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# **Financial and Policyholder Activity Report**

December 2009

**HEALTH INSURANCE RISK-SHARING PLAN AUTHORITY  
DECEMBER2009 MONTHLY REPORT  
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**Summary Review Prior to Recording of Policyholder Payout  
Un-audited HIRSP Authority Financial Statements  
For the Twelve-Month Period Ended December 31, 2009**

**ASSETS**

Total assets increased by \$80 thousand to \$52.2 million in December 2009. This change is a result of the increase in cash assets of \$420 thousand offset by a decrease in other receivables of \$270 thousand. The increase in cash was due to the inflow from premium payments exceeding cash outflow for payment of claims.

Total assets as of December 2009 are \$21.7 million or 29.0% less than total assets as of December 2008. The majority of this change is due to the cash assets year-to-date being \$22.8 million or 32.0% less than cash assets as of December 2008. The decrease reflects the distribution to policyholders of \$11.9 million in March 2009 and the decrease in insurer assessments and premium revenue. Drug rebate receivables increased \$1.6 million between December 2008 and 2009 as a result of higher rebates available from the pharmacy benefit manager contract that went into effect January 1, 2009 and a later rebate payment cycle under the new contract.

**LIABILITIES**

Total liabilities increased by \$2.6 million to \$24.1 million in December 2009. The majority of this increase was due to an increase in unearned premium by \$3.8 million due to the cyclical nature of premium billing and payments and an increase in unpaid medical loss liabilities of \$1.8 million due to the seasonality of paid claims. These increases were offset by the assessment liability decrease of \$3.1 million.

Total liabilities year-to-date in December 2009 decreased by \$14.2 million relative to total liabilities as of December 2008. The majority of the change is due to the accrual in December 2008 of the \$11.9 million distribution to policyholders. In addition, the year to date unpaid medical loss liabilities and unearned premiums decreased \$1.8 million and \$499 thousand respectively in comparison to December 2008. The decrease in the unpaid medical loss liabilities is expected given the favorable experience during 2009. The decrease in unearned premiums is due to timing of premium payments.

**CALENDAR YEAR 2009 NET INCOME**

Net loss for the twelve months ended December 31, 2009 was \$7.4 million, a decrease of \$7.8 million compared to 2008 year-to-date net income of \$343 thousand. Year-to-date 2009 changes in income and expense include decreases in premium revenues, provider contribution, insurer assessments, medical losses, pharmacy losses, and non-operating expenses and increases in administrative expenses.

Net premium revenues of \$83.6 million year-to-date through December 2009 decreased by \$5.6 million or 6.3% compared to 2008 year-to-date. This is primarily due to increased HIRSP membership offset by enrollment changes in HIRSP benefit plans and the new rates for 2009. There were 16,381 HIRSP contracts in force as of December 31, 2009 compared to 16,252 contracts as of December 2008, the current number of contracts having increased from the prior year by 129. December 2009 year-to-date total operating revenue of \$137.0 million is \$31.4 million or 18.6% lower than December 2008 year-to-date operating revenue. This decrease is due to the decrease in premium revenue as explained above and a \$14.0 million decrease in provider contribution and an \$11.8 million decrease in insurer assessments year to date. This is expected since the intention was to spend down insurer and provider equity during 2009.

Incurred medical loss expense for the twelve months ended December 31, 2009 was \$108.5 million. This is \$9.6 million or 8.2% lower in comparison to incurred medical losses for the twelve months ended December 31, 2008. This reflects, in part, a shift in members from 2008 to 2009 to higher deductible plans.

Estimated liabilities for unpaid medical losses decreased by \$1.8 million from December 2008 through December 2009. Estimated loss reserves were increased in December to adjust for changes in expected loss experience in 2009. The year to date decrease in loss reserve liability flows through revenues and expenses in the income statement, and results in decreased incurred medical loss expense, decreased total operating expense, and increased reported net income. The 2009 year-to-date change in loss reserves resulted in a \$2.7 million decrease in incurred medical loss expense through December 2009.

The 2009 year-to-date pharmacy loss expense is \$32.1 million, which is \$799 thousand lower than December 2008 year-to-date total pharmacy loss expense. The change is attributable to a reduction in drug claims paid as well as an increase in drug rebate accruals. Aggregate incurred medical and pharmacy loss expense for twelve months of 2009 was \$140.6 million. This is \$10.4 million or 6.9% less than the aggregate medical and pharmacy loss expense of \$151.0 million for the comparable twelve months of 2008.

Total administrative expenses of \$6.7 million for the twelve months of 2009 are an increase of \$167 thousand compared to the same period in 2008. This is reflective of higher membership in 2009 as well as some one time programming expenses related to the implementation of the new pharmacy benefit manager and the new disease management company.

Investment income for the twelve months ended December 31, 2009 was \$255,705, which is \$1.1 million or 80.9% less than investment income for the same period in 2008. The decreased investment income is due to a decreased interest rate yield on cash deposits in 2009. Year-to-date 2009 total non-operating revenues are \$13.4 million higher than 2008 year-to-date non-operating revenues. Federal grant revenue of \$2.6 million was received in 2009 compared to zero in 2008 while 2008 included the distribution to policyholders of \$11.9 million.

#### CASH FLOW

Year-to-date 2009 cash flows from operating activities reflect \$111.0 million of sources of cash compared to \$124.8 million in uses of cash. Non-operating activities used cash of \$9.1 million which reflects the policyholder distribution of \$11.9 million in March 2009 as well as \$2.6 million cash received on the federal grant. The net change year-to-date is a \$22.8 million decrease in cash through December 2009 which we would expect given decrease in premium and assessment revenue as well the policyholder distribution activity.

#### 2009 OPERATING BUDGET

Total revenues of \$140.0 million were short of budget by \$4.9 million. The majority of this variance is due to a \$3.3 million shortfall in net premium revenues which is due to total enrollment being less than budget as well as a shift of members to the higher deductible lower premium plans. Actual medical and pharmacy loss expenses of \$140.6 million were below budget by \$15.8 million. This is in part due to enrollment figures being different than what was budgeted but also medical claims on a Per Member Per Month basis on average are less than in 2008 for this same period of time. The premium revenue shortfall and the pharmacy and medical loss being less than budgeted resulted in the actual net loss of \$7.4 million being better than budget by \$10.8 million for the twelve month period ended December 31, 2009

#### RETAINED EQUITY

HIRSP Authority total equity decreased by \$2,572,384 during the month of December 2009 and equaled \$28.0 million as of December 31, 2009. The decrease in total equity resulted from December 2009 net operating loss of \$2,652,895 less non operating revenues of \$80,511, which provided net loss for the month of \$2,572,384 .

In December 2009, policyholders' equity decreased by \$1,393,131 to equal \$19.8 million, and exceeded RBC target reserves by \$10.3 million. Providers' equity decreased by \$939,288 to equal \$3.1 million, and falls short of RBC target reserves by \$40 thousand. Insurers' equity decreased by \$239,965 to equal \$5.1 million, and exceeded RBC target reserves by \$1.9 million. Year-to-date through December 2009, HIRSP Authority total retained equity of \$28.0 million decreased by \$7.4 million from the Decemb

Health Insurance Risk-Sharing Plan Authority  
December 31, 2009  
Calendar Year 2009

Unaudited Balance Sheet

Assets	01/31/2009	02/29/2009	03/31/2009	04/30/2009	05/31/2009	06/30/2009	07/31/2009	08/31/2009	09/30/2009	10/31/2009	11/30/2009	12/31/2009
Cash and Cash Equivalents	66,915,789	67,365,841	58,443,349	59,521,157	54,351,851	54,261,749	51,321,836	50,948,346	51,569,799	53,373,441	48,063,859	48,483,979
Other Receivables	3,593,057	3,234,558	3,256,561	1,646,301	1,486,877	1,459,439	775,313	914,613	1,144,609	833,912	860,336	589,375
Drug Rebates Receivable	1,199,514	1,045,073	1,028,247	484,994	1,527,800	1,844,375	1,808,079	2,122,712	2,440,599	2,768,328	3,081,991	3,053,190
Assessments Receivable	12,484,981	7,286,497	5,392,367	1,518,420	36,342	53,686	15,121,536	8,408,622	7,484,309	2,385,223	35,982	5,577
Prepaid Items	19,164	15,445	19,743	14,864	14,574	18,629	18,869	20,010	19,980	16,169	15,879	6,512
Net Fixed Assets	23,269	23,902	23,432	22,962	22,492	22,021	21,551	21,081	20,610	20,141	19,670	19,200
<b>Total Assets</b>	<b>84,235,774</b>	<b>78,971,316</b>	<b>68,163,699</b>	<b>63,208,698</b>	<b>57,439,936</b>	<b>57,659,899</b>	<b>69,067,184</b>	<b>62,435,384</b>	<b>62,679,906</b>	<b>59,397,214</b>	<b>52,077,717</b>	<b>52,157,833</b>
<b>Liabilities and Fund Equity</b>												
Liabilities:												
Unpaid Medical Loss Liabilities	8,634,305	8,066,412	9,165,224	9,822,159	10,223,937	9,637,818	9,496,542	9,621,476	9,113,927	8,705,019	8,207,888	9,992,106
Unpaid Prescription Drug Loss Liabilities	720,281	412,296	396,044	533,470	793,960	546,417	537,917	541,555	491,298	531,453	684,782	473,955
Unpaid Loss Adjustment Expense	780,000	780,000	780,000	780,000	780,000	780,000	780,000	780,000	780,000	780,000	780,000	780,000
Unearned Premiums	10,867,632	6,839,291	11,490,944	10,743,062	6,935,213	10,899,748	10,668,327	7,003,080	10,662,712	10,539,530	6,861,336	10,721,112
Unearned Assessments	10,598,285	8,716,737	6,559,981	4,426,799	2,205,148	-	12,815,126	10,567,449	8,266,865	5,653,589	3,108,129	-
Unearned Federal Grant	1,982,966	1,387,325	785,949	123,733	251,442	224,086	196,614	169,331	142,167	115,237	88,644	-
Accounts Payable and Other Accrued Liabilities	13,911,929	13,800,407	2,155,819	2,172,287	1,990,287	1,838,129	2,088,919	1,989,204	2,048,260	2,163,587	1,751,281	2,167,387
<b>Total Liabilities</b>	<b>47,495,398</b>	<b>40,002,468</b>	<b>31,333,961</b>	<b>28,601,510</b>	<b>23,179,987</b>	<b>23,926,198</b>	<b>36,583,445</b>	<b>30,672,095</b>	<b>31,505,229</b>	<b>28,488,415</b>	<b>21,482,060</b>	<b>24,134,560</b>
Fund Equity:												
Policyholder	17,153,474	19,379,608	18,233,586	17,217,614	17,967,221	18,651,709	18,832,986	19,395,656	20,015,061	20,636,408	21,217,131	19,824,000
Providers	9,872,183	9,842,693	9,716,236	9,308,638	8,753,918	8,067,629	7,233,237	6,450,556	5,677,425	4,839,259	4,064,747	3,125,459
Insurers	9,714,719	9,746,547	8,879,916	8,080,936	7,538,810	7,014,363	6,417,516	5,917,077	5,482,191	5,433,132	5,313,779	5,073,814
<b>Total Retained Earnings</b>	<b>36,740,376</b>	<b>38,968,848</b>	<b>36,829,738</b>	<b>34,607,188</b>	<b>34,259,949</b>	<b>33,733,701</b>	<b>32,483,739</b>	<b>31,763,289</b>	<b>31,174,677</b>	<b>30,908,799</b>	<b>30,595,657</b>	<b>28,023,273</b>
<b>Total Liabilities and Fund Equity</b>	<b>84,235,774</b>	<b>78,971,316</b>	<b>68,163,699</b>	<b>63,208,698</b>	<b>57,439,936</b>	<b>57,659,899</b>	<b>69,067,184</b>	<b>62,435,384</b>	<b>62,679,906</b>	<b>59,397,214</b>	<b>52,077,717</b>	<b>52,157,833</b>

**Health Insurance Risk-Sharing Plan Authority  
for the Period Ended December 31, 2009  
Calendar Year 2009**

**Unaudited Statement of Revenues, Expenses, and Changes in Retained Earnings**

<b>Operating Revenues</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Year to Date</b>
Gross Premiums	7,442,150	7,601,512	7,681,060	7,534,999	7,660,521	7,713,409	7,563,136	7,632,813	7,675,768	7,432,067	7,532,966	7,543,591	91,013,992
Premium Subsidized (574,590)	(574,590)	(592,579)	(598,091)	(660,331)	(623,467)	(629,182)	(637,088)	(628,457)	(620,489)	(602,895)	(601,371)	(644,041)	(7,412,581)
<b>Net Premium Revenues</b>	<b>6,867,560</b>	<b>7,008,933</b>	<b>7,082,969</b>	<b>6,874,668</b>	<b>7,037,054</b>	<b>7,084,227</b>	<b>6,926,048</b>	<b>7,004,356</b>	<b>7,055,279</b>	<b>6,829,172</b>	<b>6,931,595</b>	<b>6,899,550</b>	<b>83,601,411</b>
Provider Contribution	2,352,115	1,820,231	2,896,930	2,524,563	2,209,057	2,043,307	2,021,631	1,965,436	1,962,340	1,824,169	1,890,301	2,408,807	25,918,887
Insurer Assessments	1,842,305	1,881,548	2,156,756	2,133,182	2,221,651	2,205,148	2,259,176	2,247,677	2,300,584	2,613,276	2,545,460	3,108,129	27,514,892
<b>Total Operating Revenues</b>	<b>11,061,980</b>	<b>10,710,712</b>	<b>12,136,655</b>	<b>11,532,413</b>	<b>11,467,762</b>	<b>11,332,682</b>	<b>11,206,855</b>	<b>11,217,469</b>	<b>11,318,203</b>	<b>11,266,617</b>	<b>11,367,356</b>	<b>12,416,486</b>	<b>137,035,190</b>
<b>Operating Expenses</b>													
<b>Medical Losses:</b>													
Losses Paid or Approved for Payment	11,322,260	7,005,225	9,915,344	9,837,743	8,709,603	9,609,514	9,145,223	8,586,385	9,170,117	8,654,373	9,228,688	9,377,908	110,562,383
Increase (Decrease) in Unpaid Losses	(4,459,904)	(780,285)	1,475,705	864,526	518,695	(741,441)	(175,324)	154,543	(627,331)	(505,410)	(613,460)	2,201,725	(2,687,961)
Deductible Subsidy Paid	46,339	64,105	84,608	74,856	60,921	59,306	46,377	48,880	39,496	32,685	31,504	29,940	619,017
<b>Total Medical Losses</b>	<b>6,908,695</b>	<b>6,289,045</b>	<b>11,475,657</b>	<b>10,777,125</b>	<b>9,289,219</b>	<b>8,927,379</b>	<b>9,016,276</b>	<b>8,789,808</b>	<b>8,582,282</b>	<b>8,181,648</b>	<b>8,646,732</b>	<b>11,609,573</b>	<b>108,493,439</b>
<b>Pharmacy Losses:</b>													
Losses Paid or Approved for Payment	2,701,745	2,708,078	2,986,532	3,157,129	2,741,938	2,901,926	3,093,549	2,817,380	3,002,740	3,036,686	2,608,123	3,304,106	35,059,932
Increase (Decrease) in Unpaid Losses	361,382	(307,985)	(16,252)	137,426	260,490	(247,543)	(8,500)	3,638	(50,257)	40,155	153,329	(210,827)	115,056
Drug Rebates	(101,235)	(113,173)	(159,122)	(219,200)	(1,211,629)	(316,575)	(322,425)	(315,007)	(317,887)	(327,728)	(317,897)	(341,954)	(4,063,832)
Subsidy - Coinsurance Out-of-Pocket Max	6,291	27,988	52,768	64,362	81,365	89,933	108,315	105,466	105,740	113,940	79,541	136,088	971,797
<b>Total Pharmacy Losses</b>	<b>2,968,183</b>	<b>2,314,908</b>	<b>2,863,926</b>	<b>3,139,717</b>	<b>1,872,164</b>	<b>2,427,741</b>	<b>2,870,939</b>	<b>2,611,477</b>	<b>2,740,336</b>	<b>2,863,053</b>	<b>2,523,096</b>	<b>2,887,413</b>	<b>32,082,953</b>
<b>Total Losses</b>	<b>9,876,878</b>	<b>8,603,953</b>	<b>14,339,583</b>	<b>13,916,842</b>	<b>11,161,383</b>	<b>11,355,120</b>	<b>11,887,215</b>	<b>11,401,285</b>	<b>11,322,618</b>	<b>11,044,701</b>	<b>11,169,828</b>	<b>14,496,986</b>	<b>140,576,392</b>
Loss Adjustment Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Administrative Expenses</b>	<b>515,084</b>	<b>514,682</b>	<b>574,138</b>	<b>528,843</b>	<b>546,859</b>	<b>539,179</b>	<b>609,714</b>	<b>576,602</b>	<b>622,626</b>	<b>577,214</b>	<b>519,063</b>	<b>572,395</b>	<b>6,696,399</b>
<b>Total Operating Expenses</b>	<b>10,391,962</b>	<b>9,118,635</b>	<b>14,913,721</b>	<b>14,445,685</b>	<b>11,708,242</b>	<b>11,894,299</b>	<b>12,496,929</b>	<b>11,977,887</b>	<b>11,945,244</b>	<b>11,621,915</b>	<b>11,688,891</b>	<b>15,069,381</b>	<b>147,272,791</b>
<b>Net Operating Income (Loss)</b>	<b>670,018</b>	<b>1,592,077</b>	<b>(2,777,066)</b>	<b>(2,913,272)</b>	<b>(240,480)</b>	<b>(561,617)</b>	<b>(1,290,074)</b>	<b>(760,418)</b>	<b>(627,041)</b>	<b>(355,298)</b>	<b>(321,535)</b>	<b>(2,652,895)</b>	<b>(10,237,601)</b>
<b>Non-Operating Revenues (Expenses)</b>													
Federal Grant - Disease Management	26,900	26,826	27,062	27,243	27,222	27,356	27,472	27,283	27,163	26,930	26,593	27,467	325,517
Federal Grant - Low Income Subsidy	551,303	568,815	574,313	634,974	(154,931)	-	-	-	-	-	-	61,178	2,235,652
Investment Income	49,580	40,754	35,231	29,855	21,560	15,778	14,100	12,685	9,806	10,485	8,230	7,641	255,705
Distribution to Policyholders	-	-	1,350	(1,350)	(610)	(7,765)	(1,460)	-	1,460	52,005	(26,430)	(15,775)	1,425
<b>Total Non-operating Revenues (Expenses)</b>	<b>627,783</b>	<b>636,395</b>	<b>637,956</b>	<b>690,722</b>	<b>(106,759)</b>	<b>35,369</b>	<b>40,112</b>	<b>39,968</b>	<b>38,429</b>	<b>89,420</b>	<b>8,393</b>	<b>80,511</b>	<b>2,818,299</b>
<b>Net Income (Loss)</b>	<b>1,297,801</b>	<b>2,228,472</b>	<b>(2,139,110)</b>	<b>(2,222,550)</b>	<b>(347,239)</b>	<b>(526,248)</b>	<b>(1,249,962)</b>	<b>(720,450)</b>	<b>(588,612)</b>	<b>(265,878)</b>	<b>(313,142)</b>	<b>(2,572,384)</b>	<b>(7,419,302)</b>
<b>Additions to Retained Earnings</b>													
<b>Policyholder</b>													
Retained Earnings, Beginning of Period	15,869,036	17,153,474	19,379,608	18,233,586	17,217,614	17,967,221	18,651,709	18,832,986	19,395,656	20,015,061	20,636,408	21,217,131	15,869,036
Current Earnings	1,284,438	2,226,134	(1,146,022)	(1,015,972)	749,607	684,488	181,277	562,670	619,405	621,347	580,723	(1,393,131)	3,954,964
Retained Earnings, End of Period	17,153,474	19,379,608	18,233,586	17,217,614	17,967,221	18,651,709	18,832,986	19,395,656	20,015,061	20,636,408	21,217,131	19,824,000	19,824,000
RBC Target Reserves	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)
<b>Retained Earnings in Excess of RBC</b>	<b>7,658,083</b>	<b>9,884,217</b>	<b>8,738,195</b>	<b>7,722,223</b>	<b>8,471,830</b>	<b>9,156,318</b>	<b>9,337,595</b>	<b>9,900,265</b>	<b>10,519,670</b>	<b>11,141,017</b>	<b>11,721,740</b>	<b>10,328,609</b>	<b>10,328,609</b>
<b>Providers</b>													
Retained Earnings, Beginning of Period	9,610,597	9,872,183	9,842,693	9,716,236	9,308,638	8,753,918	8,067,629	7,233,237	6,450,556	5,677,425	4,839,259	4,064,747	9,610,597
Current Earnings	261,586	(29,490)	(126,457)	(407,598)	(554,720)	(686,289)	(834,392)	(782,681)	(773,131)	(838,166)	(774,512)	(939,288)	(6,485,138)
Retained Earnings, End of Period	9,872,183	9,842,693	9,716,236	9,308,638	8,753,918	8,067,629	7,233,237	6,450,556	5,677,425	4,839,259	4,064,747	3,125,459	3,125,459
RBC Target Reserves	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)
<b>Retained Earnings in Excess of RBC</b>	<b>6,707,053</b>	<b>6,677,563</b>	<b>6,551,106</b>	<b>6,143,508</b>	<b>5,588,788</b>	<b>4,902,499</b>	<b>4,068,107</b>	<b>3,285,426</b>	<b>2,512,295</b>	<b>1,674,129</b>	<b>899,617</b>	<b>(39,671)</b>	<b>(39,671)</b>
<b>Insurers</b>													
Retained Earnings, Beginning of Period	9,962,942	9,714,719	9,746,547	8,879,916	8,080,936	7,538,810	7,014,363	6,417,516	5,917,077	5,482,191	5,433,132	5,313,779	9,962,942
Current Earnings	(248,223)	31,828	(866,631)	(798,980)	(542,126)	(524,447)	(596,847)	(500,439)	(434,886)	(49,059)	(119,353)	(239,965)	(4,889,128)
Retained Earnings, End of Period	9,714,719	9,746,547	8,879,916	8,080,936	7,538,810	7,014,363	6,417,516	5,917,077	5,482,191	5,433,132	5,313,779	5,073,814	5,073,814
RBC Target Reserves	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)
<b>Retained Earnings in Excess of RBC</b>	<b>6,549,589</b>	<b>6,581,417</b>	<b>5,714,786</b>	<b>4,915,806</b>	<b>4,373,680</b>	<b>3,849,233</b>	<b>3,252,386</b>	<b>2,751,947</b>	<b>2,317,061</b>	<b>2,268,002</b>	<b>2,148,649</b>	<b>1,908,684</b>	<b>1,908,684</b>
Retained Earnings, End of Period	36,740,376	38,968,848	36,829,738	34,607,188	34,259,949	33,733,701	32,483,739	31,763,289	31,174,677	30,908,799	30,595,657	28,023,273	28,023,273
RBC Target Reserves	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)
<b>Retained Earnings in Excess of RBC</b>	<b>20,914,725</b>	<b>23,143,197</b>	<b>21,004,087</b>	<b>18,781,537</b>	<b>18,434,298</b>	<b>17,908,050</b>	<b>16,658,088</b>	<b>15,937,638</b>	<b>15,349,026</b>	<b>15,083,148</b>	<b>14,770,006</b>	<b>12,197,622</b>	<b>12,197,622</b>

**Health Insurance Risk-Sharing Plan Authority  
Calendar Financial Statement Reconciliation  
December 2009**

**STATEMENT OF CASH FLOWS**

<b>Cash Flows from Operating Activities</b>	<b>Month of December 2009</b>	<b>YTD Through December 2009</b>
<b><u>Sources of Cash</u></b>		
Cash Received for Premiums	10,854,468	83,481,336
Cash Received for Assessments	(37,996)	27,569,243
Total Operating Sources	10,816,472	111,050,579
<b><u>Uses of Cash</u></b>		
Cash Payments for Medical Losses	(7,335,313)	(84,338,421)
Cash Payments for Pharmacy Losses	(2,648,959)	(33,664,080)
Cash Payments for Referral Fees	(4,640)	(63,415)
Cash Payments for Other Expenses	(515,199)	(6,771,913)
Total Operating Uses	(10,504,111)	(124,837,829)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>312,361</b>	<b>(13,787,250)</b>
<b><u>Cash Flows from Non-Operating Activities</u></b>		
Cash Received from Investment Income	7,641	274,433
Cash Received from Federal Grant	115,238	2,561,169
Cash Received for Miscellaneous Income	-	-
Cash Distribution to Policyholders	(15,120)	(11,889,985)
<b>Net Cash Provided/(Used) by Non-Operating Activities</b>	<b>107,759</b>	<b>(9,054,383)</b>
<b><u>Cash and Cash Equivalents</u></b>		
Net Increase (Decrease) in Cash Equivalents	420,120	(22,841,633)
Cash and Cash Equivalents, Beginning of Period	48,063,859	71,325,612
<b>Cash and Equivalents, End of Period</b>	<b>48,483,979</b>	<b>48,483,979</b>

**RECONCILIATION OF NET OPERATING INCOME TO CASH FLOWS FROM OPERATIONS**

Net Income (Loss) from Operations	(2,652,895)	(10,237,601)
<b><u>Adjustments to Reconcile Net Operating Income to Net Cash Provided By Operating Activities</u></b>		
Changes in Assets and Liabilities:		
Decrease (Increase) in Receivables	215,399	(1,201,726)
Decrease (Increase) in Prepaids	9,367	7,518
Increase (Decrease) in Liability for Premium Overpayments	-	-
Increase (Decrease) in Liability for Accounts Payable	(3,129,696)	(137,425)
Increase (Decrease) in Liability for Unearned Premiums	3,857,390	(494,013)
Increase (Decrease) in Liability for Medical Loss Liabilities	1,803,143	(1,750,878)
Increase (Decrease) in Liability for Pharmacy Loss Liabilities	209,653	26,875
Other Adjustments	-	-
Total Adjustments	2,965,256	(3,549,649)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>312,361</b>	<b>(13,787,250)</b>

**Health Insurance Risk-Sharing Plan Authority**  
**Comparison of Current vs. Prior Month and Current Fiscal Year-to-Date Vs. Prior Fiscal Year-to-Date**  
**Unaudited Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**Calendar Year 2009**

<b>Operating Revenues</b>	<b>December 2009</b>	<b>November 2009</b>	<b>Variance</b>	<b>Year-to-Date Through December 2009</b>	<b>Year-to-Date Through December 2008</b>	<b>Variance</b>
Gross Premiums	7,543,591	7,532,966	10,625	91,013,992	96,105,543	(5,091,551)
Premium Subsidized	(644,041)	(601,371)	(42,670)	(7,412,581)	(6,914,095)	(498,486)
Net Premium Revenues	6,899,550	6,931,595	(32,045)	83,601,411	89,191,448	(5,590,037)
Provider Contribution	2,408,807	1,890,301	518,506	25,918,887	39,942,538	(14,023,651)
Insurer Assessments	3,108,129	2,545,460	562,669	27,514,892	39,291,498	(11,776,606)
<b>Total Operating Revenues</b>	<b>12,416,486</b>	<b>11,367,356</b>	<b>1,049,130</b>	<b>137,035,190</b>	<b>168,425,484</b>	<b>(31,390,294)</b>
<b>Operating Expenses</b>						
Medical Losses:						
Losses Paid or Approved for Payment	9,377,908	9,228,688	149,220	110,562,383	122,835,900	(12,273,517)
Increase (Decrease) in Unpaid Losses	2,201,725	(613,460)	2,815,185	(2,687,961)	(5,349,426)	2,661,465
Deductible Subsidy Paid	29,940	31,504	(1,564)	619,017	622,125	(3,108)
Total Medical Losses	11,609,573	8,646,732	2,962,841	108,493,439	118,108,599	(9,615,160)
Pharmacy Losses:						
Losses Paid or Approved for Payment	3,304,106	2,608,123	695,983	35,059,932	35,713,753	(653,821)
Increase (Decrease) in Unpaid Losses	(210,827)	153,329	(364,156)	115,056	(482,256)	597,312
Drug Rebates	(341,954)	(317,897)	(24,057)	(4,063,832)	(3,061,462)	(1,002,370)
Subsidy - Coinsurance Out-of-Pocket Max	136,088	79,541	56,547	971,797	712,098	259,699
Total Pharmacy Losses	2,887,413	2,523,096	364,317	32,082,953	32,882,133	(799,180)
Total Losses	14,496,986	11,169,828	3,327,158	140,576,392	150,990,732	(10,414,340)
Loss Adjustment Expenses	-	-	-	-	10,000	10,000
Total Administrative Expenses	572,395	519,063	53,332	6,696,399	6,529,839	166,560
Total Operating Expenses	15,069,381	11,688,891	3,380,490	147,272,791	157,530,571	(10,237,780)
<b>Net Operating Income (Loss)</b>	<b>(2,652,895)</b>	<b>(321,535)</b>	<b>(2,331,360)</b>	<b>(10,237,601)</b>	<b>10,894,913</b>	<b>(21,152,514)</b>
<b>Non-Operating Revenues (Expenses)</b>						
Federal Grant - Disease Management	27,467	26,593	874	325,517	-	325,517
Federal Grant - Low Income Subsidy	61,178	-	61,178	2,235,652	-	2,235,652
Investment Income	7,641	8,230	(589)	255,705	1,340,574	(1,084,869)
Miscellaneous Income	-	-	-	-	-	-
Distribution to Policyholders	(15,775)	(26,430)	10,655	1,425	(11,892,065)	11,893,490
Total Non-operating Revenues (Expenses)	80,511	8,393	72,118	2,818,299	(10,551,491)	13,369,790
<b>Net Income (Loss)</b>	<b>(2,572,384)</b>	<b>(313,142)</b>	<b>(2,259,242)</b>	<b>(7,419,302)</b>	<b>343,422</b>	<b>(7,782,724)</b>

**Health Insurance Risk-Sharing Plan Authority**  
**Comparison of Budget Vs. Actual**  
**Unaudited Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**Calendar Year 2009**

	December 2009 Budget	December 2009 Actual	Variance	Year-to-Date Through December 2009 Budget	Year-to-Date Through December 2009 Actual	Variance
<b>Operating Revenues</b>						
Gross Premiums	7,780,744	7,543,591	(237,153)	93,094,187	91,013,992	(2,080,195)
Premium Subsidized	(508,238)	(644,041)	(135,803)	(6,223,706)	(7,412,581)	(1,188,875)
Net Premium Revenues	<u>7,272,506</u>	<u>6,899,550</u>	<u>(372,956)</u>	<u>86,870,481</u>	<u>83,601,411</u>	<u>(3,269,070)</u>
Provider Contribution	2,960,396	2,408,807	(551,589)	27,202,387	25,918,887	(1,283,500)
Insurer Assessments	3,108,129	3,108,129	-	27,514,892	27,514,892	-
<b>Total Operating Revenues</b>	<b><u>13,341,031</u></b>	<b><u>12,416,486</u></b>	<b><u>(924,545)</u></b>	<b><u>141,587,760</u></b>	<b><u>137,035,190</u></b>	<b><u>(4,552,570)</u></b>
<b>Operating Expenses</b>						
Medical and Pharmacy Losses:	16,867,477	14,330,958	2,536,519	154,702,790	138,985,578	15,717,212
Deductible Subsidy/RX OOP Max	193,254	166,028	27,226	1,632,720	1,590,814	41,906
Total Medical and Pharmacy Losses	<u>17,060,731</u>	<u>14,496,986</u>	<u>2,563,745</u>	<u>156,335,510</u>	<u>140,576,392</u>	<u>15,759,118</u>
Loss Adjustment Expenses	-	-	-	-	-	-
Total Administrative Expenses	549,869	572,395	(22,526)	6,682,001	6,696,399	(14,398)
Total Operating Expenses	<u>17,610,600</u>	<u>15,069,381</u>	<u>2,541,219</u>	<u>163,017,511</u>	<u>147,272,791</u>	<u>15,744,720</u>
<b>Net Operating Income (Loss)</b>	<b><u>(4,269,569)</u></b>	<b><u>(2,652,895)</u></b>	<b><u>1,616,674</u></b>	<b><u>(21,429,751)</u></b>	<b><u>(10,237,601)</u></b>	<b><u>11,192,150</u></b>
<b>Non-Operating Revenues (Expenses)</b>						
Federal Grant - Disease Management	32,225	27,467	(4,758)	386,700	325,517	(61,183)
Federal Grant - Low Income Subsidy	-	61,178	61,178	2,174,474	2,235,652	61,178
Investment Income	53,639	7,641	(45,998)	638,196	255,705	(382,491)
Miscellaneous Income	-	-	-	-	-	-
Distribution to Policyholders	-	(15,775)	(15,775)	-	1,425	1,425
Total Non-operating Revenues (Expenses)	<u>85,864</u>	<u>80,511</u>	<u>(5,353)</u>	<u>3,199,370</u>	<u>2,818,299</u>	<u>(381,071)</u>
<b>Net Income (Loss)</b>	<b><u>(4,183,705)</u></b>	<b><u>(2,572,384)</u></b>	<b><u>1,611,321</u></b>	<b><u>(18,230,381)</u></b>	<b><u>(7,419,302)</u></b>	<b><u>10,811,079</u></b>

**Health Insurance Risk-Sharing Plan Authority**  
**Calendar Year 2009 Interim Reconciliation**  
**As of December 31, 2009**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year to Date
<b>1. Operating and Administrative Costs under s.149.143(1)</b>													
Medical Losses Paid or Approved for Payment	11,322,260	7,005,225	9,915,344	9,837,743	8,709,603	9,609,514	9,145,223	8,586,385	9,170,117	8,654,373	9,228,688	9,377,908	110,562,383
Increase (Decrease) in Unpaid Medical Losses	(4,459,904)	(780,285)	1,475,705	864,526	518,695	(741,441)	(175,324)	154,543	(627,331)	(505,410)	(613,460)	2,201,725	(2,687,961)
Pharmacy Losses Paid or Approved for Payment	2,701,745	2,708,078	2,986,532	3,157,129	2,741,938	2,901,926	3,093,549	2,817,380	3,002,740	3,036,686	2,608,123	3,304,106	35,059,932
Increase (Decrease) in Unpaid Pharmacy Losses	361,382	(307,985)	(16,252)	137,426	260,490	(247,543)	(8,500)	3,638	(50,257)	40,155	153,329	(210,827)	115,056
Drug Rebates	(101,235)	(113,173)	(159,122)	(219,200)	(1,211,629)	(316,575)	(322,425)	(315,007)	(317,887)	(327,728)	(317,897)	(341,954)	(4,063,832)
Total Administrative Expenses	515,084	514,682	574,138	528,843	546,859	539,179	609,714	576,602	622,626	577,214	519,063	572,395	6,696,399
Loss Adjustment Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating and Administrative Costs	10,339,332	9,026,542	14,776,345	14,306,467	11,565,956	11,745,060	12,342,237	11,823,541	11,800,008	11,475,290	11,577,846	14,903,353	145,681,977
<b>2. Adjustments to Operating and Administrative Costs</b>													
Total Non-operating Revenue (Expense) - excluding Federal Grant Funds	49,580	40,754	35,231	29,855	21,560	15,778	14,100	12,685	9,806	10,485	8,230	7,641	255,705
Federal Grant used for Disease Management Services	26,900	26,826	27,062	27,243	27,222	27,356	27,472	27,283	27,163	26,930	26,593	27,467	325,517
<b>3. Total Fiscal Year Program Costs to be Split 60% 20% 20%</b>	10,262,852	8,958,962	14,714,052	14,249,369	11,517,174	11,701,926	12,300,665	11,783,573	11,763,039	11,437,875	11,543,023	14,868,245	145,100,755
<b>4. Year-to-Date Adjusted Program Costs Under s.149.143(1) (Excluding Subsidy Costs)</b>													
Funding Shares													
60% Policyholders	6,157,712	5,375,378	8,828,432	8,549,621	6,910,304	7,021,156	7,380,399	7,070,143	7,057,823	6,862,725	6,925,813	8,920,947	87,060,453
20% Providers	2,052,570	1,791,792	2,942,810	2,849,874	2,303,435	2,340,385	2,460,133	2,356,715	2,352,608	2,287,575	2,308,605	2,973,649	29,020,151
20% Insurers	2,052,570	1,791,792	2,942,810	2,849,874	2,303,435	2,340,385	2,460,133	2,356,715	2,352,608	2,287,575	2,308,605	2,973,649	29,020,151
<b>5. Subsidy Funding Shares</b>													
Premium subsidies	574,590	592,579	598,091	660,331	623,467	629,182	637,088	628,457	620,489	602,895	601,371	644,041	7,412,581
Deductible Subsidies	46,339	64,105	84,608	74,856	60,921	59,306	46,377	48,880	39,496	32,685	31,504	29,940	619,017
Subsidy - coinsurance out-of-pocket Max	6,291	27,988	52,768	64,362	81,365	89,933	108,315	105,466	105,740	113,940	79,541	136,088	971,797
Total Subsidies	627,220	684,672	735,467	799,549	765,753	778,421	791,780	782,803	765,725	749,520	712,416	810,069	9,003,395
Federal Grant Funds Applied to Low Income Subsidies	(551,303)	(568,815)	(574,313)	(634,974)	154,931	-	-	-	-	-	-	(61,178)	(2,235,652)
Net Subsidy Funding Needed	75,917	115,857	161,154	164,575	920,684	778,421	791,780	782,803	765,725	749,520	712,416	748,891	6,767,743
Subsidy Funding Needed by Source in addition to Section 3 Funding Shares													
Providers	37,959	57,929	80,577	82,287	460,342	389,211	395,890	391,402	382,863	374,760	356,208	374,446	3,383,874
Insurers	37,958	57,928	80,577	82,288	460,342	389,210	395,890	391,401	382,862	374,760	356,208	374,445	3,383,869
	75,917	115,857	161,154	164,575	920,684	778,421	791,780	782,803	765,725	749,520	712,416	748,891	6,767,743
<b>6. Year-to-Date Adjusted Program Costs Under s.149.143(1) (Including Subsidy Costs)</b>													
Policyholders	6,157,712	5,375,378	8,828,432	8,549,621	6,910,304	7,021,156	7,380,399	7,070,143	7,057,823	6,862,725	6,925,813	8,920,947	87,060,453
Providers	2,090,529	1,849,721	3,023,387	2,932,161	2,763,777	2,729,596	2,856,023	2,748,117	2,735,471	2,662,335	2,664,813	3,348,095	32,404,025
Insurers	2,090,528	1,849,720	3,023,387	2,932,162	2,763,777	2,729,595	2,856,023	2,748,116	2,735,470	2,662,335	2,664,813	3,348,094	32,404,020
<b>7. Operating Revenues by Source</b>													
Policyholders													
Premium	6,867,560	7,008,933	7,082,969	6,874,668	7,037,054	7,084,227	6,926,048	7,004,356	7,055,279	6,829,172	6,931,595	6,899,550	83,601,411
Premium and Deductible Subsidies Credited to Policyholders	574,590	592,579	598,091	660,331	623,467	629,182	637,088	628,457	620,489	602,895	601,371	644,041	7,412,581
Subtotal	7,442,150	7,601,512	7,681,060	7,534,999	7,660,521	7,713,409	7,563,136	7,632,813	7,675,768	7,432,067	7,532,966	7,543,591	91,013,992
Providers	2,352,115	1,820,231	2,896,930	2,524,563	2,209,057	2,043,307	2,021,631	1,965,436	1,962,340	1,824,169	1,890,301	2,408,807	25,918,887
Insurers	1,842,305	1,881,548	2,156,756	2,133,182	2,221,651	2,205,148	2,259,176	2,247,677	2,300,584	2,613,276	2,545,460	3,108,129	27,514,892
Total	11,636,570	11,303,291	12,734,746	12,192,744	12,091,229	11,961,864	11,843,943	11,845,926	11,938,692	11,869,512	11,968,727	13,060,527	144,447,771

(cont)

## 8. Interim Estimate of Surplus/(Deficit) Account Balance for 2009

## Policyholders

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year to Date
Prior Period Surplus / (Deficit)	15,869,036	17,153,474	19,379,608	18,233,586	17,217,614	17,967,221	18,651,709	18,832,986	19,395,656	20,015,061	20,636,408	21,217,131	15,869,036
Premium (Including Premium and Deductible Subsidies)	7,442,150	7,601,512	7,681,060	7,534,999	7,660,521	7,713,409	7,563,136	7,632,813	7,675,768	7,432,067	7,532,966	7,543,591	91,013,992
Less Cost	6,157,712	5,375,378	8,828,432	8,549,621	6,910,304	7,021,156	7,380,399	7,070,143	7,057,823	6,862,725	6,925,813	8,920,947	87,060,453
Less Distribution to Policyholders	-	-	(1,350)	1,350	610	7,765	1,460	-	(1,460)	(52,005)	26,430	15,775	(1,425)
Monthly Change	1,284,438	2,226,134	(1,146,022)	(1,015,972)	749,607	684,488	181,277	562,670	619,405	621,347	580,723	(1,393,131)	3,954,964
Ending Surplus / (Deficit)	17,153,474	19,379,608	18,233,586	17,217,614	17,967,221	18,651,709	18,832,986	19,395,656	20,015,061	20,636,408	21,217,131	19,824,000	19,824,000
Policyholders's RBC Target Reserves	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)	(9,495,391)
Ending Surplus / (Deficit) Net of RBC Reserves	7,658,083	9,884,217	8,738,195	7,722,223	8,471,830	9,156,318	9,337,595	9,900,265	10,519,670	11,141,017	11,721,740	10,328,609	10,328,609

## Providers

Prior Period Surplus / (Deficit)	9,610,597	9,872,183	9,842,693	9,716,236	9,308,638	8,753,918	8,067,629	7,233,237	6,450,556	5,677,425	4,839,259	4,064,747	9,610,597
Contribution	2,352,115	1,820,231	2,896,930	2,524,563	2,209,057	2,043,307	2,021,631	1,965,436	1,962,340	1,824,169	1,890,301	2,408,807	25,918,887
Less Cost	2,090,529	1,849,721	3,023,387	2,932,161	2,763,777	2,729,596	2,856,023	2,748,117	2,735,471	2,662,335	2,664,813	3,348,095	32,404,025
Monthly Change	261,586	(29,490)	(126,457)	(407,598)	(554,720)	(686,289)	(834,392)	(782,681)	(773,131)	(838,166)	(774,512)	(939,288)	(6,485,138)
Ending Surplus / (Deficit)	9,872,183	9,842,693	9,716,236	9,308,638	8,753,918	8,067,629	7,233,237	6,450,556	5,677,425	4,839,259	4,064,747	3,125,459	3,125,459
Provider's RBC Target Reserves	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)
Ending Surplus / (Deficit) Net of RBC Reserves	6,707,053	6,677,563	6,551,106	6,143,508	5,588,788	4,902,499	4,068,107	3,285,426	2,512,295	1,674,129	899,617	(39,671)	(39,671)

## Insurers

Prior Period Surplus / (Deficit)	9,962,942	9,714,719	9,746,547	8,879,916	8,080,936	7,538,810	7,014,363	6,417,516	5,917,077	5,482,191	5,433,132	5,313,779	9,962,942
Assessment	1,842,305	1,881,548	2,156,756	2,133,182	2,221,651	2,205,148	2,259,176	2,247,677	2,300,584	2,613,276	2,545,460	3,108,129	27,514,892
Less Cost	2,090,528	1,849,720	3,023,387	2,932,162	2,763,777	2,729,595	2,856,023	2,748,116	2,735,470	2,662,335	2,664,813	3,348,094	32,404,020
Monthly Change	(248,223)	31,828	(866,631)	(798,980)	(542,126)	(524,447)	(596,847)	(500,439)	(434,886)	(49,059)	(119,353)	(239,965)	(4,889,128)
Ending Surplus / (Deficit)	9,714,719	9,746,547	8,879,916	8,080,936	7,538,810	7,014,363	6,417,516	5,917,077	5,482,191	5,433,132	5,313,779	5,073,814	5,073,814
Insurer's RBC Target Reserves	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)	(3,165,130)
Ending Surplus / (Deficit) Net of RBC Reserves	6,549,589	6,581,417	5,714,786	4,915,806	4,373,680	3,849,233	3,252,386	2,751,947	2,317,061	2,268,002	2,148,649	1,908,684	1,908,684

## Total HIRSP Retained Earnings

Total HIRSP Retained Earnings	36,740,376	38,968,848	36,829,738	34,607,188	34,259,949	33,733,701	32,483,739	31,763,289	31,174,677	30,908,799	30,595,657	28,023,273	28,023,273
Total RBC Target Reserves	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)	(15,825,651)
Total Retained Earnings in Excess of RBC Target Reserves	20,914,725	23,143,197	21,004,087	18,781,537	18,434,298	17,908,050	16,658,088	15,937,638	15,349,026	15,083,148	14,770,006	12,197,622	12,197,622

**Health Insurance Risk-Sharing Plan Authority  
 Monthly Provider Contribution Report  
 As of December 2009 Month End (12/29/2009)**

Provider Contribution Calculation for the Current Month - Claims by Claim Type						
Claims Incurred 1/1/2008 and After						
Claim Type	Billed Charges		HIRSP Fee Schedule	HIRSP Allowed	Provider Contribution	HIRSP Paid
Professional	\$ 7,915,215.36		\$ 4,223,763.90	\$ 3,425,748.96	\$ 798,014.94	\$ 2,525,381.88
Hospital Outpatient	\$ 4,731,228.26		\$ 3,142,563.43	\$ 2,538,724.35	\$ 603,839.08	\$ 2,132,845.95
Hospital Inpatient	\$ 4,772,263.15		\$ 2,779,676.93	\$ 2,265,490.11	\$ 514,186.82	\$ 2,171,352.90
Nursing Home	\$ 21,075.73		\$ 20,741.51	\$ 17,763.34	\$ 2,978.17	\$ 17,699.13
Other	\$ 750,053.50		\$ 491,857.50	\$ 409,872.83	\$ 81,984.67	\$ 277,808.15
<b>Total</b>	<b>\$ 18,189,836.00</b>		<b>\$ 10,658,603.27</b>	<b>\$ 8,657,599.59</b>	<b>\$ 2,001,003.68</b>	<b>\$ 7,125,088.01</b>

Claims Incurred Prior to 1/1/2008						
Claim Type	Billed Charges	U&C Percentage	Usual and Customary	HIRSP Allowed	Provider Contribution	HIRSP Paid
<b>Total</b>	<b>\$ (45,515.22)</b>	<b>28.5%</b>	<b>\$ (32,543.38)</b>	<b>\$ (22,839.51)</b>	<b>\$ (9,703.87)</b>	<b>\$ (19,280.67)</b>

Provider Contribution on the Increase(Decrease) in Unpaid Losses	\$ 417,507.00
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<b>Total Provider Contribution</b>	<b>\$ 2,408,806.81</b>
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\* Note: Medicare supplement is excluded from this report.

**Exhibit 1  
Wisconsin Health Insurance Risk-Sharing Plan  
Breakdown of Incurred Claims and Earned Premium  
by Quarter and Plan**

<b>2Q08</b>						
Plan	Total Dollars			Per Member Per Month		
	Incurred	Earned	Loss	Incurred	Earned	
	Claims	Premium	Ratio	Claims	Premium	
\$1,000	\$15,069,030	\$8,129,129	185.4%	\$1,216.91	\$656.47	
\$2,500	19,372,442	12,031,373	161.0%	720.59	447.53	
\$3,500 HSA	235,814	311,443	75.7%	291.49	384.97	
\$5,000	1,829,100	2,042,935	89.5%	313.85	350.54	
Medicare Supplement	1,696,052	1,005,634	168.7%	591.99	351.01	
<b>Total</b>	<b>\$38,202,438</b>	<b>\$23,520,514</b>	<b>162.4%</b>	<b>\$783.33</b>	<b>\$482.28</b>	
<b>3Q08</b>						
Plan	Total Dollars			Per Member Per Month		
	Incurred	Earned	Loss	Incurred	Earned	
	Claims	Premium	Ratio	Claims	Premium	
\$1,000	\$13,938,195	\$7,800,642	178.7%	\$1,178.41	\$659.51	
\$2,500	19,426,942	11,920,269	163.0%	729.24	447.46	
\$3,500 HSA	399,366	420,224	95.0%	370.13	389.46	
\$5,000	2,429,479	2,253,875	107.8%	377.84	350.52	
Medicare Supplement	1,414,895	1,002,917	141.1%	498.03	353.02	
<b>Total</b>	<b>\$37,608,877</b>	<b>\$23,397,927</b>	<b>160.7%</b>	<b>\$770.39</b>	<b>\$479.29</b>	
<b>4Q08</b>						
Plan	Total Dollars			Per Member Per Month		
	Incurred	Earned	Loss	Incurred	Earned	
	Claims	Premium	Ratio	Claims	Premium	
\$1,000	\$14,037,464	\$7,526,300	186.5%	\$1,235.69	\$662.53	
\$2,500	22,344,789	11,782,502	189.6%	852.01	449.27	
\$3,500 HSA	624,878	506,044	123.5%	485.53	393.20	
\$5,000	3,049,793	2,444,488	124.8%	437.62	350.77	
Medicare Supplement	1,232,206	1,008,190	122.2%	437.11	357.64	
<b>Total</b>	<b>\$41,289,130</b>	<b>\$23,267,524</b>	<b>177.5%</b>	<b>\$848.51</b>	<b>\$478.16</b>	
<b>1Q09</b>						
Plan	Total Dollars			Per Member Per Month		
	Incurred	Earned	Loss	Incurred	Earned	
	Claims	Premium	Ratio	Claims	Premium	
\$1,000	\$9,324,262	\$5,460,674	170.8%	\$1,172.72	\$686.79	
\$2,500	18,713,115	12,211,896	153.2%	702.18	458.23	
\$3,500 HSA	1,139,968	667,990	170.7%	691.31	405.09	
\$5,000	3,251,053	3,539,260	91.9%	335.06	364.76	
Medicare Supplement	1,542,301	886,659	173.9%	554.58	318.83	
<b>Total</b>	<b>\$33,970,700</b>	<b>\$22,766,479</b>	<b>149.2%</b>	<b>\$697.06</b>	<b>\$467.16</b>	
<b>2Q09</b>						
Plan	Total Dollars			Per Member Per Month		
	Incurred	Earned	Loss	Incurred	Earned	
	Claims	Premium	Ratio	Claims	Premium	
\$1,000	\$10,105,916	\$5,213,270	193.8%	\$1,328.50	\$685.33	
\$2,500	21,218,914	12,259,577	173.1%	792.46	457.86	
\$3,500 HSA	916,998	732,792	125.1%	503.57	402.41	
\$5,000	3,903,233	3,761,369	103.8%	379.21	365.43	
Medicare Supplement	1,490,723	900,164	165.6%	531.83	321.14	
<b>Total</b>	<b>\$37,635,784</b>	<b>\$22,867,172</b>	<b>164.6%</b>	<b>\$763.40</b>	<b>\$463.84</b>	
<b>3Q09</b>						
Plan	Total Dollars			Per Member Per Month		
	Incurred	Earned	Loss	Incurred	Earned	
	Claims	Premium	Ratio	Claims	Premium	
\$1,000	\$9,080,822	\$4,955,042	183.3%	\$1,252.53	\$683.45	
\$2,500	20,371,269	12,257,103	166.2%	759.02	456.69	
\$3,500 HSA	909,904	786,348	115.7%	470.23	406.38	
\$5,000	3,774,143	3,960,431	95.3%	348.01	365.18	
Medicare Supplement	1,228,970	912,794	134.6%	431.22	320.28	
<b>Total</b>	<b>\$35,365,108</b>	<b>\$22,871,717</b>	<b>154.6%</b>	<b>\$711.30</b>	<b>\$460.02</b>	

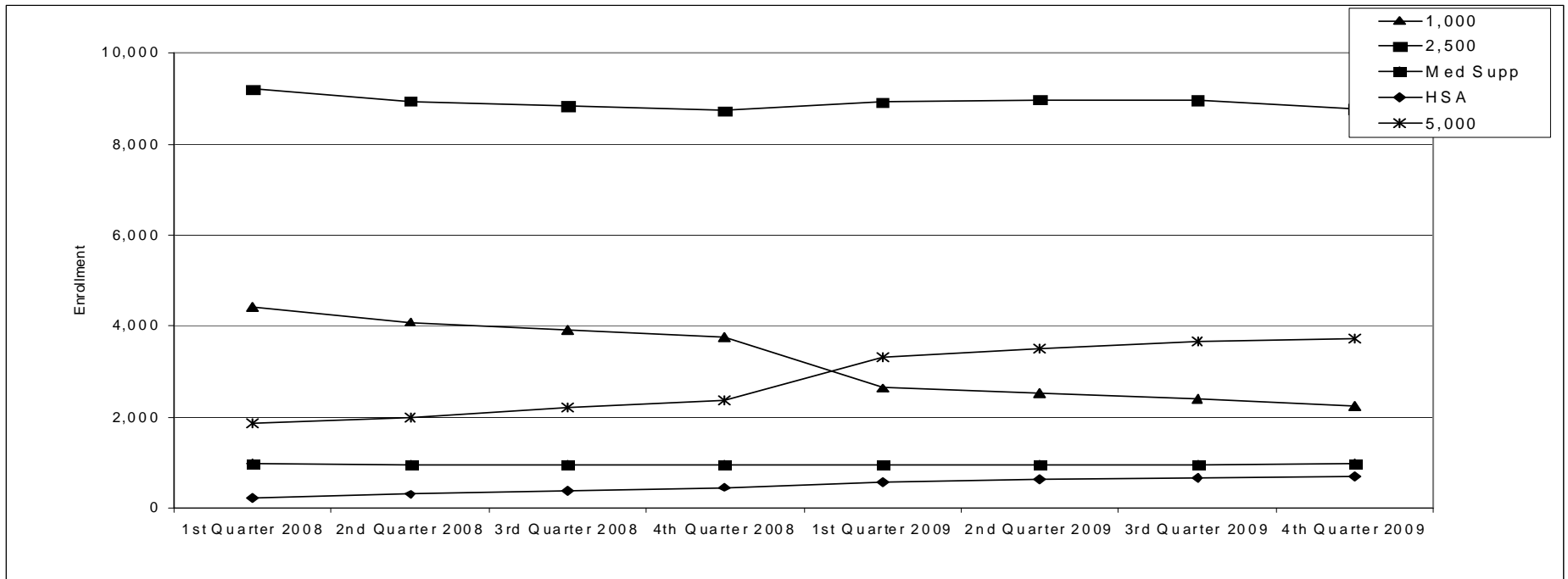
NOTES:  
 Loss Ratio = Incurred Claims / Earned Premiums  
 Earned Premium includes Premium Subsidies  
 Incurred Claims include Provider Contributions  
 Administrative Expenses are not included in this exhibit  
 Incurred Claims and Earned Premiums are updated quarterly and restated to reflect the most current information available as of December 31, 2009

### Health Insurance Risk-Sharing Plan Authority Enrollment as of Last Day of the Quarter

Fourth Quarter 2009  
**16,381**

Fourth Quarter 2008  
**16,252**

Plan	1st Quarter 2008	2nd Quarter 2008	3rd Quarter 2008	4th Quarter 2008	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009
1,000	4,422	4,085	3,905	3,752	2,635	2,529	2,392	2,240
2,500	9,206	8,948	8,839	8,732	8,925	8,980	8,966	8,771
Med Supp	967	953	946	937	932	947	957	969
HSA	213	301	381	455	575	622	660	684
5,000	1,854	1,994	2,202	2,376	3,321	3,499	3,662	3,717
<b>Total</b>	<b>16,662</b>	<b>16,281</b>	<b>16,273</b>	<b>16,252</b>	<b>16,388</b>	<b>16,577</b>	<b>16,637</b>	<b>16,381</b>



**Health Insurance Risk-Sharing Plan Authority  
Subsidy Report  
Dec-09**

<b>Total Subsidy by Plan</b>			
<b>Plan</b>		<b>Number of Policyholders</b>	<b>% of Total</b>
HIRSP 1,000	Non-subsidized	1,282	7.8%
	Subsidized	958	5.8%
	<b>Total</b>	<b>2,240</b>	<b>13.7%</b>
HIRSP 2,500	Non-subsidized	6,661	40.7%
	Subsidized	2,110	12.9%
	<b>Total</b>	<b>8,771</b>	<b>53.5%</b>
HIRSP Medicare Supplement	Non-subsidized	537	3.3%
	Subsidized	432	2.6%
	<b>Total</b>	<b>969</b>	<b>5.9%</b>
HIRSP Health Savings Account	Non-subsidized	570	3.5%
	Subsidized	114	0.7%
	<b>Total</b>	<b>684</b>	<b>4.2%</b>
HIRSP 5,000	Non-subsidized	2,855	17.4%
	Subsidized	862	5.3%
	<b>Total</b>	<b>3,717</b>	<b>22.7%</b>
<b>Non-subsidized Total</b>		<b>11,905</b>	<b>72.7%</b>
<b>Subsidized Total</b>		<b>4,476</b>	<b>27.3%</b>
<b>Grand Total</b>		<b>16,381</b>	<b>100.0%</b>

<b>Total Subsidy by Household Income</b>		
<b>Household Income</b>	<b>Number of Policyholders</b>	<b>% of Total</b>
\$30,000 - \$32,999	291	6.5%
\$25,000 - \$29,999	560	12.5%
\$20,000 - \$24,999	803	17.9%
\$17,000 - \$19,999	471	10.5%
\$14,000 - \$16,999	425	9.5%
\$10,000 - \$13,999	568	12.7%
\$9,999 Under	1,358	30.3%
<b>Total</b>	<b>4,476</b>	<b>100.0%</b>

**Health Insurance Risk-Sharing Plan Authority  
Summary of Monthly Applicant Activity  
December, 2009**

<b>Summary of Monthly Application Activity</b>	
Number of Applications Pending November	258
Number of Applications Received December	593
Number of Applications Rejected December	6
Number of Applications Closed December	78
Number of Applications Pending December	296
Number of Applications Approved December	471

<b>Detail of Applications Rejected</b>	
65 or older	0
Current Medicaid Coverage	0
Currently covered by other insurance	1
Did not qualify for lost employer coverage.	0
Eligible for Group Health Coverage	3
Insufficient Premium Submitted	0
No Medical Reason	0
Not a Wisconsin Resident	1
Previous HIRSP <12 Months Ago	1
<b>Total</b>	<b>6</b>

<b>Detail of Applications Closed</b>	
Applicant Request	14
Application Data requested; never received	3
Proper eligibility requested; never received	61
<b>Total</b>	<b>78</b>

<b>Applications Approved in 2009*</b>							
Date	1,000	2,500	Med Supp	HSA 3,500	5,000	HSA 2,500	Total
January	19	147	4	28	100		298
February	31	172	3	27	149		382
March	19	169	4	33	124		349
April	32	193	2	33	106		366
May	16	153	4	24	123		320
June	28	191	3	24	164		410
July	20	148	4	29	108		309
August	17	131	4	20	96		268
September	21	176	1	26	134		358
October	16	139	3	12	106		276
November	15	100	7	16	106	1	245
December	19	177	11	37	217	20	481
<b>Total</b>	<b>253</b>	<b>1896</b>	<b>50</b>	<b>309</b>	<b>1533</b>	<b>21</b>	<b>4062</b>

<b>Disenrollment in 2009</b>						
Date	1,000	2,500	Med Supp	3,500	5,000	Total
January	124	227	25	4	63	443
February	67	153	6	5	39	270
March	49	145	4	5	42	245
April	77	194	17	14	63	365
May	51	125	8	9	61	254
June	45	135	8	15	66	269
July	74	172	5	13	69	333
August	58	158	13	5	72	306
September	53	171	7	10	70	311
October	88	244	9	14	145	500
November	69	166	4	11	85	335
December	31	111	2	8	67	219
<b>Total</b>	<b>786</b>	<b>2,001</b>	<b>108</b>	<b>113</b>	<b>842</b>	<b>3,850</b>

\* Month application was approved, not the effective date.

# HEALTH INSURANCE RISK-SHARING PLAN AUTHORITY

## Monthly Eligibility Report December, 2009

A.	Medicare Eligible	11
B.	HIV +	3
C.	Eligible Individual	291
D.	Letter of Medical Eligibility	166
	1. Letter of Rejection By:	
	<i>American Community Mutual Insurance</i>	5
	<i>American Family</i>	14
	<i>American Heritage</i>	1
	<i>American National Life Insurance Company of Texas</i>	1
	<i>American Republic</i>	10
	<i>Arise</i>	10
	<i>Assurant Health</i>	32
	<i>Atrium Health Plan</i>	2
	<i>Blue Cross &amp; Blue Shield United of Wisconsin</i>	28
	<i>Celtic Life Insurance Company</i>	3
	<i>Dean Health Plan</i>	4
	<i>Golden Rule Insurance Company</i>	22
	<i>Group Health Cooperative</i>	1
	<i>Health Tradition Premier</i>	1
	<i>Humana Insurance Company</i>	50
	<i>Insurers Administrative Corporation</i>	2
	<i>Pekin Life Insurance</i>	6
	<i>Physicians Plus Insurance</i>	1
	<i>Security Health Plan</i>	14
	<i>Unity Health Plan</i>	2
	<i>Valley Health Plan</i>	1
	<i>Wisconsin Physicians Service Insurance</i>	63
	<i>World Insurance</i>	4
	2. Notice of Benefit Reduction	0
	3. Notice of Premium increase due to a Health Reason	0
	Total	471
	Eligible individual as percent of total enrollment	61%

**Health Insurance Risk-Sharing Plan  
Appeals and Grievances  
December 2009**

**Grievance**

Type of Grievance		# of Grievances
	Drug & Drug Formulary	1
	Enrollment/Eligibility Requirements	0
	Not Covered Benefit	6
	Not Medically Necessary	5
	Plan Administration	34
	Prior Authorization	1
	Experimental Treatment	2
	Billing/Claim Processing	0
	Other	1
<b>Grievance Committee Decision</b>		
	Closed Prior to Committee	2
	Approved	28
	Upheld Denial	20
	Partial Approval	0
<b>Total Grievances Received</b>		<b>50</b>

**Appeal**

Type of Appeal		# of Appeal
	Drug & Drug Formulary	0
	Enrollment/Eligibility Requirements	0
	Experimental Treatment	1
	Not Medically Necessary	0
	Plan Administration	1
	Not Covered Benefit	1
	Prior Authorization	0
	Billing/Claim Processing	0
<b>Appeal Committee Decision</b>		
	Closed Prior to Committee	0
	Approved	2
	Upheld Denial	0
	Upheld Denial with IRO Rights	1
	Partial Approval	0
<b>Total Appeals Received</b>		<b>3</b>