



# ANNUAL STATEMENT

For the Year Ended December 31, 2016  
of the Condition and Affairs of the

## PROVIDENCE HEALTH PLAN

NAIC Group Code.....4788, 4788 (Current Period) (Prior Period) NAIC Company Code..... 95005 Employer's ID Number..... 93-0863097

Organized under the Laws of OR State of Domicile or Port of Entry OR Country of Domicile US  
 Licensed as Business Type.....Hospital, Medical & Dental Service or Is HMO Federally Qualified? Yes [ ] No [ X ]  
 Indemnity  
 Incorporated/Organized..... February 1, 1984 Commenced Business..... January 1, 1985

Statutory Home Office 4400 N.E. Halsey Bldg # 2. Ste. # 690..... Portland ..... OR ..... US .... 97213-1545  
 (Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 3601 S.W. Murray Blvd. Suite # 10..... Beaverton ..... OR ..... US .... 97005 503-574-7500  
 (Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address P.O. Box 4327..... Portland ..... OR ..... US .... 97208  
 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 4400 N.E. Halsey Bldg # 2. Ste. # 690..... Portland ..... OR ..... US .... 97213-1545 503-574-6397  
 (Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.providence.org/HealthPlans

Statutory Statement Contact DANIEL WAYNE RYAN 503-574-6575  
 (Name) (Area Code) (Telephone Number) (Extension)  
 Daniel.Ryan@Providence.org 503-574-8658  
 (E-Mail Address) (Fax Number)

### OFFICERS

Name	Title	Name	Title
1. MICHAEL LESTER COTTON	CEO	2. MICHAEL GORDON WHITE	CFO
3. GREGORY deQUINA ZAMUDIO #	SECRETARY	4. ROBERT ALLEN GLUCKMAN	CHIEF MEDICAL OFFICER

### OTHER

MARK JENSEN	CHIEF SERVICE OPERATIONS OFFICER	ALISON SARAH SCHRUPP	CHIEF ADMINISTRATIVE OFFICER
CARRIE LISLE SMITH	CHIEF COMPLIANCE OFFICER	BRADLEY JAMES GARRIGUES	CHIEF SALES & MARKETING OFFICER
JON ROBERT McANNIS #	CHIEF INFORMATION OFFICER		

### DIRECTORS OR TRUSTEES

RHONDA MICHELLE MEDOWS MD #	DEBRA ANN CANALES #	MICHAEL LESTER COTTON #	ISIAAH CRAWFORD
TODD NEWELL HOFHEINS #	GILBERT MARTINEZ RODRIGUEZ MD #	HEATH GLENN SCHIESSER #	

State of..... Oregon  
 County of..... Multnomah

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

(Signature) MICHAEL LESTER COTTON	(Signature) MICHAEL GORDON WHITE	(Signature) GREGORY deQUINA ZAMUDIO
1. (Printed Name) CEO	2. (Printed Name) CFO	3. (Printed Name) SECRETARY
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This \_\_\_\_\_ day of \_\_\_\_\_ 2017

a. Is this an original filing?

Yes [ X ] No [ ]

b. If no

1. State the amendment number
2. Date filed
3. Number of pages attached

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 \_\_\_\_\_  
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**PROVIDENCE HEALTH PLAN  
ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	308,275,878		308,275,878	547,387,453
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	266,916,159		266,916,159	21,271,284
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	59,559,734		59,559,734	63,120,494
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....57,098,474, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....4,214,417, Schedule DA).....	61,312,891		61,312,891	130,320,157
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....	7,438,718		7,438,718	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	17,387,254	17,387,254	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	720,890,634	17,387,254	703,503,380	762,099,388
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	1,342,446		1,342,446	2,915,071
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	3,918,225		3,918,225	1,772,756
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	23,249,983		23,249,983	9,231,081
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....	7,246,985	14,077	7,232,908	3,977,875
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....			0	
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....	6,462,123	5,453,229	1,008,894	1,122,177
21. Furniture and equipment, including health care delivery assets (\$.....0).....	269,415	269,415	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	13,744,397	13,744,397	0	2,875,550
24. Health care (\$.....10,479,934) and other amounts receivable.....	10,962,299	482,365	10,479,934	15,303,375
25. Aggregate write-ins for other-than-invested assets.....	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	788,086,507	37,350,737	750,735,770	799,297,273
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	788,086,507	37,350,737	750,735,770	799,297,273
<b>DETAILS OF WRITE-INS</b>				
1101. Land Option & Put Agreement Escrow Account.....	17,387,254	17,387,254	0	
1102. ....			0	
1103. ....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	17,387,254	17,387,254	0	0
2501. Leasehold Improvements.....			0	
2502. ....			0	
2503. ....			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	0	0	0	0

**PROVIDENCE HEALTH PLAN  
LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....5,471,416 reinsurance ceded).....	95,926,851	12,357,595	108,284,446	128,298,992
2. Accrued medical incentive pool and bonus amounts.....			0	14,782,944
3. Unpaid claims adjustment expenses.....	3,178,841		3,178,841	3,792,275
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....			0	29,312,805
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserves.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	32,227,637		32,227,637	24,749,664
9. General expenses due or accrued.....	4,589,672		4,589,672	1,282,221
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....			0	
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....	3,680,460		3,680,460	
12. Amounts withheld or retained for the account of others.....			0	
13. Remittances and items not allocated.....			0	
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	21,070,266		21,070,266	25,421,993
16. Derivatives.....			0	
17. Payable for securities.....	36,729,719		36,729,719	62,972,066
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
22. Liability for amounts held under uninsured plans.....	22,295,784		22,295,784	27,169,866
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	52,486,571	0	52,486,571	16,894,730
24. Total liabilities (Lines 1 to 23).....	272,185,801	12,357,595	284,543,396	334,677,556
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
26. Common capital stock.....	XXX	XXX		
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX		
29. Surplus notes.....	XXX	XXX		
30. Aggregate write-ins for other-than-special surplus funds.....	XXX	XXX	0	10,192,346
31. Unassigned funds (surplus).....	XXX	XXX	466,192,374	454,427,372
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 \$.....0).....	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	466,192,374	464,619,718
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	750,735,770	799,297,274

**DETAILS OF WRITE-INS**

2301. Due to Government Agencies.....	41,117,962		41,117,962	3,781,146
2302. Alternate Funding Arrangement.....	5,847,216		5,847,216	6,084,020
2303. Claims Refunds in Process.....	3,560,721		3,560,721	2,514,776
2398. Summary of remaining write-ins for Line 23 from overflow page.....	1,960,672	0	1,960,672	4,514,788
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above).....	52,486,571	0	52,486,571	16,894,730
2501. ....	XXX	XXX		
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	XXX	XXX	0	0
3001. 2015 ACA Provider Tax.....	XXX	XXX		10,192,346
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above).....	XXX	XXX	0	10,192,346

**PROVIDENCE HEALTH PLAN  
STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	.XXX	3,139,063	2,531,639
2. Net premium income (including \$.0 non-health premium income).....	.XXX	1,107,647,527	1,193,246,524
3. Change in unearned premium reserves and reserve for rate credits.....	.XXX		
4. Fee-for-service (net of \$.0 medical expenses).....	.XXX		
5. Risk revenue.....	.XXX		
6. Aggregate write-ins for other health care related revenues.....	.XXX	.0	.0
7. Aggregate write-ins for other non-health revenues.....	.XXX	.0	.0
8. Total revenues (Lines 2 to 7).....	.XXX	1,107,647,527	1,193,246,524
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits.....		580,360,695	661,637,571
10. Other professional services.....		239,273,066	197,628,005
11. Outside referrals.....	96,639,546	96,639,546	91,564,895
12. Emergency room and out-of-area.....	6,557,136	37,920,687	39,779,725
13. Prescription drugs.....		143,912,881	120,070,474
14. Aggregate write-ins for other hospital and medical.....	.0	3,828,224	28,663,989
15. Incentive pool, withhold adjustments and bonus amounts.....		(18,277)	9,093,280
16. Subtotal (Lines 9 to 15).....	103,196,682	1,101,916,822	1,148,437,939
<b>Less:</b>			
17. Net reinsurance recoveries.....		33,360,042	17,328,893
18. Total hospital and medical (Lines 16 minus 17).....	103,196,682	1,068,556,780	1,131,109,046
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.0 10,738,002 cost containment expenses.....		27,152,150	37,856,598
21. General administrative expenses.....		81,618,008	83,391,828
22. Increase in reserves for life and accident and health contracts including \$.0 increase in reserves for life only).....		(28,281,000)	16,597,269
23. Total underwriting deductions (Lines 18 through 22).....	103,196,682	1,149,045,938	1,268,954,741
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	.XXX	(41,398,411)	(75,708,217)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		11,317,077	16,346,353
26. Net realized capital gains or (losses) less capital gains tax of \$.0.....		1,964,518	(3,893,346)
27. Net investment gains or (losses) (Lines 25 plus 26).....	.0	13,281,595	12,453,007
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.0) (amount charged off \$.0)].....			
29. Aggregate write-ins for other income or expenses.....	.0	.0	212,670
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	.XXX	(28,116,816)	(63,042,540)
31. Federal and foreign income taxes incurred.....	.XXX		
32. Net income (loss) (Lines 30 minus 31).....	.XXX	(28,116,816)	(63,042,540)

**DETAILS OF WRITE-INS**

0601. ....	.XXX		
0602. ....	.XXX		
0603. ....	.XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.XXX	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	.XXX	.0	.0
0701. ....	.XXX		
0702. ....	.XXX		
0703. ....	.XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	.XXX	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above).....	.XXX	.0	.0
1401. Other Payments to Providers.....		3,828,224	29,912,255
1402. Optum receivable.....			(1,248,266)
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	.0	3,828,224	28,663,989
2901. Other Revenue (Expense).....			212,670
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	.0	.0	212,670

**PROVIDENCE HEALTH PLAN  
STATEMENT OF REVENUE AND EXPENSES (Continued)**

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year	Prior Year
33. Capital and surplus prior reporting period.....	464,619,717	530,393,114
34. Net income or (loss) from Line 32.....	(28,116,816)	(63,042,540)
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.0.....	241,295,222	4,177,836
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....		
39. Change in nonadmitted assets.....	4,049,408	(6,908,693)
40. Change in unauthorized and certified reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....		
43. Cumulative effect of changes in accounting principles.....		
44. Capital changes:		
44.1 Paid in.....		
44.2 Transferred from surplus (Stock Dividend).....	(215,655,157)	
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....		
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....		
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	1,572,657	(65,773,397)
49. Capital and surplus end of reporting period (Line 33 plus 48).....	466,192,374	464,619,717

**DETAILS OF WRITE-INS**

4701. ....		
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above).....	0	0

**PROVIDENCE HEALTH PLAN  
CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	1,154,922,629	1,205,892,264
2. Net investment income.....	16,973,999	21,141,152
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	1,171,896,628	1,227,033,416
5. Benefit and loss related payments.....	1,065,162,765	1,120,004,066
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	109,076,246	112,352,336
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....		
10. Total (Lines 5 through 9).....	1,174,239,011	1,232,356,402
11. Net cash from operations (Line 4 minus Line 10).....	(2,342,383)	(5,322,986)
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	1,293,367,691	1,506,471,801
12.2 Stocks.....	1,224,662	
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	4,112	
12.7 Miscellaneous proceeds.....	(348,514)	44,777,171
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	1,294,247,951	1,551,248,972
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	1,255,427,480	1,474,119,342
13.2 Stocks.....	5,544,202	
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	35,275,277	951
13.7 Total investments acquired (Lines 13.1 to 13.6).....	1,296,246,959	1,474,120,293
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(1,999,008)	77,128,680
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....	(12,920,297)	
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(51,745,580)	1,835,453
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(64,665,877)	1,835,453
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(69,007,268)	73,641,147
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	130,320,157	56,679,010
19.2 End of year (Line 18 plus Line 19.1).....	61,312,889	130,320,157
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Transfer of bonds to Providence Health Assurance in Q1.....	(202,734,860)	



**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS**

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical).....	1,118,830,568		11,331,620	1,107,498,948
2. Medicare supplement.....				.0
3. Dental only.....				.0
4. Vision only.....	148,579			148,579
5. Federal employees health benefits plan.....				.0
6. Title XVIII - Medicare.....				.0
7. Title XIX - Medicaid.....				.0
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8).....	1,118,979,147	.0	11,331,620	1,107,647,527
10. Life.....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11).....	1,118,979,147	.0	11,331,620	1,107,647,527



**UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - CLAIMS INCURRED DURING THE YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	1,071,829,776	1,071,681,321			148,455					
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	15,715,005	15,715,005								
1.4 Net.....	1,056,114,771	1,055,966,316	0	0	148,455	0	0	0	0	0
2. Paid medical incentive pools and bonuses.....	1,015,248	1,015,248								
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	113,755,862	113,755,862								
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	5,471,416	5,471,416								
3.4 Net.....	108,284,446	108,284,446	0	0	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0									
4.2 Reinsurance assumed.....	0									
4.3 Reinsurance ceded.....	0									
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	0									
6. Net healthcare receivables (a).....	0									
7. Amounts recoverable from reinsurers December 31, current year.....	23,249,983	23,249,983								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	83,650,540	83,650,540								
8.2 Reinsurance assumed.....	0									
8.3 Reinsurance ceded.....	2,073,907	2,073,907								
8.4 Net.....	81,576,633	81,576,633	0	0	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	0									
9.2 Reinsurance assumed.....	0									
9.3 Reinsurance ceded.....	0									
9.4 Net.....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	1,033,526	1,033,526								
11. Amounts recoverable from reinsurers December 31, prior year.....	9,002,455	9,002,455								
12. Incurred benefits:										
12.1 Direct.....	1,101,935,098	1,101,786,643	0	0	148,455	0	0	0	0	0
12.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	33,360,042	33,360,042	0	0	0	0	0	0	0	0
12.4 Net.....	1,068,575,056	1,068,426,601	0	0	148,455	0	0	0	0	0
13. Incurred medical incentive pools and bonuses.....	(18,278)	(18,278)	0	0	0	0	0	0	0	0

(a) Excludes \$.00 loans or advances to providers not yet expensed.

**UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	7,325,393	7,325,393								
1.2 Reinsurance assumed.....	.0									
1.3 Reinsurance ceded.....	.0									
1.4 Net.....	7,325,393	7,325,393	.0	.0	.0	.0	.0	.0	.0	.0
2. Incurred but unreported:										
2.1 Direct.....	105,576,317	105,576,317								
2.2 Reinsurance assumed.....	.0									
2.3 Reinsurance ceded.....	5,471,416	5,471,416								
2.4 Net.....	100,104,901	100,104,901	.0	.0	.0	.0	.0	.0	.0	.0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	854,152	854,152								
3.2 Reinsurance assumed.....	.0									
3.3 Reinsurance ceded.....	.0									
3.4 Net.....	854,152	854,152	.0	.0	.0	.0	.0	.0	.0	.0
4. Totals:										
4.1 Direct.....	113,755,862	113,755,862	.0	.0	.0	.0	.0	.0	.0	.0
4.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3 Reinsurance ceded.....	5,471,416	5,471,416	.0	.0	.0	.0	.0	.0	.0	.0
4.4 Net.....	108,284,446	108,284,446	.0	.0	.0	.0	.0	.0	.0	.0

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE**

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical).....	72,152,380	969,714,862	164,810	108,119,636	72,317,190	81,576,632
2. Medicare supplement.....					.0	
3. Dental only.....					.0	
4. Vision only.....					.0	
5. Federal employees health benefits plan.....					.0	
6. Title XVIII - Medicare.....					.0	46,722,359
7. Title XIX - Medicaid.....					.0	
8. Other health.....					.0	
9. Health subtotal (Lines 1 to 8).....	72,152,380	969,714,862	164,810	108,119,636	72,317,190	128,298,991
10. Healthcare receivables (a).....					.0	
11. Other non-health.....					.0	
12. Medical incentive pools and bonus amounts.....	1,015,248	-	-		1,015,248	14,782,945
13. Totals (Lines 9 - 10 + 11 + 12).....	73,167,628	969,714,862	164,810	108,119,636	73,332,438	143,081,936

(a) Excludes \$.00 loans or advances to providers not yet expensed.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	66,158	65,610	64,994	64,615	64,534
2. 2012.....	822,885	893,008	892,309	892,045	892,011
3. 2013.....	XXX	863,857	941,887	941,793	941,613
4. 2014.....	XXX	XXX	879,866	971,146	970,718
5. 2015.....	XXX	XXX	XXX	1,021,517	1,089,529
6. 2016.....	XXX	XXX	XXX	XXX	986,631

**SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	66,393	65,610	64,994	64,615	64,534
2. 2012.....	931,910	899,963	892,309	892,046	892,011
3. 2013.....	XXX	965,227	953,479	941,777	941,613
4. 2014.....	XXX	XXX	987,105	971,122	970,718
5. 2015.....	XXX	XXX	XXX	1,151,865	1,089,694
6. 2016.....	XXX	XXX	XXX	XXX	1,094,751

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	1,057,563	541,538	57,036	10.5	598,574	56.6			598,574	56.6
2. 2013.....	1,076,191	913,959	55,165	6.0	969,124	90.1			969,124	90.1
3. 2014.....	1,102,062	954,720	52,562	5.5	1,007,282	91.4			1,007,282	91.4
4. 2015.....	1,144,112	1,065,508	55,759	5.2	1,121,267	98.0	165		1,121,432	98.0
5. 2016.....	1,107,648	986,631	29,903	3.0	1,016,534	91.8	108,120	3,179	1,127,833	101.8

12.GT

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	37,429	37,006	36,567	36,224	36,143
2. 2012.....	473,348	512,966	512,457	512,243	512,209
3. 2013.....	XXX	489,383	534,436	534,310	534,130
4. 2014.....	XXX	XXX	494,370	547,666	547,238
5. 2015.....	XXX	XXX	XXX	575,029	643,041
6. 2016.....	XXX	XXX	XXX	XXX	986,483

**SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	37,646	37,006	36,567	36,224	36,143
2. 2012.....	522,219	512,967	512,457	512,243	512,209
3. 2013.....	XXX	540,872	534,436	534,310	534,130
4. 2014.....	XXX	XXX	547,876	547,666	547,238
5. 2015.....	XXX	XXX	XXX	658,680	643,206
6. 2016.....	XXX	XXX	XXX	XXX	1,094,603

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL**

Years in Which Premiums were Eamed and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	609,856	512,209	43,140	8.4	555,349	91.1			555,349	91.1
2. 2013.....	619,175	534,130	36,186	6.8	570,316	92.1			570,316	92.1
3. 2014.....	627,347	547,238	35,056	6.4	582,294	92.8			582,294	92.8
4. 2015.....	672,850	643,041	33,843	5.3	676,884	100.6	165		677,049	100.6
5. 2016.....	1,107,499	986,483	29,899	3.0	1,016,382	91.8	108,120	3,179	1,127,681	101.8

12.HM

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	197	189	184	180	180
2. 2012.....	1,021	1,133	1,133	1,132	1,132
3. 2013.....	.XXX	.999	1,143	1,159	1,159
4. 2014.....	.XXX	.XXX	1,018	1,133	1,133
5. 2015.....	.XXX	.XXX	.XXX	.25	.25
6. 2016.....	.XXX	.XXX	.XXX	.XXX	

**SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	197	189	184	180	180
2. 2012.....	1,021	1,133	1,133	1,133	1,132
3. 2013.....	.XXX	1,121	1,143	1,143	1,159
4. 2014.....	.XXX	.XXX	1,109	1,109	1,133
5. 2015.....	.XXX	.XXX	.XXX		.25
6. 2016.....	.XXX	.XXX	.XXX	.XXX	

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT**

Years in Which Premiums were Eamed and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	1,345	1,132	.95	.84	1,227	.91.2			1,227	.91.2
2. 2013.....	1,163	1,159	.77	.6.6	1,236	106.3			1,236	106.3
3. 2014.....	1,055	1,133	.44	.3.9	1,177	111.6			1,177	111.6
4. 2015.....		.25		.0.0	.25	.0.0			.25	.0.0
5. 2016.....				.0.0	.0	.0.0			.0	.0.0

12.MS

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	<b>NONE</b>				
2. 2012.....					
3. 2013.....	.XXX				
4. 2014.....	.XXX	.XXX			
5. 2015.....	.XXX	.XXX	.XXX		
6. 2016.....	.XXX	.XXX	.XXX	.XXX	

**SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	<b>NONE</b>				
2. 2012.....					
3. 2013.....	.XXX				
4. 2014.....	.XXX	.XXX			
5. 2015.....	.XXX	.XXX	.XXX		
6. 2016.....	.XXX	.XXX	.XXX	.XXX	

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY**

Years in Which Premiums were Eamed and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 3+4)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....				<b>NONE</b>		.00			.0	.00
2. 2013.....				.00	.0	.00			.0	.00
3. 2014.....				.00	.0	.00			.0	.00
4. 2015.....				.00	.0	.00			.0	.00
5. 2016.....				.00	.0	.00			.0	.00

12.D0

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - VISION ONLY**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	119	119	119	119	119
2. 2012.....	105	105	105	105	105
3. 2013.....	.XXX	105	105	105	105
4. 2014.....	.XXX	.XXX	130	130	130
5. 2015.....	.XXX	.XXX	.XXX	225	225
6. 2016.....	.XXX	.XXX	.XXX	.XXX	148

**SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	119	119	119	119	119
2. 2012.....	105	105	105	105	105
3. 2013.....	.XXX	105	105	105	105
4. 2014.....	.XXX	.XXX	130	130	130
5. 2015.....	.XXX	.XXX	.XXX	225	225
6. 2016.....	.XXX	.XXX	.XXX	.XXX	148

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY**

Years in Which Premiums were Eamed and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	228	105	.7	.67	112	49.1			112	49.1
2. 2013.....	241	105	.7	.67	112	46.5			112	46.5
3. 2014.....	272	130	.7	.54	137	50.4			137	50.4
4. 2015.....	300	225	.8	3.6	233	77.7			233	77.7
5. 2016.....	149	148	.4	2.7	152	102.0			152	102.0

12.VO



**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	<b>NONE</b>				
2. 2012.....					
3. 2013.....	.XXX				
4. 2014.....	.XXX	.XXX			
5. 2015.....	.XXX	.XXX	.XXX		
6. 2016.....	.XXX	.XXX	.XXX	.XXX	

**SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	<b>NONE</b>				
2. 2012.....					
3. 2013.....	.XXX				
4. 2014.....	.XXX	.XXX			
5. 2015.....	.XXX	.XXX	.XXX		
6. 2016.....	.XXX	.XXX	.XXX	.XXX	

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM**

Years in Which Premiums were Eamed and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 4/1)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....				<b>NONE</b>		.00			.0	.00
2. 2013.....				.00	.0	.00			.0	.00
3. 2014.....				.00	.0	.00			.0	.00
4. 2015.....				.00	.0	.00			.0	.00
5. 2016.....				.00	.0	.00			.0	.00

12FE

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	28,413	28,296	28,124	28,092	28,092
2. 2012.....	348,411	378,804	378,614	378,565	378,565
3. 2013.....	.XXX	373,370	406,203	406,219	406,219
4. 2014.....	.XXX	.XXX	384,348	422,217	422,217
5. 2015.....	.XXX	.XXX	.XXX	446,238	446,238
6. 2016.....	.XXX	.XXX	.XXX	.XXX	

**SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	28,431	28,296	28,124	28,092	28,092
2. 2012.....	408,565	385,778	378,614	378,565	378,565
3. 2013.....	.XXX	423,129	417,795	406,219	406,219
4. 2014.....	.XXX	.XXX	437,990	422,217	422,217
5. 2015.....	.XXX	.XXX	.XXX	492,960	446,238
6. 2016.....	.XXX	.XXX	.XXX	.XXX	

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE**

Years in Which Premiums were Eamed and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	446,134	28,092	13,794	49.1	41,886	9.4			41,886	9.4
2. 2013.....	455,612	378,565	18,895	5.0	397,460	87.2			397,460	87.2
3. 2014.....	473,388	406,219	17,455	4.3	423,674	89.5			423,674	89.5
4. 2015.....	470,962	422,217	21,908	5.2	444,125	94.3			444,125	94.3
5. 2016.....				0.0	0	0.0			0	0.0

12.XV

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2D - Aggregate Reserve for A&H Contracts Only  
NONE**

**PROVIDENCE HEALTH PLAN  
UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building).....	1,197,144	1,556,287	3,232,288		5,985,719
2. Salaries, wages and other benefits.....	25,977,461	28,186,460	27,300,023		81,463,944
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....	-	-	28,061,995		28,061,995
4. Legal fees and expenses.....	156,002	156,002	1,012,709		1,324,713
5. Certifications and accreditation fees.....	-	-	1,055,127		1,055,127
6. Auditing, actuarial and other consulting services.....	733,666	1,281,883	7,634,414		9,649,963
7. Traveling expenses.....	88,435	93,269	363,060		544,764
8. Marketing and advertising.....	-	-	1,847,429		1,847,429
9. Postage, express and telephone.....	637,842	2,461,382	1,910,821		5,010,045
10. Printing and office supplies.....	271,192	526,448	1,744,312		2,541,952
11. Occupancy, depreciation and amortization.....	106	400	23,428		23,934
12. Equipment.....	86,283	248,673	491,107		826,063
13. Cost or depreciation of EDP equipment and software.....	464,752	604,178	1,254,830		2,323,760
14. Outsourced services including EDP, claims, and other services.....	4,417,903	6,541,234	12,701,138		23,660,275
15. Boards, bureaus and association fees.....	260,770	75,616	279,604		615,990
16. Insurance, except on real estate.....	-	-	42,588		42,588
17. Collection and bank service charges.....	-	-	2,783,382		2,783,382
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....	(24,316,036)	(25,450,457)	(36,893,301)		(86,659,794)
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....			60,309		60,309
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....			7,255,490		7,255,490
23.2 State premium taxes.....			624,221		624,221
23.3 Regulatory authority licenses and fees.....	143,637	33,613	4,736,075		4,913,325
23.4 Payroll taxes.....					0
23.5 Other (excluding federal income and real estate taxes).....	32,958	152,452	6,150,597		6,336,007
24. Investment expenses not included elsewhere.....				950,946	950,946
25. Aggregate write-ins for expenses.....	585,887	(53,292)	7,946,362	0	8,478,957
26. Total expenses incurred (Lines 1 to 25).....	10,738,002	16,414,148	81,618,008	950,946	(a).....109,721,104
27. Less expenses unpaid December 31, current year.....		3,178,841	4,455,457	134,215	7,768,513
28. Add expenses unpaid December 31, prior year.....		3,792,275	956,233	325,988	5,074,496
29. Amounts receivable relating to uninsured plans, prior year.....			3,977,875		3,977,875
30. Amounts receivable relating to uninsured plans, current year.....			7,246,985		7,246,985
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	10,738,002	17,027,582	81,387,894	1,142,719	110,296,197

**DETAILS OF WRITE-INS**

2501. PH&S Management fees.....			6,142,342		6,142,342
2502. Distribution to others (Donations).....			360,955		360,955
2503. Other.....	585,887	(53,292)	1,443,065		1,975,660
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above).....	585,887	(53,292)	7,946,362	0	8,478,957

(a) Includes management fees of \$.....6,142,342 to affiliates and \$.....0 to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....1,979,464	.....1,661,423
1.1 Bonds exempt from U.S. tax.....	(a).....17,874	.....14,286
1.2 Other bonds (unaffiliated).....	(a).....9,134,169	.....7,841,368
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....123,058	.....123,058
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....6,065,403	.....6,065,403
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....81,545	.....123,245
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....17,401,513	.....15,828,783
11. Investment expenses.....		(g).....950,946
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....
13. Interest expense.....		(h).....
14. Depreciation on real estate and other invested assets.....		(i).....3,560,760
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....4,511,706
17. Net investment income (Line 10 minus Line 16).....		.....11,317,077

**DETAILS OF WRITE-INS**

0901. ....		
0902. ....		
0903. ....		
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0
1501. ....		
1502. ....		
1503. ....		
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....0	.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....	.....0	.....0

- (a) Includes \$.....618,010 accrual of discount less \$.....1,333,320 amortization of premium and less \$.....1,421,402 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....66,043 accrual of discount less \$.....51,804 amortization of premium and less \$.....51,194 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....3,560,760 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....1,518,436	.....(61,245)	.....1,457,192	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....1,538,067	.....(716,453)	.....821,614	.....2	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....30,114	.....	.....30,114	.....151,360	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....241,143,861	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....4,112	.....	.....4,112	.....	.....
7. Derivative instruments.....	.....(348,514)	.....	.....(348,514)	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....2,742,215	.....(777,697)	.....1,964,518	.....241,295,223	.....0

**DETAILS OF WRITE-INS**

0901. ....					
0902. ....					
0903. ....					
0998. Summary of remaining write-ins for Line 9 from overflow page...	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

**PROVIDENCE HEALTH PLAN  
EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	17,387,254	15,793,042	(1,594,212)
12. Subtotals, cash and invested assets (Lines 1 to 11).....	17,387,254	15,793,042	(1,594,212)
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....	14,077		(14,077)
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....			0
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....	5,453,229	4,403,461	(1,049,768)
21. Furniture and equipment, including health care delivery assets.....	269,415	301,628	32,213
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....	13,744,397	12,066,627	(1,677,770)
24. Health care and other amounts receivable.....	482,365	8,779,670	8,297,305
25. Aggregate write-ins for other-than-invested assets.....	0	55,717	55,717
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	37,350,737	41,400,145	4,049,408
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	37,350,737	41,400,145	4,049,408

**DETAILS OF WRITE-INS**

1101. Land Option & Put Agreement Escrow Account.....	17,387,254	15,793,042	(1,594,212)
1102. ....			0
1103. ....			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	17,387,254	15,793,042	(1,594,212)
2501. Leasehold Improvements.....		55,717	55,717
2502. ....			0
2503. ....			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	0	55,717	55,717

**PROVIDENCE HEALTH PLAN**

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....	215,788					
2. Provider service organizations.....						
3. Preferred provider organizations.....		256,300	256,386	267,559	271,684	3,112,328
4. Point of service.....						
5. Indemnity only.....						
6. Aggregate write-ins for other lines of business.....	2,633	2,678	2,684	2,650	0	26,735
7. Total.....	218,421	258,978	259,070	270,209	271,684	3,139,063

**DETAILS OF WRITE-INS**

0601. Vision Only.....	2,633	2,678	2,684	2,650		26,735
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	2,633	2,678	2,684	2,650	0	26,735

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**NOTES TO FINANCIAL STATEMENTS**


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**Note 1 – Summary of Significant Accounting Policies and Going Concern****A. Accounting Practices**

The accompanying statutory basis financial statements of the Plan have been prepared in conformity with accounting practices prescribed or permitted by the Oregon Department of Consumer and Business Services - Division of Financial Regulations ("Oregon Insurance Division"). Only statutory accounting practices so prescribed or permitted by the Oregon Insurance Division can be used in determining and reporting financial condition and results of operations of an insurance company under Oregon Insurance Law.

The National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual, ("NAIC SAP"), including the Statements of Statutory Accounting Principles ("SSAP") as updated by the NAIC, have been adopted by the Oregon Insurance Division as a component of prescribed or permitted accounting practices. The Oregon Insurance Division has not adopted accounting practices that differ from NAIC SAP.

A reconciliation of the Plan's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Oregon is shown below:

	2016	2015
<b>NET INCOME</b>		
(1) PROVIDENCE HEALTH PLAN state basis (Page 4, Line 32, Columns 2 & 3)	\$ (28,116,816)	\$ (63,042,540)
(2) State Prescribed Practices that increase/decrease NAIC SAP		
(3) State Permitted Practices that increase/decrease NAIC SAP		
(4) NAIC SAP (1 – 2 – 3 = 4)	\$ (28,116,816)	\$ (63,042,540)
<b>SURPLUS</b>		
(5) PROVIDENCE HEALTH PLAN state basis (Page 3, line 33, Columns 3 & 4)	\$ 466,192,374	\$ 464,619,718
(6) State Prescribed Practices that increase/decrease NAIC SAP		
(7) State Permitted Practices that increase/decrease NAIC SAP		
(8) NAIC SAP (5 – 6 – 7 = 8)	\$ 466,192,374	\$ 464,619,718

**B. Use of Estimate in the Preparation of the Financial Statements**

The preparation of the Plan's financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**C. Accounting Policy**

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds are stated at amortized cost using the scientific (constant yield) interest method. Investments are regularly reviewed for impairment and a charge is recognized when the fair value is below cost basis and is judged to be other than temporary. Impairment is included in recognized gains (losses) on investments – net.
- (3) Common Stocks are stated at fair value.
- (4) The Plan does not own preferred stock.
- (5) The Plan does not hold mortgage loans.
- (6) Loan-backed securities designated NAIC level 1 or 2 are reported at amortized cost; all others are reported at the lower of amortized cost or fair value.
- (7) The Plan carries the investment in the affiliate, Providence Health Assurance at Statutory equity.
- (8) The Plan does not hold investments in joint ventures, partnerships or limited liability companies.
- (9) For derivative securities refer to note 8.
- (10) Should the Plan determine the need for premium deficiency reserves, investment income would be anticipated as a factor in the premium deficiency calculation in accordance with SSAP No. 54, *Individual and Group Accident and Health Contracts*
- (11) Unpaid claims and claim adjustment expenses include an amount based on past history. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability, are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Plan has not modified its capitalization policy from the prior period.
- (13) The Plan estimates pharmaceutical rebates utilizing past experience and accumulated statistical data. The methods for making such estimates and for establishing the resulting receivable, are continually reviewed and any adjustments are reflected in the period determined.

**D. Going Concern**

After evaluating the entity's ability to continue as a going concern, management was not aware of any conditions or events which raised substantial doubts concerning the entity's ability to continue as a going concern as of the date of the filing of this statement.

**Note 2 – Accounting Changes and Corrections of Errors**

None

**Note 3 – Business Combinations and Goodwill**

None

**Note 4 – Discontinued Operations**

None



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**NOTES TO FINANCIAL STATEMENTS**


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**Note 5 – Investments**

A. Mortgage Loans, including Mezzanine Real Estate Loans

None.

B. Debt Restructuring

None

C. Reverse Mortgages

None

D. Loan-Backed Securities

(1) Prepayment assumptions were obtained from a third party vendor.

(2) The Plan recognized \$423,637 of other-than-temporary impairments on loan-backed securities as a result of the inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.

		1	2	3
		Amortized Cost Basis Before Other-than-Temporary Impairment	Other-than-Temporary Impairment Recognized in Loss	Fair Value 1 – 2
OTTI recognized 1 <sup>st</sup> Quarter				
a.	Intent to sell	\$	\$	\$
b.	Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			
c.	Total 1 <sup>st</sup> Quarter	\$	\$	\$
OTTI recognized 2 <sup>nd</sup> Quarter				
d.	Intent to sell	\$	\$	\$
e.	Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			
f.	Total 2 <sup>nd</sup> Quarter	\$	\$	\$
OTTI recognized 3 <sup>rd</sup> Quarter				
g.	Intent to sell	\$	\$	\$
h.	Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	16,319,272	423,637	15,895,635
i.	Total 3 <sup>rd</sup> Quarter	\$ 16,319,272	\$ 423,637	\$ 15,895,635
OTTI recognized 4 <sup>th</sup> Quarter				
j.	Intent to sell	\$	\$	\$
k.	Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			
l.	Total 4 <sup>th</sup> Quarter		\$	
m.	Annual aggregate total		\$ 423,637	

## NOTES TO FINANCIAL STATEMENTS

## (3) Recognized OTTI securities

CUSIP		Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized Other-Than-Temporary Impairment	Amortized Cost After Other-Than-Temporary Impairment	Fair Value at Time of OTTI	Date of Financial Statement Where Reported
004375	CS	8	\$ 137,569	\$ 136,503	\$ 1,065	\$ 136,503	09/30/2016
004375	DU	2	783,660	779,971	3,689	779,971	09/30/2016
00764M	CC	9	181,293	180,549	744	180,549	09/30/2016
00764M	EL	7	170,084	169,496	587	169,496	09/30/2016
00764M	HD	2	1,606,508	1,600,381	6,127	1,600,381	09/30/2016
04542B	LX	8	78,571	78,479	92	78,479	09/30/2016
073879	JM	1	173,175	173,090	85	173,090	09/30/2016
12625K	AF	2	171,074	150,483	20,591	150,483	09/30/2016
126671	H4	1	8,707	8,192	514	8,192	09/30/2016
126673	RP	9	1,497,274	1,475,061	22,212	1,475,061	09/30/2016
17321R	AF	3	251,630	217,158	34,472	217,158	09/30/2016
22545X	AE	3	707,260	698,757	8,503	698,757	09/30/2016
30225A	BN	2	5,749	479	5,270	479	09/30/2016
362341	G3	7	60,981	60,824	157	60,824	09/30/2016
36242D	DP	5	201,178	200,288	890	200,288	09/30/2016
437084	DS	2	246,704	246,216	488	246,216	09/30/2016
437084	JS	6	48,440	48,433	7	48,433	09/30/2016
437084	MG	8	255,588	255,440	149	255,440	09/30/2016
46630L	AX	2	1,545,422	1,520,629	24,793	1,520,629	09/30/2016
46637W	AE	3	45,490	44,798	692	44,798	09/30/2016
46639N	AS	0	257,609	220,344	37,265	220,344	09/30/2016
46639Y	AS	6	263,719	236,947	26,772	236,947	09/30/2016
46640J	AT	4	153,490	117,157	36,333	117,157	09/30/2016
46642E	BA	3	390,223	361,175	29,048	361,175	09/30/2016
46642E	BB	1	372,768	334,449	38,319	334,449	09/30/2016
55312Y	AE	2	258,788	254,083	4,704	254,083	09/30/2016
57643L	NU	6	73,281	72,894	387	72,894	09/30/2016
61761A	AA	6	84,527	71,920	12,607	71,920	09/30/2016
64032L	AD	3	847,411	841,699	5,712	841,699	09/30/2016
64033B	AA	0	818,514	815,653	2,861	815,653	09/30/2016
64352V	KT	7	729,338	725,520	3,818	725,520	09/30/2016
68383N	AW	3	1,675,777	1,665,861	9,916	1,665,861	09/30/2016
68389F	DA	9	14,578	14,550	28	14,550	09/30/2016
76113A	AF	8	306,075	302,915	3,160	302,915	09/30/2016
78447K	AC	6	875,751	862,368	13,383	862,368	09/30/2016
86358E	RA	6	146,718	146,713	5	146,713	09/30/2016
86359L	FK	0	13,445	13,388	57	13,388	09/30/2016
86359L	LZ	0	19,244	17,687	1,557	17,687	09/30/2016
92890P	AL	8	208,237	187,654	20,583	187,654	09/30/2016
92922F	NW	4	6,857	6,787	70	6,787	09/30/2016
92930R	AF	9	182,182	163,211	18,971	163,211	09/30/2016
92936T	AF	9	85,825	76,627	9,198	76,627	09/30/2016
92939F	BB	4	236,844	219,225	17,619	219,225	09/30/2016
949920	AN	2	121,716	121,581	135	121,581	09/30/2016
Total				\$ 423,637			

## (4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a.	The aggregate amount of unrealized losses:	1.	Less than 12 Months	\$ 1,660,727
		2.	12 Months or Longer	\$
b.	The aggregate related fair value of securities with unrealized losses:	1.	Less than 12 Months	\$ 68,415,579
		2.	12 Months or Longer	\$

## (5) The Plan expects the fair value of the fixed maturity securities above to recover as the fixed maturity securities approach their maturity dates or sooner if market yields for such fixed maturity securities decline. The Company does not believe that any of the fixed maturity securities are impaired due to credit quality or due to any company or industry specific event.

During 2016, as a result of reviewing investment practices with the investment managers, changes were put in place that allow the Plan the ability to hold investments at a loss until the market value recovers, as intended. The Plan may, from time to time, sell invested assets subsequent to the balance sheet date that were considered temporarily impaired at the balance sheet date for several reasons. Conversely, the Plan may not sell invested assets that it asserted that it intended to sell at the balance sheet date. The rationale for the change in the Plan's ability and intent generally focuses on unforeseen changes in the economic facts and circumstances related to the invested asset subsequent to the balance sheet date, significant unforeseen changes in the Company's liquidity needs, or changes in the regulatory environment.

## E. Repurchase Agreements and/or Securities Lending Transactions

None

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**NOTES TO FINANCIAL STATEMENTS**


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F.	Real Estate	None
G.	Investments in Low-Income Housing Trade Credits (LIHTC)	None
H.	Restricted Assets	None
I.	Working Capital Finance Investments	None
J.	Offsetting and Netting of Assets and Liabilities	None
K.	Structured Notes	None
L.	5* Securities	None

**Note 6 – Joint Ventures, Partnerships and Limited Liability Companies**

- A. The Plan has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Plan did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement period.

**Note 7 – Investment Income**

- A. Accrued Investment Income
- The Plan does not admit investment income due and accrued if amounts are over 90 days past due.
- B. Amounts Nonadmitted
- None

**Note 8 – Derivative Instruments**

The Plan's holdings do not include derivatives. However, the Plan may acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and are immaterial to the underlying portfolio.

**Note 9 – Income Tax**

The Plan has received a determination letter from the Internal Revenue Service (IRS) that it is exempt from federal income taxes, except for unrelated business income and political expenditures, in accordance with Section 501(c)(4) of the Internal revenue Code.

**Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

- A. Nature of Relationships
- Providence Health Plan (PHP) is an Oregon nonprofit corporation whose sole member is Providence Health & Services – Oregon (PH&S-OR). PH&S-OR is an Oregon nonprofit organization whose sole controlling member is Providence Health & Services (PH&S). PH&S is a Washington nonprofit organization sponsored by Providence Ministries, a public juridic person recognized by the Roman Catholic Church.
- Providence Health Assurance (PHA) is an Oregon nonprofit corporation and PHP is its sole controlling member. Effective in 2013, PHA became a licensed Health Care Service Contractor in Oregon and Washington and is authorized to provide healthcare services in both states.
- B. Detail of Transactions Greater than 1/2% of Admitted Assets
- Effective January 1, 2016, the Providence Health Plan (PHP) Medicare Advantage plan contracts with the Centers for Medicare and Medicaid Services (CMS) were transferred to Providence Health Assurance (PHA) pursuant to the Novation Agreement between CMS, PHP and PHA, and the Affiliated Entity Transfer Agreement between PHP and PHA. All receivables, payables, deferred revenue, other liabilities and net worth associated with the Medicare Advantage Plan were transferred during the first quarter of 2016. The assets and liabilities were transferred with a cash payment from PHP to PHA of \$47,959,872. In addition, the net worth was estimated at \$220,000,000 and the market value of investments and cash totaling that amount were also transferred to PHA. PHA is a nonprofit corporation whose sole member is PHP. PHA is accounted for as an equity investment on the PHP statutory financial statements.
- There were no other material contractual changes.

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**NOTES TO FINANCIAL STATEMENTS**


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## C. Amounts of Transactions

PHP paid \$195,415,686 and \$198,589,557 in 2016 and 2015 respectively, for services Providence Plan Partners (PPP) provided through a management services agreement to provide all management and administrative services to PHP.

PHP paid \$236,798,915 and \$320,519,694 in 2016 and 2015 respectively, to PH&S – OR member hospitals and other providers of PHS-OR in contracted healthcare services for the provision of medical services to its members.

## D. As of December 31, 2016 these were the affiliates receivables and liabilities:

<u>Amounts Due From:</u>	
Providence Health & Svcs – OR	\$ 13,744,397
<b>Total Due from Affiliates</b>	<b>\$ 13,744,397</b>

<u>Amounts Due To Affiliates:</u>	
Providence Plan Partners	\$ 20,388,740
Providence Health Assurance	623,254
Providence Health & Svcs-OR	58,272
<b>Total Due to Affiliates</b>	<b>\$ 21,070,266</b>

- E. PHP has agreed that if PHA fails to meet its net worth or restricted reserves based on requirements by the Oregon Department of Consumer and Business Services, PHP shall take immediate action to bring PHA into compliance through additional capital infusion.
- F. PHP has a management services agreement with PPP to provide management and administrative services. PHP reimburses PPP monthly for the cost of services provided. PHP pays the amount due within 30 days following the end of the month.
- G. To the best of management's knowledge and belief, there have been no other instances where the nature of the control relationship or any transactions between the entities have resulted in the operating results or the financial position of the reporting entity being significantly different from those that would have been obtained if the enterprises were autonomous.
- H. The Plan does not own any shares of the stock of its parent.
- I. The Plan has no investments in its parent and affiliates that exceed 10% of its admitted assets.
- J. The Plan did not recognize an impairment write-down for its investments in affiliated companies during the statement period.
- K. The Plan does not have an investment in a foreign insurance subsidiary.
- L. The Plan does not hold an investment in a downstream noninsurance holding company.
- M. Non-Insurance SCA Investments  
None
- N. Investment in Insurance SCAs  
  
Financial statements of PHP's insurance subsidiary Providence Health Assurance have been completed in accordance with NAIC Statutory Accounting Practices and Procedures.

**Note 11 – Debt**

The Plan had no debt during the reporting period.

**Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

The Plan does not have any direct employees, and therefore does not have any direct obligations for a defined benefit pension, defined contribution pension, postretirement welfare, deferred compensation, compensated absences or postemployment benefit plans. Services for the operation of the Plan are provided under provisions of the management services agreement as described in note 10F.

**Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

- (1) The Plan is a nonprofit corporation and does not issue stock.
- (2) Preferred Stock  
Not applicable
- (3) There are no dividends restrictions.
- (4) The Plan has not paid any dividends to its parent.
- (5) The maximum amount of dividends that can be paid by Oregon-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the greater of (a) 10% of surplus or (b) net income, subject to the availability of accumulated undistributed earnings.
- (6) The Plan does not have restricted unassigned surplus.
- (7) The Plan had no advances to surplus.

**NOTES TO FINANCIAL STATEMENTS**

- (8) The Plan does not hold stock for special purposes.
- (9) The Plan does not hold special surplus funds.
- (10) The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is \$250,666,506
- (11) Surplus Notes  
Not applicable
- (12) Quasi-Reorganization (dollar impact)  
Not applicable
- (13) Quasi-Reorganization (effective date)  
Not applicable

**Note 14 – Liabilities, Contingencies and Assessments**

- A. Contingency Commitments  
None
- B. Assessment  
None
- C. Gain Contingencies  
None
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits  
None
- E. Joint and Several Liabilities  
None
- F. All Other Contingencies

The Plan, in common with the insurance industry in general, is subject to litigation in the normal course of their business. The Plan's management does not believe that such litigation will have a material effect on its statutory basis financial statements. The Plan has no assets that it considers to be impaired.

**Note 15 – Leases**

- A. Lessee Operating Lease
1. a. Providence Health Plan (PHP) assumed a land lease and an Option and Put Agreement from Providence Health & Services – Oregon with Davis Business Center, LLC in July 2010. Monthly land lease payments increased from \$105,270 to \$115,797 in August 2016. Lease payments for 2016 were \$1,315,875. The lease will expire on July 31, 2027, unless Davis Business Center, LLC exercises its option to sell the property to PHP before that date.
  - b. PHP has \$17,387,254 in an escrow account for the Option and Put Agreement, with an additional amount due to the escrow account every three years, for the purchase of the land being leased. Davis Business Center, LLC has the option when to sell, but must offer to sell to PHP no later than July 31, 2027.
  2. a. At December 31, 2016 the minimum aggregate rental commitments are as follows:

1.	2017	\$	1,389,564
2.	2018	\$	1,389,564
3.	2019	\$	1,447,464
4.	2020	\$	1,528,524
5.	2021	\$	1,528,524
6.	Total	\$	16,918,407
  3. The company is not involved in any sales-leaseback transactions.

**NOTES TO FINANCIAL STATEMENTS****B. Revenue, Net Income or Assets with Respect to Leases****1 For operating leases:**

- a. The land lease described above is subleased to Providence Health & Services – Oregon in addition to an office building constructed on the leased land in 2010. The building, Providence Office Park II, is leased for 25 years with a 25-year renewal option, followed by five succeeding 10-year leases. The lease term began in 2010. The master lease agreement includes a re-tenanting fee if PH&S does not exercise the 25-year renewal option. The fee would equal the then-current base rent under the lease, which would be \$8,220,635 in the 25<sup>th</sup> year of the lease. In addition, Providence Plan Partners is subleasing a suite in the building for six years from PH&S. The lease payment is \$21,012 a month, which amounted to \$252,138 year to date through December 31, 2016.

**b. Cost and carrying value of assets held for lease:**

Asset	Cost	Accumulated Depreciation	Carrying value
Land Improvement	\$ 3,530,623	\$ 1,482,806	\$ 2,047,817
Building	79,730,868	22,457,176	57,273,692
Fixed Equipment	416,316	178,091	238,225
Major Movable Equipment	956,297	956,297	0
<b>Total</b>	<b>\$ 84,634,104</b>	<b>\$25,074,370</b>	<b>\$ 59,559,734</b>

c. Future minimum lease payment receivables under noncancelable leasing arrangements as of December 31 are as follows:			
1.	2017	\$	6,063,281
2.	2018	\$	6,215,176
3.	2019	\$	6,429,909
4.	2020	\$	6,672,898
5.	2021	\$	6,840,090
6.	Total	\$	141,856,869

- (d) Contingent rentals  
None

- (2) For leveraged leases:  
None

**Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

None.

**Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

None

**Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Portion of Partially Insured Plans****A. ASO Plans**

The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during 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	\$ 12,266,309	\$	\$ 12,266,309
b.	Total net other income or expenses (including interest paid to or receive from plans)			
c.	Net gain or (loss) from operations	12,266,309		12,266,309
d.	Total claim payment volume	\$ 855,647,422	\$	\$ 855,647,422

**B. ASC Plans**

None

**C. Medicare or Similarly Structured Cost Based Reimbursement Contract**

None

**Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

None

**NOTES TO FINANCIAL STATEMENTS**

**Note 20 – Fair Value Measurements**

A.

(1) Fair Value Measurements at Reporting Date

Assets at Fair Value		Level 1	Level 2	Level 3	Total
Common Stock - Bond Mutual Funds		\$ 4,501,014	\$	\$	\$ 4,501,014
Common Stock - Parent, Affiliates & Subsidiaries				262,415,145	262,415,145
<b>Total</b>		<b>\$ 4,501,014</b>	<b>\$</b>	<b>\$ 262,415,145</b>	<b>\$ 266,916,159</b>

Liabilities at Fair Value		Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
<b>Total</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

a. Assets	Beginning Balance at 1/1/2016	Transfers Into Level 3	Transfers Out of Level 3	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2016
Common Stock										
Affiliates	\$ 21,271,284	\$ 215,655,157	\$	\$	\$ 25,488,704	\$	\$	\$	\$	\$ 262,415,145
<b>Total</b>	<b>\$ 21,271,284</b>	<b>\$ 215,655,157</b>	<b>\$</b>	<b>\$</b>	<b>\$ 25,488,704</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 262,415,145</b>

b. Liabilities	Beginning Balance at 1/1/2016	Transfers Into Level 3	Transfers Out of Level 3	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

(3) The Plan recognizes transfers between fair value levels at the end of the reporting period.

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

The Plan's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by Financial Accounting Standards Board Accounting Standards Codification 820-10 and SSAP 100. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

The levels of the fair value hierarchy are as follows:

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

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

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

(5) Fair Value Measurements for Derivative Instruments

None

B. Other Fair Value Disclosures

None

C. Aggregate Fair Value of all Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 308,871,354	\$ 308,871,354	\$	\$ 308,871,354	\$	\$
Common Stock	266,916,159	266,916,159	4,501,014		262,415,145	

D. Not Practicable to Estimate Fair Value

None

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**NOTES TO FINANCIAL STATEMENTS**


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**Note 21 – Other Items**

- A. Extraordinary Items  
None
- B. Troubled Debt Restructuring: Debtors  
None
- C. Other Disclosures and Unusual Items  
None
- D. Business Interruptions Insurance Recoveries  
None
- E. State Transferable Tax Credits  
None
- F. Subprime Mortgage Related Risk Exposure  
None
- G. Retained Assets  
None
- H. Insurance Linked Securities (ILS) Contracts  
None

**Note 22 – Events Subsequent**

There were no subsequent events after the Statutory Statements of Admitted Assets, Liabilities, and Surplus date of December 31, 2016 through March 1, 2017 that materially impact the financial statements.

- 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  No

In calendar year 2017 the Plan will not be subject to an annual fee under Section 9010 of the Federal Affordable Care Act (ACA) due to a moratorium on the annual Fee for the 2017 calendar year.

	2016	2015
B. ACA fee assessment payable for the upcoming year	\$	\$ 10,192,346
C. ACA fee assessment paid	6,115,100	10,192,346
D. Premium written subject to ACA 9010 assessment		1,162,092,050
E. Total adjusted capital before surplus adjustment (Five-Year Historical Line 14)	466,192,374	
F. Total adjusted capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	466,192,374	
G. Authorized control level (Five-Year Historical Line 15)	\$ 67,134,539	

- H. Would reporting the ACA assessment as of December 31, 2016 have triggered an RBC action level (YES/NO)? Yes  No

**Note 23 – Reinsurance**

- 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 Plan or by any representative, officer, trustee, or director of the company? NO
- (2) Have any policies issued by the Plan 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? NO

**Section 2 – Ceded Reinsurance Report – Part A**

- (1) Does the Plan 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 credits? NO
- (2) Does the reporting entity have any reinsurance agreements in effect such 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? NO

**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? \$ 0



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**NOTES TO FINANCIAL STATEMENTS**


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- (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

The Amendment resulted in \$0 reinsurance credit.

- B. Uncollectible Reinsurance  
None
- C. Commutation of Ceded Reinsurance  
None
- D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation  
None

**Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination**

- A. The Plan estimates retrospective premium adjustments for its group health insurance business through a mathematical approach using an algorithm of PHP's underwriting rules and experience rating practices.
- B. The Plan records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of net premiums written by the Plan at December 31, 2016 that are subject to retrospective rating features is \$67 million. That amount represents 6.05% of the total net premiums written for commercial products. No other net premiums written by the Plan are subject to retrospective rating features.
- D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act.  
None
- E. Risk Sharing Provisions of the Affordable Care Act
- (1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions Yes [X] No [ ]
- (2) Impact of Risk Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year:

a.	Permanent ACA Risk Adjustment Program	AMOUNT
	<b>Assets</b>	
1.	Premium adjustments receivable due to ACA Risk Adjustment	\$
	<b>Liabilities</b>	
2.	Risk adjustment user fees payable for ACA Risk Adjustment	
3.	Premium adjustments payable due to ACA Risk Adjustment	35,300,000
	<b>Operations (Revenue &amp; Expenses)</b>	
4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	35,300,000
5.	Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	\$
b.	<b>Transitional ACA Reinsurance Program</b>	
	<b>Assets</b>	
1.	Amounts recoverable for claims paid due to ACA Reinsurance	\$ 15,736,498
2.	Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	3,542,878
3.	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	
	<b>Liabilities</b>	
4.	Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	4,665,213
5.	Ceded reinsurance premiums payable due to ACA Reinsurance	2,096,028
6.	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$
	<b>Operations (Revenue &amp; Expenses)</b>	
7.	Ceded reinsurance premiums due to ACA Reinsurance	\$ 2,096,028
8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	18,200,000
9.	ACA Reinsurance contributions – not reported as ceded premium	\$ 4,665,213
c.	<b>Temporary ACA Risk Corridors Program</b>	
	<b>Assets</b>	
1.	Accrued retrospective premium due to ACA Risk Corridors	\$ 17,429
	<b>Liabilities</b>	
2.	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	
	<b>Operations (Revenue &amp; Expenses)</b>	
3.	Effect of ACA Risk Corridors on net premium income (paid/received)	63,204
4.	Effect of ACA Risk Corridors on change in reserves for rate credits	\$

**NOTES TO FINANCIAL STATEMENTS**

(3) Roll forward of prior year ACA Risk Sharing Provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance:

	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		Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)	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				
					5	6	7	8				9
	1	2	3	4	5	6	7	8	9	10		
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)	
<b>a. Permanent ACA Risk Adjustment Program</b>												
1.	Premium adjustments receivable	\$ 458,212	\$ (1,907,292)	\$ 2,628,997	\$ (4,220,964)	\$ (2,170,785)	\$ 2,313,672	\$ 3,100,948	\$ (2,313,672)	A	\$ 930,163	\$
2.	Premium adjustments payable									B		
3.	Subtotal ACA Permanent Risk Adjustment Program	\$ 458,212	\$ (1,907,292)	\$ 2,628,997	\$ (4,220,964)	\$ (2,170,785)	\$ 2,313,672	\$ 3,100,948	\$ (2,313,672)		\$ 930,163	\$
<b>b. Transitional ACA Reinsurance Program</b>												
1.	Amounts recoverable for claims paid	\$ 7,456,353	\$	\$ 8,779,150	\$	\$ (1,322,797)	\$	\$ 2,402,173	\$	C	\$ 1,079,376	\$
2.	Amounts recoverable for claims unpaid (contra liability)									D		
3.	Amounts receivable relating to uninsured plans									E		
4.	Liabilities for contributions payable due to ACA Reinsurance -- not reported as ceded premiums									F		
5.	Ceded reinsurance premiums payable									G		
6.	Liability for amounts held under uninsured plans									H		
7.	Subtotal ACA Transitional Reinsurance Program	\$ 7,456,353	\$	\$ 8,779,150	\$	\$ (1,322,797)	\$	\$ 2,402,173	\$		\$ 1,079,376	\$
<b>c. Temporary ACA Risk Corridors Program</b>												
1.	Accrued retrospective premium	\$	\$	\$ 1,177,680	\$	\$ (1,177,680)	\$	\$ 1,195,109	\$	I	\$ 17,429	\$
2.	Reserve for rate credits or policy experience rating refunds									J		
3.	Subtotal ACA Risk Corridors Program			1,177,680		(1,177,680)		1,195,109			17,429	
d.	Total for ACA Risk Sharing Provisions	\$ 7,914,565	\$ (1,907,292)	\$ 12,585,827	\$ (4,220,964)	\$ (4,671,262)	\$ 2,313,672	\$ 6,698,230	\$ (2,313,672)		\$ 2,026,968	\$

Explanations of Adjustments

- A. Adjustments to reflect actual payments made and received
- B.
- C. Adjustments to reflect actual payments received
- D.
- E.
- F.
- G.
- H.
- I. Risk corridor correction - not previously booked because of uncertainty regarding collectibility
- J.

**NOTES TO FINANCIAL STATEMENTS**

**(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year**

	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)		
					5	6	7	8	9	10		
	1	2	3	4	5	6	7	8	Ref	9	10	
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)	
<b>a. 2014</b>												
1. Accrued retrospective premium	\$	\$	\$ 1,177,680	\$	\$ (1,177,680)	\$	\$ 1,195,109	\$		A	\$ 17,429	\$
2. Reserve for rate credits for policy experience rating refunds										B		
<b>b. 2015</b>												
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	\$	C	\$	\$
2. Reserve for rate credits for policy experience rating refunds										D		
<b>c. 2016</b>												
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	\$	E	\$	\$
2. Reserve for rate credits or policy experience rating refunds										F		
d. Total for Risk Corridors	\$	\$	\$ 1,177,680	\$	\$ (1,177,680)	\$	\$ 1,195,109	\$			\$ 17,429	\$

- A. Risk corridor correction - not previously booked because of uncertainty regarding collectibility
- B.
- C.
- D.
- E.
- F.

**(5) ACA Risk Corridors Receivable as of Reporting Date**

Risk Corridors Program Year	1 Estimated Amount to be Filed or Final Amount Filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts Received from CMS	4 Asset Balance (Gross of Non-Admissions) (1-2-3)	5 Non-Admitted Amount	5 Net Admitted Asset (4-5)
a. 2014	\$ 63,204	\$	\$ 45,775	\$ 17,429	\$	\$ 17,429
b. 2015	\$	\$	\$	\$	\$	\$
c. 2016	\$	\$	\$	\$	\$	\$
d. Total (a+b+c)	\$ 63,204	\$	\$ 45,775	\$ 17,429	\$	\$ 17,429

**Note 25 – Change in Incurred Losses and Claim Adjustment Expenses**

Comprehensive Line of Business - Reserves for incurred claims and claim adjustment expenses as of December 31, 2015 were \$81.5 million. As of December 31, 2016, \$72.2 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$2 million as a result of reestimation of unpaid claims and claim adjustment expenses.

Year to date, the Plan recorded decreases of approximately \$9.1 million in medical and hospital expenses related to 2015 Comprehensive Line of Business, due to lower than estimated claims. This had a favorable impact on 2016 net income.

Medicare Line of Business - Reserves for incurred claims and claim adjustment expenses as of December 31, 2015 were \$46.8 million. These were transferred to Providence Health Assurance effective January 1, 2016. See note 10 for further details.

**Note 26 – Intercompany Pooling Arrangements**

None

**Note 27 – Structured Settlements**

Not Applicable

**Note 28 – Health Care Receivables**

**A. Pharmaceutical Rebate Receivables**

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days After Billing
03/31/2016	\$ 2,451,704	\$ 4,915,117	\$ 3,179,406	\$ 21,198	\$
06/30/2016	4,212,653	5,648,895	6,537,637	15,111	
06/30/2016	4,529,177	6,767,279			
12/31/2016	6,916,681				

**NOTES TO FINANCIAL STATEMENTS**

B. Risk Sharing Receivables

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received - All Other
2016	2016	\$	\$	\$ 453,098	\$	\$	\$ 1,201,671	\$	\$

**Note 29 – Participating Policies**

None

**Note 30 – Premium Deficiency Reserves**

1. Liability carried for premium deficiency reserve: None
2. Date of most recent evaluation of this liability: January 3, 2017
3. Was anticipated investment income utilized in the calculation? Yes [ X ] No [ ]

**Note 31 – Anticipated Salvage and Subrogation**

None



**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Lynn Dong FSA MAAA Milliman USA: 1301 5th Avenue, Suite 3800; Seattle, WA 98101
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]
- 12.11 Name of real estate holding company \_\_\_\_\_
- 12.12 Number of parcels involved \_\_\_\_\_
- 12.13 Total book/adjusted carrying value \$ \_\_\_\_\_
- 12.2 If yes, provide explanation \_\_\_\_\_
- 12.2 Total book/adjusted carrying value \$ \_\_\_\_\_
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? \_\_\_\_\_
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain: \_\_\_\_\_
- 14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s). \_\_\_\_\_
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s). \_\_\_\_\_
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

**BOARD OF DIRECTORS**

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof? Yes [ ] No [X]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

**FINANCIAL**

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ \_\_\_\_\_
- 20.12 To stockholders not officers \$ \_\_\_\_\_
- 20.13 Trustees, supreme or grand (Fraternal only) \$ \_\_\_\_\_
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$ \_\_\_\_\_
- 20.22 To stockholders not officers \$ \_\_\_\_\_
- 20.23 Trustees, supreme or grand (Fraternal only) \$ \_\_\_\_\_
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement? Yes [ ] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$ \_\_\_\_\_
- 21.22 Borrowed from others \$ \_\_\_\_\_
- 21.23 Leased from others \$ \_\_\_\_\_
- 21.24 Other \$ \_\_\_\_\_
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [X] No [ ]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ \_\_\_\_\_
- 22.22 Amount paid as expenses \$ 75,215
- 22.23 Other amounts paid \$ \_\_\_\_\_
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

**INVESTMENT**

24.01 Were all of stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes  No

24.02 If no, give full and complete information, relating thereto:

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*? Yes  No  N/A

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$ \_\_\_\_\_

24.06 If answer to 24.04 is no, report amount of collateral for other programs

\$ \_\_\_\_\_

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes  No  N/A

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes  No  N/A

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes  No  N/A

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:

\$ \_\_\_\_\_ 0

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:

\$ \_\_\_\_\_ 0

24.103 Total payable for securities lending reported on the liability page:

\$ \_\_\_\_\_ 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes  No

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

\$ \_\_\_\_\_ 0

25.22 Subject to reverse repurchase agreements

\$ \_\_\_\_\_ 0

25.23 Subject to dollar repurchase agreements

\$ \_\_\_\_\_ 0

25.24 Subject to reverse dollar repurchase agreements

\$ \_\_\_\_\_ 0

25.25 Placed under option agreements

\$ \_\_\_\_\_ 0

25.26 Letter stock or securities restricted as sale – excluding FHLB Capital Stock

\$ \_\_\_\_\_ 0

25.27 FHLB Capital Stock

\$ \_\_\_\_\_ 0

25.28 On deposit with states

\$ \_\_\_\_\_ 0

25.29 On deposit with other regulatory bodies

\$ \_\_\_\_\_ 0

25.30 Pledged as collateral – excluding collateral pledged to an FHLB

\$ \_\_\_\_\_ 0

25.31 Pledged as collateral to FHLB – including assets backing funding agreements

\$ \_\_\_\_\_ 0

25.32 Other

\$ \_\_\_\_\_ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		\$ _____

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes  No

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes  No  N/A   
If no, attach a description with this statement.

For a short period during 2016 The Plan owned US Treasury Interest Rate Futures. No such investments were held at December 31, 2016.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes  No

27.2 If yes, state the amount thereof at December 31 of the current year:

\$ \_\_\_\_\_

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

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

1 Name of Custodian(s)	2 Custodian's Address
The Northern Trust Company	50 S. LaSalle Street, Chicago, IL 60603

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes  No

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

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

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such, ["...that have access to the investment accounts", "... handle securities"].

1 Name of Firm or Individual	2 Affiliation
Metropolitan West Asset Management LLC	U

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

- 28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes [X] No [ ]
- 28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [X] No [ ]
- 28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	Investment Management Agreement (IMA) Filed
106554	Metropolitan West Asset Management LLC	5493007EJK1KLOJNH06	Securities Exchange Commission	OS

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [X] No [ ]

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
592905 72 3	MFO METROPOLITAN WEST FDS FLOATING RATE	2,175,421
592905 84 8	MFO METROPOLITAN WEST FUNDS HIGH YIELD	2,325,593
29.2999	TOTAL	4,501,014

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
MFO METROPOLITAN WEST FDS FLOATING RATE	US T-Bill, UST-Bill, JGBT-Bill, UST-Bill, JGB T-Bill	265,065	12/31/2016
MFO METROPOLITAN WEST FUNDS HIGH YIELD	US T-Bill, US T-Bill, US T-Note, US T-Bill, Centene	291,301	12/31/2016

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	312,490,295	308,871,354	(3,618,941)
30.2 Preferred Stocks	0	0	0
30.3 Totals	312,490,295	308,871,354	(3,618,941)

30.4 Describe the sources or methods utilized in determining the fair values:

The Plan uses the market value that Northern Trust Company provides on the December 31, 2016 custodial statements.

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No [ ]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No [ ]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No [ ]
- 32.2 If no, list exceptions:

**OTHER**

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 98,830

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
America's Health Insurance Plans	\$ 98,830

34.1 Amount of payments for legal expenses, if any? \$ 91,302

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Harrang Long Gary Rudnick PC	\$ 91,302

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 0

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$



## GENERAL INTERROGATORIES

## PART 2 – HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?		Yes [ ]	No [X]
1.2	If yes, indicate premium earned on U.S. business only.	\$		0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$		0
1.31	Reason for excluding:			
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$		0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$		0
1.6	Individual policies:			
	Most current three years:			
1.61	Total premium earned	\$		0
1.62	Total incurred claims	\$		0
1.63	Number of covered lives	\$		0
	All years prior to most current three years:			
1.64	Total premium earned	\$		0
1.65	Total incurred claims	\$		0
1.66	Number of covered lives	\$		0
1.7	Group policies:			
	Most current three years:			
1.71	Total premium earned	\$		0
1.72	Total incurred claims	\$		0
1.73	Number of covered lives	\$		0
	All years prior to most current three years:			
1.74	Total premium earned	\$		0
1.75	Total incurred claims	\$		0
1.76	Number of covered lives	\$		0
2.	Health Test:			
		1	2	
		Current Year	Prior Year	
2.1	Premium Numerator	\$ 1,107,647,527	\$ 1,193,246,524	
2.2	Premium Denominator	\$ 1,107,647,527	\$ 1,193,246,524	
2.3	Premium Ratio (2.1/2.2)	\$ 100.000	\$ 100.000	
2.4	Reserve Numerator	\$ 108,284,446	\$ 172,394,741	
2.5	Reserve Denominator	\$ 108,284,446	\$ 172,394,741	
2.6	Reserve Ratio (2.4/2.5)	\$ 100.000	\$ 100.000	
3.1	Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?		Yes [ ]	No [X]
3.2	If yes, give particulars:			
4.1	Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?		Yes [X]	No [ ]
4.2	If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?		Yes [ ]	No [X]
5.1	Does the reporting entity have stop-loss reinsurance?		Yes [X]	No [ ]
5.2	If no, explain:			
5.3	Maximum retained risk (see instructions)			
5.31	Comprehensive Medical	\$		750,000
5.32	Medical Only	\$		0
5.33	Medicare Supplement	\$		0
5.34	Dental and Vision	\$		0
5.35	Other Limited Benefit Plan	\$		0
5.36	Other	\$		0
6.	Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements. Policies include a hold harmless clause, and Group policies include a continuation of coverage clause.			

**GENERAL INTERROGATORIES**

**PART 2 – HEALTH INTERROGATORIES**

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No [ ]
- 7.2 If no, give details
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 30,107
- 8.2 Number of providers at end of reporting year 31,942
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees with rate guarantees between 15-36 months \$ 0
- 9.22 Business with rate guarantees over 36 months \$ 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No [ ]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ 0
- 10.22 Amount actually paid for year bonuses \$ 0
- 10.23 Maximum amount payable withholds \$ 1,289,156
- 10.24 Amount actually paid for year withholds \$ 530,074
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [ ] No [X]
- 11.13 An Individual Practice Association (IPA), or, Yes [ ] No [X]
- 11.14 A Mixed Model (combination of above)? Yes [X] No [ ]
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] No [ ]
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus.  
OREGON
- 11.4 If yes, show the amount required. \$ 2,500,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [X]
- 11.6 If the amount is calculated, show the calculation

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
OREGON
WASHINGTON

- 13.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0
- 13.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [ ] No [ ] N/A [X]
- 14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
	0		\$	\$	\$	\$

15. Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).

- 15.1 Direct Premium Written \$ 0
- 15.2 Total Incurred Claims \$ 0
- 15.3 Number of Covered Lives 0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary guarantee)
Universal Life (with or without secondary guarantee)
Variable Universal Life (with or without secondary guarantee)

**PROVIDENCE HEALTH PLAN  
FIVE-YEAR HISTORICAL DATA**

	1 2016	2 2015	3 2014	4 2013	5 2012
<b>Balance Sheet Items (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28).....	750,735,770	799,297,273	762,123,640	692,937,767	654,409,981
2. Total liabilities (Page 3, Line 24).....	284,543,396	334,677,556	231,730,526	186,093,090	184,142,891
3. Statutory minimum capital and surplus requirement.....	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
4. Total capital and surplus (Page 3, Line 33).....	466,192,374	464,619,718	530,393,114	506,844,677	470,267,090
<b>Income Statement Items (Page 4)</b>					
5. Total revenues (Line 8).....	1,107,647,527	1,193,246,524	1,102,061,344	1,076,191,333	1,057,563,082
6. Total medical and hospital expenses (Line 18).....	1,068,556,780	1,131,109,046	980,616,729	950,285,646	936,529,310
7. Claims adjustment expenses (Line 20).....	27,152,150	37,856,598	35,201,358	37,964,141	40,574,939
8. Total administrative expenses (Line 21).....	81,618,008	83,391,828	76,954,244	52,635,969	48,841,870
9. Net underwriting gain (loss) (Line 24).....	(41,398,411)	(75,708,217)	7,138,711	27,905,956	25,937,282
10. Net investment gain (loss) (Line 27).....	13,281,595	12,453,007	15,050,507	19,076,399	23,631,287
11. Total other income (Lines 28 plus 29).....		212,670	146,131	223,649	268,826
12. Net income or (loss) (Line 32).....	(28,116,816)	(63,042,540)	22,335,349	47,206,004	49,837,395
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11).....	(2,342,383)	(5,322,986)	37,629,934	63,924,936	62,352,858
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital.....	466,192,374	464,619,718	530,393,114	506,881,809	470,267,090
15. Authorized control level risk-based capital.....	67,134,549	50,311,200	43,889,939	40,734,354	41,745,042
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7).....	271,684	218,421	187,411	183,805	185,744
17. Total member months (Column 6, Line 7).....	3,139,063	2,531,639	2,230,089	2,239,538	2,220,328
<b>Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0</b>					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19).....	96.5	94.8	89.0	88.3	88.6
20. Cost containment expenses.....	1.0	1.4	1.5	1.6	3.2
21. Other claims adjustment expenses.....	1.5	1.8	1.7	2.0	2.3
22. Total underwriting deductions (Line 23).....	103.7	106.3	99.4	97.4	97.5
23. Total underwriting gain (loss) (Line 24).....	(3.7)	(6.3)	0.6	2.6	2.5
<b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>					
24. Total claims incurred for prior years (Line 13 Col. 5).....	73,332,438	118,831,508	103,740,844	98,425,619	88,217,849
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)].....	143,081,936	118,831,508	103,740,839	114,349,220	95,807,107
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....	262,415,145	21,271,284	17,098,727	10,062,540	10,390,243
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....					
32. Total of above Lines 26 to 31.....	262,415,145	21,271,284	17,098,727	10,062,540	10,390,243
33. Total investment in parent included in Lines 26 to 31 above.....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [ ] No [ ]

If no, please explain:

---

## PROVIDENCE HEALTH PLAN SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama.....AL	N								0
2. Alaska.....AK	N								0
3. Arizona.....AZ	N								0
4. Arkansas.....AR	N								0
5. California.....CA	N								0
6. Colorado.....CO	N								0
7. Connecticut.....CT	N								0
8. Delaware.....DE	N								0
9. District of Columbia.....DC	N								0
10. Florida.....FL	N								0
11. Georgia.....GA	N								0
12. Hawaii.....HI	N								0
13. Idaho.....ID	N								0
14. Illinois.....IL	N								0
15. Indiana.....IN	N								0
16. Iowa.....IA	N								0
17. Kansas.....KS	N								0
18. Kentucky.....KY	N								0
19. Louisiana.....LA	N								0
20. Maine.....ME	N								0
21. Maryland.....MD	N								0
22. Massachusetts.....MA	N								0
23. Michigan.....MI	N								0
24. Minnesota.....MN	N								0
25. Mississippi.....MS	N								0
26. Missouri.....MO	N								0
27. Montana.....MT	N								0
28. Nebraska.....NE	N								0
29. Nevada.....NV	N								0
30. New Hampshire.....NH	N								0
31. New Jersey.....NJ	N								0
32. New Mexico.....NM	N								0
33. New York.....NY	N								0
34. North Carolina.....NC	N								0
35. North Dakota.....ND	N								0
36. Ohio.....OH	N								0
37. Oklahoma.....OK	N								0
38. Oregon.....OR	L	1,088,237,031							1,088,237,031
39. Pennsylvania.....PA	N								0
40. Rhode Island.....RI	N								0
41. South Carolina.....SC	N								0
42. South Dakota.....SD	N								0
43. Tennessee.....TN	N								0
44. Texas.....TX	N								0
45. Utah.....UT	N								0
46. Vermont.....VT	N								0
47. Virginia.....VA	N								0
48. Washington.....WA	L	30,742,116							30,742,116
49. West Virginia.....WV	N								0
50. Wisconsin.....WI	N								0
51. Wyoming.....WY	N								0
52. American Samoa.....AS	N								0
53. Guam.....GU	N								0
54. Puerto Rico.....PR	N								0
55. U.S. Virgin Islands.....VI	N								0
56. Northern Mariana Islands.....MP	N								0
57. Canada.....CAN	N								0
58. Aggregate Other alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal.....	XXX	1,118,979,147	0	0	0	0	0	0	1,118,979,147
60. Reporting entity contributions for Employee Benefit Plans.....	XXX	0	0	0	0	0	0	0	0
61. Total (Direct Business).....(a)	2	1,118,979,147	0	0	0	0	0	0	1,118,979,147

**DETAILS OF WRITE-INS**

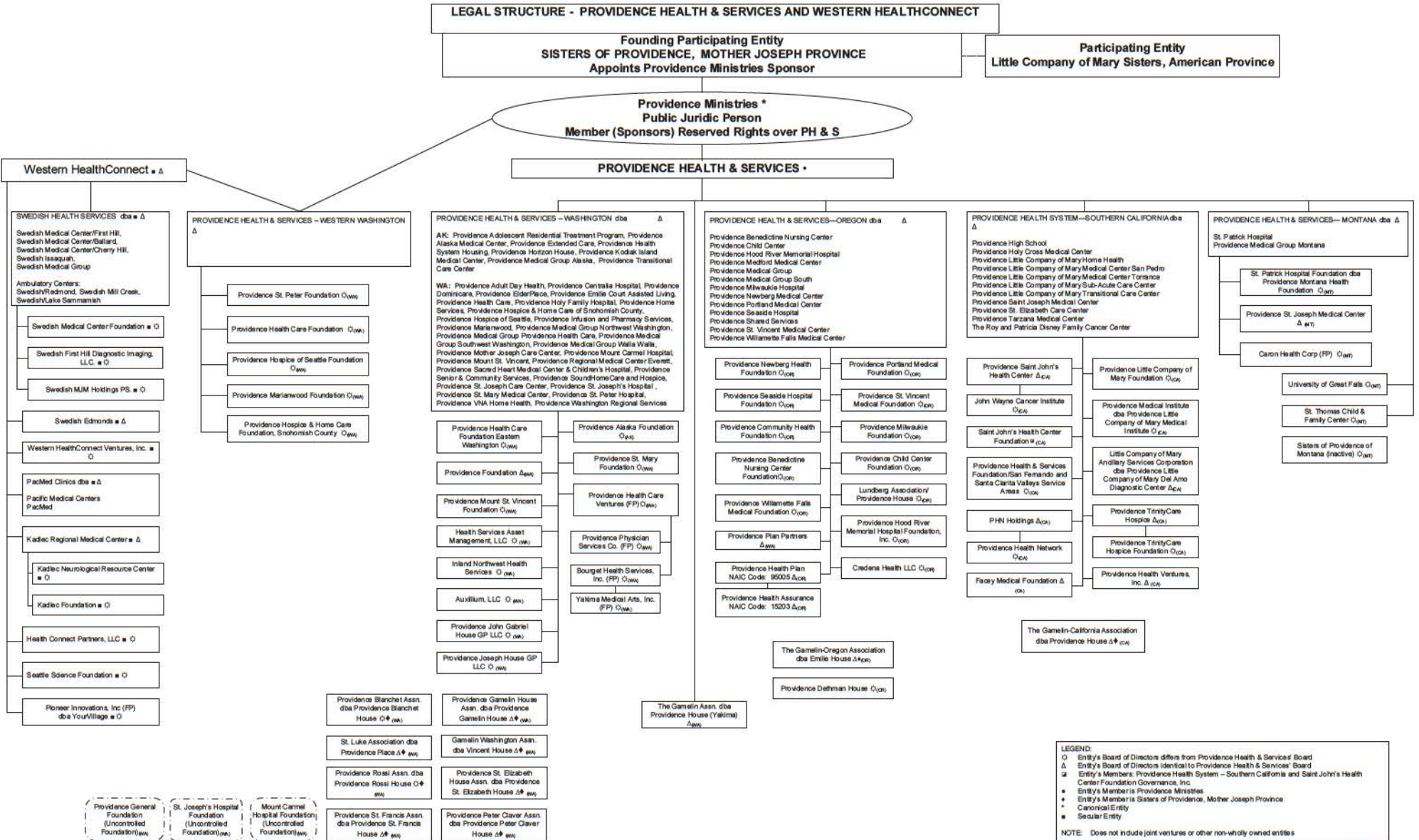
58001.....									0
58002.....									0
58003.....									0
58998. Summary of remaining write-ins for line 58.....		0	0	0	0	0	0	0	0
58999. Total (Lines 58001 through 58003 + 58998).....		0	0	0	0	0	0	0	0

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

**Explanation of basis of allocation by states, premiums by state, etc.**

Group policies are allocated to the state where the group is located.  
Individual policies are allocated to the state where the individual resides.

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



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