

**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,

Civil Action No. 2016-CP-40-00034

Petitioner,

**NOTICE OF FILING OF  
FINANCIAL STATEMENTS AS OF  
DECEMBER 31, 2018**

vs.

Consumers' Choice Health Insurance  
Company,

Respondent.

---

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, 2018. Said financial statements are attached as Exhibit A to this filing.

Respectfully submitted,

March 6, 2019

s/ Geoffrey R. Bonham  
S.C. Bar No. 13058  
Associate General Counsel  
S.C. Department of Insurance  
P.O. Box 100105  
Columbia SC 29202-3105

Capitol Center  
1201 Main Street, Suite 1000  
Columbia SC 29201

Telephone: 803-737-6200  
Fax: 803-737-6229  
Email: [gbonham@doi.sc.gov](mailto:gbonham@doi.sc.gov)

One of the Attorneys for Petitioner

# EXHIBIT A

## Consumers' Choice Health Insurance Company in Liquidation Balance Sheet December 31, 2017 and 2018

	December 31,	
	2017	2018
<b>Assets</b>		
Cash & Equivalents	11,582,609	6,164,976
Cash -Restricted	2,968,041	2,328,777
Statutory Deposit	126,000	-
CMS Receivables (a):		
Reinsurance	36,976,345	19,306,809
Risk Corridor	1,040,263	-
Exchange Fees	86,352	86,352
Pharmacy Rebates/Receivables	-	-
Due from Community Health Alliance	37,681	7,409
Commercial Reinsurance Recoverable	750,156	125,135
Early Access Advances to Guaranty Association	-	5,125,263
Other	33,176	33,241
<b>Total Assets</b>	<b>53,600,624</b>	<b>33,177,962</b>
<b>Liabilities</b>		
Provider Claims	1,838,908	1,090,253
Claim Adjustment Cost	177,691	166,767
Payable to SC GA	35,920,093	35,974,280
Administrative Costs	3,946,744	3,913,498
Amounts Withheld for Others	-	-
Funds held f/b/o CHA	2,968,041	2,328,777
SC DOI Liq Payable	1,223,023	1,234,630
CMS Payables:		
Advance Premiums and CSR Advances	2,067,175	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
RI Payable	735,665	735,665
PCORI Payable	145,887	145,887
Startup Loan	18,709,800	18,709,800
<b>Total Liabilities</b>	<b>84,177,461</b>	<b>82,811,167</b>
<b>Capital</b>		
Surplus Notes/Solvency Loans	68,868,408	68,868,408
Retained Earnings	(99,445,245)	(118,501,613)
Unassigned Funds	<b>(30,576,837)</b>	<b>(49,633,205)</b>
<b>Total Liabilities, Capital and Surplus</b>	<b>53,600,624</b>	<b>33,177,962</b>

(a) Admitted only up to CMS Statutory Liabilities, excluding Startup Loan in 2018

**Consumers' Choice Health Insurance Company in Liquidation**  
**Income Statement**  
**Years Ended December 31, 2017 and 2018**

	<b>Years Ended December 31,</b>	
	<b>2017</b>	<b>2018</b>
<b>Revenue</b>		
Premiums	(31,089)	-
Other Non-Health Revenue	158,181	16,398
<b>Total Revenue</b>	<b>127,092</b>	<b>16,398</b>
<b>Medical Costs</b>		
Medical and Hospital	(542,071)	(787,002)
Pharmacy	(579,014)	-
Reinsurance	(277,141)	712,262
Claim Adjustment	241,446	99,978
<b>Total Medical and Hospital Claims Incurred</b>	<b>(1,156,781)</b>	<b>25,238</b>
<b>Other Costs</b>		
Administrative Expenses	(890,407)	559,581
<b>Total Other Costs</b>	<b>(890,407)</b>	<b>559,581</b>
<b>Total underwriting deductions</b>	<b>(2,047,188)</b>	<b>584,819</b>
<b>Net Underwriting Gain (Loss)</b>	<b>2,174,280</b>	<b>(568,421)</b>
Investment Income Earned	90,058	134,612
Realized Capital Gains	-	-
<b>Net Investment Gains (Losses)</b>	<b>90,058</b>	<b>134,612</b>
Charge-off of Agent's Balances	(7,244)	-
<b>Net Income (Loss)</b>	<b>2,257,094</b>	<b>(433,809)</b>
<b>Beginning Capital and Surplus</b>	<b>(35,257,283)</b>	<b>(30,576,837)</b>
Net Income (Loss)	2,257,094	(433,809)
Change in Non-Admit	2,423,351	(18,622,559)
<b>Ending Capital and Surplus</b>	<b>(30,576,837)</b>	<b>(49,633,205)</b>

**Consumers Choice Health Insurance Company in Liquidation**  
**Receipts and Disbursements**  
**Commencing January 8, 2016 and Ending December 31, 2018**

	<u>1-8-16 to 12-31-16</u>	<u>2017</u>	<u>2018</u>	<u>Total 1-8-16 to 12-31-18</u>
<b>Beginning Cash</b>	<b>17,833,970</b>	<b>13,605,599</b>	<b>14,550,650</b>	<b>17,833,970</b>
<b>Receipts</b>				
Investment income	3,949	64,383	139,607	207,939
Premiums	137,434	-	-	137,434
Provider Refunds/Subrogation	2,612,035	522,789	92,535	3,227,359
Reinsurance recoveries	906,652	26	-	906,677
OptumRx recoveries	-	2,247,651	-	2,247,651
Administrative Services Revenue	197,657	667,384	136,581	1,001,621
Funds held f/b/o CHA	3,208,161	(240,120)	(639,265)	2,328,776
Other	129,879	1,696	-	131,575
<b>Total receipts</b>	<b>7,195,765</b>	<b>3,263,809</b>	<b>(270,543)</b>	<b>10,189,032</b>
<b>Disbursements</b>				
Bank Fees	16,155	6,720	4,323	27,197
Office Supplies	1,119	1,827	4,739	7,684
Accounting Fees	107,219	63,105	1,638	171,963
TPA fees	3,058,423	393,194	128,358	3,579,975
Claim & Claim Adjustment Payments	(69,840)	(566)	11,520	(58,886)
Early Access Advances to Guaranty Association	-	-	5,000,000	5,000,000
Special Deputy Fees	288,642	276,455	232,848	797,944
SC DOI	11,160	-	-	11,160
Legal fees	284,014	537,635	113,222	934,871
Federal Reinsurance Fee	2,206,996	-	-	2,206,996
Payroll	2,921,155	267,340	48,519	3,237,014
Member Premium Refunds	941,806	657	-	942,463
Misc	1,657,287	772,392	241,187	2,670,867
<b>Total Disbursements</b>	<b>11,424,136</b>	<b>2,318,758</b>	<b>5,786,354</b>	<b>19,529,249</b>
<b>Net Cash Flow</b>	<b>(4,228,371)</b>	<b>945,051</b>	<b>(6,056,897)</b>	<b>(9,340,216)</b>
<b>Ending Cash</b>	<b>13,605,599</b>	<b>14,550,650</b>	<b>8,493,753</b>	<b>8,493,753</b>

**Consumers' Choice Health Insurance Company in Liquidation  
 Payments to Consultants and Professionals  
 Commencing January 8, 2016 and Ending December 31, 2018**

	<u>1-8-16 to 12-31-16</u>	<u>2017</u>	<u>2018</u>	<u>Total 1-8-16 to 12-31-18</u>
FitzGibbons and Company, Inc. - Special Deputy	\$ 288,642	\$ 276,455	\$ 232,848	\$ 797,944
Wakely Consulting Group-Actuarial	29,187	-	-	29,187
Dixon Hughes Goodman, LLP-Audit	31,940	22,500	-	54,440
Millennium Consulting Services, LLC-Statutory Reporting	11,471	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	33,480	1,638	69,739
Barnwell Whaley Patterson & Helms, LLC-Counsel	14,614	3,152	3,058	20,824
Nelson Mullins Riley & Scarborough, LLP-Counsel	269,400	534,483	110,164	914,047
Shahriar Arfa-Zanganeh CPA CFF	22,518	9,656	5,456	37,631
Beal LLC	-	-	11,520	11,520
CrowdStrike Inc.- IT Consulting	-	-	85,041	85,041
Former Employees-Contracted	335,832	510,112	103,578	949,522
	<u>\$ 1,491,272</u>	<u>\$ 1,396,963</u>	<u>\$ 553,303</u>	<u>\$ 3,441,538</u>

ELECTRONICALLY FILED - 2019 Mar 06 8:29 AM - RICHLAND - COMMON PLEAS - CASE#2016CP4000034