

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

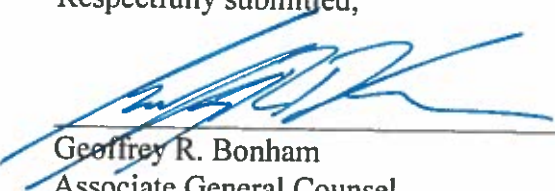
NOTICE OF FILING OF  
FINANCIAL STATEMENTS AS OF  
JUNE 30, 2017

FILED  
RICHLAND COUNTY  
AUG 23 PM 4:18  
ANNETTE M. MCBRIDE  
C.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 June 30, 2017. Said financial statements are attached as Exhibit A to this filing.

Respectfully submitted,

August 23, 2017

  
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One of the Attorneys for Petitioner

**Consumers' Choice Health Insurance Company in Liquidation**  
**Balance Sheet**  
**December 31, 2016 and June 30, 2017**

	December 31, 2016	June 30, 2017
<b>Assets</b>		
Cash & Equivalents	10,397,438	9,888,107
Cash -Restricted	3,208,161	2,716,489
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	177,969
Due from Community Health Alliance	165,075	30,448
Commercial Reinsurance Recoverable	750,129	750,156
Other	1,157	46,896
<b>Total Assets</b>	<b>51,713,805</b>	<b>51,839,026</b>
<b>Liabilities</b>		
Provider Claims	2,028,564	1,868,617
Claim Adjustment Cost	199,798	121,681
Payable to SC GA	35,730,437	35,890,384
Administrative Costs	6,603,221	4,064,672
Amounts Withheld for Others	4,108	-
Funds held f/b/o CHA	3,208,161	2,716,489
SC DOI Liq Payable	1,081,196	1,107,068
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>83,871,873</b>
<b>Capital</b>		
Surplus Notes/Solvency Loans	68,868,408	68,868,408
Retained Earnings	<u>(104,125,691)</u>	<u>(100,901,255)</u>
Unassigned Funds	<b>(35,257,283)</b>	<b>(32,032,847)</b>
<b>Total Liabilities, Capital and Surplus</b>	<b>51,713,805</b>	<b>51,839,026</b>

(a) Admitted only up to Statutory Liabilities

Exhibit     A

**Consumers' Choice Health Insurance Company in Liquidation**  
**Income Statement**  
**Year Ended December 31, 2016 and Six Months Ended June 30, 2017**

	Year Ended December 31, 2016	6 Months Ended June 30, 2017
<b>Revenue</b>		
Premiums	(9,130,171)	(31,089)
Other Non-Health Revenue	(1,069,137)	65,798
<b>Total Revenue</b>	<b>(10,199,308)</b>	<b>34,709</b>
<b>Medical Costs</b>		
Medical and Hospital	2,347,260	(366,081)
Pharmacy	(125,286)	(149,508)
Reinsurance	(6,413,042)	(277,141)
Claim Adjustment	(572,154)	112,695
Change in reserves	(10,000,000)	-
<b>Total Medical and Hospital Claims Incurred</b>	<b>(14,763,222)</b>	<b>(680,036)</b>
<b>Other Costs</b>		
Administrative Expenses	5,324,735	(1,520,289)
<b>Total Other Costs</b>	<b>5,324,735</b>	<b>(1,520,289)</b>
<b>Total underwriting deductions</b>	<b>(9,438,487)</b>	<b>(2,200,325)</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(760,820)</b>	<b>2,235,034</b>
Investment Income Earned	(5,423)	39,193
Realized Capital Gains	-	-
<b>Net Investment Gains (Losses)</b>	<b>(5,423)</b>	<b>39,193</b>
Charge-off of Agent's Balances	90,784	(7,244)
<b>Net Income (Loss)</b>	<b>(675,460)</b>	<b>2,266,983</b>
<b>Beginning Capital and Surplus</b>	<b>(39,452,910)</b>	<b>(35,257,283)</b>
Net Income (Loss)	(675,460)	2,266,983
Change in Non-Admit	4,871,087	957,452
<b>Ending Capital and Surplus</b>	<b>(35,257,283)</b>	<b>(32,032,847)</b>

**Consumers Choice Health Insurance Company in Liquidation**  
**Receipts and Disbursements**  
**Commencing January 8, 2016 and Ending June 30, 2017**

	2016		2017		ITD
	1-8-16 to 12-31-16	1st Q	2nd Q	Total	
<b>Beginning Cash</b>	<b>17,833,970</b>	<b>13,605,599</b>	<b>13,227,059</b>	<b>13,605,599</b>	<b>17,833,970</b>
<b>Receipts</b>					
Investment income	3,949	(3,667)	3,300	(367)	3,582
Premiums	137,434	-	-	-	137,434
Provider Refunds/Subrogation	2,612,035	236,398	116,476	352,874	2,964,909
Reinsurance recoveries	906,652	26	-	26	906,677
RX Audit Recovery	-	163,658	-	163,658	163,658
Administrative Services Revenue	197,657	211,386	273,564	484,950	682,607
Funds held f/b/o CHA	3,208,161	(250,479)	(241,193)	(491,672)	2,716,489
Other	129,879	271	990	1,261	131,140
<b>Total receipts</b>	<b>7,195,765</b>	<b>357,593</b>	<b>153,137</b>	<b>510,730</b>	<b>7,706,495</b>
<b>Disbursements</b>					
Bank Fees	16,155	2,107	1,970	4,078	20,232
Office Supplies	1,119	168	52	220	1,339
Accounting Fees	107,219	45,467	3,547	49,014	156,233
TPA fees	3,058,423	156,676	117,272	273,948	3,332,371
Claim Payments	(69,840)	(566)	-	(566)	(70,406)
Special Deputy Fees	288,642	60,742	88,536	149,278	437,920
SC DOI	11,160	-	-	-	11,160
Legal fees	284,014	75,221	194,045	269,266	553,280
Federal Reinsurance Fee	2,206,996	-	-	-	2,206,996
Payroll	2,921,155	66,605	95,812	162,417	3,083,571
Member Premium Refunds	941,806	657	-	657	942,463
Misc	1,657,287	329,056	274,366	603,421	2,260,709
<b>Total Disbursements</b>	<b>11,424,136</b>	<b>736,133</b>	<b>775,600</b>	<b>1,511,733</b>	<b>12,935,869</b>
<b>Net Cash Flow</b>	<b>(4,228,371)</b>	<b>(378,540)</b>	<b>(622,462)</b>	<b>(1,001,003)</b>	<b>(5,229,374)</b>
<b>Ending Cash</b>	<b>13,605,599</b>	<b>13,227,059</b>	<b>12,604,596</b>	<b>12,604,596</b>	<b>12,604,596</b>

Rec & Disb

**Consumers' Choice Health Insurance Company in Liquidation**  
**Payments to Consultants and Professionals**  
**Commencing January 8, 2016 and Ending June 30, 2017**

	2016	2017						ITD	
	1-8-16 to 12-31-16	Jan	Feb	Mar	Apr	May	Jun		Total
\$	288,642	\$ 21,046	\$ 18,267	\$ 21,428	\$ 30,474	\$ -	\$ 58,062	\$ 149,278	\$ 437,920
FitzGibbons and Company, Inc. - Special Deputy	29,187	-	-	-	-	-	-	-	29,187
Wakely Consulting Group-Actuarial	31,940	-	22,500	-	-	-	-	22,500	54,440
Dixon Hughes Goodman, LLP-Audit	11,471	-	7,125	-	-	-	-	7,125	18,596
Millennium Consulting Services, LLC-Statutory Reporting	377,246	-	-	-	-	-	-	-	377,246
Inovalon-Edge Server Compliance	75,800	-	-	-	-	-	-	-	75,800
Truven-Cost Share Reduction Compliance	34,621	7,930	6,433	1,479	1,388	999	1,160	19,389	54,010
Lattimore Black Morgan & Cain, PC-Accounting	14,634	173	79	65	52	40	538	946	15,559
Barnwell Whaley Patterson & Helms, LLC-Counsel	269,400	-	25,543	49,362	29,005	68,647	95,764	268,320	537,721
Nelson Mullins Riley & Scarborough, LLP-Counsel	22,518	1,913	-	-	1,463	2,588	2,906	8,869	31,387
Shahriar Arfa Zanganeh CPA CFF-Forensic Accountant	335,832	35,514	82,973	83,225	71,757	66,860	43,664	383,993	719,825
Former Employees-Contracted									
\$	1,491,272	\$ 66,575	\$ 162,920	\$ 155,559	\$ 134,139	\$ 139,132	\$ 202,094	\$ 860,419	\$ 2,351,691

FitzGibbons and Company, Inc. - Special Deputy  
Wakely Consulting Group-Actuarial  
Dixon Hughes Goodman, LLP-Audit  
Millennium Consulting Services, LLC-Statutory Reporting  
Inovalon-Edge Server Compliance  
Truven-Cost Share Reduction Compliance  
Lattimore Black Morgan & Cain, PC-Accounting  
Barnwell Whaley Patterson & Helms, LLC-Counsel  
Nelson Mullins Riley & Scarborough, LLP-Counsel  
Shahriar Arfa Zanganeh CPA CFF-Forensic Accountant  
Former Employees-Contracted