



Form A Projection of Financial Results

Including Historical Information and Proforma Balance Sheets

Three Year Projection 2016 Through 2018

Prepared December 21, 2015

Confidential



PacificSource Financial Projections

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PacificSource and Subsidiaries
Consolidated Balance Sheet
As of December 31, 2013

	PS Holding	PSH	PCHP	PSA	PHI	Consolidated
Assets						
Cash & Cash Equivalents	\$ 163,279	\$ 32,747,221	\$ 21,406,426	\$ 409,295	\$ 1,704,965	\$ 56,431,186
Trust Funds	-	-	-	4,296,287	-	4,296,287
Accounts Receivable - Commercial	-	10,938,256	-	-	-	10,938,256
Accounts Receivable - CCO	-	-	2,596,338	-	-	2,596,338
Accounts Receivable - Medicare	-	-	7,009,699	-	-	7,009,699
Accounts and Other Receivables	(7,031)	5,528,552	2,718,855	364,724	286	8,605,386
Total Accounts Receivable	(7,031)	16,466,808	12,324,892	364,724	286	29,149,679
Intercompany Receivable/Payables	(5,849,434)	1,957,863	14,253,869	(191,891)	562,170	760,764
Prepaid Expenses	4,012,227	499,252	11,018	-	93,810	4,616,307
Income Tax Receivable	-	-	-	-	-	-
Deferred Income Taxes, net	3,945,000	(4,961,000)	979,000	(160,000)	3,103,000	2,906,000
Current Assets	2,264,041	46,710,144	48,975,205	4,718,415	5,464,231	98,160,223
Investments, net	-	116,942,508	24,280,959	-	-	141,223,467
Investment in Subsidiaries	158,338,539	55,201,309	-	-	734,424	734,425
Property and Equipment, net	38,739,773	-	-	56,484	11,282	38,807,539
Restricted Security	-	4,353,267	7,909,974	-	-	12,263,241
Goodwill & Other Intangibles	425,933	4,660,031	9,087,214	3,061,363	4,283,152	21,517,693
Other Assets	2,519,817	-	-	-	-	2,519,817
Total Assets	202,288,103	227,867,259	90,253,352	7,836,262	10,493,089	315,226,405
Liabilities						
Claims and Adjudication Liability	-	63,300,000	39,190,850	(20,837)	-	102,470,013
Risk Withhold Payable	-	906,435	613,252	-	-	1,519,687
Premiums Received in Advance	-	4,521,044	225,822	-	-	4,746,866
Accounts Payable and Accrued Liabilities	5,882,931	3,771,090	7,070,003	19,514	1,746	16,745,284
Collections for Others & Reserves	-	-	-	4,294,564	-	4,294,564
Accrued Retirement Plan Payables	(3,699,390)	9,806	-	-	-	(3,689,584)
Due to Related Parties	-	-	-	-	-	-
Line of Credit	-	-	-	-	-	-
Current Portion of Long Term Debt	-	-	-	-	-	-
Construction Loan	-	-	-	-	-	-
Current Liabilities	2,183,541	72,508,375	47,099,927	4,293,241	1,746	126,086,830
Long Term Debt	48,951,466	-	-	907,479	-	36,907,479
Deferred Tax Liability, net	-	-	1,079,000	-	-	1,079,000
Deferred Compensation Payable	2,475,532	-	-	-	-	2,475,532
Total Liabilities	53,610,539	72,508,375	48,178,927	5,200,720	1,746	166,548,841
Equity						
Common Stock	-	-	1,000	1,760,000	5,998,901	-
Additional Paid in Capital	150,854,797	4,504,087	40,126,498	3,900,579	6,290,165	150,854,797
Unrealized Gain/Loss Investments	-	2,449,831	19,609	-	-	-
Deferred Taxes	1,410,000	(1,061,000)	(8,000)	-	-	1,410,000
Defined Benefit Plan Comprehensive Income	(3,587,233)	-	-	-	-	(3,587,233)
Income - Current Year	-	6,279,256	(1,086,006)	(64,567)	2,722,008	-
Retained Earnings	-	143,186,710	3,021,324	(2,960,470)	(4,519,731)	-
Total Stockholders Equity	148,677,564	155,358,884	42,074,425	2,635,542	10,491,343	148,677,564
Total Liabilities and Equity	\$ 202,288,103	\$ 227,867,259	\$ 90,253,352	\$ 7,836,262	\$ 10,493,089	\$ 315,226,405

PacificSource and Subsidiaries
Consolidated Balance Sheet
As of December 31, 2014

	PS Holding	PSH	PCHP	PSA	PHI	Consolidated
Assets						
Cash & Cash Equivalents	\$ 2,192,831	\$ 4,887,754	\$ 42,597,809	\$ 1,091,208	\$ 1,713,853	\$ 52,483,455
Trust Funds	-	-	-	4,616,758	-	4,616,758
Accounts Receivable - Commercial	-	29,109,616	-	-	-	29,097,218
Accounts Receivable - CCO	-	-	2,594,360	-	-	2,594,360
Accounts Receivable - Medicare	-	-	21,976,066	-	-	21,976,066
Accounts and Other Receivables	58,528	8,991,098	4,122,758	659,820	-	13,832,204
Total Accounts Receivable	58,528	38,100,714	28,693,184	659,820	-	67,499,848
Intercompany Receivable/Payables	(9,302,646)	11,580,701	(2,927,485)	59,327	756,950	166,847
Prepaid Expenses	4,427,059	436,512	-	-	85,208	4,948,779
Income Tax Receivable	-	-	-	-	-	-
Deferred Income Taxes, net	2,205,700	(3,065,000)	986,000	(481,000)	2,854,000	2,499,700
Current Assets	(418,528)	51,940,681	69,349,508	5,946,113	5,410,011	132,215,387
Investments, net	-	111,609,949	26,267,159	-	-	137,877,108
Investment in Subsidiaries	155,843,428	65,086,727	-	-	855,702	855,702
Property and Equipment, net	32,129,038	-	-	-	(242,903)	31,886,135
Note Receivable	-	-	39,883,397	-	-	-
Restricted Security	-	4,620,206	9,177,644	-	-	13,797,850
Goodwill & Other Intangibles	-	4,053,064	9,087,214	3,053,030	4,283,152	20,476,460
Other Assets	2,627,632	-	-	-	-	2,627,632
Total Assets	190,181,570	237,310,627	153,764,922	8,999,143	10,305,962	339,736,274
Liabilities						
Claims and Adjudication Liability	-	61,827,704	57,358,655	(16,298)	-	119,157,663
Risk Withhold Payable	-	1,518,329	32,500,056	-	-	34,018,385
Premiums Received in Advance	-	7,201,486	210,155	-	-	7,411,641
Accounts Payable and Accrued Liabilities	8,631,043	17,664,167	11,597,636	588,035	394	38,481,275
Collections for Others & Reserves	-	-	-	4,612,366	-	4,612,366
Accrued HIT and Income Taxes Payable	(5,171,262)	(3,774,197)	-	-	-	(8,945,459)
Accrued Retirement Plan Payables	2,426,820	9,363	-	-	-	2,436,183
Due to Related Parties	-	-	-	-	(5,203)	(5,203)
Line of Credit	-	-	-	-	-	-
Current Portion of Long Term Debt	-	-	-	-	-	-
Construction Loan	-	-	-	-	-	-
Current Liabilities	5,886,601	84,446,852	101,666,502	5,184,103	(4,809)	197,166,851
Long Term Debt	42,863,052	-	-	717,508	-	717,506
Deferred Tax Liability, net	-	-	420,000	-	-	420,000
Deferred Compensation Payable	2,602,857	-	-	-	-	2,602,857
Total Liabilities	51,352,510	84,446,852	102,086,502	5,901,611	(4,809)	200,907,214
Equity						
Common Stock	-	-	1,000	1,760,000	5,998,901	-
Additional Paid in Capital	150,854,797	7,504,087	43,126,498	3,900,579	6,290,165	150,854,797
Unrealized Gain/Loss Investments	2,004,911	5,401,741	602,618	-	-	2,004,911
Deferred Taxes	3,820,000	(2,008,000)	(233,000)	-	-	3,820,000
Defined Benefit Plan Comprehensive Income	(9,619,649)	-	-	-	-	(9,619,649)
Income - Current Year	(8,230,999)	(7,500,019)	6,245,986	461,993	(180,572)	(8,230,999)
Retained Earnings	-	149,465,966	1,935,318	(3,025,040)	(1,797,723)	-
Total Stockholders Equity	\$ 138,829,060	\$ 152,863,775	\$ 51,678,420	\$ 3,097,532	\$ 10,310,771	138,829,060
Total Liabilities and Equity	\$ 190,181,570	\$ 237,310,627	\$ 153,764,922	\$ 8,999,143	\$ 10,305,962	\$ 339,736,274

PacificSource and Subsidiaries
Consolidated Balance Sheet
As of June 30, 2015

	PS Holding	PSH	PCHP	PSA	PHI	Consolidated
Assets						
Cash & Cash Equivalents	\$ 8,273,037	\$ 20,482,774	\$ 75,001,806	\$ 1,069,600	\$ 1,719,505	\$ 106,546,722
Trust Funds	-	-	-	2,577,057	-	2,577,057
Accounts Receivable - Commercial	-	38,873,631	-	-	-	38,783,256
Accounts Receivable - CCO	-	-	2,526,656	-	-	2,526,656
Accounts Receivable - Medicare	-	-	33,941,872	-	-	33,941,872
Accounts and Other Receivables	6,402	5,061,299	2,910,228	665,340	-	8,643,269
Total Accounts Receivable	6,402	43,934,930	39,378,756	665,340	-	83,895,053
Intercompany Receivable/Payables	(6,636,805)	(8,036,107)	13,930,822	129,831	787,211	174,952
Prepaid Expenses	2,889,271	376,794	847,709	-	80,907	4,194,681
Income Tax Receivable	-	-	-	-	-	-
Deferred Income Taxes, net	132,900	(1,532,000)	866,000	(521,000)	2,832,000	1,777,900
Current Assets	4,664,805	55,226,391	130,025,093	3,920,828	5,419,623	199,166,365
Investments, net	-	98,264,213	16,590,923	-	-	114,855,136
Investment in Subsidiaries	161,271,902	74,586,561	-	-	894,625	894,625
Property and Equipment, net	30,014,917	-	-	-	(364,354)	29,650,563
Note Receivable	-	-	30,136,489	-	-	-
Restricted Security	-	4,690,020	9,731,618	-	-	14,421,638
Goodwill & Other Intangibles	-	3,586,581	9,087,214	3,041,641	4,283,152	19,998,588
Other Assets	2,737,073	-	-	-	-	2,737,073
Total Assets	198,688,697	236,353,766	195,571,337	6,962,469	10,233,046	381,723,988
Liabilities						
Claims and Adjudication Liability	-	54,024,605	50,058,923	(23,055)	-	103,970,098
Risk Withhold Payable	-	2,165,945	53,343,815	-	-	55,509,760
Premiums Received in Advance	-	6,368,510	562,335	-	-	6,930,845
Accounts Payable and Accrued Liabilities	9,015,072	8,102,920	23,473,384	542,803	394	41,134,573
Collections for Others & Reserves	-	-	-	2,577,057	-	2,577,057
Accrued HIT and Income Taxes Payable	(3,241,663)	4,411,415	6,083,577	32,629	-	7,285,958
Accrued Retirement Plan Payables	2,426,870	8,462	-	-	-	2,435,332
Due to Related Parties	-	-	-	-	-	-
Line of Credit	-	-	-	-	-	-
Current Portion of Long Term Debt	-	-	-	-	-	-
Construction Loan	-	-	-	-	-	-
Current Liabilities	8,200,279	75,081,857	133,522,034	3,129,434	394	219,843,623
Long Term Debt	42,901,192	-	-	617,433	-	13,382,138
Deferred Tax Liability, net	-	-	911,000	-	-	911,000
Deferred Compensation Payable	2,700,897	-	-	-	-	2,700,897
Total Liabilities	53,802,368	75,081,857	134,433,034	3,746,867	394	236,837,658
Equity						
Common Stock	-	-	1,000	1,760,000	5,998,901	-
Additional Paid in Capital	150,854,797	10,483,742	46,106,153	3,900,579	6,290,165	150,854,796
Unrealized Gain/Loss Investments	675,143	4,250,974	288,407	-	-	675,144
Deferred Taxes	3,800,000	(2,187,000)	(344,000)	-	-	3,800,000
Defined Benefit Plan Comprehensive Income	(9,619,649)	-	-	-	-	(9,619,649)
Income - Current Year	7,407,038	6,758,248	6,905,436	118,071	(78,119)	7,407,038
Retained Earnings	(8,231,000)	141,965,945	8,181,307	(2,563,048)	(1,978,295)	(8,230,999)
Total Stockholders Equity	\$ 144,886,329	\$ 161,271,909	\$ 61,138,303	\$ 3,215,602	\$ 10,232,652	144,886,330
Total Liabilities and Equity	\$ 198,688,697	\$ 236,353,766	\$ 195,571,337	\$ 6,962,469	\$ 10,233,046	\$ 381,723,988

PacificSource and Subsidiaries
 Projected Consolidated Balance Sheet
 As of December 31, 2015

PacificSource and Subsidiaries
 Projected Consolidated Balance Sheet
 As of December 31, 2016

	<u>Consolidated</u>
Assets	
Cash & Cash Equivalents	\$ 90,111,860
Trust Funds	2,577,057
Accounts Receivable - Commercial	37,500,000
Accounts Receivable - CCO	2,526,656
Accounts Receivable - Medicare	30,000,000
Accounts and Other Receivables	<u>8,643,269</u>
Total Accounts Receivable	<u>78,669,925</u>
Intercompany Receivable/Payables	174,952
Prepaid Expenses	6,750,000
Income Tax Receivable	-
Deferred Income Taxes, net	<u>1,777,900</u>
Current Assets	180,061,694
Investments, net	118,244,372
Investment in Subsidiaries	894,625
Property and Equipment, net	25,650,563
Note Receivable	-
Restricted Security	14,421,638
Goodwill & Other Intangibles	19,998,588
Other Assets	<u>2,737,073</u>
Total Assets	<u>362,008,553</u>
Liabilities	
Claims and Adjudication Liability	105,000,000
Risk Withhold Payable	32,509,760
Premiums Received in Advance	6,930,845
Accounts Payable and Accrued Liabilities	40,000,000
Collections for Others & Reserves	2,577,057
Accrued HIT and Income Taxes Payable	7,818,554
Accrued Retirement Plan Payables	2,435,332
Due to Related Parties	-
Line of Credit	-
Current Portion of Long Term Debt	-
Construction Loan	<u>-</u>
Current Liabilities	197,271,548
Long Term Debt	13,382,138
Deferred Tax Liability, net	911,000
Deferred Compensation Payable	<u>2,700,897</u>
Total Liabilities	<u>214,265,583</u>
Equity	
Common Stock	-
Additional Paid in Capital	150,854,796
Unrealized Gain/Loss Investments	675,144
Deferred Taxes	3,800,000
Defined Benefit Plan Comprehensive Income	(9,619,649)
Income - Current Year	10,263,678
Retained Earnings	<u>(8,230,999)</u>
Total Stockholders Equity	<u>147,742,970</u>
Total Liabilities and Equity	<u>\$ 362,008,553</u>

	<u>Consolidated</u>
Assets	
Cash & Cash Equivalents	
Trust Funds	
Accounts Receivable - Commercial	
Accounts Receivable - CCO	
Accounts Receivable - Medicare	
Accounts and Other Receivables	
Total Accounts Receivable	
Intercompany Receivable/Payables	
Prepaid Expenses	
Income Tax Receivable	
Deferred Income Taxes, net	
Current Assets	
Investments, net	
Investment in Subsidiaries	
Property and Equipment, net	
Note Receivable	
Restricted Security	
Goodwill & Other Intangibles	
Other Assets	
Total Assets	
Liabilities	
Claims and Adjudication Liability	
Risk Withhold Payable	
Premiums Received in Advance	
Accounts Payable and Accrued Liabilities	
Collections for Others & Reserves	
Accrued HIT and Income Taxes Payable	
Accrued Retirement Plan Payables	
Due to Related Parties	
Line of Credit	
Current Portion of Long Term Debt	
Construction Loan	
Current Liabilities	
Long Term Debt	
Deferred Tax Liability, net	
Deferred Compensation Payable	
Total Liabilities	
Equity	
Common Stock	
Additional Paid in Capital	
Unrealized Gain/Loss Investments	
Deferred Taxes	
Defined Benefit Plan Comprehensive Income	
Income - Current Year	
Retained Earnings	
Total Stockholders Equity	
Total Liabilities and Equity	

PacificSource and Subsidiaries
 Projected Consolidated Balance Sheet
 As of December 31, 2017

PacificSource and Subsidiaries
 Projected Consolidated Balance Sheet
 As of December 31, 2018

	<u>Consolidated</u>
Assets	
Cash & Cash Equivalents	
Trust Funds	
Accounts Receivable - Commercial	
Accounts Receivable - CCO	
Accounts Receivable - Medicare	
Accounts and Other Receivables	
Total Accounts Receivable	
Intercompany Receivable/Payables	
Prepaid Expenses	
Income Tax Receivable	
Deferred Income Taxes, net	
Current Assets	
Investments, net	
Investment in Subsidiaries	
Property and Equipment, net	
Note Receivable	
Restricted Security	
Goodwill & Other Intangibles	
Other Assets	
Total Assets	
Liabilities	
Claims and Adjudication Liability	
Risk Withhold Payable	
Premiums Received in Advance	
Accounts Payable and Accrued Liabilities	
Collections for Others & Reserves	
Accrued HIT and Income Taxes Payable	
Accrued Retirement Plan Payables	
Due to Related Parties	
Line of Credit	
Current Portion of Long Term Debt	
Construction Loan	
Current Liabilities	
Long Term Debt	
Deferred Tax Liability, net	
Deferred Compensation Payable	
Total Liabilities	
Equity	
Common Stock	
Additional Paid in Capital	
Unrealized Gain/Loss Investments	
Deferred Taxes	
Defined Benefit Plan Comprehensive Income	
Income - Current Year	
Retained Earnings	
Total Stockholders Equity	
Total Liabilities and Equity	

	<u>Consolidated</u>
Assets	
Cash & Cash Equivalents	
Trust Funds	
Accounts Receivable - Commercial	
Accounts Receivable - CCO	
Accounts Receivable - Medicare	
Accounts and Other Receivables	
Total Accounts Receivable	
Intercompany Receivable/Payables	
Prepaid Expenses	
Income Tax Receivable	
Deferred Income Taxes, net	
Current Assets	
Investments, net	
Investment in Subsidiaries	
Property and Equipment, net	
Note Receivable	
Restricted Security	
Goodwill & Other Intangibles	
Other Assets	
Total Assets	
Liabilities	
Claims and Adjudication Liability	
Risk Withhold Payable	
Premiums Received in Advance	
Accounts Payable and Accrued Liabilities	
Collections for Others & Reserves	
Accrued HIT and Income Taxes Payable	
Accrued Retirement Plan Payables	
Due to Related Parties	
Line of Credit	
Current Portion of Long Term Debt	
Construction Loan	
Current Liabilities	
Long Term Debt	
Deferred Tax Liability, net	
Deferred Compensation Payable	
Total Liabilities	
Equity	
Common Stock	
Additional Paid in Capital	
Unrealized Gain/Loss Investments	
Deferred Taxes	
Defined Benefit Plan Comprehensive Income	
Income - Current Year	
Retained Earnings	
Total Stockholders Equity	
Total Liabilities and Equity	

PacificSource and Subsidiaries
Consolidated Income Statement
For the Twelve Months Ending December 31, 2013

	PSH	PCHP	PSA	PHI	Consolidated Actuals
PREMIUMS:					
Commercial Group Medical	\$ 620,759,942	\$ -	\$ -	\$ -	\$ 620,759,942
Commercial Individual Medical	77,149,247	-	-	-	77,149,247
Commercial Dental	23,590,707	-	-	-	23,590,707
Portability	3,059,422	60,214	-	-	3,119,636
Medicare	-	301,439,370	-	-	301,439,370
Medicaid	-	138,144,947	-	-	138,144,947
Admin Fees	5,839,161	46,154	4,138,697	-	10,024,012
TOTAL PREMIUMS	730,398,479	439,690,685	4,138,697	-	1,174,227,861
CLAIMS EXPENSE:					
Commercial Group Medical	(546,212,048)	-	-	-	(546,212,048)
Commercial Individual Medical	(67,660,113)	126,630	-	-	(67,533,483)
Commercial Dental	(18,338,928)	-	-	-	(18,338,928)
Portability	(4,687,842)	(77,231)	-	-	(4,765,073)
Medicare	-	(285,857,809)	-	-	(285,857,809)
Medicaid	-	(117,979,933)	-	-	(117,979,933)
Pharmacy Rebates	5,794,520	3,980,142	-	-	9,774,662
Health Services Expenses	(5,643,662)	(7,571,346)	-	-	(13,215,008)
Net Reinsurance	6,622,562	(602,825)	-	-	6,019,737
Disease Management & Network Fees	(4,397,442)	(2,122,553)	-	-	(6,519,995)
TOTAL CLAIMS EXPENSE	(634,522,953)	(410,104,925)	-	-	(1,044,627,878)
PREMIUMS OVER CLAIMS EXPENSE	95,875,526	29,585,760	4,138,697	-	129,599,983
COMMISSIONS ON PREMIUMS	(20,951,602)	(5,404,955)	-	-	(26,356,557)
PREMIUM TAXES & ASSESSMENTS	(15,903,656)	(1,047,272)	-	-	(16,950,928)
GENERAL & ADMINISTRATIVE:					
Salary & Payroll Expenses	(34,255,099)	(9,827,331)	(3,522,648)	-	(47,605,078)
Non-Payroll Operating Expenses	(26,053,783)	(13,575,644)	(418,449)	(75,023)	(40,122,899)
TOTAL GENERAL & ADMINISTRATIVE	(60,308,882)	(23,402,975)	(3,941,097)	(75,023)	(87,727,977)
UNDERWRITING INCOME	(1,288,614)	(269,442)	197,600	(75,023)	(1,435,479)
OTHER INCOME (EXPENSE):					
Investment Income	3,991,933	651,677	126	-	4,643,736
Subsidiary Income	1,571,435	-	-	150,050	150,050
Acquisition & Transition Costs	(9,717)	-	-	-	(9,717)
Gain on Investment Sales	9,311,026	1,057,595	-	-	10,368,621
Interest Expense & Miscellaneous	(154,840)	(3,077,276)	(57,435)	1,255,575	(2,033,976)
Charitable Contributions	(936,725)	(20,200)	-	-	(956,925)
TOTAL OTHER INCOME (EXPENSE)	13,773,112	(1,388,204)	(57,309)	1,405,625	12,161,789
INCOME BEFORE TAXES	12,484,498	(1,657,646)	140,291	1,330,602	10,726,310
HEALTH INSURANCE INDUSTRY TAX					
INCOME TAXES	(6,205,242)	571,640	(204,858)	1,391,406	(4,447,054)
NET INCOME	\$ 6,279,256	\$ (1,086,006)	\$ (64,567)	\$ 2,722,008	\$ 6,279,256

PacificSource and Subsidiaries
Consolidated Income Statement
For the Twelve Months Ending December 31, 2014

	PS Holding	PSHP	PCHP	PSA	PHI	Consolidated Actual
PREMIUMS:						
Commercial Group Medical	\$ -	\$ 515,576,177	\$ -	\$ -	\$ -	\$ 515,576,177
Commercial Individual Medical	-	77,682,671	-	-	-	77,682,671
Commercial Dental	-	19,045,162	-	-	-	19,045,162
Portability	-	9,192	-	-	-	9,192
Medicare	-	-	328,645,615	-	-	328,645,615
Medicaid	-	-	273,950,492	-	-	273,950,492
Admin Fees	3,052,215	9,557,300	157,946	4,146,409	-	14,287,542
TOTAL PREMIUMS	3,052,215	621,870,502	602,754,053	4,146,409	-	1,229,196,851
CLAIMS EXPENSE:						
Commercial Group Medical	-	(446,683,038)	-	-	-	(446,683,038)
Commercial Individual Medical	-	(83,028,335)	(1,195)	-	-	(83,029,530)
Commercial Dental	-	(15,229,501)	-	-	-	(15,229,501)
Portability	-	(370,560)	(172)	-	-	(370,732)
Medicare	-	-	(304,756,676)	-	-	(304,756,676)
Medicaid	-	-	(223,627,266)	-	-	(223,627,266)
Pharmacy Rebates	-	5,980,341	5,479,248	-	-	11,459,589
Health Services Expenses	-	(6,468,425)	(10,919,227)	-	-	(17,387,652)
Net Reinsurance	-	5,347,541	140,831	-	-	5,488,372
Disease Management & Network Fees	-	(3,601,283)	(1,614,068)	-	-	(5,215,351)
TOTAL CLAIMS EXPENSE	-	(544,053,260)	(535,298,525)	-	-	(1,079,351,785)
PREMIUMS OVER CLAIMS EXPENSE	3,052,215	77,817,242	67,455,528	4,146,409	-	149,845,066
COMMISSIONS ON PREMIUMS	-	(16,355,373)	(5,261,399)	-	-	(21,616,772)
PREMIUM TAXES & ASSESSMENTS	-	(15,572,992)	(48)	-	-	(15,573,040)
GENERAL & ADMINISTRATIVE:						
Salary & Payroll Expenses	-	(31,087,770)	(13,897,228)	(2,307,885)	-	(47,292,883)
Non-Payroll Operating Expenses	-	(24,967,124)	(20,938,852)	(1,036,278)	(251,505)	(44,567,431)
TOTAL GENERAL & ADMINISTRATIVE	-	(56,054,894)	(34,836,080)	(3,344,163)	(251,505)	(91,860,314)
UNDERWRITING INCOME	3,052,215	(10,166,017)	27,358,001	802,246	(251,505)	20,794,940
OTHER INCOME (EXPENSE):						
Investment Income	(76,442)	3,770,514	837,757	16	-	4,531,845
Subsidiary Income	(7,500,019)	6,527,407	-	-	126,481	126,481
Gain on Investment Sales	-	1,390,287	387,135	-	-	1,777,422
Interest Income / (Expense)	(1,212,562)	-	717,122	(18,469)	-	(513,909)
Miscellaneous	(490,402)	(4,946,195)	(7,158,670)	-	7,502	(12,587,765)
Charitable Contributions	(921,839)	(32,249)	-	-	-	(954,088)
TOTAL OTHER INCOME (EXPENSE)	(10,201,264)	6,709,764	(5,216,656)	(18,453)	133,983	(7,620,014)
INCOME BEFORE TAXES	(7,149,049)	(3,456,253)	22,141,345	783,793	(117,522)	13,174,926
HEALTH INSURANCE INDUSTRY TAX	-	(8,188,120)	(8,547,063)	-	-	(16,735,183)
INCOME TAXES	(1,081,950)	4,144,354	(7,348,296)	(321,800)	(63,050)	(4,670,742)
NET INCOME	\$ (8,230,999)	\$ (7,500,019)	\$ 6,245,986	\$ 461,993	\$ (180,572)	\$ (8,230,999)

PacificSource and Subsidiaries

Consolidated Income Statement

For the Six Months Ending June 30, 2015

	PS Holding	PSHP	PCHP	PSA	PHI	Consolidated Actual
PREMIUMS:						
Commercial Group Medical	\$ -	\$ 232,417,460	\$ -	\$ -	\$ -	\$ 232,417,460
Commercial Individual Medical	-	41,761,209	-	-	-	41,761,209
Commercial Dental	-	9,476,193	-	-	-	9,476,193
Medicare	-	-	146,325,851	-	-	146,325,851
Medicaid	-	-	176,217,714	-	-	176,217,714
Admin Fees	3,042,298	5,719,719	16,620	2,139,554	-	8,105,662
TOTAL PREMIUMS	3,042,298	289,374,581	322,560,185	2,139,554	-	614,304,089
CLAIMS EXPENSE:						
Commercial Group Medical	-	(189,086,886)	-	-	-	(189,086,886)
Commercial Individual Medical	-	(46,324,349)	-	-	-	(46,324,349)
Commercial Dental	-	(7,480,189)	-	-	-	(7,480,189)
Portability	-	-	-	-	-	-
Medicare	-	-	(138,501,153)	-	-	(138,501,153)
Medicaid	-	-	(136,331,160)	-	-	(136,331,160)
Pharmacy Rebates	-	3,601,646	4,812,034	-	-	8,413,680
Health Services Expenses	-	(3,071,475)	(6,972,864)	-	-	(10,044,339)
Net Reinsurance	-	(1,951,045)	(522,531)	-	-	(2,473,576)
Disease Management & Network Fees	-	(2,095,132)	(813,128)	-	-	(2,908,260)
TOTAL CLAIMS EXPENSE	-	(246,407,430)	(278,328,802)	-	-	(524,736,232)
PREMIUMS OVER CLAIMS EXPENSE	3,042,298	42,967,151	44,231,383	2,139,554	-	89,567,857
COMMISSIONS ON PREMIUMS	-	(6,877,256)	(2,341,882)	-	-	(9,219,138)
PREMIUM TAXES & ASSESSMENTS	(2,697)	(6,097,992)	-	-	-	(6,100,689)
HEALTH INSURANCE INDUSTRY TAX	-	(4,948,966)	(3,074,495)	-	-	(8,023,461)
GENERAL & ADMINISTRATIVE:						
Salary & Payroll Expenses	-	(16,186,907)	(7,862,727)	(1,328,177)	-	(25,377,811)
Non-Payroll Operating Expenses	-	(10,871,846)	(10,550,344)	(601,041)	(125,752)	(19,336,454)
TOTAL GENERAL & ADMINISTRATIVE	-	(27,058,753)	(18,413,071)	(1,929,218)	(125,752)	(44,714,265)
UNDERWRITING INCOME	3,039,601	(2,015,816)	20,401,935	210,336	(125,752)	21,510,304
OTHER INCOME (EXPENSE):						
Investment Income	(50,812)	1,374,145	298,743	8	-	1,622,084
Subsidiary Income	6,758,248	6,945,388	-	-	38,924	38,924
Gain on Investment Sales	-	991,242	543,119	-	-	1,534,361
Interest Income / (Expense)	(1,185,182)	-	1,095,000	(18,844)	-	(109,026)
Miscellaneous	(90,435)	2,502,121	(9,157,252)	-	469	(6,745,097)
Charitable Contributions	(484,712)	(32,249)	(15,000)	-	-	(531,961)
TOTAL OTHER INCOME (EXPENSE)	4,947,107	11,780,647	(7,235,390)	(18,836)	39,393	(4,190,715)
INCOME BEFORE TAXES	7,986,708	9,764,831	13,166,545	191,500	(86,359)	17,319,589
INCOME TAXES	(579,670)	(3,006,583)	(6,261,109)	(73,429)	8,240	(9,912,551)
NET INCOME	\$ 7,407,038	\$ 6,758,248	\$ 6,905,436	\$ 118,071	\$ (78,119)	\$ 7,407,038

PacificSource and Subsidiaries
 Projected Consolidated Income Statement
 For the Twelve Months Ending December 31, 2015

	PS Holding	PSHP	PCHP	PSA	PHI	Consolidated
PREMIUMS:						
Commercial Group Medical	\$ -	\$ 478,384,810	\$ -	\$ -	\$ -	\$ 478,384,810
Commercial Individual Medical	-	84,775,254	-	-	-	84,775,254
Commercial Dental	-	19,146,481	-	-	-	19,146,481
		-	-			-
Medicare	-	-	294,151,246	-	-	294,151,246
Medicaid	-	-	332,275,061	-	-	332,275,061
Admin Fees	6,084,596	11,502,851	30,262	4,279,108	-	21,896,817
TOTAL PREMIUMS	6,084,596	593,809,397	626,456,569	4,279,108	-	1,230,629,670
CLAIMS EXPENSE:						
Commercial Group Medical	-	(393,013,324)	-	-	-	(393,013,324)
Commercial Individual Medical	-	(94,679,667)	-	-	-	(94,679,667)
Commercial Dental	-	(15,220,664)	-	-	-	(15,220,664)
		-				-
Medicare	-	-	(274,148,962)	-	-	(274,148,962)
Medicaid	-	-	(269,052,992)	-	-	(269,052,992)
Pharmacy Rebates	-	7,240,775	9,348,168	-	-	16,588,942
Health Services Expenses	-	(6,286,814)	(13,686,798)	-	-	(19,973,613)
Net Reinsurance	-	(4,018,307)	(2,139,061)	-	-	(6,157,369)
Disease Management & Network Fees	-	(4,305,113)	(1,567,639)	-	-	(5,872,751)
						-
TOTAL CLAIMS EXPENSE	-	(510,283,115)	(551,247,284)	-	-	(1,061,530,399)
PREMIUMS OVER CLAIMS EXPENSE	6,084,596	83,526,282	75,209,285	4,279,108	-	169,099,272
COMMISSIONS ON PREMIUMS	-	(14,076,804)	(4,730,602)	-	-	(18,807,406)
PREMIUM TAXES & ASSESSMENTS	(2,697)	(12,478,352)	-	-	-	(12,481,049)
HEALTH INSURANCE INDUSTRY TAX	-	(9,949,397)	(5,915,408)	-	-	(15,864,805)
GENERAL & ADMINISTRATIVE:						
Salary & Payroll Expenses	-	(32,373,814)	(15,857,331)	(2,656,354)	-	(50,887,499)
Non-Payroll Operating Expenses	-	(23,095,417)	(21,134,636)	(1,202,082)	(125,752)	(45,557,887)
TOTAL GENERAL & ADMINISTRATIVE	-	(55,469,231)	(36,991,967)	(3,858,436)	(125,752)	(96,445,386)
UNDERWRITING INCOME	6,081,899	(8,447,502)	27,571,309	420,672	(125,752)	25,500,625
OTHER INCOME (EXPENSE):						
Investment Income	-	1,374,145	578,013	-	-	1,952,158
Subsidiary Income	8,595,279	9,892,427	-	-	38,924	38,924
Gain on Investment Sales	-	991,242	309,810	-	-	1,301,052
Interest Income / (Expense)	(2,370,364)	-	480,804	(37,688)	-	(1,927,248)
JMA Gain Sharing / Misc	(180,870)	2,502,121	(8,816,057)	-	-	(6,494,806)
Charitable Contributions	(750,000)	(150,000)	(15,000)	-	-	(915,000)
TOTAL OTHER INCOME (EXPENSE)	5,294,045	14,609,935	(7,462,430)	(37,688)	38,924	(6,044,920)
INCOME BEFORE TAXES	11,375,944	6,162,433	20,108,879	382,984	(86,828)	19,455,705
INCOME TAXES	(1,112,266)	2,432,846	(10,409,715)	(153,194)	50,301	(9,192,027)
NET INCOME	\$ 10,263,678	\$ 8,595,279	\$ 9,699,164	\$ 229,790	\$ (36,527)	\$ 10,263,678

PacificSource and Subsidiaries
 Projected Consolidated Income Statement
 For the Twelve Months Ending December 31, 2016

	PS Holding	PSHP	PCHP	PSA	PHI	Consolidated
PREMIUMS:						
Commercial Group Medical						
Commercial Individual Medical						
Commercial Dental						
Medicare						
Medicaid						
Admin Fees						
TOTAL PREMIUMS						
CLAIMS EXPENSE:						
Commercial Group Medical						
Commercial Individual Medical						
Commercial Dental						
Medicare						
Medicaid						
Pharmacy Rebates						
Health Services Expenses						
Net Reinsurance						
Disease Management & Network Fees						
TOTAL CLAIMS EXPENSE						
PREMIUMS OVER CLAIMS EXPENSE						
COMMISSIONS ON PREMIUMS						
PREMIUM TAXES & ASSESSMENTS						
HEALTH INSURANCE INDUSTRY TAX						
GENERAL & ADMINISTRATIVE:						
Salary & Payroll Expenses						
Non-Payroll Operating Expenses						
TOTAL GENERAL & ADMINISTRATIVE						
UNDERWRITING INCOME						
OTHER INCOME (EXPENSE):						
Investment Income						
Subsidiary Income						
Gain on Investment Sales						
Interest Income / (Expense)						
JMA Gain Sharing / Misc						
Charitable Contributions						
TOTAL OTHER INCOME (EXPENSE)						
INCOME BEFORE TAXES						
INCOME TAXES						
NET INCOME						

PacificSource and Subsidiaries
 Projected Consolidated Income Statement
 For the Twelve Months Ending December 31, 2017

	PS Holding	PSHP	PCHP	PSA	PHI	Consolidated
PREMIUMS:						
Commercial Group Medical						
Commercial Individual Medical						
Commercial Dental						
Medicare						
Medicaid						
Admin Fees						
TOTAL PREMIUMS						
CLAIMS EXPENSE:						
Commercial Group Medical						
Commercial Individual Medical						
Commercial Dental						
Medicare						
Medicaid						
Pharmacy Rebates						
Health Services Expenses						
Net Reinsurance						
Disease Management & Network Fees						
TOTAL CLAIMS EXPENSE						
PREMIUMS OVER CLAIMS EXPENSE						
COMMISSIONS ON PREMIUMS						
PREMIUM TAXES & ASSESSMENTS						
HEALTH INSURANCE INDUSTRY TAX						
GENERAL & ADMINISTRATIVE:						
Salary & Payroll Expenses						
Non-Payroll Operating Expenses						
TOTAL GENERAL & ADMINISTRATIVE						
UNDERWRITING INCOME						
OTHER INCOME (EXPENSE):						
Investment Income						
Subsidiary Income						
Gain on Investment Sales						
Interest Income / (Expense)						
JMA Gain Sharing / Misc						
Charitable Contributions						
TOTAL OTHER INCOME (EXPENSE)						
INCOME BEFORE TAXES						
INCOME TAXES						
NET INCOME						

PacificSource and Subsidiaries
 Projected Consolidated Income Statement
 For the Twelve Months Ending December 31, 2018

PS Holding PSHP PCHP PSA PHI Consolidated

PREMIUMS:

Commercial Group Medical
 Commercial Individual Medical
 Commercial Dental

Medicare
 Medicaid
 Admin Fees

TOTAL PREMIUMS

CLAIMS EXPENSE:

Commercial Group Medical
 Commercial Individual Medical
 Commercial Dental

Medicare
 Medicaid
 Pharmacy Rebates
 Health Services Expenses
 Net Reinsurance
 Disease Management & Network Fees

TOTAL CLAIMS EXPENSE

PREMIUMS OVER CLAIMS EXPENSE

COMMISSIONS ON PREMIUMS

PREMIUM TAXES & ASSESSMENTS

HEALTH INSURANCE INDUSTRY TAX

GENERAL & ADMINISTRATIVE:

Salary & Payroll Expenses
 Non-Payroll Operating Expenses

TOTAL GENERAL & ADMINISTRATIVE

UNDERWRITING INCOME

OTHER INCOME (EXPENSE):

Investment Income
 Subsidiary Income
 Gain on Investment Sales
 Interest Income / (Expense)
 JMA Gain Sharing / Misc
 Charitable Contributions

TOTAL OTHER INCOME (EXPENSE)

INCOME BEFORE TAXES

INCOME TAXES

NET INCOME

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PacificSource and Subsidiaries

Consolidated G & A Expenses

For the Twelve Months Ending December 31, 2013

	PSH	PCHP	PSA	PHI	Consolidated Actuals
SALARY & PAYROLL EXPENSES:					
Salaries & Wages	\$ (22,905,954)	\$ (9,827,331)	\$ (3,522,648)	\$ -	\$ (36,255,933)
Payroll Taxes	(3,276,298)	-	-	-	(3,276,298)
Workers Compensation Insurance	(74,885)	-	-	-	(74,885)
Employee Health Expense	(6,635,594)	-	-	-	(6,635,594)
Employee Dental Expense	(584,721)	-	-	-	(584,721)
Employee Life & Disability	(328,995)	-	-	-	(328,995)
Retirement Plans - Defined Benefit	(313,713)	-	-	-	(313,713)
Retirement Plans - 401K	(1,820,095)	-	-	-	(1,820,095)
Administrative Offset	1,685,156	-	-	-	1,685,156
Total Salary & Payroll Expenses	(34,255,099)	(9,827,331)	(3,522,648)	-	(47,605,078)
NON-PAYROLL OPERATING EXPENSES:					
Administrative	4,764,303	(3,262,685)	(332,598)	-	1,169,020
Advertising/Promotional	(1,830,297)	(791,611)	-	-	(2,621,908)
Amortization	(849,869)	(14,672)	(8,333)	-	(872,874)
Auditing & Tax Services	(446,258)	(79,000)	-	-	(525,258)
Auto Expense	(265,159)	(27,511)	-	-	(292,670)
Banking Charges	(342,917)	(83,769)	-	-	(426,686)
Board & Committee	(358,787)	-	-	-	(358,787)
Building Maintenance	(203,576)	(196,935)	-	-	(400,511)
Consultants' Fees	(1,311,733)	(652,702)	-	-	(1,964,435)
Contract Labor	(651,065)	-	-	-	(651,065)
Depreciation	(8,172,999)	(885,063)	(77,518)	(4,367)	(9,139,947)
Education & Training	(232,170)	(8,657)	-	-	(240,827)
Insurance	(525,483)	(185,143)	-	-	(710,626)
Legal Fees	(304,130)	(260,357)	-	(70,656)	(635,143)
Licenses - Software	(5,255,122)	(1,123,204)	-	-	(6,378,326)
Meals & Entertainment	(432,186)	(27,173)	-	-	(459,359)
Miscellaneous	1,828	-	-	-	1,828
Imaging	(296,928)	(88,464)	-	-	(385,392)
Office Expenses/Supplies	(852,903)	(106,983)	-	-	(959,886)
Postage	(1,566,096)	(972,618)	-	-	(2,538,714)
Printing	(797,439)	(1,113,385)	-	-	(1,910,824)
Professional Dues	(251,195)	(2,768)	-	-	(253,963)
Recruiting	(131,718)	-	-	-	(131,718)
Rent - Equipment	(73,609)	(51,773)	-	-	(125,382)
Rent - Regional Offices	(1,224,910)	297,854	-	-	(927,056)
Repairs & Maintenance	(663,362)	-	-	-	(663,362)
Purchased Services	(1,993,547)	(3,456,376)	-	-	(5,449,923)
Subscriptions	(67,198)	(421)	-	-	(67,619)
Surveys & Studies	(4,382)	-	-	-	(4,382)
Taxes & Licenses	(263,570)	(319,524)	-	-	(583,094)
Telephone	(698,811)	(4,673)	-	-	(703,484)
Travel	(602,864)	(40,305)	-	-	(643,169)
Utilities	(149,631)	(117,726)	-	-	(267,357)
Total Non-Payroll Operating	(26,053,783)	(13,575,644)	(418,449)	(75,023)	(40,122,899)
TOTAL GENERAL & ADMIN	\$ (60,308,882)	\$ (23,402,975)	\$ (3,941,097)	\$ (75,023)	\$ (87,727,977)

PacificSource and Subsidiaries
Consolidated G & A Expenses
For the Twelve Months Ending December 31, 2014

	PS Holding	PSHP	PCHP	PSA	PHI	Consolidated Actual
SALARY & PAYROLL EXPENSES:						
Salaries & Wages	\$ 11,437,329	\$ (31,105,063)	\$ (13,897,228)	\$ (2,307,885)	\$ -	\$ (35,872,847)
Payroll Taxes	(3,206,261)	-	-	-	-	(3,206,261)
Workers Compensation Insurance	(85,964)	17,293	-	-	-	(68,671)
Employee Health Expense	(6,715,982)	-	-	-	-	(6,715,982)
Employee Dental Expense	(585,147)	-	-	-	-	(585,147)
Employee Life & Disability	(330,524)	-	-	-	-	(330,524)
Retirement Plans - Defined Benefit	(134,285)	-	-	-	-	(134,285)
Retirement Plans - 401K	(1,860,365)	-	-	-	-	(1,860,365)
Administrative Offset	1,481,199	-	-	-	-	1,481,199
Total Salary & Payroll Expenses	-	(31,087,770)	(13,897,228)	(2,307,885)	-	(47,292,883)
NON-PAYROLL OPERATING EXPENSES:						
Administrative	43,566,059	(22,809,619)	(19,258,622)	(1,027,470)	-	470,348
Advertising/Promotional	(3,636,881)	-	3,664	-	-	(3,633,217)
Amortization	(42,850)	(606,967)	-	(8,333)	(242,903)	(901,053)
Auditing & Tax Services	(480,656)	-	(1,735)	-	-	(482,391)
Auto Expense	(315,574)	88	-	-	-	(315,486)
Banking Charges	(30,670)	(335,711)	(101,374)	-	-	(467,755)
Board & Committee	(384,787)	-	-	-	-	(384,787)
Building Maintenance	(379,957)	-	-	-	-	(379,957)
Consultants' Fees	(1,758,669)	-	(10,961)	-	-	(1,769,630)
Contract Labor	(972,476)	538	-	-	-	(971,938)
Depreciation	(8,869,432)	-	-	-	-	(8,869,432)
Education & Training	(218,729)	-	-	-	-	(218,729)
Insurance	(703,850)	-	(11,018)	-	-	(714,868)
Legal Fees	(385,047)	(22,098)	8,966	(233)	(8,602)	(407,014)
Licenses - Software	(4,284,160)	-	-	-	-	(4,284,160)
Meals & Entertainment	(524,483)	30	-	-	-	(524,453)
Miscellaneous	39	1,634	-	-	-	1,673
Imaging	(322,987)	-	-	-	-	(322,987)
Office Expenses/Supplies	(917,627)	(110)	(1,746)	-	-	(919,483)
Postage	(2,693,116)	-	(9,999)	-	-	(2,703,115)
Printing	(1,620,068)	-	-	(42)	-	(1,620,110)
Professional Dues	(299,918)	-	-	-	-	(299,918)
Recruiting	(294,558)	-	-	-	-	(294,558)
Rent - Equipment	(92,390)	-	-	-	-	(92,390)
Rent - Regional Offices	(1,250,353)	(1,199,142)	(1,440,294)	-	-	(1,263,461)
Repairs & Maintenance	(842,157)	892	-	-	-	(841,265)
Purchased Services	(9,581,922)	29,719	(8,928)	-	-	(9,561,131)
Subscriptions	(76,378)	1,133	-	-	-	(75,245)
Surveys & Studies	(4,725)	-	-	-	-	(4,725)
Taxes & Licenses	(849,844)	(29,403)	(106,458)	(200)	-	(985,905)
Telephone	(736,843)	-	-	-	-	(736,843)
Travel	(712,569)	1,892	106	-	-	(710,571)
Utilities	(282,422)	-	(453)	-	-	(282,875)
Total Non-Payroll Operating	-	(24,967,124)	(20,938,852)	(1,036,278)	(251,505)	(44,567,431)
TOTAL GENERAL & ADMIN	\$ -	\$ (56,054,894)	\$ (34,836,080)	\$ (3,344,163)	\$ (251,505)	\$ (91,860,314)

PacificSource and Subsidiaries
Consolidated G & A Expenses
For the Six Months Ending June 30, 2015

	PS Holding	PSHP	PCHP	PSA	PHI	Consolidated Actual
SALARY & PAYROLL EXPENSES:						
Salaries & Wages	\$ -	\$ (12,501,030)	\$ (5,968,693)	\$ (863,949)	\$ -	\$ (19,333,672)
Payroll Taxes	-	(1,108,333)	(509,587)	(104,722)	-	(1,722,642)
Workers Compensation Insurance	-	(26,238)	(11,120)	(1,911)	-	(39,269)
Employee Health Expense	-	(2,048,655)	(941,542)	(270,251)	-	(3,260,448)
Employee Dental Expense	-	(206,673)	(95,197)	(26,857)	-	(328,727)
Employee Life & Disability	-	(108,812)	(49,995)	(9,950)	-	(168,757)
Retirement Plans - Defined Benefit	-	(1,507)	(993)	-	-	(2,500)
Retirement Plans - 401K	-	(613,041)	(285,600)	(50,537)	-	(949,178)
Administrative Offset	-	427,382	-	-	-	427,382
Total Salary & Payroll Expenses	-	(16,186,907)	(7,862,727)	(1,328,177)	-	(25,377,811)
NON-PAYROLL OPERATING EXPENSES:						
Administrative	-	(72,660)	(1,243,418)	(94,951)	-	91,625
Advertising/Promotional	-	(407,581)	(370,978)	-	-	(778,559)
Amortization	-	(466,484)	-	(11,389)	(121,451)	(599,324)
Auditing & Tax Services	-	(149,254)	(131,166)	-	-	(280,420)
Auto Expense	-	(102,133)	(41,248)	(8,021)	-	(151,402)
Banking Charges	-	(215,504)	(52,425)	(4)	-	(267,933)
Board & Committee	-	(97,666)	(58,867)	-	-	(156,533)
Building Maintenance	-	(94,343)	(61,655)	(2,551)	-	(158,549)
Consultants' Fees	-	(573,888)	(427,719)	(4,788)	-	(1,006,395)
Contract Labor	-	(213,701)	(86,361)	(7,047)	-	(307,109)
Depreciation	-	(2,256,239)	(1,476,681)	(10,783)	-	(3,743,703)
Education & Training	-	(91,178)	(41,714)	(4,579)	-	(137,471)
Insurance	-	(236,234)	(155,611)	-	-	(391,845)
Legal Fees	-	(68,961)	(45,426)	(2,000)	(4,301)	(120,688)
Licenses - Software	-	(1,377,989)	(887,774)	-	-	(2,265,763)
Meals & Entertainment	-	(164,796)	(61,758)	(2,580)	-	(229,134)
Miscellaneous	-	2,150	701	-	-	2,851
Imaging	-	(59,107)	(42,984)	(36,298)	-	(138,389)
Office Expenses/Supplies	-	(332,739)	(225,537)	(4,531)	-	(562,807)
Postage	-	(629,458)	(445,694)	(77,066)	-	(1,152,218)
Printing	-	(266,746)	(122,724)	(25,036)	-	(414,506)
Professional Dues	-	(103,156)	(57,764)	(111)	-	(161,031)
Recruiting	-	(61,413)	(40,453)	-	-	(101,866)
Rent - Equipment	-	(29,162)	(19,070)	-	-	(48,232)
Rent - Regional Offices	-	(983,040)	(880,257)	(81,362)	-	(634,784)
Repairs & Maintenance	-	(261,724)	(171,411)	(747)	-	(433,882)
Purchased Services	-	(831,623)	(2,899,175)	(195,730)	-	(3,926,528)
Subscriptions	-	(12,579)	(3,783)	(472)	-	(16,834)
Surveys & Studies	-	(4,407)	(2,541)	-	-	(6,948)
Taxes & Licenses	-	(158,805)	(203,872)	(5,319)	-	(367,996)
Telephone	-	(203,484)	(120,309)	(22,266)	-	(346,059)
Travel	-	(257,582)	(113,250)	(3,410)	-	(374,242)
Utilities	-	(90,360)	(59,420)	-	-	(149,780)
Total Non-Payroll Operating	-	(10,871,846)	(10,550,344)	(601,041)	(125,752)	(19,336,454)
TOTAL GENERAL & ADMIN	\$ -	\$ (27,058,753)	\$ (18,413,071)	\$ (1,929,218)	\$ (125,752)	\$ (44,714,265)

PacificSource Health Plans (Commercial)

Income Statement

For the Twelve Months Ending December 31, 2013

	<u>Actual</u>	
PREMIUMS:		
Commercial Group Medical	\$ 620,759,942	
Commercial Individual Medical	77,149,247	
Commercial Dental	23,590,707	
Portability	3,059,422	
Medicare	-	
Medicaid	-	
Admin Fees	<u>5,839,161</u>	
TOTAL PREMIUMS	730,398,479	
CLAIMS EXPENSE:		
Commercial Group Medical	(546,212,048)	88.0%
Commercial Individual Medical	(67,660,113)	87.7%
Commercial Dental	(18,338,928)	77.7%
Portability	(4,687,842)	153.2%
Medicare	-	
Medicaid	-	
Pharmacy Rebates	5,794,520	
Health Services Expenses	(5,643,662)	
Net Reinsurance	6,622,562	
Disease Management & Network Fees	<u>(4,397,442)</u>	
TOTAL CLAIMS EXPENSE	(634,522,953)	86.9%
PREMIUMS OVER CLAIMS EXPENSE	95,875,526	
COMMISSIONS ON PREMIUMS	(20,951,602)	2.9%
PREMIUM TAXES & ASSESSMENTS	(15,903,656)	2.2%
GENERAL & ADMINISTRATIVE:		
Salary & Payroll Expenses	(34,255,099)	4.7%
Non-Payroll Operating Expenses	<u>(26,053,783)</u>	3.6%
TOTAL GENERAL & ADMINISTRATIVE	(60,308,882)	8.3%
UNDERWRITING INCOME	(1,288,614)	-0.2%
OTHER INCOME (EXPENSE):		
Investment Income	3,991,933	
Subsidiary Income	1,571,435	
Acquisition & Transition Costs	(9,717)	
Gain on Investment Sales	9,311,026	
Interest Expense & Miscellaneous	(154,840)	
Charitable Contributions	<u>(936,725)</u>	
TOTAL OTHER INCOME (EXPENSE)	13,773,112	
INCOME BEFORE TAXES	12,484,498	
INCOME TAXES	(6,205,242)	
NET INCOME	\$ 6,279,256	

PacificSource Health Plans (Commercial)

Income Statement

For the Twelve Months Ending December 31, 2014

	<u>Actual</u>	
PREMIUMS:		
Commercial Group Medical	\$ 515,576,177	
Commercial Individual Medical	77,682,671	
Commercial Dental	19,045,162	
Portability	9,192	
Medicare	-	
Medicaid	-	
Admin Fees	<u>9,557,300</u>	
TOTAL PREMIUMS	621,870,502	
CLAIMS EXPENSE:		
Commercial Group Medical	(446,683,038)	86.6%
Commercial Individual Medical	(83,028,335)	106.9%
Commercial Dental	(15,229,501)	80.0%
Portability	(370,560)	
Medicare	-	
Medicaid	-	
Pharmacy Rebates	5,980,341	
Health Services Expenses	(6,468,425)	
Net Reinsurance	5,347,541	
Disease Management & Network Fees	<u>(3,601,283)</u>	
TOTAL CLAIMS EXPENSE	(544,053,260)	87.5%
PREMIUMS OVER CLAIMS EXPENSE	77,817,242	
COMMISSIONS ON PREMIUMS	(16,355,373)	2.6%
PREMIUM TAXES & ASSESSMENTS	(15,572,992)	2.5%
GENERAL & ADMINISTRATIVE:		
Salary & Payroll Expenses	(31,087,770)	5.0%
Non-Payroll Operating Expenses	<u>(24,967,124)</u>	4.0%
TOTAL GENERAL & ADMINISTRATIVE	(56,054,894)	9.0%
UNDERWRITING INCOME	(10,166,017)	-1.6%
OTHER INCOME (EXPENSE):		
Investment Income	3,770,514	
Subsidiary Income	6,527,407	
Gain on Investment Sales	1,390,287	
Interest Income / (Expense)	-	
Miscellaneous	(4,946,195)	
Charitable Contributions	<u>(32,249)</u>	
TOTAL OTHER INCOME (EXPENSE)	6,709,764	
INCOME BEFORE TAXES	(3,456,253)	
HEALTH INSURANCE INDUSTRY TAX	(8,188,120)	
INCOME TAXES	4,144,354	
NET INCOME	\$ (7,500,019)	

PacificSource Health Plans (Commercial)

Income Statement

For the Six Months Ending June 30, 2015

	<u>Actual</u>	
PREMIUMS:		
Commercial Group Medical	\$ 232,417,460	
Commercial Individual Medical	41,761,209	
Commercial Dental	9,476,193	
Medicare	-	
Medicaid	-	
Admin Fees	<u>5,719,719</u>	
TOTAL PREMIUMS	289,374,581	
CLAIMS EXPENSE:		
Commercial Group Medical	(189,086,886)	81.4%
Commercial Individual Medical	(46,324,349)	110.9%
Commercial Dental	(7,480,189)	78.9%
Medicare	-	
Medicaid	-	
Pharmacy Rebates	3,601,646	
Health Services Expenses	(3,071,475)	
Net Reinsurance	(1,951,045)	
Disease Management & Network Fees	<u>(2,095,132)</u>	
TOTAL CLAIMS EXPENSE	(246,407,430)	85.2%
PREMIUMS OVER CLAIMS EXPENSE	42,967,151	
COMMISSIONS ON PREMIUMS	(6,877,256)	2.4%
PREMIUM TAXES & ASSESSMENTS	(6,097,992)	2.1%
HEALTH INSURANCE INDUSTRY TAX	(4,948,966)	(0)
GENERAL & ADMINISTRATIVE:		
Salary & Payroll Expenses	(16,186,907)	5.6%
Non-Payroll Operating Expenses	<u>(10,871,846)</u>	3.8%
TOTAL GENERAL & ADMINISTRATIVE	(27,058,753)	9.4%
UNDERWRITING INCOME	(2,015,816)	-0.7%
OTHER INCOME (EXPENSE):		
Investment Income	1,374,145	
Subsidiary Income	6,945,388	
Gain on Investment Sales	991,242	
Interest Income / (Expense)	-	
Miscellaneous	2,502,121	
Charitable Contributions	<u>(32,249)</u>	
TOTAL OTHER INCOME (EXPENSE)	11,780,647	
INCOME BEFORE TAXES	9,764,831	
INCOME TAXES	(3,006,583)	
NET INCOME	\$ 6,758,248	

PacificSource Health Plans (Commercial)

Projected Income Statement

For the Twelve Months Ending December 31, 2015

	<u>Projected</u>	
PREMIUMS:		
Commercial Group Medical	\$ 478,384,810	
Commercial Individual Medical	84,775,254	
Commercial Dental	19,146,481	
Medicare	-	
Medicaid	-	
Admin Fees	<u>11,502,851</u>	
TOTAL PREMIUMS	593,809,397	
CLAIMS EXPENSE:		
Commercial Group Medical	(393,013,324)	
Commercial Individual Medical	(94,679,667)	
Commercial Dental	(15,220,664)	
Medicare	-	
Medicaid	-	
Pharmacy Rebates	7,240,775	
Health Services Expenses	(6,286,814)	
Net Reinsurance	(4,018,307)	
Disease Management & Network Fees	<u>(4,305,113)</u>	
TOTAL CLAIMS EXPENSE	(510,283,115)	85.9%
PREMIUMS OVER CLAIMS EXPENSE	83,526,282	
COMMISSIONS ON PREMIUMS	(14,076,804)	
PREMIUM TAXES & ASSESSMENTS	(12,478,352)	
HEALTH INSURANCE INDUSTRY TAX	(9,949,397)	
GENERAL & ADMINISTRATIVE:		
Salary & Payroll Expenses	(32,373,814)	
Non-Payroll Operating Expenses	<u>(23,095,417)</u>	
TOTAL GENERAL & ADMINISTRATIVE	(55,469,231)	9.3%
UNDERWRITING INCOME	(8,447,502)	-1.4%
OTHER INCOME (EXPENSE):		
Investment Income	1,374,145	
Subsidiary Income	9,892,427	
Gain on Investment Sales	991,242	
Interest Income / (Expense)	-	
Miscellaneous	2,502,121	
Charitable Contributions	<u>(150,000)</u>	
TOTAL OTHER INCOME (EXPENSE)	14,609,935	
INCOME BEFORE TAXES	6,162,433	
INCOME TAXES	2,432,846	
NET INCOME	\$ 8,595,279	

PacificSource Health Plans (Commercial)

Projected Income Statement

For the Twelve Months Ending December 31, 2016

PacificSource Health Plans (Commercial)

Projected Income Statement

For the Twelve Months Ending December 31, 2017

Projected

Projected

PREMIUMS:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Admin Fees

TOTAL PREMIUMS

CLAIMS EXPENSE:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Pharmacy Rebates
Health Services Expenses
Net Reinsurance
Disease Management & Network Fees

TOTAL CLAIMS EXPENSE

PREMIUMS OVER CLAIMS EXPENSE

COMMISSIONS ON PREMIUMS

PREMIUM TAXES & ASSESSMENTS

HEALTH INSURANCE INDUSTRY TAX

GENERAL & ADMINISTRATIVE:

Salary & Payroll Expenses
Non-Payroll Operating Expenses

TOTAL GENERAL & ADMINISTRATIVE

UNDERWRITING INCOME

OTHER INCOME (EXPENSE):

Investment Income
Subsidiary Income
Gain on Investment Sales
Interest Income / (Expense)
Miscellaneous
Charitable Contributions

TOTAL OTHER INCOME (EXPENSE)

INCOME BEFORE TAXES

INCOME TAXES

NET INCOME

PREMIUMS:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Admin Fees

TOTAL PREMIUMS

CLAIMS EXPENSE:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Pharmacy Rebates
Health Services Expenses
Net Reinsurance
Disease Management & Network Fees

TOTAL CLAIMS EXPENSE

PREMIUMS OVER CLAIMS EXPENSE

COMMISSIONS ON PREMIUMS

PREMIUM TAXES & ASSESSMENTS

HEALTH INSURANCE INDUSTRY TAX

GENERAL & ADMINISTRATIVE:

Salary & Payroll Expenses
Non-Payroll Operating Expenses

TOTAL GENERAL & ADMINISTRATIVE

UNDERWRITING INCOME

OTHER INCOME (EXPENSE):

Investment Income
Subsidiary Income
Gain on Investment Sales
Interest Income / (Expense)
Miscellaneous
Charitable Contributions

TOTAL OTHER INCOME (EXPENSE)

INCOME BEFORE TAXES

INCOME TAXES

NET INCOME

PacificSource Health Plans (Commercial)

Projected Income Statement

For the Twelve Months Ending December 31, 2018

Projected

PREMIUMS:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Admin Fees

TOTAL PREMIUMS

CLAIMS EXPENSE:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Pharmacy Rebates
Health Services Expenses
Net Reinsurance
Disease Management & Network Fees

TOTAL CLAIMS EXPENSE

PREMIUMS OVER CLAIMS EXPENSE

COMMISSIONS ON PREMIUMS

PREMIUM TAXES & ASSESSMENTS

HEALTH INSURANCE INDUSTRY TAX

GENERAL & ADMINISTRATIVE:

Salary & Payroll Expenses
Non-Payroll Operating Expenses

TOTAL GENERAL & ADMINISTRATIVE

UNDERWRITING INCOME

OTHER INCOME (EXPENSE):

Investment Income
Subsidiary Income
Gain on Investment Sales
Interest Income / (Expense)
Miscellaneous
Charitable Contributions

TOTAL OTHER INCOME (EXPENSE)

INCOME BEFORE TAXES

INCOME TAXES

NET INCOME



PacificSource Community Health Plans, Inc. (Medicare)

Income Statement

For the Twelve Months Ending December 31, 2013

	Actual	
PREMIUMS:		
Commercial Group Medical	\$ -	
Commercial Individual Medical	-	
Commercial Dental	-	
Portability	60,214	
Medicare	301,439,370	
Medicaid	-	
Admin Fees	-	
TOTAL PREMIUMS	301,499,584	
CLAIMS EXPENSE:		
Commercial Group Medical	-	
Commercial Individual Medical	126,630	
Commercial Dental	-	
Portability	(77,231)	
Medicare	(285,857,809)	94.8%
Medicaid	-	
Pharmacy Rebates	3,596,670	
Health Services Expenses	(5,167,950)	
Net Reinsurance	(296,574)	
Disease Management & Network Fees	(1,575,666)	
TOTAL CLAIMS EXPENSE	(289,251,930)	95.9%
PREMIUMS OVER CLAIMS EXPENSE	12,247,654	
COMMISSIONS ON PREMIUMS	(5,404,955)	1.8%
PREMIUM TAXES & ASSESSMENTS	(2,686)	0.0%
GENERAL & ADMINISTRATIVE:		
Salary & Payroll Expenses	(9,827,331)	3.3%
Non-Payroll Operating Expenses	(5,241,356)	1.7%
TOTAL GENERAL & ADMINISTRATIVE	(15,068,687)	5.0%
UNDERWRITING INCOME	(8,228,674)	-2.7%
OTHER INCOME (EXPENSE):		
Investment Income	434,892	
Subsidiary Income	3,448,416	
Acquisition & Transition Costs	-	
Gain on Investment Sales	1,072,714	
Interest Expense & Miscellaneous	(174,794)	
Charitable Contributions	(5,200)	
TOTAL OTHER INCOME (EXPENSE)	4,776,028	1.6%
INCOME BEFORE TAXES	(3,452,646)	-1.1%
HEALTH INSUR INDUSTRY TAX		
INCOME TAXES	2,366,640	0.8%
NET INCOME	\$ (1,086,006)	-0.4%

PacificSource Community Health Plans (Medicare)

Income Statement

For the Twelve Months Ending December 31, 2014

	Actual	
PREMIUMS:		
Commercial Group Medical	\$ -	
Commercial Individual Medical	-	
Commercial Dental	-	
Portability	-	
Medicare	328,645,615	
Medicaid	-	
Admin Fees	-	
TOTAL PREMIUMS	328,645,615	
CLAIMS EXPENSE:		
Commercial Group Medical	-	
Commercial Individual Medical	(1,195)	
Commercial Dental	-	
Portability	(172)	
Medicare	(304,756,676)	92.7%
Medicaid	-	
Pharmacy Rebates	4,934,273	
Health Services Expenses	(6,539,189)	
Net Reinsurance	1,041,258	
Disease Management & Network Fees	(614,925)	
TOTAL CLAIMS EXPENSE	(305,936,626)	93.1%
PREMIUMS OVER CLAIMS EXPENSE	22,708,989	
COMMISSIONS ON PREMIUMS	(5,261,399)	1.6%
PREMIUM TAXES & ASSESSMENTS	(48)	0.0%
GENERAL & ADMINISTRATIVE:		
Salary & Payroll Expenses	(7,968,739)	2.4%
Non-Payroll Operating Expenses	(11,072,903)	3.4%
TOTAL GENERAL & ADMINISTRATIVE	(19,041,642)	5.8%
UNDERWRITING INCOME	(1,594,100)	-0.5%
OTHER INCOME (EXPENSE):		
Investment Income	543,064	
Subsidiary Income	11,495,921	
Gain on Investment Sales	320,540	
Interest Income / (Expense)	(104,708)	
Miscellaneous	4,003	
Charitable Contributions	-	
TOTAL OTHER INCOME (EXPENSE)	12,258,820	3.7%
INCOME BEFORE TAXES	10,664,720	3.2%
HEALTH INSUR INDUSTRY TAX	(4,645,278)	(0)
INCOME TAXES	226,544	0.1%
NET INCOME	\$ 6,245,986	1.9%

PacificSource Community Health Plans (Medicare)

Income Statement
For the Six Months Ending June 30, 2015

	Actual	
PREMIUMS:		
Commercial Group Medical	\$ -	
Commercial Individual Medical	-	
Commercial Dental	-	
Medicare	146,325,851	
Medicaid	-	
Admin Fees	-	
TOTAL PREMIUMS	146,325,851	
CLAIMS EXPENSE:		
Commercial Group Medical	-	
Commercial Individual Medical	-	
Commercial Dental	-	
Medicare	(138,501,153)	94.7%
Medicaid	-	
Pharmacy Rebates	3,905,993	
Health Services Expenses	(3,945,072)	
Net Reinsurance	109,761	
Disease Management & Network Fees	(251,025)	
TOTAL CLAIMS EXPENSE	(138,681,496)	94.8%
PREMIUMS OVER CLAIMS EXPENSE	7,644,355	
COMMISSIONS ON PREMIUMS	(2,341,882)	1.6%
PREMIUM TAXES & ASSESSMENTS	-	0.0%
HEALTH INSURANCE INDUSTRY TAX	-	-
GENERAL & ADMINISTRATIVE:		
Salary & Payroll Expenses	(4,395,905)	3.0%
Non-Payroll Operating Expenses	(3,866,443)	2.6%
TOTAL GENERAL & ADMINISTRATIVE	(8,262,348)	5.6%
UNDERWRITING INCOME	(2,959,875)	-2.0%
OTHER INCOME (EXPENSE):		
Investment Income	164,208	
Subsidiary Income	8,723,453	
Gain on Investment Sales	273,934	
Interest Income / (Expense)	(345,251)	
Miscellaneous	-	
Charitable Contributions	-	
TOTAL OTHER INCOME (EXPENSE)	8,816,344	6.0%
INCOME BEFORE TAXES	5,856,469	4.0%
HEALTH INSUR INDUSTRY TAX	Moved to UW Income	
INCOME TAXES	1,048,967	0.7%
NET INCOME	\$ 6,905,436	4.7%

PacificSource Community Health Plans (Medicare)

Projected Income Statement
For the Twelve Months Ending December 31, 2015

	Projected	
PREMIUMS:		
Commercial Group Medical	\$ -	
Commercial Individual Medical	-	
Commercial Dental	-	
Medicare	294,151,246	
Medicaid	-	
Admin Fees	-	
TOTAL PREMIUMS	294,151,246	
CLAIMS EXPENSE:		
Commercial Group Medical	-	
Commercial Individual Medical	-	
Commercial Dental	-	
Medicare	(274,148,962)	-93.2%
Medicaid	-	
Pharmacy Rebates	7,890,106	
Health Services Expenses	(7,969,045)	
Net Reinsurance	(1,065,003)	
Disease Management & Network Fees	(507,071)	
TOTAL CLAIMS EXPENSE	(275,799,975)	-93.8%
PREMIUMS OVER CLAIMS EXPENSE	18,351,271	
COMMISSIONS ON PREMIUMS	(4,730,602)	-1.6%
PREMIUM TAXES & ASSESSMENTS	-	0.0%
HEALTH INSURANCE INDUSTRY TAX	-	-
GENERAL & ADMINISTRATIVE:		
Salary & Payroll Expenses	(8,923,687)	-3.0%
Non-Payroll Operating Expenses	(7,766,256)	-2.6%
TOTAL GENERAL & ADMINISTRATIVE	(16,689,943)	5.6%
UNDERWRITING INCOME	(3,069,273)	-1.0%
OTHER INCOME (EXPENSE):		
Investment Income	200,000	
Subsidiary Income	11,670,669	
Gain on Investment Sales	273,934	
Interest Income / (Expense)	(690,502)	
Miscellaneous	-	
Charitable Contributions	-	
TOTAL OTHER INCOME (EXPENSE)	11,454,101	6.0%
INCOME BEFORE TAXES	8,384,828	4.0%
HEALTH INSUR INDUSTRY TAX	Moved to UW Income	
INCOME TAXES	1,314,337	0.7%
NET INCOME	\$ 9,699,164	4.7%

PacificSource Community Health Plans (Medicare)

Projected Income Statement

For the Twelve Months Ending December 31, 2016

Projected

PREMIUMS:	
Commercial Group Medical	
Commercial Individual Medical	
Commercial Dental	
Medicare	
Medicaid	
Admin Fees	
TOTAL PREMIUMS	
CLAIMS EXPENSE:	
Commercial Group Medical	
Commercial Individual Medical	
Commercial Dental	
Medicare	
Medicaid	
Pharmacy Rebates	
Health Services Expenses	
Net Reinsurance	
Disease Management & Network Fees	
TOTAL CLAIMS EXPENSE	
PREMIUMS OVER CLAIMS EXPENSE	
COMMISSIONS ON PREMIUMS	
PREMIUM TAXES & ASSESSMENTS	
HEALTH INSURANCE INDUSTRY TAX	
GENERAL & ADMINISTRATIVE:	
Salary & Payroll Expenses	
Non-Payroll Operating Expenses	
TOTAL GENERAL & ADMINISTRATIVE	
UNDERWRITING INCOME	
OTHER INCOME (EXPENSE):	
Investment Income	
Subsidiary Income	
Gain on Investment Sales	
Interest Income / (Expense)	
Miscellaneous	
Charitable Contributions	
TOTAL OTHER INCOME (EXPENSE)	
INCOME BEFORE TAXES	
HEALTH INSUR INDUSTRY TAX	
INCOME TAXES	
NET INCOME	

PacificSource Community Health Plans (Medicare)

Projected Income Statement

For the Twelve Months Ending December 31, 2017

Projected

PREMIUMS:	
Commercial Group Medical	
Commercial Individual Medical	
Commercial Dental	
Medicare	
Medicaid	
Admin Fees	
TOTAL PREMIUMS	
CLAIMS EXPENSE:	
Commercial Group Medical	
Commercial Individual Medical	
Commercial Dental	
Medicare	
Medicaid	
Pharmacy Rebates	
Health Services Expenses	
Net Reinsurance	
Disease Management & Network Fees	
TOTAL CLAIMS EXPENSE	
PREMIUMS OVER CLAIMS EXPENSE	
COMMISSIONS ON PREMIUMS	
PREMIUM TAXES & ASSESSMENTS	
HEALTH INSURANCE INDUSTRY TAX	
GENERAL & ADMINISTRATIVE:	
Salary & Payroll Expenses	
Non-Payroll Operating Expenses	
TOTAL GENERAL & ADMINISTRATIVE	
UNDERWRITING INCOME	
OTHER INCOME (EXPENSE):	
Investment Income	
Subsidiary Income	
Gain on Investment Sales	
Interest Income / (Expense)	
Miscellaneous	
Charitable Contributions	
TOTAL OTHER INCOME (EXPENSE)	
INCOME BEFORE TAXES	
HEALTH INSUR INDUSTRY TAX	
INCOME TAXES	
NET INCOME	

PacificSource Community Health Plans (Medicare)

Projected Income Statement

For the Twelve Months Ending December 31, 2018

Projected

PREMIUMS:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Admin Fees

TOTAL PREMIUMS

CLAIMS EXPENSE:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Pharmacy Rebates
Health Services Expenses
Net Reinsurance
Disease Management & Network Fees

TOTAL CLAIMS EXPENSE

PREMIUMS OVER CLAIMS EXPENSE

COMMISSIONS ON PREMIUMS

PREMIUM TAXES & ASSESSMENTS

HEALTH INSURANCE INDUSTRY TAX

GENERAL & ADMINISTRATIVE:

Salary & Payroll Expenses
Non-Payroll Operating Expenses

TOTAL GENERAL & ADMINISTRATIVE

UNDERWRITING INCOME

OTHER INCOME (EXPENSE):

Investment Income
Subsidiary Income
Gain on Investment Sales
Interest Income / (Expense)
Miscellaneous
Charitable Contributions

TOTAL OTHER INCOME (EXPENSE)

INCOME BEFORE TAXES

HEALTH INSUR INDUSTRY TAX

INCOME TAXES

NET INCOME



PacificSource Community Solutions, Inc. (Medicaid)

Income Statement

For the Twelve Months Ending December 31, 2013

Actual

PREMIUMS:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental
Portability
Medicare
Medicaid
Admin Fees

TOTAL PREMIUMS

CLAIMS EXPENSE:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental
Portability
Medicare
Medicaid
Pharmacy Rebates
Health Services Expenses
Net Reinsurance
Disease Management & Network Fees

TOTAL CLAIMS EXPENSE

PREMIUMS OVER CLAIMS EXPENSE

COMMISSIONS ON PREMIUMS

PREMIUM TAXES & ASSESSMENTS

GENERAL & ADMINISTRATIVE:

Salary & Payroll Expenses
Non-Payroll Operating Expenses

TOTAL GENERAL & ADMINISTRATIVE

UNDERWRITING INCOME

OTHER INCOME (EXPENSE):

Investment Income
Subsidiary Income
Acquisition & Transition Costs
Gain on Investment Sales
JMA Gain Sharing / Misc
Charitable Contributions

TOTAL OTHER INCOME (EXPENSE)

INCOME BEFORE TAXES

INCOME TAXES

NET INCOME

PacificSource Community Solutions, Inc. (Medicaid)

Income Statement

For the Twelve Months Ending December 31, 2014

Actual

PREMIUMS:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental
Portability
Medicare
Medicaid
Admin Fees

TOTAL PREMIUMS

CLAIMS EXPENSE:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental
Portability
Medicare
Medicaid
Pharmacy Rebates
Health Services Expenses
Net Reinsurance
Disease Management & Network Fees

TOTAL CLAIMS EXPENSE

PREMIUMS OVER CLAIMS EXPENSE

COMMISSIONS ON PREMIUMS

PREMIUM TAXES & ASSESSMENTS

GENERAL & ADMINISTRATIVE:

Salary & Payroll Expenses
Non-Payroll Operating Expenses

TOTAL GENERAL & ADMINISTRATIVE

UNDERWRITING INCOME

OTHER INCOME (EXPENSE):

Investment Income
Subsidiary Income
Gain on Investment Sales
Interest Income / (Expense)
JMA Gain Sharing / Misc
Charitable Contributions

TOTAL OTHER INCOME (EXPENSE)

INCOME BEFORE TAXES

HEALTH INSURANCE INDUSTRY TAX

INCOME TAXES

NET INCOME

PacificSource Community Solutions, Inc. (Medicaid)

Income Statement
For the Six Months Ending June 30, 2015

Actual

PREMIUMS:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Admin Fees

TOTAL PREMIUMS

CLAIMS EXPENSE:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Pharmacy Rebates
Health Services Expenses
Net Reinsurance
Disease Management & Network Fees

TOTAL CLAIMS EXPENSE

PREMIUMS OVER CLAIMS EXPENSE

COMMISSIONS ON PREMIUMS

PREMIUM TAXES & ASSESSMENTS

HEALTH INSURANCE INDUSTRY TAX

GENERAL & ADMINISTRATIVE:

Salary & Payroll Expenses
Non-Payroll Operating Expenses

TOTAL GENERAL & ADMINISTRATIVE

UNDERWRITING INCOME

OTHER INCOME (EXPENSE):

Investment Income
Subsidiary Income
Gain on Investment Sales
Interest Income / (Expense)
JMA Gain Sharing / Misc
Charitable Contributions

TOTAL OTHER INCOME (EXPENSE)

INCOME BEFORE TAXES

INCOME TAXES

NET INCOME

PacificSource Community Solutions, Inc. (Medicaid)

Projected Income Statement
For the Twelve Months Ending December 31, 2015

Projected

PREMIUMS:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Admin Fees

TOTAL PREMIUMS

CLAIMS EXPENSE:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Pharmacy Rebates
Health Services Expenses
Net Reinsurance
Disease Management & Network Fees

TOTAL CLAIMS EXPENSE

PREMIUMS OVER CLAIMS EXPENSE

COMMISSIONS ON PREMIUMS

PREMIUM TAXES & ASSESSMENTS

HEALTH INSURANCE INDUSTRY TAX

GENERAL & ADMINISTRATIVE:

Salary & Payroll Expenses
Non-Payroll Operating Expenses

TOTAL GENERAL & ADMINISTRATIVE

UNDERWRITING INCOME

OTHER INCOME (EXPENSE):

Investment Income
Subsidiary Income
Gain on Investment Sales
Interest Income / (Expense)
JMA Gain Sharing / Misc
Charitable Contributions

TOTAL OTHER INCOME (EXPENSE)

INCOME BEFORE TAXES

INCOME TAXES

NET INCOME

PacificSource Community Solutions, Inc. (Medicaid)

Projected Income Statement
For the Twelve Months Ending December 31, 2016

Projected

PREMIUMS:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Admin Fees

TOTAL PREMIUMS

CLAIMS EXPENSE:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Pharmacy Rebates
Health Services Expenses
Net Reinsurance
Disease Management & Network Fees

TOTAL CLAIMS EXPENSE

PREMIUMS OVER CLAIMS EXPENSE

COMMISSIONS ON PREMIUMS

PREMIUM TAXES & ASSESSMENTS

HEALTH INSURANCE INDUSTRY TAX

GENERAL & ADMINISTRATIVE:

Salary & Payroll Expenses
Non-Payroll Operating Expenses

TOTAL GENERAL & ADMINISTRATIVE

UNDERWRITING INCOME

OTHER INCOME (EXPENSE):

Investment Income
Subsidiary Income
Gain on Investment Sales
Interest Income / (Expense)
JMA Gain Sharing / Misc
Charitable Contributions

TOTAL OTHER INCOME (EXPENSE)

INCOME BEFORE TAXES

INCOME TAXES

NET INCOME

PacificSource Community Solutions, Inc. (Medicaid)

Projected Income Statement
For the Twelve Months Ending December 31, 2017

Projected

PREMIUMS:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Admin Fees

TOTAL PREMIUMS

CLAIMS EXPENSE:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Pharmacy Rebates
Health Services Expenses
Net Reinsurance
Disease Management & Network Fees

TOTAL CLAIMS EXPENSE

PREMIUMS OVER CLAIMS EXPENSE

COMMISSIONS ON PREMIUMS

PREMIUM TAXES & ASSESSMENTS

HEALTH INSURANCE INDUSTRY TAX

GENERAL & ADMINISTRATIVE:

Salary & Payroll Expenses
Non-Payroll Operating Expenses

TOTAL GENERAL & ADMINISTRATIVE

UNDERWRITING INCOME

OTHER INCOME (EXPENSE):

Investment Income
Subsidiary Income
Gain on Investment Sales
Interest Income / (Expense)
JMA Gain Sharing / Misc
Charitable Contributions

TOTAL OTHER INCOME (EXPENSE)

INCOME BEFORE TAXES

INCOME TAXES

NET INCOME

PacificSource Community Solutions, Inc. (Medicaid)

Projected Income Statement
For the Twelve Months Ending December 31, 2018

Projected

PREMIUMS:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Admin Fees

TOTAL PREMIUMS

CLAIMS EXPENSE:

Commercial Group Medical
Commercial Individual Medical
Commercial Dental

Medicare
Medicaid
Pharmacy Rebates
Health Services Expenses
Net Reinsurance
Disease Management & Network Fees

TOTAL CLAIMS EXPENSE

PREMIUMS OVER CLAIMS EXPENSE

COMMISSIONS ON PREMIUMS

PREMIUM TAXES & ASSESSMENTS

HEALTH INSURANCE INDUSTRY TAX

GENERAL & ADMINISTRATIVE:

Salary & Payroll Expenses
Non-Payroll Operating Expenses

TOTAL GENERAL & ADMINISTRATIVE

UNDERWRITING INCOME

OTHER INCOME (EXPENSE):

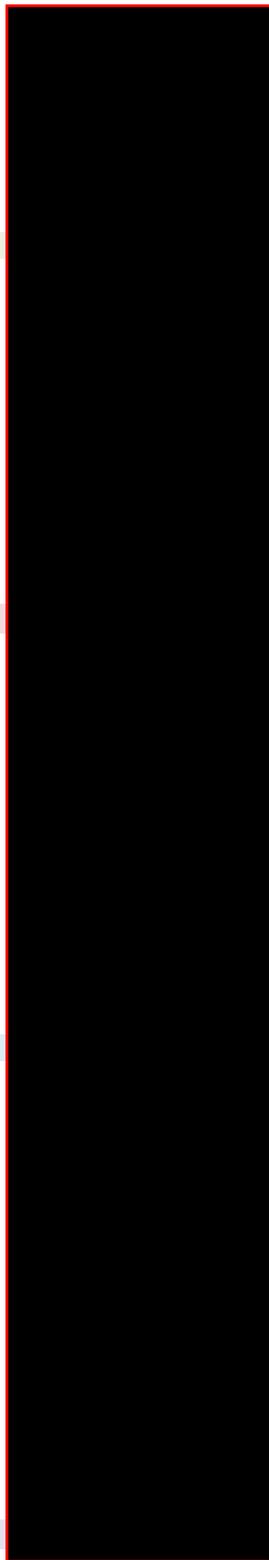
Investment Income
Subsidiary Income
Gain on Investment Sales
Interest Income / (Expense)
JMA Gain Sharing / Misc
Charitable Contributions

TOTAL OTHER INCOME (EXPENSE)

INCOME BEFORE TAXES

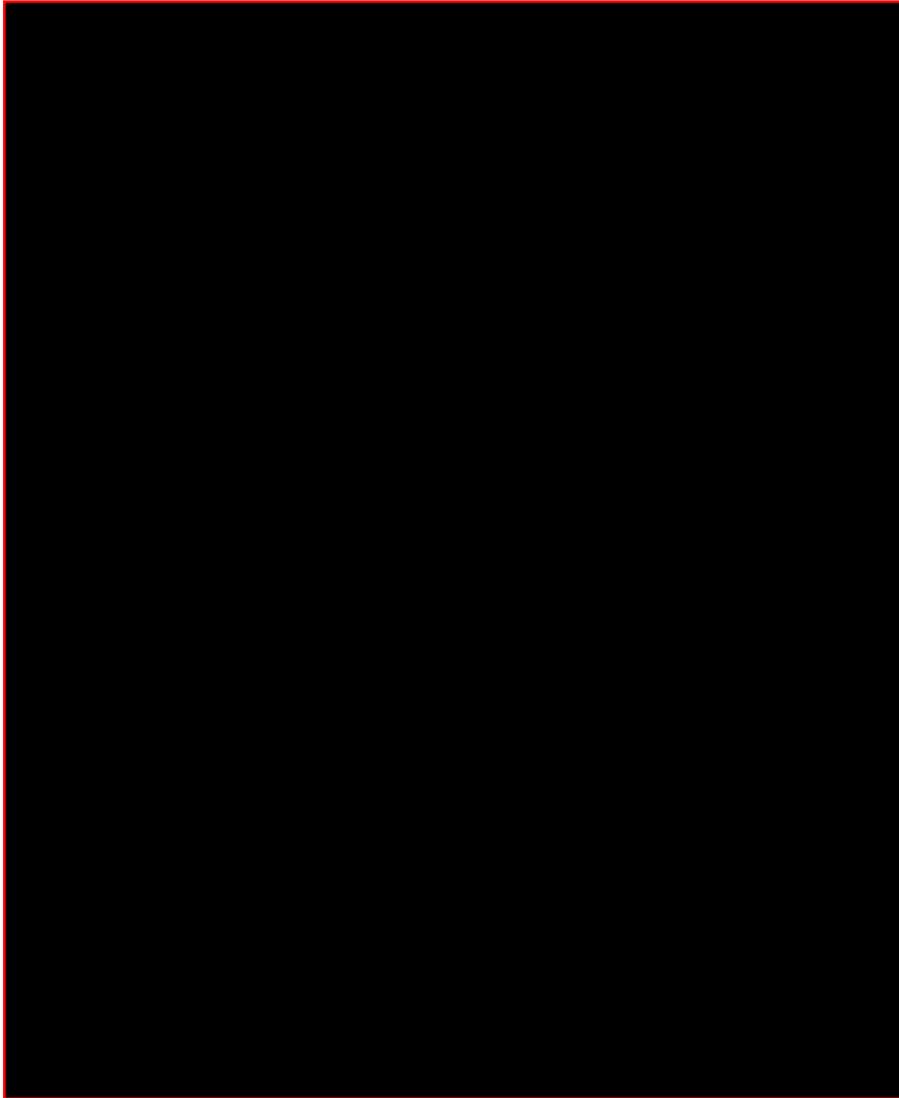
INCOME TAXES

NET INCOME



PacificSource Health Plans
All States by Product -- Actual
For the Six Months Ending June 30, 2015

<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		
Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		



PacificSource Health Plans
Oregon by Product -- Actual
For the Six Months Ending June 30, 2015

	<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			

PacificSource Health Plans
Idaho by Product -- Actual
For the Six Months Ending June 30, 2015

	<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			

PacificSource Health Plans
Montana by Product -- Actual
For the Six Months Ending June 30, 2015

	<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			



PacificSource Health Plans
All States by Product -- Actual PMPM
For the Six Months Ending June 30, 2015

<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		
Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		



PacificSource Health Plans
All States by Product -- Projected
For the Year Ending December 31, 2015

	<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			

PacificSource Health Plans
Oregon by Product -- Projected
For the Year Ending December 31, 2015

	<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			

Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			



PacificSource Health Plans
Idaho by Product -- Projected
For the Year Ending December 31, 2015

	<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			

PacificSource Health Plans
Montana by Product -- Projected
For the Year Ending December 31, 2015

	<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			

PacificSource Health Plans

All States by Product -- Projected PMPM
For the Year Ending December 31, 2015

Group

Individual

Dental

Premiums
Claims
Net Reinsurance
Pharmacy Rebates
Health Services Expense
Disease Mgmt & Network Fees

Premiums over claims

Commissions
Premium Taxes & Assessments
Health Insurance Industry Tax

Net Premiums before G&A

General & Admin. Expenses

Underwriting Income

Member Months

Premiums
Claims
Net Reinsurance
Pharmacy Rebates
Health Services Expense
Disease Mgmt & Network Fees

Premiums over claims

Commissions
Premium Taxes & Assessments
Health Insurance Industry Tax

Net Premiums before G&A

General & Admin. Expenses

Underwriting Income

Member Months



PacificSource Health Plans
 All States by Product -- Projected
 For the Year Ending December 31, 2016

	<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			

PacificSource Health Plans
Oregon by Product -- Projected
For the Year Ending December 31, 2016

<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		

Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		



PacificSource Health Plans
Idaho by Product -- Projected
For the Year Ending December 31, 2016

	<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			

PacificSource Health Plans
Montana by Product -- Projected
For the Year Ending December 31, 2016

<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		
Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		



PacificSource Health Plans

All States by Product -- Projected PMPM
For the Year Ending December 31, 2016

Group

Individual

Dental

Premiums
Claims
Net Reinsurance
Pharmacy Rebates
Health Services Expense
Disease Mgmt & Network Fees
Premiums over claims

Commissions
Premium Taxes & Assessments
Health Insurance Industry Tax
Net Premiums before G&A

General & Admin. Expenses

Underwriting Income

Member Months

Premiums
Claims
Net Reinsurance
Pharmacy Rebates
Health Services Expense
Disease Mgmt & Network Fees
Premiums over claims

Commissions
Premium Taxes & Assessments
Health Insurance Industry Tax
Net Premiums before G&A

General & Admin. Expenses

Underwriting Income

Member Months

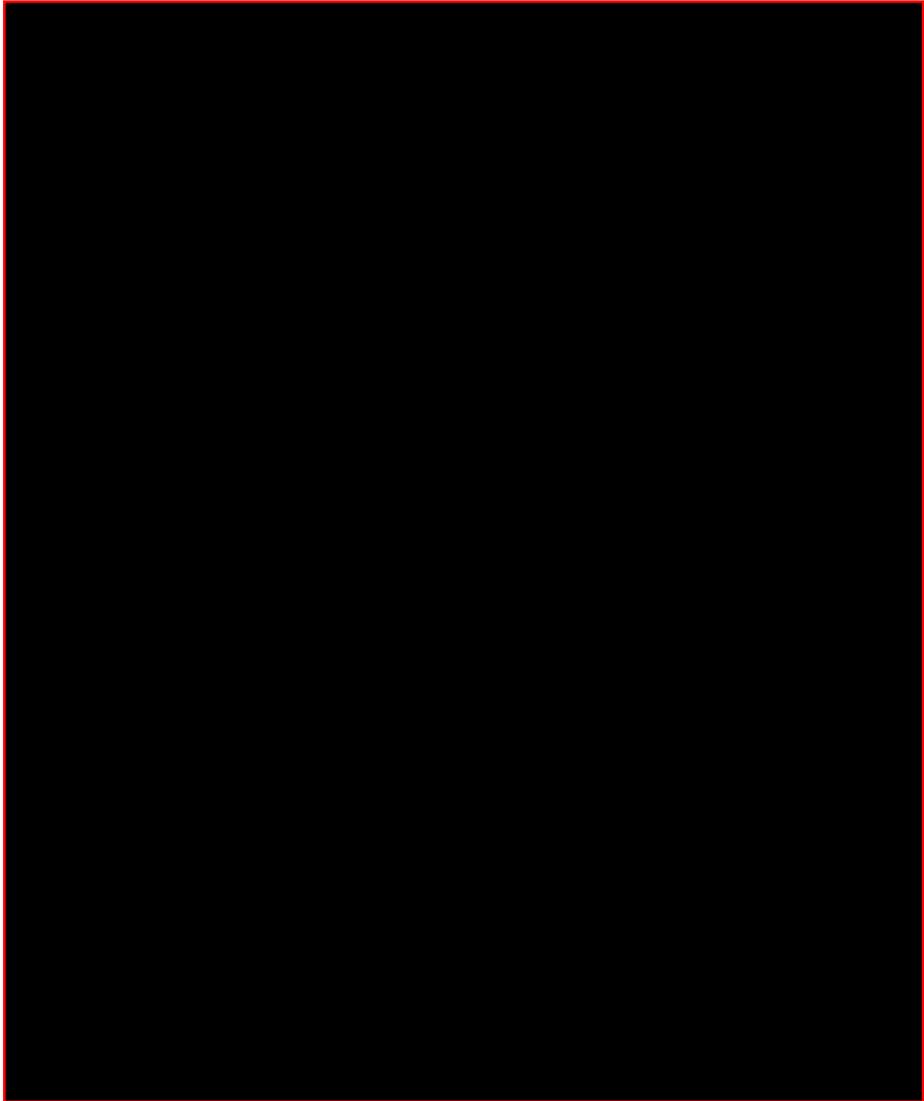


PacificSource Health Plans
All States by Product -- Projected
For the Year Ending December 31, 2017

	<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			

PacificSource Health Plans
Oregon by Product -- Projected
For the Year Ending December 31, 2017

<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		
Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		



PacificSource Health Plans
Idaho by Product -- Projected
For the Year Ending December 31, 2017

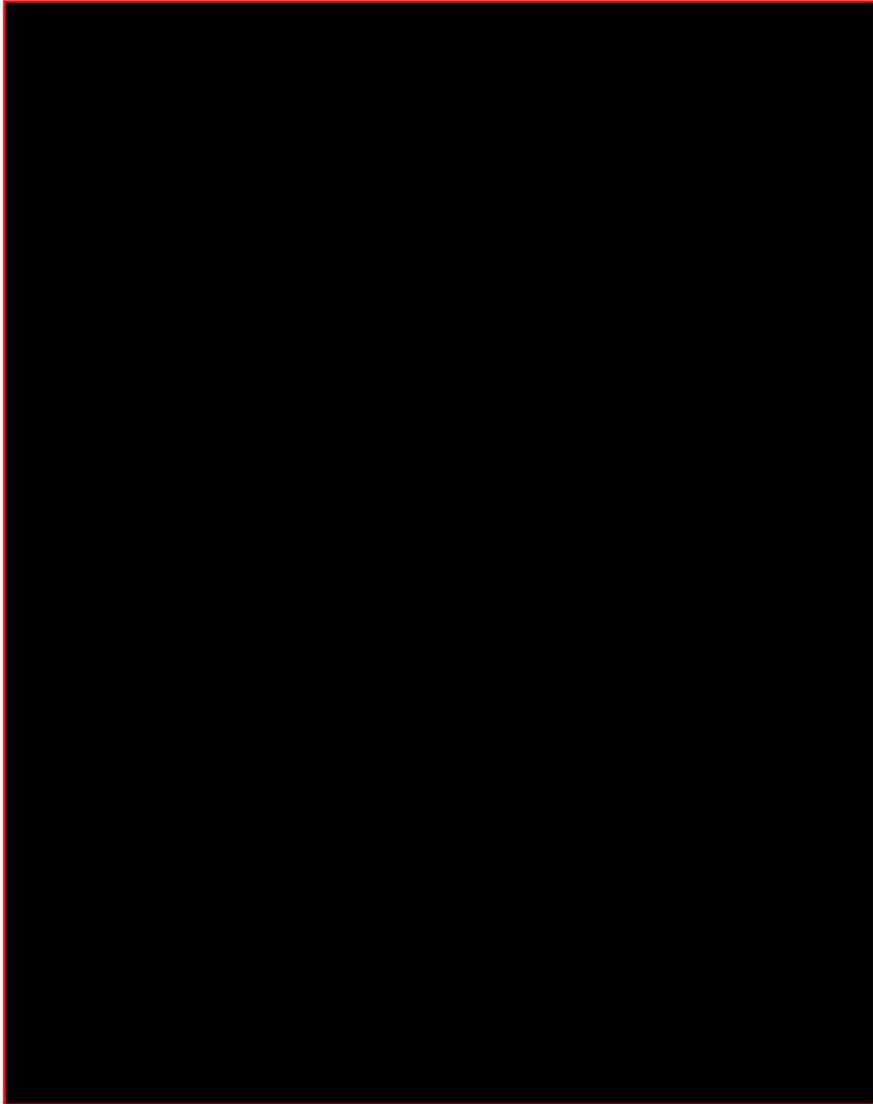
<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		
Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		



PacificSource Health Plans
Montana by Product -- Projected
For the Year Ending December 31, 2017

<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		

Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		



PacificSource Health Plans

All States by Product -- Projected PMPM
For the Year Ending December 31, 2017

Group

Individual

Dental

Premiums
Claims
Net Reinsurance
Pharmacy Rebates
Health Services Expense
Disease Mgmt & Network Fees
Premiums over claims

Commissions
Premium Taxes & Assessments
Health Insurance Industry Tax
Net Premiums before G&A

General & Admin. Expenses

Underwriting Income

Member Months

Premiums
Claims
Net Reinsurance
Pharmacy Rebates
Health Services Expense
Disease Mgmt & Network Fees
Premiums over claims

Commissions
Premium Taxes & Assessments
Health Insurance Industry Tax
Net Premiums before G&A

General & Admin. Expenses

Underwriting Income

Member Months



PacificSource Health Plans
 All States by Product -- Projected
 For the Year Ending December 31, 2018

	<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			

PacificSource Health Plans
Oregon by Product -- Projected
For the Year Ending December 31, 2018

	<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			

PacificSource Health Plans
Idaho by Product -- Projected
For the Year Ending December 31, 2018

<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		
Premiums		
Claims		
Net Reinsurance		
Pharmacy Rebates		
Health Services Expense		
Disease Mgmt & Network Fees		
Premiums over claims		
Commissions		
Premium Taxes & Assessments		
Health Insurance Industry Tax		
Net Premiums before G&A		
General & Admin. Expenses		
Underwriting Income		
Member Months		



PacificSource Health Plans
Montana by Product -- Projected
For the Year Ending December 31, 2018

	<u>Group</u>	<u>Individual</u>	<u>Dental</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Health Insurance Industry Tax			
Net Premiums before G&A			
General & Admin. Expenses			
Underwriting Income			
Member Months			

PacificSource Health Plans

All States by Product -- Projected PMPM
For the Year Ending December 31, 2018

Group

Individual

Dental

Premiums
Claims
Net Reinsurance
Pharmacy Rebates
Health Services Expense
Disease Mgmt & Network Fees
Premiums over claims

Commissions
Premium Taxes & Assessments
Health Insurance Industry Tax
Net Premiums before G&A

General & Admin. Expenses

Underwriting Income

Member Months

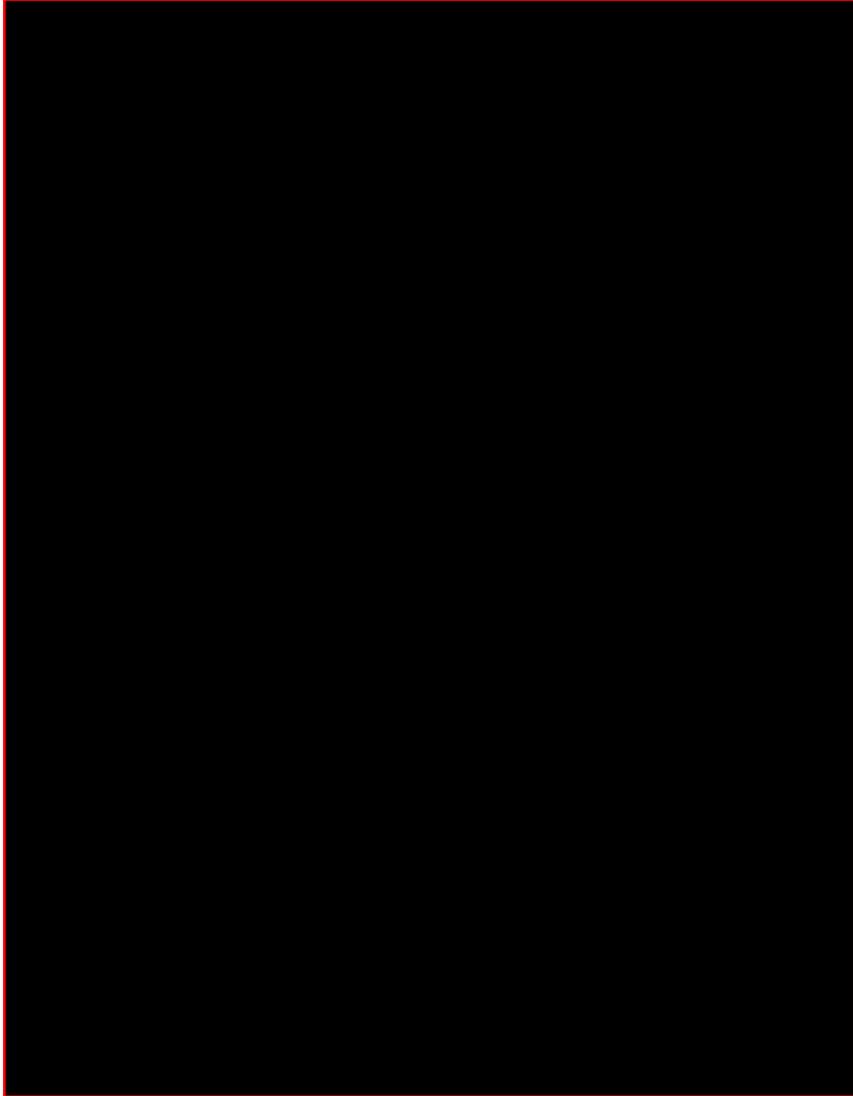
Premiums
Claims
Net Reinsurance
Pharmacy Rebates
Health Services Expense
Disease Mgmt & Network Fees
Premiums over claims

Commissions
Premium Taxes & Assessments
Health Insurance Industry Tax
Net Premiums before G&A

General & Admin. Expenses

Underwriting Income

Member Months



PacificSource Community Health Plans (Medicare)

All States by Product -- Actual
For the Six Months Ending June 30, 2015

	<u>Total Medicare</u> <u>(Gross)</u>	<u>Total Medicare</u> <u>(PMPM)</u>	<u>Total Medicare</u> <u>(% of Premiums)</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Net Premiums before G&A			
General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			

PacificSource Community Health Plans (Medicare)

All States by Product -- Projected
For the Twelve Months Ending December 31, 2015

	<u>Total Medicare</u> <u>(Gross)</u>	<u>Total Medicare</u> <u>(PMPM)</u>	<u>Total Medicare (%)</u> <u>of Premiums)</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Net Premiums before G&A			
General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			

PacificSource Community Health Plans (Medicare)

Oregon by Product -- Actual
For the Six Months Ending June 30, 2015

	<u>Oregon Medicare</u> <u>(Gross)</u>	<u>Oregon Medicare</u> <u>(PMPM)</u>	<u>Oregon Medicare</u> <u>(% of Premiums)</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Net Premiums before G&A			
General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			

PacificSource Community Health Plans (Medicare)

Oregon by Product -- Projected
For the Twelve Months Ending December 31, 2015

	<u>Oregon Medicare</u> <u>(Gross)</u>	<u>Oregon Medicare</u> <u>(PMPM)</u>	<u>Oregon Medicare</u> <u>(% of Premiums)</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Net Premiums before G&A			
General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			

PacificSource Community Health Plans (Medicare)

Idaho by Product -- Actual
For the Six Months Ending June 30, 2015

	<u>Idaho Medicare</u> <u>(Gross)</u>	<u>Idaho Medicare</u> <u>(PMPM)</u>	<u>Idaho Medicare</u> <u>(% of Premiums)</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Net Premiums before G&A			
General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			

PacificSource Community Health Plans (Medicare)

Idaho by Product -- Projected
For the Twelve Months Ending December 31, 2015

	<u>Idaho Medicare</u> <u>(Gross)</u>	<u>Idaho Medicare</u> <u>(PMPM)</u>	<u>Idaho Medicare</u> <u>(% of Premiums)</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Net Premiums before G&A			
General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			

PacificSource Community Health Plans (Medicare)

All States by Product -- Projected
For the Twelve Months Ending December 31, 2016

	<u>Total Medicare</u> <u>(Gross)</u>	<u>Total Medicare</u> <u>(PMPM)</u>	<u>Total Medicare (%)</u> <u>of Premiums)</u>
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Pharmacy Rebates			
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Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
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General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			

PacificSource Community Health Plans (Medicare)

All States by Product -- Projected
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Disease Mgmt & Network Fees			
Premiums over claims			
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Premium Taxes & Assessments			
Net Premiums before G&A			
General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			

PacificSource Community Health Plans (Medicare)

Oregon by Product -- Projected
For the Twelve Months Ending December 31, 2016

	<u>Oregon Medicare</u> <u>(Gross)</u>	<u>Oregon Medicare</u> <u>(PMPM)</u>	<u>Oregon Medicare</u> <u>(% of Premiums)</u>
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Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Net Premiums before G&A			
General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			

PacificSource Community Health Plans (Medicare)

Oregon by Product -- Projected
For the Twelve Months Ending December 31, 2017

	<u>Oregon Medicare</u> <u>(Gross)</u>	<u>Oregon Medicare</u> <u>(PMPM)</u>	<u>Oregon Medicare</u> <u>(% of Premiums)</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Net Premiums before G&A			
General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			

PacificSource Community Health Plans (Medicare)

Idaho by Product -- Projected
For the Twelve Months Ending December 31, 2016

	<u>Idaho Medicare</u> <u>(Gross)</u>	<u>Idaho Medicare</u> <u>(PMPM)</u>	<u>Idaho Medicare</u> <u>(% of Premiums)</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Net Premiums before G&A			
General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			

PacificSource Community Health Plans (Medicare)

Idaho by Product -- Projected
For the Twelve Months Ending December 31, 2017

	<u>Idaho Medicare</u> <u>(Gross)</u>	<u>Idaho Medicare</u> <u>(PMPM)</u>	<u>Idaho Medicare</u> <u>(% of Premiums)</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Net Premiums before G&A			
General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			

PacificSource Community Health Plans (Medicare)

All States by Product -- Projected

For the Twelve Months Ending December 31, 2018

	<u>Total Medicare</u>	<u>Total Medicare</u>	<u>Total Medicare (%)</u>
	<u>(Gross)</u>	<u>(PMPM)</u>	<u>of Premiums)</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Net Premiums before G&A			
General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			



PacificSource Community Health Plans (Medicare)

Oregon by Product -- Projected
 For the Twelve Months Ending December 31, 2018

	<u>Oregon Medicare</u>	<u>Oregon Medicare</u>	<u>Oregon Medicare</u>
	<u>(Gross)</u>	<u>(PMPM)</u>	<u>(% of Premiums)</u>
Premiums			
Claims			
Net Reinsurance			
Pharmacy Rebates			
Health Services Expense			
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Premiums over claims			
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Premium Taxes & Assessments			
Net Premiums before G&A			
General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			

PacificSource Community Health Plans (Medicare)

Idaho by Product -- Projected
 For the Twelve Months Ending December 31, 2018

	<u>Idaho Medicare</u>	<u>Idaho Medicare</u>	<u>Idaho Medicare</u>
	<u>(Gross)</u>	<u>(PMPM)</u>	<u>(% of Premiums)</u>
Premiums			
Claims			
Net Reinsurance			
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Health Services Expense			
Disease Mgmt & Network Fees			
Premiums over claims			
Commissions			
Premium Taxes & Assessments			
Net Premiums before G&A			
General & Administrative Expenses			
Underwriting Income			
Medical Member Months			
Dental Member Months			
Total Member Months			

Pacific Health Associates
 Projected Consolidated Balance Sheet
 As of December 31, 2016

Pacific Health Associates
 Projected Consolidated Balance Sheet
 As of December 31, 2017

	<u>Consolidated</u>
Assets	
Cash & Cash Equivalents	
Trust Funds	
Accounts Receivable - Commercial	
Accounts Receivable - CCO	
Accounts Receivable - Medicare	
Accounts and Other Receivables	
Total Accounts Receivable	
Intercompany Receivable/Payables	
Prepaid Expenses	
Income Tax Receivable	
Deferred Income Taxes, net	
Current Assets	
Investments, net	
Investment in Subsidiaries	
Property and Equipment, net	
Note Receivable	
Restricted Security	
Goodwill & Other Intangibles	
Other Assets	
Total Assets	
Liabilities	
Claims and Adjudication Liability	
Risk Withhold Payable	
Premiums Received in Advance	
Accounts Payable and Accrued Liabilities	
Collections for Others & Reserves	
Accrued HIT and Income Taxes Payable	
Accrued Retirement Plan Payables	
Due to Related Parties	
Line of Credit	
Current Portion of Long Term Debt	
Construction Loan	
Current Liabilities	
Long Term Debt	
Deferred Tax Liability, net	
Deferred Compensation Payable	
Total Liabilities	
Equity	
Common Stock	
Additional Paid in Capital	
Unrealized Gain/Loss Investments	
Deferred Taxes	
Defined Benefit Plan Comprehensive Income	
Income - Current Year	
Retained Earnings	
Total Stockholders Equity	
Total Liabilities and Equity	

	<u>Consolidated</u>
Assets	
Cash & Cash Equivalents	
Trust Funds	
Accounts Receivable - Commercial	
Accounts Receivable - CCO	
Accounts Receivable - Medicare	
Accounts and Other Receivables	
Total Accounts Receivable	
Intercompany Receivable/Payables	
Prepaid Expenses	
Income Tax Receivable	
Deferred Income Taxes, net	
Current Assets	
Investments, net	
Investment in Subsidiaries	
Property and Equipment, net	
Note Receivable	
Restricted Security	
Goodwill & Other Intangibles	
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Total Assets	
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Claims and Adjudication Liability	
Risk Withhold Payable	
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Accounts Payable and Accrued Liabilities	
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Unrealized Gain/Loss Investments	
Deferred Taxes	
Defined Benefit Plan Comprehensive Income	
Income - Current Year	
Retained Earnings	
Total Stockholders Equity	
Total Liabilities and Equity	

Pacific Health Associates
Projected Consolidated Balance Sheet
As of December 31, 2018

	<u>Consolidated</u>
Assets	
Cash & Cash Equivalents	
Trust Funds	
Accounts Receivable - Commercial	
Accounts Receivable - CCO	
Accounts Receivable - Medicare	
Accounts and Other Receivables	
Total Accounts Receivable	
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Equity	
Common Stock	
Additional Paid in Capital	
Unrealized Gain/Loss Investments	
Deferred Taxes	
Defined Benefit Plan Comprehensive Income	
Income - Current Year	
Retained Earnings	
Total Stockholders Equity	
Total Liabilities and Equity	

Historical Information and Summary of Significant Assumptions

PacificSource is an independent, nonprofit, public benefit corporation headquartered in Springfield, Oregon which offers a full range of health insurance products, including Commercial, Medicare Advantage and Medicaid. With an 81-year history and reputation for taking great care of people, PacificSource delivers healthcare solutions to businesses and individuals throughout the Northwest. The company is licensed in Oregon, Idaho, Montana and Washington (not currently offering products in Washington) with offices throughout its service areas. PacificSource, through its subsidiaries, serves over 280,000 members and employs approximately 750 people.

Mission: To provide better health, better care, and better cost to the people and communities we serve.

Vision: To be the health plan with the highest preference, satisfaction, and value in all our markets.

Values:

- We are committed to doing the right thing.
- We are one team working toward a common goal.
- We are each responsible for our customers' experience.
- We practice open communication at all levels of the company to foster individual, team and company growth.
- We actively participate in efforts to improve our many communities, internal and external.
- We encourage creativity, innovation, continuous improvement, and the pursuit of excellence

History - The evolution of a community health plan

PacificSource was founded in 1933 by a group of 21 physicians who staffed and operated Pacific Christian Hospital in Eugene, Oregon. Within a year the company covered 600 employees and, in 1935, hired the first full-time manager. That same year Pacific Christian Hospital was sold, making Pacific Hospital Association, the chosen name of the organization, a separate entity.

Slow, steady growth and solid resources made Pacific Hospital Association ("PHA") an attractive company in the 1940s, and the firm rejected offers to merge twice during the first half of the decade. By 1945, PHA insured 4,500 working men and women at \$2 per month.

As the country entered the post-war boom of the 1950s, PHA continued its steady growth. The company celebrated its 20th anniversary in 1953 with 10,500 members, 123 business contracts, and 67 physicians. In 1964, the physicians at the Eugene

Hospital and Clinic joined PHA as member doctors. Soon after, two major client groups decided to self-insure their employees, and PHA expanded its menu of services by providing administrative services for those clients.

By 1975, PHA had become a major health insurer for Lane County, Oregon residents. In the early 1980s, the health insurance industry experienced increased utilization, and many carriers raised premiums dramatically in response to large claims losses. Thanks to its selective marketing and conservative underwriting practices, PHA avoided large losses and emerged stronger than ever. In 1985 and 1986, PHA expanded its Oregon marketing area to include Douglas, Linn, Coos, and Benton Counties and, in 1987, construction was completed on a company-owned office building in Eugene.

The company grew dramatically in the 1990s as a result of aggressive provider contracting and marketing efforts. In 1992, PHA opened a regional office in Portland, Oregon and, in 1994, the company launched its own line of group dental plans. The organization adopted the name PacificSource Health Plans in October 1994 to better reflect its mission as a health insurer. By the late 1990s, PacificSource had become a statewide plan, providing businesses and individuals in all corners of Oregon with flexible health and dental insurance.

To better serve its customers and to accommodate enrollment increases, PacificSource opened regional offices in Bend in 2000 and in Medford in 2004. The company occupied a newly constructed company-owned headquarters in Springfield, Oregon, in September 2003. That same year, PacificSource enhanced its position as a market leader and source for innovative benefit solutions by acquiring two third-party administrators: Manley Administrative Services, Co., an administrator of flexible spending accounts, health reimbursement arrangements, and COBRA benefits; and Select Benefit Administrators, Inc., an administrator of self-funded employee benefit plans.

In 2007, PacificSource achieved a key goal of its expansion strategy by entering the Idaho market and opening a regional office in downtown Boise, Idaho. It celebrated its 75th anniversary in 2008, ending the year with 150,000 covered members and newly acquired licensure in Washington.

In 2009 PacificSource enhanced its Idaho market presence and its dental membership through two acquisitions: Primary Health, Inc. of Idaho, including Primary Health Plan, Riverside Benefit Administrators, and Idaho Physicians Network; and Advantage Dental's commercial dental business. Through this growth PacificSource finished 2009 with 206,000 members.

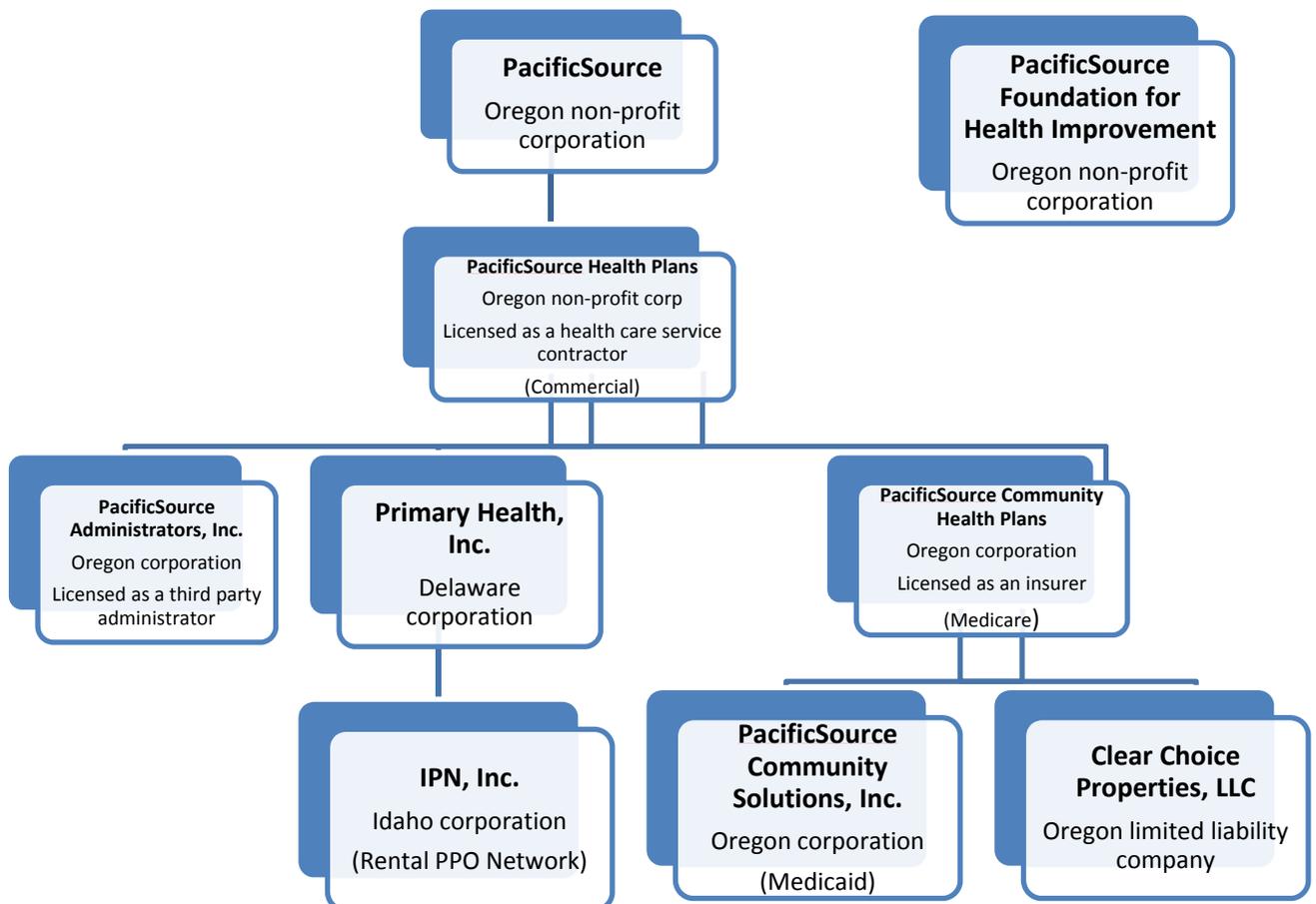
In keeping with its vision of becoming the leading community health plan in the region, PacificSource entered the Medicare and Medicaid markets in 2010 through the acquisition of Clear One Health Plans, Inc. This union combined Clear One's expertise in government programs with PacificSource's longstanding leadership as a commercial

health plan, providing greater opportunity to collaborate with providers across a broader spectrum of patients to improve healthcare quality and access.

Through the acquisition of Clear One, PacificSource also gained a foothold in the Montana market with 1,500 members and began its expansion in that state. In 2012 PacificSource opened an office in Helena, achieved licensure in Montana, and signed an agreement to purchase a portion of New West Health Services' commercial health insurance business.

Now, as a full-service organization with licensure in four states and with the new affiliation with Legacy Health, PacificSource is well positioned to expand on its role as a community healthcare asset. Offering healthcare solutions for individuals, small companies, large organizations, and government programs, PacificSource is able to meet the needs of all community members.

Structure:



Commercial:





Government:



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