

QUARTERLY STATEMENT

OF THE

Physicians Health Choice of Arkansas, Inc.

of Little Rock

in the state of Arkansas

TO THE

Insurance Department

OF THE

STATE OF

Arkansas

FOR THE QUARTER ENDED

September 30, 2009

HEALTH

2009



13160200920100130

HEALTH QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2009
OF THE CONDITION AND AFFAIRS OF THE

Physicians Health Choice of AR, Inc

NAIC Group Code 4423 4423 NAIC Company Code 13160 Employer's ID Number 45-0571407
(Current Period) (Prior Period)

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

Licensed as business type: Life, Accident & Health Property/Casualty Hospital, Medical & Dental Service or Indemnity
Dental Service Corporation Vision Service Corporation Health Maintenance Organization
Other Is HMO Federally Qualified? Yes No

Incorporated/Organized: August 7, 2007 Commenced Business: May 30, 2008

Statutory Home Office: 900 South Shackelford, Ste. 205, Little Rock, AR 72211
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office: 8637 Fredericksburg Rd Ste 360
(Street and Number)
San Antonio, TX 78240 866-550-4736
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address: 8637 Fredericksburg Rd Ste 360, San Antonio, TX 78240
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records: 8637 Fredericksburg Rd Ste 360 San Antonio, TX 78240 210-949-4153
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address: n/a

Statutory Statement Contact: Anita Green 210-949-4153
(Name) (Area Code) (Telephone Number) (Extension)
agreen@phyhc.com 210-694-4630
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title
1. <u>Daniel Joseph Comrie</u>	<u>President</u>
2. <u>Bryan David Grundhoefer</u>	<u>Secretary</u>
3. <u>Joseph Anthony Zimmerman</u>	<u>Treasurer</u>

VICE-PRESIDENTS

Name	Title	Name	Title
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

DIRECTORS OR TRUSTEES

<u>Daniel Joseph Comrie</u>	<u>Bryan David Grundhoefer</u>	<u>Gary W. Piefer, MD</u>	<u>George M. Rapier III, MD</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

State of Texas
County of Bexar ss

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

(Signature) <u>Daniel Joseph Comrie</u>	(Signature) <u>Bryan David Grundhoefer</u>	(Signature) <u>Joseph Anthony Zimmerman</u>
(Printed Name)	(Printed Name)	(Printed Name)
1. <u>President</u>	2. <u>Secretary</u>	3. <u>Treasurer</u>
(Title)	(Title)	(Title)

Subscribed and sworn to before me this
5 day of November, 2009

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

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 2,654,359), cash equivalents (\$ 0), and short-term investments (\$ 0)	2,654,359		2,654,359	4,278,227
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	2,654,359		2,654,359	4,278,227
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued				
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	26,969	26,969		
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon	26,868		26,868	175,054
16.2 Net deferred tax asset	9,103	9,103		
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0)	68,235	68,235		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	65,663	65,663		
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	2,851,197	169,970	2,681,227	4,453,281
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	2,851,197	169,970	2,681,227	4,453,281

DETAILS OF WRITE-IN LINES				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. Prepaid Insurance	1,157	1,157		
2302. Prepaid Other - Broker's Commissions	56,663	56,663		
2303. Deposits	7,843	7,843		
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	65,663	65,663		

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)				
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses				
4. Aggregate health policy reserves				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance				
9. General expenses due or accrued		71,818	71,818	44,121
10.1 Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)				
15. Amounts due to parent, subsidiaries and affiliates		322,943	322,943	274,270
16. Payable for securities				
17. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers and \$ 0 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 plans				
21. Aggregate write-ins for other liabilities (including \$ 0 current)				
22. Total liabilities (Lines 1 to 21)		394,761	394,761	318,391
23. Aggregate write-ins for special surplus funds	X X X	X X X		
24. Common capital stock	X X X	X X X	1,000	1,000
25. Preferred capital stock	X X X	X X X		
26. Gross paid in and contributed surplus	X X X	X X X	5,099,000	4,499,000
27. Surplus notes	X X X	X X X		
28. Aggregate write-ins for other than special surplus funds	X X X	X X X		
29. Unassigned funds (surplus)	X X X	X X X	(2,813,534)	(365,110)
30. Less treasury stock, at cost:				
30.1 0 shares common (value included in Line 24 \$ 0)	X X X	X X X		
30.2 0 shares preferred (value included in Line 25 \$ 0)	X X X	X X X		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	2,286,466	4,134,890
32. Total liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	2,681,227	4,453,281

DETAILS OF WRITE-IN LINES				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	NONE			
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)				
2301.	X X X	X X X		
2302.	X X X	X X X		
2303.	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	NONE	X X X		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	X X X	X X X		
2802.	X X X	X X X		
2803.	X X X	X X X		
2898. Summary of remaining write-ins for Line 28 from overflow page	NONE	X X X		
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year	Prior Year Ended
	To Date		To Date	December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	X X X	2,831		
2. Net premium income (including \$ 0 non-health premium income)	X X X	2,437,621		
3. Change in unearned premium reserves and reserve for rate credits	X X X			
4. Fee-for-service (net of \$ 0 medical expenses)	X X X			
5. Risk revenue	X X X			
6. Aggregate write-ins for other health care related revenues	X X X			
7. Aggregate write-ins for other non-health revenues	X X X			
8. Total revenues (Lines 2 to 7)	X X X	2,437,621		
Hospital and Medical:				
9. Hospital/medical benefits		2,080,910		
10. Other professional services				
11. Outside referrals				
12. Emergency room and out-of-area				
13. Prescription drugs				
14. Aggregate write-ins for other hospital and medical				
15. Incentive pool, withhold adjustments and bonus amounts				
16. Subtotal (Lines 9 to 15)		2,080,910		
Less:				
17. Net reinsurance recoveries				
18. Total hospital and medical (Lines 16 minus 17)		2,080,910		
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$ 0 cost containment expenses				
21. General administrative expenses	2,696,888	2,696,888	88,759	500,565
22. Increase in reserves for life and accident and health contracts (including \$ 0 increase in reserves for life only)				
23. Total underwriting deductions (Lines 18 through 22)	2,696,888	4,777,798	88,759	500,565
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(2,340,177)	(88,759)	(500,565)
25. Net investment income earned		4,249	9,744	17,422
26. Net realized capital gains (losses) less capital gains tax of \$ 0				
27. Net investment gains (losses) (Lines 25 plus 26)		4,249	9,744	17,422
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ 0) (amount charged off \$ 0)]				
29. Aggregate write-ins for other income or expenses				
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(2,335,928)	(79,015)	(483,143)
31. Federal and foreign income taxes incurred	X X X			(168,206)
32. Net income (loss) (Lines 30 minus 31)	X X X	(2,335,928)	(79,015)	(314,937)

DETAILS OF WRITE-IN LINES				
0601.	X X X			
0602.	NONE	X X X		
0603.		X X X		
0698. Summary of remaining write-ins for Line 06 from overflow page		X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)		X X X		
0701.		X X X		
0702.	NONE	X X X		
0703.		X X X		
0798. Summary of remaining write-ins for Line 07 from overflow page		X X X		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)		X X X		
1401.		NONE		
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.	NONE			
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page				
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)				

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	4,134,890		
34. Net income or (loss) from Line 32	(2,335,928)	(79,015)	(314,937)
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0			
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax	(574)		14,702
39. Change in nonadmitted assets	(111,922)	(8,029)	(58,047)
40. Change in unauthorized reinsurance			
41. Change in treasury stock			
42. Change in surplus notes			
43. Cumulative effect of changes in accounting principles			
44. Capital Changes:			
44.1 Paid in		1,000	1,000
44.2 Transferred from surplus (Stock Dividend)			
44.3 Transferred to surplus			
45. Surplus adjustments:			
45.1 Paid in	600,000	4,499,000	4,499,000
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		(6,828)	(6,828)
48. Net change in capital and surplus (Lines 34 to 47)	(1,848,424)	4,406,128	4,134,890
49. Capital and surplus end of reporting period (Line 33 plus 48)	2,286,466	4,406,128	4,134,890

DETAILS OF WRITE-IN LINES			
4701. Aggregate losses in surplus from prior years		(6,828)	(6,828)
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)		(6,828)	(6,828)

CASH FLOW

	1	2
Cash from Operations	Current Year To Date	Prior Year Ended December 31
1. Premiums collected net of reinsurance	2,410,652	
2. Net investment income	4,249	17,422
3. Miscellaneous income		
4. Total (Lines 1 to 3)	2,414,901	17,422
5. Benefit and loss related payments	2,080,910	
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	2,657,021	455,445
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	26,868	(173,231)
10. Total (Lines 5 through 9)	4,764,799	282,214
11. Net cash from operations (Line 4 minus Line 10)	(2,349,898)	(264,792)
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, cash equivalents 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 contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and 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	600,000	4,499,000
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	126,030	44,019
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	726,030	4,543,019
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(1,623,868)	4,278,227
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	4,278,227	
19.2 End of period (Line 18 plus Line 19.1)	2,654,359	4,278,227

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

20.0001		
20.0002		
20.0003		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year										
2. First Quarter	277							277		
3. Second Quarter	347							347		
4. Third Quarter	378							378		
5. Current Year										
6. Current Year Member Months	2,831							2,831		
Total Member Ambulatory Encounters for Period:										
7. Physician	1,676							1,676		
8. Non-Physician	268							268		
9. Totals	1,944							1,944		
10. Hospital Patient Days Incurred	300							300		
11. Number of Inpatient Admissions	57							57		
12. Health Premiums Written (a)	2,440,337							2,440,337		
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	2,437,621							2,437,621		
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	2,080,910							2,080,910		
18. Amount Incurred for Provision of Health Care Services	2,080,910							2,080,910		

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 0

NONE Claims Unpaid (Reported and Unreported)

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare		2,080,910				
7. Title XIX - Medicaid						
8. Other health						
9. Health subtotal (Lines 1 to 8)		2,080,910				
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals		2,080,910				

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

No Change

B. Use of Estimates in the Preparation of the Financial Statements

No Change

C. Accounting Policy

No Change

- 2. Accounting changes and Corrections of Errors – No Change
- 3. Business Combinations and Goodwill – No Change
- 4. Discontinued Operations – No Change
- 5. Investments – No Change
- 6. Joint Ventures, Partnerships and Limited Liability Companies – No Change
- 7. Investment Income – No Change
- 8. Derivative Instruments – No Change
- 9. Income Taxes

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

No Change

B. No Change

C. Current income taxes incurred consist of the following major components:

No Change

D. No Change

E. Net Operating Loss Carry Forwards and Paid Taxes Available for Future Recoupment

No Change

F. Consolidated Federal Income Tax Return

No Change

10. Information Concerning Parent, Subsidiaries and Affiliates

A., B. & C. No Change

D. No Change

E. No Change

F. No Change

G. No Change

H. No Change

I. No Change

11. Debt – No Change

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans – No Change

13. Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations

(1) No Change

NOTES TO FINANCIAL STATEMENTS

- (2) No Change
- (3) No Change
- (4) No Change

- (5) No Change

- (6) No Change

- (7) No Change

- (8) No Change

- (9) No Change

- (10) No Change

- (11) No Change

- (12) No Change

14. Contingencies – No Change

15. Leases

A. Lessee Operating Lease

- (1) No Change
- (2) No Change
- (3) No Change

B. Lessor Leases – No Change

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk – No Change

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities – No Change.

18. Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans – No Change

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – No Change

20. Other Items

- A. No Change
- B. No Change
- C. Other Disclosures

No Change

- D. No Change
- E. No Change

21. Events Subsequent – No Change

22. Reinsurance – No Change

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination – No Change

24. Change in Incurred Losses – No Change

NOTES TO FINANCIAL STATEMENTS

25. Intercompany Pooling Arrangements – No Change

26. Structured Settlements – No Change

27. Health Care Receivables – No Change

28. Participating Policies – No Change

29. Premium Deficiency Reserves – No Change

30. Anticipated Salvage and Subrogation – No Change

GENERAL INTERROGATORIES

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

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

2.2 If yes, date of change: _____

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
If yes, complete the Schedule Y – Part 1 – organizational chart.

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

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [] N/A [X]
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. _____

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). _____

6.4 By what department or departments?
.....
.....
.....

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A [X]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A [X]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

7.2 If yes, give full information
.....
.....
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

GENERAL INTERROGATORIES

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules, and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

Yes [X] No []

9.11 If the response to 9.1 is No, please explain:

.....

9.2 Has the code of ethics for senior managers been amended?

Yes [] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [] No [X]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ _____

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes [] No [X]

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

.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$ _____

GENERAL INTERROGATORIES

13. Amount of real estate and mortgages held in short-term investments: \$ _____

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [] No [X]

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$ _____	\$ _____
14.22 Preferred Stock	\$ _____	\$ _____
14.23 Common Stock	\$ _____	\$ _____
14.24 Short-Term Investments	\$ _____	\$ _____
14.25 Mortgage Loans on Real Estate	\$ _____	\$ _____
14.26 All Other	\$ _____	\$ _____
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ _____	\$ _____
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$ _____	\$ _____

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

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

16. Excluding items in Schedule E - Part 3 - Special Deposits, 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 Section 3, III Conducting Examinations, F – Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [] No [X]

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

1 Name of Custodian(s)	2 Custodian Address
.....
.....

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

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

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [] No [X]

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

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

GENERAL INTERROGATORIES

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

1 Central Registration Depository	2 Name(s)	3 Address

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [X] No []

17.2 If no, list exceptions:

.....

NONE Schedule S

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Current Year To Date - Allocated by States and Territories

States, Etc.	1	Direct Business Only							
		2	3	4	5	6	7	8	9
	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property / Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	L	2,437,621					2,437,621	
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. District of Columbia	DC	N							
10. Florida	FL	N							
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	N							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	N							
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	N							
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CN	N							
58. Aggregate other alien	OT	XXX							
59. Subtotal		XXX	2,437,621					2,437,621	
60. Reporting entity contributions for Employee Benefit Plans		XXX							
61. Totals (Direct Business)	(a) 1		2,437,621					2,437,621	

DETAILS OF WRITE-INS									
5801.		XXX							
5802.		XXX							
5803.		XXX							
5898.	Summary of remaining write-ins for Line 58	XXX							
5899.	Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX							

NONE

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

NAIC Group Code	Group Name	NAIC Company Code	State of Domicile	Federal ID Number	Company Name
0		0	TX	74-2786364	WellMed Medical Management
0		0	TX	35-2288416	PHC Subsidiary Holdings LLC
4423	WellMed Medical PHC Holding Group	11494	TX	04-3677255	Physicians Health Choice of Texas, LLC
4423	WellMed Medical PHC Holding Group	12977	NM	32-0191973	Physicians Health Choice of New Mexico, Inc
4423	WellMed Medical PHC Holding Group	13159	FL	33-1195830	Physicians Health Choice of Florida, Inc
4423	WellMed Medical PHC Holding Group	13160	AR	45-0571407	Physicians Health Choice of Arkansas, Inc

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

Response

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

..... YES

OVERFLOW PAGE FOR WRITE-INS

- NONE Schedule A, B, BA and D Verification**
- NONE Schedule D - Part 1B**
- NONE Schedule DA - Part 1 and Verification**
- NONE Schedule DB - Part F - Section 1**
- NONE Schedule DB - Part F - Section 2**
- NONE Schedule E Verification**
- NONE Schedule A - Part 2 and 3**
- NONE Schedule B - Part 2 and 3**
- NONE Schedule BA - Part 2 and 3**
- NONE Schedule D - Part 3**
- NONE Schedule D - Part 4**
- NONE Schedule DB - Part A and B - Section 1**
- NONE Schedule DB - Part C and D - Section 1**

NONE Schedule E - Part 2



13160200936500103

MEDICARE PART D COVERAGE SUPPLEMENT

(Net of Reinsurance)

NAIC Group Code 4423

NAIC Company Code 13160

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected	503,787	XXX		XXX	503,787
2. Earned Premiums	509,423	XXX		XXX	XXX
3. Claims Paid	429,514	XXX		XXX	429,514
4. Claims Incurred	429,514	XXX		XXX	XXX
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a)	XXX		XXX		
6. Aggregate Policy Reserves - Change		XXX		XXX	XXX
7. Expenses Paid		XXX		XXX	
8. Expenses Incurred		XXX		XXX	XXX
9. Underwriting Gain or Loss	79,909	XXX		XXX	XXX
10. Cash Flow Result	XXX	XXX	XXX	XXX	74,273

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$ _____ due from CMS or \$ _____ due to CMS