



Protecting, maintaining and improving the health of all Minnesotans

March 9, 2010

Mary Quist, Controller
Medica Health Plans
401 Carlson Parkway
Minnetonka, Minnesota 55305

Dear Ms. Quist:

Enclosed please find a copy of original Examination Report for Medica Health Plans as of December 31, 2008, as prepared by the Minnesota Department of Commerce.

In accordance with Minnesota Statutes, § 62D.14, a copy of the Examination Report is also to be delivered to each member of the Board of Directors and executed affidavits should be forwarded to us for each Director.

A copy of an illustrated affidavit is enclosed for your information.

If you have any questions or wish to discuss the Examination Report further, please feel free to contact Jacqueline L. Gardner at 651-297-7030.

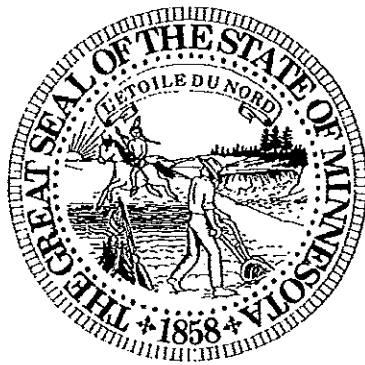
Sincerely,

A handwritten signature in black ink that reads "Darcy M. Pinedo for". The signature is written in a cursive style.

Sanne Magnan, M.D., Ph.D.
Commissioner of Health

Enc.

cc: Margie Pinedo, Minnesota Department of Commerce



STATE OF MINNESOTA
DEPARTMENT OF HEALTH
SAINT PAUL, MINNESOTA

REPORT OF EXAMINATION
OF
MEDICA HEALTH PLANS

MINNETONKA, MINNESOTA

NAIC # 52626

AS OF
DECEMBER 31, 2008



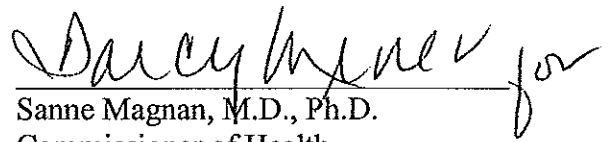
Protecting, maintaining and improving the health of all Minnesotans

The attached report of examination made of the condition and affairs as of December 31, 2008 of:

MEDICA HEALTH PLANS
Minnetonka, Minnesota

was recently completed by duly qualified examiners of the State of Minnesota.

Due consideration has been given to the comments of the examiners regarding the operations of Medica Health Plans and its financial condition, as reflected in this report. This report is hereby, as of this date, approved, adopted, filed and made an official record of this Department.


Sanne Magnan, M.D., Ph.D.
Commissioner of Health

Dated: 3/16/10

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Protecting, maintaining and improving the health of all Minnesotans

March 9, 2010

The Honorable Sanne Magnan
Commissioner of Health
State of Minnesota
Department of Health
85 7th Place East, Suite 400
St. Paul, Minnesota 55101

The Honorable Glenn Wilson
Commissioner of Commerce
State of Minnesota
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

Dear Honorable Commissioners:

In compliance with your instructions and pursuant to statutory provisions, an association examination has been made of the affairs and financial condition of

MEDICA HEALTH PLANS

The home office of Medica Health Plans (hereinafter referred to as the Plan) is located at 401 Carlson Parkway, Minnetonka, Minnesota, 55305. The Plan's telephone number is (952) 992-2900.

The report of examination is respectfully submitted.

SCOPE OF EXAMINATION

The examination was a comprehensive examination, conducted, on behalf of the Minnesota Department of Health, by the Minnesota Department of Commerce, observing the guidelines and procedures in the NAIC Examiners' Handbook 2006 (hereinafter known as "the Financial Examiners' Handbook"). The Department of Commerce Examination Order 09-010 directed the examination to include a determination of the financial condition of the Plan and a general review of its corporate affairs and insurance operations to determine compliance with Minnesota statutes.

This examination included a review of the Plan's systems and internal control environment and an assessment of its risk exposure level and the adequacy of its current and planned surplus to support future operations.

The examination covered the period January 1, 2006 through December 31, 2008, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination. The work papers of the Plan's designated certified public accountant, for the audit year 2008, were reviewed and copies included as part of the examination files where utilized.

Risk Assessment

The examination was conducted as a risk-focused examination. Information about the Plan's organizational structure, business approach, and control environment were utilized to develop the examination approach that would be most appropriate for the Plan. The Plan's risks and management activities were evaluated based upon the NAIC's nine branded risk categories. The categories below represent a measure of the risk areas judgmentally evaluated by the examiners to determine the Plan's exposure to prospective risk that could potentially result in hazardous financial condition. The Control Evaluation Level, as indicated in the table below, is defined in the Financial Condition Examiner's Handbook as:

- Strong Risk Management - Management effectively identifies and controls all material types of risk posed by the relevant activity.
- Moderate Risk Management -- The insurer's risk management practices, although largely effective, may be lacking in some modest degree.
- Weak Risk Management -- Risk management processes that are lacking in important ways and therefore, are a cause for above normal supervisory attention.

Category	<u>Risk Definition</u>	<u>Control Evaluation Level</u>	<u>Observation</u>
Pricing/ Underwriting	Pricing and underwriting practices are inadequate to provide for risks assumed.	Moderate	The Plan has adequate evaluation and oversight controls in place. Certain pricing and underwriting risks related to potential governmental initiatives are beyond the control of the Plan.
Reserving	Actual losses or other contractual payments reflected in reported reserves or other liabilities will be greater than estimated.	Strong	The controls in place reasonably ensure that claim liabilities are established at an adequate level. Historically, the Plan has been redundant in the establishment of claim liabilities.
Operational	Operational problems such as inadequate information systems, breaches in internal controls, fraud or unforeseen catastrophes will result in unexpected losses.	Strong	The Plan has adequate operations evaluation and oversight controls in place. The information systems were reviewed and found to have no significant deficiencies. A business continuation plan has been developed and is periodically tested. The Plan has an extensive fraud monitoring program in place.
Strategic	Inability to implement appropriate business plans, to make decisions, to allocate resources or to adapt to changes in the business environment will adversely affect competitive position and financial condition.	Strong	The Plan has a formal strategic planning and risk assessment program that includes appropriate monitoring and corrective action procedures.

Credit	Amounts actually collected or collectible are less than those contractually due.	Strong	No material credit related control deficiencies were noted. The investment portfolio is relatively conservative with good management oversight. Business credit exposures are adequately controlled.
Market	Movement in market rates or prices such as interest rates, foreign exchange rates or equity prices adversely affect the reported and/or market value of investments.	Moderately Strong	No material market related control deficiencies were noted. The Plan has some degree of residual market reinvestment, asset value and political risk.
Liquidity	Inability to meet contractual obligations as they become due because of an inability to liquidate assets or obtain adequate funding without incurring unacceptable losses.	Strong	The Plan's investment program includes provisions that address liquidity concerns.
Legal	Non-conformance with laws, rules, regulations, prescribed practices or ethical standards in any jurisdiction in which the entity operates will result in a disruption in business and financial loss.	Moderate	No material legal related control deficiencies were noted. The Plan has residual legal regulatory and political risk due to potential Federal/State statutory changes to the health care administrative system.
Reputation	Negative publicity, whether true or not, causes a decline in the customer base, costly litigation and/or revenue reductions.	Strong	The Plan has quality control, training and fraud prevention policies and procedures in place to effectively mitigate this exposure to a relatively low level.

The corporate systems and internal control structure were discussed with management through questionnaires, interviews and a review of the work performed by the Plan's independent public accountants.

The systems and internal control environment are considered adequate to provide reasonable assurance that corporate assets are adequately protected and that financial and insured data is being accurately processed and reported. The overall enterprise risk exposure of the Plan, as determined by the examiners' risk review assessment, is considered low.

Status of Prior Examination Findings

The examination included a review to determine the current status of any recommendations noted in the previous Report of Examination as of December 31, 2005. There were no recommendations made in the previous Report of Examination.

SUBSEQUENT EVENTS/CONTINGENT LIABILITIES

The examination found no indication of any contingent liabilities at or after December 31, 2008, to the date of this examination report that would have a material effect either on the Plan's operations, financial stability or management oversight.

The Plan entered into a quota share reinsurance agreement with Medica Insurance Company (hereinafter referred to as the Company), effective August 1, 2009, whereby the Plan assumes 40% of the commercial business risk written by the Company.

PLAN HISTORY

The Plan is a non-profit corporation subject to the provisions of Chapter 317A of the Minnesota Statutes is exempted from federal tax pursuant to Section 501(c)(4) of the Internal Revenue Code of 1986.

The Plan was created by Physicians Health Plan of Greater Minneapolis, a Minnesota nonprofit corporation incorporated on December 30, 1974, for the purpose of operating as a health maintenance organization. Since incorporation, the Plan has had several name changes and is now known as Medica Health Plans. The Plan merged with HealthSpan Health Systems Corporation on July 27, 1994, to form Allina Health System, and the Plan became a first-tier subsidiary of Allina Health System. Control of the Plan transferred to Medica Holding Company, a Minnesota nonprofit corporation incorporated on December 13, 2001, effective April 30, 2002.

MANAGEMENT AND CONTROL

Plan Governance

The Plan consists of two classes of membership, the voting member and consumer members. The voting member is Medica Holding Company and consumer members are all members and enrollees of the Plan.

Consumer members each have one vote in the election of consumer directors. Consumer members have no other voting rights.

Plan governance is provided by the Plan's Board of Directors, and is carried out by Plan management.

Board of Directors

The Board consists of no more than 15 directors. Not less than 40% must be consumer directors.

Directors serve three year terms and are elected annually on a staggered basis.

At December 31, 2008, the Board of Directors of the Plan consisted of the following individuals:

<u>Director</u>	<u>First Elected</u>	<u>Principal Business Affiliation</u>
John D. Buck-Chairperson	2001	Business Executive
Rajesh K. Aggarwal	2008	University Professor
Benjamin R. Bache-Wiig, M.D.	2001	Physician
Burton D. Cohen	2003	Publisher and Journalist
Daryl E. Durum	2001	Retired Insurance Company Executive
Peter H. Kelly, M.D.	2001	Surgeon
Samuel H. Leon, M.D.	2001	Physician
Krista L. Sanda Johnson	2001	State Government Regulator
Austin P. Sullivan	2001	Retired Business Executive
David M. Tilford	2005	Medica President and Chief Executive Officer
Esther M. Tomljanovich	2001	Retired Minnesota Supreme Court Justice
Stephen J. Wiczek	2003	Business Executive

Principal Officers

Principal operating officers of the Plan are elected by the President of the voting member. At December 31, 2008, the principal operating officers of the Plan and their positions were as follows:

<u>Name</u>	<u>Position</u>
David M. Tilford	President
James P. Jacobson	Assistant Secretary
Aaron L. Reynolds	Treasurer

Enterprise-Wide Risk Management

Risk management activities are coordinated with the corporate-wide strategic planning and budgeting process. The Corporate Group has initiated a program to adopt the NAIC's Model Audit Rule.

Strategic Planning

The Plan is part of a formal corporate wide strategic planning process that incorporates strategies and objectives that includes both the current and prospective operating environment. The planning process includes procedures for monitoring and amending the plan on an on-going basis.

Conflict of Interest

The corporate group has a conflict of interest policy in place which requires completion of conflict of interest statements annually by all directors, officers and employees. The Plan's General Counsel reviews all disclosure statements and brings potential conflict situations to the attention of the Board. The conflict of interest statements, for the period under examination, were reviewed and no material conflicts were noted.

CORPORATE RECORDS

Articles of Incorporation and By-laws

The Plan's By-laws were amended in 2007 for procedural and administrative adjustments.

Board of Directors Minutes

The minutes of the Plan's Board of Directors' meetings and Board Committee meetings, covering the period of this examination, were reviewed and found to be in proper order. All significant actions taken by the Plan during the examination period, including those mandated by statute, were addressed in the meeting minutes.

Policies, Procedures and Internal Controls

The Corporate Group has an internal audit department that has responsibility for monitoring effectiveness of the Group's internal control policies and procedures. The internal audit department has reporting responsibility to both administrative management and the Audit Committee of the Board of Directors.

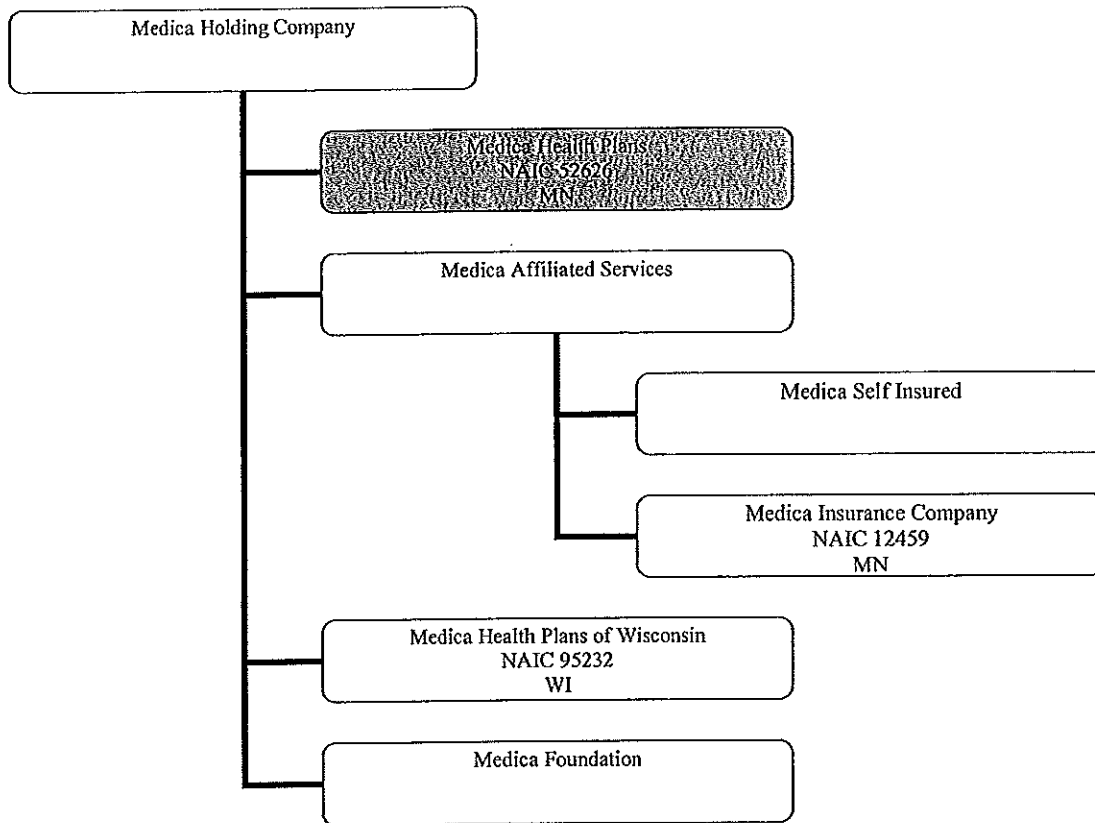
The Plan's external auditors perform certain reviews of the corporate system of internal controls as part of the annual audits.

Accountability for managing the Plan's risks resides with its Board of Directors and senior management.

AFFILIATED COMPANIES AND RELATED PARTIES

Affiliated Companies

Medica Health Plans is one of several health insurance provider entities managed and operated by Medica Holding Company (MHC). Affiliated companies within this group include Medica Health Plans of Wisconsin, a Health Maintenance Corporation authorized to provide prepaid comprehensive health maintenance services in the state of Wisconsin, Medica Foundation, a charitable foundation, and Medica Affiliated Services, a parent company of Medica Self-Insured and Medica Insurance Company. Medica Self-Insured is a corporation organized to process self-insured business. Medica Insurance Company is a corporation offering fully insured comprehensive health plans, COBRA and conversion benefit plans, and supplemental insurance coverage for self-insured employer groups. The Plan's organizational chart is provided below:



Affiliated Company Agreements

Administrative Services Agreements

The Plan is a party to administrative and service agreements with Medica Health Plans of Wisconsin, Medica Foundation, Medica Self-Insured and Medica Insurance Company. The terms of each agreement includes a provision for the Plan to provide personnel and administrative services for all operations of each entity. The Plan is compensated for the services on a per member per month allocation with the exception of Medica Foundation which is compensated for actual costs using a pro rata allocation of direct and indirect costs. The allocations include no provision for profit to the Plan.

Surplus Notes

The Plan has invested in a surplus note issued by Medica Insurance Company, effective September 30, 2005, in the principal amount of \$50,000,000. Interest is at a fixed rate of 6% per annum, payable in arrears, at the end of each year, beginning in 2006. The note calls for approval by the Minnesota Commissioner of Commerce prior to payment of any principal or interest, as specified by Statute.

Related Parties

UnitedHealthcare Services, Inc.

The Plan and certain of its affiliates are parties to an administrative services agreement with United Healthcare Services, Inc (UHS). Under the agreement, UHS agrees to provide the Plan and its affiliates with certain administrative, operational, financial and systems support services.

Delta Dental Plan of Minnesota

The Plan and certain of its affiliates are parties to an administrative services and profit sharing agreement with Delta Dental Plan of Minnesota (DDPM). Under the agreement, DDPM agrees to administer the Plan and its affiliates dental coverages on a profit sharing basis.

MedImpact Healthcare Systems, Inc.

The Plan and certain of its affiliates are parties to an administrative services agreement with MedImpact Healthcare Systems (MHS). Under the agreement, MHS agrees to provide the Plan and its affiliates with certain administrative and operational services related to their pharmacy benefit programs.

FIDELITY BOND AND OTHER INSURANCE

MHC carries fidelity coverage for the corporate group of companies that provides limits of coverage that are in excess of the minimum suggested NAIC guidelines for the Plan.

MHC carries general insurance coverages for the corporate group, which it feels is sufficient to cover risk exposures in the normal course of business.

EMPLOYEE BENEFITS

The Plan provides personnel services for all affiliated entities under an intercompany management services agreement.

Plan employees are not parties to any employment contracts or post-retirement health plans.

STATUTORY & SPECIAL DEPOSITS

The Plan is required by Minnesota Statutes 62D.041 to deposit securities in a separate custodial account to be held in the event of insolvency. The balance in the account is required to be at least 33% of the prior year's uncovered expenses. The Plan was in compliance with this Statutory requirement at year end 2008.

North Dakota Statutes require the Plan to maintain in escrow at least \$300,000. The Plan had the required amounts on deposit at year end 2008 to be in compliance with Statutes.

The Plan had no other restricted assets at December 31, 2008.

TERRITORY AND PLAN OF OPERATION

The Plan is authorized in Minnesota as a health maintenance organization. The Plan is also a licensed health insurer in the States of North and South Dakota.

The Plan's products are marketed to fully insured employer groups. Coverages are also provided under government insurance programs. Marketing is primarily through independent brokerage firms/agents.

The Plan contracts out to third-party administrators the pharmacy and dental portions of its health insurance programs. Included in this contracted administration is the processing and payment of claims.

MARKET CONDUCT

Claims Settlement Practices

Procedures performed in conjunction with the claims review work indicated that the Plan investigates and settles claims on a timely and equitable basis.

Complaint Procedures

The Plan has formalized procedures for addressing and documenting insured member complaints as required by Minnesota Statutes 62D.11. These procedures indicate that complaints are adjudicated by the Plan in a fair and equitable manner.

Advertising and Sales Materials

The Plan maintains files of all advertising and sales materials in compliance with the applicable provisions of Minnesota Regulation 2790.2000.

REINSURANCE

The Plan was not a party to any reinsurance agreements covering the years 2006 through 2008.

Through novation of a reinsurance agreement between the Company and London Life Insurance Company, effective August 1, 2009, the Plan became the reinsurer of 40% of the commercial

business written by the Company. Terms of the agreement include stop loss and experience refund provisions.

ACCOUNTS AND RECORDS

Systems/Operations Databases & Business Continuation

The Plan's primary books and supporting records are processed and maintained by third party administrators. System and data integrity management oversight functions are performed by the corporate finance and internal audit departments. Examination review found these control oversight functions to provide reasonable assurance that insured and financial records are being processed and recorded accurately.

The Plan's regulatory reporting forms were reviewed for proper completion in accordance with Minnesota Rule 4685.1910 and the related NAIC Annual Statement Instructions. No material deviations were found.

The Plan is part of the corporate group's formal comprehensive business continuation/disaster recovery program. The elements of the program are tested on a periodic basis.

Safekeeping of Assets and Investment Policy

The Plan's securities investments are held, under custodial agreements, in book entry form, with national banking associations. The terms of the custodial agreements provide for non-comingling and indemnity against physical or negligent loss.

The Plan was a party to a securities lending agreement that is in process of termination.

The Plan has an investment policy that is in compliance with the provisions of Minnesota Statutes 62D.045 and 60A.112. The Plan's investment policy is reviewed and re-affirmed annually by the Board of Directors.

The Plan is a party to investment management agreements by which it gives the investment advisors discretionary investment authority, as limited by the Plan's investment objectives and guidelines, over investment of Plan assets under the advisor's management. None of the advisors are custodians of the securities.

Designated Independent Public Accountants

The books and records of the Plan are audited annually by independent public accountants in accordance with Minnesota Statutes 62D.08. During the period under examination, the designated independent public accounting firm was McGladrey & Pullen, LLP. The Plan received unqualified audit opinions in all examination years.

Loss Liabilities

The Minnesota Department of Commerce developed claim liability projections and compared them to values carried by the Plan at December 31, 2008. The examination consisted of review of the underlying data using procedures prescribed by the NAIC Financial Condition Examiners Handbook and other procedures as determined necessary by the Department actuary to provide adequate validation of the data. Based on the procedures applied, the claim liabilities appear to be reasonably stated and have been accepted for the purposes of this report.

Federal and State Taxes

The Plan is exempt from Federal income taxation under IRC section 501(c)(4) and is exempt from State income taxation under Minnesota Statutes section 290.05. The Plan is subject to taxation on premium and income from unrelated business activities.

Risk Based Capital Ratio

The Plan's year end 2008 total adjusted capital was 881% of its authorized control level. The RBC ratios for year ends 2007 and 2006 were 828% and 706% respectively.

FINANCIAL STATEMENTS

The following are the Plan's reported statutory statements of admitted assets, liabilities and unassigned funds as of December 31, for the years 2006 through 2008, and the related statutory statements of operations and cash flows for the years then ended, as reported by the Plan. The examiners have incorporated these statements into this report without adjustments.

Medica Health Plans
Statements of Assets, Liabilities, Surplus and Other Funds
As of December 31,

	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Admitted Assets</u>			
Bonds	\$ 253,800,090	\$ 296,690,172	\$ 283,308,631
Preferred Stocks	2,689,780	1,496,443	1,728,625
Common Stocks	300	38,796,971	36,675,682
Real Estate	7,823,780	8,489,394	9,182,275
Cash and Short-term Investments	138,798,591	107,912,747	98,808,743
Other Invested Assets	50,000,000	50,000,000	50,000,000
Receivables for Securities	77,546	86,512	146,188
Cash and Invested Assets	\$ 453,190,087	\$ 503,472,239	\$ 479,850,144
Investment Income Due and Accrued	2,382,319	2,657,038	2,656,964
Uncollected Premiums	31,591,638	27,150,949	25,999,391
Receivables Related to Uninsured Plans	9,246	4,413,524	0
EDP Equipment and Software	1,487,931	1,635,177	3,019,216
Receivable from Affiliates	11,826,015	32,184,638	2,343,110
Healthcare Receivables	5,746,209	7,070,641	6,643,353
Total Admitted Assets	\$ 506,233,445	\$ 578,584,206	\$ 520,512,178
<u>Liabilities</u>			
Claims Unpaid	\$ 124,656,476	\$ 125,939,099	\$ 126,463,176
Accrued Medical Incentive Pool Amounts	3,665,406	2,949,488	3,411,365
Unpaid Claims Adjustment Expenses	4,010,325	4,115,443	3,642,244
Aggregate Health Policy Reserve	0	512,271	0
Premiums Received in Advance	838,981	55,629,985	51,524,466
General Expenses Due or Accrued	47,134,947	54,470,838	37,584,298
Current Federal Income Tax Payable	104,877	122,552	956,986
Remittances Not Allocated	334,983	2,131,784	339,317
Payable to Affiliates	7,533	0	2,409,434
Payable for Securities	6,784,797	13,212,961	10,860,536
Liabilities for Uninsured Plans	991,611	0	1,530,058
Aggregate Liability Write-ins	0	0	36,051
Total Liabilities	\$ 188,529,936	\$ 259,084,421	\$ 238,757,931
<u>Surplus</u>			
Unassigned Funds	\$ 317,703,509	\$ 319,499,785	\$ 281,754,247
Total Surplus	\$ 317,703,509	\$ 319,499,785	\$ 281,754,247
Total Liabilities and Surplus	\$ 506,233,445	\$ 578,584,206	\$ 520,512,178

Medica Health Plans
 Statements of Income and Reconciliation of Surplus
 Years ended December 31,

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net Premium Income	\$ 1,053,127,029	\$ 1,042,213,196	\$ 1,026,507,296
Total Revenues:	<u>\$ 1,053,127,029</u>	<u>\$ 1,042,213,196</u>	<u>\$ 1,026,507,296</u>
Hospital/Medical Benefits	\$ 779,285,774	\$ 787,962,347	\$ 836,566,200
Emergency Room & Out of Area	60,036,096	53,491,017	29,961,511
Prescription Drugs	107,741,811	116,296,296	124,774,336
Incentive Pool Amounts	4,476,763	2,006,003	4,818,657
Total Hospital and Medical	<u>\$ 951,540,444</u>	<u>\$ 959,755,663</u>	<u>\$ 996,120,704</u>
Claim Adjustment Exp. including Cost Containment	14,433,209	14,201,930	16,160,631
General Administrative Expenses	65,717,350	67,472,583	65,764,364
Total Underwriting Deductions:	<u>\$ 1,031,691,003</u>	<u>\$ 1,041,430,176</u>	<u>\$ 1,078,045,699</u>
Net Underwriting Gain or (Loss)	<u>\$ 21,436,026</u>	<u>\$ 783,020</u>	<u>(\$ 51,538,403)</u>
Net Investment Income Earned	17,647,180	26,317,783	22,637,241
Net Realized Capital Gains	(27,663,550)	1,630,407	3,731,724
Federal Income Taxes Incurred	(108,033)	(1,234,932)	1,854,492
Net Income (Loss)	<u>\$ 11,527,689</u>	<u>\$ 29,966,142</u>	<u>(\$ 27,023,930)</u>
<u>Surplus Account</u>			
Surplus – Beginning of Year	\$ 319,499,785	\$ 281,754,247	\$ 320,997,316
Net Income (Loss)	11,527,689	29,966,142	(27,023,930)
Change in Net Unrealized Capital Gains (Losses)	(9,397,430)	682,745	99,271
Change in Non-admitted Assets	(3,926,535)	7,096,651	(12,318,410)
Net Change in Surplus for the Year	<u>(1,796,276)</u>	<u>37,745,538</u>	<u>(39,243,069)</u>
Surplus – End of Year	<u>\$ 317,703,509</u>	<u>\$ 319,499,785</u>	<u>\$ 281,754,247</u>

Medica Health Plans
Statements of Cash Flows
Years ended December 31,

	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Cash from Operations</u>			
Premiums Collected Net of Reinsurance	\$ 993,895,336	\$ 1,045,184,900	\$ 1,033,821,144
Net Investment Income	18,155,508	26,952,487	24,846,215
Total	<u>1,012,050,844</u>	<u>1,072,137,387</u>	<u>1,058,667,359</u>
Benefit and Loss Related Payments	952,107,149	960,741,617	997,204,204
Commissions & Expenses Paid	82,195,679	70,294,407	86,312,759
Federal Income Taxes Paid	(90,358)	(400,498)	803,633
Total	<u>1,034,212,470</u>	<u>1,030,635,526</u>	<u>1,084,320,596</u>
Net Cash from Operations	(\$ 22,161,626)	\$ 41,501,861	(\$ 25,653,237)
<u>Cash from Investments</u>			
Proceeds from Investments Sold, Matured or Repaid:			
Bonds	\$ 459,539,029	\$ 438,786,504	\$ 472,854,599
Stocks	29,930,681	4,597,458	24,133,961
Net Gains (Losses) -- Cash & Short-term Investments	2,700	(6,473)	(7,896)
Miscellaneous Proceeds	8,966	2,412,101	3,088,048
Total Investment Proceeds	<u>489,481,376</u>	<u>445,789,590</u>	<u>500,068,712</u>
Cost of Investments Acquired (Long-Term Only):			
Bonds	440,453,986	451,081,473	398,141,887
Stocks	5,024,219	5,082,615	5,718,917
Real Estate	129,760	112,794	(303,214)
Miscellaneous Applications	6,428,164	0	0
Total Investments Acquired	<u>452,036,129</u>	<u>456,276,882</u>	<u>403,557,590</u>
Net Cash from Investments	\$ 37,445,247	(\$ 10,487,292)	\$ 96,511,122
<u>Cash from Financing and Miscellaneous Sources</u>			
Cash Provided (Applied):			
Other Cash Provided (Applied)	15,602,223	(21,910,565)	\$ 6,564,111
Net Cash from Financing & Misc. Sources	\$ 15,602,223	(\$ 21,910,565)	\$ 6,564,111
<u>Reconciliation of Cash & Short-Term Investments</u>			
Net Change in Cash and Short-Term Investments	\$ 30,885,844	\$ 9,104,004	\$ 77,421,996
Cash & Short-Term Investments:			
Beginning of Year	\$ 107,912,747	\$ 98,808,743	\$ 21,386,747
End of Year	<u>\$ 138,798,591</u>	<u>\$ 107,912,747</u>	<u>\$ 98,808,743</u>

CONCLUSION

Acknowledgement is hereby made of the courtesy and cooperation extended by the personnel of the Plan during the course of this examination.

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