

**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, 2019**

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

Respectfully submitted,

August 13, 2019

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EXHIBIT A

Consumers' Choice Health Insurance Company in Liquidation
Balance Sheet
December 31, 2018 and June 30, 2019

	December 31, 2018	June 30, 2019
Assets		
Cash & Equivalents	6,164,976	5,712,072
Cash -Restricted	2,328,777	2,318,955
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	1,810
Commercial Reinsurance Recoverable	125,135	125,135
Early Access Advances to Guaranty Association	5,125,263	5,125,263
Other	33,241	30,224
Total Assets	33,177,962	32,706,620
Liabilities		
Provider Claims	1,090,253	1,098,824
Claim Adjustment Cost	166,767	121,798
Payable to SC GA	35,974,280	35,965,709
Administrative Costs	3,913,498	3,987,659
Funds held f/b/o CHA	2,328,777	2,318,955
SC DOI Liq Payable	1,234,630	1,240,207
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	82,811,167	82,836,114
Capital		
Surplus Notes/Solvency Loans	68,868,408	68,868,408
Retained Earnings	<u>(118,501,613)</u>	<u>(118,997,902)</u>
Unassigned Funds	(49,633,205)	(50,129,494)
Total Liabilities, Capital and Surplus	33,177,962	32,706,620

(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 Six Months Ended June 30, 2019

	Year Ended December 31, 2018	Six Months Ended June 30, 2019
Revenue		
Other Non-Health Revenue	16,398	120
Total Revenue	16,398	120
Medical Costs		
Medical and Hospital	(787,002)	(35,676)
Reinsurance	712,262	-
Claim Adjustment	99,978	(26,000)
Total Medical and Hospital Claims Incurred	25,238	(61,676)
Other Costs		
Administrative Expenses	559,581	628,664
Total Other Costs	559,581	628,664
Total underwriting deductions	584,819	566,988
Net Underwriting Gain (Loss)	(568,421)	(566,868)
Investment Income Earned	134,612	70,579
Realized Capital Gains	-	-
Net Investment Gains (Losses)	134,612	70,579
Net Income (Loss)	(433,809)	(496,289)
Beginning Capital and Surplus	(30,576,837)	(49,633,205)
Net Income (Loss)	(433,809)	(496,289)
Change in Non-Admit	(18,622,559)	-
Ending Capital and Surplus	(49,633,205)	(50,129,494)

Consumers Choice Health Insurance Company in Liquidation
Receipts and Disbursements
Commencing January 8, 2016 and Ending June 30, 2019

	2016	2017	2018	2019			ITD
	1-8-16 to 12-31-16	YTD	YTD	1st Q	2nd Q	Total	
Beginning Cash	17,833,970	13,605,599	14,550,650	8,493,753	8,448,524	8,493,753	17,833,970
Receipts							
Investment income	3,949	64,383	139,607	47,851	28,000	75,851	283,791
Premiums	137,434	-	-	-	-	-	137,434
Provider Refunds/Subrogation	2,612,035	522,789	92,535	13,042	22,635	35,676	3,263,035
Reinsurance recoveries	906,652	26	-	-	-	-	906,677
OptumRx recoveries	-	2,247,651	-	-	-	-	2,247,651
Administrative Services Revenue	197,657	667,384	136,581	15,282	3,997	19,279	1,020,901
Funds held f/b/o CHA	3,208,161	(240,120)	(639,265)	(16,322)	6,500	(9,821)	2,318,955
Other	129,879	1,696	-	-	-	-	131,575
Total receipts	7,195,765	3,263,809	(270,543)	59,853	61,132	120,986	10,310,018
Disbursements							
Bank Fees	16,155	6,720	4,323	1,556	696	2,252	29,449
Office Supplies	1,119	1,827	4,739	899	1,044	1,943	9,628
Accounting Fees	107,219	63,105	1,638	5,214	60	5,274	177,237
TPA fees	3,058,423	393,194	128,358	11,000	3,000	14,000	3,593,975
Claim & Claim Adjustment Payments	(69,840)	(566)	11,520	3,206	1,763	4,970	(53,917)
Early Access Advances to Guaranty Association	-	-	5,000,000	-	-	-	5,000,000
Special Deputy Fees	288,642	276,455	232,848	44,836	52,349	97,184	895,129
SC DOI	11,160	-	-	-	-	-	11,160
Legal fees	284,014	537,635	113,222	664	35,119	35,784	970,655
Federal Reinsurance Fee	2,206,996	-	-	-	-	-	2,206,996
Payroll	2,921,155	267,340	48,519	11,552	14,149	25,700	3,262,714
Member Premium Refunds	941,806	657	-	-	-	-	942,463
Guaranty Association Expenses	161,013	59,964	-	-	347,823	347,823	568,799
Misc	1,496,275	712,428	241,187	26,156	22,625	48,781	2,498,671
Total Disbursements	11,424,136	2,318,758	5,786,354	105,083	478,628	583,711	20,112,959
Net Cash Flow	(4,228,371)	945,051	(6,056,897)	(45,230)	(417,495)	(462,725)	(9,802,942)
Ending Cash	13,605,599	14,550,650	8,493,753	8,448,524	8,031,028	8,031,028	8,031,028

Consumers' Choice Health Insurance Company in Liquidation
Payments to Consultants and Professionals
Commencing January 8, 2016 and Ending June 30, 2019

	2016	2017	2018	2019			ITD
	1-8-16 to 12-31-16	YTD	YTD	1st Qtr	2nd Qtr	Total	
FitzGibbons and Company, Inc. - Special Deputy	\$ 288,642	\$ 276,455	\$ 232,848	\$ 44,836	\$ 52,349	\$ 97,184	\$ 895,129
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	5,214	60	5,274	75,013
Barnwell Whaley Patterson & Helms, LLC-Counsel	14,614	3,152	3,058	664	351	1,016	21,840
Nelson Mullins Riley & Scarborough, LLP-Counsel	269,400	534,483	110,164	-	34,768	34,768	948,815
Shahriar Arfa-Zanganeh CPA CFF	22,518	9,656	5,456	-	-	-	37,631
Beal LLC	-	-	11,520	3,206	1,763	4,970	16,490
CrowdStrike Inc.- IT Consulting	-	-	85,041	119	-	119	85,160
Former Employees-Contracted	335,832	510,112	103,578	6,906	9,293	16,199	965,721
	\$ 1,491,272	\$ 1,396,963	\$ 553,303	\$ 60,945	\$ 98,585	\$ 159,530	\$ 3,601,068

ELECTRONICALLY FILED - 2019 Aug 13 9:12 AM - RICHLAND - COMMON PLEAS - CASE#2016CP4000034