Original

ANNUAL STATEMENT

OF THE

QCA Health Plan, Inc.

of

Little Rock

in the state of

Arkansas

2003

TO THE

Insurance Department

OF THE STATE OF

Arkansas

RECEIVED
FEB 27 2004
FINANCE
ARKANSAS INSURANCE DEPARTMENT

FOR THE YEAR ENDED
DECEMBER 31, 2003

Original

HMO

HEALTH

2003

DIRECTORS OR TRUSTEES (continued)

Charles W. Smith M.D.
Harold Jackson Lassiter Jr.
Martin Fiser M.D.

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ANNUAL STATEMENT

For the Year Ending December 31, 2003

OF THE CONDITION AND AFFAIRS OF THE

QCA Health Plan, Inc.

NAIC Group Code 0000 (Current Period), 0000 (Prior Period) NAIC Company Code 95448 Employer's ID Number 71-0794605

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: Life, Accident & Health[ ] Property/Casualty[ ] Hospital, Medical & Dental Service or Indemnity[ ]
Dental Service Corporation[ ] Vision Service Corporation[ ] Health Maintenance Organization[X]
Other[ ] Is HMO Federally Qualified? Yes[ ] No[X]

Date Incorporated or Organized 04/08/1996 Date Commenced Business 07/31/1996

Statutory Home Office 10825 Financial Centre Parkway, Suite 400 (Street and Number), Little Rock, AR 72211 (City, or Town, State and Zip Code)

Main Administrative Office 10825 Financial Centre Parkway, Suite 400 (Street and Number)
Little Rock, AR 72211 (City or Town, State and Zip Code) (501)228-7111 (Area Code) (Telephone Number)

Mail Address 10825 Financial Centre Parkway, Suite 400 (Street and Number or P.O. Box), Little Rock, AR 72211 (City, or Town, State and Zip Code)

Primary Location of Books and Records 10825 Financial Centre Parkway, Suite 400 (Street and Number)
Little Rock, AR 72211 (City, or Town, State and Zip Code) (501)228-7111 (Area Code) (Telephone Number)

Internet Website Address www.qcark.com

Statutory Statement Contact Randall Crow (Name) (501)228-7111-5109 (Area Code)(Telephone Number)(Extension)
rcrow@qcark.com (E-Mail Address) (501)228-0135 (Fax Number)

Policyowner Relations Contact Terri James (address same as above) (Street and Number)
Little Rock, AR 72211 (City, or Town, State and Zip Code) (501)228-0135 (Area Code) (Telephone Number)(Extension)

OFFICERS

President Francis Lee Browning
Treasurer Michael Edward Stock
Secretary Randall Alvin Crow

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VICE PRESIDENTS

Michael Edward Stock
Roy Perry Lamm
Richard Thomas Halinski Jr. J.D.
Roger Keeney Howe M.D.,MMM
Joni Self Daniels

DIRECTORS OR TRUSTEES

Francis Lee Browning
Richard Allen Pierson
Barbara Garner Williams RN, PhD
Joseph Maurice Elser M.D.
Pamela Jean Stoyanoff
Stephanie Gayle Smith
Douglas Derald Goetz
Buford Joseph Suffridge DDS,MS,PA
Joseph Patrick Searcy
A. David Hall M.D.

State of Arkansas
County of Pulaski ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the 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.

Francis Lee Browning	Randall Crow	Michael E. Stock
(Signature)	(Signature)	(Signature)
Francis Lee Browning	Randall Alvin Crow	Michael Edward Stock
(Printed Name)	(Printed Name)	(Printed Name)
President	Secretary	Treasurer

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

Subscribed and sworn to before me this 23 day of Feb, 2004

Tanya Adams
(Notary Public Signature)

TANYA ADAMS NOTARY PUBLIC MY COMM. EXP. SEPT. 1, 2013 GRANT CO., ARKANSAS

9-1-2013

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols.1-2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)				
2. Stocks (Schedule D)				
2.1 Preferred stocks				
2.2 Common Stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $..... encumbrances)				
4.2 Properties held for the production of income (less $..... encumbrances)				
4.3 Properties held for sale (less $..... encumbrances)				
5. Cash ($.....19,612,871 Schedule E Part 1), cash equivalents ($..... Schedule E Part 2) and short-term investments ($.....326,958 Schedule DA)	19,939,829		19,939,829	19,393,508
6. Contract loans (including $..... premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivable for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	19,939,829		19,939,829	19,393,508
11. Investment income due and accrued	7,548		7,548	13,433
12. Premiums and considerations				
12.1 Uncollected premiums and agents' balances in the course of collection	829,581		829,581	1,337,105
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including $..... earned but unbilled premiums)				
12.3 Accrued retrospective premiums				
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers				
13.2 Funds held by or deposited with reinsured companies				
13.3 Other amounts receivable under reinsurance contracts				
14. Amounts receivable relating to uninsured plans				
15.1 Current federal and foreign income tax recoverable and interest thereon				
15.2 Net deferred tax asset				
16. Guaranty funds receivable or on deposit				
17. Electronic data processing equipment and software				
18. Furniture and equipment, including health care delivery assets ($.....)				
19. Net adjustment in assets and liabilities due to foreign exchange rates				
20. Receivables from parent, subsidiaries and affiliates	24,658		24,658	48,405
21. Health care ($.....) and other amounts receivable	818,850		818,850	222,719
22. Other assets nonadmitted				
23. Aggregate write-ins for other than invested assets				382,484
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	21,620,466		21,620,466	21,397,654
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	21,620,466		21,620,466	21,397,654
DETAILS OF WRITE-INS				
0901. Investment due and accrued				
0902				
0903				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301. CHIP Receivable				383,835
2302. Misc. Receivable				(1,352)
2303. Rounding				1
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				382,484

LIABILITIES, CAPITAL AND SURPLUS

		Current Year 1 Covered	Current Year 2 Uncovered	Current Year 3 Total	Prior Year 4 Total
1.	Claims unpaid (less $..... reinsurance ceded)	8,177,873	1,342,056	9,519,929	13,679,752
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	158,516		158,516	158,674
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	1,189,359		1,189,359	2,027,042
9.	General expenses due or accrued	1,014,402		1,014,402	565,282
10.1	Current federal and foreign income tax payable and interest thereon (including $..... on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittance and items not allocated				
14.	Borrowed money (including $..... current) and interest thereon $..... (including $..... current)				
15.	Amounts due to parent, subsidiaries and affiliates	16,372		16,372	358,335
16.	Payable for securities				
17.	Funds held under reinsurance treaties with ($..... authorized reinsurers and $..... unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured accident and health plans	338,807		338,807	117,469
21.	Aggregate write-ins for other liabilities (including $..... current)				
22.	TOTAL Liabilities (Lines 1 to 21)	10,895,329	1,342,056	12,237,385	16,906,554
23.	Common capital stock	XXX	XXX	1,553	1,553
24.	Preferred capital stock	XXX	XXX		
25.	Gross paid in and contributed surplus	XXX	XXX	8,123,807	8,123,447
26.	Surplus notes	XXX	XXX	17,210,808	17,210,808
27.	Aggregate write-ins for other than special surplus funds	XXX	XXX		
28.	Unassigned funds (surplus)	XXX	XXX	(15,952,727)	(20,844,708)
29.	Less treasury stock, at cost:	XXX	XXX		
	29.1 .....3,600 shares common (value included in Line 23 $.....360)	XXX	XXX	360	
	29.2 ..... shares preferred (value included in Line 24 $.....)	XXX	XXX		
30.	TOTAL capital and surplus (Lines 23 to 28 minus Line 29)	XXX	XXX	9,383,081	4,491,100
31.	TOTAL Liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	21,620,466	21,397,654
DETAILS OF WRITE-INS					
2101.	Rounding				
2102					
2103					
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)				
2701		XXX	XXX		
2702		XXX	XXX		
2703		XXX	XXX		
2798.	Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

		Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1.	Member Months	XXX	341,255	454,888
2.	Net premium income (including $..... non-health premium income)	XXX	68,934,338	81,326,814
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		
7.	Aggregate write-ins for other non-health revenues	XXX		
8.	TOTAL revenues (Lines 2 to 7)	XXX	68,934,338	81,326,814
Hospital and Medical:				
9.	Hospital/medical benefits	5,915,628	46,949,430	60,024,585
10.	Other professional services			
11.	Outside referrals			
12.	Emergency room and out-of-area	454,501	3,607,152	2,397,717
13.	Prescription drugs		6,763,845	7,668,699
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)	6,370,129	57,320,427	70,091,001
Less:				
17.	Net reinsurance recoveries		703,462	349,154
18.	TOTAL hospital and medical (Lines 16 minus 17)	6,370,129	56,616,965	69,741,847
19.	Non-health claims			
20.	Claims adjustment expenses		1,711,242	1,939,202
21.	General administrative expenses		6,083,244	7,929,471
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)	6,370,129	64,411,451	79,610,520
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	4,522,887	1,716,294
25.	Net investment income earned		220,613	241,704
26.	Net realized capital gains or (losses)			
27.	Net investment gains or (losses) (Lines 25 plus 26)		220,613	241,704
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			
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	4,743,500	1,957,998
31.	Federal and foreign income taxes incurred	XXX		
32.	Net income (loss) (Lines 30 minus 31)	XXX	4,743,500	1,957,998
DETAILS OF WRITE-INS				
0601		XXX		
0602		XXX		
0603		XXX		
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX		
0701		XXX		
0702		XXX		
0703		XXX		
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	XXX		
1401.				
1402				
1403				
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.	Other Revenue			
2902				
2903				
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year	2 Prior Year
	CAPITAL & SURPLUS ACCOUNT		
33.	Capital and surplus prior reporting year	4,491,100	2,330,544
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32	4,743,500	1,957,998
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Net unrealized capital gains and losses		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	148,483	202,566
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock	(360)	
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
	44.1 Paid in		
	44.2 Transferred from surplus (Stock Dividend)		
	44.3 Transferred to surplus		
45.	Surplus adjustments:		
	45.1 Paid in	360	
	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	(2)	(8)
48.	Net change in capital and surplus (Lines 34 to 47)	4,891,981	2,160,556
49.	Capital and surplus end of reporting year (Line 33 plus 48)	9,383,081	4,491,100
DETAILS OF WRITE-INS			
4701.	Rounding	(2)	(8)
4702			
4703			
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	(2)	(8)

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	68,604,179	80,391,467
2.	Net investment income	226,498	244,271
3.	Miscellaneous income	(423,901)	
4.	Total (Lines 1 through 3)	68,406,776	80,635,738
5.	Benefit and loss related payments	60,776,788	73,079,885
6.	Net transfers to Separate, Segregated and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	7,124,186	8,397,249
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) $..... net tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	67,900,974	81,477,134
11.	Net cash from operations (Lines 4 minus 10)	505,802	(841,396)
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds		
	12.2 Stocks		
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets		
	12.6 Net gains or (losses) on cash and short-term investments		
	12.7 Miscellaneous proceeds		
	12.8 Total investment proceeds (Lines 12.1 to 12.7)		
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds		
	13.2 Stocks		
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets		
	13.6 Miscellaneous applications		
	13.7 Total investments acquired (Lines 13.1 to 13.6)		
14.	Net increase (or decrease) in policy loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds received		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		
	16.6 Other cash provided (applied)	40,519	593,149
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	40,519	593,149
	RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18.	Net change in cash and short-term investments (Line 11, plus Line 15, plus Line 17)	546,321	(248,247)
19.	Cash and short-term investments:		
	19.1 Beginning of year	19,393,508	19,641,755
	19.2 End of year (Line 18 plus Line 19.1)	19,939,829	19,393,508

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS
(Gain and Loss Exhibit)

		1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employee Health Benefit Plan	7 Title XVIII-Medicare	8 Title XIX-Medicaid	9 Stop Loss	10 Disability Income	11 Long-term Care	12 Other Health	13 Other Non-Health
1.	Net premium income	68,934,338	68,934,338											
2.	Change in unearned premium reserves and reserve for rate credit													
3.	Fee-for-service (net of $..... medical expenses)													XXX
4.	Risk revenue													XXX
5.	Aggregate write-ins for other health care related revenues													XXX
6.	Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7.	TOTAL revenues (Lines 1 to 6)	68,934,338	68,934,338											
8.	Hospital/medical benefits	46,949,430	46,949,430											XXX
9.	Other professional services													XXX
10.	Outside referrals													XXX
11.	Emergency room and out-of-area	3,607,152	3,607,152											XXX
12.	Prescription drugs	6,763,845	6,763,845											XXX
13.	Aggregate write-ins for other hospital and medical													XXX
14.	Incentive pool, withhold adjustments and bonus amounts													XXX
15.	Subtotal (Lines 8 to 14)	57,320,427	57,320,427											XXX
16.	Net reinsurance recoveries	703,462	703,462											XXX
17.	TOTAL hospital and medical (Lines 15 minus 16)	56,616,965	56,616,965											XXX
18.	Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19.	Claims adjustment expenses	1,711,242	1,711,242											
20.	General administrative expenses	6,083,244	6,083,244											
21.	Increase in reserves for accident and health contracts													XXX
22.	Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23.	TOTAL underwriting deductions (Lines 17 to 22)	64,411,451	64,411,451											
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	4,522,887	4,522,887											
DETAILS OF WRITE-INS														
0501														XXX
0502														XXX
0503														XXX
0598.	Summary of remaining write-ins for Line 5 from overflow page													XXX
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)													XXX
0601			XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602			XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603			XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698.	Summary of remaining write-ins for Line 6 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301.	Prescription Drugs													XXX
1302														XXX
1303														XXX
1398.	Summary of remaining write-ins for Line 13 from overflow page													XXX
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)													XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical)	69,531,295		596,957	68,934,338
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employee Health Benefits Plan				
6.	Title XVIII - Medicare				
7.	Title XIX - Medicaid				
8.	Stop loss				
9.	Disability income				
10.	Long-term care				
11.	Other health				
12.	Health subtotal (Lines 1 through 11)	69,531,295		596,957	68,934,338
13.	Life				
14.	Property/casualty				
15.	TOTALS (Lines 12 to 14)	69,531,295		596,957	68,934,338

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct	61,480,250	61,480,250											
1.2 Reinsurance assumed													
1.3 Reinsurance ceded	703,462	703,462											
1.4 Net	60,776,788	60,776,788											
2. Paid medical incentive pools and bonuses													
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	9,519,929	9,519,929											
3.2 Reinsurance assumed													
3.3 Reinsurance ceded													
3.4 Net	9,519,929	9,519,929											
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct													
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net													
5. Accrued medical incentive pools and bonuses, current year													
6. Amounts recoverable from reinsurers December 31, current year													
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct	13,679,752	13,679,752											
7.2 Reinsurance assumed													
7.3 Reinsurance ceded													
7.4 Net	13,679,752	13,679,752											
8. Claim reserve December 31, prior year from Part 2D:													
8.1 Direct													
8.2 Reinsurance assumed													
8.3 Reinsurance ceded													
8.4 Net													
9. Accrued medical incentive pools and bonuses, prior year													
10. Amounts recoverable from reinsurers December 31, prior year													
11. Incurred benefits:													
11.1 Direct	57,320,427	57,320,427											
11.2 Reinsurance assumed													
11.3 Reinsurance ceded	703,462	703,462											
11.4 Net	56,616,965	56,616,965											
12. Incurred medical incentive pools and bonuses													

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Reported in Process of Adjustment:													
1.1 Direct	3,293,311	3,293,311											
1.2 Reinsurance assumed													
1.3 Reinsurance ceded													
1.4 Net	3,293,311	3,293,311											
2. Incurred but Unreported:													
2.1 Direct	6,121,966	6,121,966											
2.2 Reinsurance assumed													
2.3 Reinsurance ceded													
2.4 Net	6,121,966	6,121,966											
3. Amounts Withheld from Paid Claims and Capitations:													
3.1 Direct	104,652	104,652											
3.2 Reinsurance assumed													
3.3 Reinsurance ceded													
3.4 Net	104,652	104,652											
4. TOTALS													
4.1 Direct	9,519,929	9,519,929											
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net	9,519,929	9,519,929											

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	10,188,095	50,588,693	414,595	9,105,334	10,602,690	13,679,752
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid						
8. Other health						
9. Health subtotal (Lines 1 to 8)	10,188,095	50,588,693	414,595	9,105,334	10,602,690	13,679,752
10. Other non-health						
11. Medical incentive pool and bonus amounts						
12. TOTALS (Lines 9 to 11)	10,188,095	50,588,693	414,595	9,105,334	10,602,690	13,679,752

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	7,129	40	23		
2. 1999	60,196	11,955	130	(11)	
3. 2000	XXX	52,750	9,831	(2)	
4. 2001	XXX	XXX	82,815	14,863	351
5. 2002	XXX	XXX	XXX	57,024	9,837
6. 2003	XXX	XXX	XXX	XXX	50,589

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	7,129	7,175	7,192	7,192	7,192
2. 1999	72,149	72,255	72,281	72,270	72,270
3. 2000	XXX	63,021	62,583	62,580	62,580
4. 2001	XXX	XXX	97,597	97,785	98,046
5. 2002	XXX	XXX	XXX	70,597	67,259
6. 2003	XXX	XXX	XXX	XXX	59,694

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. Prior to 1999	XXX			XXX		XXX				XXX
2. 1999										
3. 2000										
4. 2001							16		16	
5. 2002	82,212	66,861	1,939	2.900	68,800	83.686	398	3	69,201	84.174
6. 2003	69,532	50,589	1,711	3.382	52,300	75.217	9,105	155	61,560	88.535
7. TOTAL (Lines 1 through 6)	XXX	117,450	3,650	XXX	121,100	XXX	9,519	158	130,777	XXX
8. TOTAL (Lines 2 through 6)	151,744	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	7,129	40	23		
2. 1999	60,196	11,955	130	(11)	
3. 2000	XXX	52,750	9,831	(2)	
4. 2001	XXX	XXX	82,815	14,863	351
5. 2002	XXX	XXX	XXX	57,024	9,837
6. 2003	XXX	XXX	XXX	XXX	50,589

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	7,129	7,175	7,192	7,192	7,192
2. 1999	72,149	72,255	72,281	72,270	72,270
3. 2000	XXX	63,021	62,583	62,580	62,580
4. 2001	XXX	XXX	97,597	97,785	98,046
5. 2002	XXX	XXX	XXX	70,597	67,259
6. 2003	XXX	XXX	XXX	XXX	59,694

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. Prior to 1999	XXX			XXX		XXX				XXX
2. 1999										
3. 2000										
4. 2001							16		16	
5. 2002	82,212	66,861	1,939	2.900	68,800	83.686	398	3	69,201	84.174
6. 2003	69,532	50,589	1,711	3.382	52,300	75.217	9,105	155	61,560	88.535
7. TOTAL (Lines 1 through 6)	XXX	117,450	3,650	XXX	121,100	XXX	9,519	158	130,777	XXX
8. TOTAL (Lines 2 through 6)	151,744	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other. . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other. . . . . NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve - . . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

		1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1.	Rent ($..... for occupancy of own building)	527,665	743,816		1,271,481
2.	Salaries, wages and other benefits	2,238,024	3,154,806		5,392,830
3.	Commissions (less $..... ceded plus $..... assumed)		1,916,143		1,916,143
4.	Legal fees and expenses		52,843		52,843
5.	Certifications and accreditation fees				
6.	Auditing, actuarial and other consulting services	256,671	1,299,352		1,556,023
7.	Traveling expenses	5,706	152,938		158,644
8.	Marketing and advertising	117	78,529		78,646
9.	Postage, express and telephone	355,731	1,846,044		2,201,775
10.	Printing and office supplies	149,890	981,409		1,131,299
11.	Occupancy, depreciation and amortization		40,302		40,302
12.	Equipment	2,338	568,513		570,851
13.	Cost or depreciation of EDP equipment and software				
14.	Outsourced services including EDP, claims, and other services	280,282	884,765		1,165,047
15.	Boards, bureaus and association fees				
16.	Insurance, except on real estate		722,081		722,081
17.	Collection and bank service charges				
18.	Group service and administration fees				
19.	Reimbursements by uninsured accident and health plans	(2,373,449)	(8,437,307)		(10,810,756)
20.	Reimbursements from fiscal intermediaries				
21.	Real estate expenses				
22.	Real estate taxes				
23.	Taxes, licenses and fees:				
	23.1 State and local insurance taxes				
	23.2 State premium taxes		340,142		340,142
	23.3 Regulator authority licenses and fees				
	23.4 Payroll taxes	157,956	1,015,734		1,173,690
	23.5 Other (excluding federal income and real estate taxes)	2,450	(61,350)		(58,900)
24.	Investment expenses not included elsewhere				
25.	Aggregate write-ins for expenses	107,861	784,484		892,345
26.	Total expenses incurred (Lines 1 to 25)	1,711,242	6,083,244		(a) 7,794,486
27.	Less expenses unpaid December 31, current year	158,516	1,014,402		1,172,918
28.	Add expenses unpaid December 31, prior year	158,674	565,282		723,956
29.	Amounts receivable relating to uninsured accident and health plans, prior year				
30.	Amounts receivable relating to uninsured accident and health plans, current year				
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	1,711,400	5,634,124		7,345,524
DETAILS OF WRITE-INS					
2501.	Other Misc Expenses	107,861	134,480		242,341
2502.	Network Rental Fees		650,004		650,004
2503.	0				
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above)	107,861	784,484		892,345

(a) Includes management fees of $.....9,919,145 to affiliates and $..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a)	
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash/short-term investments	(e) 223,476	217,697
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	2,917	2,917
10.	Total gross investment income	226,393	220,614
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		
17.	Net Investment income (Line 10 minus Line 16)		220,614
DETAILS OF WRITE-INS			
0901.	Misc prior year return	2,917	2,917
0902			
0903			
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)	2,917	2,917
1501			
1502			
1503			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

(a) Includes $..... accrual of discount less $..... amortization of premium and less $..... paid for accrued interest on purchases.
(b) Includes $..... accrual of discount less $..... amortization of premium and less $..... paid for accrued dividends on purchases.
(c) Includes $..... accrual of discount less $..... amortization of premium and less $..... paid for accrued interest on purchases.
(d) Includes $..... for company's occupancy of its own buildings; and excluding $..... interest on encumbrances.
(e) Includes $..... accrual of discount less $..... amortization of premium and less $..... paid for accrued interest on purchases.
(f) Includes $..... accrual of discount less $..... amortization of premium.
(g) Includes $..... investment expenses and $..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $..... interest on surplus notes and $..... interest on capital notes.
(i) Includes $..... depreciation on real estate and $..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	5 Total
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash/short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)					
DETAILS OF WRITE-INS						
0901						
0902						
0903						
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

NONE

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of items Page 2, Lines 12 to 20, Column 2		148,483	148,483
2. Other Nonadmitted Assets:			
2.1 Bills receivable			
2.2 Leasehold improvements			
2.3 Cash advanced to or in the hands of officers and agents			
2.4 Loans on personal security, endorsed or not			
2.5 Commuted commissions			
3. Total (Lines 2.1 to 2.5)			
4. Aggregate write-ins for other assets			
5. TOTAL (Line 1 plus Line 3 and Line 4)		148,483	148,483
DETAILS OF WRITE-INS			
0401			
0402			
0403			
0498. Summary of remaining write-ins for Line 4 from overflow page			
0499. TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above)			

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health Maintenance Organizations	16,014	10,406	10,804	10,770	4,450	109,290
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service	17,672	20,199	20,972	20,906	15,778	231,965
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	33,686	30,605	31,776	31,676	20,228	341,255
DETAILS OF WRITE-INS						
0601. 0						
0602						
0603						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

EXHIBIT 3 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199999 Total individuals						
Group Subscribers:						
State of Arkansas	334,672					334,672
Public School Personnel - EBD	211,269	18,362				229,631
St. Vincents Hospital	77,965					77,965
Dillards	42,455					42,455
Dardanelle Hospital	24,191					24,191
National Home Center	23,364					23,364
Allen Tillery Chevrolet	14,321					14,321
Living Hope Institute	12,447					12,447
0299997 Subtotal - Group Subscribers:	740,684	18,362				759,046
0299998 Premium due and unpaid not individually listed	65,991	4,544				70,535
0299999 Total group	806,675	22,906				829,581
0399999 Premiums due and unpaid from Medicare entities						
0499999 Premiums due and unpaid from Medicaid entities						
0599999 Accident and health premiums due and unpaid (Page 2, Line 12)	806,675	22,906				829,581

EXHIBIT 4 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
Receivables not inidvidually listed						
UoA Employee Pharmacy Receivable	49,693					49,693
Qualchoice Withhold Settlement	769,157					769,157
0499999 Total - Receivables not inidvidually listed						
0599999 Health care receivables	818,850					818,850

EXHIBIT 5 - CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered						
0499999 Subtotals						
0599999 Unreported claims and other claim reserves						9,519,929
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						9,519,929
0899999 Accrued Medical Incentive Pool and Bonus Amounts						

EXHIBIT 6 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5	6	Admitted	
						7	8
Name of Affiliate	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Current	Non-Current
Individually listed receivables							
Qualchoice	8,050					8,050	
Novallis Corporation (Trizetto)	16,608					16,608	
0199999 Total - Individually listed receivables	24,658					24,658	
0299999 Receivables not inidvidually listed							
0399999 Total gross amounts receivable	24,658					24,658	

EXHIBIT 7 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
Individually listed payables				
Novallis Corporation (Trizetto)		14,071	14,071	
Qualchoice		2,301	2,301	
0199999 Total - Individually listed payables	XXX	16,372	16,372	
0299999 Payables not individually listed	XXX			
0399999 Total gross payables	XXX	16,372	16,372	

EXHIBIT 8 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total	3 Total Members Covered	4 Column 3 as a % of Total	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups						
2. Intermediaries						
3. All other providers						
4. Total capitation payments						
Other Payments:						
5. Fee-for-service	13,377,359	22.011	XXX	XXX		13,377,359
6. Contractual fee payments			XXX	XXX		
7. Bonus/withhold arrangements - fee-for-service			XXX	XXX		
8. Bonus/withhold arrangements - contractual fee payments	47,399,429	77.989	XXX	XXX	47,399,429	
9. Non-contingent salaries			XXX	XXX		
10. Aggregate cost arrangements			XXX	XXX		
11. All other payments			XXX	XXX		
12. Total other payments	60,776,788	100.000	XXX	XXX	47,399,429	13,377,359
13. Total (Line 4 plus Line 12)	60,776,788	100.000	XXX	XXX	47,399,429	13,377,359

EXHIBIT 8 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
	NONE				
9999999			XXX	XXX	XXX

EXHIBIT 9 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

Description	1 Cost	2 Improvements	3 Accumulated Depreciation	4 Book Value Less Encumbrances	5 Assets Not Admitted	6 Net Admitted Assets
1. Administrative furniture and equipment						
2. Medical furniture, equipment and fixtures						
3. Pharmaceuticals and surgical supplies						
4. Durable medical equipment						
5. Other property and equipment						
6. Total						

NONE

Notes to Financial Statement

QCA HEALTH PLAN, INC.

Notes to NAIC Filed Financial Statements Statutory Basis
December 31, 2003 and 2002

(1) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by QCA Health Plan, Inc., "the Company", in the preparation of the accompanying financial statements. Such policies are in conformity with the Annual Statement Instructions and the Accounting Practices and Procedures Manual of the National Association of Insurance Commissioners ("NAIC") and the accounting practices as prescribed or permitted by the Arkansas Insurance Department and are not intended to be a presentation in conformity with generally accepted accounting principles.

Cash and Cash Equivalents: The Company considers all cash accounts and all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Investment Securities: Investment securities are held to maturity and are stated at cost adjusted for amortization of premiums and accretion of discounts computed by the interest method.

Non-Admitted Assets: Certain assets (principally premiums receivable greater than 90 days past due, pharmaceutical rebate receivables and prepaid expenses) designated as "non-admitted" are not included in the financial statements.

Income Taxes: Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the accounting for interest accrued on surplus notes payable for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Revenue: Medical premium revenue is recognized in the month in which members are entitled to receive health care services. Medical premiums collected in advance are recorded as unearned premium revenue.

Cost of Benefits Provided: Cost of benefits provided includes the costs of all medical services delivered to enrolled members of the Company and for whom the Company has recorded medical premium revenue during the reporting period. These costs include payments for specific medical services paid to physicians, hospitals, and other health care providers on a fee-for-service basis. Costs of benefits include claims paid, claims in process and pending, estimates of incurred but not reported "IBNR" claims and charges, and processing costs of those estimates at the end of the fiscal year for which the Company will be responsible.

Premium Tax: Premium taxes are recorded based upon a percentage of billed premiums, in accordance with the regulations of the state in which the Company is licensed to do business.

Medical Claims Payable: Reported claims expected to be paid after December 31 for services provided to members prior to December 31 are recorded as liabilities. Claims for services provided to members during the financial reporting period which are unreported at December 31 are estimated based on the Company's claims experience and recorded as liabilities. The amounts recorded are based upon estimates of the ultimate net cost of such services provided. These reserves are subject to continuous review by management and changes in estimates are reflected in earnings currently.

Accounting Estimates: The preparation of financial statements in conformity with the accounting practices described above requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates, but are not anticipated by management to differ by material amounts.

(2) Accounting Changes and Corrections of Errors

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Arkansas. Effective January 1, 2002, the State of Arkansas required that insurance companies domiciled in the State of Arkansas prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures manual subject to any deviations prescribed or permitted by the State of Arkansas insurance commissioner.

Notes to Financial Statement

Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures* manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle.

Premium Receivables - The Company has recorded the premium receivables on this annual statement net of allowance for bad debts.

(3) Business Combinations and Goodwill

The Company was not party to a business combination within the reporting periods and does not carry goodwill on its statement of admitted assets, liabilities, and capital and surplus.

(4) Discontinued Operations

The Company did not discontinue any operations within the reporting period.

(5) Investments

The Company has no mortgage loans, restructured debts, reverse mortgages, loan-backed securities or repurchase agreements. The Company holds a statutory deposit as required by the Arkansas Insurance Department.

(6) Joint Ventures, Partnerships, and Limited Liability Companies

The Company has no investments in Joint Ventures, Partnerships, or Limited Liability Companies.

(7) Investment Income

The Company's investment income was earned on bank accounts and Treasury notes. No income was excluded. Information concerning the notes is documented on schedules D and DA of the annual blank.

(8) Derivative Instruments

The Company has no derivative instruments.

(9) Income Taxes

The Company's net deferred tax asset account was comprised of the following as of December 31:

	2003	2002
Deferred tax assets	$ 6,133,877	8,103,317
Valuation allowance	(6,133,877)	(8,103,317)
	$ -	-

The Company has available approximately $15,145,000 of unused operating loss carry forwards that may be applied against future taxable income and that will begin expiring in 2011.

Notes to Financial Statement

(10) Information Concerning Parent, Subsidiaries and Affiliates

The Company's shareholders are listed on page 56 of this report. During the year the stock of one owner was bought back by the company and became Treasury Stock. The shares totaled 3600. The purchase price was par value of $.10 per share. In November 1999, the Company entered into a service agreement with an affiliate of a stockholder whereby the affiliate would provide a full range of administrative, managerial and technological services as well as the continued license software rights that the Company had previously obtained from the stockholder. An amendment to this agreement was entered into effective November 30,2001 whereby the term of the agreement will continue until December 31, 2007 and will be renewed automatically for additional renewal terms of 1 year thereon. The affiliate may also terminate the agreement in the event that the Company is not compliant with the risk based capital requirements contained within the amendment. The Company paid this affiliate $9,919,145 in 2003, $11,493,743 in 2002 and $6,465,412 in 2001 for these services.

Under provisions of various provider contracts, the Company paid $47,993,499 and $45,265,862 to hospitals owned by or affiliated with a stockholder during 2003 and 2002, respectively. The above amounts include payments on ASO business as well as HMO.

The Company entered into an agreement with Qualchoice of Arkansas, Inc. ("Qualchoice") in November 2001, whereby the Company began processing claims on behalf of employers that sponsor health benefit plans for employees. The Company is to assume the obligations to perform such duties under the existing contracts with Qualchoice, and Qualchoice's provider network.

The Company administers the self-funded health benefit plans for all or a portion of the employees of three stockholders (see Note 18). Revenue in the amount of $6,486,582 and $6,661,862 was received from these three for such services during 2003 and 2002, respectively.

No additional Paid-in-Capital was received during the current year.

(11) Debt

The Company had the following surplus notes payable at December 31:

	2003	2002
Surplus notes payable to various stockholders with interest at 8.5%, principal payments beginning in April 2000, convertible into 12,529 shares of common stock at any time prior to maturity	$ 4,568,000	4,568,000
Surplus notes payable to various affiliates of a stockholder with interest at 8.5%, principal payments beginning in April 2001, convertible into 5,676 shares of common stock at any time prior to maturity	3,150,000	3,150,000
Surplus note payable to stockholder with interest at 3%, principal payments beginning in April 2010	5,000,000	5,000,000
Surplus notes payable to an affiliate of a stockholder with interest at 8.5%, principal payments beginning in April 2001, convertible into 2,703 shares of common stock at any time prior to maturity	1,500,000	1,500,000
Surplus notes payable to various stockholders with interest at 8.5%, principal payments beginning in April 2001, convertible into 5,392 shares of common stock at any time prior to maturity	2,992,808	2,992,808
	$ 17,210,808	17,210,808

Principal payments on the surplus notes are due each April 15 to the extent that there is surplus capital at the end of the previous year calculated in accordance with a formula prescribed by the Arkansas Department of Insurance and their approval.

Notes to Financial Statement

No interest was paid during the years ended December 31, 2003 and 2002.

The $5,000,000 note listed above has common stock purchase warrants, which entitle the holder to purchase 9,009 shares of the Company's common stock for $.10 per share. The warrants become exercisable for a five year period beginning with the occurrence of the earliest of the following: (1) closing of the Company's initial public offering, (2) change in control, as defined in the agreement, or (3) November 2004. None of these conditions had occurred as of December 31, 2003.

(12) Retirement Plans, Deferred Compensation and Other Postretirement Benefit Plans

The Company has an employee 401 (k) plan covering all full-time employees of the Company who have completed three months of employment and choose to participate. The Company contributes an amount equal to the portion of the employee's contribution, which does not exceed 3% of the employee's salary. Contributions to the plan during 2003 and 2002 totaled $106,028 and $101,843, respectively.

(13) Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

The Company has 50,000 shares of $.10 per share par value common stock authorized and 11,925 shares outstanding. The Company has no preferred stock. The Company has no plans to pay dividends on its common stock in the foreseeable future. The Company has surplus notes issued totaling $17,210,808 (see Note 11).

(14) Contingent Liabilities

The Company is not aware of any contingent liabilities as of December 31, 2003.

In the normal course of business, the Company is involved in litigation from time to time with claimants and others. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect upon the financial position or results of operations of the Company.

(15) Leases

The Company had no material leases at year-end 2003.

(16) Information About Financial Instructions With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

The Company does not have any off-balance sheet risk.

(17) Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

The Company has not been involved in any sale, transfer and servicing of financial assets and extinguishments of liabilities as of December 31, 2003.

(18) Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

In 2003 the Company had Administrative Services Only (ASO) contracts and minimum premium contracts, for which the employer retained all health care service risk, while the Company assumed administrative risk. The Company recorded administrative fee revenues of approximately $10,810,756 and $10,425,000 for 2003 and

Notes to Financial Statement

2002, respectively. The amounts are not recorded as revenue in this statutory statement, but are recorded as a reduction in operating expenses on page 14. The approximate net gain on this business was $119,138 and $955,000 for 2003 and 2002, respectively. The claims volume was approximately $106,994,677 and $86,800,000 for 2003 and 2002, respectively. The Company has no Medicare or similarly structured cost based reimbursement contracts.

(19) Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company does not have and has not had any direct premium written/produced by managing general agents/third party administrators in the reporting period.

(20) Other Items

The Company had **no** extraordinary items, troubled debt restructuring, other disclosures or recorded uncollectible assets covered by SSAP No. 6 as of December 31, 2003. The company has no admitted pharmaceutical rebate receivables per instruction of the Arkansas Insurance Department. Certain Minimum Premium business was listed in the membership report as minimum premium in 2001; this is not listed in 2002 or 2003, as it is considered non-risk business. The premium is also not listed as HMO premium as is the case with other non-risk business.

(21) Events Subsequent

The company had no significant subsequent events.

(22) Reinsurance

The Company is covered under a medical reinsurance agreement effective October 1, 2003 through September 30, 2004 that provides annual coverage for eligible in area and out of area emergency hospital services of 90% in excess of $150,000 per member. (90% in excess of $125,000 through September, 2003), These coverages are limited to an average of $4,000 per day over the entire length of stays in the hospital with a maximum of $2,000,000 per member in the contract year. The Company renewed it's policy October 2003 Employers Reinsurance Company.

The reinsurance limitation of the maximum average per day is waived for transplant services performed in a hospital whose negotiated arrangement has been approved by the reinsurer. The Company is also covered under a catastrophic reinsurance agreement effective October 1, 2003 through September 30, 2004, that provides annual coverage for eligible hospital services not covered by the medical reinsurance agreement of 90% in excess of $500,000 per member with coverage limited to an average of $10,000 per day over the entire length of stays in the hospital with a maximum of $2,000,000 per member.

The Company does not have any booked reinsurance recoveries at year-end, therefore no unsecured recoveries or recoveries in dispute. The Company has no return commission, which would have been due if the company had cancelled the reinsurance. The company has no retroactive reinsurance agreements. The reinsurance does not have retroactive termination arrangement clause.

(23) Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company has no retrospectively rated contracts.

(24) Change in Incurred Claims and Claim Adjustment Expenses

The Company does not have any changes in the provision for incurred claim and claim adjustment expenses attributable to insured events of prior years.

(25) Intercompany Pooling Arrangements

The company is not a part of a group of affiliated insurers that utilizes a pooling arrangement.

Notes to Financial Statement

(26) Structured Settlements

Per the NAIC instructions this note should not be completed by Health Entities.

(27) Health Care Receivables

The Company has not recorded pharmacy rebates receivables as of December 31, 2003. For the most previous three years and for each quarter therein, the reporting entity experienced the following activity relating to pharmacy rebates:

	Pharmaceutical Rebate Receivables				
	(1000's)				
	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Confirmed	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
Quarter					
12/31/2003	0	0	0	0	0
9/30/2003	0	0	0	0	0
6/30/2003	17,282	337,259	173,542	163,717	0
3/30/2003	50,177	417,481	213,032	173,542	30,907
12/31/2002	148,483	401,984	160,499	213,032	28,453
9/30/2002	51,116	434,062	203,792	160,499	69,771
6/30/2002	265,721	546,694	283,380	203,729	59,585
3/31/2002	248,808	337,132	0	283,380	53,752
12/31/2001	351,049	419,702	177,391	91,287	151,024
9/30/2001	264,200	264,201		180,585	83,616
6/30/2001	350,836	350,827	170,242		180,585
3/31/2001	263,498	263,489		170,242	93,247

(28) Participating Policies

The Company does not sell individual policies. The company has not issued policyholder dividends.

(29) Premium Deficiency Reserves

The Company has no premium deficiency reserves.

(30) Anticipated Salvage and Subrogation

The Company took into account estimated anticipated salvage and subrogation in its determination of the liability for unpaid claims/losses (IBNR) and reported such liability net of subrogation.

(31) Organization and Operation

Notes to Financial Statement

QCA Health Plan, Inc. was incorporated on April 8, 1996, under the Arkansas Business Corporation Act as a health maintenance organization (HMO). The Company was organized for the purpose of offering, on an insured basis, managed healthcare benefits to employers and associations throughout the State of Arkansas.

(32) Minimum Net Worth

The Company is subject to various regulatory requirements including maintenance of minimum statutory net worth. At December 31, 2003, the Company is in compliance with requirements placed on the Company by the Arkansas Insurance Department. In addition to maintaining the required Net Worth, the Company maintains a sufficient IBNR reserve, a catastrophic pool reserve, loss adjustment expense, insolvency reserve and IBNR margin reserve. The Company is required to maintain restricted investments in the minimum amount of $300,000. The Company also maintains a minimum Net Worth that exceeds Risk Based Capital requirements as set forth by the Arkansas Insurance Department.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	Gross Investment Holdings 2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	Admitted Assets as Reported in the Annual Statement 4 Percentage
1. Bonds:				
1.1 U.S. treasury securities				
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA				
1.512 Issued by FNMA and FHLMC				
1.513 Privately issued				
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC				
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA,FNMA, or FHLMC				
1.523 All other privately issued				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (includes $..... of property acquired in satisfaction of debt)				
5.3 Property held for sale ($..... including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities				
8. Cash and short-term investments	19,939,289	100.000	19,939,829	100.000
9. Other invested assets				
10. Total invested assets	19,939,289	100.000	19,939,829	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[ ] No[X]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[ ] No[ ] N/A[X]

1.3 State Regulating? .....

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[X] No[ ]

2.2 If yes, date of change: 04/29/2003

If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2002

3.2 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. 12/31/1996

3.3 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). 12/31/1996

3.4 By what department or departments?
Arkansas Insurance Department

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes[ ] No[X]

4.12 renewals? Yes[ ] No[X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes[ ] No[X]

4.22 renewals? Yes[ ] No[X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]

5.2 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

6.1 Has the 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? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement) Yes[ ] No[X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[ ] No[X]

7.2 If yes,

7.21 State the percentage of foreign control ..... %

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES (continued)

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 the names and location (city and state of the main office) of any affiliates regulated by a federal financial 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
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Racso, Winter & Associates LLP 400 West Capitol, Sutie 2380 Little Rock, Arkansas 72201-3458

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Milliman USA One Pennsylvania Plaza, 38th Floor New York, New York 10119

11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[ ] No[X]
11.3 Have there been any changes made to any of the trust indentures during the year? Yes[ ] No[X]
11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? Yes[ ] No[ ] N/A[X]

BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes[ ] No[X]

13. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes[X] No[ ]

14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person? Yes[ ] No[X]

FINANCIAL

15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
15.11 To directors or other officers $
15.12 To stockholders not officers $
15.13 Trustees, supreme or grand (Fraternal only) $
15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
15.21 To directors or other officers $
15.22 To stockholders not officers $
15.23 Trustees, supreme or grand (Fraternal only) $

16.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes[ ] No[X]
16.2 If yes, state the amount thereof at December 31 of the current year:
16.21 Rented from others $
16.22 Borrowed from others $
16.23 Leased from others $
16.24 Other $
Disclose in Notes to Financial the nature of each obligation.

17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes[ ] No[X]
17.2 If answer is yes:
17.21 Amount paid as losses or risk adjustment $
17.22 Amount paid as expenses $
17.23 Other amounts paid $

GENERAL INTERROGATORIES (continued)

INVESTMENT

18. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1. Preferred					Yes[ ] No[ ] N/A[X]	Yes[ ] No[ ] N/A[X]
2. Common	50,000,000	11,925,000	0.100	XXX	XXX	XXX

19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes[X] No[ ]

19.2 If no, give full and complete information, relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1). Yes[ ] No[X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Loaned to others $
20.22 Subject to repurchase agreements $
20.23 Subject to reverse repurchase agreements $
20.24 Subject to dollar repurchase agreements $
20.25 Subject to reverse dollar repurchase agreements $
20.26 Pledged as collateral $
20.27 Placed under option agreements $
20.28 Letter stock or securities restricted as to sale $
20.29 Other $

20.3 For each category above, if any of these assets are held by other, identify by whom held:

20.31
20.32
20.33
20.34
20.35
20.36
20.37
20.38
20.39

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

20.4 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[ ] No[X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[ ] N/A[X]
If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[ ] No[X]

22.2 If yes, state the amount thereof at December 31 of the current year. $

GENERAL INTERROGATORIES (continued)

INVESTMENT

23. 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.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[ ]

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

1 Name of Custodian(s)	2 Custodian's Address
Arvest Asset Management	200 Commerce Dr. Ste. 100, Little Rock, AR 72201

23.02 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)

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? Yes[X] No[ ]

23.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Regions Bank Trust Division	Arvest Asset Management	12/22/2003	Better rates

23.05 Identify all investment advisers, 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 Number(s)	2 Name	3 Address
	Becky Parcher	200 Commerce Dr., Ste. 100, Little Rock, AR

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])? Yes[ ] No[X]

24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
24.2999 Total		

24.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

GENERAL INTERROGATORIES (Continued)

OTHER

5.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? $.....

5.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

6.1 Amount of payments for legal expenses, if any? $..... 37,069

6.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Wright, Lindsey and Jennings	33,508

7.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? $.....

7.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes[ ] No[X]
1.2 If yes, indicate premium earned on U.S. business only: $
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $
1.31 Reason for excluding:
1.4 Indicate amount of premium earned attributable to Canadian and/or Other Alien not included in Item (1.2) above. $
1.5 Indicate total incurred claims on all Medicare Supplement insurance. $
1.6 Individual policies - Most current three years:
1.61 Total premium earned $
1.62 Total incurred claims $
1.63 Number of covered lives $
All years prior to most current three years:
1.64 Total premium earned $
1.65 Total incurred claims $
1.66 Number of covered lives $
1.7 Group policies - Most current three years:
1.71 Total premium earned $
1.72 Total incurred claims $
1.73 Number of covered lives $
All years prior to most current three years:
1.74 Total premium earned $
1.75 Total incurred claims $
1.76 Number of covered lives $

2. Health Test

		1 Current Year	2 Prior Year
2.1	Premium Numerator	68,934,338	81,326,814
2.2	Premium Denominator	68,934,338	81,326,814
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	9,519,929	13,679,752
2.5	Reserve Denominator	9,678,445	13,838,426
2.6	Reserve Ratio (2.4 / 2.5)	0.984	0.989

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes[ ] No[X]
3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? Yes[X] No[ ]
4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes[ ] No[X]

5.1 Does the reporting entity have stop-loss reinsurance? Yes[X] No[ ]
5.2 If no, explain:
5.3 Maximum retained risk (see instructions):
5.31 Comprehensive Medical $ 335,000
5.32 Medical Only $
5.33 Medicare Supplement $
5.34 Dental $
5.35 Other Limited Benefit Plan $
5.36 Other $

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Provider contracts have hold harmless agreements and continuity of care provisions. Through the reinsurance company $5,000,000 is reinsured for continuation of benefits in event of insolvency.

7.1 Does the reporting entity set up its claim liability for provider services on a service data base? Yes[X] No[ ]
7.2 If no, give details:

8. Provide the following information regarding participating providers:
8.1 Number of providers at start of reporting year 4133
8.2 Number of providers at end of reporting year 4671

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes[ ] No[X]
9.2 If yes, direct premium earned:
9.21 Business with rate guarantees between 15-36 months 0
9.22 Business with rate guarantees over 36 months 0

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes[X] No[ ]

10.2 If yes:

10.21 Maximum amount payable bonuses $.....

10.22 Amount actually paid for year bonuses $.....

10.23 Maximum amount payable withholds $..... 1,783,463

10.24 Amount actually paid for year withholds $..... 1,783,463

11.1 Is the reporting entity organized as:

11.12 A medical Group/Staff Model, Yes[ ] No[X]

11.13 An Individual Practice Association (IPA), or, Yes[ ] No[X]

11.14 A Mixed Model (combination of above)? Yes[X] No[ ]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes[X] No[ ]

11.3 If yes, show the name of the state requiring such net worth.

Arkansas

11.4 If yes, show the amount required. $..... 100,000

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes[X] No[ ]

11.6 If the amount is calculated, show the calculation.

Net Worth requirement of $100,000 plus certain RBC requirements of the State. The RBC calculations are included with this filing

12. List service areas in which the reporting entity is licensed to operate:

1 Name of Service Area
State of Arkansas .....

FIVE-YEAR HISTORICAL DATA

	1 2003	2 2002	3 2001	4 2000	5 1999
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	21,620,466	21,397,654	21,508,830	15,266,885	17,202,739
2. Total liabilities (Page 3, Line 22)	12,237,385	16,906,554	19,178,286	13,174,322	15,350,100
3. Statutory surplus	2,809,833	3,367,163	2,994,278	2,075,929	1,330,581
4. Total capital and surplus (Page 3, Line 30)	9,383,081	4,491,100	2,330,544	2,092,563	1,098,634
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	68,934,338	81,326,814	111,302,577	68,388,216	68,367,830
6. Total medical and hospital expenses (Line 18)	56,616,965	69,741,847	97,379,101	62,333,448	72,149,089
7. Total administrative expenses (Line 21)	6,083,244	7,929,471	10,149,822	13,041,410	13,401,865
8. Net underwriting gain (loss) (Line 24)	4,522,887	1,716,294	(1,137,428)	(6,323,086)	(10,383,615)
9. Net investment gain (loss) (Line 27)	220,613	241,704	561,658	782,263	139,926
10. Total other income (Lines 28 plus 29)				99,244	
11. Net income or (loss) (Line 32)	4,743,500	1,957,998	(575,770)	(5,441,579)	(10,243,689)
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	9,383,081	4,491,100	2,330,544	2,092,563	1,852,639
13. Authorized control level risk-based capital	2,809,833	3,367,163	4,277,541	2,949,696	2,075,929
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	20,228	33,686	67,118	51,312	49,896
15. Total members months (Column 6, Line 7)	341,255	454,888	802,632	596,004	566,688
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total hospital and medical (Line 18)	82.1	85.8	87.5	91.1	103.0
18. Total underwriting deductions (Line 23)	93.4	97.9	101.0	109.2	123.0
19. Total underwriting gain (loss) (Line 24)	6.6	2.1	(1.0)	(9.2)	(15.0)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 12, Col. 5)	10,602,690	14,957,326	10,046,511	12,104,799	7,200,921
21. Estimated liability of unpaid claims-[prior year (Line 12, Col. 6)]	13,679,752	15,812,396	11,233,079	13,143,776	7,707,638
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26. Affiliated mortgage loans on real estate					
27. All other affiliated					
28. Total of above Lines 22 to 27					

95448200343004100 2003 Document Code: 430

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION: 2. DIVISION:

NAIC Group Code

BUSINESS IN THE STATE OF **ARKANSAS** DURING THE YEAR

NAIC Company Code 95448

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	33,686		33,686										
2. First Quarter	30,605		30,605										
3. Second Quarter	31,776		31,776										
4. Third Quarter	31,676		31,676										
5. Current Year	20,288		20,288										
6. Current Year Member Months	341,165		341,165										
Total Member Ambulatory Encounters for Year:													
7. Physician	211,728		211,728										
8. Non-Physician	62,339		62,339										
9. Total	274,067		274,067										
10. Hospital Patient Days Incurred	7,930		7,930										
11. Number of Inpatient Admissions	1,972		1,972										
12. Health Premiums Collected	68,604,179		68,604,179										
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned	69,531,295		69,531,295										
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	60,776,788		60,776,788										
18. Amount of Incurred for Provision of Health Care Services	57,320,427		57,320,427										

(a) For health business: number of persons insured under PPO managed care products ..... and number of persons insured under indemnity only products .....

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION: 2. DIVISION:

NAIC Group Code

BUSINESS IN THE STATE OF **GRAND TOTAL** DURING THE YEAR

NAIC Company Code 95448

	1	Comprehensive (Hospital & Medical) 2	3	4	5	6	7	8	9	10	11	12	13
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	33,686		33,686										
2. First Quarter	30,605		30,605										
3. Second Quarter	31,776		31,776										
4. Third Quarter	31,676		31,676										
5. Current Year	20,288		20,288										
6. Current Year Member Months	341,165		341,165										
Total Member Ambulatory Encounters for Year:													
7. Physician	211,728		211,728										
8. Non-Physician	62,339		62,339										
9. Total	274,067		274,067										
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11. Number of Inpatient Admissions	1,972		1,972										
12. Health Premiums Collected	68,604,179		68,604,179										
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned	69,531,295		69,531,295										
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	60,776,788		60,776,788										
18. Amount of Incurred for Provision of Health Care Services	57,320,427		57,320,427										

(a) For health business: number of persons insured under PPO managed care products ..... and number of persons insured under indemnity only products .....

36 Schedule A - Verification - . . . . . NONE

36 Schedule B - Verification - . . . . . NONE

36 Schedule BA - Verification - . . . . . NONE

37 Schedule D - Summary by Country - . . . . . NONE

37 Schedule D - Verification - . . . . . NONE

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Government, Schedules D & DA (Group 1)											
1.1 Class 1	326,958					326,958	100.00	326,804	100.00	326,958	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 TOTALS	326,958					326,958	100.00	326,804	100.00	326,958	
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Class 1											
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 TOTALS											
3. States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1 Class 1											
3.2 Class 2											
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 TOTALS											
4. Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Class 1											
4.2 Class 2											
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
4.7 TOTALS											
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Class 1											
5.2 Class 2											
5.3 Class 3											
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 1											
6.2 Class 2											
6.3 Class 3											
6.4 Class 4											
6.5 Class 5											
6.6 Class 6											
6.7 TOTALS											
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1											
7.2 Class 2											
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 TOTALS											
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 TOTALS											
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Class 1											
9.2 Class 2											
9.3 Class 3											
9.4 Class 4											
9.5 Class 5											
9.6 Class 6											
9.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	326,958					326,958	100.00	XXX	XXX	326,958	
10.2 Class 2								XXX	XXX		
10.3 Class 3								XXX	XXX		
10.4 Class 4								XXX	XXX		
10.5 Class 5						(c)		XXX	XXX		
10.6 Class 6						(c)		XXX	XXX		
10.7 TOTALS	326,958					(b) 326,958	100.00	XXX	XXX	326,958	
10.8 Line 10.7 as a % of Column 6	100.00					100.00	XXX	XXX	XXX	100.00	
11. Total Bonds Prior Year											
11.1 Class 1	326,804					XXX	XXX	326,804	100.00	326,804	
11.2 Class 2						XXX	XXX				
11.3 Class 3						XXX	XXX				
11.4 Class 4						XXX	XXX				
11.5 Class 5						XXX	XXX	(c)			
11.6 Class 6						XXX	XXX	(c)			
11.7 TOTALS	326,804					XXX	XXX	(b) 326,804	100.00	326,804	
11.8 Line 11.7 as a % of Col. 8	100.00					XXX	XXX	100.00	XXX	100.00	
12. Total Publicly Traded Bonds											
12.1 Class 1	326,958					326,958	100.00	326,804	100.00	326,958	XXX
12.2 Class 2											XXX
12.3 Class 3											XXX
12.4 Class 4											XXX
12.5 Class 5											XXX
12.6 Class 6											XXX
12.7 TOTALS	326,958					326,958	100.00	326,804	100.00	326,958	XXX
12.8 Line 12.7 as a % of Col. 6	100.00					100.00	XXX	XXX	XXX	100.00	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	100.00					100.00	XXX	XXX	XXX	100.00	XXX
13. Total Privately Placed Bonds											
13.1 Class 1										XXX	
13.2 Class 2										XXX	
13.3 Class 3										XXX	
13.4 Class 4										XXX	
13.5 Class 5										XXX	
13.6 Class 6										XXX	
13.7 TOTALS										XXX	
13.8 Line 13.7 as a % of Col. 6							XXX	XXX	XXX	XXX	
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10							XXX	XXX	XXX	XXX	

(a) Includes $..... freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
(b) Includes $..... current year, $..... prior year of bonds with Z designations and $..... current year, $..... prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
(c) Includes $..... current year, $..... prior year of bonds with 5* designations and $..... current year, $..... prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Issuer Obligations	326,958					326,958	100.00	326,804	100.00	326,958	
1.2 Single Class Mortgage-Backed/Asset-Backed Bonds											
1.7 TOTALS	326,958					326,958	100.00	326,804	100.00	326,958	
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Issuer Obligations											
2.2 Single Class Mortgage-Backed/Asset-Backed Bonds											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3 Defined											
2.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5 Defined											
2.6 Other											
2.7 TOTALS											
3. States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 3)											
3.1 Issuer Obligations											
3.2 Single Class Mortgage-Backed/Asset-Backed Bonds											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3 Defined											
3.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5 Defined											
3.6 Other											
3.7 TOTALS											
4. Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Issuer Obligations											
4.2 Single Class Mortgage-Backed/Asset-Backed Bonds											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3 Defined											
4.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5 Defined											
4.6 Other											
4.7 TOTALS											
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, SCH. D & DA (Group 5)											
5.1 Issuer Obligations											
5.2 Single Class Mortgage-Backed/Asset-Backed Bonds											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3 Defined											
5.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5 Defined											
5.6 Other											
5.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations											
6.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined											
6.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined											
6.6 Other											
6.7 TOTALS											
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations											
7.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined											
7.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
7.5 Defined											
7.6 Other											
7.7 TOTALS											
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations											
8.7 TOTALS											
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	326,958					326,958	100.00	XXX	XXX	326,958	
10.2 Single Class Mortgage-Backed/Asset-Backed Securities								XXX	XXX		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined								XXX	XXX		
10.4 Other								XXX	XXX		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined								XXX	XXX		
10.6 Other								XXX	XXX		
10.7 TOTALS	326,958					326,958	100.00	XXX	XXX	326,958	
10.8 Line 10.7 as a % of Column 6	100.00					100.00	XXX	XXX	XXX	100.00	
11. Total Bonds Prior Year											
11.1 Issuer Obligations	326,804					XXX	XXX	326,804	100.00	326,804	
11.2 Single Class Mortgage-Backed/Asset-Backed Securities						XXX	XXX				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined						XXX	XXX				
11.4 Other						XXX	XXX				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined						XXX	XXX				
11.6 Other						XXX	XXX				
11.7 TOTALS	326,804					XXX	XXX	326,804	100.00	326,804	
11.8 Line 11.7 as a % of Column 8	100.00					XXX	XXX	100.00	XXX	100.00	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	326,958					326,958	100.00	326,804	100.00	326,958	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities											XXX
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined											XXX
12.4 Other											XXX
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined											XXX
12.6 Other											XXX
12.7 TOTALS	326,958					326,958	100.00	326,804	100.00	326,958	XXX
12.8 Line 12.7 as a % of Column 6	100.00					100.00	XXX	XXX	XXX	100.00	XXX
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	100.00					100.00	XXX	XXX	XXX	100.00	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations										XXX	
13.2 Single Class Mortgage-Backed/Asset-Backed Securities										XXX	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										XXX	
13.4 Other										XXX	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										XXX	
13.6 Other										XXX	
13.7 TOTALS										XXX	
13.8 Line 13.7 as a % of Column 6							XXX	XXX	XXX	XXX	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10							XXX	XXX	XXX	XXX	

SCHEDULE DA - PART 2

Verification of SHORT-TERM INVESTMENTS Between Years

		1 Total	2 Bonds	3 Mortgage Loans	4 Other Short-term Investment Assets (a)	5 Investments in Parent, Subsidiaries and Affiliates
1.	Book/adjusted carrying value, prior year	326,804	326,804			
2.	Cost of short-term investments acquired	329,164	329,164			
3.	Increase (decrease) by adjustment	(4,010)	(4,010)			
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	325,000	325,000			
7.	Book/adjusted carrying value, current year	326,958	326,958			
8.	Total valuation allowance					
9.	Subtotal (Lines 7 plus 8)	326,958	326,958			
10.	Total nonadmitted amounts					
11.	Statement value (Lines 9 minus 10)	326,958	326,958			
12.	Income collected during year	4,319	4,319			
13.	Income earned during year	5,199	5,199			

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

45 Schedule DB Part A Verification - . . . . . NONE

45 Schedule DB Part B Verification - . . . . . NONE

46 Schedule DB Part C Verification - . . . . . NONE

46 Schedule DB Part D Verification - . . . . . NONE

46 Schedule DB Part E Verification - . . . . . NONE

47 Schedule DB Part F Sn 1 - Sum Replicated Assets - . . . . . NONE

48 Schedule DB Part F Sn 2 - Recon Replicated Assets - . . . . . NONE

49 Schedule S - Part 1 - Section 2 - . . . . . NONE

SCHEDULE S - PART 2

Reinsurance Recoverable on Paid and Unpaid Losses Listed by Reinsuring Company as of December 31, Current Year

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Company	5 Location	6 Paid Losses	7 Unpaid Losses
Life and Annuity, Affiliates						
39845	48-0921045	10/01/2002	Employers Reins Corp	Overland Park, Kansas		
0199999 Total - Life and Annuity, Affiliates						
0399999 Totals - Life and Annuity						
0799999 Totals - Life, Annuity and Accident and Health						

SCHEDULE S - PART 3 - SECTION 2

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year

1	2	3	4	5	6	7	8	9	Outstanding Surplus Relief		12	13
									10	11		
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Location	Type	Premiums	Unearned Premiums (estimated)	Reserve Credit Taken Other than for Unearned Premiums	Current Year	Prior Year	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
Affiliates												
39845	48-0921045	10/01/2002	EMPLOYERS REINS CORP	Overland Park, Kanss	SSL/L	596,957						
0199999 Total - Affiliates						596,957						
0399999 Totals						596,957						

SCHEDULE S - PART 4

Reinsurance Ceded To Unauthorized Companies

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Reserve Credit Taken	6 Paid and Unpaid Losses Recoverable (Debit)	7 Other Debits	8 Totals (Cols. 5 + 6 + 7)	9 Letters of Credit	10 Trust Agreements	11 Funds Deposited by and Withheld from Reinsurers	12 Other	13 Miscellaneous Balances (Credit)	14 Sum of Cols. 9+10+11+12+13 But Not in Excess of Col. 8
					NONE								
1199999 Totals (General Account and Separate Accounts combined)													

SCHEDULE S - PART 5

Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2003	2 2002	3 2001	4 2000	5 1999
A. OPERATIONS ITEMS					
1. Premiums	597	886	1,751	1,071	713
2. Title XVIII-Medicare					
3. Title XIX - Medicaid					
4. Commissions and reinsurance expense allowance					
5. Total hospital and medical expenses					
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable					
8. Reinsurance recoverable on paid losses			734	296	302
9. Experience rating refunds due or unpaid					
10. Commissions and reinsurance expense allowances unpaid					
11. Unauthorized reinsurance offset					
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F)					
13. Letters of credit (L)					
14. Trust agreements (T)					
15. Other (O)					

SCHEDULE S - PART 6

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

		1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
ASSETS (Page 2, Col. 3)				
1.	Cash and invested assets (Line 10)	19,939,829		19,939,829
2.	Accident and health premiums due and unpaid (Line 12)	829,581		829,581
3.	Amounts recoverable from reinsurers (Line 13.1)			
4.	Net credit for ceded reinsurance	XXX		
5.	All other admitted assets (Balance)	851,056		851,056
6.	Total assets (Line 26)	21,620,466		21,620,466
LIABILITIES, CAPITAL AND SURPLUS (Page 3)				
7.	Claims unpaid (Line 1)	9,519,929		9,519,929
8.	Accrued medical incentive pool and bonus payments (Line 2)			
9.	Premiums received in advance (Line 8)	1,189,359		1,189,359
10.	Reinsurance in unauthorized companies (Line 18)			
11.	All other liabilities (Balance)	1,528,097		1,528,097
12.	Total liabilities (Line 22)	12,237,385		12,237,385
13.	Total capital and surplus (Line 30)	9,383,081	XXX	9,383,081
14.	Total liabilities, capital and surplus (Line 31)	21,620,466		21,620,466
NET CREDIT FOR CEDED REINSURANCE				
15.	Claims unpaid			
16.	Accrued medical incentive pool			
17.	Premiums received in advance			
18.	Reinsurance recoverable on paid losses			
19.	Other ceded reinsurance recoverables			
20.	Total ceded reinsurance recoverables			
21.	Premiums receivable			
22.	Unauthorized reinsurance			
23.	Other ceded reinsurance payables/offsets			
24.	Total ceded reinsurance payables/offsets			
25.	Total net credit for ceded reinsurance			

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	State, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed (Yes or No)	Direct Business Only 3 Accident & Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit-Type Contract Funds	8 Property/ Casualty Premiums
1.	Alabama (AL)	No	No						
2.	Alaska (AK)	No	No						
3.	Arizona (AZ)	No	No						
4.	Arkansas (AR)	No	Yes	69,531,295					
5.	California (CA)	No	No						
6.	Colorado (CO)	No	No						
7.	Connecticut (CT)	No	No						
8.	Delaware (DE)	No	No						
9.	District of Columbia (DC)	No	No						
10.	Florida (FL)	No	No						
11.	Georgia (GA)	No	No						
12.	Hawaii (HI)	No	No						
13.	Idaho (ID)	No	No						
14.	Illinois (IL)	No	No						
15.	Indiana (IN)	No	No						
16.	Iowa (IA)	No	No						
17.	Kansas (KS)	No	No						
18.	Kentucky (KY)	No	No						
19.	Louisiana (LA)	No	No						
20.	Maine (ME)	No	No						
21.	Maryland (MD)	No	No						
22.	Massachusetts (MA)	No	No						
23.	Michigan (MI)	No	No						
24.	Minnesota (MN)	No	No						
25.	Mississippi (MS)	No	No						
26.	Missouri (MO)	No	No						
27.	Montana (MT)	No	No						
28.	Nebraska (NE)	No	No						
29.	Nevada (NV)	No	No						
30.	New Hampshire (NH)	No	No						
31.	New Jersey (NJ)	No	No						
32.	New Mexico (NM)	No	No						
33.	New York (NY)	No	No						
34.	North Carolina (NC)	No	No						
35.	North Dakota (ND)	No	No						
36.	Ohio (OH)	No	No						
37.	Oklahoma (OK)	No	No						
38.	Oregon (OR)	No	No						
39.	Pennsylvania (PA)	No	No						
40.	Rhode Island (RI)	No	No						
41.	South Carolina (SC)	No	No						
42.	South Dakota (SD)	No	No						
43.	Tennessee (TN)	No	No						
44.	Texas (TX)	No	No						
45.	Utah (UT)	No	No						
46.	Vermont (VT)	No	No						
47.	Virginia (VA)	No	No						
48.	Washington (WA)	No	No						
49.	West Virginia (WV)	No	No						
50.	Wisconsin (WI)	No	No						
51.	Wyoming (WY)	No	No						
52.	American Samoa (AS)	No	No						
53.	Guam (GU)	No	No						
54.	Puerto Rico (PR)	No	No						
55.	U.S. Virgin Islands (VI)	No	No						
56.	Canada (CN)	No	No						
57.	Aggregate other alien (OT)	XXX	XXX						
58.	TOTAL (Direct Business)	XXX	(a) 1	69,531,295					
DETAILS OF WRITE-INS									
5701									
5702									
5703									
5798.	Summary of remaining write-ins for Line 57 from overflow page								
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)								

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

xplanation of basis of allocation of premiums by states, etc.:

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

PARENTS:

QualChoice of Arkansas, Inc.
FEIN: 71-0752544
Third Party Administrator of
Managed Care Health

51.15%

Zenith National Insurance Corp.
FEIN: 95-1651549
Property and Casualty Insurer with
Speciality in Worker's Compensation

30.19%

Novalis Corporation
FEIN: 14-1785722
Managed Care Services
and Consulting Firm

1.68%

University of Arkansas
for Medical Sciences
FEIN: 71-6046242

15.09%

Arkansas Children's Hospital
FEIN: 71-0236857

1.89%

HMO:

QCA Health Plan, Inc.
FEIN: 71-0794605
Health Maintenance Organization

SCHEDULE Y (continued)

PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1 NAIC Company Code	2 Federal ID Number	3 Names of Insurers and Parent, Subsidiaries or Affiliates	4 Shareholder Dividends	5 Capital Contributions	6 Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	7 Income/(Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	8 Management Agreements and Service Contracts	9 Income/ (Disbursements) Incurred Under Reinsurance Agreements	10 *	11 Any Other Material Activity not in the Ordinary Course of the Insurer's Business	12 Totals	13 Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
	14-1785722	Novallis Service Corporation					9,919,145				9,919,145	
95448	71-0794605	QCA HEALTH PLAN, INC.					(9,919,145)				(9,919,145)	
9999999 Totals									XXX			

Schedule Y Part 2 Explanation:

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
MARCH FILING	
. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	No
. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	Yes
. Will an actuarial certification be filed by March 1?	Yes
. Will the Risk-based Capital Report be filed with the NAIC by March 1?	Yes
. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	Yes
. Will the SVO Compliance Certification be filed by March 1?	Yes
. Will the Life Supplement be filed with the state of domicile and the NAIC by March 1?	No
. Will the Property/Casualty Supplement be filed with the state of domicile and the NAIC by March 1?	No
APRIL FILING	
. Will Management's Discussion and Analysis be filed by April 1?	Yes
0. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile by April 1?	No
1. Will the Investment Risks Interrogatories be filed by April 1?	No
JUNE FILING	
2. Will an audited financial report be filed by June 1 with the state of domicile?	Yes

Explanations:

Bar Codes:

Medicare Supplement Insurance Experience Exhibit
9544820033600000 2003 Document Code: 360

Health Life Supplement
9544820032050000 2003 Document Code: 205

Health Property / Casualty Supplement
9544820032070000 2003 Document Code: 207

LTC Experience Reporting Form C
9544820033300000 2003 Document Code: 330

Supplemental Investment Risks Interrogatories
9544820032850000 2003 Document Code: 285

OVERFLOW PAGE FOR WRITE-INS

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
2504. 0				
2597. Summary of overflow write-ins for Line 25				

E01 Schedule A - Part 1 Real Estate Owned - . . . . . NONE

E02 Schedule A - Part 2 Real Estate Aquired - . . . . . NONE

E03 Schedule A - Part 3 Real Estate Sold - . . . . . NONE

E04 Schedule B - Part 1 Mortgage Loans Owned - . . . . . NONE

E05 Schedule B - Part 2 Mortgage Loans Sold - . . . . . NONE

E06 Schedule BA - Part 1 Invested Assets Owned - . . . . . NONE

E07 Schedule BA - Part 2 Invested Assets Sold - . . . . . NONE

E08 Schedule D - Part 1 LT Bonds Owned - . . . . . NONE

E09 Schedule D - Part 2 Sn 1 Prfrd Stocks Owned - . . . . . NONE

E10 Schedule D - Part 2 Sn 2 Common Stocks Owned - . . . . . NONE

E11 Schedule D - Part 3 LT Bonds/Stock Aquired - . . . . . NONE

E12 Schedule D - Part 4 LT Bonds/Stock Sold - . . . . . NONE

E13 Schedule D - Part 5 LT Bonds/Stocks Aquired/Disp - . . . . . NONE

E14 Schedule D - Part 6 Sn 1 - . . . . . NONE

E14 Schedule D - Part 6 Sn 2 - . . . . . NONE

SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENT Owned December 31, of Current Year

1	2	3	4	Interest		7	8	9	10	11	12	Interest		15	16	17
				5	6							13	14			
CUSIP Identification	Description	Date Acquired	Name of Vendor	Rate Of	How Paid	Maturity Date	Book/Adjusted Carrying Value	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Par Value	Actual Cost	Amount Due and Accrued Dec. 31, of Current Year on Bond Not in Default	Gross Amount Received	Paid for Accrued Interest	NAIC Designation	Effective Rate of Interest
U.S. Governments - Issuer Obligations																
912828AG5	US Treasury Note (Ins Dept Deposit)	05/07/2003	Regions Trust	4.000		07/31/2004	326,958	(4,010)		325,000	329,164	2,167	10,156	5,837	1	2.250
0199999 Subtotal - U.S. Governments - Issuer Obligations							326,958	(4,010)		325,000	329,164	2,167	10,156	5,837	XXX	XXX
0399999 Subtotal - U.S. Government Bonds							326,958	(4,010)		325,000	329,164	2,167	10,156	5,837	XXX	XXX
5499999 Subtotal - Issuer Obligations							326,958	(4,010)		325,000	329,164	2,167	10,156	5,837	XXX	XXX
6099999 Subtotal - Bonds							326,958	(4,010)		325,000	329,164	2,167	10,156	5,837	XXX	XXX
7599999 Subtotal - Parent, Subsidiaries and Affiliates										XXX					XXX	XXX
8099999 Total Short-term Investments							326,958	(4,010)		XXX	329,164	2,167	10,156	5,837	XXX	XXX

(a) Includes $..... other than accrual of discount and amortization of premium.

E16 Schedule DB - Part A Sn 1 Opt/Cap/Floor Owned - . . . . . NONE

E16 Schedule DB - Part A Sn 2 Opt/Cap/Floor Aquired - . . . . . NONE

E17 Schedule DB - Part A Sn 3 Opt/Cap/Floor Term - . . . . . NONE

E17 Schedule DB - Part B Sn 1 Opt/Cap/Floor In-force - . . . . . NONE

E18 Schedule DB - Part B Sn 2 Opt/Cap/Floor Written - . . . . . NONE

E18 Schedule DB - Part B Sn 3 Opt/Cap/Floor Term - . . . . . NONE

E19 Schedule DB - Part C Sn 1 Col/Swap/Frwrd Open - . . . . . NONE

E19 Schedule DB - Part C Sn 2 Col/Swap/Frwrd Opened - . . . . . NONE

E20 Schedule DB - Part C Sn 3 Col/Swap/Frwrd Term - . . . . . NONE

E20 Schedule DB - Part D Sn 1 Futures Contracts Open - . . . . . NONE

E21 Schedule DB - Part D Sn 2 Futures Contracts Opened - . . . . . NONE

E21 Schedule DB - Part D Sn 3 Futures Contracts Term - . . . . . NONE

E22 Schedule DB - Part E Sn 1 Counterparty Exposure - . . . . . NONE

E23 Schedule DM - . . . . . NONE

SCHEDULE E - PART 1 - CASH

1 Depository			2 Rate of Interest	3 Amount of Interest Received During Year	4 Amount of Interest Accrued December 31 of Current Year	5 Balance	6 *
open depositories							
Regions Bank	400 W. Capitol, Little Rock, AR 72204		0.710	43,135		1,268,472	XXX
US Bank	401 W. Capitol, Little Rock, AR 72204		0.930	88,991		3,880,327	XXX
Arvest Bank	P.O. Box 1583, Little Rock, AR 72203					7,976,596	XXX
Arvest Bank	P.O. Box 1583, Little Rock, AR 72203		1.020	87,031	4,501	6,487,376	XXX
Petty Cash						100	XXX
0199998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories			XXX				XXX
0199999 Totals - Open Depositories			XXX	219,157	4,501	19,612,871	XXX
0299998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories			XXX				XXX
0299999 Totals - Suspended Depositories			XXX				XXX
0399999 Total Cash On Deposit			XXX	219,157	4,501	19,612,871	XXX
0499999 Cash in Company's Office			XXX	XXX	XXX		XXX
0599999 Total Cash			XXX	219,157	4,501	19,612,871	XXX

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January	21,290,796	4. April	23,352,340	7. July	21,509,487	10. October	20,392,468
2. February	21,904,192	5. May	23,059,491	8. August	22,353,321	11. November	20,225,897
3. March	24,354,189	6. June	20,978,139	9. September	22,924,215	12. December	19,612,871

E25 Schedule E - Part 2 - Cash Equivalents - . . . . . NONE

E26 Schedule E - Part 3 Special Deposits - . . . . . NONE

95448200344000100 2003 Document Code: 440

Statement of Actuarial Opinion

Statement of Actuarial Opinion
for the Calendar Year Ending December 31, 2003

QCA Health Plan, Inc.

I, Drew S. Davidoff, am associated with the firm of Milliman USA, Inc., Consultants and Actuaries. I am a Member of the American Academy of Actuaries and have been retained by QCA Health Plan, Inc. (QCA) with regard to loss reserves, actuarial liabilities, and related items for QCA.

I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities, and related items listed below, as shown in the annual statement of the organization as prepared for filing with state regulatory officials as of December 31, 2003.

Item	Amount
Claims Unpaid (Page 3, Line 1)	$9,519,929
Unpaid Claims Adjustment Expense (Page 3, Line 3)	$158,516

The amounts shown above do not include a provision for withholds which have been accrued through December 31, 2003. I have not reviewed any other actuarial items and offer no opinion as to whether provision ought to be established for any other such items.

I relied upon underlying records and summaries prepared by Mr. Walter Golden, Vice President – Finance and Actuarial Services, The Trizetto Group. A copy of the reliance letter is attached and constitutes part of this opinion. I have not audited or verified these records and summaries. If the data are inaccurate or incomplete, the results of my analysis may likewise be inaccurate or incomplete. In other respects, my examination included such review of the underlying assumptions and methods used and such tests of the calculations as I considered necessary.

In my opinion, the amounts carried in the balance sheet on account of the items identified above:

a. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles,

b. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,

c. Meet the requirements of the laws of Arkansas,

d. Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of QCA under the terms of its contracts and agreements, and

e. Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the 2002 annual statement.

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FEB 27 2004
FINANCE
ARKANSAS INSURANCE DEPARTMENT

Statement of Actuarial Opinion

Statement of Actuarial Opinion
QCA Health Plan, Inc.

The Underwriting and Investment Exhibit – Part 2B was prepared consistent with "Standard of Practice 3.6 "Follow-up Studies" contained in Actuarial Standard of Practice No. 5, "Incurred Health and Disability Claims" adopted by the Actuarial Standards Board of the American Academy of Actuaries in December 2000.

Actuarial methods, considerations and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

I have not examined the assets of QCA, and I have formed no opinion as to their validity or value. My opinion that the liabilities make good and sufficient provision for unmatured obligations rests upon the assumption that all liabilities are backed by valid assets which have suitably scheduled maturities and adequate liquidity to meet cash flow requirements.

In compliance with Actuarial Standard of Practice Nos. 7 and 22, my review included an assessment of the need to perform cash flow testing. I concluded that cash flow testing was not necessary due to the short term nature of the liabilities.

It should be emphasized that the actuarial liabilities and certain actuarial related items referred to in this opinion are estimates. The exact liabilities will only be determinable after a sufficient passage of time permits the filing and payment of outstanding claims.

This statement of opinion is solely for the use of, and only to be relied upon by QCA, its advisors, and the state departments with which the annual statement is filed. This opinion may not be used or relied upon for any other purpose without prior written approval from Milliman USA.

Drew S. Davidoff
Fellow Society of Actuaries
Member, American Academy of Actuaries

2/13/04
Date

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FEB 27 2004
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ARKANSAS INSURANCE DEPARTMENT

95448200347000100 2003 Document Code: 470

SVO Compliance Certification

"The undersigned is an officer of the insurer responsible for reporting investments to the SVO and/or with making all filings with appropriate state regulatory officials and the NAIC and is therefore required to be familiar with the requirements of such filings. The undersigned officer certifies that, to the best of his or her knowledge, information, and belief, all prices or NAIC designations for the securities reported in this statement have been obtained directly from the SVO except as specifically identified below. The officer further certifies that, to the best of his or her knowledge, information, and belief, since the last filing of a quarterly or annual statement:

1. All securities previously valued by the insurer and identified by a Z suffix have now been submitted to the SVO for a valuation or disposed of by sale or otherwise with the result that all prices and NAIC Designations reported in this statement have been provided by the SVO, except for provisionally exempt securities and new purchases identified in Schedule D and DA with a Z suffix or items submitted but not yet processed by the SVO.

2. Any newly purchased securities now identified with a Z suffix shall be submitted to the SVO within 120 days of purchase.

3. All necessary information on securities that have been previously designated NR (not rated due to lack of current information) by the SVO have either been submitted to the SVO by the insurer for a valuation or disposed of by the insurer.

4. All material issuer events (as defined below) have been reported to the SVO."

   A material issuer event is a generic or transaction specific credit event of which the insurer is currently aware that, by its nature, would signify to a reasonably prudent insurer that a material change in the credit quality or price of the investment or security has occurred.

   As an illustration, and not by way of limitation, the following shall be deemed to constitute material issuer events:

   a. Recapitalizations or capital restructuring whether within or without Chapter 11 of the US Bankruptcy Code;

   b. Nonpayment, deferral, or payment in kind through waiver of any principal or contractual interest payment;

   c. Any change in the maturity of a security;

   d. Changes in the lender's collateral position, including releases of collateral, or the taking of a collateral position whether by operation of negative pledge covenant or otherwise;

   e. Events of a like character or of a like effect, which would be considered material to an investment professional.

   f. Exceptions_____

Michael Edward Stock
Name of Investment Officer

Michael E. Stock
Signature of Investment Officer

Vice President and Cheif Operating Officer
Title of Signatory

2/27/04
Date

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FEB 27 2004
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ARKANSAS INSURANCE DEPARTMENT

LONG-TERM CARE EXPERIENCE REPORTING FORM-B

	3	4	5	6	7	8
1. Individual			XXX	XXX	XXX	XXX
2. Group direct response			XXX	XXX	XXX	XXX
3. Other group			XXX	XXX	XXX	XXX
4. Total (Sum of Lines 1 to 3)			XXX	XXX	XXX	XXX
5. Actual total reported experience through statement year			XXX	XXX	XXX	XXX
6. Actual total reported experience through prior year			XXX	XXX	XXX	XXX
7. Calendar year reported experience (Lines 5 minus 6)			XXX	XXX	XXX	XXX

Note: a. Was experience prior to 1991 used in preparing this form? Yes[ ] No[X]
b. If yes, indicate the calendar years that were included:

LTCB

— NONE —

LONG-TERM CARE (LTC) EXPERIENCE REPORTING FORM-A (Continued)

PART 2 - LTC INSURANCE EXPERIENCE BY LINE OF BUSINESS

	1 Earned Premiums By Duration	2 Incurred and Paid	3 Reserve for Incurred But Unpaid	4 Total Incurred Claims
1. Individual				
2. Group Direct Response				
3. Other Group				
4. TOTAL (Sum of Lines 1 to 3)				

NONE

PART 3 - EXPERIENCE FOR PRODUCTS PROVIDING LTC INSURANCE OTHER THAN ON A STAND-ALONE BASIS

	Premiums and Annuity Considerations		Benefits	
	1 Total	2 Long-Term Care Benefit Component	3 Total	4 Applied to Provide Long-Term Care Benefits
A. Products Providing LTC Benefits With Distinct LTC Premiums				
1. Individual - Life				
2. Individual - Annuity				
3. Individual - Disability				
4. Individual - Other				
5. Group - Life				
6. Group - Annuity				
7. Group - Disability				
8. Group - Other				
B. Products Providing LTC Benefits Without Distinct LTC Premiums				
1. Individual - Life				
2. Individual - Annuity				
3. Individual - Disability				
4. Individual - Other				
5. Group - Life				
6. Group - Annuity				
7. Group - Disability				
8. Group - Other				

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ANNUAL DISKETTE TRANSMITTAL FORM AND CERTIFICATION
(HEALTH)

Name of Insurer QCA Health Plan, Inc.

Date 02/27/2004 FEIN 71-0794605

NAIC Group # NAIC Company # 95448

THIS FORM IS REQUIRED FOR ALL DISKETTE TRANSMITTALS, PLEASE PROVIDE ANY ADDITIONAL COMMENTS THAT MAY HELP TO IDENTIFY DISKETTE CONTENT

	March	April	June
1. Is this the first time you've submitted this filing? (Y/N)	N/A	N/A	N/A
2. Is this being re-filed at the request of the NAIC or a state insurance department? (Y/N)	N/A	N/A	N/A
3. Is this being re-filed due to changes to the data originally filed? (Y/N) (IF "YES" ENCLOSE HARD COPY PAGES FOR EACH CHANGE.)	N/A	N/A	N/A
4. Other? (Y/N) (If "yes" attach an explanation.)	N/A	N/A	N/A

B. Additional comments if necessary for clarification:

C. Diskette Contact Person: Randall Crow
Phone: 501-219-5109
Address: 10825 Financial Centre Parkway, Suite 400, Little Rock, AR 72211

D. Software Vendor: Sungard Insurance Systems
Version: EFS 2003 Annual Statement (Version 1)

E. Have material validation failures been addressed in the explanation file? Yes[ ] No[X]

F. The undersigned hereby certifies that, according to the best of his/her knowledge and belief, that the diskettes submitted with this form were prepared in compliance with the NAIC specifications, that the diskettes have been tested against the validations included with these specifications, and that annual statement information required to be contained on diskette is identical to the information in the 2003 Annual Statement blank filed with the insurer's domiciliary state insurance department. In addition, the diskettes have been scanned through a virus detection software package, and no viruses are present on the diskettes. The virus detection software used was (name): Trendmicro

(version number): 5.5

(Signed) Randall Crow

Type Name and Title: Randall Crow Controller

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NAIC Company Code 95448
NAIC Group Code

Reporting Entity Name: QCA Health Plan, Inc.
Domiciled in: Arkansas (State)
Mailing Address: 10825 Financial Centre Parkway, Suite 400, Little Rock, AR 72211
Annual Statement Contact: Randall Crow (Name) (501)228-7111-5109 (Telephone No.) rcrow@qcark.com (E-mail Address)

In the Matter of the Annual (Annual/Quarterly) Statement
Filing Required for the Period Ending on the 31st day of December, 2003
Mailing Date:

AFFIDAVIT OF FILING AND FINANCIAL STATEMENT ATTESTATION

The officers of the above identified reporting entity, being duly sworn, each depose and say that on the mailing date above, a true and correct statement for the reporting period stated above and that the corresponding true and correct electronic file reflecting the statement for the above named reporting entity, has been sent to the National Association of Insurance Commissioners, according to their instructions. The statement and the corresponding electronic file are an exact and complete duplicate of the statement filed with the reporting entity's domestic state, except as to schedules, exhibits and information required to be submitted only to the reporting entity's domestic state.

Additionally, the officers of the above identified reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that for the reporting period stated above, all of the described assets in the above referenced statement were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as therein stated, and that the 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 on that date, 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.

Randall Crow (Signature)	Michael E. Stock (Signature)	Francis Lee Browning (Signature)
Randall Crow (Printed Name)	Michael E. Stock (Printed Name)	Francis Lee Browning (Printed Name)
		(Signature)
		(Printed Name)

Subscribed and sworn to before me this
27 day of Feb, 2004

Tanya Adams
(Notary Signature)
My Commission Expires: 9-1-2013

TANYA ADAMS MY COMM. EXP. NOTARY PUBLIC GRANT CO., ARKANSAS

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