

STATE OF SOUTH CAROLINA  
RICHLAND COUNTY

IN THE COURT OF COMMON PLEAS  
FIFTH JUDICIAL CIRCUIT

Raymond G. Farmer, as Director of the South  
Carolina Department of Insurance,

Petitioner,

vs.

Consumers' Choice Health Insurance  
Company,

Respondent.

Civil Action No. 2016-CP-40-00034

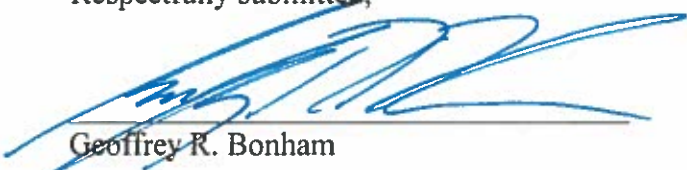
NOTICE OF FILING OF  
FINANCIAL STATEMENTS AS OF  
DECEMBER 31, 2017

2018 FEB 22 AM 11:51  
RICHLAND COUNTY  
FILED  
LETTE W. HCBRIDE  
C.P. & G.S.

Pursuant to the South Carolina Insurers Rehabilitation and Liquidation Act, S.C. Code Ann. §§ 38-27-10 *et seq.*, the Liquidator of Consumers' Choice Health Insurance Company in Liquidation (Consumers' Choice) hereby files the financial statements of Consumers' Choice as of December 31, 2017. Said financial statements are attached as Exhibit A to this filing.

Respectfully submitted,

February 22, 2018

  
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One of the Attorneys for Petitioner

**Consumers' Choice Health Insurance Company in Liquidation**  
**Balance Sheet**  
**December 31, 2016 and 2017**

	December 31,	
	2016	2017
<b>Assets</b>		
Cash & Equivalents	10,397,438	11,582,609
Cash -Restricted	3,208,161	2,968,041
Statutory Deposit	125,963	126,000
CMS Receivables (a):		
Reinsurance	36,699,256	36,976,345
Risk Corridor	219,780	1,040,263
Exchange Fees	86,352	86,352
Pharmacy Rebates/Receivables	60,494	-
Due from Community Health Alliance	165,075	37,681
Commercial Reinsurance Recoverable	750,129	750,156
Other	1,157	33,176
<b>Total Assets</b>	<b>51,713,805</b>	<b>53,600,624</b>
<b>Liabilities</b>		
Provider Claims	2,028,564	1,838,908
Claim Adjustment Cost	199,798	177,691
Payable to SC GA	35,730,437	35,920,093
Administrative Costs	6,603,221	3,946,744
Amounts Withheld for Others	4,108	-
Funds held f/b/o CHA	3,208,161	2,968,041
SC DOI Liq Payable	1,081,196	1,223,023
CMS Payables:		
Advance Premiums and CSR Advances	2,079,816	2,067,175
CSR Settlement	1,352,057	1,352,057
Risk Adjustment	15,026,263	15,026,263
Risk Adjustment Fees	66,115	66,115
Startup Loan	18,709,800	18,709,800
RI Payable	735,665	735,665
PCORI Payable	145,887	145,887
<b>Total Liabilities</b>	<b>86,971,088</b>	<b>84,177,461</b>
<b>Capital</b>		
Surplus Notes/Solvency Loans	68,868,408	68,868,408
Retained Earnings	(104,125,691)	(99,445,245)
Unassigned Funds	(35,257,283)	(30,576,837)
<b>Total Liabilities, Capital and Surplus</b>	<b>51,713,805</b>	<b>53,600,624</b>

(a) Admitted only up to Statutory Liabilities

**Consumers' Choice Health Insurance Company in Liquidation**  
**Income Statement**  
**Years Ended December 31, 2016 and 2017**

	Years Ended December 31,	
	2016	2017
<b>Revenue</b>		
Premiums	(9,130,171)	(31,089)
Other Non-Health Revenue	(1,069,137)	158,181
<b>Total Revenue</b>	<b>(10,199,308)</b>	<b>127,092</b>
<b>Medical Costs</b>		
Medical and Hospital	2,347,260	(542,071)
Pharmacy	(125,286)	(579,014)
Reinsurance	(6,413,042)	(277,141)
Claim Adjustment	(572,154)	241,446
Change in reserves	(10,000,000)	-
<b>Total Medical and Hospital Claims Incurred</b>	<b>(14,763,222)</b>	<b>(1,156,781)</b>
<b>Other Costs</b>		
Administrative Expenses	5,324,735	(890,407)
<b>Total Other Costs</b>	<b>5,324,735</b>	<b>(890,407)</b>
<b>Total underwriting deductions</b>	<b>(9,438,487)</b>	<b>(2,047,188)</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(760,820)</b>	<b>2,174,280</b>
Investment Income Earned	(5,423)	90,058
Realized Capital Gains	-	-
<b>Net Investment Gains (Losses)</b>	<b>(5,423)</b>	<b>90,058</b>
Charge-off of Agent's Balances	90,784	(7,244)
<b>Net Income (Loss)</b>	<b>(675,460)</b>	<b>2,257,094</b>
<b>Beginning Capital and Surplus</b>	<b>(39,452,910)</b>	<b>(35,257,283)</b>
Net Income (Loss)	(675,460)	2,257,094
Change in Non-Admit	4,871,087	2,423,351
<b>Ending Capital and Surplus</b>	<b>(35,257,283)</b>	<b>(30,576,837)</b>

**Consumers Choice Health Insurance Company in Liquidation**  
**Receipts and Disbursements**  
**Commencing January 8, 2016 and Ending December 31, 2017**

	2016 1-8-16 to 12-31-16	2017				ITD	
		1st Q	2nd Q	3rd Q	4th Q		Total
<b>Beginning Cash</b>	<b>17,833,970</b>	<b>13,605,599</b>	<b>13,227,059</b>	<b>12,604,596</b>	<b>12,719,457</b>	<b>13,605,599</b>	<b>17,833,970</b>
<b>Receipts</b>							
Investment income	3,949	(3,667)	3,300	44,651	20,099	64,383	68,332
Premiums	137,434	-	-	-	-	-	137,434
Provider Refunds/Subrogation	2,612,035	236,398	116,476	60,322	109,593	522,789	3,134,824
Reinsurance recoveries	906,652	26	-	-	-	26	906,677
OptumRx recoveries	197,657	163,658	-	128,094	1,955,899	2,247,651	2,247,651
Administrative Services Revenue	3,208,161	211,386	273,564	75,133	107,301	667,384	865,041
Funds held f/b/o CHA		(250,479)	(241,193)	323,533	(71,982)	(240,120)	2,968,041
Other	129,879	271	990	335	100	1,696	131,575
<b>Total receipts</b>	<b>7,195,765</b>	<b>357,593</b>	<b>153,137</b>	<b>632,069</b>	<b>2,121,011</b>	<b>3,263,809</b>	<b>10,459,575</b>
<b>Disbursements</b>							
Bank Fees	16,155	2,107	1,970	1,522	1,120	6,720	22,874
Office Supplies	1,119	168	52	926	681	1,827	2,946
Accounting Fees	107,219	45,467	3,547	6,950	7,141	63,105	170,324
TPA fees	3,058,423	156,676	117,272	76,580	42,666	393,194	3,451,617
Claim Payments	(69,840)	(566)	-	-	-	(566)	(70,406)
Special Deputy Fees	288,642	60,742	88,536	113,515	13,661	276,455	565,097
SC DOI	11,160	-	-	-	-	-	11,160
Legal fees	284,014	75,221	194,045	163,555	104,815	537,635	821,650
Federal Reinsurance Fee	2,206,996	-	-	-	-	-	2,206,996
Payroll	2,921,155	66,605	95,812	43,227	61,696	267,340	3,188,494
Member Premium Refunds	941,806	657	-	-	-	657	942,463
Misc	1,657,287	329,056	274,366	110,934	58,037	772,392	2,429,679
<b>Total Disbursements</b>	<b>11,424,136</b>	<b>736,133</b>	<b>775,600</b>	<b>517,208</b>	<b>289,817</b>	<b>2,318,758</b>	<b>13,742,894</b>
<b>Net Cash Flow</b>	<b>(4,228,371)</b>	<b>(378,540)</b>	<b>(622,462)</b>	<b>114,860</b>	<b>1,831,194</b>	<b>945,051</b>	<b>(3,283,320)</b>
<b>Ending Cash</b>	<b>13,605,599</b>	<b>13,227,059</b>	<b>12,604,596</b>	<b>12,719,457</b>	<b>14,550,650</b>	<b>14,550,650</b>	<b>14,550,650</b>

Rec & Disb

**Consumers' Choice Health Insurance Company in Liquidation**  
**Payments to Consultants and Professionals**  
**Commencing January 8, 2016 and Ending December 31, 2017**

	2016		2017							ITD	
	1-8-16 to 12-31-16	1st Q	2nd Q	Jul	Aug	Sep	Oct	Nov	Dec		Total
FitzGibbons and Company, Inc. - Special Deputy	\$ 288,642	\$ 60,742	\$ 88,536	\$ 42,703	\$ 23,130	\$ 47,682	\$ -	\$ 13,661	\$ -	\$ 276,455	\$ 565,097
Wakely Consulting Group-Actuarial	29,187	-	-	-	-	-	-	-	-	-	29,187
Dixon Hughes Goodman, LLP-Audit	31,940	22,500	-	-	-	-	-	-	-	22,500	54,440
Millennium Consulting Services, LLC-Statutory Reporting	11,471	7,125	-	-	-	-	-	-	-	7,125	18,596
Inovalon-Edge Server Compliance	377,246	-	-	-	-	-	-	-	-	-	377,246
Truven-Cost Share Reduction Compliance	75,800	-	-	-	-	-	-	-	-	-	75,800
Lattimore Black Morgan & Cain, PC-Accounting	34,621	15,842	3,547	1,593	4,016	1,340	2,418	4,401	323	33,480	68,101
Barnwell Whaley Patterson & Helms, LLC-Counsel	14,614	316	630	410	1,073	271	115	223	117	3,152	17,766
Nelson Mullins Riley & Scarborough, LLP-Counsel	269,400	74,905	193,415	75,276	86,526	-	70,602	19,081	14,678	534,483	803,884
Shahriar Arfa-Zanganeh CPA CFF-Forensic Accountant	22,518	1,913	6,956	-	788	-	-	-	-	9,656	32,174
Former Employees-Contracted	335,832	201,712	182,281	31,465	16,802	31,230	13,071	23,237	10,314	510,112	845,944
	<b>\$ 1,491,272</b>	<b>\$ 385,054</b>	<b>\$ 475,365</b>	<b>\$ 151,447</b>	<b>\$ 132,335</b>	<b>\$ 80,523</b>	<b>\$ 86,205</b>	<b>\$ 60,602</b>	<b>\$ 25,431</b>	<b>\$ 1,396,963</b>	<b>\$ 2,888,235</b>