

**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
JUNE 30, 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 June 30, 2018. Said financial statements are attached as Exhibit A to this filing.

Respectfully submitted,

September 5, 2018

s/ Geoffrey R. Bonham
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One of the Attorneys for Petitioner

EXHIBIT A

Consumers' Choice Health Insurance Company in Liquidation Balance Sheet December 31, 2017 and June 30, 2018

	December 31, 2017	June 30, 2018
Assets		
Cash & Equivalents	11,582,609	6,411,318
Cash -Restricted	2,968,041	2,372,757
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	4,237
Commercial Reinsurance Recoverable	750,156	125,135
Early Access Advances to Guaranty Association	-	5,125,263
Other	33,176	36,777
Total Assets	53,600,624	33,468,648
Liabilities		
Provider Claims	1,838,908	1,072,139
Claim Adjustment Cost	177,691	227,525
Payable to SC GA	35,920,093	35,992,395
Administrative Costs	3,946,744	3,930,684
Amounts Withheld for Others	-	-
Funds held f/b/o CHA	2,968,041	2,372,757
SC DOI Liq Payable	1,223,023	1,229,060
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
Total Liabilities	84,177,461	82,927,522
Capital		
Surplus Notes/Solvency Loans	68,868,408	68,868,408
Retained Earnings	(99,445,245)	(118,327,282)
Unassigned Funds	(30,576,837)	(49,458,874)
Total Liabilities, Capital and Surplus	53,600,624	33,468,648

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

Consumers' Choice Health Insurance Company in Liquidation
Income Statement
Year Ended December 31, 2017 and Six Months Ended June 30, 2018

	Year Ended December 31, 2017	6 Months Ended June 30, 2018
Revenue		
Premiums	(31,089)	-
Other Non-Health Revenue	158,181	15,630
Total Revenue	127,092	15,630
Medical Costs		
Medical and Hospital	(542,071)	(745,239)
Pharmacy	(579,014)	-
Reinsurance	(277,141)	712,262
Claim Adjustment	241,446	100,050
Change in reserves	-	-
Total Medical and Hospital Claims Incurred	(1,156,781)	67,073
Other Costs		
Administrative Expenses	(890,407)	278,608
Total Other Costs	(890,407)	278,608
Total underwriting deductions	(2,047,188)	345,681
Net Underwriting Gain (Loss)	2,174,280	(330,051)
Investment Income Earned	90,058	70,573
Realized Capital Gains	-	-
Net Investment Gains (Losses)	90,058	70,573
Charge-off of Agent's Balances	(7,244)	-
Net Income (Loss)	2,257,094	(259,478)
Beginning Capital and Surplus	(35,257,283)	(30,576,837)
Net Income (Loss)	2,257,094	(259,478)
Change in Non-Admit	2,423,351	(18,622,559)
Ending Capital and Surplus	(30,576,837)	(49,458,874)

Consumers Choice Health Insurance Company in Liquidation
Receipts and Disbursements
Commencing January 8, 2016 and Ending June 30, 2018

	2016 1-8-16 to 12-31-16	2017 YTD	2018			ITD
			1st Q	2nd Q	Total	
Beginning Cash	17,833,970	13,605,599	14,550,650	13,732,484	14,550,650	17,833,970
Receipts						
Investment income	3,949	64,383	50,543	19,424	69,967	138,299
Premiums	137,434	-	-	-	-	137,434
Provider Refunds/Subrogation	2,612,035	522,789	7,780	42,992	50,772	3,185,596
Reinsurance recoveries	906,652	26	-	-	-	906,677
OptumRx recoveries		2,247,651	-	-	-	2,247,651
Administrative Services Revenue	197,657	667,384	66,583	30,482	97,066	962,106
Funds held f/b/o CHA	3,208,161	(240,120)	(721,846)	126,562	(595,284)	2,372,757
Other	129,879	1,696	-	-	-	131,575
Total receipts	7,195,765	3,263,809	(596,940)	219,461	(377,480)	10,082,095
Disbursements						
Bank Fees	16,155	6,720	1,182	1,074	2,256	25,130
Office Supplies	1,119	1,827	939	777	1,716	4,661
Accounting Fees	107,219	63,105	538	360	898	171,223
TPA fees	3,058,423	393,194	32,793	34,708	67,501	3,519,118
Claim & Claim Adjustment Payments	(69,840)	(566)	7,520	4,000	11,520	(58,886)
Early Access Advances to Guaranty Association	-	-	-	5,000,000	5,000,000	5,000,000
Special Deputy Fees	288,642	276,455	65,529	54,456	119,985	685,081
SC DOI	11,160	-	-	-	-	11,160
Legal fees	284,014	537,635	31,500	28,379	59,879	881,528
Federal Reinsurance Fee	2,206,996	-	-	-	-	2,206,996
Payroll	2,921,155	267,340	15,130	10,506	25,635	3,214,130
Member Premium Refunds	941,806	657	-	-	-	942,463
Misc	1,657,287	772,392	66,096	33,610	99,705	2,529,385
Total Disbursements	11,424,136	2,318,758	221,226	5,167,869	5,389,095	19,131,990
Net Cash Flow	(4,228,371)	945,051	(818,166)	(4,948,409)	(5,766,575)	(9,049,894)
Ending Cash	13,605,599	14,550,650	13,732,484	8,784,075	8,784,075	8,784,075

Rec & Disb

Consumers' Choice Health Insurance Company in Liquidation
Payments to Consultants and Professionals
Commencing January 8, 2016 and Ending June 30, 2018

	2016	2017	2018						ITD	
	1-8-16 to 12-31-16	YTD	Jan	Feb	Mar	Apr	May	Jun		Total
FitzGibbons and Company, Inc. - Special Deputy	\$ 288,642	\$ 276,455	\$ 44,765	\$ -	\$ 20,764	\$ 20,923	\$ 20,014	\$ 13,518	\$ 119,985	\$ 685,081
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	-	-	538	240	120	-	898	68,999
Barnwell Whaley Patterson & Helms, LLC-Counsel	14,614	3,152	77	1,238	690	171	171	81	2,427	20,193
Nelson Mullins Riley & Scarborough, LLP-Counsel	269,400	534,483	-	29,495	-	-	14,001	13,956	57,452	861,335
Shahriar Arfa-Zanganeh CPA CFF	22,518	9,656	-	563	3,881	-	-	1,013	5,456	37,631
Beal LLC	-	-	-	-	7,520	-	-	4,000	11,520	11,520
Former Employees-Contracted	335,832	510,112	16,198	15,818	18,173	9,258	5,658	10,516	75,620	921,565
	\$ 1,491,272	\$ 1,396,963	\$ 61,040	\$ 47,114	\$ 51,566	\$ 30,591	\$ 39,964	\$ 43,084	\$ 273,359	\$ 3,161,594

**STATE OF SOUTH CAROLINA
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**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,

CERTIFICATE OF SERVICE

vs.

Consumers' Choice Health Insurance
Company,

Respondent.

I hereby certify that one copy each of the foregoing *Notice of Filing of Financial Statements as of June 30, 2018* has been served upon the following persons, by First Class U.S. Mail, postage prepaid, this 5th day of September, 2018, addressed as follows:

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Respectfully submitted,

September 5, 2018

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