



HEALTH QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2007
OF THE CONDITION AND AFFAIRS OF THE

Arkansas Community Care, Inc.

NAIC Group Code 3681 (Current) (Prior) NAIC Company Code 12282 Employer's ID Number 20-2036444

Organized under the Laws of Arkansas, State of Domicile or Port of Entry Arkansas

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

Is HMO Federally Qualified? Yes [X] No []

Incorporated/Organized 01/31/2005 Commenced Business 03/21/2005

Statutory Home Office 10025 W Markham St., Suite 220 (Street and Number) Little Rock, AR 72205 (City or Town, State and Zip Code)

Main Administrative Office 825 Washington St #300 (Street and Number) Oakland, CA 94607 (City or Town, State and Zip Code) 510-832-0311 (Area Code) (Telephone Number)

Mail Address 825 Washington St #300 (Street and Number or P.O. Box) Oakland, CA 94607 (City or Town, State and Zip Code)

Primary Location of Books and Records 825 Washington St #300 (Street and Number) Oakland, CA 94607 (City or Town, State and Zip Code) 510-832-0311 (Area Code) (Telephone Number)

Internet Website Address www.arkansascommunitycare.com

Statutory Statement Contact Bradley Raymond Luke (Name) 510-817-1038 (Area Code) (Telephone Number) bluke@arcadianhp.com (E-mail Address) 510-817-1039 (FAX Number)

Policyowner Relations Contact 825 Washington St #300 (Street and Number) Oakland, CA 94607 (City or Town, State and Zip Code) 510-832-0311 (Area Code) (Telephone Number)

OFFICERS

CEO John Harvey Austin CFO Kenneth Benjamin Zimmerman
President Nancy Ellen Freeman

OTHER

DIRECTORS OR TRUSTEES

John Harvey Austin Nancy Ellen Freeman Chase Spencer Milbrandt
Cheryl Yvonne Perkins Kenneth Benjamin Zimmerman

State of _____ County of _____ SS:

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Nancy Ellen Freeman
President

Kenneth Benjamin Zimmerman
CFO

Subscribed and sworn to before me this _____ day of _____

- a. Is this an original filing? Yes [] No []
b. If no,
1. State the amendment number.....
2. Date filed
3. Number of pages attached.....

STATEMENT AS OF SEPTEMBER 30, 2007 OF THE ARKANSAS COMMUNITY CARE, INC.

ASSETS

	Current Statement Date			4 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	13,065,343		13,065,343	2,447,191
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$(1,209,678)), cash equivalents (\$), and short-term investments (\$ 5,704,436)	4,494,758		4,494,758	5,980,463
6. Contract loans, (including \$ premium notes)			0	0
7. Other invested assets			0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	17,560,101	0	17,560,101	8,427,654
11. Title plants less \$ charged off (for Title insurers only)			0	0
12. Investment income due and accrued	204,129		204,129	66,144
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	433,416	15,376	418,040	296,672
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets (\$)	40,462	40,462	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	200,419		200,419	0
22. Health care (\$) and other amounts receivable	61,251		61,251	0
23. Aggregate write-ins for other than invested assets	11,520	11,520	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	18,511,298	67,358	18,443,940	8,790,470
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	18,511,298	67,358	18,443,940	8,790,470
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Deposits	11,033	11,033	0	0
2302. Prepaids	487	487	0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	11,520	11,520	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	4,797,720	541,329	5,339,049	3,288,007
2. Accrued medical incentive pool and bonus amounts	26,519		26,519	120,098
3. Unpaid claims adjustment expenses	194,930		194,930	131,878
4. Aggregate health policy reserves	4,105,720		4,105,720	1,305,926
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	378,104		378,104	0
9. General expenses due or accrued	256,726		256,726	207,387
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	1,711		1,711	85,802
16. Payable for securities			0	0
17. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans	2,431,654		2,431,654	896,010
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	12,193,084	541,329	12,734,413	6,035,108
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX		
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX	9,869,452	6,169,452
27. Surplus notes	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	(4,159,811)	(3,414,090)
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24 \$)	XXX	XXX		
30.2 shares preferred (value included in Line 25 \$)	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	5,709,641	2,755,362
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	18,444,054	8,790,470
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 through 2103 plus 2198)(Line 21 above)	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 through 2803 plus 2898)(Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months	XXX	52,874	12,721
2. Net premium income (including \$ non-health premium income)	XXX	37,504,355	10,286,871
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of \$ medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	37,504,355	10,286,871
Hospital and Medical:			
9. Hospital/medical benefits		19,762,775	5,563,925
10. Other professional services		2,009,722	404,359
11. Outside referrals	4,255,101	4,255,101	544,476
12. Emergency room and out-of-area	213,995	437,294	145,608
13. Prescription drugs		3,732,995	645,102
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		(59,350)	
16. Subtotal (Lines 9 to 15)	4,469,096	30,138,537	7,303,470
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)	4,469,096	30,138,537	7,303,470
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ cost containment expenses		1,260,195	577,031
21. General administrative expenses		6,766,525	3,742,466
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	4,469,096	38,165,257	11,622,967
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(660,902)	(1,336,096)
25. Net investment income earned		626,458	177,567
26. Net realized capital gains (losses) less capital gains tax of \$		0	96
27. Net investment gains (losses) (Lines 25 plus 26)	0	626,458	177,663
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(34,444)	(1,158,433)
31. Federal and foreign income taxes incurred	XXX		
32. Net income (loss) (Lines 30 minus 31)	XXX	(34,444)	(1,158,433)
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698)(Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498)(Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998)(Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year to Date	Prior Year to Date	Prior Year
CAPITAL AND SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year.....	2,755,363	5,005,587	5,005,587
34. Net income or (loss) from Line 32.....	(34,444)	(1,158,433)	(2,322,898)
35. Change in valuation basis of aggregate policy and claim reserves.....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....			
37. Change in net unrealized foreign exchange capital gain or (loss).....			
38. Change in net deferred income tax.....			
39. Change in nonadmitted assets.....	(1,948)	8,545	(1,835)
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....	0	0	0
42. Change in surplus notes.....	0	0	0
43. Cumulative effect of changes in accounting principles.....			
44. Capital Changes:			
44.1 Paid in.....	0	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0	0
44.3 Transferred to surplus.....			
45. Surplus adjustments:			
45.1 Paid in.....	3,700,000	0	1,169,452
45.2 Transferred to capital (Stock Dividend).....			
45.3 Transferred from capital.....			
46. Dividends to stockholders.....			
47. Aggregate write-ins for gains or (losses) in surplus.....	(709,330)	0	(1,094,943)
48. Net change in capital & surplus (Lines 34 to 47).....	2,954,278	(1,149,888)	(2,250,224)
49. Capital and surplus end of reporting period (Line 33 plus 48)	5,709,641	3,855,699	2,755,363
DETAILS OF WRITE-INS			
4701. 2006 Audit Adjustments.....	(709,330)		(1,094,943)
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798)(Line 47 above)	(709,330)	0	(1,094,943)

STATEMENT AS OF SEPTEMBER 30, 2007 OF THE ARKANSAS COMMUNITY CARE, INC.

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	40,545,509	15,592,026
2. Net investment income	470,676	230,840
3. Miscellaneous income	0	0
4. Total (Lines 1 to 3)	41,016,185	15,822,866
5. Benefit and loss related payments	28,181,074	7,402,265
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	6,378,695	5,150,147
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	34,559,769	12,552,412
11. Net cash from operations (Line 4 minus Line 10)	6,456,416	3,270,454
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	794,427	115,067
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	794,427	115,067
13. Cost of investments acquired (long-term only):		
13.1 Bonds	11,394,782	2,208,746
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	11,394,782	2,208,746
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(10,600,355)	(2,093,679)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	3,700,000	1,169,452
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	(1,041,652)	(1,072,890)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	2,658,348	96,562
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(1,485,591)	1,273,337
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	5,980,463	4,707,126
19.2 End of period (Line 18 plus Line 19.1)	4,494,872	5,980,463

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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.....		
.....		
.....		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	2,739	0	0	0	0	0	0	2,739	0	0
2. First Quarter	5,629							5,629		
3. Second Quarter	6,317							6,317		
4. Third Quarter	5,852							5,852		
5. Current Year	0									
6. Current Year Member Months	52,874							52,874		
Total Member Ambulatory Encounters for Period:										
7. Physician	46,737							46,737		
8. Non-Physician	34,345							34,345		
9. Total	81,082	0	0	0	0	0	0	81,082	0	0
10. Hospital Patient Days Incurred	8,878							8,878		
11. Number of Inpatient Admissions	902							902		
12. Health Premiums Written (a)	37,504,355							37,504,355		
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	37,504,355							37,504,355		
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services.....	25,856,107							25,856,107		
18. Amount Incurred for Provision of Health Care Services	30,138,537							30,138,537		

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	2,324,967	25,856,107	458,007	4,881,042	2,782,974	3,288,007
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	2,324,967	25,856,107	458,007	4,881,042	2,782,974	3,288,007
10. Healthcare receivables (a)					0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts			26,519		26,519	120,098
13. Totals	2,324,967	25,856,107	484,526	4,881,042	2,809,493	3,408,105

(a) Excludes \$ loans or advances to providers not yet expensed.

1. **Summary of Significant Accounting Policies**

Basis of Presentation

The accompanying financial statements of the Company have been prepared in conformity with accounting practices prescribed or permitted by the State of Arkansas Insurance Department (the Department).

Investments: Investments in bonds and mandatory redeemable preferred stocks are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating. Fair value for statutory purposes is based on the price published by the Securities Valuation Office of the NAIC (SVO), if available, whereas fair value for GAAP is based on quoted market prices.

All single class and multi-class mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows.

Policy Acquisition Costs: The costs of acquiring and renewing business are expensed when incurred.

Nonadmitted Assets: Certain assets designated as “nonadmitted,” principally past-due agents’ balances, furniture and equipment, unsecured loans or cash advances to officers or agents, company’s stock as collateral for loans, non-bankable checks, and trade names and other intangible assets, and other assets not specifically identified as an admitted asset within the NAIC Accounting Practices and Procedures Manual are excluded from the accompanying balance sheets and are charged directly to unassigned surplus.

Reinsurance: Any reinsurance balance amounts deemed to be uncollectible have been written off through a charge to operations. In addition, liability for reinsurance balances has been provided for unsecured policy reserves ceded to reinsurers not authorized to assume such business. Changes to the liability are credited or charged directly to unassigned surplus.

Statements of Cash Flows: Cash and short-term investments in the statements of cash flow represent cash balances and investments with initial maturities of one year or less.

Investments

Investments are stated in accordance with methods and values adopted by the NAIC and, as such, bonds not backed by loans are principally stated at amortized cost using the interest method. Premiums and discounts on fixed maturity investments are accreted to income using the modified scientific method over the anticipated life of the security.

Bonds not backed by other loans are principally stated at amortized cost using the interest method.

Single class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys or internal estimates and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities except principal-only and interest-only securities, which are valued using the prospective method.

Short-term investments include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost.

Cash equivalents are short-term highly liquid investments with original maturities of three months or less and are principally stated at amortized cost.

Net Premiums Earned

Net premiums are generally received at the beginning of the month and are recognized as earned during the month in which respective members are entitled to the products offered by the Company. The Company derives its sources of net premiums earned from the Centers for Medicare and Medicaid Services (CMS), a U.S. Federal Agency that administers Medicare, Medicaid and the State Children's Health Program, and that it is a part of the U.S. Government's Department of Health and Human Services. Subsequent adjustments to net premiums, including those due to policy cancellation, and other retroactive membership adjustments are generally recognized in the month in which the Company receives notification from members.

Medicare Part D Premiums and Expenses

Beginning January 1, 2006, the Company began serving as a plan sponsor offering Medicare Part D prescription drug insurance coverage under a contract with CMS. The CMS Premium, the Member Premium, and the Low-Income Premium Subsidy represent payments for the Company's insurance risk coverage under the Medicare Part D program and therefore are recorded as net premiums earned in operations. Net premium revenues are recognized ratably over the period in which eligible individuals are entitled to receive prescription drug benefits.

Subsidies from CMS represent cost reimbursements under the Medicare Part D program. Amounts received for these subsidies are not reflected as premium revenues, but rather are accounted for as deposits, with the related liability recorded in the aggregate health policy reserve in the balance sheet. Pharmacy benefit costs and administrative costs under the contract are expensed as incurred.

Uncollected Premiums

The majority of uncollected premiums are from CMS.

Accrued Medical Expenses and Claims Adjustment Expenses

Accrued medical expenses and claims adjustment expenses include management's best estimate of an amount determined from individual case estimates, and loss reports and an amount, based on past experience, for losses incurred but not yet reported (IBNR). The process of estimating reserves involves a considerable degree of judgment by management and, as of any given date, is inherently uncertain. The methods for making such estimates and for establishing the resulting liability is continually reviewed and adjustments are reflected in the period determined.

2. **Accounting Changes and Correction of Errors**

Audit adjustments totaling \$709,330 were made to correct the 12/31/06 financial statement balances. This amount is accounted for on page 5, line 47 of the second quarter NAIC filings.

3. **Business Combinations and Goodwill**

Not Applicable

4. **Discontinued Operations**

Not Applicable

5. **Investments**

STATEMENT AS OF SEPTEMBER 30, 2007 OF THE ARKANSAS COMMUNITY CARE, INC.

As of September 30, 2007, the company did not have any mortgage loans, restructured loans, reverse mortgages, loan-backed securities, or repurchase agreements as investments.

6. **Joint Ventures, Partnerships and Limited Liability Companies**

The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

7. **Investment Income**

For the nine months ended September 30, 2007 reported net investment income earned was \$626,458. Investment income due or accrued as of September 30, 2007 was \$204,129.

8. **Derivative Instruments**

Not Applicable

9. **Income Taxes**

Not Applicable

10. **Information Concerning Parent, Subsidiaries and Affiliates**

Arkansas Community Care, Inc. (the Company or ACC) is domiciled in the state of Arkansas and is 60% owned by Arcadian Health Plan, Inc., (AHP), a Washington domiciled insurance company, and 40% owned by Arcadian Management Services, Inc. (AMS), a Delaware corporation. The Company was granted a certificate of Authority by the Arkansas Insurance Commissioner on March 21, 2005.

The Company began operations on January 1, 2006 and is solely engaged in underwriting Medicare Advantage products. Medicare Advantage products are insurance products created only for Medicare beneficiaries whereby the Company contracts directly with Medicare to offer HMO benefits to Medicare beneficiaries. Under this type of contract Medicare beneficiaries generally receive all of their health care coverage through the Company's physician and specialist networks, except in certain emergency situations. The Company is licensed as an insurance company and writes business in the states of Arkansas, Texas, and Oklahoma.

AMS supplies certain services to the Company. Those services include enrollment processing, claims processing, professional credentialing, information technology, treasury, financial and tax services. Compensation under this contract is on a per member per month basis and totaled \$1,256,482 for the six months ended September 30, 2007. At September 30, 2007, the Company had \$85,774 due from AMS, \$114,645 due from AHP.

11. **Debt**

The Company has no outstanding debt as of September 30, 2007.

12. **Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

The Company participates in a qualified, 401k plan sponsored by the Parent Company, Arcadian Management Services, Inc. Non-highly compensated employees are eligible for a Company match of their contributions to the plan up to 5% of their eligible compensation.

13. **Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

STATEMENT AS OF SEPTEMBER 30, 2007 OF THE ARKANSAS COMMUNITY CARE, INC.

The Company has 10 shares authorized and 3 shares issued and outstanding of \$0.01 par value common stock as of 9/30/07. The Company has no preferred stock authorized.

14. **Contingencies**

None as of 9/30/07.

15. **Leases**

The Company entered into two office leases which expire on August 31, 2011. Lease payments by Arkansas Community Care, Inc. began January 1, 2006.

15. **Leases (Continued)**

As of December 31, 2006 the Company had the following aggregate rental commitments:

2007	\$ 77,880
2008	49,778
2009	6,990
2010	1,152
2011	288

16. **Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk**

Not Applicable

17. **Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

Not Applicable

18. **Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

Not Applicable

19. **Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

Not Applicable

20. **September 11 Events**

Not Applicable

21. **Other Items**

As of September 30, 2007 there was \$24,852 in accounts receivable that was premium due from members. This is a non admitted asset.

22. **Events Subsequent**

Not Applicable

23. **Reinsurance**

STATEMENT AS OF SEPTEMBER 30, 2007 OF THE ARKANSAS COMMUNITY CARE, INC.

The Company has reinsured with Ace American Insurance Company for specific excess loss reinsurance. Total payments to Ace American Insurance Company for the six months ended September 30, 2007 were \$283,450.

24. **Retrospectively Rated Contracts & Contracts Subject to Redetermination**

The company offers Part D benefits as a part of their Medicare Advantage contract with CMS and a component of the part D payment methodology includes a year-end risk sharing reconciliation to be performed by CMS. The total written and earned premium subject to this reconciliation for the six months ended September 30, 2007 was \$7,232,341 and was 17.78 % of the total written premium. The liability related to this reconciliation at September 30, 2007 was \$4,105,720.

25. **Change in Incurred Claims and Claim Adjustment Expenses**

Not Applicable

26. **Intercompany Pooling Arrangements**

Not Applicable

27. **Structured Settlements**

Not Applicable

28. **Health Care Receivables**

The company had \$61,251 in health care receivables. These receivable are related to pharmacy expenses paid for non-eligible members. The source of these receivables are from the Plan-to Plan reconciliation facilitated by the Center for Medicare and Medicaid Services (CMS) and are to be paid by the responsible Health Plan within 30 days.

29. **Participating Policies**

Not Applicable

30. **Premium Deficiency Reserves**

Not Applicable

31. **Anticipated Salvage and Subrogation**

Not Applicable

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [X] No []
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 4.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [X] N/A []
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 06/30/2006
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 06/30/2006
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/30/2006
- 6.4 By what department or departments?
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 7.2 If yes, give full information:
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....					
.....					
.....					

GENERAL INTERROGATORIES

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [] No []
 (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 (c) Compliance with applicable governmental laws, rules and regulations;
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended? Yes [] No []
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No []
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No []
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 200,419

INVESTMENT

- 11.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No []
- 11.2 If yes, explain:
- 12.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No []
- 12.2 If yes, give full and complete information relating thereto:
13. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$
14. Amount of real estate and mortgages held in short-term investments: \$
- 15.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [] No []
- 15.2 If yes, please complete the following:
- | | 1
Prior Year-End
Book/Adjusted
Carrying Value | 2
Current Quarter
Book/Adjusted
Carrying Value |
|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------|
| 15.21 Bonds | \$ | \$ |
| 15.22 Preferred Stock | \$ | \$ |
| 15.23 Common Stock | \$ | \$ |
| 15.24 Short-Term Investments | \$ | \$ |
| 15.25 Mortgage Loans on Real Estate | \$ | \$ |
| 15.26 All Other | \$ | \$ |
| 15.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 15.21 to 15.26) | \$0 | \$0 |
| 15.28 Total Investment in Parent included in Lines 15.21 to 15.26 above | \$ | \$ |
- 16.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No []
- 16.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []
 If no, attach a description with this statement.

GENERAL INTERROGATORIES

17. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.J - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Metropolitan National Bank	PO Box 8010 Little Rock, AR 72203
Morgan Keegan	50 N. Front St. Memphis, TN 38103

17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....
.....

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [] No [X]

17.4 If yes, give full information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....
.....

17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
.....
.....

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

18.2 If no, list exceptions:

SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Increase (decrease) by adjustment		
3. Cost of acquired		
4. Cost of additions to and permanent improvements		
5. Total profit (loss) on sales		
6. Increase (decrease) by foreign exchange adjustment		
7. Amount received on sales		
8. Book/adjusted carrying value at end of current period		
9. Total valuation allowance		
10. Subtotal (Lines 8 plus 9)		
11. Total nonadmitted amounts		
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)		

NONE**SCHEDULE B - VERIFICATION**

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year		
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		
2.2. Additional investment made after acquisitions		
3. Accrual of discount and mortgage interest points and commitment fees		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period		
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)		
12. Total nonadmitted amounts		
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)		

NONE**SCHEDULE BA - VERIFICATION**

Other Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year		
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		
2.2. Additional investment made after acquisitions		
3. Accrual of discount		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book/adjusted carrying value of long-term invested assets at end of current period		
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)		
12. Total nonadmitted amounts		
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)		

NONE**SCHEDULE D - VERIFICATION**

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	2,447,191	348,528
2. Cost of bonds and stocks acquired	11,394,782	2,208,746
3. Accrual of discount	20,153	5,050
4. Increase (decrease) by adjustment		
5. Increase (decrease) by foreign exchange adjustment		
6. Total profit (loss) on disposal	0	96
7. Consideration for bonds and stocks disposed of	794,427	115,067
8. Amortization of premium	2,356	162
9. Book value/adjusted carrying value, current period	13,065,343	2,447,191
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	13,065,343	2,447,191
12. Total nonadmitted amounts		
13. Statement value	13,065,343	2,447,191

STATEMENT AS OF SEPTEMBER 30, 2007 OF THE ARKANSAS COMMUNITY CARE, INC.

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	21,876,863	16,104,288	19,226,196	14,824	16,590,231	21,876,863	18,769,779	8,258,131
2. Class 2	0				0	0	0	
3. Class 3	0				0	0	0	
4. Class 4	0				0	0	0	
5. Class 5	0				0	0	0	
6. Class 6	0				0	0	0	
7. Total Bonds	21,876,863	16,104,288	19,226,196	14,824	16,590,231	21,876,863	18,769,779	8,258,131
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	21,876,863	16,104,288	19,226,196	14,824	16,590,231	21,876,863	18,769,779	8,258,131

SCHEDULE DA - PART 1**Short-Term Investments Owned End of Current Quarter**

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year-to-Date	Paid for Accrued Interest Year-to-Date
8299999 Totals	5,704,436	XXX	5,695,460	30,958	4,464

SCHEDULE DA - PART 2 - Verification**Short-Term Investments Owned**

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	5,812,876	0
2. Cost of short-term investments acquired	24,151,325	11,464,232
3. Increase (decrease) by adjustment	13,449	15,161
4. Increase (decrease) by foreign exchange adjustment		
5. Total profit (loss) on disposal of short-term investments		
6. Consideration received on disposal of short-term investments	24,273,214	5,666,517
7. Book/adjusted carrying value, current period	5,704,436	5,812,876
8. Total valuation allowance		
9. Subtotal (Lines 7 plus 8)	5,704,436	5,812,876
10. Total nonadmitted amounts		
11. Statement value (Lines 9 minus 10)	5,704,436	5,812,876
12. Income collected during period	274,125	151,265
13. Income earned during period	265,960	190,085

Schedule DB - Part F - Section 1

N O N E

Schedule DB - Part F - Section 2

N O N E

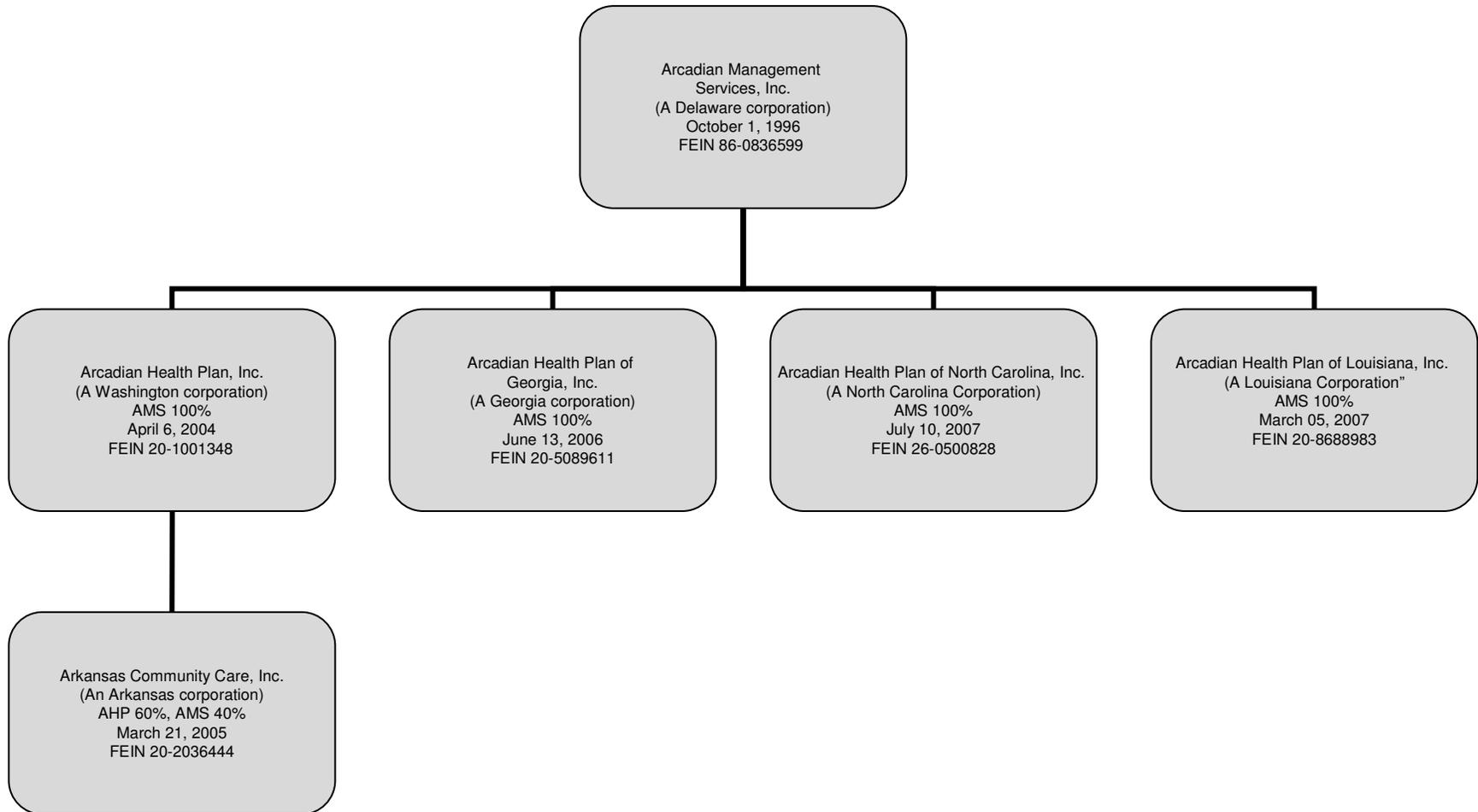
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama AL	NO							0		
2. Alaska AK	NO							0		
3. Arizona AZ	NO							0		
4. Arkansas AR	YES		28,556,434					28,556,434		
5. California CA	NO							0		
6. Colorado CO	NO							0		
7. Connecticut CT	NO							0		
8. Delaware DE	NO							0		
9. District of Columbia DC	NO							0		
10. Florida FL	NO							0		
11. Georgia GA	NO							0		
12. Hawaii HI	NO							0		
13. Idaho ID	NO							0		
14. Illinois IL	NO							0		
15. Indiana IN	NO							0		
16. Iowa IA	NO							0		
17. Kansas KS	NO							0		
18. Kentucky KY	NO							0		
19. Louisiana LA	NO							0		
20. Maine ME	NO							0		
21. Maryland MD	NO							0		
22. Massachusetts MA	NO							0		
23. Michigan MI	NO							0		
24. Minnesota MN	NO							0		
25. Mississippi MS	NO							0		
26. Missouri MO	NO							0		
27. Montana MT	NO							0		
28. Nebraska NE	NO							0		
29. Nevada NV	NO							0		
30. New Hampshire NH	NO							0		
31. New Jersey NJ	NO							0		
32. New Mexico NM	NO							0		
33. New York NY	NO							0		
34. North Carolina NC	NO							0		
35. North Dakota ND	NO							0		
36. Ohio OH	NO							0		
37. Oklahoma OK	YES		5,779,239					5,779,239		
38. Oregon OR	NO							0		
39. Pennsylvania PA	NO							0		
40. Rhode Island RI	NO							0		
41. South Carolina SC	NO							0		
42. South Dakota SD	NO							0		
43. Tennessee TN	NO							0		
44. Texas TX	YES		3,452,131					3,452,131		
45. Utah UT	NO							0		
46. Vermont VT	NO							0		
47. Virginia VA	NO							0		
48. Washington WA	NO							0		
49. West Virginia WV	NO							0		
50. Wisconsin WI	NO							0		
51. Wyoming WY	NO							0		
52. American Samoa AS	NO							0		
53. Guam GU	NO							0		
54. Puerto Rico PR	NO							0		
55. U.S. Virgin Islands VI	NO							0		
56. Northern Mariana Islands MP	NO							0		
57. Canada CN	NO							0		
58. Aggregate Other Aliens OT	XXX	0	0	0	0	0	0	0	0	
59. Subtotal	XXX	0	37,787,804	0	0	0	0	37,787,804	0	
60. Reporting Entity Contributions for Employee Benefit Plans	XXX							0		
61. Totals (Direct Business)	(a) 3	0	37,787,804	0	0	0	0	37,787,804	0	
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	
5899. Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)	XXX	0	0	0	0	0	0	0	0	

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

1.

Bar Code:

1.



Medicare Part D Coverage Supplement [Document Identifier 365]

Overflow Page for Write-ins

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

STATEMENT AS OF SEPTEMBER 30, 2007 OF THE ARKANSAS COMMUNITY CARE, INC.

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
3133XE-EG-0	FHLB 5.15% 1/20/2010		.07/23/2007	Morgan Keegan		99,484	100,000	2,561	1FE
31339Y-FB-3	FHLB 5.25% 7/24/2018		.07/12/2007	Morgan Keegan		189,250	200,000	4,929	1FE
3133XL-PM-7	FHLB 5.55% 7/20/2012		.07/12/2007	Morgan Keegan		300,000	300,000	0	1FE
3133XL-RS-4	FHLB 6.00% 7/23/2013		.07/12/2007	Morgan Keegan		300,000	300,000	0	1FE
3133XL-QD-8	FHLB 6.00% 7/24/2012		.07/12/2007	Merrill Lynch		300,000	300,000	0	1FE
3133XL-QC-0	FHLB 6.00% 7/26/2012		.07/23/2007	Coastal Securities Inc.		100,000	100,000	0	1FE
3133XL-UG-6	FHLB 6.29% 8/21/2017		.07/23/2007	Coastal Securities Inc.		100,000	100,000	0	1FE
3133XL-EF-6	FHLB 6.375% 6/29/2022		.07/12/2007	Suntrust Capital Markets		199,700	200,000	496	1FE
3133XL-PA-5	FHLB 6.55% 7/25/2022		.07/12/2007	Coastal Securities Inc.		199,938	200,000	0	1FE
3128X1-UY-1	FHLMC 3.50% 7/30/08		.07/11/2007	Raymond James		196,454	200,000	3,150	1FE
3128X1-BL-0	FHLMC 4.75% 5/6/2013		.07/12/2007	Dain Rauscher		288,300	300,000	2,652	1FE
3128X5-60-6	FHLMC 5.80% 11/17/2014		.07/12/2007	UBS Financial Services		296,391	300,000	2,707	1FE
3128X6-CD-6	FHLMC 6.00% 6/15/2017		.07/23/2007	Morgan Keegan		398,875	400,000	2,050	1FE
3128X6-CR-5	FHLMC 6.00% 6/18/2014		.07/23/2007	Coastal Securities Inc.		99,950	100,000	600	1FE
3128X6-HD-1	FHLMC 6.30% 7/24/2015		.07/12/2007	Suntrust Capital Markets		300,000	300,000	0	1FE
3128X6-GB-6	FHLMC 6.50% 7/25/2022		.07/23/2007	Coastal Securities Inc.		100,000	100,000	0	1FE
3136F6-RC-5	FNMA 12/22/2014 (Step Up)		.07/12/2007	Morgan Keegan		197,813	200,000	583	1FE
31359M-7M-9	FNMA 5.375% 4/11/2022		.07/12/2007	Morgan Keegan		284,400	300,000	4,121	1FE
3136F7-3E-5	FNMA 5.70% 10/5/2021		.07/12/2007	Morgan Keegan		294,000	300,000	4,655	1FE
31398A-EF-5	FNMA 6.40% 6/28/2017		.07/12/2007	Coastal Securities Inc.		199,969	200,000	533	1FE
36241K-KV-9	GNMA Pool # 782108		.07/13/2007	UBS Financial Services		250,766	253,860	659	1FE
912828-GU-8	US Treasury Note		.08/10/2007	Morgan Keegan		121,756	121,000	1,162	1
0399999. Bonds - U.S. Governments						4,817,046	4,874,860	30,858	XXX
025816-AI-9	American Express		.07/16/2007	Morgan Keegan		97,533	100,000	1,940	1FE
064057-BD-3	Bank of New York Mellon		.07/16/2007	Morgan Keegan		97,535	100,000	733	1FE
149123-BM-2	Caterpillar Inc.		.07/16/2007	Suntrust Capital Markets		99,527	100,000	2,438	1FE
22160K-AC-9	Costco Wholesale Corp.		.07/16/2007	Morgan Keegan		97,656	100,000	2,276	1FE
22541L-AM-5	Credit Suisse FB USA Inc.		.07/16/2007	Morgan Keegan		97,439	100,000	57	1FE
532457-AN-8	Eli Lilly & Co.		.07/16/2007	Morgan Keegan		105,897	100,000	329	1FE
369550-AK-4	General Dynamics Corp.		.07/16/2007	Morgan Keegan		93,624	100,000	756	1FE
548661-CH-8	Lowe's Companies Inc.		.07/16/2007	Suntrust Capital Markets		94,954	100,000	1,306	1FE
857449-AB-8	State Street Bank & Trust		.07/16/2007	Morgan Keegan		96,366	100,000	1,371	1FE
867876-AG-7	Suntrust Bank		.07/16/2007	Suntrust Capital Markets		94,705	100,000	1,917	1FE
4599999. Bonds - Industrial and Miscellaneous						975,236	1,000,000	13,123	XXX
6099997. Total - Bonds - Part 3						5,792,282	5,874,860	43,981	XXX
6099998. Total - Bonds - Part 5						XXX	XXX	XXX	XXX
6099999. Total - Bonds						5,792,282	5,874,860	43,981	XXX
6599997. Total - Preferred Stocks - Part 3						0	XXX	0	XXX
6599998. Total - Preferred Stocks - Part 5						XXX	XXX	XXX	XXX
6599999. Total - Preferred Stocks						0	XXX	0	XXX
7299997. Total - Common Stocks - Part 3						0	XXX	0	XXX
7299998. Total - Common Stocks - Part 5						XXX	XXX	XXX	XXX
7299999. Total - Common Stocks						0	XXX	0	XXX
7399999. Total - Preferred and Common Stocks						0	XXX	0	XXX
7499999 - Totals						5,792,282	5,874,860	43,981	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

E04

STATEMENT AS OF SEPTEMBER 30, 2007 OF THE ARKANSAS COMMUNITY CARE, INC.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For- eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid- eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor- tization)/ Accretion	Other Than Temporary Impairment Recogn- ized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Design- ation or Market In- dicator (a)
3133XF-3V-6	FHLB 5.00% 9/28/2007		09/28/2007	MATURITY		100,000	100,000	99,719	99,852	0	148	0	148	0	100,000	0	0	0	5,000	09/28/2007	1FE
3136F7-EB-9	FNMA 4.25% 7/27/2007		07/27/2007	MATURITY		100,000	100,000	99,050	99,587	0	413	0	413	0	100,000	0	0	0	4,250	07/27/2007	1FE
31359M-U8-4	FNMA 5.75% 8/7/2009		08/07/2009	CALLED @ 100.0000000		100,000	100,000	100,328	0	0	(328)	0	(328)	0	100,000	0	0	0	5,750	08/07/2009	1FE
36241K-KV-9	GNMA Pool # 782108		09/15/2007	PRINCIPAL RECEIPT		9,771	9,771	9,652	0	0	119	0	119	0	9,771	0	0	0	27	08/15/2021	1FE
0399999	Bonds - U.S. Governments					309,771	309,771	308,749	199,439	0	352	0	352	0	309,771	0	0	0	15,027	XXX	XXX
3133XD-DP-3	FHLB 00-0582 H		09/25/2007	PRINCIPAL RECEIPT		2,693	2,693	2,685	2,687	0	6	0	6	0	2,693	0	0	0	79	10/25/2010	1FE
3199999	Bonds - Special Revenues					2,693	2,693	2,685	2,687	0	6	0	6	0	2,693	0	0	0	79	XXX	XXX
17311A-AD-7	OMSI 2006-7 2A1		09/25/2007	PRINCIPAL RECEIPT		5,293	5,293	5,280	0	0	13	0	13	0	5,293	0	0	0	148	12/25/2021	1FE
94985C-AB-1	WFMS 2006-17 A2		09/25/2007	PRINCIPAL RECEIPT		3,234	3,234	3,225	0	0	9	0	9	0	3,234	0	0	0	92	11/25/2021	1FE
4599999	Bonds - Industrial and Miscellaneous					8,527	8,528	8,505	0	0	22	0	22	0	8,527	0	0	0	240	XXX	XXX
6099997	Total - Bonds - Part 4					320,991	320,992	319,939	202,126	0	380	0	380	0	320,991	0	0	0	15,346	XXX	XXX
6099998	Total - Bonds - Part 5					XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
6099999	Total - Bonds					320,991	320,992	319,939	202,126	0	380	0	380	0	320,991	0	0	0	15,346	XXX	XXX
6599997	Total - Preferred Stocks - Part 4					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
6599998	Total - Preferred Stocks - Part 5					XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
6599999	Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
7299997	Total - Common Stocks - Part 4					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
7299998	Total - Common Stocks - Part 5					XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
7299999	Total - Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
7399999	Total - Preferred and Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
7499999	Totals					320,991	XXX	319,939	202,126	0	380	0	380	0	320,991	0	0	0	15,346	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues.....

Schedule DB - Part A - Section 1

N O N E

Schedule DB - Part B - Section 1

N O N E

Schedule DB - Part C - Section 1

N O N E

Schedule DB - Part D - Section 1

N O N E

Schedule E - Part 2 - Cash Equivalents

N O N E