

**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, 2019**

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, 2019. Said financial statements are attached as Exhibit A to this filing.

March 18, 2020

Respectfully submitted,

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One of the Attorneys for Petitioner

## EXHIBIT A

**Consumers' Choice Health Insurance Company in Liquidation**  
**Balance Sheet**  
**December 31, 2018 and 2019**

	<b>December 31,</b>	
	<b>2018</b>	<b>2019</b>
<b>Assets</b>		
Cash & Equivalents	6,164,976	5,629,596
Cash -Restricted	2,328,777	-
CMS Receivables (a):		
Reinsurance	19,306,809	19,306,809
Risk Corridor	-	-
Exchange Fees	86,352	86,352
Due from Community Health Alliance	7,409	-
Commercial Reinsurance Recoverable	125,135	125,135
Early Access Advances to Guaranty Association	5,125,263	5,125,263
Other	33,241	14,264
<b>Total Assets</b>	<b>33,177,962</b>	<b>30,287,419</b>
<b>Liabilities</b>		
Provider Claims	1,090,253	1,069,431
Claim Adjustment Cost	166,767	113,532
Payable to SC GA	35,974,280	35,995,102
Administrative Costs	3,913,498	4,007,371
Funds held f/b/o CHA	2,328,777	-
SC DOI Liq Payable	1,234,630	1,252,473
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>82,811,167</b>	<b>80,540,871</b>
<b>Capital</b>		
Surplus Notes/Solvency Loans	68,868,408	68,868,408
Retained Earnings	(118,501,613)	(119,121,860)
Unassigned Funds	<b>(49,633,205)</b>	<b>(50,253,452)</b>
<b>Total Liabilities, Capital and Surplus</b>	<b>33,177,962</b>	<b>30,287,419</b>

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

**Consumers' Choice Health Insurance Company in Liquidation**  
**Income Statement**  
**Year Ended December 31, 2018 and 2019**

	<b>Years Ended December 31,</b>	
	<b>2018</b>	<b>2019</b>
<b>Revenue</b>		
Other Non-Health Revenue	16,398	120
<b>Total Revenue</b>	<b>16,398</b>	<b>120</b>
<b>Medical Costs</b>		
Medical and Hospital	(787,002)	(84,421)
Reinsurance	712,262	-
Claim Adjustment	99,978	(26,000)
<b>Total Medical and Hospital Claims Incurred</b>	<b>25,238</b>	<b>(110,421)</b>
<b>Other Costs</b>		
Administrative Expenses	559,581	840,535
<b>Total Other Costs</b>	<b>559,581</b>	<b>840,535</b>
<b>Total underwriting deductions</b>	<b>584,819</b>	<b>730,114</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(568,421)</b>	<b>(729,994)</b>
Investment Income Earned	134,612	109,747
Realized Capital Gains	-	-
<b>Net Investment Gains (Losses)</b>	<b>134,612</b>	<b>109,747</b>
<b>Net Income (Loss)</b>	<b>(433,809)</b>	<b>(620,247)</b>
<b>Beginning Capital and Surplus</b>	<b>(30,576,837)</b>	<b>(49,633,205)</b>
Net Income (Loss)	(433,809)	(620,247)
Change in Non-Admit	(18,622,559)	-
<b>Ending Capital and Surplus</b>	<b>(49,633,205)</b>	<b>(50,253,452)</b>

**Consumers Choice Health Insurance Company in Liquidation**  
**Receipts and Disbursements**  
**Commencing January 8, 2016 and Ending December 31, 2019**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>ITD</b>
	<b>1-8-16 to 12-31-16</b>	<b>YTD</b>	<b>YTD</b>	<b>YTD</b>	
<b>Beginning Cash</b>	<b>17,833,970</b>	<b>13,605,599</b>	<b>14,550,650</b>	<b>8,493,753</b>	<b>17,833,970</b>
<b>Receipts</b>					
Investment income	3,949	64,383	139,607	140,226	348,165
Premiums	137,434	-	-	-	137,434
Provider Refunds/Subrogation	2,612,035	522,789	92,535	85,721	3,313,080
Reinsurance recoveries	906,652	26	-	-	906,677
OptumRx recoveries		2,247,651	-	-	2,247,651
Administrative Services Revenue	197,657	667,384	136,581	19,664	1,021,285
Funds held f/b/o CHA	3,208,161	(240,120)	(639,265)	(2,328,776)	(0)
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>(2,083,165)</b>	<b>8,105,867</b>
<b>Disbursements</b>					
Bank Fees	16,155	6,720	4,323	3,001	30,198
Office Supplies	1,119	1,827	4,739	4,935	12,619
Accounting Fees	107,219	63,105	1,638	5,374	177,337
TPA fees	3,058,423	393,194	128,358	21,000	3,600,975
Claim & Claim Adjustment Payments	(69,840)	(566)	11,520	6,235	(52,651)
Early Access Advances to Guaranty Association	-	-	5,000,000	-	5,000,000
Special Deputy Fees	288,642	276,455	232,848	182,622	980,566
SC DOI	11,160	-	-	-	11,160
Legal fees	284,014	537,635	113,222	65,489	1,000,360
Federal Reinsurance Fee	2,206,996	-	-	-	2,206,996
Payroll	2,921,155	267,340	48,519	50,527	3,287,541
Member Premium Refunds	941,806	657	-	-	942,463
Guaranty Association Expenses	161,013	59,964	-	347,823	568,799
Misc	1,496,275	712,428	241,187	93,986	2,543,876
<b>Total Disbursements</b>	<b>11,424,136</b>	<b>2,318,758</b>	<b>5,786,354</b>	<b>780,992</b>	<b>20,310,241</b>
<b>Net Cash Flow</b>	<b>(4,228,371)</b>	<b>945,051</b>	<b>(6,056,897)</b>	<b>(2,864,157)</b>	<b>(12,204,373)</b>
<b>Ending Cash</b>	<b>13,605,599</b>	<b>14,550,650</b>	<b>8,493,753</b>	<b>5,629,596</b>	<b>5,629,596</b>

**Consumers' Choice Health Insurance Company in Liquidation**  
**Payments to Consultants and Professionals**  
**Commencing January 8, 2016 and Ending December 31, 2019**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>ITD</b>
	<b>1-8-16 to 12-31-16</b>	<b>YTD</b>	<b>YTD</b>	<b>YTD</b>	
FitzGibbons and Company, Inc. - Special Deputy	\$ 288,642	\$ 276,455	\$ 232,848	\$ 182,622	\$ 980,566
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	5,374	75,113
Barnwell Whaley Patterson & Helms, LLC-Counsel	14,614	3,152	3,058	1,447	22,271
Nelson Mullins Riley & Scarborough, LLP-Counsel	269,400	534,483	110,164	64,042	978,089
Shahriar Arfa-Zanganeh CPA CFF	22,518	9,656	5,456	-	37,631
Beal LLC	-	-	11,520	6,235	17,755
CrowdStrike Inc.- IT Consulting	-	-	85,041	119	85,160
Former Employees-Contracted	335,832	510,112	103,578	25,433	974,956
	<b>\$ 1,491,272</b>	<b>\$ 1,396,963</b>	<b>\$ 553,303</b>	<b>\$ 285,273</b>	<b>\$ 3,726,812</b>