



QUARTERLY STATEMENT

AS OF MARCH 31, 2018
OF THE CONDITION AND AFFAIRS OF THE

Merit Health Insurance Company

NAIC Group Code	01260	01260	NAIC Company Code	18750	Employer's ID Number	36-3856181
	(Current Period)	(Prior Period)				
Organized under the Laws of	Illinois		State of Domicile or Port of Entry	Illinois		
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health [X]		Property/Casualty []	Hospital, Medical & Dental Service or Indemnity []		
	Dental Service Corporation []		Vision Service Corporation []	Health Maintenance Organization []		
	Other []			Is HMO Federally Qualified? Yes [] No []		
Incorporated/Organized	11/23/1992		Commenced Business	01/08/1993		
Statutory Home Office	5215 Old Orchard Road, Suite 600		Skokie, IL, US 60077			
	(Street and Number)		(City or Town, State, Country and Zip Code)			
Main Administrative Office	5215 Old Orchard Road, Suite 600		Skokie, IL, US 60077		224-935-9809	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	5215 Old Orchard Road, Suite 600		Skokie, IL, US 60077			
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	14100 Magellan Plaza		Maryland Heights, MO, US 63043		314-387-5006	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	N/A					
Statutory Statement Contact	David P. Kunz		314-387-5006			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	dpkunz@magellanhealth.com		888-656-3258			
	(E-Mail Address)		(FAX Number)			

OFFICERS

Name	Title	Name	Title
Mostafa Kamal	President	Andrew Mark Cummings	Secretary
Jeffrey Nelson West	Treasurer		

OTHER OFFICERS

Linton Clarke Newlin	Vice-President	Michael Patrick McQuillen	Assistant Secretary
John DiBernardi	Assistant Secretary	Sanjeev Srivastava	Vice-President
Anne McCabe	Vice-President		

DIRECTORS OR TRUSTEES

Mostafa Kamal	Michael Vallino	Julie Ann Billingsley	Jeffrey Nelson West
Sanjeev Srivastava	Sakib Hassan	Daniel Gregoire	

State of
County of SS

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

Mostafa Kamal President	Andrew Mark Cummings Secretary	Jeffrey Nelson West Treasurer
Subscribed and sworn to before me this day of ,		a. Is this an original filing? Yes [X] No []
		b. If no:
		1. State the amendment number
		2. Date filed
		3. Number of pages attached

STATEMENT AS OF MARCH 31, 2018 OF THE Merit Health Insurance Company

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	2,850,338		2,850,338	2,850,931
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$784,697), cash equivalents (\$3,742,068) and short-term investments (\$109,987)	4,636,751		4,636,751	4,126,164
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives	0		0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	7,487,089	0	7,487,089	6,977,095
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	16,937		16,937	10,210
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,853,487		2,853,487	2,611,747
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)	22,352,484		22,352,484	13,760,838
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	31,964,408		31,964,408	36,519,277
18.1 Current federal and foreign income tax recoverable and interest thereon	357,174		357,174	0
18.2 Net deferred tax asset			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$) and other amounts receivable	69,834,725	9,281,708	60,553,018	71,168,194
25. Aggregate write-ins for other-than-invested assets	201,471	201,471	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	135,067,775	9,483,179	125,584,596	131,047,361
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	135,067,775	9,483,179	125,584,596	131,047,361
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501.			0	0
2502. Prepaid Other	201,471	201,471	0	0
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	201,471	201,471	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded).....			0	0
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	21,187		21,187	21,489
4. Aggregate health policy reserves including the liability of \$ for medical loss ratio rebate per the Public Health Service Act			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	26,962,730		26,962,730	560,571
9. General expenses due or accrued	644,458		644,458	5,722,784
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))	0		0	268,562
10.2 Net deferred tax liability.....			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	1,000,083		1,000,083	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	45,774,904		45,774,904	72,580,012
16. Derivatives.....			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans			0	0
23. Aggregate write-ins for other liabilities (including \$ current)	2,248,750	0	2,248,750	0
24. Total liabilities (Lines 1 to 23).....	76,652,112	0	76,652,112	79,153,418
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	2,326,176
26. Common capital stock	XXX	XXX	2,000,000	2,000,000
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	21,020,000	21,020,000
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other-than-special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	25,912,484	26,547,765
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	48,932,484	51,893,941
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	125,584,596	131,047,359
DETAILS OF WRITE-INS				
2301.			0	0
2302. Health Insurer Fee Payable.....	2,248,750		2,248,750	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	2,248,750	0	2,248,750	0
2501. Special Surplus related to HIF fees.....	XXX	XXX	0	2,326,176
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	2,326,176
3001.	XXX	XXX		0
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	253,655	282,628	1,221,487
2. Net premium income (including \$ non-health premium income).....	XXX	22,558,965	23,308,566	102,721,070
3. Change in unearned premium reserves and reserve for rate credits	XXX	8,591,646	7,265,197	13,587,728
4. Fee-for-service (net of \$ medical expenses)	XXX		0	0
5. Risk revenue	XXX		0	0
6. Aggregate write-ins for other health care related revenues	XXX	(451,412)	(366,288)	(3,040,140)
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	30,699,199	30,207,475	113,268,659
Hospital and Medical:				
9. Hospital/medical benefits		81	(281,185)	(1,272,212)
10. Other professional services			0	0
11. Outside referrals			0	0
12. Emergency room and out-of-area			0	0
13. Prescription drugs		29,668,410	28,833,066	103,157,689
14. Aggregate write-ins for other hospital and medical.....	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0	0
16. Subtotal (Lines 9 to 15)	0	29,668,491	28,551,881	101,885,477
Less:				
17. Net reinsurance recoveries			0	0
18. Total hospital and medical (Lines 16 minus 17)	0	29,668,491	28,551,881	101,885,477
19. Non-health claims (net).....			0	0
20. Claims adjustment expenses, including \$ cost containment expenses.....		116,949	93,518	424,570
21. General administrative expenses.....		4,882,258	3,094,775	13,043,590
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....			0	0
23. Total underwriting deductions (Lines 18 through 22)	0	34,667,698	31,740,174	115,353,637
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(3,968,499)	(1,532,699)	(2,084,978)
25. Net investment income earned		18,714	23,259	66,932
26. Net realized capital gains (losses) less capital gains tax of \$			0	10,401,479
27. Net investment gains (losses) (Lines 25 plus 26)	0	18,714	23,259	10,468,411
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0	0
29. Aggregate write-ins for other income or expenses	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(3,949,785)	(1,509,439)	8,383,433
31. Federal and foreign income taxes incurred	XXX	(357,174)	(517,053)	(705,387)
32. Net income (loss) (Lines 30 minus 31)	XXX	(3,592,611)	(992,386)	9,088,820
DETAILS OF WRITE-INS				
0601. Performance Penalty.....	XXX	(62,100)	0	(1,427,800)
0602. Bad Debt.....	XXX	(389,312)	(366,288)	(1,612,340)
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	(451,412)	(366,288)	(3,040,140)
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.			0	0
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901.				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year.....	51,893,942	58,283,856	58,283,857
34. Net income or (loss) from Line 32	(3,592,611)	(992,386)	9,088,820
35. Change in valuation basis of aggregate policy and claim reserves		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		1,158,910	(6,373,219)
37. Change in net unrealized foreign exchange capital gain or (loss)		0	0
38. Change in net deferred income tax		0	0
39. Change in nonadmitted assets	631,154	1,485,267	(8,129,065)
40. Change in unauthorized and certified reinsurance	0	0	0
41. Change in treasury stock	0	0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles		0	0
44. Capital Changes:			
44.1 Paid in		0	0
44.2 Transferred from surplus (Stock Dividend)		0	500,000
44.3 Transferred to surplus		0	0
45. Surplus adjustments:			
45.1 Paid in		0	0
45.2 Transferred to capital (Stock Dividend)	0	0	(500,000)
45.3 Transferred from capital		0	0
46. Dividends to stockholders		0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0	(976,452)
48. Net change in capital and surplus (Lines 34 to 47)	(2,961,458)	1,651,791	(6,389,916)
49. Capital and surplus end of reporting period (Line 33 plus 48)	48,932,484	59,935,647	51,893,942
DETAILS OF WRITE-INS			
4701. Adjustment.....		0	(976,452)
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	(976,452)

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	46,899,773	21,601,185	99,072,914
2. Net investment income	12,579	8,140	118,311
3. Miscellaneous income	0	3,261,526	4,590,763
4. Total (Lines 1 to 3)	46,912,352	24,870,851	103,781,989
5. Benefit and loss related payments	45,301,470	24,946,868	114,535,676
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	4,252,106	(24,980,187)	11,092,199
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	268,562	(1,309,188)	(2,283,137)
10. Total (Lines 5 through 9)	49,822,138	(1,342,508)	123,344,737
11. Net cash from operations (Line 4 minus Line 10)	(2,909,786)	26,213,358	(19,562,748)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	0	635,000	670,000
12.2 Stocks	0	0	15,724,200
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	0
12.7 Miscellaneous proceeds	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	635,000	16,394,200
13. Cost of investments acquired (long-term only):			
13.1 Bonds	0	522,360	842,161
13.2 Stocks	0	0	0
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	522,360	842,161
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	0	112,640	15,552,039
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied).....	3,420,373	7,177,091	(13,644)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	3,420,373	7,177,091	(13,644)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	510,587	33,503,090	(4,024,353)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	4,126,164	8,150,517	8,150,517
19.2 End of period (Line 18 plus Line 19.1)	4,636,751	41,653,607	4,126,164

STATEMENT AS OF MARCH 31, 2018 OF THE Merit Health Insurance Company

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	108,974	.0	.0	.0	.0	.0	.0	.0	.0	108,974
2. First Quarter	85,823	.0	.0	.0	.0	.0	.0	.0	.0	85,823
3. Second Quarter	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Third Quarter	.0									
5. Current Year	0									
6. Current Year Member Months	253,655									253,655
Total Member Ambulatory Encounters for Period:										
7. Physician	.0									
8. Non-Physician	0									
9. Total	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	0									
11. Number of Inpatient Admissions	0									
12. Health Premiums Written (a).....	22,558,965									22,558,965
13. Life Premiums Direct.....	.0									
14. Property/Casualty Premiums Written	.0									
15. Health Premiums Earned	22,558,965									22,558,965
16. Property/Casualty Premiums Earned	.0									
17. Amount Paid for Provision of Health Care Services	45,301,470								.81	45,301,389
18. Amount Incurred for Provision of Health Care Services	29,668,491								81	29,668,410

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

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

[illegible]

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UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					.0	.0
2. Medicare Supplement					.0	.0
3. Dental only					.0	.0
4. Vision only					.0	.0
5. Federal Employees Health Benefits Plan					.0	.0
6. Title XVIII - Medicare					.0	.0
7. Title XIX - Medicaid					.0	.0
8. Other health		29,668,410			.0	.0
9. Health subtotal (Lines 1 to 8).....	0	29,668,410	0	0	.0	.0
10. Health care receivables (a)					.0	.0
11. Other non-health					.0	.0
12. Medical incentive pools and bonus amounts					.0	.0
13. Totals (Lines 9-10+11+12)	0	29,668,410	0	0	0	0

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

NOTES TO FINANCIAL STATEMENTS

1 Summary of Significant Accounting Policies

(A) - Accounting Practices

Merit Health Insurance Company (the “Company”) prepares its statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the Illinois Department of Insurance (the “Department”), which represents a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The Department requires that insurance companies domiciled in Illinois prepare their statutory-basis financial statements in accordance with the Codified National Association of Insurance Commissioners’ (“NAIC”) Statements of Statutory Accounting Principles (“SSAP”), subject to any deviations prescribed or permitted by the Department. The Company is not aware of any differences between the NAIC and the Department with respect to accounting practices that would have an impact on the accompanying statutory-basis financial statements. In addition, the accompanying statutory-basis financial statements have been prepared in accordance with the Annual Statement instructions and the NAIC Accounting Practices and Procedures manual.

State of Domicile: Illinois		2018	2018
Net Income			
Merit Health Insurance Company State Basis test		\$ (3,592,611)	\$ 9,088,821
State Prescribe Practices that increase/(decrease) NAIC SAP		\$ -	\$ -
State Permitted Practices that increase/(decrease) NAIC SAP		\$ -	\$ -
NAIC SAP		\$ (3,592,611)	\$ 9,088,821
SURPLUS			
Merit Health Insurance Company State Basis		\$ 48,932,485	\$ 51,893,942
State Prescribe Practices that increase/(decrease) NAIC SAP		\$ -	\$ -
State Permitted Practices that increase/(decrease) NAIC SAP		\$ -	\$ -
NAIC SAP		\$ 48,932,485	\$ 51,893,942

(B) - Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions that affect the reported amounts of admitted assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates of the Company include, among other things, contract receivables realization and the establishment of claims unpaid reserves. Actual results could differ from those estimates.

(C) – Accounting Policies

Fair Value of Financial Instruments

The Company currently does not have any assets or liabilities that are required to be measured at fair value on a recurring basis. SSAP No. 100 “Fair Value Measurements”, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value. The carrying value of the Company’s financial instruments classified as current assets (other than short-term investments) and current liabilities approximate fair value due to their short maturities. As of December 31, 2017, the carrying value and fair value of the Company’s short-term investments totaled \$109,906 and \$109,815, respectively, the carrying value and fair value of the Company’s long-term investments totaled \$2,850,931 and \$2,835,592, respectively. As of March 31, 2018, the carrying value and fair value of the Company’s short-term investments totaled \$109,987 and \$109,939, respectively, the carrying value and fair value of the Company’s long-term investments totaled \$2,850,338 and \$2,834,702, respectively.

Cash, Cash Equivalents and Short-term Investments

Cash consists of cash on hand and in financial institutions, along with certificates of deposit with maturity dates at the time of acquisition of one year or less. Cash equivalents are short-term, highly liquid interest-bearing investments with maturity dates of three months or less when acquired. Short-term investments have maturities of one year or less at the time of acquisition (excluding those investments classified as cash equivalents) and are recorded at amortized cost using the straight-line basis, except in cases where NAIC designation requires them to be carried at the lower of amortized cost or fair value. For the periods presented, the Company’s cash equivalents consist of exempt money market mutual funds as classified on the mutual fund lists published by the NAIC.

For the periods presented, the Company’s short-term investments consist of a U.S. Treasury security.

Long-term Investments

Long-term investments have maturities in excess of one year from the date of acquisition and are recorded at amortized cost using the straight-line basis, except in cases where NAIC designation requires them to be carried at the lower of amortized cost or fair value. For the periods presented, the Company’s long-term investments consist of U.S. Treasury securities.

NOTES TO FINANCIAL STATEMENTS

Investment Securities

The Company periodically evaluates whether any declines in the fair value of investment securities are other-than-temporary. This evaluation consists of a review of several factors, including but not limited to: the length of time and extent that a security has been in an unrealized loss position; the existence of an event that would impair the issuer's future earnings potential; the near-term prospects for recovery of the market value of a security; and the intent and ability of the Company to hold the security until the market value recovers. Declines in value below cost for investments where it is considered probable that all contractual terms of the investment will be satisfied, the decline is due primarily to changes in interest rates (and not because of increased credit risk), and where the Company intends and has the ability to hold the investment for a period of time sufficient to allow a market recovery, are not assumed to be other-than-temporary. As of December 31, 2017 and March 31, 2018, the Company did not have any other-than-temporary impairments.

Contract Receivables

Contract receivables consist of amounts due from customers for capitated services. Collateral is generally not required. Contract receivables are admitted in the accompanying statutory-basis financial statements pursuant to the provisions of SSAP No. 84, "Certain Health Care Receivables and Receivables under Government Insured Plans" ("SSAP 84"). Evaluation of the collectability of amounts receivable is based upon factors surrounding the credit risk of specific customers, historical trends and other information. If it is probable the balance is uncollectible, any uncollectible receivable shall be written off and charged to income in the period the determination is made.

Amounts receivable relating to uninsured plans for claims and other costs paid by the administrator on behalf of the third party at risk and fees related to the services provided by the administrator to the plan are to be segregated from other receivables. In accordance with SSAP 84, receivables associated with uninsured plans are considered an admitted asset, including amounts over ninety days past due.

Revenue Recognition

Revenue associated with providing managed behavioral healthcare and substance abuse services on a risk basis is recognized over the applicable coverage period on a per member basis for covered members. The Company is paid a per member fee for all covered members, and this fee is recorded as revenue in the month in which members are entitled to service. The Company adjusts its revenue for retroactive membership terminations, additions and other changes, when such adjustments are identified, with the exception of retroactivity that can be reasonably estimated. The impact of retroactive rate amendments is generally reported in the accounting period that terms to the amendment are finalized, and that the amendment is executed. Any fees paid prior to the month of service are recorded as deferred revenue.

The Centers for Medicare & Medicaid Services ("CMS") premium, the member premium and the low-income premium subsidy represent payments for the Company's insurance risk coverage under Medicare Part D program and, therefore, are recorded as premium revenues. Premium revenues are recognized ratably over the period in which eligible individuals are entitled to receive prescription drug benefits.

Low Income Cost Sharing ("LICS"), catastrophic reinsurance and coverage gap subsidies from CMS represent cost reimbursements under the Medicare Part D program. Amounts received for these subsidies are not reflected as premium revenues, but rather are accounted for as deposits, with the related asset or liability recorded in either Amounts receivable related to uninsured plans, net or Amounts held under uninsured plans, net in the balance sheets.

The Company generated \$31,150,611 of premium revenue for the period ended March 31, 2018. These premiums include a \$8,591,646 increase in amounts due from CMS under a risk sharing feature of the Medicare Part D plan design referred to as the "risk corridor". Risk corridor amounts are recorded as an adjustment to premiums. Based on settlement position, amounts due to or from CMS under the risk sharing feature are recorded in either Health Policy Reserves or Accrued Retrospective Premiums in the accompanying balance sheets.

Due to the risk corridor, the Company's business is accounted for as a retrospectively rated contract. The Company estimates amounts due to or from CMS under the risk corridor feature using a mathematical approach based on the Company's underwriting experience. It is at least reasonably possible that these estimates could differ from the amounts that are ultimately settled with CMS and that such a change in the estimates could be material to the financial statements. The amount of net premiums written during the period ended March 31, 2018 that were subject to the retrospective feature was \$22,558,965, which represents 100% of premiums written excluding the risk corridor adjustment.

In addition to the above statements, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds are stated at amortized cost
- (3) None.
- (4) None
- (5) None
- (6) None

NOTES TO FINANCIAL STATEMENTS

- (7) None.
- (8) None
- (9) None
- (10) None

(11) Claims costs are recognized in the period in which covered members receive behavioral healthcare services. In addition to actual benefits paid, claims costs include the impact of accruals for estimates of claims unpaid. Claims unpaid represents the liability for healthcare claims reported but not yet paid and claims incurred but not yet reported (“IBNR”) related to the Company’s behavioral healthcare business. Such liabilities are determined by employing actuarial methods that are commonly used by health insurance actuaries and that meet actuarial standards of practice.

The IBNR portion of claims unpaid is estimated based on past claims payment experience for member groups, enrollment data, utilization statistics, authorized healthcare services and other factors. This data is incorporated into contract-specific actuarial reserve models and is further analyzed to create “completion factors” that represent the average percentage of total incurred claims that have been paid through a given date after being incurred. Factors that affect estimated completion factors include benefit changes, enrollment changes, shifts in product mix, seasonality influences, provider reimbursement changes, changes in claims inventory levels, the speed of claims processing and changes in paid claim levels. Completion factors are applied to claims paid through the financial statement date to estimate the ultimate claim expense incurred for the current period. Actuarial estimates of claims unpaid are then determined by subtracting the actual paid claims from the estimate of the ultimate incurred claims. For the most recent incurred months (generally the most recent two months), the percentage of claims paid for claims incurred in those months is generally low. This makes the completion factor methodology less reliable for such months. Therefore, incurred claims for any month with a completion factor that is less than 70 percent are generally not projected from historical completion and payment patterns; rather they are projected by estimating claims expense based on recent monthly estimated cost incurred per member per month times membership, taking into account seasonality influences, benefit changes and healthcare trend levels, collectively considered to be “trend factors”.

Claims unpaid balances are continually monitored and reviewed. If it is determined that the Company’s assumptions in estimating such liabilities are different than actual results, the Company’s results of operations and financial position could be impacted in future periods. Adjustments of prior period estimates may result in additional claims costs or a reduction of claims costs in the period an adjustment is made. Further, due to the considerable variability of healthcare costs, adjustments to claims unpaid occur each period and are sometimes significant as compared to the net income recorded in that period. Prior period development is recognized immediately upon the actuary’s judgment that a portion of the prior period liability is no longer needed or that additional liability should have been accrued.

Actuarial standards of practice require that claims unpaid be adequate under moderately adverse circumstances. Adverse circumstances are situations in which actual claims experience could be higher than the otherwise estimated value of such claims. In many situations, the claims paid amount experienced will be less than the estimate that satisfies the actuarial standards of practice.

- (12) None

(13) Amounts recorded in the Company’s financial statements for pharmaceutical rebates are determined based on the amounts Magellan Rx expects to collect from the various pharmaceutical manufacturers.

2 **Accounting Changes and Corrections of Errors**

None

3 **Business Combinations and Goodwill**

On August 2, 1996, the Company acquired Magellan Life, a Delaware life and accident and health insurance company that had insurance licenses in 30 states. The Company has accounted for its investment in Magellan Life under the equity method pursuant to SSAP No. 97, “Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSAP No. 88”. For statutory reporting purposes, the admitted value of the investment in subsidiary reflects the statutory equity in net assets of Magellan Life.

On December 1, 2017 the Company sold all shares in Magellan Life to Magellan Healthcare for \$15,724,200. The total carrying value of Magellan Life at the time of sale was \$14,788,095. The Company recognized previously unrealized capital gains of \$9,465,375 as investment income and \$936,105 as a gain on sale of the investment which are reflected in the accompanying statement of revenue and expenses. As of March 31, 2018 the Company did not have an investment in subsidiary.

4 **Discontinued Operations**

None

NOTES TO FINANCIAL STATEMENTS

5 Investments

- (A) None
- (B) None
- (C) None
- (D) None
- (E) None
- (F) None
- (G) None
- (H) None
- (I) None
- (J) None
- (K) None
- (L) Restricted Assets

(1) Restricted Assets (Including Pledged):

	1	2	3	4	5	6	7
Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted From Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
b. Collateral held under security lending agreements							
c. Subject to repurchase agreements							
d. Subject to reverse repurchase agreements							
e. Subject to dollar repurchase agreements							
f. Subject to dollar reverse repurchase agreements							
g. Placed under option contracts							
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock							
i. FHLB capital stock							
j. On deposit with states	3,221,175	3,006,052	215,123	-	3,221,175	2.3%	2.4%
k. On deposit with other regulatory bodies							
l. Pledged as collateral to FHLB (including assets backing funding agreements)							
m. Pledged as collateral not captured in other categories							
n. Other restricted assets							
o. Total Restricted Assets	3,221,175	3,006,052	\$ 215,123	\$ -	\$ 3,221,175	2.3%	2.4%

- (2) None
- (3) None
- (M) (1). None
- (2). None
- (3). None
- (N) None
- (O) None
- (P) None
- (Q) None
- (R) None

6 Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in joint ventures, partnerships or limited liability companies.

The Company entered into a joint venture agreement with its ultimate parent company, Magellan Health, Inc. (“Magellan”), effective March 1, 2012. The joint venture agreement does not signify a joint venture investment, with no provision of equity interest included, but rather stipulates the responsibilities of the Company and Magellan with respect to a contract with the State of Louisiana Department of Health and Hospitals Office of Behavioral Health (the “State Contract”) that was awarded Magellan. Per the terms of the joint venture agreement, all revenues and claims costs associated with the State Contract are reported by the Company.

7 Investment Income

The Company admitted all investment income due and accrued as of December 31, 2017 and March 31, 2018, which totaled \$10,210 and \$16,937, respectively.

8 Derivative Instruments

None

NOTES TO FINANCIAL STATEMENTS

9 Income Taxes

For federal income tax reporting purposes, the Company’s operations are included in Magellan’s consolidated federal income tax returns. The Company has a new tax allocation agreement with Magellan that was effective January 1, 2017, and an amendment to that agreement that was effective April 1, 2017. The agreement calls for an allocation based on the Company’s book pre-tax income adjusted for permanent items and considering the ultimate parent’s federal statutory rate and applicable state statutory rate. Also, the agreement is to be revenue neutral to Magellan and other Magellan subsidiaries in that the Company’s tax liability or benefit is not any different than if it filed separate federal and state income tax returns. Through the tax allocation agreement (and tax allocation in place prior to January 1, 2017), the Company was allocated federal income tax charges of (\$705,387) and (\$357,174) for its share of Magellan’s federal income tax provisions for the year ended December 31, 2017 and period ended March 31, 2018, respectively. The Company pays premium taxes in lieu of state income taxes.

In accordance with the tax allocation agreement, allocated income taxes payable or recoverable are settled on a quarterly basis. In addition, any filings done on behalf of the Company that result in additional tax assessments or refunds from federal or state tax authorities are required to be settled within 30 days after execution of the document. The first quarter 2017 tax benefit of \$517,053 was received by the Company in May, 2017. The second quarter 2017 tax benefit of \$1,175,215 was received by the Company in July, 2017. The third quarter tax liability of \$188,831 was paid to Magellan on October 25, 2017. The fourth quarter tax liability of \$268,562 was paid to Magellan on February 26, 2018.

(A) None

(B) None

(C) Current income taxes incurred consist of the following major components:

	(1) 03/31/2018	(2) 12/31/2017	(3) (Col 1-2) Change
(1) Current Income Tax			
(a) Federal	\$ (357,174)	\$ (705,387)	\$ 348,214
(b) Foreign	\$ -	\$ -	\$ -
(c) Subtotal	\$ (357,174)	\$ (705,387)	\$ 348,214
(d) Federal income tax on net capital gains	\$ -	\$ -	\$ -
(e) Utilization of capital loss carry-forwards	\$ -	\$ -	\$ -
(f) Other	\$ -	\$ -	\$ -
(g) Federal and foreign income taxes incurred	\$ (357,174)	\$ (705,387)	\$ 348,214

(2) None

(3) None

(4) None

(D) None

(E) None

(F) For federal income tax reporting purposes, the Company’s operations are included in Magellan’s consolidated federal income tax returns. The Company has a tax allocation agreement with Magellan. The current agreement calls for an allocation based on the Company’s book pre-tax income adjusted for permanent items and considering the ultimate parent’s federal statutory rate and applicable state statutory rate. Also, the agreement is to be revenue neutral to Magellan and other Magellan subsidiaries in that the Company’s tax liability or benefit is not any different than if it filed separate federal and state income tax returns.

(G) None

10 Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

(A, B, & C) The Company is a direct subsidiary of Magellan Healthcare. Magellan Healthcare is a wholly owned subsidiary of Magellan. Magellan is engaged in the healthcare management business, and is focused on today’s most complex and costly healthcare services. As previously noted, until December 1, 2017, the Company owned a 100 percent interest in Magellan Life. As of March 31, 2018 the Company did not have any investment in Parent, subsidiaries or affiliates.

NOTES TO FINANCIAL STATEMENTS

Effective March 1, 2012, the Company entered into a joint venture agreement with Magellan. The agreement was developed to assist in the administration of the State Contract that commenced on March 1, 2012, and outlines the Company’s and Magellan’s responsibilities under the State Contract. In addition, the joint venture agreement provides detail with respect to the administrative services to be provided by Magellan and the associated compensation that shall be paid to Magellan by the Company. The compensation charged by Magellan for these services includes an administrative services component that is based on stated percentages of premiums earned under the State Contract and a staffing and direct office costs component that represents direct expenses incurred and paid by Magellan in support of the State Contract. For the year ended December 31, 2017, the amount charged to the Company in connection with the joint venture agreement totaled \$7,315,005, with charges for administrative services and staffing and direct office costs totaling \$3,500,321 and \$3,814,684, respectively. For the period ended March 31, 2018, the amount charged to the Company in connection with the joint venture agreement totaled \$1,573,475, with charges for administrative services and staffing and direct office costs totaling \$840,654 and \$732,821, respectively.

Effective January 1, 2016, the Company entered into an administrative agreement with Magellan Rx to provide pharmacy benefit management for the Medicare Part D members. Magellan Rx will provide network management, network access, help desk services, auditing, mail order pharmacy services, specialty pharmacy, formulary and rebate administration and other core administrative and value added administrative services. The administrative fee will be assessed on a per member, per month (pmpm) and totaled \$8,623,698 and \$1,790,804 for the year ended December 31, 2017 and period ended March 31, 2018, respectively.

Except for amounts due to other PDP’s, all claims paid and incurred for pharmacy claims are based on amounts billed by Magellan Rx filled by pharmacies in Magellan Rx’s pharmacy network. Additionally, all pharmaceutical rebates are received or receivable from Magellan Rx services, which contracts with pharmaceutical manufacturers for such rebates. Payment terms require settlement of rebates within one hundred and eighty days following the end of each contract quarter following receipt of such rebates by Magellan Rx.

(D) Amounts receivable from or payable to parent, subsidiaries and affiliates are non-interest bearing and are settled within ninety days of quarter-end. As of December 31, 2017, the Company reported \$72,580,012 as the amount due to parent, subsidiaries and affiliates, which is primarily comprised of amounts due for uninsured pharmacy claims processed and management fees from the Parent. As of March 31, 2018, the Company reported \$45,774,904 as the amount due to parent, subsidiaries and affiliates, which is primarily comprised of amounts due for uninsured pharmacy claims processed and management fees from the Parent. Under an administrative services agreement between Magellan Healthcare and the Company, Magellan Healthcare performs certain collection and payment activities on behalf of the Company. In addition, Magellan Healthcare performs certain administrative and operational functions, which includes legal, underwriting and accounting services. The amount charged to the Company in connection with these services for the year ended December 31, 2017 and period ended March 31, 2018 totaled \$97,200 and \$23,700, respectively

(E) None

(F) As mentioned above, under an administrative services agreement between Magellan Healthcare and the Company, Magellan Healthcare performs certain collection and payment activities on behalf of the Company. In addition, Magellan Healthcare performs certain administrative and operational functions, which includes legal, underwriting and accounting services. Also, the Company entered into a joint venture agreement with Magellan. The agreement was developed to assist in the administration of the State Contract that commenced on March 1, 2012, and outlines the Company’s and Magellan’s responsibilities under the State Contract. In addition, the joint venture agreement provides detail with respect to the administrative services to be provided by Magellan and the associated compensation that shall be paid to Magellan by the Company. The compensation charged by Magellan for these services includes an administrative services component that is based on stated percentages of premiums earned under the State Contract and a staffing and direct office costs component that represents direct expenses incurred and paid by Magellan in support of the State Contract.

(G) All outstanding shares of the Company are held by Magellan Healthcare as noted above.

(H) None

(I) As previously noted, the Company previously owned a 100 percent interest in Magellan Life. On December 1, 2017 the Company sold all shares in Magellan Life to Magellan Healthcare for \$15,724,200. The total carrying value of Magellan Life at the time of sale was \$14,788,095. The Company recognized previously unrealized capital gains of \$9,465,375 as investment income and \$936,105 as a gain on sale of the investment which are reflected in the accompanying statement of revenue and expenses.

(J) None

(K) None

(L) None

(M) None

(N) None

11 Debt

None

NOTES TO FINANCIAL STATEMENTS

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

None

13 Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 10,000,000 shares of common stock authorized, with 2,000,000 shares issued and outstanding at a \$1.00 par value.
- (2) The Company has no preferred stock issued or outstanding.
- (3) Dividends to stockholders are limited by the Illinois statute, and are generally payable from accumulated surplus funds that are derived from realized net operating profits on its business and realized net capital gains on its investments. Dividend requests over specified thresholds require approval of the Department.
- (4) No cash dividends were paid during 2017 or as of March 31, 2018. However, in June of 2017, a \$500,000 stock dividend was approved resulting in 500,000 additional shares issued at \$1/share and \$500,000 transferred from the surplus account to the capital account of the Company.
- (5) There are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders, however it must not exceed 10% of the prior year capital & surplus.
- (6) There are no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (7) The Company does not have any advances to surplus.
- (8) The Company does not hold any stock for special purposes.
- (9) The Company does not have a special surplus fund.
- (10) The Company's does not have any cumulative unrealized capital gains.
- (11) The Company has not issued surplus debentures or similar obligations.
- (12) The Company has not had any restatements due to quasi-reorganizations.
- (13) Not applicable.

14 Liabilities, Contingencies and Assessments

- (A) None
- (B) During 2017, the Company established an accrual for guaranty fund assessments related to the Penn Treaty Network America Insurance Company and American Network Insurance Company liquidations. It is expected that these insolvencies will result in additional retrospective-premium-based guaranty fund assessments against the company in the amount of \$200,000, and this amount has been charged to operations 2017 and the liability recognized. This liability is expected to be paid out over the next 3-5 years. Since the insolvency and related assessments relate to entities that wrote long-term care contracts, the estimated liability has been discounted. In calculation of the liability, a discount rate of 4.25% was used. If this liability was not discounted, the total liability is estimated to be \$314,675. There are two jurisdictions for which the accrual was made as it was determined that the potential liability for all other jurisdictions the Company is licensed in is either immaterial or none. The range of years used to discount the liabilities is 1-70, with the weighted average number of years being approximately 12. Since the Company is anticipating to write only Medicare Part D insurance in the future, no premium tax offsets (assets) are expected to be realized since Part D premiums are exempt from premium tax.
- (C) None
- (D) None
- (E) None
- (F) Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company has no assets that it considers to be impaired.

The managed healthcare industry is subject to extensive and evolving federal and state regulations. Such laws and regulations cover, but are not limited to, matters such as licensure, accreditation, government healthcare program participation requirements, information privacy and security, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government investigations and allegations have become more frequent concerning possible violations of fraud and abuse and false claims statutes and regulations by healthcare organizations. Violators may be excluded from participating in government healthcare programs, subject to fines or penalties or required to repay amounts received from the government for previously billed services. A violation of such laws and regulations may have a material adverse effect on the Company.

The Company routinely assesses the collectability of its receivables and has recorded an allowance on the uncollected premiums and agents balances of \$2,382,293 and \$978,799 on healthcare and other receivables as of March 31, 2018. As of December 31, 2017 and the period ended March 31, 2018 the Company non-admitted \$9,661,988 and \$9,281,708, respectively, in rebate receivables that are reported as healthcare receivables due to adjustments to prior periods that were not confirmed within 60 days of the estimate and amounts outstanding that were not collected within 180 days of billing.

15 Leases

None

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

The Company does not have any financial instruments with off-balance sheet risk. Certain financial instruments potentially subject the Company to concentrations of credit risk. These financial instruments consist primarily of cash, investments and receivables. The Company maintains its cash and investments with what it believes to be high-quality financial institutions, and invests in exempt money market funds, U.S. Treasury securities, obligations of U.S. government-sponsored agencies and high-quality commercial paper and corporate debt securities that are believed to have

NOTES TO FINANCIAL STATEMENTS

minimal credit risk. The Company’s receivables are primarily comprised of contract receivables, amounts receivable relating to uninsured plans and health insurer fee receivables, which are primarily associated with the stand alone Medicare Part D plan.

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

None

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

(A) ASO Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans were as follows during 2018:

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
(a) Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ 528,080	\$ -	\$ 528,080
(b) Total net other income or expensees (including interest paid to or received from plans)	\$ -	\$ -	\$ -
(c) Net gain or (loss) from operations	\$ 528,080	\$ -	\$ 528,080
(d) Total Claim payment volume	\$ 3,283,337	\$ -	\$ 3,283,337

(B) None

(C) Medicare or other Similarly Structured Cost Based Reimbursement Contract:

- (1) Revenue and prescription drug amounts for the year ended December 31, 2017, and period ended March 31, 2018 exclude \$326,785,338 and \$58,598,124 in subsidies from Centers for Medicare and Medicaid Services (“CMS”) for catastrophic reinsurance subsidies, low income cost sharing subsidies (“LICS”) and the coverage gap discount program (“CGDP”) pursuant to the Company’s contracts with CMS.
- (2) As of December 31, 2017, amounts receivable relating to uninsured plans includes \$34,874,754 due from CMS or drug manufacturers for LICS, CGDP and drug costs covered by the catastrophic reinsurance feature. As of March 31, 2018 amounts receivable relating to uninsured plans related to plan years 2016, 2017 and 2018 includes \$31,277,709 due from CMS or drug manufacturers for LICS, CGDP and drug costs covered by the catastrophic reinsurance feature
Amounts due from CMS for a plan year for LICS and drugs covered by the catastrophic reinsurance feature are typically settled in the fourth quarter of the following year. Amounts due from CMS for a plan year for CGDP are typically settled sixteen months after the plan year is complete.
- (3) As of December 31, 2017 and March 31, 2018, there were no allowances or reserves for adjustment of recorded revenues.
- (4) The Company has made no adjustments to revenue resulting from audit of receivables related to revenues recorded in the prior period.

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

None

20 Fair Value Measurements

The Company currently does not have any assets or liabilities that are required to be measured and reported at fair value on a recurring basis.

A.

(1) Fair Value Measurements at Reporting Date

Description for each class	Level 1	Level 2	Level 3	Total
Investments as of March 31, 2018:				
U.S. Government and agency securities	\$ 2,944,642	\$ —	\$ —	\$ 2,944,642

NOTES TO FINANCIAL STATEMENTS

Obligations of government-sponsored enterprises	–	3,742,068	–	3,742,068
Total invested assets	\$ 2,944,642	\$ 3,742,068	\$ –	\$ 6,686,710

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

(3) None – No transfers between levels have been recognized.

(4) For Level 2 obligations of government-sponsored enterprises, valuation is taken from monthly investment brokerage statement.

(5) None

B. None

C. Aggregate fair value of all financial instruments and level within the fair value hierarchy in which the fair value measurements fall:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	6,686,710	6,686,710	2,944,642	3,742,068	-	-

D. Not Practicable to Estimate Fair Value – None

21 Other Items

- (A) None
- (B) None
- (C) None
- (D) None
- (E) None
- (F) None
- (G) None
- (H) None

22 Events Subsequent

Type I – Recognized Subsequent Events:
On January 1, 2018, the Company will be subject to an annual fee under section 9010 of the Federal Affordable Care Act (ACA). This annual will be allocated to individual health insurers based on the ratio of the amount of the entity’s net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity’s portion of the annual becomes payable once the entity provides health insurance for an U.S. health risk for each calendar year beginning on January 1 of the year the fee is due. As of December 31, 2017, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2018, and estimate their portion of the annual health insurance industry fee to be payable on September 30, 2018 to be \$2,326,176. This amount is reflected in the special surplus. This assessment is expected to impact risk based capital (RBC) by 1%. Reporting ACA assessment as of December 31, 2017 would not have triggered an RBC action level.

Type II – Nonrecognized Subsequent Events:
None

NOTES TO FINANCIAL STATEMENTS

		Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject of Section 9010 of the federal Affordable Care Act (YES/NO)?		YES	
B. ACA fee assessment payable for the upcoming year		\$ -	\$ -
C. ACA fee assessment paid		\$ -	\$ 2,326,176
D. Premium written subject to ACA 9010 assessment		\$ -	\$ 116,308,799
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)		\$ 48,932,485	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)		\$ 48,932,485	
G. Authorized Control Level (Five-Year Historical Line 15)		\$ -	
H. Would reporting the ACA assessment as of December 31, 2017 have triggered an RBC action level (YES/NO)?		NO	
A. ACA fee assessment payable		\$ -	
B. Assessment expected to impact RBC %		0%	

23 Reinsurance

- (A) The Company has no ceded reinsurance.
- (B) The Company did not write off any uncollectible reinsurance balances during the year ended December 31, 2017 and March 31, 2018.
- (C) The Company has no ceded reinsurance.
- (D) None

24 Retrospectively Rated Contracts & Contracts Subject to Redetermination

- (A) The Company’s Medicare Part D contract with CMS contains a risk corridor feature. Due to the risk corridor feature, the Company’s business is accounted for as a retrospectively rated contract. The Company estimates retrospective premium adjustments using a mathematical approach based on the Company’s underwriting experience. As of December 31, 2017, accrued retrospective premium adjustments were reported as aggregate health policy reserves in the amount of \$13,760,838 and as accrued retrospective premiums of \$13,587,728. As of March 31, 2018, accrued retrospective premium adjustments were reported as aggregate health policy reserves in the amount of \$22,352,484 and as accrued retrospective premiums of \$8,591,646.
- (B) The Company records the risk corridor adjustment as an adjustment to earned premiums.
- (C) The amount of the retrospective premium risk corridor for the year ended December 31, 2017 represented 13.2% of total premiums written. The amount of the retrospective premium risk corridor for the period ended March 31, 2018 represented 38.1% of total premiums written.
- (D) None
- (E) The Company only provides coverage under a Medicare Part D contract and does not provide coverage subject to the ACA risk-sharing provisions.

25 Changes in Incurred Claims and Claim Adjustment Expenses

None

26 Intercompany Pooling Arrangements

- (A) None
- (B) None
- (C) None
- (D) None
- (E) None
- (F) None
- (G) None

27 Structured Settlements

None

28 Health Care Receivables

- (A) The Company has contracted with Magellan Rx for pharmaceutical rebates. Amounts recorded in the Company’s financial statements are determined based on the amounts Magellan Rx has collected or expects to collect as invoices or otherwise confirmed by Magellan Rx. The Company reports pharmaceutical rebates due to/from Magellan Rx as healthcare receivables. For the year ended December 31, 2017, the Company recorded \$71,168,194 as healthcare receivables, with \$9,661,988 non-admitted. For the period ended March 31, 2018, the Company recorded \$60,553,018 as healthcare receivables with \$9,281,708 non-admitted.

NOTES TO FINANCIAL STATEMENTS

(B)

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received within 90 Days of Billing	Actual Rebates Received 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days of Billing
3/31/2018	26,225,847	27,247,501			
12/31/2017	37,951,662	37,769,709	-		
9/30/2017	37,522,820	35,765,977	-	33,949,863	
6/30/2017	30,293,341	33,266,422	-	32,852,046	-
3/31/2017	31,736,765	29,204,351	-	26,376,932	985,568
12/31/2016	25,977,562	24,244,320	-	22,637,996	152,342
9/30/2016	20,036,621	20,400,761	-	20,315,761	17,424
6/30/2016	16,426,573	17,995,861	-	18,051,574	205,308
3/31/2016	12,526,845	12,542,115	-	12,120,256	(41,824)

(C) The Company has no risk sharing receivables.

29 Participating Policies

None

30 Premium Deficiency Reserves

Premium deficiency reserves are established for the amount of the anticipated claims and other acquisition costs, and maintenance costs that have not previously been expensed in excess of the recorded unearned premium reserve and future installment premiums, if any, on existing contracts. As of December 31, 2017 and March 31, 2018 the Company held no premium deficiency reserves.

31 Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:
- 3.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☐ No ☐

If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☐ No ☒
- 3.3

If the response to 3.2 is yes, provide a brief description of those changes.
- 3.4

Is the reporting entity publicly traded or a member of a publicly traded group?

Yes ☒ No ☐
- 3.5

If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group

0000019411
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 4.2

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

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

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ☒ No ☐ NA ☐

If yes, attach an explanation.
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2015
- 6.2

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

12/31/2015
- 6.3

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

06/06/2017
- 6.4

By what department or departments?

Illinois Department of Insurance
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ NA ☒
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ NA ☐
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 7.2

If yes, give full information:
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒
- 8.4

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

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

GENERAL INTERROGATORIES

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes ☒ No ☐
- (a)

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

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

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

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

Accountability for adherence to the code.
- 9.11

If the response to 9.1 is No, please explain:
- 9.2

Has the code of ethics for senior managers been amended?

Yes ☐ No ☒
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes ☐ No ☒
- 9.31

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

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes ☐ No ☒
- 10.2

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

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes ☐ No ☒
- 11.2

If yes, give full and complete information relating thereto:
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$
13.

Amount of real estate and mortgages held in short-term investments:

\$
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes ☐ No ☒
- 14.2

If yes, please complete the following:

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

- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes ☐ No ☒
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes ☐ No ☐
- If no, attach a description with this statement.

GENERAL INTERROGATORIES

- 16 For the reporting entity's security lending program, state the amount of the following as of the current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2\$.....016.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2\$.....016.3 Total payable for securities lending reported on the liability page\$.....0
17. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian Address
U.S. Bank - Trust Services.....	205 S. 5th Street, P.O. Box 19264, Springfield, IL 62794-9264.....

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [] No [X]

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

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

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

1 Name of Firm or Individual	2 Affiliation

17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes [] No []

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [] No []

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed

18.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No []

18.2 If no, list exceptions:
.....

19. By self-designating 5*GI securities, the reporting entity is certifying the following elements for each self-designated 5*GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5*GI securities?..... Yes [] No [X]

In reference to item 5 above, Merit Health Insurance Company amended the service agreement with Magellan Rx Management, LLC to include provisions required by the State of New York.

GENERAL INTERROGATORIES
PART 2 - HEALTH

1.

Operating Percentages:

1.1 A&H loss percent

95.2 %

1.2 A&H cost containment percent

0.5 %

1.3 A&H expense percent excluding cost containment expenses

%

2.1 Do you act as a custodian for health savings accounts?

Yes ☐ No ☒

2.2 If yes, please provide the amount of custodial funds held as of the reporting date

\$

2.3 Do you act as an administrator for health savings accounts?

Yes ☐ No ☒

2.4 If yes, please provide the balance of the funds administered as of the reporting date

\$

3.

Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?

Yes ☒ No ☐

3.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity?

Yes ☐ No ☐

STATEMENT AS OF MARCH 31, 2018 OF THE Merit Health Insurance Company

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Type of Reinsurer	8 Certified Reinsurer Rating (1 through 6)	9 Effective Date of Certified Reinsurer Rating
			NONE					

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories									
States, Etc.	1 Active Status (a)	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama	AL	L466,378						.466,378	
2. Alaska	AK	L						.0	
3. Arizona	AZ	L1,070,687						1,070,687	
4. Arkansas	AR	L369,507						.369,507	
5. California	CA	L						.0	
6. Colorado	CO	L295,374						.295,374	
7. Connecticut	CT	L						.0	
8. Delaware	DE	L169,426						.169,426	
9. Dist. Columbia	DC	L187,810						.187,810	
10. Florida	FL	N						.0	
11. Georgia	GA	L682,059						.682,059	
12. Hawaii	HI	L						.0	
13. Idaho	ID	L146,248						.146,248	
14. Illinois	IL	L684,220						.684,220	
15. Indiana	IN	L496,743						.496,743	
16. Iowa	IA	L367,168						.367,168	
17. Kansas	KS	L						.0	
18. Kentucky	KY	L434,947						.434,947	
19. Louisiana	LA	L401,988						.401,988	
20. Maine	ME	L215,813						.215,813	
21. Maryland	MD	L1,085,867						.1,085,867	
22. Massachusetts	MA	L						.0	
23. Michigan	MI	L921,192						.921,192	
24. Minnesota	MN	L238,350						.238,350	
25. Mississippi	MS	L						.0	
26. Missouri	MO	L387,600						.387,600	
27. Montana	MT	L85,171						.85,171	
28. Nebraska	NE	L232,217						.232,217	
29. Nevada	NV	N						.0	
30. New Hampshire	NH	L169,283						.169,283	
31. New Jersey	NJ	N						.0	
32. New Mexico	NM	L60,072						.60,072	
33. New York	NY	L5,372,830						.5,372,830	
34. North Carolina	NC	L1,032,669						.1,032,669	
35. North Dakota	ND	L62,283						.62,283	
36. Ohio	OH	L						.0	
37. Oklahoma	OK	L						.0	
38. Oregon	OR	L						.0	
39. Pennsylvania	PA	L646,112						.646,112	
40. Rhode Island	RI	L						.0	
41. South Carolina	SC	L						.0	
42. South Dakota	SD	L103,299						.103,299	
43. Tennessee	TN	L617,458						.617,458	
44. Texas	TX	L1,473,681						.1,473,681	
45. Utah	UT	L127,526						.127,526	
46. Vermont	VT	L						.0	
47. Virginia	VA	L3,702,907						.3,702,907	
48. Washington	WA	L						.0	
49. West Virginia	WV	L200,724						.200,724	
50. Wisconsin	WI	L						.0	
51. Wyoming	WY	L51,359						.51,359	
52. American Samoa	AS	N						.0	
53. Guam	GU	N						.0	
54. Puerto Rico	PR	N						.0	
55. U.S. Virgin Islands	VI	N						.0	
56. Northern Mariana Islands	MP	N						.0	
57. Canada	CAN	N						.0	
58. Aggregate other alien	OT	XXX0	.0	.0	.0	.0	.0	.0	.0
59. Subtotal	XXX	22,558,966	.0	.0	.0	.0	.0	22,558,966	.0
60. Reporting entity contributions for Employee Benefit Plans	XXX							.0	
61. Total (Direct Business)	XXX	22,558,966	0	0	0	0	0	22,558,966	0
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page.	XXX	.0	.0	.0	.0	.0	.0	.0	.0
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(a) Active Status Counts

L – Licensed or Chartered – Licensed insurance carrier or domiciled RRG48 R – Registered – Non-domiciled RRGs0
E – Eligible – Reporting entities eligible or approved to write surplus lines in the state0 Q – Qualified – Qualified or accredited reinsurer0
N – None of the above – Not allowed to write business in the state9

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

MAGELLAN HEALTH, INC.
LIST OF SUBSIDIARIES as of 3/31/2018

Entity Name:	Jurisdiction of Domicile:	Entity Type:	Ownership
Accenda Health Holding Company, LLC	Delaware	LLC	30%
Magellan Pharmacy Services, Inc.	Delaware	C	100%
<i>Subsidiaries:</i>			
4-D Pharmacy Management Systems, LLC	Michigan	LLC	100%
AdvoCare of Tennessee, Inc.	Tennessee	C	100%
Magellan Method, LLC (f/k/a CDMI, LLC)	Rhode Island	LLC	100%
Magellan Administrative Services, LLC	Delaware	LLC	100%
Magellan Behavioral Health of New Jersey, LLC	New Jersey	LLC	100%
Magellan Behavioral of Michigan, Inc.	Michigan	C	100%
Magellan Health Services of California, Inc. – Employer Services	California	C	100%
Magellan Rx Management IPA, Inc.	New York	C	100%
Magellan Rx Pharmacy, LLC	Delaware	LLC	100%
<i>Subsidiary:</i>			
ONCORE Healthcare, LLC	Delaware	LLC	100%
Magellan Pharmacy Solutions, Inc.	Delaware	C	100%
Magellan Rx Management, LLC	Delaware	LLC	100%
Veridicus Holdings, LLC	Utah	LLC	100%
<i>Subsidiaries:</i>			
VRx, LLC	Utah	LLC	100%

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

VRx Pharmacy, LLC	Utah	LLC	100%
Veridicus Consulting, LLC	Utah	LLC	100%
Veridicus Rx, LLC	Utah	LLC	100%
Alliance Enrollment Technology, LLC	Utah	LLC	100%
Veridicus Acquisition, LLC	Utah	LLC	100%
Magellan Healthcare, Inc.	Delaware	C	100%
<i>Subsidiaries:</i>			
Armed Forces Services Corporation	Virginia	C	100%
Arizona Biodyne, Inc.	Arizona	C	100%
AlphaCare Holdings, Inc.	Delaware	C	¹
<i>Subsidiary:</i>			
Senior Whole Health of New York, Inc	New York	C	100%
Continuum Behavioral Healthcare Corporation	Delaware	C	100%
Cobalt Therapeutics, LLC	Delaware	LLC	100%
<i>Subsidiary:</i>			
Cobalt Software, LLC	Delaware	LLC	100%
Granite Alliance Insurance Company	Utah	C	100%
MBC of America, Inc.	Delaware	C	100%
<i>Subsidiary:</i>			
Empire Community Delivery Systems, LLC	New York	LLC	16.667%

¹ AlphaCare Holdings, Inc. is owned as follows (on a fully diluted basis):[⊥]
Senior Health Holdings, Inc.—86.7%[⊥]
Magellan Healthcare, Inc.—13.3%[⊥]
[⊥]

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Florida MHS, Inc.	Florida	C	100%
Magellan Behavioral Health of Connecticut, LLC	Connecticut	LLC	100%
Magellan Choices for Families, LLC	Nebraska	LLC	60%
Magellan Complete Care, Inc.	Delaware	C	100%
Magellan Complete Care of Louisiana, Inc.	Louisiana	C	100%
Magellan Complete Care of Nebraska, Inc.	Nebraska	C	100%
Magellan Complete Care of Pennsylvania, Inc.	Pennsylvania	C	100%
Magellan Complete Care of Virginia, LLC (f/k/a Magellan Complete Care of Virginia, Inc.)	Virginia	LLC	100%
Magellan Complete Care of Texas, Inc.	Texas	C	100%
Magellan Healthcare Provider Group, Inc.	Maryland	C	100%
Magellan Medicaid Administration, Inc.	Virginia	C	100%
<i>Subsidiaries:</i>			
FHC, Inc.	Canada	C	100%
Provider Synergies, LLC	Ohio	LLC	100%
Human Affairs International of California	California	C	100%
Magellan Behavioral Health of Florida, Inc.	Florida	C	100%
Magellan Behavioral Health of Nebraska, Inc.	Nebraska	C	100%
Magellan Behavioral Health Systems, LLC	Utah	LLC	100%
Magellan Health QIO, LLC	Nebraska	LLC	100%
Magellan Health Services of Arizona, Inc.	Arizona	C	100%
<i>Subsidiaries:</i>			
Magellan Complete Care of Arizona, Inc. (f/k/a Magellan of Arizona, Inc.)	Arizona	C	100%
Magellan Health Services of New Mexico, Inc.	New Mexico	C	100%

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Magellan CBHS Holdings, LLC	Delaware	LLC	100%
<i>Subsidiaries:</i>			
Charter Behavioral Health System of Massachusetts, Inc.	Massachusetts	C	100%
Charter Behavioral Health System of New Mexico, Inc.	New Mexico	C	100%
Charter Fairmount Behavioral Health System, Inc.	Pennsylvania	C	100%
Charter Medical of Puerto Rico, Inc.	Puerto Rico	C	100%
Charter North Star Behavioral Health System, L.L.C.	Tennessee	LLC	50%
Charter Northridge Behavioral Health System, Inc.	North Carolina	C	100%
<i>Subsidiary:</i>			
Holly Hill/Charter Behavioral Health System, L.L.C.	Tennessee	LLC	50%
HealthPeaksMD, LLC (f/k/a Magnet, LLC)	Delaware	LLC	100%
MBH of Puerto Rico, Inc.	Puerto Rico	C	100%
Merit Health Insurance Company	Illinois	C	100%
Magellan Life Insurance Company	Delaware	C	100%
The Management Group, LLC	Wisconsin	LLC	100%
U.S. IPA Providers, Inc.	New York	C	100%
Merit Behavioral Care Corporation	Delaware	C	100%
<i>Subsidiaries:</i>			
Magellan HRSC, Inc.	Ohio	C	100%
Magellan Behavioral Health of Pennsylvania, Inc.	Pennsylvania	C	100%
Continuum Behavioral Care, LLC	Rhode Island	LLC	50%
Magellan Providers of Texas, Inc.	Texas	C	100%
MBC of North Carolina, LLC	North Carolina	LLC	100%

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Magellan Behavioral Care of Iowa, Inc.	Iowa	C	100%
PPC Group, Inc.	Delaware	C	100%
P.P.C., Inc.	Missouri	C	100%
National Imaging Associates, Inc.	Delaware	C	100%
<i>Subsidiaries:</i>			
Accountable Cardiac Care of Mississippi, LLC	Mississippi	LLC	50%
NIA IPA of New York, Inc.	New York	C	100%
National Imaging Associates of Pennsylvania, LLC	Pennsylvania	LLC	100%
National Imaging of CA, Inc.	California	C	100%
NIA Iowa, Inc.	Iowa	C	100%
NIA/Magellan Specialty Management, Inc.	Delaware	C	100%
SWH Holdings, Inc.	Delaware	C	100%
<i>Subsidiaries:</i>			
Senior Health Holdings, LLC	Delaware	LLC	100%
<i>Subsidiaries:</i>			
Senior Health Holdings, Inc.	Delaware	LLC	100%
<i>Subsidiary:</i>			
Senior Whole Health, LLC	Delaware	LLC	100%
Senior Whole Health Management, Inc.	Delaware	C	100%
Magellan Capital, Inc.	Delaware	C	100%
Magellan Financial Capital, Inc.	Nevada	C	100%

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	Is an SCA Filing Required? (Y/N)	*
00000		00000			19411	NASDAQ	Magellan Health, Inc.	DE	UIP	Stockholders	Ownership	100.0	Magellan Health, Inc.	N	1
00000		00000					Magellan Pharmacy Services, Inc.	DE	NIA	Magellan Health, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					4-D Pharmacy Management Systems, LLC	MN	NIA	Magellan Pharmacy Services, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Method, LLC (f/k/a CDMI, LLC)	RI	NIA	Magellan Pharmacy Services, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Administrative Services, LLC	DE	NIA	Magellan Pharmacy Services, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Behavioral of Michigan, Inc.	MI	NIA	Magellan Pharmacy Services, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Health Services of California, Inc - Employer Services	CA	NIA	Magellan Pharmacy Services, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Rx Management IPA, Inc.	NY	NIA	Magellan Pharmacy Services, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Rx Pharmacy, LLC	DE	NIA	Magellan Pharmacy Services, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					ONCORE Healthcare, LLC	DE	NIA	Magellan Rx Pharmacy, LLC	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Pharmacy Solutions, Inc.	DE	NIA	Magellan Pharmacy Services, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Rx Management, LLC	DE	NIA	Magellan Pharmacy Services, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					AdvoCare of Tennessee, Inc.	TN	NIA	Magellan Pharmacy Services, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
01260	Magellan Health Inc	12632	52-2310906				Magellan Behavioral Health of New Jersey, LLC	NJ	IA	Magellan Pharmacy Services, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Veridicus Holdings, LLC	UT	NIA	Magellan Pharmacy Services, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					VRx, LLC	UT	NIA	Veridicus Holdings, LLC	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					VRx Pharmacy, LLC	UT	NIA	Veridicus Holdings, LLC	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Veridicus Consulting, LLC	UT	NIA	Veridicus Holdings, LLC	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Veridicus Rx, LLC	UT	NIA	Veridicus Holdings, LLC	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Alliance Enrollment Technology, LLC	UT	NIA	Veridicus Holdings, LLC	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Veridicus Acquisitions, LLC	UT	NIA	Veridicus Holdings, LLC	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Healthcare, Inc.	DE	UDP	Magellan Health, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Arizona Biodyne, Inc.	AZ	NIA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	

STATEMENT AS OF MARCH 31, 2018 OF THE Merit Health Insurance Company

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	Is an SCA Filing Required? (Y/N)	*
00000		00000					AlphaCare Holdings, Inc.	DE	NIA	Senior Health Holdings Inc./Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	2
00000		00000					Continuum Behavioral Healthcare Corporation	DE	NIA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Cobalt Therapeutics, LLC	DE	NIA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Cobalt Software, LLC	DE	NIA	Cobalt Therapeutics, LLC	Ownership	100.0	Magellan Health, Inc.	N	
01260	Magellan Health Inc	15100	46-1792156				Granite Alliance Insurance Company	UT	IA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					MBC of America, Inc.	DE	NIA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Empire Community Delivery Systems Inc.	NY	NIA	MBC of America, Inc.	Ownership	16.7	Magellan Health, Inc.	N	
01260	Magellan Health Inc	14447	45-4229574				Florida MHS, Inc.	FL	IA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Behavioral Health of Connecticut, L.L.C.	CT	NIA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Choices for Families, LLC	NE	NIA	Magellan Healthcare, Inc.	Ownership	60.0	Magellan Health, Inc.	N	
00000		00000					Magellan Complete Care, Inc.	DE	NIA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
01260	Magellan Health Inc	16043	81-0983027				Magellan Complete Care of Virginia, LLC	VA	IA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
01260	Magellan Health Inc	15550	46-4188169				Magellan Complete Care of Louisiana, Inc.	LA	IA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
01260	Magellan Health Inc	15681	47-1084674				Magellan Complete Care of Nebraska	NE	IA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
01260	Magellan Health Inc	15924	46-4457706				Magellan Complete Care of Pennsylvania, Inc.	PA	IA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Complete Care of Texas, Inc.	TX	NIA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Healthcare Provider Group	MD	NIA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Medicaid Administration, Inc.	VA	NIA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					FHC, Inc.	CAN	NIA	Magellan Medicaid Administration, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Provider Synergies, LLC	OH	NIA	Magellan Medicaid Administration, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Human Affairs International of California, Inc.	CA	NIA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Behavioral Health of Florida, Inc.	FL	NIA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	
00000		00000					Magellan Behavioral Health of Nebraska, Inc.	NE	NIA	Magellan Healthcare, Inc.	Ownership	100.0	Magellan Health, Inc.	N	

STATEMENT AS OF MARCH 31, 2018 OF THE Merit Health Insurance Company

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	Is an SCA Filing Required? (Y/N)	*
00000.....		00000.....					Magellan Behavioral Health Systems, LLC.....	UT.....	NIA.....	Magellan Healthcare, Inc.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Magellan Health QIO, LLC.....	NE.....	NIA.....	Magellan Healthcare, Inc.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Magellan Health Services of Arizona, Inc.....	AZ.....	NIA.....	Magellan Healthcare, Inc.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
01260.....	Magellan Health Inc.....	14641.....	45-5337737.....				Magellan Complete Care of Arizona, Inc (f/k/a Magellan of Arizona).....	AZ.....	IA.....	Magellan Health Services of Arizona, Inc.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Magellan Health Services of New Mexico.....	NM.....	NIA.....	Magellan Healthcare, Inc.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Magellan CBHS Holdings, LLC.....	DE.....	NIA.....	Magellan Healthcare, Inc.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Charter Behavioral Health System of Massachussetts, Inc.....	MA.....	NIA.....	Magellan CBHS Holdings, LLC.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Charter Behavioral Health System of New Mexico, Inc.....	NM.....	NIA.....	Magellan CBHS Holdings, LLC.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Charter Fairmont Behavioral Health System, Inc.....	PA.....	NIA.....	Magellan CBHS Holdings, LLC.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Charter Medical of Puerto Rico, Inc.....	PR.....	NIA.....	Magellan CBHS Holdings, LLC.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Charter North Star Behavioral Health Systems, L.L.C.....	TN.....	NIA.....	Magellan CBHS Holdings, LLC.....	Ownership.....	50.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Charter Northridge Behavioral Health Systems, Inc.....	NC.....	NIA.....	Magellan CBHS Holdings, LLC.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Holly Hill/Charter Behavioral Health System, L.L.C.....	TN.....	NIA.....	Charter Northridge Behavioral Health System, Inc.....	Ownership.....	50.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					MBH of Puerto Rico, Inc.....	PR.....	NIA.....	Magellan Healthcare, Inc.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
01260.....	Magellan Health Inc.....	18750.....	36-3856181.....				Merit Health Insurance Company.....	IL.....	RE.....	Magellan Healthcare, Inc.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
01260.....	Magellan Health Inc.....	97292.....	57-0724249.....				Magellan Life Insurance Compnay.....	DE.....	IA.....	Magellan Healthcare, Inc.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					U.S. IPA Providers, Inc.....	NY.....	NIA.....	Magellan Healthcare, Inc.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Merit Behavioral Care Corporation.....	DE.....	NIA.....	Magellan Healthcare, Inc.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Magellan HRSC, Inc.....	OH.....	NIA.....	Merit Behavioral Care Corporation.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
01260.....	Magellan Health Inc.....	47019.....	23-2759528.....				Magellan Behavioral Health of Pennsylvania, Inc.....	PA.....	IA.....	Merit Behavioral Care Corporation.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Continuum Behavioral Care, L.L.C.....	RI.....	NIA.....	Merit Behavioral Care Corporation.....	Ownership.....	50.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					Magellan Providers of Texas, Inc.....	TX.....	NIA.....	Merit Behavioral Care Corporation.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	
00000.....		00000.....					MBC of North Carolina, L.L.C.....	NC.....	NIA.....	Merit Behavioral Care Corporation.....	Ownership.....	100.0	Magellan Health, Inc.....	N.....	

16.3

PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

[illegible]

16.4

16.4

16.4

16.4

16.4

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

RESPONSE

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

.....YES.....

Explanation:

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A – VERIFICATION

Real Estate

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

SCHEDULE B – VERIFICATION

Mortgage Loans

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

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

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

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	2,850,930	14,377,971
2. Cost of bonds and stocks acquired		842,161
3. Accrual of discount	1,591	4,970
4. Unrealized valuation increase (decrease)		(6,373,219)
5. Total gain (loss) on disposals		10,401,480
6. Deduct consideration for bonds and stocks disposed of		16,394,200
7. Deduct amortization of premium	2,183	8,234
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other-than-temporary impairment recognized		0
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10)	2,850,337	2,850,930
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	2,850,337	2,850,930

STATEMENT AS OF MARCH 31, 2018 OF THE Merit Health Insurance Company

SCHEDULE D - PART 1B

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

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a).....	2,960,836			(512)	2,960,325	0	0	2,960,836
2. NAIC 2 (a).....	0				0	0	0	0
3. NAIC 3 (a).....	0				0	0	0	0
4. NAIC 4 (a).....	0				0	0	0	0
5. NAIC 5 (a).....	0				0	0	0	0
6. NAIC 6 (a).....	0				0	0	0	0
7. Total Bonds	2,960,836	0	0	(512)	2,960,325	0	0	2,960,836
PREFERRED STOCK								
8. NAIC 1	0				0	0	0	0
9. NAIC 2	0				0	0	0	0
10. NAIC 3	0				0	0	0	0
11. NAIC 4	0				0	0	0	0
12. NAIC 5	0				0	0	0	0
13. NAIC 6	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	2,960,836	0	0	(512)	2,960,325	0	0	2,960,836

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$; NAIC 2 \$;
NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

SCHEDULE DA - PART 1
Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	109,987	XXX	109,682	0	0

SCHEDULE DA - VERIFICATION
Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	109,906	8,031,847
2. Cost of short-term investments acquired		9,564,295
3. Accrual of discount	81	224
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals		17,454,853
7. Deduct amortization of premium.....	0	31,607
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other-than-temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	109,987	109,906
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	109,987	109,906

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

SCHEDULE E – PART 2 – VERIFICATION
(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	3,733,178	0
2. Cost of cash equivalents acquired	8,890	3,750,711
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals		17,533
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	3,742,068	3,733,178
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	3,742,068	3,733,178

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

STATEMENT AS OF MARCH 31, 2018 OF THE Merit Health Insurance Company

SCHEDULE E - PART 1 - CASH

[illegible]

SCHEDULE E - PART 2 - CASH EQUIVALENTS

E13



SUPPLEMENT FOR THE QUARTER ENDING MARCH 31, 2018 OF THE Merit Health Insurance Company

MEDICARE PART D COVERAGE SUPPLEMENT

(Net of Reinsurance)

NAIC Group Code.....01260

NAIC Company Code.....18750

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected.....	.21,927,913	XXX		XXX	.21,927,913
2. Earned Premiums	.31,150,611	XXX		XXX	XXX
3. Claims Paid.....	.45,670,500	XXX		XXX	.45,670,500
4. Claims Incurred.....	.29,668,410	XXX		XXX	XXX
5. Reinsurance Coverage and Low Income Cost Sharing – Claims Paid Net of Reimbursements Applied (a).....	XXX	24,906,910	XXX		.24,906,910
6. Aggregate Policy Reserves - Change.....		XXX		XXX	XXX
7. Expenses Paid.....	.5,472,638	XXX		XXX	.5,472,638
8. Expenses Incurred.....	.5,472,638	XXX		XXX	XXX
9. Underwriting Gain or Loss.....	(3,990,437)	XXX	.0	XXX	XXX
10. Cash Flow Result	XXX	XXX	XXX	XXX	(54,122,134)

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$31,277,709 due from CMS or \$due to CMS