UnitedHealthcare of Louisiana, Inc.

Statutory Basis Financial Statements as of and
for the Years Ended December 31, 2016 and 2015,
Supplemental Schedules as of and for the
Year Ended December 31, 2016,
Independent Auditors' Report and Qualification Letter

UNITEDHEALTHCARE OF LOUISIANA, INC.

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee of UnitedHealthcare of Louisiana, Inc.
3838 North Causeway Boulevard, Suite 2100
Metairie, LA 70002

We have audited the accompanying statutory basis financial statements of UnitedHealthcare of Louisiana, Inc. (the "Company"), which comprise the statutory basis statements of admitted assets, liabilities, and capital and surplus as of December 31, 2016 and 2015, and the related statutory basis statements of operations, changes in capital and surplus, and cash flows for the years then ended, and the related notes to the statutory basis financial statements.

Management's Responsibility for the Statutory Basis Financial Statements

Management is responsible for the preparation and fair presentation of these statutory basis financial statements in accordance with the accounting practices prescribed or permitted by the Louisiana Department of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these statutory basis financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statutory basis financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statutory basis financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the statutory basis financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the statutory basis financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statutory basis financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statutory basis financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of UnitedHealthcare of Louisiana, Inc. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with the accounting practices prescribed or permitted by the Louisiana Department of Insurance described in Note 1 to the statutory basis financial statements.

Basis of Accounting

We draw attention to Note 1 of the statutory basis financial statements, which describes the basis of accounting. As described in Note 1 to the statutory basis financial statements, the statutory basis financial statements are prepared by UnitedHealthcare of Louisiana, Inc. using accounting practices prescribed or permitted by the Louisiana Department of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Louisiana Department of Insurance. Our opinion is not modified with respect to this matter.

Report on Supplemental Schedules

Our 2016 audit was conducted for the purpose of forming an opinion on the 2016 statutory basis financial statements as a whole. The supplemental schedule of investment risks interrogatories and the supplemental summary investment schedule as of and for the year ended December 31, 2016 are presented for purposes of additional analysis and are not a required part of the 2016 statutory basis financial statements. These schedules are the responsibility of the Company's management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory basis financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the 2016 statutory basis financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the statutory basis financial statements or to the statutory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the 2016 statutory basis financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Audit Committee and the management of UnitedHealthcare of Louisiana, Inc. and for filing with 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.

Deloitte & Touche LLP

May 17, 2017

UNITEDHEALTHCARE OF LOUISIANA, INC.

STATUTORY BASIS STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS AS OF DECEMBER 31, 2016 AND 2015

	2016	2015
ADMITTED ASSETS		
CASH AND INVESTED ASSETS:		
Bonds	$ 97,959,940	$ 1,000,000
Cash of $57,613,126 and $6,567,724 and short-term investments of $149,261,355 and $147,558,220 in 2016 and 2015, respectively	206,874,481	154,125,944
Subtotal cash and invested assets	304,834,421	155,125,944
OTHER ASSETS:		
Investment income due and accrued	903,081	17,982
Premiums and considerations	136,022,603	92,261,251
Amounts recoverable from reinsurers	16,615,226	9,908,039
Amounts receivable relating to uninsured plans	1,019,849	2,982,884
Current federal income taxes recoverable	6,919,519	765,504
Net deferred tax asset	3,150,384	1,644,024
Receivables from parent, subsidiaries, and affiliates—net	-	4,935,264
Health care receivables	11,670,302	8,219,239
Subtotal other assets	176,300,964	120,734,187
TOTAL ADMITTED ASSETS	$ 481,135,385	$ 275,860,131
LIABILITIES AND CAPITAL AND SURPLUS		
LIABILITIES:		
Claims unpaid	$ 175,039,654	$ 89,424,822
Accrued medical incentive pool and bonus amounts	17,847,467	12,064,481
Unpaid claims adjustment expenses	1,848,701	1,193,464
Aggregate health policy reserves	65,833,281	23,509,160
Aggregate health claim reserves	2,154,935	1,524,151
Premiums received in advance	226,788	2,595,324
General expenses due or accrued	75,892,522	55,662,285
Ceded reinsurance premiums payable	10,973,765	1,211,970
Remittances and items not allocated	-	746
Amounts due to parent, subsidiaries, and affiliates—net	2,949,983	-
Liability for amounts held under uninsured plans	7,202,680	4,148,724
Total liabilities	359,969,776	191,335,127
CAPITAL AND SURPLUS:		
Section 9010 ACA subsequent fee year assessment	-	19,099,034
Common capital stock, $2 par value—1,000,000 shares authorized; 900,000 shares issued and outstanding	1,800,000	1,800,000
Gross paid-in and contributed surplus	67,138,440	67,138,440
Unassigned surplus (deficit)	52,227,169	(3,512,470)
Total capital and surplus	121,165,609	84,525,004
TOTAL LIABILITIES AND CAPITAL AND SURPLUS	$ 481,135,385	$ 275,860,131

See notes to statutory basis financial statements.

UNITEDHEALTHCARE OF LOUISIANA, INC.

STATUTORY BASIS STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
REVENUES:		
Net premium income	$ 1,694,663,879	$ 1,069,233,433
Change in unearned premium reserves and reserve for rate credits	(58,095,451)	569,682
Total revenues	1,636,568,428	1,069,803,115
UNDERWRITING DEDUCTIONS:		
Hospital and medical:		
Hospital/medical benefits	984,681,080	602,115,042
Other professional services	15,911,478	8,279,458
Prescription drugs	252,428,570	185,416,103
Full Medicaid pricing pass through	224,570,471	124,010,767
Incentive pool, withhold adjustments, and bonus amounts	13,152,116	12,105,731
Net reinsurance recoveries	(172,538,800)	(12,613,458)
Total hospital and medical	1,318,204,915	919,313,643
Claims adjustment expenses	68,803,282	45,453,365
General administrative expenses	180,139,786	74,239,722
Decrease in reserves for accident and health contracts	-	(10,439,000)
Total underwriting deductions	1,567,147,983	1,028,567,730
NET UNDERWRITING GAIN	69,420,445	41,235,385
NET INVESTMENT GAINS:		
Net investment income earned	1,185,111	29,367
Net realized capital gains less capital gains tax of $13,594 and $0 in 2016 and 2015, respectively	21,427	-
Total net investment gains	1,206,538	29,367
NET LOSS FROM AGENTS’ OR PREMIUM BALANCES CHARGED OFF	(623,707)	(4,055)
OTHER LOSSES	(500)	-
NET INCOME BEFORE FEDERAL INCOME TAXES	70,002,776	41,260,697
FEDERAL INCOME TAXES INCURRED	31,396,179	11,783,497
NET INCOME	$ 38,606,597	$ 29,477,200

See notes to statutory basis financial statements.

UNITEDHEALTHCARE OF LOUISIANA, INC.

STATUTORY BASIS STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Section 9010 ACA Subsequent Fee Year Assessment	Common Capital Stocks		Gross Paid-In and Contributed Surplus	Unassigned Surplus (Deficit)	Total Capital and Surplus
		Shares	Amount			
BALANCE—January 1, 2015	$ 151,377	900,000	$ 1,800,000	$ 27,138,440	$ (10,232,450)	$ 18,857,367
Net income	-	-	-	-	29,477,200	29,477,200
Change in net deferred income taxes	-	-	-	-	(2,088,667)	(2,088,667)
Change in nonadmitted assets	-	-	-	-	(1,720,896)	(1,720,896)
Section 9010 ACA subsequent fee year assessment	18,947,657	-	-	-	(18,947,657)	-
Capital infusion	-	-	-	40,000,000	-	40,000,000
BALANCE—December 31, 2015	19,099,034	900,000	1,800,000	67,138,440	(3,512,470)	84,525,004
Net income	-	-	-	-	38,606,597	38,606,597
Change in net deferred income taxes	-	-	-	-	1,506,360	1,506,360
Change in nonadmitted assets	-	-	-	-	(3,472,352)	(3,472,352)
Section 9010 ACA subsequent fee year assessment	(19,099,034)	-	-	-	19,099,034	-
BALANCE—December 31, 2016	$ -	900,000	$ 1,800,000	$ 67,138,440	$ 52,227,169	$ 121,165,609

See notes to statutory basis financial statements.

UNITEDHEALTHCARE OF LOUISIANA, INC.

STATUTORY BASIS STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATIONS:		
Premiums collected—net of reinsurance	$ 1,642,517,896	$ 1,003,578,148
Net investment income	1,103,268	15,137
Benefit and loss related payments	(1,240,298,302)	(836,247,256)
Operating expenses paid	(223,186,418)	(52,057,392)
Federal income taxes paid—net	(37,563,788)	(15,932,404)
Net cash provided by operations	142,572,656	99,356,233
CASH FLOWS FROM INVESTMENTS:		
Proceeds from bonds sold, matured, or repaid	12,801,722	900,000
Cost of bonds acquired	(110,510,341)	(1,000,000)
Net cash used in investments	(97,708,619)	(100,000)
CASH FLOWS FROM FINANCING AND MISCELLANEOUS ACTIVITIES:		
Cash provided through (used in) net transfers from (to) affiliates	7,885,247	(4,818,759)
Capital infusion	-	40,000,000
Other cash applied	(747)	-
Net cash provided by financing and miscellaneous activities	7,884,500	35,181,241
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS:		
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS	52,748,537	134,437,474
CASH AND SHORT-TERM INVESTMENTS—Beginning of year	154,125,944	19,688,470
CASH AND SHORT-TERM INVESTMENTS—End of year	$ 206,874,481	$ 154,125,944

See notes to statutory basis financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN

Organization and Operation

UnitedHealthcare of Louisiana, Inc. (the “Company”), licensed as a health maintenance organization (“HMO”), offers its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. The Company is a wholly owned subsidiary of UnitedHealthcare, Inc. (“UHC”). UHC is a wholly owned subsidiary of United HealthCare Services, Inc. (“UHS”), an HMO management corporation that provides services to the Company under the terms of a management agreement (the “Agreement”). UHS is a wholly owned subsidiary of UnitedHealth Group Incorporated (“UnitedHealth Group”). UnitedHealth Group is a publicly held company trading on the New York Stock Exchange.

The Company was incorporated on April 9, 1986, as an HMO and operations commenced in November 1986. The Company is certified as an HMO, by the Louisiana Department of Insurance (“LADOI”). The Company has entered into contracts with physicians, hospitals, and other health care provider organizations to deliver health care services for all enrollees.

The Company offers comprehensive commercial products to individual and employer groups. Each contract outlines the coverage provided and renewal provisions. The Company also participates in individual exchange business in Louisiana.

During 2011, the Company was awarded a statewide Medicaid coordinated care network shared savings contract. This was an administrative services only (“ASO”) contract. The Company was a primary care case manager that provided enhanced primary care case management in addition to being the entity contracting with primary care providers (“PCP”) for PCP care management. The implementation occurred in three phases by Geographic Service Area during 2012. Effective February 1, 2015, this contract was converted into the Medicaid fully insured business (see Note 18). The current contract is effective through February 1, 2017, and is subject to annual renewal provisions thereafter.

A. Accounting Practices

The statutory basis financial statements of the Company are presented on the basis of accounting practices prescribed and permitted by the LADOI.

The LADOI recognizes only statutory accounting practices, prescribed and permitted by the State of Louisiana, for determining and reporting the financial condition and results of operations of an HMO for determining its solvency under Louisiana Insurance Law. The state prescribes the use of the National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures manual (“NAIC SAP”) in effect for the accounting periods covered in the statutory basis financial statements.

No significant differences exist between the practices prescribed and permitted by the State of Louisiana and those prescribed and permitted by the NAIC SAP which materially affect the statutory basis net income and capital and surplus, as illustrated in the table below:

Net Income	**SSAP #**	**AFS Line**	**2016**	**2015**
(1) Company state basis (Page 4, Line 35, Columns 1 & 2)	XXX	XXX	$ 38,606,597	$ 29,477,200
(2) State prescribed practices that increase/(decrease) NAIC SAP—Not applicable			-	-
(3) State permitted practices that increase/(decrease) NAIC SAP—Not applicable			-	-
(4) NAIC SAP (1 - 2 - 3 = 4)	XXX	XXX	$ 38,606,597	$ 29,477,200
Capital and Surplus				
(5) Company state basis (Page 3, Line 38, Columns 1 & 2)	XXX	XXX	$ 121,165,609	$ 84,525,004
(6) State prescribed practices that increase/(decrease) NAIC SAP: Not applicable			-	-
(7) State permitted practices that increase/(decrease) NAIC SAP—Not applicable			-	-
(8) NAIC SAP (5 - 6 - 7 = 8)	XXX	XXX	$ 121,165,609	$ 84,525,004

B. Use of Estimates in the Preparation of the Statutory Basis Financial Statements

The preparation of these statutory basis financial statements in conformity with the NAIC Annual Statement Instructions and the NAIC SAP include certain amounts that are based on the Company's estimates and judgments. These estimates require the Company to apply complex assumptions and judgments, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods. The most significant estimates relate to hospital and medical benefits, claims unpaid, aggregate health policy reserves and aggregate health claim reserves, and risk adjustment estimates. The Company adjusts these estimates each period as more current information becomes available. The impact of any changes in estimates is included in the determination of net income in the period in which the estimate is adjusted.

C. Accounting Policy

Basis of Presentation—The Company prepares its statutory basis financial statements on the basis of accounting practices prescribed and permitted by the LADOI. These statutory practices differ from accounting principles generally accepted in the United States of America ("GAAP").

Accounting policy disclosures that are required by the NAIC Annual Statement instructions are as follows:

(1–2) Bonds and short-term investments are stated at amortized cost if they meet NAIC designation of one or two and stated at the lower of amortized cost or fair value if they meet an NAIC designation of three or higher. Amortization of bond premium or accretion of discount is calculated using the constant-yield interest method. Bonds and short-term investments are valued and reported using market prices published by the Securities Valuation Office of the NAIC ("SVO") in accordance with the NAIC Valuations of Securities manual prepared by the SVO or an external pricing service;

(3–4) The Company holds no common or preferred stock;

(5) The Company holds no mortgage loans on real estate;

(6) U.S. government and agency securities and corporate debt securities include loan-backed securities (mortgage-backed securities and asset-backed securities), which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of loan-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors. The Company's investment policy limits investments in nonagency residential mortgage-backed securities, including home equity and sub-prime mortgages, to 10% of total cash and invested assets. Total combined investments in mortgage-backed securities and asset-backed securities cannot exceed more than 30% of total cash and invested assets;

(7) The Company holds no investments in subsidiaries, controlled, or affiliated entities;

(8) The Company has no investment interests with respect to joint ventures, partnerships, or limited liability companies;

(9) The Company holds no derivatives;

(10) Premium deficiency reserves and the related expenses are recognized when it is probable that expected future health care expenses, claims adjustment expenses ("CAE"), direct administration costs, and an allocation of indirect administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts, and are recorded as aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Indirect administration costs arise from activities that are not specifically identifiable to a specific group of existing contracts, and therefore, those costs are fully allocated among the various contract groupings. The allocation of indirect administration costs to each contract grouping is made proportionately to the expected margins remaining in the premiums after future health care expenses, CAE, and direct administration costs are considered. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected as an increase or decrease in reserves for life and accident and health contracts in the statutory basis statements of operations in the period in which the change in estimate is identified. The Company anticipates investment income as a factor in the premium deficiency calculation (see Note 30);

(11) CAE are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the Agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. A detailed review of the administrative expenses of the Company and UHS is performed to determine the allocation between claims adjustment expense and general administrative expenses to be reported in the statutory basis statement of operations. It is the responsibility of UHS to pay CAE in the event the Company ceases operations. The Company has recorded an estimate of unpaid claims adjustment expenses associated with incurred but unpaid claims, which is included in unpaid claims adjustment expenses in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Management believes the amount of the liability for unpaid CAE as of December 31, 2016 is adequate to cover the Company's cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid CAE are reflected in operating results in the period in which the change in estimate is identified;

(12) The Company does not carry any fixed assets on the statutory basis financial statements;

(13) Health care receivables consist of pharmacy rebates receivable estimated based on the most currently available data from the Company's claims processing systems and from data provided by the Company's pharmaceutical benefit manager, OptumRx, Inc. ("OptumRx"). Health care receivables also include receivables for amounts due to the Company for claims overpayments to providers, hospitals, and other health care organizations. Health care receivables are considered nonadmitted assets under NAIC SAP if they do not meet admissibility requirements. Accordingly, the Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 28).

The Company has also deemed the following to be significant accounting policies and/or differences between statutory practices and GAAP:

ASSETS

Cash and Invested Assets

- Bonds include U.S. government and agency securities, state and agency municipal securities, city and county municipal securities, and corporate debt securities, with a maturity of greater than one year at the time of purchase;

- Certain debt investments categorized as available-for-sale or held-to-maturity under GAAP are presented at the lower of amortized cost or fair value in accordance with the NAIC designations in the statutory basis financial statements, whereas under GAAP, these investments are shown at fair value or amortized cost, respectively;

- Cash and short-term investments in the statutory basis financial statements represent cash balances and investments with original maturities of one year or less from the time of acquisition, whereas under GAAP, the corresponding caption of cash and short-term investments includes cash balances and investments that will mature in one year or less from the balance sheet date;

- Cash represents cash held by the Company in operating accounts with a maturity date of less than one year from acquisition. Claims and other payments are made from the operating accounts daily;

- Short-term investments represent money-market funds and U.S. government and agency securities with a maturity of greater than three months but less than one year at the time of purchase;

- Realized capital gains and losses on sales of investments are calculated based upon specific identification of the investments sold. These gains and losses are reported as net realized capital gains less capital gains tax in the statutory basis statements of operations;

- The Company continually monitors the difference between amortized cost and estimated fair value of its investments. If any of the Company's investments experience a decline in value that the Company has determined is other-than-temporary, or if the Company has determined it will sell a security that is in an impaired status, the Company will record a realized loss in net realized capital gains less capital gains tax in the statutory basis statements of operations. The new cost basis is not changed for subsequent recoveries in fair value. The prospective adjustment method is utilized for loan-backed securities for periods subsequent to the loss recognition. The Company has not recorded any other-than-temporary impairments ("OTTI") for the years ended December 31, 2016 and 2015;

- The statutory basis statements of cash flows reconcile cash and short-term investments with original maturities of one year or less from the time of acquisition; whereas under GAAP, the statements of cash flows reconcile the corresponding captions of cash with maturities of three months or less. Short-term investments with a final maturity of one year or less from the balance sheet date are not included in the reconciliation of GAAP cash flows. In addition, there are classification differences within the presentation of the cash flow categories between GAAP and statutory reporting. The statutory basis statements of cash flows are prepared in accordance with the NAIC Annual Statement Instructions.

Other Assets

- **Investment Income Due and Accrued**—Investment income earned and due as of the reporting date, in addition to investment income earned but not paid or collected until subsequent periods, is reported as investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company evaluates the collectability of the amounts due and accrued and amounts determined to be uncollectible are written off in the period in which the determination is made. In addition, the remaining balance is assessed for admissibility and any balance greater than 90 days past due is considered a nonadmitted asset.

- **Premiums and Considerations**—The Company reports uncollected premium balances from its insured members as premiums and considerations in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Premiums and considerations balances that are over 90 days past due, with the exception of amounts due from government insured plans, are considered nonadmitted assets. In addition to those balances, current balances are also considered nonadmitted if the corresponding balance greater than 90 days past due is deemed more than inconsequential. Premiums and considerations also include the following:

  a) risk corridor receivables as defined in Section 1342 of the Affordable Care Act ("ACA"). Premium adjustments are based on each qualified health plan's allowable costs in relation to a target amount. A risk corridor receivable is recorded when the allowable costs are above 97% of the target amount;

  b) risk adjustment receivables as defined in Section 1343 of the ACA. Premium adjustments are based upon the risk scores (health status) of enrollees participating in risk adjustment covered plans, rather than the actual loss experience of the insured. A risk adjustment receivable is recorded when the Company estimates its average actuarial risk score for policies included in this program is greater than the average actuarial risk scores in that market and state risk pool;

  Premium adjustments for the ACA Section 1342 risk corridor are accounted for as premium adjustments subject to retrospectively rated features (see Note 24). Premium adjustments for the ACA Section 1343 risk adjustment are accounted for as premium adjustments subject to redetermination (see Note 24).

- **Amounts Receivable Relating to Uninsured Plans**—Some groups opt to participate in the partial self-funded plan, under which a portion of claims payments are funded by the groups after claims are processed. The amounts receivable relating to uninsured plans represent monies due to the Company under the self-insured portion of the plan for claims awaiting funding. Amounts receivable relating to uninsured plans also includes the administrative fee revenue related to the gain share provisions from the Company's ASO contract (see Note 18). Related cash flows are presented within operating expenses recovered within cash provided by operations in the statutory basis statements of cash flows.

- **Current Federal Income Tax Recoverable**—The Company is included in the consolidated federal income tax return with its ultimate parent, UnitedHealth Group under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. A current federal income tax recoverable is recognized when the Company's allocated intercompany estimated payments are more than its actual calculated obligation based on the Company's stand-alone federal income tax return (see Note 9).

- **Net Deferred Tax Asset**—NAIC SAP provides for an amount to be recorded for deferred taxes on temporary differences between the financial reporting and tax bases of assets, subject to a valuation allowance and admissibility limitations on deferred tax assets (see Note 9). In addition, under NAIC SAP, the change in deferred tax assets is recorded directly to unassigned surplus (deficit) in the statutory basis financial statements, whereas under GAAP, the change in deferred tax assets is recorded as a component of the income tax provision within the income statement and is based on the ultimate recoverability of the deferred tax assets. Based on the admissibility criteria under NAIC SAP, any deferred tax assets determined to be nonadmitted are charged directly to surplus and excluded from the statutory basis financial statements, whereas under GAAP, such assets are included in the balance sheet.

- **Receivables from Parent, Subsidiaries, and Affiliates, Net**—In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reports any unsettled amounts due as receivables from parent, subsidiaries, and affiliates, net, in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

LIABILITIES

- **Claims Unpaid and Aggregate Health Claim Reserves**—Claims unpaid and aggregate health claim reserves include claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and payments and liabilities for physician, hospital, and other medical costs disputes.

  The estimates for incurred but not yet reported claims are developed using an actuarial process that is consistently applied, centrally controlled, and automated. The actuarial models consider factors such as historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The Company estimates such liabilities for physician, hospital, and other medical cost disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. These estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2016 and 2015. Management believes the amount of claims unpaid and aggregate health claim reserves is a best estimate of the Company's liability for unpaid claims and aggregate health claim reserves as of December 31, 2016; however, actual payments may differ from those established estimates.

The reserves ceded to reinsurers for claims unpaid and aggregate health claim reserves have been reported as reductions of the related reserves rather than as assets, which would be required under GAAP.

The Company contracts with hospitals, physicians, and other providers of health care under capitated or discounted fee for service arrangements, including a hospital per diem to provide medical care services to enrollees. Some of these contracts are with related parties (see Note 10). Capitated providers are at risk for the cost of medical care services provided to the Company's enrollees; however, the Company is ultimately responsible for the provision of services to its enrollees should the capitated provider be unable to provide the contracted services.

The Company entered into a contract with the Department of Health and Hospitals ("DHH") effective February 1, 2015 in which the Company processes Full Medicaid Pricing ("FMP") payments to specified providers where the FMP has agreements. The Company records both the amounts collected from the DHH and the amounts disbursed to providers, excluding FMP related premium tax, as net premium income and hospital and medical expense, respectively, in the statutory basis statements of operations. Unsettled FMP payments owed to providers, net of premium tax, of $46,305,248 is included in claims unpaid and $30,923,915 is included in general expense due or accrued as of December 31, 2016 and 2015, respectively, in the statutory basis statements of admitted assets, liabilities and capital and surplus.

- **Unearned Premiums**—Unearned premiums are established for the portion of premiums received during the current period that are partially unearned at the end of the period and are included in aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

- **Accrued Medical Incentive Pool and Bonus Amounts**—The Company has agreements with certain independent physicians and physician network organizations that provide for the establishment of a fund into which the Company places monthly premiums payable for members assigned to the physician. The Company manages the disbursement of funds from this account as well as reviews the utilization of nonprimary care medical services of members assigned to the physicians. Any surpluses in the fund are shared by the Company and the physician based upon predetermined risk-sharing percentage and the liability is included in accrued medical incentive pool and bonus amounts in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company has incentive and bonus arrangements with providers that are based on quality, utilization, and/or various health outcome measures. The estimated amount due to providers that meet the established metrics is included in accrued medical incentive pool and bonus amounts in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

- **Aggregate Health Policy Reserves**—The Company establishes a liability, net of ceded reinsurance, for estimated premium refunds on experience rated contracts based on actuarial methods and assumptions and minimum loss ratio requirements.

  Aggregate health policy reserves also includes:

  a) risk adjustment payables as defined in Section 1343 of the ACA. Premium adjustments are based upon the risk scores (health status) of enrollees participating in risk adjustment covered plans, rather than the actual loss experience of the insured. A risk adjustment payable is recorded when the Company estimates its average actuarial risk score for policies included in this program is less than the average actuarial risk scores in that market and state risk pool (see Note 24);

b) estimated rebates payable on comprehensive commercial and Medicaid, if the medical loss ratios on these fully insured products, as calculated under the definitions of the ACA and/or State statutes (see Note 14) and implementing regulations, fall below certain targets. The Company is required to rebate the ratable portions of the premiums annually (see Note 24).

- **Premiums Received in Advance**—Premiums received in full during the current period that are not due until future periods are recorded as premiums received in advance in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

- **General Expenses Due or Accrued**—General expenses that are due as of the reporting date in addition to general expenses that have been incurred but are not due until a subsequent period are reported as general expenses due in the statutory basis statements of admitted assets, liabilities, and capital and surplus. General expenses due or accrued also include the amounts for unpaid assessments, premium taxes, and the unpaid portion of the contributions required under the ACA risk adjustment and reinsurance programs (see Note 24).

- **Remittances and Items Not Allocated**—Remittances and items not allocated generally represent monies received from policyholders for monthly premium billings or providers that have not been specifically identified or applied prior to year-end. The majority is from monies received in the lockbox account on the last day of the year.

- **Amounts Due to Parent, Subsidiaries, and Affiliates, Net**—In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reports any unsettled amounts owed as amounts due to parent, subsidiaries, and affiliates, net, in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

- **Liability for Amounts Held Under Uninsured Plans**—The amounts payable relating to uninsured plans represents the general administrative expenses payable to ASO customers related to the gain share provisions from the Company's ASO contract (see Note 18). Related cash flows are presented within operating expenses paid within cash provided by operations in the statutory basis statements of cash flows.

  Liability for amounts held under uninsured plans also include the cost reimbursement for the cost-sharing reduction components of the ACA. The Company is fully reimbursed by the federal government for costs incurred related to these provisions. The Company receives advances that are applied to eligible claims. If the Company incurs costs that are less than these subsidies, a corresponding liability is recorded for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

CAPITAL AND SURPLUS AND MINIMUM STATUTORY REQUIREMENTS

- **Nonadmitted Assets**—Certain assets, including certain aged premium receivables, certain health care receivables and prepaid expenses, are considered nonadmitted assets under NAIC SAP and are excluded from the statutory basis statements of admitted assets, liabilities, and capital and surplus and charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheet.

- **Restricted Cash Reserves**—The Company held a regulatory deposit of $1,000,000 as of December 31, 2016 and 2015, respectively, in compliance with the State of Louisiana requirements for qualification purposes as a domestic insurer. These restricted cash reserves consist principally of government obligations and are stated at amortized cost, which approximates fair value. These restricted deposits are included in bonds and short-term investments in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Interest earned on these deposits accrues to the Company.

- **Minimum Capital and Surplus**—Under the laws of the State of Louisiana, the LADOI requires the Company to maintain a minimum capital and surplus equal to $3,000,000. The Company has $121,165,609 and $84,525,004 in total statutory basis capital and surplus as of December 31, 2016 and 2015, respectively, which is in compliance with the required amount.

  Risk-based capital ("RBC") is a regulatory tool for measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The LADOI requires the Company to maintain minimum capital and surplus equal to the greater of the state statute as outlined above, or the company action level as calculated by the RBC formula, or the level needed to avoid action pursuant to the trend test in the RBC formula. The Company is in compliance with the required amount.

- **Section 9010 ACA Subsequent Fee Year Assessment**—In 2016 and 2015, the Company is subject to the Section 9010 ACA Health Insurer Fee ("HIF"). In accordance with the 2017 HIF moratorium, no HIF will be payable in 2017 and therefore the 2016 statutory basis statements of admitted assets, liabilities, and capital and surplus will have no amounts apportioned out of unassigned surplus representing an estimate of the 2017 HIF. In 2015, under NAIC SAP, an amount equal to the estimated subsequent year fee was apportioned out of unassigned surplus and reported as Section 9010 ACA subsequent fee year assessment in the statutory basis statements of admitted assets, liabilities, and capital and surplus, whereas under GAAP, no such special surplus designation is required.

STATEMENTS OF OPERATIONS

- **Net Premium Income and Change in Unearned Premium Reserves and Reserve for Rate Credits**—Revenues consist of net premium income that is recognized in the period in which enrollees are entitled to receive health care services. Net premium income is shown net of reinsurance premiums paid and reinsurance premiums incurred but not paid in the statutory basis statements of operations. The corresponding change in unearned premium from year to year is reflected as a change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations. Under GAAP, the change in unearned premium from year to year is reported through premium income.

  Comprehensive commercial health plans with medical loss ratios on fully insured products, as calculated under the definitions in the ACA (see Note 14) and implementing regulations, that fall below certain targets are required to rebate ratable portions of premiums annually. The Company classifies its estimated rebates as change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

  Pursuant to Section 1342 and Section 1343 of the ACA, the Company records premium adjustments for changes to the risk corridor and risk adjustment balances which are reflected in change in unearned premium reserves and reserve for rate credits and net premium income, respectively, in the statutory basis statements of operations.

  Net premium income also includes amounts paid by state and federal governments on a per member basis in exchange for the provision and administration of medical benefits under the Medicaid program. Premiums are contractual and are recognized in the coverage period in which members are entitled to receive services, except in the case of maternity payments. Maternity income is billed on contractual rates and recognized as income as each birth case is identified by the Company. Included in net premium income are capitated payments, home nursing risk-sharing payments, high-dollar risk pool payments, and maternity payments. The majority of net premium income recorded is based on capitated rates, which are monthly premiums paid for each member enrolled. Home nursing risk-sharing income is payable based upon the number of members that qualify for such reimbursement.

The Medicaid plan is subject to experience rebates, risk adjustments, and performance guarantees based on various utilization measures. The Company classifies its estimated risk adjustments and experience rebates as change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

- **Full Medicaid Pricing Pass Through Program**—The DHH and the Company entered into a contract effective February 1, 2015 in which the Company processes Full Medicaid Pricing ("FMP") payments to specified providers where the FMP has agreements. Once received for the DHH, the Company disburses funds from an allocated pool to hospitals, physician groups, and ambulance groups, less any premium taxes. The funds that have been received cannot be directly linked to a specific claim. Additionally, the Company has no obligation to pay the specified providers until funds have been received. The amounts collected, net of tax, are included in net premium income in the statutory basis statements of operations. FMP payments of $224,570,471 and $124,010,767 were recorded to net premium income and other medical expenses as of December 31, 2016 and 2015, respectively.

- **Total Hospital and Medical Expenses**—Total hospital and medical expenses include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and payments and liabilities for physician, hospital, and other medical costs disputes.

  Total hospital and medical expenses also include amounts incurred for incentive pool, withhold adjustments, and bonus amounts that are based on the underlying contractual provisions with the respective providers. In addition, adjustments to claims unpaid estimates are reflected in the period once the change in estimate is identified and included in total hospital and medical expenses in the statutory basis statements of operations.

- **General Administrative Expenses**—Pursuant to the terms of the Agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. Costs for items not included within the scope of the Agreement are directly expensed as incurred. A detailed review of the administrative expenses of the Company and UHS is performed to determine the allocation between claims adjustment expenses and general administrative expenses to be reported in the statutory basis statements of operations.

  The Company is subject to an annual fee under Section 9010 of the ACA. A health insurance entity's annual fee becomes payable once the entity provides health insurance for any U.S. health risk during the calendar year, which is nondeductible for tax purposes. Under NAIC SAP, the entire amount of the estimated annual fee expense is recognized on January 1 of the fee year in general administrative expenses in the statutory basis statements of operations, whereas under GAAP, a deferred asset is created on January 1 of the fee year which is amortized to expense on a straight-line basis throughout the year.

  Administrative fee revenues consist primarily of fees derived from services performed for customers that self-insure the health care costs of their employees and employees' dependents. Under these contracts, the Company recognizes revenue in the period in which the related services are performed. The customers retain the risk of financing health care costs for their employees and employees' dependents, and the Company administers the payment of customer funds to physicians and other health care professionals from customer-funded bank accounts. As the Company has neither the obligation for funding the health care costs, nor the primary responsibility for providing the medical care, the Company does not recognize premium revenue and hospital/medical benefits for these contracts. Administrative fee revenue and related expenses are netted against general administrative expenses in the statutory basis statements of operations (see Note 18).

- **Net Investment Income Earned**—Net investment income earned includes investment income collected during the period, as well as the change in investment income due and accrued on the Company's holdings. Amortization of premium or discount on bonds and certain external investment management costs are also included in net investment income earned (see Note 7).

- **Federal Income Taxes Incurred**—The provision for federal income taxes incurred is calculated based on applying the statutory federal income tax rate of 35% to net income after capital gains tax and before all other federal income taxes subject to certain adjustments (see Note 9).

- **Comprehensive Income**—Comprehensive income and its components are not separately presented in the statutory basis financial statements, whereas under GAAP, it is a requirement to present comprehensive income and its components in the financial statements.

REINSURANCE

- **Reinsurance Ceded**—In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding premium to other insurance enterprises or reinsurers under excess coverage contracts or specific transfer of risk agreements. The Company remains primarily liable as the direct insurer on the risks reinsured. Reinsurance premiums paid and reinsurance premiums incurred but not paid are deducted from net premium income in the statutory basis statements of operations. Any amounts due to the Company pursuant to this agreement are recorded as amounts recoverable from reinsurers in the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 10).

  The Company has an insolvency-only reinsurance agreement with UnitedHealthcare Insurance Company ("UHIC"), an affiliate whereby 0.01% of net premium income is ceded to UHIC.

- **Amounts Recoverable from Reinsurers**—The Company records amounts recoverable from reinsurers for claims paid pursuant to the reinsurance agreement with Unimerica in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as net reinsurance recoveries in the statutory basis statements of operations.

- **Section 1341 ACA Transitional Reinsurance**—The Company has established receivables of $6,702,057 and $9,611,182, liabilities of $(585,878) and $(1,297,826) and ceded reserves of $571,734 and $923,670 as of December 31, 2016 and 2015, respectively, which are included in amounts recoverable from reinsurers, claims unpaid, and ceded reinsurance premium payable respectively, in the statutory basis statements of admitted assets, liabilities, and capital and surplus, for the transitional reinsurance program. This program is designed to protect issuers in the individual market from an expected increase in large claims due to the elimination of preexisting condition limitations (see Note 24).

- **Ceded Reinsurance Premiums Payable**—The ceded reinsurance premiums payable balance represents amounts due to the reinsurers for specified coverage which will be paid based on the contract terms.

<u>OTHER</u>

- **Vulnerability Due to Certain Concentrations**—The Company is subject to substantial federal and state government regulation, including licensing and other requirements relating to the offering of the Company's existing products in new markets and offerings of new products, both of which may restrict the Company's ability to expand its business.

  The Company has no commercial customers that individually exceed 10% of total direct premiums written and premiums and considerations, including receivables for contracts subject to redetermination, for the years ended December 31, 2016 and 2015.

  Direct premiums written and premiums and considerations, including receivables for contracts subject to redetermination, from the DHH, as a percentage of total direct premiums written and total premiums and considerations, including receivables for contracts subject to redetermination, are 86% and 99% as of December 31, 2016 and 85% and 98% as of December 31, 2015, respectively.

Recently Issued Accounting Standards—The Company reviewed all recently issued guidance in 2016 and 2015 that has been adopted for 2016 or subsequent years' implementation and has determined that none of the items would have a significant impact to the statutory basis financial statements.

D. Going Concern

The Company has the ability and will continue to operate for a period of time sufficient to carry out its commitments, obligations and business objectives.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

No changes in accounting principles or correction of errors have been recorded during the years ended December 31, 2016 and 2015.

3. BUSINESS COMBINATIONS AND GOODWILL

A–D. The Company was not party to a business combination during the years ended December 31, 2016 and 2015, and does not carry goodwill in its statutory basis statements of admitted assets, liabilities, and capital and surplus.

4. DISCONTINUED OPERATIONS

A. Discontinued Operation Disposed of or Classified as Held for Sale

(1–4) The Company did not have any discontinued operations disposed of or classified as held for sale during 2016 and 2015.

B. Change in Plan of Sale of Discontinued Operation—Not applicable.

C. Nature of any Significant Continuing Involvement with Discontinued Operations after Disposal—Not applicable.

D. Equity Interest Retained in the Discontinued Operation after Disposal—Not applicable.

5. INVESTMENTS AND OTHER INVESTED ASSETS

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The gross realized gains and losses on sales of long-term investments were $60,034 and $25,013, respectively, for 2016. There were no gross recognized gains and losses on short-term investments for the year ended December 31, 2016. There were no gross recognized gains and losses for the year ended December 31, 2015. The net realized gain is included in net realized capital gains less capital gains tax in the statutory basis statements of operations. Total proceeds on the sale of long-term investments were $11,587,902 and $0 and for short-term investments were $1,810,952,754 and $194,315,870 in 2016 and 2015, respectively.

As of December 31, 2016 and 2015, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company's investments, excluding cash of $57,613,126 and $6,567,724, respectively, are as follows:

	2016				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 Year	Gross Unrealized Holding Losses > 1 Year	Fair Value
U.S. government and agency securities	$ 22,790,270	$ -	$ 340,356	$ -	$ 22,449,914
State and agency municipal securities	14,708,466	-	457,606	-	14,250,860
City and county municipal securities	34,891,582	-	1,116,814	-	33,774,768
Corporate debt securities	28,087,932	62,580	376,393	-	27,774,119
Money-market funds	146,743,045	-	-	-	146,743,045
Total bonds and short-term investments	$ 247,221,295	$ 62,580	$ 2,291,169	$ -	$ 244,992,706

	2016				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 Year	Gross Unrealized Holding Losses > 1 Year	Fair Value
Less than one year	$ 150,261,355	$ 2	$ -	$ -	$ 150,261,357
One to five years	42,566,392	17,750	597,994	-	41,986,148
Five to ten years	30,288,240	15,382	1,112,042	-	29,191,580
Over ten years	24,105,308	29,446	581,133	-	23,553,621
Total bonds and short-term investments	$ 247,221,295	$ 62,580	$ 2,291,169	$ -	$ 244,992,706

	2015				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 Year	Gross Unrealized Holding Losses > 1 Year	Fair Value
Corporate debt securities (includes commercial paper)	$ 1,000,000	$ -	$ -	$ -	$ 1,000,000
Money-market funds	147,558,220	-	-	-	147,558,220
Total bonds and short-term investments	$ 148,558,220	$ -	$ -	$ -	$ 148,558,220

Included in U.S. government and agency securities and corporate debt securities in the tables above are mortgage-related loan-backed securities, which do not have a single maturity date. For the years to maturity table above, these securities have been presented in the maturity group based on the securities' final maturity date and at an amortized cost of $14,082,810 and fair value of $13,700,148.

The Company does not have any unrealized holding losses on its investments as of December 31, 2015. The following table illustrates the fair value and gross unrealized holding losses, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of December 31, 2016:

	2016					
	< 1 Year		> 1 Year		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
U.S. government and agency securities	$ 19,931,605	$ 340,356	$ -	$ -	$ 19,931,605	$ 340,356
State and agency municipal securities	14,250,860	457,606	-	-	14,250,860	457,606
City and county municipal securities	33,774,768	1,116,814	-	-	33,774,768	1,116,814
Corporate debt securities	21,505,339	376,393	-	-	21,505,339	376,393
Total bonds and short-term investments	$ 89,462,572	$ 2,291,169	$ -	$ -	$ 89,462,572	$ 2,291,169

The unrealized losses on investments in U.S. government and agency securities, state and agency municipal securities, city and county municipal securities, and corporate debt securities at December 31, 2016, were mainly caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities. The Company evaluates impairment at each reporting period for each of the securities whereby the fair value of the investment is less than its amortized cost. The contractual cash flows of the U.S. government and agency securities are guaranteed either by the U.S. government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, and the Company does not intend to sell the investment until the unrealized loss is fully recovered. The Company evaluated the credit ratings of the municipal, local agency and corporate debt securities, noting whether a significant deterioration since purchase or other factors that may indicate an OTTI, such as the length of time and extent to which fair value has been less than cost, the financial condition, and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer and the Company's intent to sell the investment. Additionally, the Company evaluated its intent and ability to retain loan-backed securities for a period of time sufficient to recover the amortized cost. As a result of this review, no OTTIs were recorded by the Company as of December 31, 2016.

A–C. The Company has no mortgage loans, real estate loans, restructured debt, or reverse mortgages. The Company also has no real estate property occupied by the Company, real estate property held for the production of income, or real estate property held for sale.

D. Loan-Backed Securities

(1) U.S. government and agency securities and corporate debt securities include loan-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of loan-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors.

(2) The Company did not recognize any OTTIs on loan-backed securities as of December 31, 2016 and 2015.

(3) The Company did not have any loan-backed securities with an OTTI to report by CUSIP as of December 31, 2016 or 2015.

(4) The following table illustrates the fair value, gross unrealized losses, and length of time that the loan-backed securities have been in a continuous unrealized loss position as of December 31, 2016 and 2015:

	2016
The aggregate amount of unrealized losses:	
1. Less than 12 months	$ 399,697
2. 12 months or longer	-
The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 months	15,532,849
2. 12 months or longer	-

	2015
The aggregate amount of unrealized losses:	
1. Less than 12 months	$ -
2. 12 months or longer	-
The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 months	-
2. 12 months or longer	-

(5) The Company believes that it will collect all principal and interest due on all investments that have an amortized cost in excess of fair value. The unrealized losses as of December 31, 2016 and 2015 were primarily caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities.

E. **Repurchase Agreements and/or Securities Lending Transactions**—Not applicable.

F. **Real Estate**—Not applicable.

G. **Low-Income Housing Tax Credits**—Not applicable.

H. Restricted Assets

(1) Restricted assets, including pledged securities as of December 31, 2016 and 2015, are presented below:

Restricted Asset Category	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3 Increase/ (Decrease) (1 Minus 2)	4 Total Current Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 Minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	7 Admitted Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	$ -	$ -	$ -	$ -	$ -	- %	- %
b. Collateral held under security lending agreements	-	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale—excluding FHLB capital stock	-	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-	-
j. On deposit with states	1,000,000	1,000,000	-	1,000,000	-	-	-
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-
o. Total restricted assets	$ 1,000,000	$ 1,000,000	$ -	$ 1,000,000	$ -	- %	- %

(a) Column 1 divided by Asset Page, Column 1, Line 28
(b) Column 5 divided by Asset Page, Column 3, Line 28

(2–4) The Company has no assets pledged as collateral not captured in other categories and no other restricted assets as of December 31, 2016 or 2015.

I. Working Capital Finance Investments—Not applicable.

J. Offsetting and Netting of Assets and Liabilities

The Company does not have any offsetting or netting of assets and liabilities as it relates to derivatives, repurchase and reverse repurchase agreements, and securities borrowing and securities lending activities.

K. Structured Notes

The Company does not have any structured notes.

L. 5* Securities

The Company does not have any investments with an NAIC designation of 5* as of December 31, 2016 and 2015.

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

A–B. The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of admitted assets and did not recognize any impairment write-down for its investments in joint ventures, partnerships, and limited liability companies during the statement periods.

7. INVESTMENT INCOME

A. The Company excludes all investment income due and accrued amounts that are over 90 days past due from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

B. There were no investment income amounts excluded from the statutory basis financial statements.

8. DERIVATIVE INSTRUMENTS

A–F. The Company has no derivative instruments.

9. INCOME TAXES

A. Deferred Tax Asset/Liability

(1) The components of the net deferred tax asset at December 31, 2016 and 2015, are as follows:

	2016			2015			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	$ 3,158,273	$ -	$ 3,158,273	$ 1,672,528	$ -	$ 1,672,528	$ 1,485,745	$ -	$ 1,485,745
(b) Statutory valuation allowance adjustments	-	-	-	-	-	-	-	-	-
(c) Adjusted gross deferred tax assets (1a - 1b)	3,158,273	-	3,158,273	1,672,528	-	1,672,528	1,485,745	-	1,485,745
(d) Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
(e) Subtotal net admitted deferred tax asset (1c - 1d)	3,158,273	-	3,158,273	1,672,528	-	1,672,528	1,485,745	-	1,485,745
(f) Deferred tax liabilities	6,472	1,417	7,889	28,504	-	28,504	(22,032)	1,417	(20,615)
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e - 1f)	$ 3,151,801	$ (1,417)	$ 3,150,384	$ 1,644,024	$ -	$ 1,644,024	$ 1,507,777	$ (1,417)	$ 1,506,360

(2) The components of the adjusted gross deferred tax assets admissibility calculation under SSAP No. 101, *Income Taxes—A Replacement of SSAP No. 10R and SSAP No. 10*, are as follows:

	2016			2015			Change		
	1	2	3	4	5	6	7	8	9
Admission Calculation Components SSAP No. 101	**Ordinary**	**Capital**	**(Col 1 + 2) Total**	**Ordinary**	**Capital**	**(Col 4 + 5) Total**	**(Col 1 - 4) Ordinary**	**(Col 2 - 5) Capital**	**(Col 7 + 8) Total**
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	$ 3,158,273	$ -	$ 3,158,273	$ 1,672,528	$ -	$ 1,672,528	$ 1,485,745	$ -	$ 1,485,745
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	-	-	-	-	-	-	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	12,333,936	XXX	XXX	8,288,098	XXX	XXX	4,045,838
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	-	-	-	-	-	-	-	-	-
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	$ 3,158,273	$ -	$ 3,158,273	$ 1,672,528	$ -	$ 1,672,528	$ 1,485,745	$ -	$ 1,485,745

(3) The ratio percentage and adjusted capital and surplus used to determine the recovery period and threshold limitations for the admissibility calculation are presented below:

	2016	**2015**
(a) Ratio percentage used to determine recovery period and threshold limitation amount	261 %	247 %
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)(2) above	$ 123,339,357	$ 82,880,979

(4) The impact to the gross deferred tax assets balances as a result of tax-planning strategies as of December 31, 2016 and 2015, is presented below:

	2016		2015		Change	
	1	2	3	4	5	6
Impact of Tax-Planning Strategies	**Ordinary**	**Capital**	**Ordinary**	**Capital**	**(Col 1 - 3) Ordinary**	**(Col 2 - 4) Capital**
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets by tax character as a percentage.						
1. Adjusted gross DTAs amount from Note 9A1(c)	$ 3,158,273	$ -	$ 1,672,528	$ -	$ 1,485,745	$ -
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax-planning strategies	- %	- %	- %	- %	- %	- %
3. Net admitted adjusted gross DTAs amount from Note 9A1(e)	$ 3,158,273	$ -	$ 1,672,528	$ -	$ 1,485,745	$ -
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax-planning strategies	- %	- %	- %	- %	- %	- %
(b) Does the Company's tax-planning strategies include the use of reinsurance?			Yes		No	X

B. Unrecognized Deferred Tax Liabilities

(1–4) There are no unrecognized deferred tax liabilities for the years ended December 31, 2016 and 2015.

C. Significant Components of Income Taxes

(1) The current federal income taxes incurred for the years ended December 31, 2016 and 2015 are as follows:

	1 2016	2 2015	3 (Col 1 - 2) Change
1. Current income tax			
(a) Federal	$ 31,396,179	$ 11,783,497	$ 19,612,682
(b) Foreign	-	-	-
(c) Subtotal	31,396,179	11,783,497	19,612,682
(d) Federal income tax on net capital gains	13,594	-	13,594
(e) Utilization of capital loss carryforwards	-	-	-
(f) Other	-	-	-
(g) Total federal and foreign income taxes incurred	$ 31,409,773	$ 11,783,497	$ 19,626,276

(2–4) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2016 and 2015, are as follows:

	1 2016	2 2015	3 (Col 1 - 2) Change
2 Deferred tax assets:			
(a) Ordinary:			
(1) Discounting of unpaid losses	$ 531,310	$ 302,575	$ 228,735
(2) Unearned premium reserve	16,568	181,706	(165,138)
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables—nonadmitted	1,851,654	461,482	1,390,172
(11) Net operating loss carryforward	-	-	-
(12) Tax credit carry forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	758,741	726,765	31,976
(99) Subtotal	3,158,273	1,672,528	1,485,745
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	3,158,273	1,672,528	1,485,745
(e) Capital:			
(1) Investments	-	-	-
(2) Net capital loss carryforward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	-	-	-
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	-	-	-
(i) Admitted deferred tax assets (2d + 2h)	3,158,273	1,672,528	1,485,745
3 Deferred tax liabilities:			
(a) Ordinary:			
(1) Investments	2,643	-	2,643
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	3,829	28,504	(24,675)
(99) Subtotal	6,472	28,504	(22,032)
(b) Capital:			
(1) Investments	1,417	-	1,417
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities	-	-	-
(99) Subtotal	1,417	-	1,417
(c) Deferred tax liabilities (3a99 + 3b99)	7,889	28,504	(20,615)
4 Net deferred tax assets/liabilities (2i - 3c)	$ 3,150,384	$ 1,644,024	$ 1,506,360

The other ordinary deferred tax asset of $758,741 for 2016 consists of bad debts of $655,902, general expenses due and accrued of $100,083, and intangibles of $2,756. The other ordinary deferred tax asset of $726,765 for 2015 consists of bad debt of $567,953, general expenses due and accrued of $141,050, and intangibles of $17,762. The other ordinary deferred tax liability of $3,829 and $28,504 for 2016 and 2015, respectively, consists of premium acquisition expense.

The Company assessed the potential realization of the gross deferred tax asset and as a result no statutory valuation allowance was required and no allowance was established as of December 31, 2016 and 2015.

D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 35% to net income before federal income taxes incurred, less capital gains tax. A summarization of the significant items causing this difference as of December 31, 2016 and 2015 is as follows:

	2016		2015	
	Amount	Effective Tax Rate	Amount	Effective Tax Rate
Tax provision at the federal statutory rate	$ 24,505,728	35 %	$ 14,441,244	35 %
Tax-exempt interest	(101,135)	-	-	-
Health insurer fee	6,714,143	10	50,997	-
Tax effect of nonadmitted assets	(1,215,323)	(2)	(602,314)	(1)
Change in statutory valuation allowance	-	-	(17,763)	-
Total statutory income taxes	$ 29,903,413	43 %	$ 13,872,164	34 %
Federal income taxes incurred	$ 31,396,179	45 %	$ 11,783,497	29 %
Capital gains tax	13,594	-	-	-
Change in net deferred tax asset	(1,506,360)	(2)	2,088,667	5
Total statutory income taxes	$ 29,903,413	43 %	$ 13,872,164	34 %

E. At December 31, 2016, the Company had no net operating loss carryforwards.

Current federal income taxes recoverable of $6,919,519 and $765,504 as of December 31, 2016 and 2015, respectively, are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Federal income taxes paid, net of refunds were $37,563,788 and $15,932,404 in 2016 and 2015, respectively.

Federal income taxes incurred of $31,406,481 and $11,786,789 for 2016 and 2015, respectively, are available for recoupment in the event of future net losses.

The Company has not admitted any aggregate amounts of deposits that are included within Section 6603 (“Deposits made to suspend running of interest on potential underpayments, etc.”) of the Internal Revenue Service (“IRS”) Code.

F. The Company is included in the consolidated federal income tax return with its ultimate parent, UnitedHealth Group. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y—Information Concerning Activities of Insurer Members Of A Holding Company Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The IRS has completed exams on UnitedHealth Group’s consolidated income tax returns for fiscal years 2015 and prior. UnitedHealth Group’s 2016 tax return is under advance review by the IRS under its Compliance Assurance Program. With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2010 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

G. Tax Contingencies—Not applicable.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

A–N. Material Related Party Transactions

Pursuant to the terms of a management agreement (the “Agreement”) UHS will provide management services to the Company under a fee structure, which is based on a percentage of premium charges representing UHS’ expenses for services or use of assets provided to the Company. In addition, UHS provides or arranges for services on behalf of the Company using a pass-through of charges incurred by UHS on a per member per month (“PMPM”) basis (where the charges incurred by UHS are on a PMPM basis) or using another allocation methodology consistent with the Agreement. These services may include, but are not limited to, integrated personal health management solutions, such as disease management, treatment decision support, and wellness services, including a 24-hour call-in service, access to a network of transplant providers, and discount program services. The amount and types of services provided pursuant to the pass-through provision of the Agreement can change year over year as UHS becomes the contracting entity for services provided to the Company’s members. Total administrative services, capitation, and access fees under this arrangement totaled $109,050,920 and $74,229,607 in 2016 and 2015, respectively, and are included in total hospital and medical expenses, general administrative expenses, and claims adjustment expenses in the statutory basis statements of operations. Direct expenses not covered under the Agreement, such as broker commissions, DOI exam fees, ACA assessments, and premium taxes, are paid by UHS on behalf of the Company. UHS is reimbursed by the Company for these direct expenses.

The Company also directly contracts with related parties to provide services to its members. The Company expensed as hospital and medical expenses, general administrative expenses, and claims adjustment expenses $15,706,916 and $1,137,248 in capitation fees to related parties during 2016 and 2015, respectively. United Behavioral Health provides mental health and substance abuse services. Spectera, Inc. provides administrative services related to vision benefit management and claims processing. Dental Benefit Providers, Inc. provides dental care assistance. OptumHealth Care Solutions, Inc. provides chiropractic, physical therapy and complex medical conditions services. The capitation expenses, administrative services, and access fees paid to related parties that are included as hospital and medical expenses, general administrative expenses, and claims adjustment expenses in the statutory basis statements of operations for the years ended December 31, 2016 and 2015, are shown below:

	2016	2015
United Behavioral Health	$ 12,776,386	$ 694,467
Spectera, Inc.	1,231,545	24,148
Dental Benefit Providers, Inc.	1,050,747	259,930
OptumHealth Care Solutions, Inc.	648,238	158,703
Total	$ 15,706,916	$ 1,137,248

Management believes that its transactions with affiliates are fair and reasonable; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

The Company contracts with OptumRx to provide administrative services related to pharmacy management and pharmacy claims processing for its enrollees. Fees related to these agreements, which are calculated on a PMPM basis, of $11,176,761 and $5,272,392 in 2016 and 2015, respectively, are included in general administrative expenses and claims adjustment expenses in the statutory basis statements of operations.

The Company contracts with OptumRx to provide personal health products catalogues showing the healthcare products and benefit credits needed to redeem the respective products. OptumRx will mail the appropriate personal health products catalogues to the Company's members and manage the personal health products credit balance. OptumRx also distributes personal health products to individual members based upon the terms of the agreement. In 2016, fees related to these agreements, which are calculated on a PMPM basis of $3,135, are included in hospital and medical expenses in the statutory basis statements of operations.

The Company has agreements with OptumInsight, Inc., an affiliate of the Company, for claim analytics, recovery of medical expense (benefit) overpayments, retroactive fraud, waste and abuse, subrogation and premium audit services. All recoveries are returned to the Company by OptumInsight, Inc. on a monthly basis and a capitated service fee is charged to the Company as a PMPM. Service fees of $1,024,686 and $440,284 are included in hospital and medical expenses, claims adjustment expenses, and general administrative expenses in the statutory basis statements of operations for the years ended December 31, 2016 and 2015, respectively.

The Company has premium payments that are received and claim payments that are processed by an affiliated UnitedHealth Group entity. Both premiums and claims applicable to the Company are settled at regular intervals throughout the month via the intercompany settlement process and any amounts outstanding are reflected in amounts due to parent, subsidiaries, and affiliates, net in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

Effective February 1, 2016, the Company has entered into a facility participation agreement for home infusion therapy services with an affiliated entity, AxelaCare Intermediate Holding, LLC. This agreement has been approved by the LADOI. There were no fees associated with this agreement in 2016.

The Company has an insolvency-only reinsurance agreement with UHIC, an affiliate of the Company, to provide insolvency protection for its enrollees. Reinsurance premiums, which are calculated on a percentage of member premium income, of $1,556,670 and $973,365 in 2016 and 2015, respectively, are netted against net premium income in the statutory basis statement of operations.

Effective March 1, 2013, the Company entered into a reinsurance agreement with an affiliated entity, Unimerica Insurance Company, Inc. to cede obligations relating to chiropractic, physical and occupational therapy treatments and services for musculoskeletal conditions, human organ transplants and bone marrow transplants and related services, infertility treatment and services, and mental health and substance abuse treatments and services. The agreement has been approved by the LADOI. Reinsurance premiums, which are calculated on a PMPM basis, of $139,951,973 and $2,323,565 as of December 31, 2016 and 2015, respectively were netted against premium income in the statutory basis statement of operations. Reinsurance recoveries of $164,792,333 and $1,704,450 as of December 31, 2016 and 2015, respectively are included in net reinsurance recoveries in the statutory basis statement of operations. There were $9,913,169 and $296,857 of amounts recoverable from reinsurers related to this agreement as of December 31, 2016 and 2015, respectively. Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company.

The Company holds a $9,000,000 subordinated revolving credit agreement with UnitedHealth Group at an interest rate of London InterBank Offered Rate plus a margin of 0.50%. This credit agreement is subordinate to the extent it does not conflict with any credit facility held by either party. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. The agreement was renewed effective December 31, 2016. No amounts were outstanding under the line of credit as of December 31, 2016 and 2015.

At December 31, 2016 and 2015, the Company reported $2,949,983 as amounts due to parent, subsidiaries, and affiliates, net and $4,935,264 as receivables from parent, subsidiaries and affiliates, net, respectively, which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 90 days from the incurred date. Any balances due to the Company that are not settled within 90 days are considered nonadmitted assets.

The Company has entered into a Tax Sharing Agreement with UnitedHealth Group (see Note 9).

The Company received capital infusions of $0 and $40,000,000 in 2016 and 2015, respectively (see Note 13).

The Company does not have any amount deducted from the value of an upstream intermediate entity or ultimate parent owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated entity.

The Company does not have any investments in a subsidiary, controlled, or affiliated entity that exceeds 10% of admitted assets.

The Company does not have any investments in impaired subsidiaries, controlled, or affiliated entities.

The Company does not have any investments in foreign insurance subsidiaries.

The Company does not hold any investments in a downstream noninsurance holding company.

The Company does not have any investments in non-insurance subsidiaries, controlled, or affiliated entities.

The Company does not have any investments in insurance subsidiaries, controlled, or affiliated entities.

The Company has not extended any guarantees or undertakings for the benefit of an affiliate or related party.

11. DEBT

A–B. The Company had no outstanding debt with third-parties or outstanding Federal Home Loan Bank agreements during 2016 and 2015.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES, AND OTHER POSTRETIREMENT BENEFIT PLANS

A–I. The Company has no defined benefit plans, defined contribution plans, multiemployer plans, consolidated/holding company plans, postemployment benefits, or compensated absences plans and is not impacted by the Medicare Modernization Act on postretirement benefits, since all personnel are employees of UHS, which provides services to the Company under the terms of the Agreement (see Note 10).

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS, AND QUASI-REORGANIZATIONS

(1–2) The Company has 1,000,000 shares authorized and 900,000 shares issued and outstanding of $2 par value common stock. The Company has no preferred stock outstanding. All issued and outstanding shares of common stock are held by the Company's parent, UHC.

(3) Payment of dividends may be restricted by the LADOI, which generally requires that dividends be paid out of unassigned surplus.

(4) The Company received a cash infusion of $40,000,000 on September 30, 2015, from UHC, which was recorded as an increase to gross paid-in and contributed surplus in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

(**5)** The amount of ordinary dividends that may be paid out during any given period is subject to certain restrictions as specified by state statute.

(6) There are no restrictions placed on the Company's unassigned surplus (deficit).

(7) The Company is not a mutual reciprocal or a similarly organized entity and does not have advances to surplus not repaid.

(8) The Company does not hold any stock, including stock of affiliated companies for special purposes, such as conversion of preferred stock, employee stock options, or stock purchase warrants.

(9) As discussed in Note 1, in 2016 no amount is required to be apportioned out of unassigned surplus for the Section 9010 ACA subsequent fee year assessment. For the year ended December 31, 2015, the amount of the estimated Section 9010 ACA subsequent fee year assessment apportioned out of unassigned deficit was $19,099,034.

(10) The portion of unassigned funds, excluding the apportionment of estimated Section 9010 ACA subsequent fee year assessment, net income, and infusions, represented (or reduced) by each item below is as follows:

	2016	**2015**	**Change**
Net deferred income taxes	$ 3,150,384	$ 1,644,024	$ 1,506,360
Nonadmitted assets	(5,290,437)	(1,818,085)	(3,472,352)
Total	$ (2,140,053)	$ (174,061)	$ (1,965,992)

(11–13) The Company does not have any outstanding surplus notes and has never been a party to a quasi-reorganization.

14. LIABILITIES, CONTINGENCIES AND ASSESSMENTS

A. Contingent Commitments

The Company has no contingent commitments.

B. Assessments

The Company is not aware of any guarantee fund assessments or premium tax offsets, potential or accrued, that could have a material financial effect on the operations of the entity.

C. Gain Contingencies

The Company is not aware of any gain contingencies that should be disclosed in the statutory basis financial statements.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits—Not applicable.

E. Joint and Several Liabilities—Not applicable.

F. All Other Contingencies

The Company's business is regulated at the federal, state, and local levels. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products.

The ACA and the related federal and state regulations will continue to impact how the Company does business and could restrict revenue and enrollment growth in certain products and market segments, restrict premium growth rates for certain products and market segments, increase the Company's medical and administrative costs, expose the Company to an increased risk of liability (including increasing the Company's liability in federal and state courts for coverage determinations and contract interpretation), or put the Company at risk for loss of business. In addition, the Company's statutory basis results of operations, financial condition, and cash flows could be materially adversely affected by such changes. The ACA may create new or expand existing opportunities for business growth, but due to its complexity, the long term impact of the ACA remains difficult to predict and is not yet fully known.

Because of the nature of its businesses, the Company is frequently made party to a variety of legal actions and regulatory inquiries, including class actions and suits brought by members, care providers, consumer advocacy organizations, customers and regulators, relating to the Company's businesses, including management and administration of health benefit plans and other services.

The Company records liabilities for its estimates of probable costs resulting from these matters where appropriate. Estimates of costs resulting from legal and regulatory matters involving the Company are inherently difficult to predict, particularly where the matters: involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or represent a shift in regulatory policy; involve a large number of claimants or regulatory bodies; are in the early stages of the proceedings; or could result in a change in business practices. Accordingly, the Company is often unable to estimate the losses or ranges of losses for those matters where there is a reasonable possibility or it is probable that a loss may be incurred. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

The Company's ASO contact, which was converted to a fully insured contract effective February 1, 2015, includes certain gain share provisions which provide the opportunity for the Company to earn additional administrative fee revenue if certain administrative and quality metrics are achieved and medical costs are less than the required benchmark. For each measure that the Company does not meet, eligible gain share amount may be reduced. Alternatively, if medical costs exceed the required benchmark, the State of Louisiana may be eligible to recoup up to 50% of the Company's administrative fee revenue (see Note 18).

The Company routinely evaluates the collectability of all receivable amounts included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Impairment reserves are established for those amounts where collectability is uncertain. Based on the Company's past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Company's statutory basis financial condition.

There are no assets that the Company considers to be impaired at December 31, 2016 and 2015, except as disclosed in Note 5 and Note 20.

15. LEASES

A–B. According to the Agreement between the Company and UHS (see Note 10), operating leases for the rental of office facilities and equipment are the responsibility of UHS. Fees associated with the lease agreements are included as a component of the Company's management fee.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

(1–4) The Company does not hold any financial instruments with off-balance-sheet risk or have any concentrations of credit risk.

17. SALE, TRANSFER, AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A–C. The Company did not participate in any transfer of receivables, financial assets, or wash sales.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

A. ASO Plans

On February 1, 2012, the Company began an ASO contract with the State of Louisiana as the Company was awarded the statewide Medicaid coordinated care network shared savings contract during 2011 (see Note 1). The Company recorded administrative fee revenues of $11,687,935 and $3,099,448 and related expenses of $1,143,903 and $2,859,089 resulting in a net income from operations of $10,544,032 and $240,359 as of December 31, 2016 and 2015, respectively. These amounts are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. Effective February 1, 2015, the Company's ASO Contract converted into the Medicaid fully insured business.

This ASO contract also included certain gain share provisions which provided the opportunity for the Company to earn additional administrative fee revenue if certain administrative and quality metrics were achieved. Actual data on metrics were received on a 15 month lag. The Company achieved the required administrative and quality metrics needed for the gain share agreement for the year ended December 31, 2014 and recorded $11,687,935 in administrative fee revenue in 2016.

Included in expenses are provisions where the Company is required to reimburse the ASO customers for a portion of the gain share revenues earned to which the Company recorded a payable of $1,812,529 in 2016 for the 2014 gain share metrics received. The payable as of December 31, 2016 is $349,466. The payable as of December 31, 2015 was $644,144.

The net gain from operations of the uninsured portion of ASO uninsured plans and the uninsured portion of partially insured plans are as follows:

	2016		
	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 10,544,032	$ -	$ 10,544,032
b. Total net other income or expenses (including interest paid to or received from plans)	-	-	-
c. Net gain (loss) from operations	10,544,032	-	10,544,032
d. Total claim payment volume	-	-	-

	2015		
	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 240,359	$ -	$ 240,359
b. Total net other income or expenses (including interest paid to or received from plans)	-	-	-
c. Net gain (loss) from operations	240,359	-	240,359
d. Total claim payment volume	-	-	-

The medical claims related to the ASO contract are adjudicated and paid through a third party contracted by the State of Louisiana. The Company pre-processes the medical claims for the ASO contract. The 2016 and 2015 expenses related to pre-processing the medical claims are not allocated to claims adjustment expenses on the statutory basis statements of operations given such expenses are immaterial and have no impact to the Company’s net income or capital and surplus as of December 31, 2016 and 2015.

B. The Company has no operations from Administrative Services Contracts.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

The Company receives payments from the Centers for Medicare & Medicaid Services (“CMS”) under the ACA Cost Sharing Reduction (“CSR”) program designed to reduce copayments, deductibles, and coinsurance for lower-income members. There is no risk to the Company as a result of the CSR program. Overpayments from CMS are reported in liability for amounts held under uninsured plans and underpayments are reported in amounts receivable relating to uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company has recorded a liability of $6,853,234 and $3,504,581 for the CSR program as of December 31, 2016 and December 31, 2015, respectively.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD-PARTY ADMINISTRATORS

The Company did not have any direct premiums written or produced by managing general agents or third-party administrators in 2016 and 2015.

20. FAIR VALUE MEASUREMENT

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

Level 1—Quoted (unadjusted) prices for identical assets in active markets.

Level 2—Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.);
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.);
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3—Unobservable inputs that cannot be corroborated by observable market data.

The estimated fair values of bonds and short-term investments are based on quoted market prices, where available. The Company obtains one price for each security primarily from a third-party pricing service ("pricing service"), which generally uses quoted prices or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, non-binding broker quotes, benchmark yields, credit spreads, default rates, and prepayment speeds. As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to a secondary pricing source, prices reported by its custodian, its investment consultant, and third-party investment advisors. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. The Company's internal price verification procedures and review of fair value methodology documentation provided by independent pricing services have not historically resulted in an adjustment in the prices obtained from the pricing service.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest-level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

A. Fair Value

(1–5) The Company does not have any financial assets that are measured and reported at fair value in the statutory basis statements of admitted assets, liabilities, and capital and surplus at December 31, 2016 and 2015.

B. Fair Value Combination—Not applicable.

C. Aggregate Fair Value Hierarchy

The aggregate fair value by hierarchy of all financial instruments as of December 31, 2016 and 2015 is presented in the table below:

	2016					
Types of Financial Investment	**Aggregate Fair Value**	**Admitted Assets**	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Not Practicable (Carrying Value)**
U.S. government and agency securities	$ 22,449,914	$ 22,790,270	$ 10,425,500	$ 12,024,414	$ -	$ -
State and agency municipal securities	14,250,860	14,708,466	-	14,250,860	-	-
City and county municipal securities	33,774,768	34,891,582	-	33,774,768	-	-
Corporate debt securities	27,774,119	28,087,932	-	27,774,119	-	-
Money-market funds	146,743,045	146,743,045	146,743,045	-	-	-
Total bonds and short-term investments	$ 244,992,706	$ 247,221,295	$ 157,168,545	$ 87,824,161	$ -	$ -

	2015					
Types of Financial Investment	**Aggregate Fair Value**	**Admitted Assets**	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Not Practicable (Carrying Value)**
Corporate debt securities (includes commercial paper)	$ 1,000,000	$ 1,000,000	$ -	$ 1,000,000	$ -	$ -
Money-market funds	147,558,220	147,558,220	147,558,220	-	-	-
Total bonds and short-term investments	$ 148,558,220	$ 148,558,220	$ 147,558,220	$ 1,000,000	$ -	$ -

Included as Level 1 in U.S. government and agency securities in the fair value hierarchy tables above are U.S. Treasury securities of $10,425,500 as of December 31, 2016. There are no U.S. Treasury securities included in U.S. government and agency securities in the fair value hierarchy tables as of December 31, 2015.

Included as Level 2 in corporate debt securities in the fair value hierarchy tables above are commercial paper investments of $0 and $ 1,000,000 as of December 31, 2016 and December 31, 2015, respectively. The commercial paper investments reflected in the tables above are included in short-term investments in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

D. Not Practicable to Estimate Fair Value—Not applicable.

21. OTHER ITEMS

A. The Company did not encounter any unusual or infrequent items for the years ended December 31, 2016 and 2015.

B. The Company has no troubled debt restructurings as of December 31, 2016 and 2015.

C. The Company does not have any amounts not recorded in the statutory basis financial statements that represent segregated funds held for others. The Company also does not have any exposures related to forward commitments that are not derivative instruments.

D. The Company has not received any business interruption insurance recoveries during 2016 and 2015.

E. The Company has no transferable or non-transferable state tax credits.

F. **Sub-Prime Mortgage-Related Risk Exposure**

(1) The investment policy for the Company limits investments in loan-backed securities, which includes sub-prime issuers. Further, the policy limits investments in private-issuer mortgage securities to 10% of the portfolio, which also includes sub-prime issuers. The exposure to unrealized losses on sub-prime issuers is due to changes in market prices. There are no realized losses due to not receiving anticipated cash flows. The investments covered are NAIC rating of 1 or 2.

(2) The Company has no direct exposure through investments in sub-prime mortgage loans.

(3) The Company has no direct exposure through other investments.

(4) The Company has no underwriting exposure to sub-prime mortgage risk through mortgage guaranty or financial guaranty insurance coverage.

G. The Company does not have any retained asset accounts for beneficiaries.

H. As of December 31, 2016, the Company is not aware of any possible proceeds of insurance-linked securities.

22. EVENTS SUBSEQUENT

Subsequent events have been evaluated through May 17, 2017, which is the date these statutory basis financial statements were available for issuance.

TYPE I—Recognized Subsequent Events

There are no events subsequent to December 31, 2016, that require recognition and disclosure.

TYPE II—Non-Recognized Subsequent Events

The Company is subject to the annual fee under Section 9010 of the ACA. This annual fee is allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of the health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, of the year the fee is due. Pursuant to the 2017 HIF moratorium (see Note 1), no HIF will be payable in 2017 and therefore there will be no amounts apportioned out of unassigned funds in 2016 representing an estimate of the 2017 HIF.

The table below presents information regarding the annual fee under Section 9010 of the ACA as of December 31, 2016 and 2015:

		Current Year	Prior Year
A.	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (Yes/No)?	Yes	
B.	ACA fee assessment payable for the upcoming year	$ -	$ 19,099,034
C.	ACA fee assessment paid	19,183,264	145,705
D.	Premium written subject to ACA 9010 assessment	-	1,074,023,885
E.	Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	121,165,609	
F.	Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	121,165,609	
G.	Authorized Control Level (Five-Year Historical Line 15)	47,280,895	
H.	Would reporting the ACA assessment as of December 31, 2016, have triggered an RBC action level (Yes/No)?	Not Applicable	

The Company has made the decision to exit the ACA Individual Exchange market effective January 1, 2017. The 2016 Individual Exchange revenue represented approximately 11% of total direct premiums written.

There are no other events subsequent to December 31, 2016 that require disclosure.

23. REINSURANCE

Reinsurance Agreements—In the normal course of business, the Company seeks to reduce potential losses that may arise from catastrophic events that cause unfavorable underwriting results by reinsuring certain levels of such risk with affiliated (see Note 10) reinsurers. The Company remains primarily liable as the direct insurer on all risks reinsured.

The Company is subject to the reinsurance provisions pursuant to the ACA for compliant individual policies (see Note 24).

A. Ceded Reinsurance Report

Section 1—General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company?

Yes ( ) No (X)

(2) Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor, or any other person not primarily engaged in the insurance business?

Yes ( ) No (X)

Section 2—Ceded Reinsurance Report—Part A

(1) Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( ) No (X)

(2) Does the reporting entity have any reinsurance agreements in effect that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No (X)

Section 3—Ceded Reinsurance Report—Part B

(1) What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.

The Company estimates there should be no aggregate reduction in surplus for termination of all reinsurance agreements as of December 31, 2016.

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes ( ) No (X)

B. **Uncollectible Reinsurance—**During 2016 and 2015, there were no uncollectible reinsurance recoverables.

C. **Commutation of Ceded Reinsurance**—There was no commutation of reinsurance in 2016 or 2015.

D. **Certified Reinsurer Rating Downgraded or Status Subject to Revocation**—Not applicable.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

A. The Company estimates accrued retrospective premium adjustments for its group health insurance business based on mathematical calculations in accordance with contractual terms.

B. Estimated accrued retrospective premiums due to (from) the Company are recorded in aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as an adjustment to change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

C. Pursuant to the ACA, the Company's commercial business is subject to retrospectively rated features based on the actual medical loss ratios experienced on the commercial lines of business. The formula is calculated pursuant to the ACA guidance. The total amount of direct premiums written for the commercial lines of business subject to these retrospectively rated features was $260,824,130 and $165,511,514, representing 14.2% and 15.4% of total direct premiums written as of December 31, 2016 and 2015, respectively.

The Medicaid contract with the State of Louisiana includes experience rebates. The rebate period is over the contract period, which is a January 31 year-end. The Company estimates accrued retrospective premium adjustments for its Medicaid business based on the tiered rebate formula provided in the contract. The formula is based on net income before taxes. The total amount of direct premiums written from the Medicaid contract subject to the retrospectively rated feature was $1,351,657,547 and $783,931,751, representing 73.2% and 73.0% of total direct premiums written as of December 31, 2016 and 2015, respectively.

The Medicaid contract with the State of Louisiana has a redetermination feature for which a portion of total direct premiums written is at risk and can be returned to the Company based on various utilization measures. The total amount of direct premiums written from the Medicaid contract subject to the redetermination feature was $1,351,657,547 and $783,931,751, representing 73.2% and 73.0% of the Company's total direct premiums written as of December 31, 2016 and 2015, respectively.

The Medicaid contract with the State of Louisiana includes a provision for which a stated percentage of total direct premiums can be eligible for a performance guarantee payment, based on various quality measures. The total amounts of direct premiums written for the Medicaid contract subject to this redetermination feature was $1,351,657,547 and $783,931,751, representing 73.2% and 73.0% of the Company's total direct premiums written as of December 31, 2016 and 2015, respectively.

D. The Company is required to maintain a specific minimum loss ratio on the comprehensive commercial line of business. The following table discloses the minimum medical loss ratio rebate liability which is included in aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus for the years ended December 31, 2016 and 2015:

	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Other Categories with Rebates	5 Total
Prior reporting year					
(1) Medical loss ratio rebates incurred	$ -	$ (569,854)	$ -	$ -	$ (569,854)
(2) Medical loss ratio rebates paid	-	-	-	-	-
(3) Medical loss rebates unpaid	-	-	-	-	-
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	-
Current reporting year-to-date					
(7) Medical loss ratio rebates incurred	-	-	-	-	-
(8) Medical loss ratio rebates paid	-	-	-	-	-
(9) Medical loss rebates unpaid	-	-	-	-	-
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	-

E. Risk-Sharing Provisions of the Affordable Care Act

(1) The Company has accident and health insurance premiums in 2016 and 2015 subject to the risk-sharing provisions of the ACA.

The ACA imposes fees and premium stabilization provisions on health insurance issuers offering comprehensive commercial health insurance. The three premium stabilization programs are commonly referred to as the 3Rs—risk adjustment, reinsurance, and risk corridors.

Risk Adjustment—The permanent risk adjustment program, designed to mitigate the potential impact of adverse selection and provide stability for health insurance issuers, applies to all non-grandfathered plans not subject to transitional relief in the individual and small group markets both inside and outside of the insurance exchanges. Premium adjustments pursuant to the risk adjustment program are accounted for as premium subject to redetermination and user fees are accounted for as assessments.

Reinsurance—The transitional reinsurance program was designed to protect issuers in the individual market from an expected increase in large claims due to the elimination of preexisting condition limitations. The transitional reinsurance program is effective from 2014 through 2016 and applies to all issuers of major medical commercial products and third-party administrators. Contributions attributable to enrollees in the ACA compliant individual plans, including program administrative costs, are accounted for as ceded premium and payments received are accounted for as ceded benefit recoveries. The portion of the individual contributions earmarked for the U.S. Treasury is accounted for as an assessment. Contributions made for enrollees in fully insured plans other than the ACA compliant individual plans, including program administrative costs and payments to the U.S. Treasury, are treated as assessments.

Risk Corridors—The temporary risk corridors program, designed to provide some aggregate protection against variability for issuers in the individual and small group markets during the period 2014 through 2016, applies to Qualified Health Plans in the individual and small group markets both inside and outside of the insurance exchanges. Premium adjustments pursuant to the risk corridors program are accounted for as premium adjustments for retrospectively rated contracts.

(2) The following table presents the current year impact of risk-sharing provisions of the ACA on assets, liabilities and operations:

	December 31, 2016
a. Permanent ACA Risk Adjustment Program	
Assets—	
1. Premium adjustments receivable due to ACA Risk Adjustment	$ 144,098
Liabilities:	
2. Risk adjustment user fees payable for ACA Risk Adjustment	73,753
3. Premium adjustments payable due to ACA Risk Adjustment	7,237,353
Operations (revenue & expense):	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	163,552
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)	72,718
b. Transitional ACA Reinsurance Program	
Assets:	
1. Amounts recoverable for claims paid due to ACA Reinsurance	$ 6,702,057
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	585,878
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	-
Liabilities:	
4. Liabilities for contributions payable due to ACA Reinsurance—not reported as ceded premium	749,934
5. Ceded reinsurance premiums payable due to ACA Reinsurance	571,734
6. Liability for amounts held under uninsured plans contributions for ACA Reinsurance	-
Operations (revenue & expense):	
7. Ceded reinsurance premiums due to ACA Reinsurance	879,624
8. Reinsurance recoveries (income statement) due to ACA reinsurance payments or expected payments	7,746,467
9. ACA Reinsurance contributions—not reported as ceded premium	442,044
c. Temporary ACA Risk Corridors Program	
Assets—	
1. Accrued retrospective premium due to ACA Risk Corridors	$ -
Liabilities—	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	-
Operations (revenue & expense):	
3. Effect of ACA Risk Corridors on net premium income (paid/received)	-
4. Effect of ACA Risk Corridors on change in reserves for rate credits	-

(3) The following table is a rollforward of the prior year ACA risk-sharing provisions for asset and liability balances, along with reasons for adjustments to prior year balances:

	Accrued during the Prior Year on Business Written before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	1 Receivable	2 (Payable)	3 Receivable	4 (Payable)	5 Receivable	6 (Payable)	7 Receivable	8 (Payable)	Ref	9 Receivable	10 (Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium Adjustment Receivable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	A	$ -	$ -
2. Premium Adjustment (Payable)	-	(23,508,683)	-	(16,251,876)	-	(7,256,807)	-	7,256,807	B	-	-
3. Subtotal ACA Permanent Risk Adjustment Program	-	(23,508,683)	-	(16,251,876)	-	(7,256,807)	-	7,256,807		-	-
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	9,611,182	-	11,367,539	-	(1,756,357)	-	3,150,921	-	C	1,394,564	-
2. Amounts recoverable for claims unpaid (contra liability)	1,297,826	-	-	-	1,297,826	-	(1,297,826)	-	D	-	-
3. Amounts receivable relating to uninsured plans	-	-	-	-	-	-	-	-	E	-	-
4. Liabilities for contributions payable due to ACA Reinsurance—not reported as ceded premium	-	(616,975)	-	-	-	-	-	-	F	-	-
5. Ceded reinsurance premiums payable	-	(923,670)	-	(616,975)	-	-	-	-	G	-	-
6. Liability for amounts held under				(923,670)							
uninsured plans	-	-	-	-	-	-	-	-	H	-	-
7. Subtotal ACA Transitional Reinsurance Program	10,909,008	(1,540,645)	11,367,539	(1,540,645)	(458,531)	-	1,853,095	-		1,394,564	-
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-	I	-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	J	-	-
3. Subtotal ACA Risk Corridors Program	-	-	-	-	-	-	-	-		-	-
d. Total for ACA Risk-Sharing Provisions	$ 10,909,008	$ (25,049,328)	$ 11,367,539	$ (17,792,521)	$ (458,531)	$ (7,256,807)	$ 1,853,095	$ 7,256,807		$ 1,394,564	$ -

Explanation of Adjustments

A. N/A
B. The 2015 December risk adjustment factor payable was reported based on estimated state risk transfer factors for each state and risk pool utilizing paid claims data through October 31, 2015. The adjustments as of 12/31/2016 reflect true-ups based on the Final CMS Summary Report on Transitional Reinsurance Payments and the Permanent Risk Adjustment Transfers for the 2015 Program Year and reflect the balance in accordance with the CMS cash settlement process at the state and market level.
C. The adjustment to the amounts recoverable for paid claims was driven by the inclusion of 4 months of additional paid claims run out data from December 2015 to April 2016 as well as CMS increasing the reinsurance co-insurance rate from the C. previously published 50% to 55.2% in Q2 '16.
D. The adjustment to the amounts recoverable for claims unpaid reflects the HHS Reinsurance Program parameters which base the final reinsurance recovery amount only on 2015 incurred claims data paid through April 2016.
E. N/A
F. N/A
G. N/A
H. N/A
I. N/A
J. N/A

(4) The Company does not have any risk corridor receivables or payables to present in the table below.

	Accrued during the Prior Year on Business Written before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	1	2	3	4	5	6	7	8		9	10
Risk Corridors Program Year	**Receivable**	**(Payable)**	**Receivable**	**(Payable)**	**Receivable**	**(Payable)**	**Receivable**	**(Payable)**	**Ref**	**Receivable**	**(Payable)**
a. 2014											
1. Accrued retrospective premium	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	A	$ -	$ -
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	B	-	-
b. 2015											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-	C	-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	D	-	-
c. 2016											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-	E	-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	F	-	-
d. Total for Risk Corridors	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -

Explanation of Adjustments

A.
B.
C.
D.
E.
F.

(5) The following table discloses ACA risk corridor receivable balances by risk corridor program year.

	1	2	3	4	5	6
Risk Corridors Program Year	**Estimated Amount to be Filed or Final Amount Filed with CMS**	**Non-Accrued Amounts for Impairment or Other Reasons**	**Amounts Received from CMS**	**Asset Balance (Gross of Non-Admissions) (1 - 2 - 3)**	**Non-admitted Amount**	**Net Admitted Asset (4 - 5)**
a. 2014	$ -	$ -	$ -	$ -	$ -	$ -
b. 2015	4,251,826	4,251,826	-	-	-	-
c. 2016	-	-	-	-	-	-
d. Total (a + b + c)	$4,251,826	$4,251,826	$ -	$ -	$ -	$ -

25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

Changes in estimates related to the prior year incurred claims are included in total hospital and medical expenses in the current year in the statutory basis statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves, health care receivable, and reinsurance recoverables for the years ended December 31, 2016 and 2015:

	2016		
	Current Year Incurred Claims	Prior Years Incurred Claims	Total
Beginning of year claim reserve	$ -	$ (103,013,454)	$ (103,013,454)
Paid claims—net of health care receivable and reinsurance recoveries collected	1,172,390,796	67,907,506	1,240,298,302
End of year claim reserve	186,623,382	8,418,674	195,042,056
Incurred claims excluding the change in health care receivable and reinsurance recoverables as presented below	1,359,014,178	(26,687,274)	1,332,326,904
Beginning of year health care receivable and reinsurance recoverables	-	19,445,797	19,445,797
End of year health care receivable and reinsurance recoverables	(29,910,499)	(3,657,287)	(33,567,786)
Total incurred claims	$ 1,329,103,679	$ (10,898,764)	$ 1,318,204,915

	2015		
	Current Year Incurred Claims	Prior Years Incurred Claims	Total
Beginning of year claim reserve	$ -	$ (643,785)	$ (643,785)
Paid claims—net of health care receivable and reinsurance recoveries collected	836,140,781	106,475	836,247,256
End of year claim reserve	102,987,755	25,699	103,013,454
Incurred claims excluding the change in health care receivable and reinsurance recoverables as presented below	939,128,536	(511,611)	938,616,925
Beginning of year health care receivable and reinsurance recoverables	-	142,515	142,515
End of year health care receivable and reinsurance recoverables	19,442,208	(3,589)	(19,445,797)
Total incurred claims	$ 919,686,328	$ (372,685)	$ 919,313,643

The liability for claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves, net of health care receivable and reinsurance recoverables as of December 31, 2015 was $83,567,657. As of December 31, 2016, $67,907,506 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years, net of health care receivable and reinsurance recoverables, are now $4,761,387, as a result of re-estimation of unpaid claims. Therefore, there has been $10,898,764 favorable prior year development since December 31, 2015 to December 31, 2016. The primary drivers consist of favorable development as a result of a change in the provision for adverse deviations in experience of $5,495,492, favorable development of $12,746,148 in reinsurance, and favorable development of $9,662,452 for other medical, offset by unfavorable development of $15,228,459 in retroactivity for inpatient, outpatient, physician, and pharmacy claims and unfavorable development of $1,394,972 in provider settlements. At December 31, 2015, the Company recorded $372,685 of favorable development related to favorable development as a result of a change in the provision for adverse deviations in experience of $139,350 and by favorable development of $245,837 in retroactivity for inpatient, outpatient, physician, and pharmacy claims. Original estimates are increased or decreased, as additional information becomes known regarding individual claims, including the medical loss ratio rebate accrual. Included in this development is the impact related to retrospectively rated policies, which also has a corresponding impact on medical loss ratio rebates. As a result of the prior year effects, on a regular basis, the Company adjusts revenue and the corresponding liability and/or receivable related to retrospectively rated policies and the impact of the change is included as a component of change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

The Company incurred claims adjustment expenses of $68,803,282 and $45,453,365 in 2016 and 2015, respectively. These costs are included in the management service fees paid by the Company to UHS as a part of its Agreement (see Note 10). The following table discloses paid CAE, incurred CAE, and the balance in the unpaid claim adjustment expenses reserve for 2016 and 2015:

	2016	**2015**
Total claims adjustment expenses	$ 68,803,282	$ 45,453,365
Less current year unpaid claims adjustment expenses	(1,848,701)	(1,193,464)
Add prior year unpaid claims adjustment expenses	1,193,464	5,225
Total claims adjustment expenses paid	$ 68,148,045	$ 44,265,126

26. INTERCOMPANY POOLING ARRANGEMENTS

A–G. The Company did not have any intercompany pooling arrangements in 2016 or 2015.

27. STRUCTURED SETTLEMENTS

A–B. The Company did not have structured settlements in 2016 or 2015.

28. HEALTH CARE AND OTHER AMOUNTS RECEIVABLE

A. Pharmacy rebates receivable are recorded when reasonably estimated or billed by the affiliated pharmaceutical benefit manager in accordance with pharmaceutical rebate contract provisions. Information used to support rebates billed to the manufacturer is based on utilization information gathered by the pharmaceutical benefit manager and adjusted for significant changes in pharmaceutical contract provisions.

The Company evaluates admissibility of all pharmacy rebates receivable based on the administration of each underlying pharmaceutical benefit management agreement. The Company has nonadmitted and excluded all pharmacy rebates receivable that do not meet the admissibility criteria of SSAP No. 84, *Certain Health Care Receivables and Receivables under Government Insured Plans* (“SSAP No. 84”) from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

For each pharmaceutical management agreement for which a portion of the total pharmacy rebates receivable can be admitted based on the admissibility criteria of SSAP No. 84, the pharmacy rebate transaction history is summarized as follows:

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**
12/31/2016	$ 8,240,848	$ -	$ -	$ -	$ -
9/30/2016	8,096,235	7,594,564	2,525,853	-	-
6/30/2016	7,554,604	7,560,675	4,650,049	2,571,933	-
3/31/2016	6,622,929	6,455,460	1,321,909	4,918,589	141,299
12/31/2015	5,615,179	5,696,281	2,773,853	2,790,559	66,978
9/30/2015	5,376,947	5,338,110	3,303,694	1,527,166	436,273
6/30/2015	4,509,795	4,459,464	2,724,035	1,311,544	396,198
3/31/2015	2,328,933	2,315,633	1,238,717	614,569	451,352
12/31/2014	82,181	90,585	40,475	34,496	14,231
9/30/2014	74,692	67,392	38,514	22,548	5,615
6/30/2014	57,605	64,080	27,413	24,491	11,632
3/31/2014	53,207	51,584	16,161	20,806	14,355

Of the amount reported as health care receivables, $11,558,149 and $7,316,300 relates to pharmacy rebates receivable as of December 31, 2016 and 2015, respectively. This increase is primarily due to increased membership along with the change in generic/name brand mix.

B. The Company has nonadmitted all risk-sharing receivables that do not meet the admissibility criteria of SSAP No. 84 from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

The Company has admitted claim overpayments of $112,153 and $183,260 in 2016 and 2015, respectively, which are included in health care and other amounts receivables in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

The Company has admitted capitation arrangement receivables of $0 and $719,679 in 2016 and 2015, respectively, which are included in health care and other amounts receivables in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2016 or 2015.

30. PREMIUM DEFICIENCY RESERVES

The Company has not recorded any premium deficiency reserves as of December 31, 2016 or 2015. The analysis of premium deficiency reserves was completed as of December 31, 2016 and 2015. The Company did consider anticipated investment income when calculating the premium deficiency reserves.

The following table summarizes the Company's premium deficiency reserves as of December 31, 2016 and 2015:

	2016
1. Liability carried for premium deficiency reserves	$ -
2. Date of the most recent evaluation of this liability	12/31/2016
3. Was anticipated investment income utilized in this calculation?	Yes [X] No [ ]

	2015
1. Liability carried for premium deficiency reserves	$ -
2. Date of the most recent evaluation of this liability	12/31/2015
3. Was anticipated investment income utilized in this calculation?	Yes [X] No [ ]

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2016 and 2015, the Company had no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

32. RECONCILIATION TO THE ANNUAL STATEMENT

During the audit of the 2016 statutory basis financial statements, necessary adjustments were discovered resulting in variances from the 2016 Annual Statement previously filed by the Company with the LADOI. The following table reconciles the 2016 Annual Statement previously filed to the 2016 statutory basis financial statements:

	Per Audited Statutory Basis Financial Statements	**Per Annual Statement**	**Variance**
Assets	$ 481,135,385	$ 479,222,164	$1,913,221
Liabilities	359,969,776	352,732,423	7,237,353
Capital and surplus	121,165,609	126,489,741	(5,324,132)
Revenues	1,636,568,428	1,644,759,400	(8,190,972)
Federal income tax expense	31,396,179	34,263,019	(2,866,840)
Net income	38,606,597	43,930,729	(5,324,132)

The following table is also provided for additional information regarding the impact of the adjustments to capital and surplus:

Capital and surplus per annual statement	$126,489,741
Adjustment to net premium income	(8,190,972)
Adjustment to federal income taxes incurred	2,866,840
Capital and surplus per statutory basis financial statements	$121,165,609

The following table is also provided for additional information regarding the impact of the adjustments to net income:

Net income per annual statement	$ 43,930,729
Adjustment to net premium income	(8,190,972)
Adjustment to federal income taxes incurred	2,866,840
Net income per statutory basis financial statements	$ 38,606,597

The result of the adjustments made to the 2016 statutory basis financial statements is a net decrease in total capital and surplus of $5,324,132 and a decrease in net income of $5,324,132.

* * * * * *

SUPPLEMENTAL SCHEDULES

EXHIBIT I: SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

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SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2016
(To Be Filed by April 1)

Of The UnitedHealthcare of Louisiana, Inc.

ADDRESS (City, State and Zip Code) Minnetonka , MN 55343

NAIC Group Code 0707 NAIC Company Code 95833 Federal Employer's Identification Number (FEIN) 72-1074008

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 481,135,385

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	FNMA	Bonds	$ 4,225,710	0.9 %
2.02	FHLMC	Bonds	$ 3,375,337	0.7 %
2.03	FORT BEND CNTY T	Bonds	$ 2,370,767	0.5 %
2.04	LAMAR TX CONSOL - SCD	Bonds	$ 1,681,672	0.3 %
2.05	CLARK CNTY NV SC - SCD	Bonds	$ 1,315,510	0.3 %
2.06	DELAWARE ST TRAN - TRN	Bonds	$ 1,288,934	0.3 %
2.07	SEATTLE WA	Bonds	$ 1,282,380	0.3 %
2.08	NEW YORK ST URBA - DEV	Bonds	$ 1,256,717	0.3 %
2.09	TEXAS ST	Bonds	$ 1,228,467	0.3 %
2.10	HENRY CNTY GA SC - SCD	Bonds	$ 1,227,750	0.3 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC-1	$ 237,189,698	49.3 %	3.07	P/RP-1	$ 0	0.0 %
3.02	NAIC-2	$ 10,031,597	2.1 %	3.08	P/RP-2	$ 0	0.0 %
3.03	NAIC-3	$ 0	0.0 %	3.09	P/RP-3	$ 0	0.0 %
3.04	NAIC-4	$ 0	0.0 %	3.10	P/RP-4	$ 0	0.0 %
3.05	NAIC-5	$ 0	0.0 %	3.11	P/RP-5	$ 0	0.0 %
3.06	NAIC-6	$ 0	0.0 %	3.12	P/RP-6	$ 0	0.0 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02	Total admitted assets held in foreign investments	$ 1,551,263	0.3 %
4.03	Foreign-currency-denominated investments	$ 0	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$ 0	0.0 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC-1	$ 0	0.0 %
5.02	Countries designated NAIC-2	$ 0	0.0 %
5.03	Countries designated NAIC-3 or below	$ 0	0.0 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1:	$ 0	0.0 %
6.02	Country 2:	$ 0	0.0 %
	Countries designated NAIC - 2:		
6.03	Country 1:	$ 0	0.0 %
6.04	Country 2:	$ 0	0.0 %
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$ 0	0.0 %
6.06	Country 2:	$ 0	0.0 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$ 0	0.0 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

		1	2
8.01	Countries designated NAIC-1	$ 0	0.0 %
8.02	Countries designated NAIC-2	$ 0	0.0 %
8.03	Countries designated NAIC-3 or below	$ 0	0.0 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
9.01	Country 1:	$ 0	0.0 %
9.02	Country 2:	$ 0	0.0 %
	Countries designated NAIC - 2:		
9.03	Country 1:	$ 0	0.0 %
9.04	Country 2:	$ 0	0.0 %
	Countries designated NAIC - 3 or below:		
9.05	Country 1:	$ 0	0.0 %
9.06	Country 2:	$ 0	0.0 %

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01			$ 0	0.0 %
10.02			$ 0	0.0 %
10.03			$ 0	0.0 %
10.04			$ 0	0.0 %
10.05			$ 0	0.0 %
10.06			$ 0	0.0 %
10.07			$ 0	0.0 %
10.08			$ 0	0.0 %
10.09			$ 0	0.0 %
10.10			$ 0	0.0 %

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian investments	$ 0	0.0 %
11.03	Canadian-currency-denominated investments	$ 0	0.0 %
11.04	Canadian-denominated insurance liabilities	$ 0	0.0 %
11.05	Unhedged Canadian currency exposure	$ 0	0.0 %

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$ 0	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$ 0	0.0 %
12.04		$ 0	0.0 %
12.05		$ 0	0.0 %

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

	1 Issuer	2	3
13.02		$ 0	0.0 %
13.03		$ 0	0.0 %
13.04		$ 0	0.0 %
13.05		$ 0	0.0 %
13.06		$ 0	0.0 %
13.07		$ 0	0.0 %
13.08		$ 0	0.0 %
13.09		$ 0	0.0 %
13.10		$ 0	0.0 %
13.11		$ 0	0.0 %

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$ 0	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$ 0	0.0 %
14.04		$ 0	0.0 %
14.05		$ 0	0.0 %

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$ 0	0.0 %
	Largest three investments in general partnership interests:		
15.03		$ 0	0.0 %
15.04		$ 0	0.0 %
15.05		$ 0	0.0 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$ 0	0.0 %
16.03		$ 0	0.0 %
16.04		$ 0	0.0 %
16.05		$ 0	0.0 %
16.06		$ 0	0.0 %
16.07		$ 0	0.0 %
16.08		$ 0	0.0 %
16.09		$ 0	0.0 %
16.10		$ 0	0.0 %
16.11		$ 0	0.0 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$ 0	0.0 %
16.13	Mortgage loans over 90 days past due	$ 0	0.0 %
16.14	Mortgage loans in the process of foreclosure	$ 0	0.0 %
16.15	Mortgage loans foreclosed	$ 0	0.0 %
16.16	Restructured mortgage loans	$ 0	0.0 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

		Residential		Commercial		Agricultural	
	Loan to Value	1	2	3	4	5	6
17.01	above 95%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.02	91 to 95%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.03	81 to 90%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.04	71 to 80%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.05	below 70%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02		$ 0	0.0 %
18.03		$ 0	0.0 %
18.04		$ 0	0.0 %
18.05		$ 0	0.0 %
18.06		$ 0	0.0 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$ 0	0.0 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$ 0	0.0 %
19.04		$ 0	0.0 %
19.05		$ 0	0.0 %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

		At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	At End of Each Quarter 2nd Quarter 4	At End of Each Quarter 3rd Quarter 5
20.01	Securities lending agreements (do not include assets held as collateral for such transactions)	$ 0	0.0 %	$ 0	$ 0	$ 0
20.02	Repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.03	Reverse repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.04	Dollar repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.05	Dollar reverse repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

		Owned 1	Owned 2	Written 3	Written 4
21.01	Hedging	$ 0	0.0 %	$ 0	0.0 %
21.02	Income generation	$ 0	0.0 %	$ 0	0.0 %
21.03	Other	$ 0	0.0 %	$ 0	0.0 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

		At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	At End of Each Quarter 2nd Quarter 4	At End of Each Quarter 3rd Quarter 5
22.01	Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
22.02	Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
22.03	Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
22.04	Other	$ 0	0.0 %	$ 0	$ 0	$ 0

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

		At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	At End of Each Quarter 2nd Quarter 4	At End of Each Quarter 3rd Quarter 5
23.01	Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
23.02	Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
23.03	Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
23.04	Other	$ 0	0.0 %	$ 0	$ 0	$ 0

EXHIBIT II: SUMMARY INVESTMENT SCHEDULE

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities	7,955,519	2.610	7,955,519	0	7,955,519	2.610
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies	0	0.000	0	0	0	0.000
1.22 Issued by U.S. government sponsored agencies	0	0.000	0	0	0	0.000
1.3 Non-U.S. government (including Canada, excluding mortgaged-backed securities)	0	0.000	0	0	0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S. :						
1.41 States, territories and possessions general obligations	4,660,017	1.529	4,660,017	0	4,660,017	1.529
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	21,772,674	7.142	21,772,674	0	21,772,674	7.142
1.43 Revenue and assessment obligations	23,167,357	7.600	23,167,357	0	23,167,357	7.600
1.44 Industrial development and similar obligations	0	0.000	0	0	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA	4,715,395	1.547	4,715,395	0	4,715,395	1.547
1.512 Issued or guaranteed by FNMA and FHLMC	7,601,047	2.494	7,601,047	0	7,601,047	2.494
1.513 All other	0	0.000	0	0	0	0.000
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	0	0.000	0	0	0	0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	1,766,368	0.579	1,766,368	0	1,766,368	0.579
1.523 All other	0	0.000	0	0	0	0.000
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	24,770,301	8.126	24,770,301	0	24,770,301	8.126
2.2 Unaffiliated non-U.S. securities (including Canada)	1,551,263	0.509	1,551,263	0	1,551,263	0.509
2.3 Affiliated securities	0	0.000	0	0	0	0.000
3. Equity interests:						
3.1 Investments in mutual funds	0	0.000	0	0	0	0.000
3.2 Preferred stocks:						
3.21 Affiliated	0	0.000	0	0	0	0.000
3.22 Unaffiliated	0	0.000	0	0	0	0.000
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated	0	0.000	0	0	0	0.000
3.32 Unaffiliated	0	0.000	0	0	0	0.000
3.4 Other equity securities:						
3.41 Affiliated	0	0.000	0	0	0	0.000
3.42 Unaffiliated	0	0.000	0	0	0	0.000
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated	0	0.000	0	0	0	0.000
3.52 Unaffiliated	0	0.000	0	0	0	0.000
4. Mortgage loans:						
4.1 Construction and land development	0	0.000	0	0	0	0.000
4.2 Agricultural	0	0.000	0	0	0	0.000
4.3 Single family residential properties	0	0.000	0	0	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0	0	0.000
4.5 Commercial loans	0	0.000	0	0	0	0.000
4.6 Mezzanine real estate loans	0	0.000	0	0	0	0.000
5. Real estate investments:						
5.1 Property occupied by company	0	0.000	0	0	0	0.000
5.2 Property held for production of income (including $ 0 of property acquired in satisfaction of debt)	0	0.000	0	0	0	0.000
5.3 Property held for sale (including $ 0 property acquired in satisfaction of debt)	0	0.000	0	0	0	0.000
6. Contract loans	0	0.000	0	0	0	0.000
7. Derivatives	0	0.000	0	0	0	0.000
8. Receivables for securities	0	0.000	0	0	0	0.000
9. Securities Lending (Line 10, Asset Page reinvested collateral)	0	0.000	0	XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	206,874,481	67.865	206,874,481	0	206,874,481	67.865
11. Other invested assets	0	0.000	0	0	0	0.000
12. Total invested assets	304,834,421	100.000	304,834,421	0	304,834,421	100.000

OTHER ATTACHMENTS

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To the Audit Committee of UnitedHealthcare of Louisiana, Inc.
3838 North Causeway Boulevard, Suite 2100
Metairie, LA 70002

The Management of UnitedHealthcare of Louisiana, Inc.
3838 North Causeway Boulevard, Suite 2100
Metairie, LA 70002

Dear Members of Audit Committee and Management:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statutory basis financial statements of UnitedHealthcare of Louisiana, Inc. (the "Company") for the years ended December 31, 2016, and 2015, and have issued our report thereon dated May 17, 2017. In connection therewith, we advise you as follows:

a. We are independent certified public accountants with respect to the Company and conform to the standards of the accounting profession as contained in the *Code of Professional Conduct* and pronouncements of the American Institute of Certified Public Accountants, the rules and regulations of the Louisiana Department of Insurance, and the Rules of Professional Conduct of the State Board of CPAs of Louisiana.

b. The engagement partner and engagement manager, who are certified public accountants, have 14 years and 9 years, respectively, of experience in public accounting and are experienced in auditing insurance enterprises. Members of the engagement team, most of whom have had experience in auditing insurance enterprises and 39 percent of whom are certified public accountants, were assigned to perform tasks commensurate with their training and experience.

c. We understand that the Company intends to file its audited statutory basis financial statements and our report thereon with the Louisiana Department of Insurance and other state insurance departments in states in which the Company is licensed and that the insurance commissioners of those states will be relying on that information in monitoring and regulating the statutory basis financial condition of the Company.

   While we understand that an objective of issuing a report on the statutory basis financial statements is to satisfy regulatory requirements, our audit was not planned to satisfy all objectives or responsibilities of insurance regulators. In this context, the Company and insurance commissioners should understand that the objective of an audit of statutory basis financial statements in accordance with auditing standards generally accepted in the United States of America is to form an opinion and issue a report on whether the statutory basis financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus, results of operations and cash flows in conformity with accounting practices prescribed or permitted by the Louisiana Department of Insurance. Consequently, under auditing standards generally accepted in the United States of America, we have the responsibility, within the inherent limitations of the auditing process, to plan and perform our audit to obtain reasonable assurance about whether the statutory basis financial statements are free of material misstatement, whether due to error or fraud, and to exercise due professional care in the conduct of the audit. The Company is not required to have, nor were we engaged to perform, an audit of internal control over financial reporting. Our audit included consideration of internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. The concept of selective testing of the data being audited, which involves judgment both as to the number of transactions to be audited and the areas to be tested, has been generally accepted as a valid and sufficient basis for an auditor to express an opinion on financial statements. Audit procedures that are effective for detecting errors, if they exist, may be ineffective for detecting misstatements resulting from fraud. Because of the characteristics of fraud, particularly those involving concealment and falsified documentation (including forgery), a properly planned and performed audit may not detect a material misstatement resulting from fraud. In addition, an audit does not address the possibility that material misstatements may occur in the future. Also, our use of professional judgment and the assessment of materiality for the purpose of our audit mean that matters may exist that would have been assessed differently by insurance commissioners.

It is the responsibility of the management of the Company to adopt sound accounting policies, to maintain an adequate and effective system of accounts, and to establish and maintain internal control that will, among other things, provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and are recorded properly to permit the preparation of financial statements in conformity with accounting practices prescribed or permitted by the Louisiana Department of Insurance.

The Insurance Commissioner should exercise due diligence to obtain whatever other information that may be necessary for the purpose of monitoring and regulating the statutory basis financial position of insurers and should not rely solely on the independent auditors' report.

d. We will retain the working papers prepared in the conduct of our audit until the Louisiana Department of Insurance has filed a Report of Examination covering 2016, but no longer than seven years. After notification to the Company, we will make the working papers available for review by the Louisiana Department of Insurance at the offices of the insurer, at our offices, at the Louisiana Department of Insurance, or at any other reasonable place designated by the Insurance Commissioner. Furthermore, in the conduct of the aforementioned periodic review by the Louisiana Department of Insurance, photocopies of pertinent audit working papers may be made (under the control of Deloitte & Touche LLP) and such copies may be retained by the Louisiana Department of Insurance.

e. The engagement partner has served in this capacity with respect to the Company since 2016, is licensed by the State Board of CPAs of Louisiana, and is a member in good standing of the American Institute of Certified Public Accountants.

f. To the best of our knowledge and belief, we are in compliance with the requirements of section 7 of the *NAIC's Model Rule (Regulation) Requiring Annual Audited Financial Reports* regarding qualifications of independent certified public accountants.

This letter is intended solely for the information and use of the Audit Committee and management of UnitedHealthcare of Louisiana, Inc. and for filing with the Louisiana Department of Insurance and other 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.

Deloitte & Touche LLP

May 17, 2017