	61,509,071
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	88,084,106	61,509,071

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E - Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
Bonds - All Other Governments									
Bonds - U.S. States, Territories and Possessions									
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
Bonds - U.S. Special Revenue									
Bonds - Industrial and Miscellaneous (Unaffiliated)									
Bonds - Hybrid Securities									
Bonds - Parent, Subsidiaries, and Affiliates									
Preferred Stocks - Parent, Subsidiaries, and Affiliates									
Preferred Stocks - Parent, Subsidiaries, and Affiliates									
Common Stocks - Industrial and Miscellaneous									
02209S-10-3	ALTRIA GROUP INC		06/06/2012	VARIOUS	4,700.000	150,317			L
002824-10-0	ABBOTT LABORATORIES		06/06/2012	VARIOUS	4,400.000	150,593			L
00206R-10-2	AT & T INC		06/05/2012	VARIOUS	2,900.000	251,127			L
149123-10-1	CATERPILLAR INC DEL		06/04/2012	VARIOUS	3,400.000	248,751			L
191216-10-0	COCA COLA CO		06/05/2012	VARIOUS	1,900.000	151,844			L
30231G-10-2	EXXON MOBIL CORP		06/05/2012	VARIOUS	9,600.000	250,083			U
458140-10-0	INTEL CORP		05/31/2012	Fifth Third Bank	1,360.000	253,171			L
459200-10-1	INTERNATIONAL BUSINESS MACHS		05/31/2012	Fifth Third Bank	1,800.000	149,845			L
539830-10-9	LOCKHEED MARTIN CORP		05/31/2012	Fifth Third Bank	1,750.000	152,904			L
580135-10-1	MCDONALDS CORP		06/06/2012	VARIOUS	5,000.000	147,026			L
594918-10-4	MICROSOFT CORP		05/31/2012	Fifth Third Bank	7,000.000	151,509			L
717081-10-3	PFIZER INC		06/04/2012	VARIOUS	1,800.000	147,843			L
718172-10-9	PHILIP MORRIS INTL INC		06/06/2012	VARIOUS	3,000.000	151,965			L
755111-50-7	RAYTHEON CO		05/31/2012	Fifth Third Bank	7,800.000	249,481			L
874060-10-4	TAL INTL GROUP INC		06/01/2012	VARIOUS	3,850.000	151,029			L
92343V-10-4	VERIZON COMMUNICATIONS INC		06/06/2012	VARIOUS	3,800.000	250,941			L
931142-10-3	WAL-MART STORES INC		05/31/2012	Fifth Third Bank		3,001,999	XXX	0	XXX
9099999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)									
Common Stocks - Parent, Subsidiaries, and Affiliates									
Common Stocks - Mutual Funds									
Common Stocks - Money Market Mutual Funds						3,001,999	XXX	0	XXX
9799997 - Subtotals - Common Stocks - Part 3						3,001,999	XXX	0	XXX
9799998 - Subtotals - Common Stocks						3,001,999	XXX	0	XXX
9899999 - Subtotals- Preferred and Common Stocks						3,001,999	XXX	0	XXX
9999999 Totals									

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 1

E04

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments																					
3128P8-JC-8	[illegible]		06/25/2012	PRINCIPAL RECEIPT		17,951	17,951	18,618	18,482		(529)		(529)		17,951				335	04/01/2035	1
0599999 - Bonds - U.S. Governments						17,951	17,951	18,618	18,482	0	(529)	0	(529)	0	17,951	0	0	0	335	XXX	XXX
Bonds - All Other Governments																					
Bonds - U.S. States, Territories and Possessions																					
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																					
Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																					
31283K-RK-6	FHLMC REMIC SERIES 2555		06/15/2012	PRINCIPAL RECEIPT		5,015	5,015	5,371	5,116		(100)		(100)		5,015				129	10/15/2017	1
31397M-4B-2	FHLMC REMIC SERIES 3179		06/15/2012	PRINCIPAL RECEIPT		5,358	5,358	5,522	5,511		(153)		(153)		5,358				69	12/15/2040	1
31393J-6F-9	FHR REMIC TRUST 2555-1BD		06/25/2012	PRINCIPAL RECEIPT		35,886	35,886	36,630	36,388		(433)		(433)		35,886				538	11/25/2046	1
31393T-UC-3	FHR REMIC TRUST 2555-3D		06/25/2012	PRINCIPAL RECEIPT		10,234	10,234	10,655	10,530		(296)		(296)		10,234				156	07/25/2032	1
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						57,351	57,350	58,378	58,045	0	(1,295)	0	(1,295)	0	57,351	0	0	0	971	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
171309-AC-6	CHURCH PEN JOINT VALF 2006-A		06/15/2012	PRINCIPAL RECEIPT		10,285	10,293	10,385	10,355		(62)		(62)		10,293				117	01/15/2016	1FE
65478R-AF-2	NISSAN AUTO RECT VALF 2008-A		06/15/2012	PRINCIPAL RECEIPT		30,197	30,197	32,421	30,783		(585)		(585)		30,197				380	09/15/2015	1FE
717312-BR-8	LEASEPLAN L669 FI CO		05/18/2012	REDEMPTION		240,000	240,000	240,000	240,000		0		0		240,000				347	05/18/2012	1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						280,480	280,491	282,844	281,138	0	(647)	0	(647)	0	280,490	0	0	0	824	XXX	XXX
Bonds - Hybrid Securities																					
Bonds - Parent, Subsidiaries, and Affiliates						356,812	356,812	360,840	358,465	0	(2,452)	0	(2,452)	0	356,812	0	0	0	2,230	XXX	XXX
8399997 - Subtotals - Bonds - Part 4						356,812	356,812	360,840	358,465	0	(2,452)	0	(2,452)	0	356,812	0	0	0	2,230	XXX	XXX
8399999 - Subtotals - Bonds						356,812	356,812	360,840	358,465	0	(2,452)	0	(2,452)	0	356,812	0	0	0	2,230	XXX	XXX
Preferred Stocks - Industrial and Miscellaneous (Unaffiliated)																					
Preferred Stocks - Parent, Subsidiaries, and Affiliates																					
Common Stocks - Industrial and Miscellaneous (Unaffiliated)																					
Common Stocks - Parent, Subsidiaries, and Affiliates																					
Common Stock - Mutual Funds																					
Common Stocks - Money Market Mutual Funds																					
8899999 Totals						356,812	XXX	360,840	358,465	0	(2,452)	0	(2,452)	0	356,812	0	0	0	2,230	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues _____

E05

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6 First Month	7 Second Month	8 Third Month	*
Open Depositories								
FIFTH THIRD BANK - DEPOSITORY TAMPA, FL			1,398		14,101,870	16,636,025	3,064,807	XXX
WELLS FARGO BANK - DEPOSITORY TAMPA, FL					1,068,386	2,353,323	2,287,197	XXX
FIFTH THIRD BANK - CLAIM MEDICARE TAMPA, FL					(9,174,000)	(11,886,191)	(2,848,826)	XXX
FIFTH THIRD BANK - CLAIM MEDICAID TAMPA, FL					(3,811,971)	(3,824,330)	(1,426,656)	XXX
FIFTH THIRD BANK - SAVING DIVERSION TAMPA, FL			269		1,204,069	1,204,180	1,204,349	XXX
FIFTH THIRD BANK - SAVING MEDICAID TAMPA, FL			779		3,476,430	3,476,606	3,527,952	XXX
MERCANTIL COMMERCIAL BANK TAMPA, FL					1,999,970	1,999,970	1,999,970	XXX
FLORIDA 001 DEPOSIT FLORIDA DEPARTMENT OF FINANCIAL SERVICES	60	2.220	1,786	1,871	300,000	300,000	300,000	XXX
0199998 Deposits in 11 depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories	XXX	XXX	414		990,681	(328,220)	(132,997)	XXX
0199999 Total Open Depositories	XXX	XXX	4,834	1,871	10,214,734	9,824,352	9,172,994	XXX
0299999 Total Cash on Deposit	XXX	XXX	4,834	1,871	10,214,734	9,824,352	9,172,994	XXX
0399999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0499999 Total	XXX	XXX	4,834	1,871	10,214,734	9,824,352	9,172,994	XXX

Schedule E - Part 2

NONE

Medicare Part D Coverage Supplement

NONE

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Audit Committee and Management
Universal Health Care, Inc.

April 12, 2012

In planning and performing our audit of the statutory-basis financial statements of Universal Health Care, Inc. (the Company) as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the statutory-basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

During our audit, we noted the following matters involving internal control over financial reporting and its operation that we consider to be material weaknesses as of December 31 2011.

Financial Statement Close Process

The financial statement close process is defined as the process where the results of various transactions are summarized, reviewed, consolidated, edited and created into a variety of management financial reports. The boundaries of this process begin with the preparation of the preliminary trial balance and end with the preparation of the financial statements and related disclosures and analyses. The process includes closing the general ledger and preparing the trial balances and any consolidation entries, accumulating the posting of journal entries, drafting the financial statements and disclosures, and preparing management's discussion and analysis.

Several of the Company's processes that are integral parts of the financial statement close process were found to be deficient during the course of our audit. As a result, approximately sixty entries have been proposed by either Company personnel or our audit team, including an individually significant entry related to medical and pharmacy claims payable for approximately $7.0 million that was not recorded by management and contributed to our issuance of a qualified audit opinion. Additionally, we noted that the financial statement close process had not been formally completed when we began our year-end audit fieldwork in late February 2012. We also note that the

Company's accrual for medical claims payable was not finalized until the middle of March 2012 and a complete draft of the statutory-basis financial statements was not available until early April 2012, which is beyond the regulatory reporting requirement of April 1, 2012.

There should be a formal process in place in order to ensure that financial statements are generated appropriately and timely. This should include, but not be limited to, the following:

- A process to ensure all expenses incurred during the period are accrued as of the month-end date
- A process to ensure that premiums and other health care receivables are recognized correctly as they are earned and that proper cut-off is achieved from period to period
- A process to improve the tracking of claim overpayments.
- A process to consider the effects of subsequent claims payments on the liability for medical and pharmacy claims payable.
- A formal process to review key financial information by employees that are not responsible for the preparation of such financial information.
- A re-evaluation of the information technology and accounting resource capability in response to an increase in the complexity, nature, volume of transactions, and growth of the entity over the past two years

We recommend management review its current procedures for key processes within the financial statement close process and determine the appropriateness for those processes for preventing or detecting and correcting material misstatements, preparing reliable, accurate monthly and annual reporting and ensuring such processes are consistent with leading practices in the industry. The Company should consider computer, computer-dependent and manual controls that affect such processes as well as the adequacy of the Company's current information system to provide the necessary information.

This communication is intended solely for the information and use of the audit committee, board of directors, management, others within the organization and the State of Florida Department of Financial Services Office of Insurance Regulation to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

April 12, 2012

To : Kerby Baden, EIC

From: Jenny L Jeffers IS Specialist

Subject: Documentation of Data Analysis

Date: December 10, 2012

Jennan Enterprises, LLC was contracted with Invotex Group on behalf of the state of Florida Office of Insurance Regulation to review the claims system and integrity of the claims data as a part of a targeted Financial and Market Conduct examination of Universal Health Group. The companies were scheduled to convert the Fortuna System, which has been implemented at the companies since 2006, to the QNXT system by Trizetto.

An initial visit was performed by Lisa Marteney of Jennan Enterprises, LLC and a report generated on October 24, 2012. In this report and associated meeting notes, it was stated that:

- Jason Mitchell stated that during the last year, between 3 and 4 million dollars has been invested in Universal's infrastructure. Changes to the infrastructure include new servers, more storage systems, rebuilt switches, additional fiber optic lines, rebuilt circuits, upgraded internet lines and becoming more virtualized. A tremendous investment in money and resources has been made to upgrade Universal's infrastructure.
- Currently the load percentages are where Universal likes to see them - except for storage, which is currently running at 65% of capacity. Jason stated that additional storage will be added in the near future.
- Jason Mitchell stated that over the last 18 months, IT has grown approximately 35%. Jason, Deby and a lot of the new IT team have had the opportunity to work together at WellCare. Jason also stated that IT is utilizing quite a few contractors. They have added two new positions. Director of IT Security and a Sr. IT Auditor
- Jason stated that the current plan is to have the conversion from the Fortuna claim system to the TriZetto claim system complete by the June/July 2013 time frame.
- Jason stated that anything "relevant" from the Fortuna system will be moved to the new TriZetto system. All data from the Fortuna system will be maintained in the Operational Data Store (ODS). All new data will be held here also. This will allow for easier reporting and auditing. The Fortuna system will also be maintained and running for audit purposes.
- Jason stated that one reason for the change from the current Fortuna claim system to the TriZetto claim system is that TriZetto has the capacity to handle the Company's growth. TriZetto will be hosted in their Denver facility. Jason does not want any critical systems to be run out of the Universal Healthcare facility. Jason stated that Universal does not have the data center layout, environmental controls or the capacity to handle supporting all of the critical systems. It appears from review of the Statement of Work contracts between TriZetto and Universal that the claim capacity issues that Universal has been plagued with in the past should be taken care of by the new TriZetto claim system. The company has entered into a 10 year contract with Trizetto.
- Jason stated that the original target date for completion of the conversion from the Fortuna claim system to the TriZetto claim system was before open enrollment. Open enrollment begins

on October 15th and runs for 45 days. On the 1st of September, a meeting was held and it was decided that instead of rushing the conversion process, the process would stop for now and resume in the January/February 2013 timeframe. Jason stated that the new date for all testing and the conversion to be complete is the June/July 2013 time frame.

Following the review of Ms. Marteney's report and interview notes from her interview with Jason Mitchell, VP of Technology and Deby McCourt, Director of IT and the processing of the claims data provided by the company for the selection of samples, a discussion was held with the EIC and Jenny Jeffers, IT Lead on the project. Questions were raised regarding:

- The expenditure of funds for upgrade of the systems in spite of the conversion to QNXT and the hosting of all processes by Trizetto
- The curtailment of the conversion project on September 1, 2012 when it was further stated by Jason Mitchell that no surprises were noted during the conversion
- The difficulty experienced in interpreting the claims data to determine fully and partially denied claims as well as the issues noted during the claim sample review
- Difficulty encountered in the attempt to determine the percentages of denied claims for each company and line of business

It was decided that a second onsite visit – this time by Jenny Jeffers, Lead IS Specialist was needed to determine the actual reason for curtailing the conversion as well as to further discuss the quality of the data going into the new system. This visit occurred on November 20, 2012.

Additional interviews were conducted with:

- Jason Mitchell, VP of Technology – overview of conversion project and discussion of project delay
- Shalendra Dhanasar, Sr. Data Analyst – data quality overview
- Bryan Richardson, Sr. Director Provider Services
- Travis Johnson, Sr. Director Enrollment Operations
- Melissa Johnson, Sr. Manager of Claims
- Debra Wingo, Manager of Diversion
- Linda Shoenfelt, VP Operations

The primary discussion for the meetings of the day focused on the data quality prior to the initial conversion attempt and during the period under review as well as the efforts by the company to clean up the data and continue with the conversion. One primary concern was the basis for the decision to curtail the conversion project.

In the discussion with Jason Mitchell, he explained that the conversion was stopped September 1, 2012 when it was discovered that the data from the Fortuna system needed a lot more cleanup before the conversion would work appropriately. This was detected during the UAT (User Acceptance Training). The conversion was not working. IT presented the case to upper management that the data was not converting appropriately due to multiple issues with the source data (the issues are explained in more detail in the discussion with Bryan Richardson). Mr. Mitchell felt that if the conversion was completed and the new system was implemented prior to open enrollment, serious consequences would ensue. Therefore, the decision was made to "beef up" the Fortuna system to accommodate any growth resulting from the open enrollment process. Infrastructure was expanded and changes were made to the Fortuna system, both of which were at near capacity. The contracts with Fortuna (Indus/E4E) were extended more than once (as evidenced by the contracts with Indus provided and reviewed by the IS -

Specialist). New rates were negotiated and the current expectation is to have the new system up and running by summer of 2013 – the dates are specified in the Indus (E4E) contracts – **see Attachment 1.**

The original conversion project was driven by two major company needs:

- The need for sufficient capacity to accommodate the growth of the company
- The end of the service contract with Indus (E4E) for providing both software support and TPA services

The project team (no dedicated team was established, rather all IT personnel and available business personnel were a part of the team) was given a March 30, 2012 deadline for completing the conversion project. The contract with Trizetto was not signed until December of 2011. The contracts provided for review did not include the completed signature blocks and dates signed, however the date stamps were present on the documents. **See Attachments 2a – 2d.** The original negotiations were occurring during October 2011 and that is when the work began on the conversion planning. The size of project and amount of data to be converted made the target date virtually impossible to achieve. Therefore, the project plan was modified to minimize the work required. One of the items that were de-emphasized was the scrubbing of data prior to performing the conversion. Rather, emphasis was on mapping the data from Fortuna to QNXT (Trizetto product). There were field mismatches (fields in Fortuna that were not in QNXT and fields that were in QNXT that were not in Fortuna). These situations were handled utilizing user defined fields in QNXT to accommodate needed information in Fortuna that was not in QNXT and in developing ODS (Operational Data Store) which would contain information from both systems. The project plan for the development of the ODS system was provided and reviewed – **See Attachment 3.** Data that was not in Fortuna was minimal according to the company; but to enhance the data and provide some normalization, a contract was developed with Enclarity to do data improvement on the provider data and signed on 12/2/2011 – **See Attachment 4.** Fees are addressed on page 9 of this document. Discussion with Bryan Richardson indicated that the Enclarity process did not improve the data quality as expected. HHI Consulting was utilized to assist in the Project Charter development and conversion project plan – **See Attachment 5.**

A conversation was held with Linda Shoenfelt, Project Manager of the conversion project. Linda was hired from WellCare and had assisted in the implementation of Facets at that company. She noted that she came in at the contract negotiation stage of the game and assisted with the development of the Statements of Work (SOWs) and Service Level Agreements (SLAs). She further indicated that she worked with the outside Project manager from HHI Consulting – specialized in QNXT conversions. A Gap analysis was performed and it was discovered that ZNXT and MedHOK (Medical House of Knowledge – software for encounters) would provide the needed functionality. QNXT is a medical services admin system that is specifically written for government medical system processing. The concept of groups is not the emphasis, but rather the members. Some issues were noted – for example that encounters were not being loaded. Solutions were developed for gaps as much as possible with the short time frame. **See Attachment 6.** Personnel were working around the clock to attempt to achieve the implementation deadline. The company had grown very fast before the infrastructure was ready for the growth. Finally, after 4 mapping attempts and failed testing, the entire team together decided not to go live. This was not until September 2012.

The result of the conversion not being completed in March, 2012 was the requirement for the management of UHCG to negotiate extensions with Indus (E4E) for maintenance and TPA services to their contract which had been signed initially in October, 2006. The IS Specialist asked if Fortuna was a commercial package or written for UHCG. The response was that it is a commercial package but was

developed with advice from UHCG and they were the primary client. It was stated that one impetus for the short conversion project period was disagreement between UHCG management and Indus management. Thus, the differences had to be worked out to allow the company to continue to process business on the old system. Additionally, the infrastructure had to be enhanced at UHCG to allow for adequate capacity and some changes were required for the Fortuna system to handle increased capacity that may arise from open enrollment. The contract amendments were reviewed and changes in prices and dates of renegotiation – **See Attachment 7.** The amendments show the renegotiations at dates specified in the description of the conversion target and modified target dates and the current contract is scheduled to end in March 31, 2013. This is an issue in light of the current conversion date being July – September 2013. It was noted that the run out charge was significantly greater for the contract amendment in March 2011. This could have been a contributing factor in the disagreement between the two companies.

The initial conversion project failed due to two major issues:

- The time allocated for the project created an unattainable goal, therefore important steps were not carried out.
- The data that has not been in good shape since the inception of the Fortuna system (October 2006) and was not appropriately cleaned up and corrected prior to the conversion.

The company is to be commended for curtailing the implementation and go live with the new product prior to open enrollment for 2013. This avoided what the company called a certain fiasco with the acceptance of new members and new plans.

The IS Specialist requested interviews with Bryan Richardson, Sr. Director of Provider Services and Travis Johnson, Sr. Director of Enrollment Services to discuss issues they are working on with the data. These meetings were to gain a better understanding of the data issues other than the claims data that was provided to the IS Specialist for the selection of samples.

Bryan Richardson came to the company from WellCare and has been with the company since June 2012. He noted large data discrepancies and verified that due to the time restraints, insufficient data cleanup and normalization had been done on the provider data prior to the initial conversion attempt. The mapping efforts did not take into account the differences in data relationships in the two systems such as the Line of Business and Plan relationships. The group is an entity for providers in QNXT and the affiliation concept is used whereas this concept had not been applied in Fortuna. Roles would change of a specific group and changes were not appropriately made. Processors were allowed to enter a new provider record if the appropriate address was not found. There were not checks to make sure that the appropriate record did not exist. This resulted in multiple records for many providers – one provider was found to have 5300 records associated with his provider number – 13 locations were valid for the group. There was no QA or really way to find the errors. Bryan's cleanup efforts began following the Enclarity cleanup work, which he stated was not productive. The data was too bad for the Enclarity process to clean up – they did however add the NPI (National Provider Identifier) numbers to the provider records. This fact indicates that the company did not have NPI numbers (which are required for all providers for Medicare and Medicaid) for all providers prior to this effort. The issues with the provider data could have led to incorrect payment of claims, inability to identify duplicate claims submitted and inappropriate pricing of claims prior to the major cleanup effort that is now being conducted at the company. Bryan Richardson hired temps to manually make corrections to much of the data. IT personnel have looked at the original logic for converting provider data and have redone or reworked it to be correct. Bryan is currently reviewing the mapping for correctness. He has created design templates for each type of provider. QNXT pays claims well according to Bryan but does not do

the best job on providers. Therefore UI fixes had to be added to the scope. MedHOK will be used to fill the gaps between needed functionality and the functionality provided by QNXT. Bryan stated that he hopes to do the final provider conversion in mid to late December. One major concern is being able to provide correct and complete provider directory information. There is currently no Trizetto help but they will need to be re-engaged. The project is over budget for both time and cost – The IS Specialist requested a budget to actual comparison – **not provided.**

A conversation was held with Shalendra Dhansar, Sr. Data Analyst to discuss the issues with the data. He explained that 6 years ago Fortuna was a small package and that the company had little growth for the first few years. In 2007, there was a dramatic increase in PFFS enrollment from 20,000 – 66,000 members in 1 week. Due to CMS compliance requirements, the company had to enter the new members onto the system within a short period of time. Thus these members were entered manually resulting in a "fiasco". PFFS indicates any doctor any time with slack requirements at that time. This was the source of many of the data errors – hand entry and no editing in the system at that time. In 2008 and 2009 CMS began requiring NPI (National Provider Identifier) and clamped down on restrictions. In entering the address for both members and providers, there were no data checks allowing incorrect addresses, cities, counties and states to be entered. Incorrect addresses can result in communications with members being misdirected and incorrect data entry can result in inappropriate denial of claims due to apparent ineligibility. These issues were possible with the data at UHCG. IN 2010 the growth began to slow down and the company began to set up for HEDIS (Healthcare Effectiveness Data and Information Set) and decided to strive for 5 star data. The data has been much improved between 2010 and the present according to Shalendra. The IS Specialist followed up on the member data and asked to speak to the head of enrollment.

A new person has also been brought over on March 26, 2012 from WellCare to handle enrollment. Travis Johnson is very experienced in SQL which is the database that Fortuna utilizes. The cleanup process for the enrollment data is being done outside of the master database. The goal is to clean up 3-6 years of experience in enrollment data. QNXT utilizes AEM (Automated Enrollment Management) to handle enrollment. It was discovered that the interface did not accomplish all of the functionality required by the company. They now have an in house process for eligibility handling. Travis has increased the enrollment team from 25-30 people to 65 currently including 22 phone service team number increase. Roles and responsibilities have been added and assigned. There is a team doing member reconciliation between CMS and the company. When there is a reject from CMS a root cause is found by the Quality Team. This team is also handling complaints. The SOW (Statement of Work) for Trizetto and project plan were re-done to reflect all changes from regulatory agencies. Trizetto is taking over the processing functions that are currently being performed by E4E/Indus/Fortuna. There were no SLAs (Service Level Agreements) in the past but they are being incorporated into the Trizetto contract.

The original observation and one of the reasons for the second on site visit resulted from the difficulty experienced in interpreting the data provided for the selection of denied claim samples. The IS Specialist noted the apparent high occurrence of denied claims. Verification of the method of identifying totally denied claims and partially denied claims resulted in discussions with Shalendra Dhansar, Sr Data Analyst. The answers were not clearly defined and often Melissa Johnson, Sr. Claims Manager was brought into the conversation. The data provided was not consistent. Denials were noted in different ways in different data. Rather than having a relational database with denial reasons in a related table, the data had fields numbered – denial reason 1, 2, etc. The fields were not named to reasonably reflect the data in them and the data was not consistent or complete. Some records were found in the claims header records but there were no detail records matching the header records. Some claims indicated no payment but there were records matching those claim numbers in the check file. No

explanation was available for these occurrences. Another improvement was that prior to 2010 anyone could request a change by E4E which kept thing changing unnecessarily. That has been changed and change requests have a defined path.

A conversation was requested with Melissa Johnson, who came to the company from WellCare the end of May, 2012. She noted that there were no management tools in place as she had expected. Her impression is that the data is there somewhere but is hard to get to. In some cases fields have been used for other things. The IS Specialist had run some queries to determine percentages of denied claims. It was determined that no reliance could be placed on the results due to difficulties with data consistency. Melissa was asked by the EIC to create a denied claim report showing percentages. During the onsite discussion, she was working on perfecting her queries to take all of the differences in the meaning of denied into consideration. IPAs and capitated services which should have been excluded – in the remark field (open text). She was working on the iterations of the query to be able to produce an accurate denial report (a basic management tool) from the current data. When asked about the new system, Melissa stated that the prior managers who have now left the company had seen the system but she has not seen the new system. Most first pass processing is performed in India by Indus (E4E) with some of the reconsiderations being worked at the St Petersburg location. Weekly audit meetings are held with the claims processing units in India and daily inventory is reviewed.

Debra Wingo discussed Diversion claims with the IS Specialist and the EIC. She explained that this is a pilot program in Florida and that the company has put in a bid to provide services for multiple counties. The new program will be called MLTC. The company submitted a bid on 8 of the 11 counties where the LOB will be offered. QNXT does not have the required configuration to handle Diversion. The current Diversion data indicated that 95% of the claims were denied. This was not correct but is an example of the data quality and completeness associated with the claims data for diversion. A system will need to be found or developed to handle Diversion members, providers and claims in the future.

In summary, the following observations have been made:

- The data of the company has been unsatisfactory for several years. An initiative is currently in place to improve the quality and completeness of the data for providers, members and claims. Claims data and processing is dependent on provider and member data. Therefore, claims processing could have been compromised over the last years due to the inadequacy of the provider and member data.
- The company has spent a large amount of money to date on infrastructure upgrades, changes to Fortuna to increase capacity, consultants to improve data and conversion efforts that have not been successful. The comparison of the conversion budget to actual comparison has not been provided so it is not possible to quantify how much over budget and over hours the project is. Additionally, infrastructure will be outsourced for the hosting of QNXT once the conversion is complete.
- There are several functions that cannot be performed in QNXT which are essential for the business to run, for example, provider tracking, enrollment and diversion processing. Additional software has been purchased to accommodate these functions.
- The current contract for claims processing and maintenance of Fortuna is scheduled to be terminated in March of 2013 and the project plan indicates that the conversion will be completed in July – September of 2013. This implies that an additional renewal will probably be required.

- The company has brought in new personnel to perform data cleanup, mapping and conversion. This should bring a more positive result to the new conversion process.
- It was stated that storage is currently at 65% which is high when growth is anticipated, however, the infrastructure will be outsourced to Trizetto once the conversion is complete.

The IS Specialist strongly recommends that the state follow the progress of the conversion and new processing implementation as well as the implementation of the ODS (Operational Data Store).

MBF

January 29, 2013

Universal Health Care, Inc.
100 Central Avenue, Suite 200
St. Petersburg, FL 33701
Attention: Dr. Akshay Desai

Dear Dr. Desai:

Reference is made to that certain letter, dated January 22, 2013 (the "January 22, 2013 Letter"), sent by MBF Healthcare Management, LLC ("MBF") to you relating to a potential investment in Universal Health Care, Inc. ("Universal") and certain affiliated entities (the "Investment"). All defined terms not otherwise specifically defined herein shall have the meanings ascribed to such terms in the January 22, 2013 Letter.

One of the conditions to proceeding with the potential Investment was that the Capital Deficit of Universal not exceed $30,000,000 on each of December 31, 2012 and the end of the month immediately preceding consummation of the Investment. Based upon the diligence we have conducted, we have concluded that this condition, along with certain other conditions referenced in the January 22, 2013 Letter, cannot be satisfied. Accordingly, we hereby notify you of our determination to terminate the negotiations relating to the potential Investment, and any obligations MBF may have had under the January 22, 2013 Letter or otherwise relating to the potential Investment are no longer of force and effect.

We regret that we were not able to consummate a transaction and wish you the best.

Very truly yours,

MBF Healthcare Management, LLC

By: _____
Name: Jorge C. Rico
Title: Managing Director

EXHIBIT
K

N THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT,
IN AND FOR LEON COUNTY, FLORIDA

State of Florida, ex rel., the
Department of Financial Services of
the State of Florida,

Relator,

v. CASE NO: _____

Universal Health Care Insurance
Company, Inc.,

Respondent,

_____/

ORDER APPOINTING THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES AS RECEIVER FOR PURPOSES OF LIQUIDATION, INJUNCTION AND NOTICE OF AUTOMATIC STAY

THIS CAUSE was considered on the Application of the State of Florida, Department of Financial Services (hereinafter the "Department") for an Order to Show Cause on the appointment of a Receiver of Universal Health Care, Inc. (hereinafter the "Respondent" or "UHCIC") for Purposes of Liquidation and Request for Expedited Hearing filed on February 4, 2013 (hereinafter, "Application"). After consideration, this Court entered its Order to Show Cause, Injunction and Automatic Stay, on ____ ___, 2013. A hearing was conducted on the Order to Show Cause on _____ __, 2013, wherein the Department and Respondent appeared and presented evidence and argument related to the Department's allegations contained in its Application.

The Court, having reviewed and considered the pleadings of record, heard the evidence of the parties and arguments of counsel, and otherwise being fully informed in the premises, finds:

1. This Court has jurisdiction pursuant to Section 631.021(1), Florida Statutes, and venue is proper pursuant to Section 631.021(2), Florida Statutes.

2. Respondent is a corporation authorized pursuant to the Florida Insurance Code to transact business in the state of Florida as a domestic life and health insurer since May 26, 2006. Respondent's principal place of business is located at 100 Central Avenue, Suite 200, St. Petersburg, Florida 33701.

3. Section 631.021(3), Florida Statutes, provides that a delinquency proceeding pursuant to Chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving a Florida domiciled insurer.

4. Sections 631.031 and 631.061, Florida Statutes, authorize the Department to apply to this Court for an Order directing it to liquidate a domestic insurer upon the existence of any grounds specified in Section 631.051, Florida Statutes, or if an insurer is or is about to become insolvent.

5. Section 631.031 directs the Department to initiate such delinquency proceedings after receiving notification from the Director of the Office of Insurance Regulation as to the existing grounds for the initiation of such proceedings.

6. On February 1, 2013, pursuant to Section 631.031(1), Florida Statutes, Kevin McCarty, Commissioner of the Florida Office of Insurance Regulation ("Office"), advised by letter to Florida's Chief Financial Officer, Jeff Atwater, that the Office determined grounds existed for the initiation of delinquency proceedings against Respondent.

7. Respondent is found by the office to be in such condition as to render its further transaction of insurance hazardous to its policyholders, creditors, stockholders, or the public. Section 631.051(3), Florida Statutes. Accordingly, grounds exist pursuant to Sections 631.051(3) and 631.061 for entry of an Order appointing the Department as receiver of Respondent for purposes of Liquidation.

8. Pursuant to Sections 631.051 and 631.061, Florida Statutes, this Court finds that it is in the best interests of Respondent, its creditors and its members that the relief requested in the Department's Application be granted. The Court further finds the Respondent to be insolvent pursuant to Section 631.061(1), Florida Statutes.

THEREFORE, IT IS ORDERED AND ADJUDGED as follows:

9. The Department of Financial Services of the State of Florida shall be and is hereby appointed Receiver of Respondent for purposes of liquidation effective immediately.

10. The Receiver shall be authorized and directed to:

A. Take immediate possession of all the property, assets, and estate, and all other property of every kind whatsoever and wherever located belonging to Respondent pursuant to Sections 631.111 and 631.141, Florida Statutes, including but not limited to: offices maintained by Respondent, rights of action, books, papers, electronic records, evidences of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, wherever situate and however titled, whether in the possession of Respondent or its officers, directors, shareholders, trustees, employees, consultants, attorneys, agents or affiliates and all real property of Respondent, wherever

situate, whether in the possession of Respondent or its officers, directors, shareholders, trustees, employees, consultants, attorneys, agents or affiliates or other persons.

B. Liquidate the assets of Respondent, including but not limited to, funds held by Respondent's agents, subagents, producing agents, brokers, solicitors, service representatives or others under agency contracts or otherwise which are due and unpaid to Respondent, including premiums, unearned commissions, agents' balances, agents' reserve funds, and subrogation recoveries.

C. Employ and authorize the compensation of legal counsel, actuaries, accountants, clerks, consultants, and such assistants as it deems necessary, purchase or lease personal or real property as it deems necessary, and authorize the payment of the expenses of these proceedings and the necessary incidents thereof, as approved by the Court, to be paid out of the funds or assets of the Respondent in the possession of the Receiver or coming into its possession.

D. Reimburse such employees, from the funds of this receivership, for their actual necessary and reasonable expenses incurred while traveling on the business of this receivership.

E. Not defend or accept service of process on legal actions wherein Respondent, the Receiver, or the insured is a party defendant, commenced either prior to or subsequent to the order, without authorization of this Court; except, however, in actions where Respondent is a nominal party, as in certain foreclosure actions, and the action does not affect a claim against or adversely affect the assets of Respondent, the Receiver may file appropriate pleadings in its discretion.

F. Commence and maintain all legal actions necessary, wherever

necessary, for the proper administration of this receivership proceeding.

G. Collect all debts which are economically feasible to collect which are due and owing to Respondent.

H. Deposit funds and maintain bank accounts in accordance with Section 631.221, Florida Statutes.

I. Take possession of all of Respondent's securities and certificates of deposit on deposit with the Chief Financial Officer of Florida or any similar official of any other state, if any, and convert to cash as much as may be necessary, in its judgment, to pay the expenses of administration of this receivership.

J. Publish notice specifying the time and place fixed for the filing of claims with the Receiver once each week for three consecutive weeks in the Florida Administrative Weekly published by the Secretary of State, and at least once in the Florida Bar News and to publish notice by similar methods in all states where Respondents may have issued insurance policies.

K. Negotiate and settle subrogation claims and Final Judgments without further order of this Court.

L. Sell any salvage recovered property without further order of this Court.

M. Coordinate the operation of the Receivership with the Florida Health and Life Insurance Guaranty Association ("FLHIGA") pursuant to Part III, Chapter 631, Florida Statutes, as may be necessary. The Receiver may in its discretion, contract with the FLHIGA or other relevant guaranty associations to provide services as are necessary to carry out the purposes of Chapter 631.

N. Give notice of this proceeding to Respondent's agents pursuant to Section 631.341, Florida Statutes, and to its insureds, if any.

O. For purposes of this Order, the term "affiliate" shall be defined in accordance with Section 631.011(1), Florida Statutes and includes but is not limited to Universal Health Care, Inc., Universal Health Care Group, Inc., and American Managed Care, LLC.

P. The Receiver is granted all of the powers of the Respondent's directors, officers, and managers, whose authority is hereby suspended, except as such powers are re-delegated in writing by the Receiver. The Receiver has full power to direct and manage the affairs of Respondent, to hire and discharge employees, and to deal with the property and business of the Respondent.

Q. Apply to this Court for further instructions in the discharge of its duties as the Receiver deems necessary.

IT IS FURTHER ORDERED AND DIRECTED:

11. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of Respondent's affairs or the affairs of its affiliates shall be required to fully cooperate with the Receiver, pursuant to Section 631.391, Florida Statutes, notwithstanding the provisions of the above paragraph. Any person who fails to cooperate with the Receiver, interferes with the Receiver, or fails to follow the instructions of the Receiver, may, at the Receiver's

discretion, be excluded from Respondent's business premises.

12. Title to all property, real or personal, all contracts, rights of action and all books and records of Respondent, wherever located, is vested in the Receiver pursuant to Sections 631.111 and 631.141, Florida Statutes.

13. All officers, directors, trustees, administrators, agents and employees and all other persons representing Respondent or currently employed or utilized by Respondent in connection with the Conduct of its business are discharged forthwith; provided, however, the Receiver may retain such persons in the Receiver's discretion.

14. All attorneys employed by Respondent as of the date of the Order, within 10 days notice of the Order, are required to report to the Receiver on the name, company claim number and status of each file they are handling on behalf of the Respondent. Said report shall also include an accounting of any funds received from or on behalf of the Respondent. All attorneys employed by Respondent shall be discharged as of the date of the Order unless their services are retained by the Receiver. All attorneys employed by Respondent shall be advised that pursuant to Section 631.011(21), Florida Statutes, a claim based on mere possession does not create a secured claim and all attorneys employed by Respondent, pursuant to In Re the Receivership of Syndicate Two, Inc., 538 So.2d 945 (Fla. 1st DCA 1989), who are in possession of litigation files or other material, documents or records belonging to or relating to work performed by the attorney on behalf of Respondent shall be required to deliver such litigation files, material, documents or records intact and without purging to the Receiver, on request, notwithstanding any claim of a retaining lien which, if otherwise valid, shall not be extinguished by the delivery of these documents.

15. All agents, brokers or other persons having sold policies of insurance and/or collected premiums on behalf of the Respondent shall be required to account for and pay all premiums and commissions unearned due to cancellation of policies by the Order or in the normal course of business owed to the Respondent directly to Receiver within 30 days of demand by the Receiver or appear before this Court to show cause, if any they may have, as to why they shall not be required to account to the Receiver or be held in contempt of Court for violation of the provisions of the Order. No agent, broker, premium finance company or other person shall use premium monies owed to the Respondent for refund of unearned premium or for any purpose other than payment to the Receiver.

16. Any premium finance company which has entered into a contract to finance a premium for a policy which has been issued by the Respondent shall be required to pay any premium owed to the Respondent directly to the Receiver.

17. Reinsurance premiums due to or payable by Respondent shall be remitted to, or disbursed by, the Receiver. Reinsurance losses recoverable or payable by Respondent shall be handled by the Receiver. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary.

18. Upon request by the Receiver, any company providing telephonic services to Respondent shall be required to provide a reference of calls from the number presently assigned to Respondent to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership.

19. Any bank, savings and loan association, or other financial institution which

has on deposit, in its possession, custody or control any funds, accounts and any other assets of Respondent, shall be required to immediately transfer title, custody and control of all such funds, accounts and other assets to the Receiver. The Receiver shall be authorized to change the name of such accounts and other assets, withdraw them from such bank, savings and loan association or other financial institution, or take any lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association or other financial institution shall be permitted to exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court.

20. Any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to Respondent shall be required to maintain such service and transfer any such accounts to the Receiver as of the date of the Order, unless instructed to the contrary by the Receiver.

21. Any data processing service, which has custody or control of any data processing information and records including but not limited to source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to Respondent is directed to transfer custody and control of such records to the Receiver. The Receiver shall be authorized to compensate any such entity for the actual use of hardware and software which the Receiver finds to be necessary to this proceeding. Compensation should be based upon the monthly rate provided for in contracts or leases with Respondent which was in effect when this proceeding was instituted, or based upon such contract as may be negotiated by the Receiver, for the actual time such equipment and software is used by the

Receiver.

22. The United States Postal Service shall be directed to provide any information requested by the Receiver regarding Respondent and to handle future deliveries of Respondent's mail as directed by the Receiver.

23. All claims shall be filed with the Receiver on or before 11:59:59 p.m. EST, on the date of one year following the entry of this Order, or be forever barred, and all such claims shall be filed on proof of claim forms prepared by the Receiver.

24. In order to assure the validity of claim assignments, to assure that the processing of assignments does not create an undue burden on estate resources, and to assure that assignment decisions are made using the best information available, the Receiver shall not recognize or accept any assignment of claim by the claimant of record unless the following criteria are met:

A. A distribution petition has not been filed with this Court;

B. The Receiver has been provided with a properly executed and notarized assignment of claim agreement entered into between the parties; and

C. The Receiver has been provided with a properly executed and notarized Receiver's Assignment of Claim Change Form and required supporting documentation.

D. The Receiver's Assignment of Claim Change Form shall contain an acknowledgement by the claimant, or someone authorized to act on behalf of the claimant, that:

1. The claimant is aware that financial information regarding

claims distributions and payments published on the Receiver's website or otherwise available can assist the claimant in making an independent and informed decision regarding the sale of the claim;

2. The claimant understands that the purchase price being offered in exchange for the assignment may differ from the amount ultimately distributed in the receivership proceeding with respect to the claim;

3. It is the claimant's intent to sell their claim and have the Receiver's records be permanently changed to reflect the new owner; and

4. The claimant understands that that they will no longer have any title, interest, or rights to the claim including future mailings and distributions if they occur.

25. All executory contracts to which the Respondent was a party shall be cancelled and stand cancelled unless specifically adopted by the Receiver within ninety (90) days of the date of this Order or from the date of the Receiver's actual knowledge of the existence of such contract, whichever is later. "Actual Knowledge" means the Receiver has in its possession a written contract to which the Respondent is a party, and the Receiver has notified the vendor in writing acknowledging the existence of the contract.

Further, the Receiver shall have the authority to do the following:

1) Pay for services provided by any of Respondent's vendors, in the ninety (90) day period prior to assuming or rejecting the contract, which are necessary to administer the Receivership estate;

2) Once the Receiver determines Respondent's vendor is necessary in the continued administration of the Receivership estate for a period to exceed the ninety (90) days from the date of this order, or form the date of Receiver's actual knowledge of such contract, whichever is later, the Receiver may make minimal modifications to the terms of the contract, including, but not limited to, the expiration date of the agreement, the scope of the services to be provide, and/or the compensation to be paid to Respondent's vendor pursuant to the contract. "Minimal Modifications" shall mean any minimum alteration made to the contract in order to adapt to the new circumstances of the Receivership estate. In no event will any minimal modification be construed as the receiver entering into a new contract with Respondent's vendor.

Any vendor, including but not limited to, any and all employees / contractors of insurer, claiming the existence of a contractual relationship with the insurer shall provide notice to the Receiver of such relationship. This notice shall include any and all documents and information regarding the terms and conditions of the contract, including a copy of the written contract between the vendor and the insurer, if any, what services or goods were provided pursuant to the contract, any current, future and/or past due amounts owing under the contract, and any supporting documentation for third party services or goods provided. Failure to provide the required information may result in vendors' contractual rights not being recognized by the Receiver. The rights of the parties to any such contracts are fixed as of the date of the Order and any cancellation under this provision shall not be treated as an anticipatory breach of such contracts.

26. All affiliated companies and associations, including but not limited to Universal Health Care, Inc., Universal Health Care Group, Inc., and American Managed Care, LLC., shall make their books and records available to the Receiver (including electronic records), to include all records located in any premises occupied by said affiliate, whether corporate records or not, and to provide copies of any records requested by the Receiver whether or not such records are related to Respondent. The Receiver shall have title to all policy files and other records of, and relating to Respondent, whether such documents are kept in offices occupied by an affiliate company or any other person, corporation, or association. The Receiver shall be authorized to take possession of any such records, files, and documents, and to remove them to any location in the Receiver's discretion. Any disputed records shall not be withheld from the Receiver's review, but shall be safeguarded and presented to this Court for review prior to copying by the Receiver.

27. The Receiver shall have complete access to and administrative control of all information technology resources of the Respondent and its affiliates at all times including, but not limited to, Respondent's computer hardware, software and peripherals. Each affiliate shall be given reasonable access to such records for the purpose of carrying out its business operations.

28. Any person, firm, corporation or other entity having notice of the Order that fails to abide by its terms is directed to appear before this Court to show good cause, if any they may have, as to why they shall not be held in contempt of Court for violation of the provisions of this Order.

29. Except as noted in the following paragraph, pursuant to the provisions of

631.252, Florida Statutes, all policies of insurance or similar contracts of coverage that have not expired are cancelled effective 12:01 a.m. EST on the date of liquidation. Policies or contracts of coverage with normal expiration dates prior to the dates otherwise applicable under this paragraph, or which are terminated by insureds or lawfully cancelled by the Receiver or insurer before such date, shall stand cancelled as of the earlier date.

30. Pursuant to Sections 631.041(3) and (4), Florida Statutes, all persons, firms, corporations and associations within the jurisdiction of this Court, including, but not limited to, Respondent and its officers, directors, stockholders, members, subscribers, agents and employees, are enjoined and restrained from the further transaction of the insurance business of the Respondent; from doing, doing through omission, or permitting to be done any action which might waste or dispose of the books, records, including but not limited to electronic records, and assets of the Respondent; from in any means interfering with the Receiver or these proceedings; from the transfer of property and assets of Respondent without the consent of the Receiver; from the removal, concealment, or other disposition of Respondent's property, books, records, and accounts; from the commencement or prosecution of any actions against the Respondent or the Receiver together with its agents or employees, the service of process and subpoenas, or the obtaining of preferences, judgments, writs of attachment or garnishment or other liens; and, from the making of any levy or execution against Respondent or any of its property or assets. Notwithstanding the provisions of this paragraph, the Receivers should be permitted to accept and be subpoenaed for non-party production of claims files in its possession, including medical records, which

may be contained therein. In such cases, the requesting party must submit an affidavit to the Receiver stating that notice of the non-party production was appropriately issued and provided to the patient and that the patient was given the opportunity to object and either did not object to the non-party production, or objected and the Court overruled the objection, in which case a copy of the Court's ruling must be attached to the affidavit. The Receiver should be authorized to impose a charge for copies of such claim files pursuant to the provisions of Sections 119.07(1)(a), and 624.501, Florida Statutes.

31. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent shall fully cooperate with the Receiver in the effort to liquidate Respondent.

32. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent having any interest in the building located at 100 Central Avenue, Suite 200, St. Petersburg, Florida, 33701, or any other facility in which Respondent may operate, shall make available, at that location and at no charge to the Receiver or to Respondent, office space, and related facilities (telephone service, copiers, computer equipment and software, office supplies, parking, etc.) to the extent deemed necessary by the Receiver in its sole discretion.

33. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent having any interest in the computer equipment and software currently used by or for Respondent shall make such computer equipment and software available to the Receiver at no

charge to the Receiver or Respondent to the extent deemed necessary by the Receiver in its sole discretion.

CONTINUATION OF INVESTIGATION

34. The Receiver shall be authorized to conduct an investigation as authorized by Section 631.391, Florida Statutes, of Respondent and its affiliates, as defined above, to uncover and make fully available to the Court the true state of Respondent's financial affairs. In furtherance of this investigation, Respondent and its affiliate shall be required to make all books, documents, accounts, records, and affairs, which either belong to or pertain to Respondent, available for full, free and unhindered inspection and examination by the Receiver during normal business hours (8:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the Order. Respondent and the above specified entities shall be required to cooperate with the Receiver to the fullest extent required by Section 631.391, Florida Statutes. Such cooperation shall include, but not be limited to, the taking of oral testimony under oath of Respondent's officers, directors, managers, trustees, agents, adjusters, employees, or independent contractors of Respondent, its affiliates and any other person who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Respondent in both their official, representative and individual capacities and the production of all documents that are calculated to disclose the true state of Respondent's affairs.

35. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority

over, or who exercises or exercised any control over, any segment of the affairs of Respondent or its affiliates shall be required to fully cooperate with the Receiver as required by Section 631.391, Florida Statutes, and as set out in the preceding paragraph. Upon receipt of a certified copy of the Order, any bank or financial institution shall be required to immediately disclose to the Receiver the existence of any accounts of Respondent and any funds contained therein and any and all documents in its possession relating to Respondent for the Receiver's inspection and copying.

36. All Sheriffs and all law enforcement officials of this state shall cooperate with and assist the Receiver in the implementation of this Order.

37. In the event the Receiver determines that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of the Respondent is appropriate, the Receiver shall prepare a plan to effect such changes and submit the plan to this Court for consideration.

NOTICE OF AUTOMATIC STAY

38. Notice is hereby given that, pursuant to Section 631.041(1), Florida Statutes, the filing of the Department's initial petition herein operates as an automatic stay applicable to all persons and entities, other than the Receiver, which shall be permanent and survive the entry of this order, and which prohibits:

A. The commencement or continuation of judicial, administrative or other action or proceeding against the insurer or against its assets or any part thereof;

B. The enforcement of judgment against the insurer or an affiliate, provided that such affiliate is owned by or constitutes an asset of Respondent, obtained either before or after the commencement of the delinquency proceeding;

C. Any act to obtain possession of property of the insurer;

D. Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined in Section 631.011(21), Florida Statutes;

E. Any action to collect, assess or recover a claim against the insurer, except claims as provided for under Chapter 631;

F. The set-off or offset of any debt owing to the insurer except offsets as provided in Section 631.281, Florida Statutes.

39. This Court retains jurisdiction of this cause for the purpose of granting such other and further relief as from time to time shall be deemed appropriate.

DONE and ORDERED in Chambers at the Leon County Courthouse in Tallahassee, Florida this _____ day of _____, 2013.

_____
CIRCUIT JUDGE

Copies furnished to:

Robert V. Elias, Esq.
Timothy Newhall, Esq.
Lourdes Calzadilla, Esq.
Jody E. Collins, Esq.

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Audit Committee and Management
Universal Health Care, Inc.

April 12, 2012

In planning and performing our audit of the statutory-basis financial statements of Universal Health Care, Inc. (the Company) as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the statutory-basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

During our audit, we noted the following matters involving internal control over financial reporting and its operation that we consider to be material weaknesses as of December 31 2011.

Financial Statement Close Process

The financial statement close process is defined as the process where the results of various transactions are summarized, reviewed, consolidated, edited and created into a variety of management financial reports. The boundaries of this process begin with the preparation of the preliminary trial balance and end with the preparation of the financial statements and related disclosures and analyses. The process includes closing the general ledger and preparing the trial balances and any consolidation entries, accumulating the posting of journal entries, drafting the financial statements and disclosures, and preparing management's discussion and analysis.

Several of the Company's processes that are integral parts of the financial statement close process were found to be deficient during the course of our audit. As a result, approximately sixty entries have been proposed by either Company personnel or our audit team, including an individually significant entry related to medical and pharmacy claims payable for approximately $7.0 million that was not recorded by management and contributed to our issuance of a qualified audit opinion. Additionally, we noted that the financial statement close process had not been formally completed when we began our year-end audit fieldwork in late February 2012. We also note that the

EXHIBIT
EXHIBIT "E"

Company's accrual for medical claims payable was not finalized until the middle of March 2012 and a complete draft of the statutory-basis financial statements was not available until early April 2012, which is beyond the regulatory reporting requirement of April 1, 2012.

There should be a formal process in place in order to ensure that financial statements are generated appropriately and timely. This should include, but not be limited to, the following:

- A process to ensure all expenses incurred during the period are accrued as of the month-end date
- A process to ensure that premiums and other health care receivables are recognized correctly as they are earned and that proper cut-off is achieved from period to period
- A process to improve the tracking of claim overpayments.
- A process to consider the effects of subsequent claims payments on the liability for medical and pharmacy claims payable.
- A formal process to review key financial information by employees that are not responsible for the preparation of such financial information.
- A re-evaluation of the information technology and accounting resource capability in response to an increase in the complexity, nature, volume of transactions, and growth of the entity over the past two years

We recommend management review its current procedures for key processes within the financial statement close process and determine the appropriateness for those processes for preventing or detecting and correcting material misstatements, preparing reliable, accurate monthly and annual reporting and ensuring such processes are consistent with leading practices in the industry. The Company should consider computer, computer-dependent and manual controls that affect such processes as well as the adequacy of the Company's current information system to provide the necessary information.

This communication is intended solely for the information and use of the audit committee, board of directors, management, others within the organization and the State of Florida Department of Financial Services Office of Insurance Regulation to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

April 12, 2012

BankUnited
7765 NW 148th Street
Miami Lakes, FL 33016

Charles J. Klenk
Senior Vice President,
Commercial Banking
Tel (305) 698 4113
E-mail: cklenk@bankunited.com

BankUnited

October 29, 2012

Universal Health Care Group, Inc.
American Managed Care, LLC
100 Central Avenue, Suite 200
Saint Petersburg, FL 33701
Attn: General Counsel
Facsimile: (727)-456-7873
Email: spatel@univhc.com

VIA EMAIL, FEDERAL EXPRESS OVERNIGHT AND FACSIMILE

Re: Notice of Default Under Credit Agreement Among Universal Health Care Group, Inc., as Borrower ("Universal"), American Managed Care, LLC, as Guarantor ("AMC"), BankUnited, N.A., as Administrative Agent, and the Lender Parties Thereto, Dated April 6, 2012 (the "Credit Agreement")

Dear Mr. Patel:

The purpose of this letter is to inform you that the Administrative Agent and all required lenders under the Credit Agreement have determined that Events of Default exist under the Credit Agreement.

At the time the Credit Agreement was entered into, Universal provided BankUnited and the lending parties with the unaudited consolidated and consolidating financial statements of itself and its subsidiaries for the period ending December 31, 2011. Universal then provided its audited financial statements for the year ending December 31, 2011 on July 31, 2012. The audited financial statements differ materially from those provided at the time of closing and indicate a loss from operations of $43,898,539 and a loss before income taxes of $46,168,814. To say the least, this is an extreme and material change to the financial statements provided at the time of closing. At no time were the Administrative Agent or other lenders informed of this change until the audited financial statements were received. In addition, upon requesting an extension to provide the audited financial statements by July 31, 2012, Universal and AMC represented that they were not aware of any Events of Default.

It is the position of the required lenders that Events of Default exist under Section 7.1 of the Credit Agreement, which include without limitation:

1. 7.1(b) Misrepresentations—that the financial statements provided were incorrect at the time of closing, and that Universal and AMC falsely stated under the Waiver Agreement dated May 29, 2012 there were no Events of Default under the Credit Agreement.

2. 7.1(c) Covenant Default—that Universal breached its affirmative covenant under Section 5.7(i) to promptly inform the Administrative Agent of any development or event which could reasonably be expected to have a material adverse effect.

In furtherance of the foregoing, Section 3.1 of the Credit Agreement provides that the unaudited statements delivered for the period ending 12/31/11 were prepared in accordance with GAAP, fairly presented in all material respects the financial condition of Universal and its subsidiaries, and disclosed all material indebtedness and other liabilities, direct or contingent. Section 3.2 of the Credit Agreement provides that since December 31, 2011 there had been no development or event which has or could reasonably be expected to have a material adverse effect. Section 3.22 of the Credit Agreement provides that all factual information previously furnished or hereinafter furnished on behalf of Universal will be true and accurate in all material respects and not incomplete by omitting to state any material fact necessary to make such information not misleading.

Although the required lenders have determined that one or more Events of Default exist, and are hereby placing you on notice of such defaults, the required lenders have chosen not to exercise their remedies at this time pending further discussions and negotiations among the parties. Nothing contained herein constitutes a waiver of any rights of the required lenders which may be exercised at any time. Notwithstanding the foregoing, you are also hereby notified that the lenders have a perfected security interest in Universal's general intangibles, which include, among other things, the entirety of any tax refund (the "Tax Refund") that is currently due and owing to Universal.

While we are aware that Universal, AMC and their regulated subsidiaries are parties to a Tax Sharing Agreement and file their tax returns on a consolidated basis, the law clearly provides that, under circumstances similar to those at issue here, the filing entity that is entitled to receive the proceeds of a tax refund has an ownership interest in such funds, with all other entities within the enterprise holding a potential claim in their capacity as creditors. See, e.g., BankUnited Financial Services, Inc. v. FDIC (In re Bankunited Financial Corporation), 462 B.R. 885 (Bankr. S.D. Fla. 2011).

In accordance with the foregoing, you are hereby notified that any restructuring proposal presented by Universal and AMC must consider the lenders' secured interest in the Tax Refund and that immediately upon receipt of the Tax Refund, it must be placed in an escrow account at BankUnited and remain there pending the instruction of the required lenders. Further, please be advised that any attempt to place additional debt on the real estate or to compromise the rights of the lenders with respect to the Tax Refund without the prior express consent of the required lenders, including through a transfer of any portion of those funds to any of the regulatory subsidiaries, would constitute a breach of the Credit Agreement and would be met with immediate legal action against Universal, AMC and their respective fiduciaries. Please be further advised that any effort to sell, transfer, lease or otherwise dispose of the real estate, or assets generally, is flatly prohibited under Section 6.4(a) of the Credit Agreement, which, among other things, disallows transfers of property or assets exceeding $500,000 as set forth in Section 6.4(a)(vi) and, further, restricts all transfers during the existence of an Event of Default.

The lenders look forward to receiving your anticipated restructuring proposal.

Please be advised that the statements set forth in this letter are made without prejudice concerning additional facts which may become known and as to any other remedies possessed by the lenders, all of which are reserved.

Sincerely,

BANKUNITED, N.A.
as Administrative Agent

By: _____
Charles Klenk, Senior Vice President

BankUnited
7765 NW 148th Street
Miami Lakes, FL 33016

Charles J. Klenk
Senior Vice President,
Commercial Banking
Tel (305) 698 4113
E-mail: cklenk@bankunited.com

BankUnited

November 14, 2012

Universal Health Care Group, Inc.
American Managed Care, LLC
100 Central Avenue, Suite 200
Saint Petersburg, FL 33701
Attn: General Counsel
Facsimile: (727) 456-7873
Email: spatel@univhc.com

VIA EMAIL, FEDERAL EXPRESS OVERNIGHT AND FACSIMILE

Re: Supplemental Notice of Default Under Credit Agreement Among Universal Health Care Group, Inc., as Borrower ("Universal"), American Managed Care, LLC, as Guarantor ("AMC"), BankUnited, N.A., as Administrative Agent, and the Lender Parties Thereto, Dated April 6, 2012 (the "Credit Agreement")

Dear Mr. Patel:

The purpose of this letter is to (i) respond to that certain Notice of Reservation of Rights, dated October 31, 2012 (the "Reservation of Rights"), issued by Universal and AMC to the Administrative Agent;[1] (ii) inform you that the Administrative Agent and all Required Lenders have determined that additional Events of Default exist under the Credit Agreement beyond those previously identified in the Notice of Default, dated October 29, 2012, issued by the Administrative Agent to Universal and AMC (the "Initial Notice of Default"); and (iii) to notify you that the Administrative Agent and all Required Lenders have elected to exercise certain of their remedies under Section 7.2 of the Credit Agreement, including, but not limited to, the immediate termination of all Commitments under the Credit Agreement, as discussed below.

I. THE RESERVATION OF RIGHTS

As you are aware, the Initial Notice of Default provided by the Administrative Agent, which is incorporated herein by reference, states that Events of Default exist under Section 7.1(b) of the Credit Agreement as a result of incorrect, false and/or misleading statements contained (i) in the unaudited consolidated and consolidating financial statement of Universal and its subsidiaries for the period ending December 31, 2011 (the "Unaudited Financial Statements"), which was provided to the Administrative Agent and Lenders prior to (and in furtherance of) the closing of the Credit Agreement, and (ii) in the Waiver Agreement, dated May 29, 2012, which sought an extension for Universal to

[1] Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Credit Agreement.

provide audited financial statements and, in the same document, incorrectly stated that there were no Events of Default under the Credit Agreement. The Initial Notice of Default also explains that an Event of Default exists under Section 7.1(c) of the Credit Agreement as a result of Universal's failure to promptly inform the Administrative Agent of substantial losses and revisions to the Unaudited Financial Statements which could reasonably be expected to have a Material Adverse Effect.

Specifically, as set forth in the Initial Notice of Default, the audited financial statements that were provided by Universal to the Administrative Agent, dated July 31, 2012 (the "Audited Financial Statements"), materially differed from the Unaudited Financial Statements provided in anticipation of closing by, among other things, indicating a *loss* before income taxes of $46,168,814 (as opposed to a *profit* of $16,044,851) and a *net loss* of $29,002,958 (as opposed to *net income* of $10,761,982). Despite the magnitude of the foregoing revisions, *which reflect a downward adjustment to EBITDA of $62 million*, and the request for an extension to provide the Audited Financial Statements, Universal failed to provide the Administrative Agent or the Lenders with *any notice* of the foregoing material changes until the Audited Financial Statements were finalized and, in the interim, affirmatively represented that it was not aware of any Events of Default.

We have reviewed the Reservation of Rights, wherein Universal and AMC conclude that there have been no Events of Default under either Section 7.1(b)(1) or Section 7.1(c)(1) of the Credit Agreement. For the reasons set forth below, the Administrative Agent and the Required Lenders reject the conclusions set forth in the Reservation of Rights and restate that the foregoing Events of Default are ongoing.

A. Misrepresentations

In the Reservation of Rights, you have argued that incorrect statements contained in the Unaudited Financial Statements do not violate Section 7.1(b)(i) of the Credit Agreement for two primary reasons. Each argument is addressed below in turn.

First, you submit that statements contained in the Unaudited Financial Statements were not incorrect, false or misleading "on or as of the date made or deemed made" and, as such, do not technically violate Section 7.1(b)(i) of the Credit Agreement. In response, the Administrative Agent and Required Lenders state that the sheer scope and extent of the material changes reflected in the delayed Audited Financial Statements irrefutably establish that the results initially reflected in the Unaudited Financial Statements—which, among other things, overstated EBITDA by more than $62 million—and, by extension, the representations and warranties provided under Sections 3.1(a) of the Credit Agreement (Financial Condition), were incorrect, false and misleading as of the date made. In declaring an Event of Default, Section 7.1(b)(i) of the Credit Agreement does not require an opinion as to whether misrepresentations are the result of negligence, gross negligence, or intentional fraud and, accordingly, no such qualification is provided here. However, if the misrepresentations are intentional and were made for the purpose of inducing the Lenders to enter into the Credit Agreement there is the potential for additional and/or personal liability that will have to be evaluated. We are specifically reserving our rights in that regard upon completion of such further determination.

In addition to the foregoing, however, it is important to also stress that Section 3.2 of the Credit Agreement independently provides an added basis for default, as it explicitly

represents and warrants that there shall be "no development or event which has had or could reasonably be expected to have a Material Adverse Effect," including as may be shown from the *date of the delivery* of the Audited Financial Statements. This representation, which is ongoing, is "deemed made" as of the date of the Audited Financial Statements, and is also incorrect, false and misleading as the Audited Financial Statements clearly reflect the existence of a Material Adverse Effect and, thus, constitute an additional Event of Default under Section 7.1(b) of the Credit Agreement.

Second, you have argued that the changes reflected in the Audited Financial Statements do not constitute a default because they reflect revisions that you submit are "generally considered immaterial" pursuant to Generally Accepted Auditing Standards, because they are less than 5% in certain selected categories. This argument is also unpersuasive. As an initial matter, the statement that, "as a matter of custom and practice in the accounting industry, revisions of less than 5% are generally considered immaterial" is misleading and inapplicable here. While a "rule of thumb" regarding adjustments of less than 5% *to net income* (a category that is not discussed anywhere in your Reservation of Rights) is used within the accounting industry as one of many indicators of materiality, commentators, including the Securities and Exchange Commission and the Financial Accounting Standards Board have stressed that "exclusive reliance on this or any percentage or numerical threshold *has no basis in the accounting literature or the law.*" SEC Staff Accounting Bulletin: No. 99, 64 Fed. Reg. 45150 (1999) (emphasis added). Thus, the proper measure of materiality, as stated by the Financial Accounting Standards Board and echoed by the SEC is as follows:

> "The omission or misstatement of an item in a financial report is material if, in the light of surrounding circumstances, the magnitude of the item is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item."

See id. (quoting FASB, Statement of Financial Accounting Concepts No. 2, Qualitative Characteristics of Accounting Information, 132 (1980)).

Based on the foregoing, the Administrative Agent and Required Lenders have concluded that the misstatements contained in the Unaudited Financial Statement were material and would have changed or influenced their judgment, including as a result of the following:

- Change in Claims Incurred but Not Reported ("IBNR"): The Audited Financial Statements reflect an increase of more than $51 million in IBNR. This change represents a 40.2% increase to the amount previously reported in the Unaudited Financial Statements, i.e., $128,354,077.

- Change in EBITDA: As noted above, EBITDA was decreased from a ***profit*** of $16,044,851 to a ***loss of*** $46,168,814.

- Change in Net Income: Similarly, as a result of corrections reflected in the Audited Financial Statements, previously disclosed ***net income*** of $10,761,982 was revised to reflect a ***net loss*** of $29,002,958. Taken together or independently, both the changes to EBITDA and Net Income easily surpass

the miniscule 5% threshold identified in the Reservation of Rights as being indicative of materiality, both as a result of the sheer size of the adjustments and the resulting shifts from profits to deep losses.

- Change in Cash: In your reservation of rights you note that the reduction of net cash and cash equivalents, which went from $169.3 million (unaudited) compared to $167.3 million (audited) was less than 2% and, thus, presumably immaterial. Your analysis fails to note, however—consistent with the FASB's insistence on considering "surrounding circumstances"—that, as revised, the company's cash, which was previously sufficient to cover IBNR of $128,354,077 (unaudited) and provide stability to its regulated businesses and HMO members, is now no longer sufficient to cover its actually disclosed IBNR of $180,008,155 (audited).

The essence of the Credit Agreement is that it is a credit facility secured by the ongoing operational returns of the underlying business. As such, misrepresentations regarding available cash flow, net income and Minimum Statutory Capital Requirements drastically misrepresent the ongoing business value that is the essential security for repayment of the loans. Given these surrounding circumstances the misrepresentations and the delay in disclosing the true financial condition of the companies was extremely material

B. Covenant Defaults

In the Initial Notice of Default, we stated that an Event of Default existed under Section 7.1(c)(i) of the Credit Agreement for failure to "promptly" give notice to the Administrative Agent of any "development or event which could reasonably be expected to have a Material Adverse Effect" as required under the affirmative covenant set forth in Section 5.7(i) of the Credit Agreement. Specifically, Universal and AMC not only failed to provide notice of the material adverse effects reflected in the Audited Financial Statements prior to the submission of such statements, and despite an extension to the reporting deadline set forth in the Credit Agreement, but affirmatively represented that no Event of Default existed in connection with their request for an extension to the reporting requirement in the Waiver Agreement. You have raised three arguments to suggest that the foregoing does not constitute an Event of Default. We will address each in turn.

First, you have argued that the changes captured in the Audited Financial Statements are not material. For all of the reasons already set forth above, including, among other things, (i) the $62 million downward revision to EBITDA, (ii) the change from profit to loss, and (iii) the lack of sufficient cash to meet the needs of the Regulated Subsidiaries' HMO members, the Administrative Agent and the Required Lenders reject your conclusion regarding the immaterial nature of the changes reflected in the Audited Financial Statements.

Second, you have stated that the Audited Financial Statements were provided in accordance with the deadline set forth in the Waiver Agreement. This position, however, ignores the plain language of Section 5.7(i), which imposes a disclosure obligation "promptly" after the discovery of any development "which could" (not "would") "reasonably be expected to have a Material Adverse Effect." It is our position that, when the possibility of a Material Adverse Effect exists— such as the lack of sufficient cash to meet regulatory requirements or the needs of HMO members—Section 5.7(i) requires

more than disclosure at the very last possible day for the submission of a financial statement with no prior warning of its ominous contents.

Third, you have stated that any potential failure to disclose a Material Adverse Effect was "cured" upon the disclosure of the Audited Financial Statements. This statement ignores the fact that Section 7.1(c)(i) of the Credit Agreement, which governs failures to disclose Material Adverse Effects under Section 5.7(i), is not subject to cure and allows for an immediate Event of Default to be declared upon discovery. As such, a violation of Section 7.1(c)(i) requires express waiver by the Administrative Agent with the approval of the Required Lenders.

For all of the reasons set forth above, we reaffirm that the Events of Default identified in the Initial Notice of Default continue to exist.

II. ADDITIONAL EVENTS OF DEFAULT

The Administrative Agent and the Required Lenders have determined that the following Events of Default, including as previously identified in the Initial Notice of Default, are currently ongoing under the Credit Agreement:

- Misrepresentation under Section 7.1(b): As previously noted in the Initial Notice of Default and further discussed herein, the Credit Parties have made representations and warranties under the Credit Agreement that were incorrect, false and/or misleading as prohibited under the Credit Agreement. Specifically, as clarified by the corrections set forth in the Audited Financial Statements, the following representations and warranties under the Credit Agreement were incorrect, false and/or misleading: Section 3.1(a) (Financial Condition); Section 3.2 (No Material Adverse Effect); Section 3.17(c) (Solvency); Section 3.22 (Accuracy and Completeness of Information); Section 3.32(a) (Compliance with Health Care Laws and Insurance Regulations). Additionally, the Solvency Certificate required under Section 4.1(f), as supplied in connection with closing, has also proven to be incorrect, false and/or misleading.

- Misrepresentation under Section 7.1(b): In the Initial Notice of Default, we clearly stated that the Tax Refund (as defined in the Initial Notice of Default) is a general intangible that constitutes the Lenders' Collateral and should be placed in escrow pending instructions from the Administrative Agent and the Required Lenders. In the Reservation of Rights, you have expressly and anticipatorily repudiated the obligation to preserve this Collateral and stated that you intend to use the Tax Refund to satisfy minimum statutory capital requirements. As a result of the foregoing, you have also rendered the representation contained in Section 9.1 incorrect, false and misleading, as that provision prohibits the release of Collateral without, among other things, the written consent of all of the Lenders.

- Misrepresentation under Section 7.1(b): As reflected in the revised disclosures provided on October 10, 2012, it is clear that the amount of Combined Minimum Statutory Capital calculated as of the last day of the fiscal quarter ending June 30, 2012 for Universal Health Care Insurance Company, Inc.

("UHCIC") was actually less than 1.30 times the Minimum Statutory Capital and did not comply with the requirements of Section 5.9(d) of the Credit Agreement. Accordingly, the report provided for June 30, 2012, together with the covenant compliance certificate that accompanied that report, was incorrect, false and misleading.

- Covenant Default under Section 7.1(c)(i): As previously noted in the Initial Notice of Default and further discussed herein, the Credit Parties have failed to comply with the affirmative covenant set forth in Section 5.7(i) of the Credit Agreement, which requires "prompt" notice of any event "development or event which could reasonably be expected to have a Material Adverse Effect."

- Covenant Default under Section 7.1(c)(i): Combined Minimum Statutory Capital calculated as of the last day of the fiscal quarter ending June 30, 2012 (as reflected in the revised disclosures provided on October 10, 2012) for UHCIC is less than 1.30 times the Minimum Statutory Capital and, thus, does not comply with the requirements of Section 5.9(d) of the Credit Agreement.

While all of the foregoing is troubling, it bears stressing that the failure to comply with the Combined Minimum Statutory Capital requirement is of particular concern for additional reasons. Specifically, it is our understanding that the existence of minimum statutory capital requirements (as imposed on the Regulated Subsidiaries and reflected in the Credit Agreement)—and the failure and/or inability to abide by those requirements—creates the potential for events that will have a direct and adverse effect on patients, particularly when providers believe that they will not be paid for services rendered. Given the nature of the Credit Parties' business, there is significant concern that the lack of adequate capital at UHCIC will not only adversely impact that entity in the near term, but will ultimately impact the more than 180,000 Medicare and Medicaid members of United Health Care, Inc. ("UHC").

III. ELECTION OF REMEDIES

Based on all of the Events of Default identified herein and in the Initial Notice of Default, and in accordance with the terms of Section 7.2 of the Credit Agreement, the Administrative Agent and the Required Lenders declare that the Commitments are hereby immediately terminated. Additionally, pursuant to and in accordance with Section 2.7(b) of the Credit Agreement, the Administrative Agent and the Required Lenders declare that the principal of and, to the extent permitted by law, interest on the Loans and any other amounts owing under the Credit Agreement or under the other Credit Documents shall automatically bear interest, at a per annum rate which is equal to the Default Rate.

The Administrative Agent and the Lenders reserve the right to exercise such other rights and remedies as provided under the Credit Agreement, the Credit Documents and under applicable law, including the right of acceleration.

Please govern yourself accordingly.

Sincerely,

BANKUNITED, N.A.
as Administrative Agent

By: _____
Charles J. Klenk, SVP

BankUnited
7765 NW 148th Street
Miami Lakes, FL 33016

Charles J. Klenk
Senior Vice President,
Commercial Banking
Tel (305) 698 4113
E-mail: cklenk@bankunited.com

December 3, 2012

VIA EMAIL, FEDERAL EXPRESS OVERNIGHT AND FACSIMILE

Universal Health Care Group, Inc.
American Managed Care, LLC
100 Central Avenue, Suite 200
Saint Petersburg, FL 33701
Attn: Deepak Desai, Chief Strategy Officer
Facsimile: (727) 497-5737
Email: *ddesai@univhc.com*

Universal Health Care Group, Inc.
American Managed Care, LLC
100 Central Avenue, Suite 200
Saint Petersburg, FL 33701
Attn: Alec Mahmood, CFO
Email: *amahmood@univhc.com*

Re: Second Supplemental Notice of Default Under Credit Agreement Among Universal Health Care Group, Inc., as Borrower ("Universal"), American Managed Care, LLC, as Guarantor ("AMC"), BankUnited, N.A., as Administrative Agent, and the Lender Parties Thereto, Dated April 6, 2012 (the "Credit Agreement")

Dear Messrs. Desai and Mahmood:

The purpose of this letter is to inform you that the Administrative Agent[1] and all Required Lenders have determined that additional Events of Default exist under the Credit Agreement beyond those previously identified in the (i) Notice of Default (the "Initial Notice of Default") and (ii) Supplemental Notice of Default (the "Supplemental Notice of Default"), which were issued by the Administrative Agent to Universal and AMC on October 29, 2012 and November 14, 2012, respectively.

I. ADDITIONAL EVENTS OF DEFAULT

On November 20, 2012, the Administrative Agent received Universal's Officer's Compliance Certificate (the "Compliance Certificate"), which reflects certain financial information for the fiscal quarter ended September 30, 2012, as contemplated under the Credit Agreement. In the Compliance Certificate, Universal specifically acknowledges that it is currently not in compliance with the following financial covenants contained in Section 5.9 of the Credit Agreement: Fixed Charge Coverage Ratio (Section 5.9(b)), Consolidated Combined Ratio (Section 5.9(c)), Combined Minimum Statutory Capital (Section 5.9(d)), and Tangible Net Worth (Section 5.9(e)). As you know, the failure to comply with any one of the foregoing financial covenants constitutes an Event of Default

[1] Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Credit Agreement.

under Section 7.1(c)(i) of the Credit Agreement, which can only be cured by express waiver from the Administrative Agent with the approval of the Required Lenders.

In addition to the foregoing, the Compliance Certificate also states that Universal is in compliance with the Total Leverage Ratio imposed under Section 5.9(a) of the Credit Agreement. This is inaccurate. The calculation of Total Leverage Ratio, as such term is defined in the Credit Agreement, is the ratio of Consolidated Funded Debt to Consolidated EBITDA and, pursuant to Section 1.3(a) of the Credit Agreement, must be calculated in accordance with GAAP. In the Compliance Certificate, the denominator in the calculation, which is Consolidated EBITDA, was calculated without regard for the fact that the number was negative. Thus, Universal's Total Leverage Ratio calculation treats a loss of $37 million as indistinguishable from a profit of $37 million to conclude that the ratio is compliant despite the fact that it is stated as a negative number. Universal does not have negative debt, which is what is implied by this calculation. Any such conclusion is contradicted by both logic and the rules of GAAP, which prohibit the use of a negative Total Leverage Ratio. The most obvious reason for this, as exemplified by Universal's calculation, is that the ratio you have stated as a negative 1.08 is far better (i.e., closer to zero, at a loss of $37 million) than the ratio that would have resulted if the company had positive Consolidated EBITDA of even one dollar (i.e., 40,878,242 to 1.00). Based on the foregoing and the disclosures in the Compliance Certificate, the Administrative Agent and the Required Lenders have additionally determined that Universal is not in compliance with the Total Leverage Ratio requirement set forth in Section 5.9(a) of the Credit Agreement, which constitutes an additional Event of Default under Sections 7.1(b) and 7.1(c)(i) of the Credit Agreement, which require express waiver by the Administrative Agent with the approval of the Required Lenders.

In addition to the Events of Default reflected in the Compliance Certificate, the Administrative Agent and Required Lenders have determined that Universal has also breached the negative covenant contained in Section 6.4(a) of the Credit Agreement—which generally prohibits the transfer of certain assets—by down streaming a tax refund of approximately $11 million (the "Tax Refund") to its affiliate Universal Health Care Insurance Company, Inc. ("UHCIC"). Although Universal was repeatedly warned (including in both the Initial and Supplemental Notice of Default) that any transfer of the Tax Refund would violate the Credit Agreement, the transfer was nevertheless purposefully and improperly effectuated. Accordingly, the transfer of the Tax Refund to UHCIC constitutes an intentional breach of the Credit Agreement, violates Section 6.4(a), and results in an additional Event of Default under Section 7.1(c)(i) of the Credit Agreement.

Notwithstanding the foregoing, it is our understanding that the Tax Refund was transferred to UHCIC in exchange for a note to Universal from UHCIC (the "UHCIC Note"). Please be advised that the Lenders have received a pledge of all "Statutory Notes" under the Credit Agreement, which include the UHCIC Note as a "subordinated surplus promissory note issued by a Regulated Subsidiary to a Credit Party." Accordingly, the UHCIC Note constitutes the Lenders' collateral and must be immediately allonged to the Administrative Agent.

II. ELECTION OF REMEDIES

The Administrative Agent and the Lenders have not elected to pursue additional remedies beyond those already set forth in the Supplemental Notice of Default and those referred to above, but reserve the right to exercise such other rights and remedies as provided under the Credit Agreement, the Credit Documents and under applicable law, including the right of acceleration.

Please be further advised that upon information and belief, the Credit Parties have suggested that the real property owned by Universal might be transferred to UHCIC to make up statutory capital shortfalls. Such a transfer would be in direct violation of Section 6.4 of the Credit Agreement without the express written consent of the Administrative Agent and the Required Lenders and such consent is not granted at this time.

Please govern yourself accordingly.

Sincerely,

BANKUNITED, N.A.
as Administrative Agent

By: _____
Charles Klenk, SVP

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Audit Committee and Management
Universal Health Care, Inc.

April 12, 2012

In planning and performing our audit of the statutory-basis financial statements of Universal Health Care, Inc. (the Company) as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the statutory-basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

During our audit, we noted the following matters involving internal control over financial reporting and its operation that we consider to be material weaknesses as of December 31 2011.

Financial Statement Close Process

The financial statement close process is defined as the process where the results of various transactions are summarized, reviewed, consolidated, edited and created into a variety of management financial reports. The boundaries of this process begin with the preparation of the preliminary trial balance and end with the preparation of the financial statements and related disclosures and analyses. The process includes closing the general ledger and preparing the trial balances and any consolidation entries, accumulating the posting of journal entries, drafting the financial statements and disclosures, and preparing management's discussion and analysis.

Several of the Company's processes that are integral parts of the financial statement close process were found to be deficient during the course of our audit. As a result, approximately sixty entries have been proposed by either Company personnel or our audit team, including an individually significant entry related to medical and pharmacy claims payable for approximately $7.0 million that was not recorded by management and contributed to our issuance of a qualified audit opinion. Additionally, we noted that the financial statement close process had not been formally completed when we began our year-end audit fieldwork in late February 2012. We also note that the

EXHIBIT
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Company's accrual for medical claims payable was not finalized until the middle of March 2012 and a complete draft of the statutory-basis financial statements was not available until early April 2012, which is beyond the regulatory reporting requirement of April 1, 2012.

There should be a formal process in place in order to ensure that financial statements are generated appropriately and timely. This should include, but not be limited to, the following:

- A process to ensure all expenses incurred during the period are accrued as of the month-end date
- A process to ensure that premiums and other health care receivables are recognized correctly as they are earned and that proper cut-off is achieved from period to period
- A process to improve the tracking of claim overpayments.
- A process to consider the effects of subsequent claims payments on the liability for medical and pharmacy claims payable.
- A formal process to review key financial information by employees that are not responsible for the preparation of such financial information.
- A re-evaluation of the information technology and accounting resource capability in response to an increase in the complexity, nature, volume of transactions, and growth of the entity over the past two years

We recommend management review its current procedures for key processes within the financial statement close process and determine the appropriateness for those processes for preventing or detecting and correcting material misstatements, preparing reliable, accurate monthly and annual reporting and ensuring such processes are consistent with leading practices in the industry. The Company should consider computer, computer-dependent and manual controls that affect such processes as well as the adequacy of the Company's current information system to provide the necessary information.

This communication is intended solely for the information and use of the audit committee, board of directors, management, others within the organization and the State of Florida Department of Financial Services Office of Insurance Regulation to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

April 12, 2012

To : Kerby Baden, EIC

From: Jenny L Jeffers IS Specialist

Subject: Documentation of Data Analysis

Date: December 10, 2012

Jennan Enterprises, LLC was contracted with Invotex Group on behalf of the state of Florida Office of Insurance Regulation to review the claims system and integrity of the claims data as a part of a targeted Financial and Market Conduct examination of Universal Health Group. The companies were scheduled to convert the Fortuna System, which has been implemented at the companies since 2006, to the QNXT system by Trizetto.

An initial visit was performed by Lisa Marteney of Jennan Enterprises, LLC and a report generated on October 24, 2012. In this report and associated meeting notes, it was stated that:

- Jason Mitchell stated that during the last year, between 3 and 4 million dollars has been invested in Universal's infrastructure. Changes to the infrastructure include new servers, more storage systems, rebuilt switches, additional fiber optic lines, rebuilt circuits, upgraded internet lines and becoming more virtualized. A tremendous investment in money and resources has been made to upgrade Universal's infrastructure.
- Currently the load percentages are where Universal likes to see them - except for storage, which is currently running at 65% of capacity. Jason stated that additional storage will be added in the near future.
- Jason Mitchell stated that over the last 18 months, IT has grown approximately 35%. Jason, Deby and a lot of the new IT team have had the opportunity to work together at WellCare. Jason also stated that IT is utilizing quite a few contractors. They have added two new positions. Director of IT Security and a Sr. IT Auditor
- Jason stated that the current plan is to have the conversion from the Fortuna claim system to the TriZetto claim system complete by the June/July 2013 time frame.
- Jason stated that anything "relevant" from the Fortuna system will be moved to the new TriZetto system. All data from the Fortuna system will be maintained in the Operational Data Store (ODS). All new data will be held here also. This will allow for easier reporting and auditing. The Fortuna system will also be maintained and running for audit purposes.
- Jason stated that one reason for the change from the current Fortuna claim system to the TriZetto claim system is that TriZetto has the capacity to handle the Company's growth. TriZetto will be hosted in their Denver facility. Jason does not want any critical systems to be run out of the Universal Healthcare facility. Jason stated that Universal does not have the data center layout, environmental controls or the capacity to handle supporting all of the critical systems. It appears from review of the Statement of Work contracts between TriZetto and Universal that the claim capacity issues that Universal has been plagued with in the past should be taken care of by the new TriZetto claim system. The company has entered into a 10 year contract with Trizetto.
- Jason stated that the original target date for completion of the conversion from the Fortuna claim system to the TriZetto claim system was before open enrollment. Open enrollment begins

EXHIBIT

EXHIBIT "H"

on October 15th and runs for 45 days. On the 1st of September, a meeting was held and it was decided that instead of rushing the conversion process, the process would stop for now and resume in the January/February 2013 timeframe. Jason stated that the new date for all testing and the conversion to be complete is the June/July 2013 time frame.

Following the review of Ms. Marteney's report and interview notes from her interview with Jason Mitchell, VP of Technology and Deby McCourt, Director of IT and the processing of the claims data provided by the company for the selection of samples, a discussion was held with the EIC and Jenny Jeffers, IT Lead on the project. Questions were raised regarding:

- The expenditure of funds for upgrade of the systems in spite of the conversion to QNXT and the hosting of all processes by Trizetto
- The curtailment of the conversion project on September 1, 2012 when it was further stated by Jason Mitchell that no surprises were noted during the conversion
- The difficulty experienced in interpreting the claims data to determine fully and partially denied claims as well as the issues noted during the claim sample review
- Difficulty encountered in the attempt to determine the percentages of denied claims for each company and line of business

It was decided that a second onsite visit – this time by Jenny Jeffers, Lead IS Specialist was needed to determine the actual reason for curtailing the conversion as well as to further discuss the quality of the data going into the new system. This visit occurred on November 20, 2012.

Additional interviews were conducted with:

- Jason Mitchell, VP of Technology – overview of conversion project and discussion of project delay
- Shalendra Dhanasar, Sr. Data Analyst – data quality overview
- Bryan Richardson, Sr. Director Provider Services
- Travis Johnson, Sr. Director Enrollment Operations
- Melissa Johnson, Sr. Manager of Claims
- Debra Wingo, Manager of Diversion
- Linda Shoenfelt, VP Operations

The primary discussion for the meetings of the day focused on the data quality prior to the initial conversion attempt and during the period under review as well as the efforts by the company to clean up the data and continue with the conversion. One primary concern was the basis for the decision to curtail the conversion project.

In the discussion with Jason Mitchell, he explained that the conversion was stopped September 1, 2012 when it was discovered that the data from the Fortuna system needed a lot more cleanup before the conversion would work appropriately. This was detected during the UAT (User Acceptance Training). The conversion was not working. IT presented the case to upper management that the data was not converting appropriately due to multiple issues with the source data (the issues are explained in more detail in the discussion with Bryan Richardson). Mr. Mitchell felt that if the conversion was completed and the new system was implemented prior to open enrollment, serious consequences would ensue. Therefore, the decision was made to "beef up" the Fortuna system to accommodate any growth resulting from the open enrollment process. Infrastructure was expanded and changes were made to the Fortuna system, both of which were at near capacity. The contracts with Fortuna (Indus/E4E) were extended more than once (as evidenced by the contracts with Indus provided and reviewed by the IS -

Specialist). New rates were negotiated and the current expectation is to have the new system up and running by summer of 2013 – the dates are specified in the Indus (E4E) contracts – **see Attachment 1.**

The original conversion project was driven by two major company needs:

- The need for sufficient capacity to accommodate the growth of the company
- The end of the service contract with Indus (E4E) for providing both software support and TPA services

The project team (no dedicated team was established, rather all IT personnel and available business personnel were a part of the team) was given a March 30, 2012 deadline for completing the conversion project. The contract with Trizetto was not signed until December of 2011. The contracts provided for review did not include the completed signature blocks and dates signed, however the date stamps were present on the documents. **See Attachments 2a – 2d.** The original negotiations were occurring during October 2011 and that is when the work began on the conversion planning. The size of project and amount of data to be converted made the target date virtually impossible to achieve. Therefore, the project plan was modified to minimize the work required. One of the items that were de-emphasized was the scrubbing of data prior to performing the conversion. Rather, emphasis was on mapping the data from Fortuna to QNXT (Trizetto product). There were field mismatches (fields in Fortuna that were not in QNXT and fields that were in QNXT that were not in Fortuna). These situations were handled utilizing user defined fields in QNXT to accommodate needed information in Fortuna that was not in QNXT and in developing ODS (Operational Data Store) which would contain information from both systems. The project plan for the development of the ODS system was provided and reviewed – **See Attachment 3.** Data that was not in Fortuna was minimal according to the company; but to enhance the data and provide some normalization, a contract was developed with Enclarity to do data improvement on the provider data and signed on 12/2/2011 – **See Attachment 4.** Fees are addressed on page 9 of this document. Discussion with Bryan Richardson indicated that the Enclarity process did not improve the data quality as expected. HHI Consulting was utilized to assist in the Project Charter development and conversion project plan – **See Attachment 5.**

A conversation was held with Linda Shoenfelt, Project Manager of the conversion project. Linda was hired from WellCare and had assisted in the implementation of Facets at that company. She noted that she came in at the contract negotiation stage of the game and assisted with the development of the Statements of Work (SOWs) and Service Level Agreements (SLAs). She further indicated that she worked with the outside Project manager from HHI Consulting – specialized in QNXT conversions. A Gap analysis was performed and it was discovered that ZNXT and MedHOK (Medical House of Knowledge – software for encounters) would provide the needed functionality. QNXT is a medical services admin system that is specifically written for government medical system processing. The concept of groups is not the emphasis, but rather the members. Some issues were noted – for example that encounters were not being loaded. Solutions were developed for gaps as much as possible with the short time frame. **See Attachment 6.** Personnel were working around the clock to attempt to achieve the implementation deadline. The company had grown very fast before the infrastructure was ready for the growth. Finally, after 4 mapping attempts and failed testing, the entire team together decided not to go live. This was not until September 2012.

The result of the conversion not being completed in March, 2012 was the requirement for the management of UHCG to negotiate extensions with Indus (E4E) for maintenance and TPA services to their contract which had been signed initially in October, 2006. The IS Specialist asked if Fortuna was a commercial package or written for UHCG. The response was that it is a commercial package but was

developed with advice from UHCG and they were the primary client. It was stated that one impetus for the short conversion project period was disagreement between UHCG management and Indus management. Thus, the differences had to be worked out to allow the company to continue to process business on the old system. Additionally, the infrastructure had to be enhanced at UHCG to allow for adequate capacity and some changes were required for the Fortuna system to handle increased capacity that may arise from open enrollment. The contract amendments were reviewed and changes in prices and dates of renegotiation – **See Attachment 7.** The amendments show the renegotiations at dates specified in the description of the conversion target and modified target dates and the current contract is scheduled to end in March 31, 2013. This is an issue in light of the current conversion date being July – September 2013. It was noted that the run out charge was significantly greater for the contract amendment in March 2011. This could have been a contributing factor in the disagreement between the two companies.

The initial conversion project failed due to two major issues:

- The time allocated for the project created an unattainable goal, therefore important steps were not carried out.
- The data that has not been in good shape since the inception of the Fortuna system (October 2006) and was not appropriately cleaned up and corrected prior to the conversion.

The company is to be commended for curtailing the implementation and go live with the new product prior to open enrollment for 2013. This avoided what the company called a certain fiasco with the acceptance of new members and new plans.

The IS Specialist requested interviews with Bryan Richardson, Sr. Director of Provider Services and Travis Johnson, Sr. Director of Enrollment Services to discuss issues they are working on with the data. These meetings were to gain a better understanding of the data issues other than the claims data that was provided to the IS Specialist for the selection of samples.

Bryan Richardson came to the company from WellCare and has been with the company since June 2012. He noted large data discrepancies and verified that due to the time restraints, insufficient data cleanup and normalization had been done on the provider data prior to the initial conversion attempt. The mapping efforts did not take into account the differences in data relationships in the two systems such as the Line of Business and Plan relationships. The group is an entity for providers in QNXT and the affiliation concept is used whereas this concept had not been applied in Fortuna. Roles would change of a specific group and changes were not appropriately made. Processors were allowed to enter a new provider record if the appropriate address was not found. There were not checks to make sure that the appropriate record did not exist. This resulted in multiple records for many providers – one provider was found to have 5300 records associated with his provider number – 13 locations were valid for the group. There was no QA or really way to find the errors. Bryan's cleanup efforts began following the Enclarity cleanup work, which he stated was not productive. The data was too bad for the Enclarity process to clean up – they did however add the NPI (National Provider Identifier) numbers to the provider records. This fact indicates that the company did not have NPI numbers (which are required for all providers for Medicare and Medicaid) for all providers prior to this effort. The issues with the provider data could have led to incorrect payment of claims, inability to identify duplicate claims submitted and inappropriate pricing of claims prior to the major cleanup effort that is now being conducted at the company. Bryan Richardson hired temps to manually make corrections to much of the data. IT personnel have looked at the original logic for converting provider data and have redone or reworked it to be correct. Bryan is currently reviewing the mapping for correctness. He has created design templates for each type of provider. QNXT pays claims well according to Bryan but does not do

the best job on providers. Therefore UI fixes had to be added to the scope. MedHOK will be used to fill the gaps between needed functionality and the functionality provided by QNXT. Bryan stated that he hopes to do the final provider conversion in mid to late December. One major concern is being able to provide correct and complete provider directory information. There is currently no Trizetto help but they will need to be re-engaged. The project is over budget for both time and cost – The IS Specialist requested a budget to actual comparison – **not provided**.

A conversation was held with Shalendra Dhansar, Sr. Data Analyst to discuss the issues with the data. He explained that 6 years ago Fortuna was a small package and that the company had little growth for the first few years. In 2007, there was a dramatic increase in PFFS enrollment from 20,000 – 66,000 members in 1 week. Due to CMS compliance requirements, the company had to enter the new members onto the system within a short period of time. Thus these members were entered manually resulting in a "fiasco". PFFS indicates any doctor any time with slack requirements at that time. This was the source of many of the data errors – hand entry and no editing in the system at that time. In 2008 and 2009 CMS began requiring NPI (National Provider Identifier) and clamped down on restrictions. In entering the address for both members and providers, there were no data checks allowing incorrect addresses, cities, counties and states to be entered. Incorrect addresses can result in communications with members being misdirected and incorrect data entry can result in inappropriate denial of claims due to apparent ineligibility. These issues were possible with the data at UHCG. IN 2010 the growth began to slow down and the company began to set up for HEDIS (Healthcare Effectiveness Data and Information Set) and decided to strive for 5 star data. The data has been much improved between 2010 and the present according to Shalendra. The IS Specialist followed up on the member data and asked to speak to the head of enrollment.

A new person has also been brought over on March 26, 2012 from WellCare to handle enrollment. Travis Johnson is very experienced in SQL which is the database that Fortuna utilizes. The cleanup process for the enrollment data is being done outside of the master database. The goal is to clean up 3-6 years of experience in enrollment data. QNXT utilizes AEM (Automated Enrollment Management) to handle enrollment. It was discovered that the interface did not accomplish all of the functionality required by the company. They now have an in house process for eligibility handling. Travis has increased the enrollment team from 25-30 people to 65 currently including 22 phone service team number increase. Roles and responsibilities have been added and assigned. There is a team doing member reconciliation between CMS and the company. When there is a reject from CMS a root cause is found by the Quality Team. This team is also handling complaints. The SOW (Statement of Work) for Trizetto and project plan were re-done to reflect all changes from regulatory agencies. Trizetto is taking over the processing functions that are currently being performed by E4E/Indus/Fortuna. There were no SLAs (Service Level Agreements) in the past but they are being incorporated into the Trizetto contract.

The original observation and one of the reasons for the second on site visit resulted from the difficulty experienced in interpreting the data provided for the selection of denied claim samples. The IS Specialist noted the apparent high occurrence of denied claims. Verification of the method of identifying totally denied claims and partially denied claims resulted in discussions with Shalendra Dhansar, Sr Data Analyst. The answers were not clearly defined and often Melissa Johnson, Sr. Claims Manager was brought into the conversation. The data provided was not consistent. Denials were noted in different ways in different data. Rather than having a relational database with denial reasons in a related table, the data had fields numbered – denial reason 1, 2, etc. The fields were not named to reasonably reflect the data in them and the data was not consistent or complete. Some records were found in the claims header records but there were no detail records matching the header records. Some claims indicated no payment but there were records matching those claim numbers in the check file. No

explanation was available for these occurrences. Another improvement was that prior to 2010 anyone could request a change by E4E which kept thing changing unnecessarily. That has been changed and change requests have a defined path.

A conversation was requested with Melissa Johnson, who came to the company from WellCare the end of May, 2012. She noted that there were no management tools in place as she had expected. Her impression is that the data is there somewhere but is hard to get to. In some cases fields have been used for other things. The IS Specialist had run some queries to determine percentages of denied claims. It was determined that no reliance could be placed on the results due to difficulties with data consistency. Melissa was asked by the EIC to create a denied claim report showing percentages. During the onsite discussion, she was working on perfecting her queries to take all of the differences in the meaning of denied into consideration. IPAs and capitated services which should have been excluded – in the remark field (open text). She was working on the iterations of the query to be able to produce an accurate denial report (a basic management tool) from the current data. When asked about the new system, Melissa stated that the prior managers who have now left the company had seen the system but she has not seen the new system. Most first pass processing is performed in India by Indus (E4E) with some of the reconsiderations being worked at the St Petersburg location. Weekly audit meetings are held with the claims processing units in India and daily inventory is reviewed.

Debra Wingo discussed Diversion claims with the IS Specialist and the EIC. She explained that this is a pilot program in Florida and that the company has put in a bid to provide services for multiple counties. The new program will be called MLTC. The company submitted a bid on 8 of the 11 counties where the LOB will be offered. QNXT does not have the required configuration to handle Diversion. The current Diversion data indicated that 95% of the claims were denied. This was not correct but is an example of the data quality and completeness associated with the claims data for diversion. A system will need to be found or developed to handle Diversion members, providers and claims in the future.

In summary, the following observations have been made:

- The data of the company has been unsatisfactory for several years. An initiative is currently in place to improve the quality and completeness of the data for providers, members and claims. Claims data and processing is dependent on provider and member data. Therefore, claims processing could have been compromised over the last years due to the inadequacy of the provider and member data.
- The company has spent a large amount of money to date on infrastructure upgrades, changes to Fortuna to increase capacity, consultants to improve data and conversion efforts that have not been successful. The comparison of the conversion budget to actual comparison has not been provided so it is not possible to quantify how much over budget and over hours the project is. Additionally, infrastructure will be outsourced for the hosting of QNXT once the conversion is complete.
- There are several functions that cannot be performed in QNXT which are essential for the business to run, for example, provider tracking, enrollment and diversion processing. Additional software has been purchased to accommodate these functions.
- The current contract for claims processing and maintenance of Fortuna is scheduled to be terminated in March of 2013 and the project plan indicates that the conversion will be completed in July – September of 2013. This implies that an additional renewal will probably be required.

- The company has brought in new personnel to perform data cleanup, mapping and conversion. This should bring a more positive result to the new conversion process.
- It was stated that storage is currently at 65% which is high when growth is anticipated, however, the infrastructure will be outsourced to Trizetto once the conversion is complete.

The IS Specialist strongly recommends that the state follow the progress of the conversion and new processing implementation as well as the implementation of the ODS (Operational Data Store).

America's 1st Choice Holdings of Florida, LLC
Dr. Kiran Patel
Chairman

STRICTLY CONFIDENTIAL

Letter Agreement

January 31, 2013

Dr. Akshay M. Desai
Chairman, Chief Executive Officer
Universal Health Care Group, Inc.
100 Central Avenue, Suite 200
St. Petersburg, FL 33701

Dear Dr. Desai:

The purpose of this Letter Agreement ("Agreement") is to set forth certain agreements reached through discussions to date among Universal Health Care Group, Inc., ("UHCG or Seller"), America's First Choice Holdings of Florida, LLC ("AFCH"), Universal Health Care, Inc., Universal HMO of Texas, Inc., and Universal Health Care of Nevada, Inc., ("UHC" or the "Company") with respect to the proposed acquisition by AFCH or one or more of its subsidiaries and affiliates ("Buyer") of One Hundred Percent (100%) of the issued and outstanding shares of UHC (or 100% of its assets), subject to the terms of a more definitive purchase agreement ("Purchase Agreement") to be entered into between the parties.

1. The Acquisition

Buyer shall acquire One Hundred Percent (100%) of the issued and outstanding shares and all the equity interests of UHC (or 100% of its assets) at closing, free and clear of all liens, claims, encumbrances and security interests.

2. The Consideration

(i). Equity Interests

In exchange for One Hundred Percent of the outstanding shares of UHC or of its assets, AFCH shall grant UHCG, Twelve and One Half Percent (12.5%) of the total issued and outstanding ownership interests in AFCH ("Equity Interests"). The Equity Interests shall not be diluted except in cases of where AFCH is raising capital or in the event of recapitalizations, reorganizations, acquisitions, or mergers wherein all equity holders are diluted on a pro-rata basis.

EXHIBIT "I"

(ii). Cash Consideration

In addition to the Equity Interests, Buyer shall infuse up to Thirty Million Dollars ($30M) in additional capital as needed for UHC to meet statutory requirements in the state of Florida. Further additional capital as needed will be raised from the disposition of certain assets of UHC including the potential sale of its Medicaid line of business. All capital infused in accordance herein shall be in the form of subordinated notes.

3. Non Assumption of Certain Liabilities

AFCH shall not assume and UHCG shall indemnify against any and all liabilities relating to UHC's employees, leases, equipment, software agreements and any and all other liabilities, including contingent liabilities which existed prior to the date of Closing or which arises from any action or inaction of Seller taken prior to Closing.

4. Management Company

With effect from Closing, UHC and all its affiliated health plans shall enter into a general and administrative services agreement with a management company affiliated, owned or operated by Dr. Patel to provide general and administrative management services to UHC and its affiliates for a 10% monthly management fee. With effect upon Closing UHC and all its affiliated health plans shall terminate all existing third party administrator ("TPA") or management agreements.

5. Due Diligence

From the date of this Agreement, UHCG, UHC and related parties shall cooperate fully and assist AFCH and its advisors to conduct an investigation of the business, financial and legal affairs of the Company (the "Due Diligence"). For this purpose, with appropriate notice from AFCH, you will permit the management of AFCH to gain access to the premises of UHC and to the books, records, and contracts of UHC. You shall also permit the appropriate management employees and the accountants/advisors of UHCG and UHC to be available to give explanations and provide information, as reasonably requested. The parties agree to negotiate, execute, and deliver within a reasonable time from the execution hereof but no later than the end of the exclusivity period (as defined below), a mutually acceptable Purchase Agreement containing such covenants (including a 5-year non-compete and non-solicitation agreement), representations and warranties as are customary in transactions of this kind (including, without limitation, representations and warranties by seller, and related indemnification obligations, as to the financial statements of UHC for the past three years and as to assets, liabilities, title, litigation, taxes, and other customary matters).

6. Conditions

The understandings set forth in this Agreement and the Closing of the transactions contemplated hereby are conditional upon, among other things:

6.1 Receipt of all required governmental and regulatory approvals, including the approval from all regulatory agencies with which UHC holds contracts and the reasonable assurance that such contracts will continue post Closing without any impositions of any material conditions ("Regulatory Approval");

6.2 Lender approval of the proposed transaction and agreement to accept the Equity Interests as substituted collateral.

7. PPO/PFFS Entities

As part of the transaction contemplated hereby, Buyer shall assist Seller to raise up to an additional Fifteen Million Dollars ($15M) to be infused as additional capital into the PPO and PFFS entities (owned by Seller) as needed to meet statutory capital surplus requirements. Dr. Patel or Buyer shall be granted 20% (non-dilutive) ownership in all such PPO/PFFS entities owned by UHCG. All capital infused may be in the form of subordinated notes or if in the form of direct paid in capital, provided that Dr. Patel's or Buyer's ownership interests shall never be diluted below 20%.

8. Closing

All parties shall cooperate with each other and shall use reasonable endeavours to enter into a Purchase Agreement, execute closing documents, and complete the transactions contemplated by the end of the exclusivity period but in no event shall Closing occur prior to the receipt of all Regulatory Approvals.

9. Exclusivity and Non-Solicitation

You hereby agree that, during the exclusivity period, unless the parties mutually agree or unless AFCH notifies you in writing of its decision not to proceed with the proposed transaction due to failure of a condition, you will not solicit any offer from, or negotiate or have any discussions with, any party other than AFCH with respect to any sale, transfer or disposal of assets or shareholdings of UHCG or UHC or any sale, merger, or other business combination involving UHCG or any of its subsidiaries or assets, except that during the exclusivity period, UHCG, UHC and AFCH shall continue to market UHC's Medicaid and Nursing Home Diversion lines of business to potential third party buyers.

AFCH's willingness to proceed with this transaction is subject to the Company's willingness to negotiate in good faith and on an exclusive basis. Accordingly, during the period beginning upon execution of this Letter Agreement and ending at midnight (Eastern time) on February 28, 2013 (the "exclusivity period"), UHCG and UHC (a) shall cease, and shall cause their affiliates to cease, any negotiations with any other party regarding the potential acquisition, directly or indirectly, of all or any substantial portion of their assets (whether by way of an asset purchase, stock purchase, merger, consolidation, business combination or otherwise) and (b) shall not, and shall not permit their affiliates directly or indirectly, through any officer, director, manager, employee, agent or representative, to initiate, solicit or encourage (including by way of furnishing any information or assistance), or enter into negotiations of any type, directly or indirectly, or enter into a confidentiality agreement, letter of intent or purchase agreement, merger agreement or other similar agreement with any person other than AFCH or its affiliates with respect to a sale or transfer of all or any substantial portion of the assets, merger, consolidation, business combination, sale or transfer of any of the capital stock of the UHCG or UHC or the liquidation or similar transaction with respect to the Company. The Company or its representative shall notify AFCH orally and in writing (as promptly as practicable) of all relevant terms of any inquiry or proposal that are material and bonafide to acquire the Company by a third party to do any of the foregoing that the Company or any of their affiliates or officers, directors, partners, managers, employees, investment bankers, financial advisors, attorneys, accountants or

other representatives may receive relating to any such matters. In the event such inquiry or proposal is in writing, the Company shall immediately deliver to AFCH a copy of such inquiry or proposal together with such written notice.

10. Continuing Operations

From the date of this Agreement through and including actual completion of the transaction or the date AFCH notifies you in writing that it does not intend to proceed with the proposed transaction, or the date that the conditions to the transaction are unable to be met, you shall ensure that the business of UHC and its affiliates is conducted only in the ordinary course, customer contracts are renewed as usual as in the ordinary course of business and that none of the assets of UHC or its affiliates are disposed of without the consent of AFCH. In addition, you shall ensure that during such period, UHCG shall not, without AFCH's prior written consent:

10.1 Declare any dividend or issue any form of cash outside the normal course of business, except as agreed in this Letter Agreement, or as agreed to by written permission of AFCH.

10.2 Make any distribution of its assets in any form without the written permission of AFCH;

10.3 Award any salary increase or approve any bonus payments, except those consistent with prior practice in the ordinary course of business; or as agreed to by written consent of AFCH;

10.4 Take any other action of any kind, which can be reasonably anticipated to impair or to reduce the value of the assets of UHC or its affiliates.

11. Servicing of UHCG Bank Debt

Upon Closing, Buyer on behalf of Seller shall be responsible to make all regular payments as they become due to Bank United on the outstanding loan made to UHCG by Bank United Syndication ("Lender") and standing on the books of UHCG in the principal amount of approximately Thirty Eight Million Dollars ($38M) (the "Loan"). Provided however that any and all payments made or arranged by Buyer that are applied to the principal balance of the Loan (as such may be refinanced) shall be treated as a loan to Seller from Buyer and shall be offset against any proceeds due to Seller from the sale of AFCH.

12. Confidentiality / Non-disclosure

Except for such disclosure to the parties' professional advisors as may be necessary or appropriate and such disclosure as may be required by court order or by any law or regulation to which a party is subject or in order to defend litigation, the parties hereto agree that the parties shall use all reasonable efforts to maintain in confidence the existence and terms of this Agreement and the fact that the proposed transaction is under consideration and no party will issue any press release or public statement concerning this Agreement or any of the transactions contemplated hereby without the prior written consent of the other parties. Provided, however, that AFCH and UHC may make such disclosure as is required by law.

13. Costs

Whether or not the transaction contemplated by this Agreement is consummated, each of the parties (AFCH and UHC) shall bear their own costs arising out of and in connection with the preparation of this Agreement, the contract negotiations and closing the proposed transaction, including the fees and expenses of any accountants, lawyers, or other advisors retained by such party; provided however that the parties shall equally share the cost of the Form A filing to the Florida Office of Insurance Regulation and the HSR filing (if required).

14. Notices

Any notice or other communication required or permitted by this Agreement shall be in writing and shall be hand delivered or sent by facsimile transmission or by registered airmail, postage prepaid (provided that a copy of any notice sent by facsimile transmission shall also be sent by registered mail, postage prepaid) to the relevant party or parties at the address specified below or to such other address as such party may specify by notice to the other parties in accordance with this clause. All such notices shall be effective upon receipt.

If to AFCH:

Dr. Kiran C. Patel
President & CEO
America's 1st Choice Holdings of Florida, LLC
5600 Mariner Street, Suite 200
Tampa, FL 33609
Facsimile Number: 813.506.6250

If to you:

Dr. Akshay M. Desai
Chairman, Chief Executive Officer
Universal Health Care Group, Inc.
100 Central Avenue, Suite 200
St. Petersburg, FL 33701
Facsimile Number: _____

15. Governing Law

This Letter of Intent shall be governed by the laws of the State of Florida. Any action or proceeding against any party relating to this Agreement shall be brought in the courts of State of Florida.

16. Prior Agreements

This Agreement supersedes all prior written and oral understandings or agreements between the parties relating to the subject matter hereof.

17. Representations

Each of Buyer and Seller represents and warrants that each has all requisite power and authority to execute and deliver this Agreement. The Seller represents and warrants that the Company is not a party to or bound by any written or oral agreement or understanding with respect to a transaction involving the sale of the stock or assets of the Company other than this Agreement and the execution and delivery hereof will not breach any written or oral agreement to which the Company is a party.

If the foregoing is in accordance with your understanding, please so indicate by signing the enclosed copy of this Agreement where indicated and returning it to the undersigned no later than January 31, 2013.

Very truly yours,

Dr. Kiran C. Patel
President
America's 1st Choice Holdings of Florida, LLC

The above terms correctly set forth our understanding with respect to the matters indicated above.

Dr. Akshay.M. Desai
Chairman, CEO
Universal Health Care Group, Inc.
Universal Health Care, Inc
Universal HMO of Texas, Inc
Universal Health Care of Nevada, Inc

Dated: 1/31/13.

IN THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT, IN AND FOR LEON COUNTY, FLORIDA

State of Florida, ex rel., the
Department of Financial Services of
The State of Florida,

Relator,

v. CASE NO: _____

Universal Health Care, Inc.

Respondent,

_____/

ORDER APPOINTING THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES AS RECEIVER FOR PURPOSES OF LIQUIDATION, INJUNCTION AND NOTICE OF AUTOMATIC STAY

THIS CAUSE was considered on the Application of the State of Florida, Department of Financial Services (hereinafter the "Department") for an Order to Show Cause on the appointment of a Receiver of Universal Health Care, Inc. (hereinafter the "Respondent" or "UHC") for Purposes of Liquidation and Request for Expedited Hearing filed on February 4, 2013 (hereinafter, "Application"). After consideration, this Court entered its Order to Show Cause, Injunction and Automatic Stay, on ____ ___, 2013. A hearing was conducted on the Order to Show Cause on _____ __, 2013, wherein the Department and Respondent appeared and presented evidence and argument related to the Department's allegations contained in its Application.

The Court, having reviewed and considered the pleadings of record, heard the evidence of the parties and arguments of counsel, and otherwise being fully informed in the premises, finds:

1. This Court has jurisdiction pursuant to Section 631.021(1), Florida Statutes, and venue is proper pursuant to Section 631.021(2), Florida Statutes.

2. Respondent is a corporation authorized pursuant to the Florida Insurance Code to transact business in the state of Florida as a Medicare and Medicaid health maintenance organization insurer since 2003. Respondent's principal place of business is located at 100 Central Avenue, Suite 200, St. Petersburg, Florida.

3. Section 631.021(3), Florida Statutes, provides that a delinquency proceeding pursuant to Chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving a Florida domiciled insurer.

4. Sections 631.031 and 631.061(1), Florida Statutes, authorize the Department to apply to this Court for an Order directing it to liquidate a domestic insurer upon the existence of any grounds specified in Section 631.051, Florida Statutes, or if an insurer is or is about to become insolvent.

5. Section 631.031 directs the Department to initiate such delinquency proceedings after receiving notification from the Director of the Office of Insurance Regulation as to the existing grounds for the initiation of such proceedings.

6. On February 1, 2013, pursuant to Section 631.031(1), Florida Statutes, Kevin McCarty, Commissioner of the Florida Office of Insurance Regulation ("Office"), advised by letter to Florida's Chief Financial Officer, Jeff Atwater, that the Office determined grounds existed for the initiation of delinquency proceedings against Respondent.

7. Respondent is found by the Oeffice to be in such condition as to render its further transaction of insurance hazardous to its policyholders, creditors, stockholders, or the public. Section 631.051(3), Florida Statutes. Accordingly, grounds exist pursuant to Sections

631.051(3) and 631.061 for entry of an Order appointing the Department as receiver of Respondent for purposes of Liquidation.

8. Pursuant to Sections 631.051 and 631.061, Florida Statutes, this Court finds that it is in the best interests of Respondent, its creditors and its members that the relief requested in the Department's Application be granted. The Court further finds the Respondent to be insolvent pursuant to Section 631.061(1), Florida Statutes.

THEREFORE, IT IS ORDERED AND ADJUDGED as follows:

9. The Department of Financial Services of the State of Florida shall be and is hereby appointed Receiver of Respondent for purposes of liquidation effective immediately.

10. The Receiver shall be authorized and directed to:

A. Take immediate possession of all the property, assets, and estate, and all other property of every kind whatsoever and wherever located belonging to Respondent pursuant to Sections 631.111 and 631.141, Florida Statutes, including but not limited to: offices maintained by Respondent, rights of action, books, papers, electronic records, evidences of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, wherever situate and however titled, whether in the possession of Respondent or its officers, directors, shareholders, trustees, employees, consultants, attorneys, agents or affiliates and all real property of Respondent, wherever situate, whether in the possession of Respondent or its officers, directors, shareholders, trustees, employees, consultants, attorneys, agents or affiliates or other persons.

B. Liquidate the assets of Respondent, including but not limited to, funds held by Respondent's agents, subagents, producing agents, brokers, solicitors, service representatives or others under agency contracts or otherwise which are due and unpaid to

Respondent, including premiums, unearned commissions, agents' balances, agents' reserve funds, and subrogation recoveries.

C. Employ and authorize the compensation of legal counsel, actuaries, accountants, clerks, consultants, and such assistants as it deems necessary, purchase or lease personal or real property as it deems necessary, and authorize the payment of the expenses of these proceedings and the necessary incidents thereof, as approved by the Court, to be paid out of the funds or assets of the Respondent in the possession of the Receiver or coming into its possession.

D. Reimburse such employees, from the funds of this receivership, for their actual necessary and reasonable expenses incurred while traveling on the business of this receivership.

E. Not defend or accept service of process on legal actions wherein Respondent, the Receiver, or the insured is a party defendant, commenced either prior to or subsequent to the order, without authorization of this Court; except, however, in actions where Respondent is a nominal party, as in certain foreclosure actions, and the action does not affect a claim against or adversely affect the assets of Respondent, the Receiver may file appropriate pleadings in its discretion.

F. Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this receivership proceeding.

G. Collect all debts which are economically feasible to collect which are due and owing to Respondent.

H. Deposit funds and maintain bank accounts in accordance with Section 631.221, Florida Statutes.

I. Take possession of all of Respondent's securities and certificates of deposit on deposit with the Chief Financial Officer of Florida or any similar official of any other state, if any, and convert to cash as much as may be necessary, in its judgment, to pay the expenses of administration of this receivership.

J. Publish notice specifying the time and place fixed for the filing of claims with the Receiver once each week for three consecutive weeks in the Florida Administrative Weekly published by the Secretary of State, and at least once in the Florida Bar News and to publish notice by similar methods in all states where Respondents may have issued insurance policies.

K. Negotiate and settle subrogation claims and Final Judgments without further order of this Court.

L. Sell any salvage recovered property without further order of this Court.

M. Coordinate the operation of the Receivership with the Florida Health Maintenance Organization Consumer Assistance Plan ("FLHMOCAP") pursuant to Part IV, Chapter 631, Florida Statutes, as may be necessary. The Receiver may in its discretion, contract with the FLHMOCAP to provide services as are necessary to carry out the purposes of Chapter 631.

N. Give notice of this proceeding to Respondent's agents pursuant to Section 631.341, Florida Statutes, and to its insureds, if any.

O. For purposes of this Order, the term "affiliate" shall be defined in accordance with Section 631.011(1), Florida Statutes and includes but is not limited to Universal Health Care Insurance Company, Inc., Universal Health Care Group, Inc., and American Managed Care, LLC.

P. The Receiver is granted all of the powers of the Respondent's directors, officers, and managers, whose authority is hereby suspended, except as such powers are re-delegated in writing by the Receiver. The Receiver has full power to direct and manage the affairs of Respondent, to hire and discharge employees, and to deal with the property and business of the Respondent.

Q. Apply to this Court for further instructions in the discharge of its duties as the Receiver deems necessary.

IT IS FURTHER ORDERED AND DIRECTED:

11. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of Respondent's affairs or the affairs of its affiliates shall be required to fully cooperate with the Receiver, pursuant to Section 631.391, Florida Statutes, notwithstanding the provisions of the above paragraph. Any person who fails to cooperate with the Receiver, interferes with the Receiver, or fails to follow the instructions of the Receiver, may, at the Receiver's discretion, be excluded from Respondent's business premises.

12. Title to all property, real or personal, all contracts, rights of action and all books and records of Respondent, wherever located, is vested in the Receiver pursuant to Sections 631.111 and 631.141, Florida Statutes.

13. All officers, directors, trustees, administrators, agents and employees and all other persons representing Respondent or currently employed or utilized by Respondent in connection with the Conduct of its business are discharged forthwith; provided, however, the Receiver may

retain such persons in the Receiver's discretion.

14. All attorneys employed by Respondent as of the date of the Order, within 10 days notice of the Order, are required to report to the Receiver on the name, company claim number and status of each file they are handling on behalf of the Respondent. Said report shall also include an accounting of any funds received from or on behalf of the Respondent. All attorneys employed by Respondent shall be discharged as of the date of the Order unless their services are retained by the Receiver. All attorneys employed by Respondent shall be advised that pursuant to Section 631.011(21), Florida Statutes, a claim based on mere possession does not create a secured claim and all attorneys employed by Respondent, pursuant to In Re the Receivership of Syndicate Two, Inc., 538 So.2d 945 (Fla. 1st DCA 1989), who are in possession of litigation files or other material, documents or records belonging to or relating to work performed by the attorney on behalf of Respondent shall be required to deliver such litigation files, material, documents or records intact and without purging to the Receiver, on request, notwithstanding any claim of a retaining lien which, if otherwise valid, shall not be extinguished by the delivery of these documents.

15. All agents, brokers or other persons having sold policies of insurance and/or collected premiums on behalf of the Respondent shall be required to account for and pay all premiums and commissions unearned due to cancellation of policies by the Order or in the normal course of business owed to the Respondent directly to Receiver within 30 days of demand by the Receiver or appear before this Court to show cause, if any they may have, as to why they shall not be required to account to the Receiver or be held in contempt of Court for violation of the provisions of the Order. No agent, broker, premium finance company or other person shall use premium monies owed to the Respondent for refund of unearned premium or for

any purpose other than payment to the Receiver.

16. Any premium finance company which has entered into a contract to finance a premium for a policy which has been issued by the Respondent shall be required to pay any premium owed to the Respondent directly to the Receiver.

17. Reinsurance premiums due to or payable by Respondent shall be remitted to, or disbursed by, the Receiver. Reinsurance losses recoverable or payable by Respondent shall be handled by the Receiver. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary.

18. Upon request by the Receiver, any company providing telephonic services to Respondent shall be required to provide a reference of calls from the number presently assigned to Respondent to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership.

19. Any bank, savings and loan association, or other financial institution which has on deposit, in its possession, custody or control any funds, accounts and any other assets of Respondent, shall be required to immediately transfer title, custody and control of all such funds, accounts and other assets to the Receiver. The Receiver shall be authorized to change the name of such accounts and other assets, withdraw them from such bank, savings and loan association or other financial institution, or take any lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association or other financial institution shall be permitted to exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court.

20. Any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to Respondent shall be required to maintain such service and transfer any such accounts to the Receiver as of the date of the Order, unless instructed to the contrary by the Receiver.

21. Any data processing service, which has custody or control of any data processing information and records including but not limited to source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to Respondent is directed to transfer custody and control of such records to the Receiver. The Receiver shall be authorized to compensate any such entity for the actual use of hardware and software which the Receiver finds to be necessary to this proceeding. Compensation should be based upon the monthly rate provided for in contracts or leases with Respondent which was in effect when this proceeding was instituted, or based upon such contract as may be negotiated by the Receiver, for the actual time such equipment and software is used by the Receiver.

22. The United States Postal Service shall be directed to provide any information requested by the Receiver regarding Respondent and to handle future deliveries of Respondent's mail as directed by the Receiver.

23. All claims shall be filed with the Receiver on or before 11:59:59 p.m. EST, on the date of one year following the entry of this Order, or be forever barred, and all such claims shall be filed on proof of claim forms prepared by the Receiver.

24. In order to assure the validity of claim assignments, to assure that the processing of assignments does not create an undue burden on estate resources, and to assure that assignment decisions are made using the best information available, the Receiver shall not recognize or accept any assignment of claim by the claimant of record unless the following

criteria are met:

A. A distribution petition has not been filed with this Court;

B. The Receiver has been provided with a properly executed and notarized assignment of claim agreement entered into between the parties; and

C. The Receiver has been provided with a properly executed and notarized Receiver's Assignment of Claim Change Form and required supporting documentation.

D. The Receiver's Assignment of Claim Change Form shall contain an acknowledgement by the claimant, or someone authorized to act on behalf of the claimant, that:

1. The claimant is aware that financial information regarding claims distributions and payments published on the Receiver's website or otherwise available can assist the claimant in making an independent and informed decision regarding the sale of the claim;

2. The claimant understands that the purchase price being offered in exchange for the assignment may differ from the amount ultimately distributed in the receivership proceeding with respect to the claim;

3. It is the claimant's intent to sell their claim and have the Receiver's records be permanently changed to reflect the new owner; and

4. The claimant understands that that they will no longer have any title, interest, or rights to the claim including future mailings and distributions if they occur.

25. All executory contracts to which the Respondent was a party shall be cancelled and stand cancelled unless specifically adopted by the Receiver within ninety (90) days of the date of this Order or from the date of the Receiver's actual knowledge of the existence of such

contract, whichever is later. "Actual Knowledge" means the Receiver has in its possession a written contract to which the Respondent is a party, and the Receiver has notified the vendor in writing acknowledging the existence of the contract.

Further, the Receiver shall have the authority to do the following:

1) Pay for services provided by any of Respondent's vendors, in the ninety (90) day period prior to assuming or rejecting the contract, which are necessary to administer the Receivership estate;

2) Once the Receiver determines Respondent's vendor is necessary in the continued administration of the Receivership estate for a period to exceed the ninety (90) days from the date of this order, or form the date of Receiver's actual knowledge of such contract, whichever is later, the Receiver may make minimal modifications to the terms of the contract, including, but not limited to, the expiration date of the agreement, the scope of the services to be provide, and/or the compensation to be paid to Respondent's vendor pursuant to the contract. "Minimal Modifications" shall mean any minimum alteration made to the contract in order to adapt to the new circumstances of the Receivership estate. In no event will any minimal modification be construed as the receiver entering into a new contract with Respondent's vendor.

Any vendor, including but not limited to, any and all employees / contractors of insurer, claiming the existence of a contractual relationship with the insurer shall provide notice to the Receiver of such relationship. This notice shall include any and all documents and information regarding the terms and conditions of the contract, including a copy of the written contract between the vendor and the insurer, if any, what services or goods were

provided pursuant to the contract, any current, future and/or past due amounts owing under the contract, and any supporting documentation for third party services or goods provided. Failure to provide the required information may result in vendors' contractual rights not being recognized by the Receiver. The rights of the parties to any such contracts are fixed as of the date of the Order and any cancellation under this provision shall not be treated as an anticipatory breach of such contracts.

26. All affiliated companies and associations, including but not limited to Universal Health Care Insurance Company, Inc., Universal Health Care Group, Inc., and American Managed Care, LLC., shall make their books and records available to the Receiver, to include all records located in any premises occupied by said affiliate, whether corporate records or not, and to provide copies of any records requested by the Receiver whether or not such records are related to Respondent. The Receiver shall have title to all policy files and other records of, and relating to Respondent, whether such documents are kept in offices occupied by an affiliate company or any other person, corporation, or association. The Receiver shall be authorized to take possession of any such records, files, and documents, and to remove them to any location in the Receiver's discretion. Any disputed records shall not be withheld from the Receiver's review, but shall be safeguarded and presented to this Court for review prior to copying by the Receiver.

27. The Receiver shall have complete access to and administrative control of all information technology resources of the Respondent and its affiliates at all times including, but not limited to, Respondent's computer hardware, software and peripherals. Each affiliate shall be given reasonable access to such records for the purpose of carrying out its business operations.

28. Any person, firm, corporation or other entity having notice of the Order that fails to abide by its terms is directed to appear before this Court to show good cause, if any they may have, as to why they shall not be held in contempt of Court for violation of the provisions of this Order.

29. Except as noted in the following paragraph, pursuant to the provisions of 631.252, Florida Statutes, all policies providing health care coverage to Medicare or Medicaid members whose coverage has not previously expired are cancelled effective 12:01 a.m. EST on the date of liquidation. All of Respondent's in-force Florida insurance policies, bonds, or similar contracts of coverage providing health care coverage to commercial groups or individual members shall continue in force pursuant to the provisions of Part IV, Chapter 631, Florida Statutes. Policies or contracts of coverage with normal expiration dates prior to the dates otherwise applicable under this paragraph, or which are terminated by insureds/members or lawfully cancelled by the Receiver or insurer before such date, shall stand cancelled as of the earlier date.

30. Pursuant to Sections 631.041(3) and (4), Florida Statutes, all persons, firms, corporations and associations within the jurisdiction of this Court, including, but not limited to, Respondent and its officers, directors, stockholders, members, subscribers, agents and employees, are enjoined and restrained from the further transaction of the insurance business of the Respondent; from doing, doing through omission, or permitting to be done any action which might waste or dispose of the books, records and assets of the Respondent; from in any means interfering with the Receiver or these proceedings; from the transfer of property and assets of Respondent without the consent of the Receiver; from the removal, concealment, or other disposition of Respondent's property, books, records, and accounts; from the commencement or prosecution of any actions against the Respondent or the Receiver together with its agents or

employees, the service of process and subpoenas, or the obtaining of preferences, judgments, writs of attachment or garnishment or other liens; and, from the making of any levy or execution against Respondent or any of its property or assets. Notwithstanding the provisions of this paragraph, the Receivers should be permitted to accept and be subpoenaed for non-party production of claims files in its possession, including medical records, which may be contained therein. In such cases, the requesting party must submit an affidavit to the Receiver stating that notice of the non-party production was appropriately issued and provided to the patient and that the patient was given the opportunity to object and either did not object to the non-party production, or objected and the Court overruled the objection, in which case a copy of the Court's ruling must be attached to the affidavit. The Receiver should be authorized to impose a charge for copies of such claim files pursuant to the provisions of Sections 119.07(1)(a), and 624.501, Florida Statutes.

31. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent shall fully cooperate with the Receiver in the effort to liquidate Respondent.

32. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent having any interest in the building located at 100 Central Avenue, Suite 200, St. Petersburg, Florida, 33701, or any other facility in which Respondent may operate, shall make available, at that location and at no charge to the Receiver or to Respondent, office space, and related facilities (telephone service, copiers, computer equipment and software, office supplies, parking, etc.) to the extent deemed necessary by the Receiver in its sole discretion.

33. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent having any interest in the computer equipment and software currently used by or for Respondent shall make such computer equipment and software available to the Receiver at no charge to the Receiver or Respondent to the extent deemed necessary by the Receiver in its sole discretion.

CONTINUATION OF INVESTIGATION

34. The Receiver shall be authorized to conduct an investigation as authorized by Section 631.391, Florida Statutes, of Respondent and its affiliates, as defined above, to uncover and make fully available to the Court the true state of Respondent's financial affairs. In furtherance of this investigation, Respondent and its affiliate shall be required to make all books, documents, accounts, records, and affairs, which either belong to or pertain to Respondent, available for full, free and unhindered inspection and examination by the Receiver during normal business hours (8:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the Order. Respondent and the above specified entities shall be required to cooperate with the Receiver to the fullest extent required by Section 631.391, Florida Statutes. Such cooperation shall include, but not be limited to, the taking of oral testimony under oath of Respondent's officers, directors, managers, trustees, agents, adjusters, employees, or independent contractors of Respondent, its affiliates and any other person who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Respondent in both their official, representative and individual capacities and the production of all documents that are calculated to disclose the true state of Respondent's affairs.

35. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any

other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of the affairs of Respondent or its affiliates shall be required to fully cooperate with the Receiver as required by Section 631.391, Florida Statutes, and as set out in the preceding paragraph. Upon receipt of a certified copy of the Order, any bank or financial institution shall be required to immediately disclose to the Receiver the existence of any accounts of Respondent and any funds contained therein and any and all documents in its possession relating to Respondent for the Receiver's inspection and copying.

36. All Sheriffs and all law enforcement officials of this state shall cooperate with and assist the Receiver in the implementation of this Order.

37. In the event the Receiver determines that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of the Respondent is appropriate, the Receiver shall prepare a plan to effect such changes and submit the plan to this Court for consideration.

NOTICE OF AUTOMATIC STAY

38. Notice is hereby given that, pursuant to Section 631.041(1), Florida Statutes, the filing of the Department's initial petition herein operates as an automatic stay applicable to all persons and entities, other than the Receiver, which shall be permanent and survive the entry of this order, and which prohibits:

A. The commencement or continuation of judicial, administrative or other action or proceeding against the insurer or against its assets or any part thereof;

B. The enforcement of judgment against the insurer or an affiliate, provided that such affiliate is owned by or constitutes an asset of Respondent, obtained either before or after the commencement of the delinquency proceeding;

C. Any act to obtain possession of property of the insurer;

D. Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined in Section 631.011(21), Florida Statutes;

E. Any action to collect, assess or recover a claim against the insurer, except claims as provided for under Chapter 631;

F. The set-off or offset of any debt owing to the insurer except offsets as provided in Section 631.281, Florida Statutes.

39. This Court retains jurisdiction of this cause for the purpose of granting such other and further relief as from time to time shall be deemed appropriate.

DONE and ORDERED in Chambers at the Leon County Courthouse in Tallahassee, Florida this _____ day of _____, 2013.

_____
CIRCUIT JUDGE

Copies furnished to:

Robert V. Elias, Esq.
Lourdes Calzadilla, Esq.
Jody E. Collins, Esq.