UnitedHealthcare of Louisiana, Inc.

Statutory Basis Financial Statements as of and
for the Years Ended December 31, 2013 and 2012,
Supplemental Schedules as of and for the
Year Ended December 31, 2013,
Independent Auditors' Report, Qualification Letter,
and Internal Control Report

UNITEDHEALTHCARE OF LOUISIANA, INC.

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee of UnitedHealthcare of Louisiana, Inc.
3838 North Causeway Boulevard, Suite 2100
Metairie, LA 70002

We have audited the accompanying statutory basis financial statements of UnitedHealthcare of Louisiana, Inc. (the "Company"), which comprise the statutory basis statements of admitted assets, liabilities, and capital and surplus as of December 31, 2013 and 2012, and the related statutory basis statements of operations, changes in capital and surplus, and cash flows for the years then ended, and the related notes to the statutory basis financial statements.

Management's Responsibility for the Statutory Basis Financial Statements

Management is responsible for the preparation and fair presentation of these statutory basis financial statements in accordance with the accounting practices prescribed or permitted by the Louisiana Department of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these statutory basis financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statutory basis financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statutory basis financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the statutory basis financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the statutory basis financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statutory basis financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statutory basis financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of UnitedHealthcare of Louisiana, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with the accounting practices prescribed or permitted by the Louisiana Department of Insurance described in Note 1 to the statutory basis financial statements.

Basis of Accounting

We draw attention to Note 1 of the statutory basis financial statements, which describes the basis of accounting. As described in Note 1 to the statutory basis financial statements, the statutory basis financial statements are prepared by UnitedHealthcare of Louisiana, Inc. using accounting practices prescribed or permitted by the Louisiana Department of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Louisiana Department of Insurance. Our opinion is not modified with respect to this matter.

Report on Supplemental Schedules

Our 2013 audit was conducted for the purpose of forming an opinion on the 2013 statutory basis financial statements as a whole. The supplemental schedule of investment risks interrogatories and the supplemental summary investment schedule, as of and for the year ended December 31, 2013 are presented for purposes of additional analysis and are not a required part of the 2013 statutory basis financial statements. These schedules are the responsibility of the Company's management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory basis financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the 2013 statutory basis financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the statutory basis financial statements or to the statutory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the 2013 statutory basis financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the board of directors and the management of UnitedHealthcare of Louisiana, Inc. and for filing with state insurance departments to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

April 15, 2014

UNITEDHEALTHCARE OF LOUISIANA, INC.

STATUTORY BASIS STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS AS OF DECEMBER 31, 2013 AND 2012

	2013	2012
ADMITTED ASSETS		
CASH AND INVESTED ASSETS:		
Bonds	$ 900,000	$ -
Cash of $151,057 and $1,053,477 and short-term investments of $7,515,834 and $7,320,498 in 2013 and 2012, respectively	7,666,891	8,373,975
Subtotal cash and invested assets	8,566,891	8,373,975
OTHER ASSETS:		
Investment income due and accrued	3,067	2,308
Uncollected premiums	26,279	10,999
Amounts recoverable from reinsurers	9,098	-
Amounts receivable relating to uninsured plans	1,480,017	-
Current federal income taxes recoverable	-	1,526,108
Net deferred tax asset	22,419	186,322
Receivables from parent, subsidiaries, and affiliates, net	5,298,253	-
Health care receivable	33,218	-
Premium taxes recoverable	-	239,550
Subtotal other assets	6,872,351	1,965,287
TOTAL ADMITTED ASSETS	$ 15,439,242	$ 10,339,262
LIABILITIES AND CAPITAL AND SURPLUS		
LIABILITIES:		
Claims unpaid	$ 303,635	$ 329,330
Unpaid claims adjustment expenses	2,502	3,926
Aggregate health policy reserves, including $210,211 and $261,529 for medical loss ratio per the Public Health Service Act in 2013 and 2012, respectively	212,856	261,273
Premiums received in advance	50,753	92,145
General expenses due or accrued	34,106	19,359
Current federal income taxes payable	2,425,039	-
Ceded reinsurance premiums payable	6,975	398
Amounts due to parent, subsidiaries, and affiliates, net	-	4,522,332
Total liabilities	3,035,866	5,228,763
CAPITAL AND SURPLUS:		
Common capital stock, $2 par value — 1,000,000 shares authorized; 900,000 shares issued and outstanding	1,800,000	1,800,000
Gross paid-in and contributed surplus	22,138,440	18,138,440
Unassigned deficit	(11,535,064)	(14,827,941)
Total capital and surplus	12,403,376	5,110,499
TOTAL LIABILITIES AND CAPITAL AND SURPLUS	$ 15,439,242	$ 10,339,262

See notes to statutory basis financial statements.

UNITEDHEALTHCARE OF LOUISIANA, INC.

STATUTORY BASIS STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
REVENUES:		
Net premium income	$ 5,097,856	$ 4,928,692
Change in unearned premium reserves	48,417	(261,273)
Total revenues	5,146,273	4,667,419
UNDERWRITING DEDUCTIONS:		
Hospital and medical:		
Hospital/medical benefits	2,438,961	2,301,731
Other professional services	856	549
Prescription drugs	549,257	575,558
Net reinsurance recoveries	(33,951)	-
Total hospital and medical	2,955,123	2,877,838
Claims adjustment expenses	121,356	3,020,163
General administrative expenses	(2,664,032)	6,062,449
Total underwriting deductions	412,447	11,960,450
NET UNDERWRITING GAIN (LOSS)	4,733,826	(7,293,031)
NET INVESTMENT GAINS		
Net investment income earned	6,095	6,850
NET LOSS FROM AGENTS' OR PREMIUM BALANCES CHARGED OFF	(628)	(3,748)
OTHER EXPENSES	(140,669)	-
NET INCOME (LOSS) BEFORE FEDERAL INCOME TAX INCURRED (BENEFIT)	4,598,624	(7,289,929)
FEDERAL INCOME TAXES INCURRED (FEDERAL INCOME TAX BENEFIT)	1,605,040	(2,565,517)
NET INCOME (LOSS)	$ 2,993,584	$ (4,724,412)

See notes to statutory basis financial statements.

UNITEDHEALTHCARE OF LOUISIANA, INC.

STATUTORY BASIS STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Common Capital Stock		Gross Paid-In and Contributed	Unassigned	Total Capital
	Shares	**Amount**	**Surplus**	**Deficit**	**and Surplus**
BALANCE — January 1, 2012	900,000	$ 1,800,000	$ 16,138,440	$ (10,107,348)	$ 7,831,092
Net loss	-	-	-	(4,724,412)	(4,724,412)
Change in net deferred income taxes	-	-	-	98,055	98,055
Change in nonadmitted assets	-	-	-	(424,008)	(424,008)
Changes in accounting principles	-	-	-	30,012	30,012
Capital contribution	-	-	2,000,000	-	2,000,000
Correction of errors (Note 2)	-	-	-	299,760	299,760
BALANCE — December 31, 2012	900,000	1,800,000	18,138,440	(14,827,941)	5,110,499
Net income	-	-	-	2,993,584	2,993,584
Change in net deferred income taxes	-	-	-	(163,903)	(163,903)
Change in nonadmitted assets	-	-	-	463,196	463,196
Capital contribution	-	-	4,000,000	-	4,000,000
BALANCE — December 31, 2013	900,000	$ 1,800,000	$ 22,138,440	$ (11,535,064)	$ 12,403,376

See notes to statutory basis financial statements.

UNITEDHEALTHCARE OF LOUISIANA, INC.

STATUTORY BASIS STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATIONS:		
Premiums collected, net of reinsurance	$ 5,046,216	$ 5,438,027
Net investment income	5,336	7,859
Benefit and loss related payments	(3,020,120)	(2,959,864)
Operating expenses recovered (paid)	1,174,236	(8,962,869)
Federal income taxes recovered — net	2,346,106	860,545
Net cash provided by (used in) operations	5,551,774	(5,616,302)
CASH FLOWS FROM INVESTMENTS:		
Cost of bonds acquired	(900,000)	-
Net cash used in investments	(900,000)	-
CASH FLOWS FROM FINANCING AND MISCELLANEOUS ACTIVITIES:		
Cash (used) provided through net transfers (to) from affiliates	(9,358,859)	4,051,372
Capital contribution	4,000,000	2,000,000
Net cash (used in) provided by financing and miscellaneous activities	(5,358,859)	6,051,372
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS	(707,084)	435,070
CASH AND SHORT-TERM INVESTMENTS — Beginning of year	8,373,975	7,938,905
CASH AND SHORT-TERM INVESTMENTS — End of year	$ 7,666,891	$ 8,373,975

See notes to statutory basis financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation

UnitedHealthcare of Louisiana, Inc. (the "Company"), licensed as a health maintenance organization ("HMO") offers its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. The Company is a wholly owned subsidiary of UnitedHealthcare, Inc. ("UHC"). UHC is a wholly owned subsidiary of United HealthCare Services, Inc. ("UHS"), an HMO management corporation that provides services to the Company under the terms of a management agreement. UHS is a wholly owned subsidiary of UnitedHealth Group Incorporated ("UnitedHealth Group"). UnitedHealth Group is a publicly held company trading on the New York Stock Exchange.

The Company was incorporated on April 9, 1986, as an HMO and operations commenced in November 1986. The Company is certified as an HMO by the Louisiana Department of Insurance ("LADOI"). The Company has entered into contracts with physicians, hospitals, and other health care provider organizations to deliver health care services for all enrollees.

During 2011, the Company was awarded a statewide Medicaid coordinated care network shared savings contract. This is an administrative services only ("ASO") contract. The Company is a primary care case manager that provides enhanced primary care case management in addition to being the entity contracting with primary care providers ("PCP") for PCP care management. The implementation occurred in three phases by Geographic Service Area during 2012.

A. Accounting Practices

The statutory basis financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the LADOI.

The LADOI recognizes only statutory accounting practices, prescribed or permitted by the State of Louisiana, for determining and reporting the financial condition and results of operations of an HMO, for determining its solvency under Louisiana Insurance Law. The state prescribes the use of the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures manual ("NAIC SAP") in effect for the accounting periods covered in the statutory basis financial statements.

(1–8) No significant differences exist between the practices prescribed or permitted by the State of Louisiana and those prescribed or permitted by the NAIC SAP that materially affect the statutory basis net income (loss) and capital and surplus, as illustrated in the table below (in thousands):

	State of Domicile	2013	2012
Net Income (Loss)			
(1) Company state basis	Louisiana	$ 2,994	$ (4,724)
(2) State prescribed practices that increase/(decrease) NAIC SAP: Not applicable	Louisiana	-	-
(3) State permitted practices that increase/(decrease) NAIC SAP: Not applicable	Louisiana	-	-
(4) NAIC SAP (1 - 2 - 3 = 4)	Louisiana	$ 2,994	$ (4,724)
Surplus			
(5) Company state basis	Louisiana	$ 12,403	$ 5,110
(6) State prescribed practices that increase/(decrease) NAIC SAP: Not applicable	Louisiana	-	-
(7) State permitted practices that increase/(decrease) NAIC SAP: Not applicable	Louisiana	-	-
(8) NAIC SAP (5 - 6 - 7 = 8)	Louisiana	$ 12,403	$ 5,110

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

The preparation of these statutory basis financial statements in conformity with the NAIC Annual Statement Instructions and the NAIC SAP include certain amounts that are based on the Company's estimates and judgments. These estimates require the Company to apply complex assumptions and judgments, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods. The most significant estimates relate to hospital and medical benefits, claims unpaid, and aggregate health policy reserves (including medical loss ratio rebates) (collectively known as "aggregate health reserves"). The Company adjusts these estimates each period as more current information becomes available. The impact of any changes in estimates is included in the determination of net income (loss) in the period in which the estimate is adjusted.

C. Accounting Policy

(1–13) Basis of Presentation — The Company prepares its statutory basis financial statements on the basis of accounting practices prescribed or permitted by the LADOI. These statutory practices differ from accounting principles generally accepted in the United States of America ("GAAP").

The more significant differences are as follows:

- Cash and short-term investments in the statutory basis financial statements represent cash balances and investments with original maturities of one year or less from the time of acquisition, whereas under GAAP, the corresponding caption of cash and short-term investments includes cash balances and investments that will mature in one year or less from the balance sheet date;

- Outstanding checks are required to be netted against cash balances or presented as cash overdrafts if in excess of cash balances in the statutory basis statements of admitted assets, liabilities, and capital and surplus as opposed to being presented as other liabilities under GAAP;

- Certain debt investments categorized as available for sale or held to maturity are presented at the lower of amortized cost or fair value in accordance with the NAIC designations in the statutory basis financial statements, whereas under GAAP, these investments are shown at fair value or amortized cost, respectively;

- Under statutory accounting, the change to deferred tax assets and liabilities is recorded directly to unassigned deficit and deferred tax assets are subject to a valuation allowance and admissibility limitations of the assets in the statutory basis financial statements, whereas under GAAP, the change in deferred tax assets and liabilities is recorded as a component of the income tax provision within the income statement and is based on the ultimate recoverability of the deferred tax assets. Based on the admissibility criteria under statutory accounting, any deferred tax assets determined to be nonadmitted are charged directly to surplus and excluded from the statutory basis financial statements, whereas under GAAP, such assets are included in the balance sheets;

- Certain assets, including certain aged premium receivables, certain health care receivables, and prepaid expenses are considered nonadmitted assets for statutory purposes and are excluded from the statutory basis statements of admitted assets, liabilities, and capital and surplus and charged directly to unassigned deficit. Under GAAP, such assets are included in the balance sheets;

- The reserves ceded to reinsurers for claims unpaid and aggregate health claim reserves have been reported as reductions of the related reserves rather than as assets, which would be required under GAAP;

- The unexpired portion of accident and health insurance premiums is recorded as premiums received in advance; the corresponding change in premiums received in advance from year to year is reflected as a change in unearned premium reserves in the statutory basis statements of operations. Under GAAP, the change in premiums received in advance from year to year is reported through premium income;

- Comprehensive income and its components are not separately presented in the statutory basis financial statements, whereas under GAAP, it is a requirement to present comprehensive income and its components in the financial statements;

- Cash and short-term investments in the statutory basis statements of cash flows represent cash balances and investments with original maturities of one year or less from the time of acquisition. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and cash equivalents with maturities of three months or less. The corresponding caption of short-term investments under GAAP represents securities with a final maturity of one year or less from the balance sheet date. The statutory basis statements of cash flows are prepared in accordance with the NAIC Annual Statement Instructions.

- Administrative fee revenue related to the Company’s ASO contract is included in general administrative expenses in the statutory basis financial statements, whereas under GAAP, such revenue is reported as a component of revenue.

Cash and Invested Assets —

- Cash represents cash held by the Company in disbursement accounts. Cash overdrafts are a result of timing differences in funding disbursement accounts for claims payments;

- Short-term investments represent money market instruments, with a maturity of greater than three months but less than one year at the time of purchase;

- Bonds include corporate debt securities and money market funds with a maturity of greater than one year at the time of purchase;

- Bonds and short-term investments are stated at amortized cost if they meet NAIC designation of one or two and stated at the lower of amortized cost or fair value if they meet an NAIC designation of three or higher. Amortization of bond premium or discount is calculated using the constant-yield interest method. Bonds and short-term investments are valued and reported using market prices published by the Securities Valuation Office of the NAIC (“SVO”) in accordance with the NAIC Valuations of Securities manual prepared by the SVO or an external pricing service;

- The Company holds no mortgage loans on real estate;

- The Company holds no loan-backed securities;

- The Company holds no common or preferred stock;

- The Company holds no investments in subsidiaries, controlled, or affiliated entities;

- The Company has no investment interests with respect to joint ventures, partnerships, or limited liability companies;

- The Company holds no derivatives;

- Realized capital gains and losses on sales of investments are calculated based upon specific identification of the investments sold. The Company did not recognize any realized capital gains or losses in 2013 or 2012;

- The Company continually monitors the difference between amortized cost and estimated fair value of its investments. If any of the Company’s investments experience a decline in value that the Company has determined is other-than-temporary, or if the Company has determined it will sell a security that is in an impaired status, the Company will record a realized loss in net realized capital gains (losses) less capital gains tax (benefit) in the statutory basis statements of operations. The new cost basis is not changed for subsequent recoveries in fair value. The Company has not recorded any other-than-temporary impairments for the years ended December 31, 2013 and 2012.

Investment Income Due and Accrued — Investment income earned and due as of the reporting date, in addition to investment income earned but not paid or collected until subsequent periods, is reported as investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company evaluates the collectability of the amounts due and amounts determined to be uncollectible are written off in the period in which the determination is made.

Net Investment Income Earned — Net investment income earned includes investment income collected during the period, as well as the change in investment income due and accrued on the Company's holdings. Amortization of premium or discount on bonds and certain external investment management costs are also included in net investment income earned (see Note 7).

Properties Occupied by the Company, Properties Held for the Production of Income, Properties Held for Sale, Furniture and Equipment, and Electronic Data Processing Equipment and Software — The Company does not carry any fixed assets on the statutory basis financial statements.

Receivables from Parent, Subsidiaries, and Affiliates, Net — In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reports any unsettled amounts owed as receivables from parent, subsidiaries, and affiliates, in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

Hospital and Medical Expenses, Claims Unpaid, and Aggregate Health Reserves — Hospital and medical expenses and corresponding liabilities include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and payments and liabilities for physician, hospital, and other medical costs disputes.

The estimates for incurred but not yet reported claims are developed using an actuarial process that is consistently applied, centrally controlled, and automated. The actuarial models consider factors such as historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The Company estimates such liabilities for physician, hospital, and other medical cost disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. These estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2013 and 2012. Management believes the amount of claims unpaid and aggregate health reserves is adequate to cover the Company's liability for unpaid claims and aggregate health reserves as of December 31, 2013; however, actual payments may differ from those established estimates. Adjustments to claims unpaid estimates and aggregate health reserves are reflected in the statutory basis statement of operations in the period in which the change in estimate is identified.

The Company contracts with hospitals, physicians, and other providers of health care under capitated or discounted fee for service arrangements, including a hospital per diem to provide medical care services to enrollees. Some of these contracts are with related parties (see Note 10). Capitated providers are at risk for the cost of medical care services provided to the Company's enrollees; however, the Company is ultimately responsible for the provision of services to its enrollees should the capitated provider be unable to provide the contracted services.

Amounts Receivable Relating to Uninsured Plans — The amounts receivable relating to uninsured plans represents monies due under the self-insured portion of the plan for claims awaiting funding. Amounts receivable relating to uninsured plans also includes the administrative fee revenue related to the grain share provisions from the Company's ASO contract (see Note 18). Related cash flows are presented within operating expenses recovered (paid) within cash provided by operations in the statutory basis statements of cash flows.

Net Deferred Tax Asset and Federal Income Taxes Incurred (Benefit) — Statutory accounting provides for an amount to be recorded for deferred taxes on temporary differences between the financial reporting and tax bases of assets and liabilities, subject to a valuation allowance and admissibility limitations on deferred tax assets (see Note 9). The provision for federal income taxes incurred (benefit) is calculated based on applying the statutory federal income tax rate of 35% to net income (loss) before federal income taxes plus capital gains tax/less capital gains tax benefit subject to certain adjustments (see Note 9).

Claims Adjustment Expenses — Claims adjustment expenses ("CAE") are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. A detailed review of the administrative expenses of the Company and UHS is performed to determine the allocation between CAE and general administrative expenses to be reported in the statutory basis statement of operations. It is the responsibility of UHS to pay CAE in the event the Company ceases operations. The Company has recorded an estimate of unpaid claims adjustment expenses associated with incurred but unpaid claims, which is included in unpaid claims adjustment expenses in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Management believes the amount of the liability for unpaid claims adjustment expenses as of December 31, 2013 is adequate to cover the Company's cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid claims adjustment expenses are reflected in operating results in the period in which the change in estimate is identified.

General Administrative Expenses — Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. Costs for items not included within the scope of the management agreement are directly expensed as incurred. State income taxes are also a component of general administrative expenses. A detailed review of the administrative expenses of the Company and UHS is performed to determine the allocation between claims adjustment expenses and general administrative expenses to be reported in the statutory basis statements of operations.

Revenues, Premiums Received in Advance, and Uncollected Premiums — Revenues consist of net premium income that is recognized in the period in which enrollees are entitled to receive health care services. Net premium income is shown net of reinsurance premiums. Premiums received in full during the current period that are not due until future periods are recorded as premiums received in advance in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Unearned premiums are established for the portion of premiums received during the current period that are partially unearned at the end of the period and are included in aggregate health policy reserves in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

Commercial health plans with medical loss ratios on fully insured products, as calculated under the definitions in the Patient Protection and Affordable Care Act and its related reconciliation act, the Health Care and Education Reconciliation Act of 2010 (collectively known as "Health Reform Legislation") (see Note 14) and implementing regulations, that fall below certain targets are required to rebate ratable portions of premiums annually. The Company classifies its estimated rebates as change in unearned premium reserves in the accompanying statutory basis statements of operations.

Administrative fee revenues consist primarily of fees derived from services performed for customers that self-insure the health care costs of their employees and employees' dependents. Under these contracts, the Company recognizes revenue in the period in which the related services are performed. The customers retain the risk of financing health care costs for their employees and employees' dependents, and the Company administers the payment of customer funds to physicians and other health care professionals from customer-funded bank accounts. As the Company has neither the obligation for funding the health care costs, nor the primary responsibility for providing the medical care, the Company does not recognize premium revenue and hospital/medical benefits for these contracts. Administrative fee revenue and related expenses are netted against general administrative expenses in the statutory basis statements of operations (see Note 18).

The Company reports uncollected premium balances from its insured members as uncollected premiums in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Uncollected premiums that are over 90 days past due, with the exception of amounts due from government insured plans, are considered nonadmitted assets. In addition to those balances, current balances are also considered nonadmitted if the corresponding balance greater than 90 days past due is deemed more than inconsequential.

Reinsurance Ceded — The Company has an insolvency-only reinsurance agreement. Reinsurance premiums paid and incurred are deducted from net premium income in the accompanying statutory basis financial statements. In the normal course of business, the Company seeks to limit its exposure to loss and to recover a portion of the benefits paid by ceding premium to other insurance enterprises under specific transfer of risk agreements. Effective March 1, 2013, the Company entered into a reinsurance agreement with Unimerica Insurance Company ("Unimerica"), an affiliate, (see Note 10) through which a contractual 100% of obligations relating to mental health and substance abuse treatments and services is ceded to the reinsurer. The Company remains primarily liable as the direct insurer on the risks reinsured. Reinsurance premiums paid and reinsurance premiums incurred but not paid are deducted from net premium income in the accompanying statutory basis financial statements. Pursuant to the reinsurance agreement, any amounts recoverable from the reinsurer for claims paid or estimates of claims incurred but not yet paid are recorded as amounts recoverable from reinsurers and as a reduction to claims unpaid, respectively, in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as net reinsurance recoveries in the statutory basis statements of operations.

Ceded Reinsurance Premiums Payable — The Company has an insolvency-only reinsurance agreement whereby 0.1% of net premium income is ceded to United Healthcare Insurance Company ("UHIC"). The ceded reinsurance premiums payable balance represents amounts due to the reinsurer for coverage which will be paid based on the contract terms.

Amounts Recoverable from Reinsurers — The Company records amounts recoverable from reinsurers for claims paid pursuant to the reinsurance agreement with Unimerica in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as net reinsurance recoveries in the statutory basis statements of operations.

Reserve for Experience Rated Refunds — A liability is established, net of ceded reinsurance, for estimated premium refunds on experience rated contracts based on actuarial methods and assumptions and minimum loss ratio requirements. The liability also includes the estimated rebate on the commercial health products, for which the medical loss ratios on fully insured products, as calculated under the Health Reform Legislation (see Note 14) and implementing regulations, fall below certain targets. The Company is required to rebate the ratable portions of the premiums annually.

Health Care Receivable — Health care receivable consists of pharmacy rebate receivables estimated based on the most currently available data from the Company's claims processing systems and from data provided by the Company's unaffiliated pharmaceutical benefit manager and affiliated pharmaceutical benefit manager, OptumRx, Inc. ("OptumRx"). Health care receivable are considered nonadmitted assets for statutory purposes if they do not meet admissibility requirements. Accordingly, the Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 28).

Premium Deficiency Reserves — Premium deficiency reserves and the related expenses are recognized when it is probable that expected future health care expenses, claim adjustment expenses, direct administration costs, and an allocation of indirect administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts, and are recorded as aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Indirect administration costs arise from activities that are not specifically identifiable to a specific group of existing contracts, and therefore, those costs are fully allocated among the various contract groupings. The allocation of indirect administration costs to each contract grouping is made proportionately to the expected margins remaining in the premiums after future health care expenses, CAE and direct administration costs are considered. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected as a decrease in reserves for accident and health contracts in the accompanying statutory basis statements of operations in the period in which the change in estimate is identified. The Company anticipates investment income as a factor in the premium deficiency calculation (see Note 30).

Vulnerability Due to Certain Concentrations — The Company is subject to substantial federal and state government regulation, including licensing and other requirements relating to the offering of the Company's existing products in new markets and offerings of new products, both of which may restrict the Company's ability to expand its business.

The Company has a statewide Medicaid coordinated care network shared savings contract with the State of Louisiana. This ASO contract was significant to the Company's operations at December 31, 2013 and 2012 (see Note 18).

Restricted Cash Reserves — The Company is required by the State of Louisiana to maintain a minimum regulatory deposit ($1,000,000). The Company is in compliance with this requirement as of December 31, 2013 and 2012, respectively. This restricted cash reserve consists principally of certificates of deposit that are stated at amortized cost, which approximates fair value. This reserve is included in cash and invested assets in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Interest earned on this reserve accrues to the Company.

Minimum Capital and Surplus — Under the laws of the state of Louisiana, the LADOI requires the Company to maintain a minimum capital and surplus equal to $3,000,000. The Company has approximately $12,403,000 and $5,110,000 in total statutory basis capital and surplus as of December 31, 2013 and 2012, respectively, which is in compliance with the required amount.

Risk-based capital ("RBC") is a regulatory tool for measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The LADOI requires the Company to maintain minimum capital and surplus equal to the greater of the state statute as outlined above, or the company action level as calculated by the RBC formula, or the level needed to avoid action pursuant to the trend test in the RBC formula. The Company is in compliance with the required amount.

The Company is also required per the Company's Coordinated Care Network ("CCN") shared savings contract to maintain a minimum capital and surplus equal to the greater of 1) $1,000,000, 2) two months of enhanced primary care case management fee payments from the Department of Health and Hospitals ("DHH") during CCN's most recent audit fiscal period or 3) 8% of annual primary care management revenue as reported on the most recent audited financial statements. The Company has approximately $12,403,000 and $5,110,000 in total statutory basis capital and surplus as of December 31, 2013 and 2012, respectively, which is in compliance with the required amount.

Recently Issued Accounting Standards — The Company reviewed all recently issued guidance in 2012 and 2013 that has been adopted for 2013 or subsequent year's implementation and has determined that none of the items would have a significant impact to the statutory basis financial statements.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

No changes in accounting principles have been recorded during the year ended December 31, 2013.

In 2012, the Company implemented SSAP No. 101. The new statement includes revised guidance for tax contingencies, a non-elective deferred tax asset admissibility test along with significant modifications to the deferred tax asset admissibility test. A change resulting from the adoption of this revised statement should be accounted for prospectively. As a result of the adoption, the Company recalculated the non-admitted deferred tax asset balance as of December 31, 2011 in accordance with SSAP No. 101. This resulted in an increase to the net deferred tax asset of approximately $30,000 and a corresponding decrease of approximately $30,000 to the non-admitted deferred tax asset balance. There was no impact related to the change in guidance related to tax contingencies. The cumulative effect of this change in accounting principle was recorded by the Company in accordance with SSAP No. 3, *Accounting Changes and Corrections of Errors* and is reflected as an increase to unassigned deficit in the accompanying statutory basis financial statements as of December 31, 2012.

During 2012, the Company identified an error in net premium income related to certain administrative fees paid to the Company of approximately $461,000 for the years ended December 31, 2005 through 2011. These administrative fees cover the costs incurred by the carrier for administrative services such as claims processing, billing and enrollment, and overhead costs. In addition, the federal income taxes impact of the error was approximately $161,000 for the years ended December 31, 2005 through 2011. The cumulative effect of this prior year error, $300,000, was corrected by the Company in accordance with SSAP No. 3, *Accounting Changes and Corrections of Errors* and is reflected in the accompanying statutory basis statements of changes in capital and surplus for the year ended December 31, 2012.

3. BUSINESS COMBINATIONS AND GOODWILL

A–D. The Company was not party to a business combination during the years ended December 31, 2013 and 2012, and does not carry goodwill in its statutory basis statements of admitted assets, liabilities, and capital and surplus.

4. DISCONTINUED OPERATIONS

(1–5) The Company did not discontinue any operations during 2013 and 2012.

5. INVESTMENTS AND OTHER INVESTED ASSETS

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. There were no gross realized gains or losses for the year ended December 31, 2013 or 2012. The total proceeds on the sale of short-term investments were approximately $40,436,000 and $27,735,000 in 2013 and 2012, respectively.

As of December 31, 2013 and 2012, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company's investments, excluding cash of approximately $151,000 and $1,049,000, respectively, are as follows (in thousands):

	2013				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
Corporate debt securities (includes commercial paper)	$ 900	$ -	$ -	$ -	$ 900
Money-market funds	7,516	-	-	-	7,516
Total bonds and short-term investments	$ 8,416	$ -	$ -	$ -	$ 8,416

	2013				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
Less than one year	$ 7,516	$ -	$ -	$ -	$ 7,516
One to five years	900	-	-	-	900
Total bonds and short-term investments	$ 8,416	$ -	$ -	$ -	$ 8,416

	2012				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
Money-market funds	$ 7,320	$ -	$ -	$ -	$ 7,320
Total short-term investments	$ 7,320	$ -	$ -	$ -	$ 7,320

The Company does not have any unrealized holding losses on its investments at December 31, 2013 or 2012.

A–C. The Company has no mortgage loans, real estate loans, restructured debt, or reverse mortgages. The Company also has no real estate property occupied by the Company, real estate property held for the production of income, or real estate property held for sale.

D. Loan-Backed Securities

(1–5) The Company has no loan-backed securities.

E. Repurchase Agreements and/or Securities Lending Transactions — Not applicable.

F. Real Estate — Not applicable.

G. Low-Income Housing Tax Credits — Not applicable.

H. Restricted Assets

(1) Restricted assets — including pledged as of December 31, 2013 and 2012 (in thousands):

Restricted Asset Category	1 Total Gross Restricted from Current Year	2 Total Gross Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Percentage Gross Restricted to Total Assets	6 Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	$ -	$ -	$ -	$ -	- %	- %
b. Collateral held under security lending agreements	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale	-	-	-	-	-	-
i. On deposit with state	1,000	1,000	-	1,000	6	6
j. On deposit with other regulatory bodies	-	-	-	-	-	-
k. Pledged as collateral not captured in other categories	-	-	-	-	-	-
l. Other restricted assets	-	-	-	-	-	-
m. Total restricted assets	$1,000	$1,000	$ -	$1,000	6 %	6 %

(2–3) The Company has no assets pledged as collateral not captured in other categories and no other restricted assets as of December 31, 2013 or 2012.

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

A–B. The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of admitted assets and did not recognize any impairment write-down for its investments in joint ventures, partnerships, and limited liability companies during the statement periods.

7. INVESTMENT INCOME

A. The Company has admitted all investment income due and accrued in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

The components of net investment income earned as of December 31, 2013 and 2012 are as follows (in thousands):

	2013	2012
Bonds	$ 3	$ -
Cash and short-term investments	4	8
Expenses — investment management fees	(1)	(1)
Net investment income earned	$ 6	$ 7

B. There were no investment income amounts excluded from the statutory basis financial statements.

8. DERIVATIVE INSTRUMENTS

A–F. The Company has no derivative instruments.

9. INCOME TAXES

A. Deferred Tax Asset

(1) The components of the net deferred tax asset at December 31, 2013 and 2012, are as follows (in thousands):

	2013			2012			Change		
	1	2	3	4	5	6	7	8	9
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2 - 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	$56	$ -	$56	$234	$ -	$234	$(178)	$ -	$(178)
(b) Statutory valuation allowance adjustments	33	-	33	48	-	48	(15)	-	(15)
(c) Adjusted gross deferred tax assets (1a - 1b)	23	-	23	186	-	186	(163)	-	(163)
(d) Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
(e) Subtotal net admitted deferred tax asset (1c - 1d)	23	-	23	186	-	186	(163)	-	(163)
(f) Deferred tax liabilities	-	-	-	-	-	-	-	-	-
(g) Net admitted deferred tax asset/ (net deferred tax liability) (1e - 1f)	$23	$ -	$23	$186	$ -	$186	$(163)	$ -	$(163)

(2) The components of the adjusted gross deferred tax assets admissibility calculation under SSAP No. 101, *Income Taxes — A Replacement of SSAP No. 10R and SSAP No. 10,* are as follows (in thousands):

	2013			2012			Change		
	1	2	3	4	5	6			
Admission Calculation Components SSAP No. 101	**Ordinary**	**Capital**	**(Col 1 + 2) Total**	**Ordinary**	**Capital**	**(Col 4 + 5) Total**	**(Col 1 - 4) Ordinary**	**(Col 2 - 5) Capital**	**(Col 7 + 8) Total**
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	$23	$ -	$ 23	$186	$ -	$186	$(163)	$ -	$ (163)
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	-	-	-	-	-	-	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	1,857	XXX	XXX	738	XXX	XXX	1,119
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	-	-	-	-	-	-	-	-	-
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	$23	$ -	$ 23	$186	$ -	$186	$(163)	$ -	$ (163)

(3) The ratio percentage and adjusted capital and surplus used to determine the recovery period and threshold limitations for the admission calculation are presented below:

	2013	**2012**
(a) Ratio percentage used to determine recovery period and threshold limitation amount	1,730 %	651 %
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)(2) above	$ 12,381	$ 4,924

(4) There was no impact to the deferred tax assets as a result of tax-planning strategies.

B. Unrecognized Deferred Tax Liabilities

(1–4) There are no unrecognized deferred tax liabilities.

C. Significant Components of Income Taxes

(1) The current federal income taxes incurred (benefit) for the years ended December 31, 2013 and 2012 are as follows (in thousands):

	1 2013	2 2012	3 (Col 1 - 2) Change
1. Current income tax:			
(a) Federal	$ 1,605	$ (2,566)	$ 4,171
(b) Foreign	-	-	-
(c) Subtotal	1,605	(2,566)	4,171
(d) Federal income tax on net capital gains	-	-	-
(e) Utilization of capital loss carryforwards	-	-	-
(f) Other	-	-	-
(g) Total federal and foreign income taxes incurred	$ 1,605	$ (2,566)	$ 4,171

(2–4) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2013 and 2012, are as follows (in thousands):

	1 2013	2 2012	3 (Col 1 - 2) Change
2. Deferred tax assets:			
(a) Ordinary:			
(1) Discounting of unpaid losses	$ 1	$ 2	$ (1)
(2) Unearned premium reserve	3	4	(1)
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables — nonadmitted	4	165	(161)
(11) Net operating loss carryforward	-	-	-
(12) Tax credit carryforward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	48	63	(15)
(99) Subtotal	56	234	(178)
(b) Statutory valuation allowance adjustment	33	48	(15)
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	23	186	(163)
(e) Capital:			
(1) Investments	-	-	-
(2) Net capital loss carryforward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	-	-	-
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	-	-	-
(i) Admitted deferred tax assets (2d + 2h)	23	186	(163)
3. Deferred tax liabilities:			
(a) Ordinary:			
(1) Investments	-	-	-
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities	-	-	-
(99) Subtotal	-	-	-
(b) Capital:			
(1) Investments	-	-	-
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	-	-	-
(c) Deferred tax liabilities (3a99 + 3b99)	-	-	-
4. Net deferred tax assets/liabilities (2i - 3c)	$23	$186	$(163)

The other ordinary deferred tax asset of approximately $48,000 and $63,000 for 2013 and 2012, respectively, consists of intangibles.

The Company assessed the potential realization of the gross deferred tax asset and established a valuation allowance of approximately $33,000 and $48,000 to reduce the gross deferred tax asset to approximately $23,000 and $186,000 as of December 31, 2013 and 2012, respectively, which represents the amount of the asset estimated to be recoverable via carryback of losses and reduction of future taxes. The change in the valuation allowance is attributable to the change in timing of deductibility of expenses and/or expectations for future taxable income.

D. The provision for federal income taxes incurred (benefit) is different from that which would be obtained by applying the statutory federal income tax rate of 35% to net income (loss) before federal income tax incurred (benefit), plus capital gains tax/less capital gains tax (benefit). The significant items causing this difference are as follows (in thousands):

	2013	**2012**
Tax provision at the federal statutory rate	$ 1,610	$ (2,552)
Change in statutory valuation allowance	(15)	48
Other	12	-
Tax effect of nonadmitted assets	162	(160)
Total statutory income taxes	$ 1,769	$ (2,664)
Federal income taxes incurred (benefit)	$ 1,605	$ (2,566)
Change in net deferred income tax	163	(98)
Total statutory income taxes	$ 1,768	$ (2,664)

E. At December 31, 2013, the Company had no net operating loss carryforwards.

Current federal income taxes payable (recoverable) of approximately $2,425,000 and ($1,526,000), as of December 31, 2013 and 2012, respectively, are included in the accompanying statutory basis of statements of admitted assets, liabilities, and capital and surplus. Federal income taxes received, net of refunds, were approximately $2,346,000 and $861,000 in 2013 and 2012, respectively.

Federal income taxes incurred of approximately $1,605,000 and $0 for 2013 and 2012, respectively, are available for recoupment in 2013 and 2012, in the event of future net losses.

The Company has not admitted any aggregate amounts of deposits that are included within Section 6603 (“Deposits made to suspend running of interest on potential underpayments, etc.”) of the Internal Revenue Service Code (“IRS”).

F. The Company is included in a consolidated federal income tax return with its ultimate parent, UnitedHealth Group. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y — Information Concerning Activities of Insurer Members Of A Holding Company Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The IRS has completed exams on UnitedHealth Group's consolidated income tax returns for fiscal years 2012 and prior. UnitedHealth Group's 2013 tax return is under advance review by the IRS under its Compliance Assurance Program. With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2008 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

G. Tax Contingencies — Not applicable.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

A–L. Material Related Party Transactions

Pursuant to the terms of a Management Agreement (the "Agreement"), UHS will provide management services to the Company under a fee structure, which is based on a direct charge representing UHS' expenses for services or use of assets provided to the Company. Management fees under this arrangement totaled approximately $23,606,000 and $27,468,000 in 2013 and 2012, respectively, and are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. Direct expenses not included in the management agreement, such as broker commissions, DOI exam fees, and premium taxes, are paid by UHS on behalf of the Company. UHS is reimbursed by the Company for these direct expenses. The Company entered into an administrative services only contract effective February 2012 (see Note 1), to which startup costs of approximately $3,500,000 were incurred in 2011 and are included in the management fees for 2012.

Management believes that its transactions with affiliates are fair and reasonable; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

The Company expensed as hospital and medical expenses, general administrative expenses, and claims adjustment expenses approximately $6,507,000 and $3,880,000 in capitation fees to related parties during 2013 and 2012, respectively. Under the Agreement, UHS provides or arranges for services on behalf of the Company using a pass-through of charges incurred by UHS on a per member per month ("PMPM") basis (where the charge incurred by UHS is on a PMPM basis) or using another allocation methodology consistent with the Agreement. These services include, but are not limited to, integrated personal health management solutions, such as disease management, treatment decision support, and wellness services, including a 24-hour call-in service, access to a network of transplant providers, and discount program services. OptumHealth Care Solutions, Inc. provides chiropractic and physical therapy services. Spectera, Inc. provides administrative services related to vision benefit management and claims processing. United Behavioral Health provides mental health and substance abuse services.

The capitation expenses, administrative services, and access fees paid to related parties, that are included as hospital and medical expenses, general administrative expenses, and claims adjustment expenses in the accompanying statutory basis statements of operations for the years ended December 31, 2013 and 2012, are shown below (in thousands):

	2013	2012
United HealthCare Services, Inc.	$ 6,485	$ 3,853
United Behavioral Health	16	22
OptumHealth Care Solutions, Inc.	4	4
Spectera, Inc.	2	1
Total	$ 6,507	$ 3,880

Effective January 1, 2013, the Company contracts with affiliates (UHS and OptumRx) to provide administrative services related to pharmacy management and pharmacy claims processing for its enrollees. Fees related to these agreements, which are calculated on a per-claim basis, of approximately $9,000 and $12,000 in 2013 and 2012, respectively, are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations.

Effective April 1, 2011, the Company has agreements with OptumInsight, Inc., an affiliate of the Company, for services that lead up to and include the prevention and recovery of medical expense (benefit) overpayments. Service fees are percentages of every recovery that are retained by OptumInsight, Inc. based on the services performed and recoveries, net of fees, are returned to the Company on a monthly basis. Service fees of approximately $9,000 and $7,000 are included in claims adjustment expenses, and general administrative expenses in the accompanying statutory basis statements of operations for the years ended December 31, 2013 and 2012, respectively.

The Company has premium payments that are received and claim payments that are processed by an affiliated UnitedHealth Group entity. Both premiums and claims applicable to the Company are settled at regular intervals throughout the month via the intercompany settlement process and any amounts outstanding are reflected in receivables from parent, subsidiaries, and affiliates or amounts due to parent, subsidiaries, and affiliates in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

The Company has an insolvency-only reinsurance agreement with UHIC, an affiliate of the Company, to provide insolvency protection for its enrollees. Reinsurance premiums, which are calculated on a percentage of member premium income, of approximately $6,000 and $5,000 in 2013 and 2012, respectively, are netted against net premium income in the accompanying statutory basis statements of operations.

Effective March 1, 2013, the Company entered into a reinsurance agreement with an affiliated entity, Unimerica Insurance Company, Inc. to cede obligations relating to the below services. The agreement has been approved by the LADOI.

Services:

1) Chiropractic and Physical Therapy Coverage:

   a. chiropractic, physical and occupational therapy treatments and services for musculoskeletal conditions

2) Mental Health and Substance Use Disorder Coverage:

   b. mental health and substance abuse treatments and services

The Company holds a $9,000,000 subordinated revolving credit agreement with UnitedHealth Group at an interest rate of London Interbank Offered Rate (LIBOR) plus a margin of 0.50%. This credit agreement is subordinate to the extent it does not conflict with any credit facility held by either party. The aggregate principal amount that may be outstanding at any time is the lesser of 3% of the Company's admitted assets or 25% of the Company's policyholder surplus as of the preceding December 31. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. The agreement was renewed effective October 1, 2013. No amounts were outstanding under the line of credit as of December 31, 2013 and 2012.

At December 31, 2013 and 2012, the Company reported approximately $5,298,000 and $0, respectively, as receivables from parent, subsidiaries and affiliates and approximately $0 and $4,522,000, respectively, as amounts due to parent, subsidiaries, and affiliates which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 90 days from the incurred date. Any balances due to the Company that are not settled within 90 days are considered nonadmitted assets.

The Company has entered into a Tax Sharing Agreement with UnitedHealth Group (see Note 9).

The Company does not have any amount deducted from the value of an upstream intermediate entity or ultimate parent owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated entity.

The Company does not have any investments in a subsidiary, controlled, or affiliated entity that exceeds 10% of admitted assets.

The Company does not have any investments in impaired subsidiary, controlled, or affiliated entities.

The Company does not have any investments in foreign insurance subsidiaries.

The Company does not hold any investments in a downstream noninsurance holding company.

The Company has not extended any guarantees or undertakings for the benefit of an affiliate or related party.

11. DEBT

A–B. The Company had no outstanding debt with third parties or outstanding federal home loan bank agreements during 2013 and 2012.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES, AND OTHER POSTRETIREMENT BENEFIT PLANS

A–I. The Company has no defined benefit plans, defined contribution plans, multiemployer plans, consolidated/holding company plans, postemployment benefits, and compensated absences plans and is not impacted by the Medicare Modernization Act on postretirement benefits, since all personnel are employees of UHS, which provides services to the Company under the terms of a management agreement (see Note 10).

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS, AND QUASI-REORGANIZATIONS

(1–2) The Company has 1,000,000 shares authorized and 900,000 shares issued and outstanding of $2 par value common stock. The Company has no preferred stock outstanding. All issued and outstanding shares of common stock are held by the Company's parent, UHC.

(3) Payment of dividends may be restricted by the LADOI, which generally requires that dividends be paid out of accumulated surplus.

(4) The Company received cash infusions of $2,000,000 on December 30, 2013, and $2,000,000 on June 25, 2013 from UHC which was recorded as an increase to gross paid-in and contributed surplus in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

(5) The amount of ordinary dividends that may be paid out during any given period are subject to certain restrictions as specified by state statute.

(6) There are no restrictions placed on the Company's unassigned surplus.

(7) The Company is not a mutual reciprocal or a similarly organized entity and does not have advances to surplus not repaid.

(8) The Company does not hold any stock, including stock of affiliated companies for special purposes, such as conversion of preferred stock, employee stock options, or stock purchase warrants.

(9) The Company does not have any special surplus funds.

(10) The portion of unassigned funds represented or (reduced by) each item below is as follows (in thousands):

	2013	2012	Change
Net deferred income taxes	$ 23	$ 186	$ (163)
Nonadmitted assets	(10)	(473)	463
Total	$ 13	$ (287)	$ 300

(11–13) The Company does not have any outstanding surplus notes and has never been a party to a quasi-reorganization.

14. CONTINGENCIES

A. Contingent Commitments

The Company has no contingent commitments.

B. Assessments

The Company is not aware of any assessments, potential or accrued, that could have a material financial effect on the operations of the entity.

C. Gain Contingencies

The Company is not aware of any gain contingencies that should be disclosed in the statutory basis financial statements.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits — Not applicable

E. All Other Contingences

Because of the nature of its businesses, the Company is frequently made party to a variety of legal actions and regulatory inquiries, including class actions and suits brought by members, care providers, consumer advocacy organizations, customers and regulators, relating to the Company's businesses, including management and administration of health benefit plans and other services.

The Company records liabilities for its estimates of probable costs resulting from these matters where appropriate. Estimates of costs resulting from legal and regulatory matters involving the Company are inherently difficult to predict, particularly where the matters: involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or represent a shift in regulatory policy; involve a large number of claimants or regulatory bodies; are in the early stages of the proceedings; or could result in a change in business practices. Accordingly, the Company is often unable to estimate the losses or ranges of losses for those matters where there is a reasonable possibility or it is probable that a loss may be incurred. 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 on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

The Company's business is regulated at the federal, state, and local levels. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products.

Health Reform Legislation and the related federal and state regulations will continue to impact how the Company does business and could restrict revenue and enrollment growth in certain products and market segments, restrict premium growth rates for certain products and market segments, increase the Company's medical and administrative costs, expose the Company to an increased risk of liability (including increasing our liability in federal and state courts for coverage determinations and contract interpretation), or put the Company at risk for loss of business. In addition, the Company's statutory basis results of operations, financial condition, and cash flows could be materially adversely affected by such changes. The Health Reform Legislation may create new or expand existing opportunities for business growth, but due to its complexity, the impact of the Health Reform Legislation remains difficult to predict and is not yet fully known.

The Company's ASO contract includes certain gain share provisions which provide the opportunity for the Company to earn additional administrative fee revenue if certain administrative and quality metrics are achieved and medical costs are less than the required benchmark. For each measure that the Company does not meet, eligible gainshare amount may be reduced. Alternatively, if medical costs exceed the required benchmark, the State of Louisiana may be eligible to recoup up to 50% of the Company's administrative fee revenue (see Note 18).

F. The Company routinely evaluates the collectability of all receivable amounts included within the statutory basis statements of admitted assets, liabilities, and capital and surplus. Impairment reserves are established for those amounts where collectability is uncertain. Based on the Company's past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Company's statutory basis financial condition.

15. LEASES

A–B. According to the management agreement between the Company and UHS (see Note 10), operating leases for the rental of office facilities and equipment are the responsibility of UHS. Fees associated with the lease agreements are included as a component of the Company's management fee.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

(1–4) The Company does not hold any financial instruments with off-balance-sheet risk or concentrations of credit risk.

17. SALE, TRANSFER, AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A–C. The Company did not participate in any transfer of receivables, financial assets, or wash sales.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

A. ASO Plans

On February 1, 2012, the Company began an ASO with the State of Louisiana as the Company was awarded the statewide Medicaid coordinated care network shared savings contract during 2011 (See Note 1). The Company recorded administrative fee revenues of approximately $34,582,000 and $23,770,000 and related expenses of approximately $31,444,000 and $32,472,000 resulting in a net income (loss) from operations of approximately $3,138,000 and ($8,702,000) as of December 31, 2013 and 2012, respectively. These amounts are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations.

This ASO contract also includes certain gain share provisions which provide the opportunity for the Company to earn additional administrative fee revenue if certain administrative and quality metrics are achieved. The Company achieved the required administrative and quality metrics needed for the gain share agreement for the year ended December 31, 2012 and recorded approximately $1,500,000 in administrative fee revenue in 2013.

The net income (loss) from operations of the uninsured portion of ASO uninsured plans and the uninsured portion of partially insured plans were as follows (in thousands):

	2013		
	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 3,138	$ -	$ 3,138
b. Total net other income or expenses (including interest paid to or received from plans)	-	-	-
c. Net gain (loss) from operations	3,138	-	3,138
d. Total claim payment volume	-	-	-

	2012		
	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ (8,702)	$ -	$ (8,702)
b. Total net other income or expenses (including interest paid to or received from plans)	-	-	-
c. Net gain (loss) from operations	(8,702)	-	(8,702)
d. Total claim payment volume	-	-	-

The medical claims related to the ASO contract are adjudicated and paid through a third party contracted by the State of Louisiana. The Company pre-processes the medical claims for the ASO contract. The 2013 expenses related to pre-processing the medical claims are not allocated to claims adjustment expenses on the accompanying statutory basis statements of operations given such expenses are immaterial and have no impact to the Company's net income or capital and surplus at December 31, 2013.

B. The Company has no operations from Administrative Services Contracts ("ASC").

C. The Company does not have any Medicare or other similarly structured cost reimbursement contracts in 2013 and 2012.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD-PARTY ADMINISTRATORS

The Company did not have any direct premiums written or produced by managing general agents or third-party administrators.

20. FAIR VALUE MEASUREMENT

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

Level 1 — Quoted (unadjusted) prices for identical assets in active markets.

Level 2 — Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.)
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.)
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 — Unobservable inputs that cannot be corroborated by observable market data.

The estimated fair values of bonds and short-term investments are based on quoted market prices, where available. The Company obtains one price for each security, primarily from a third-party pricing service ("pricing service"), which generally uses quoted prices or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, non-binding broker quotes, benchmark yields, credit spreads, default rates, and prepayment speeds. As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to a secondary pricing source, prices reported by its custodian, its investment consultant, and third-party investment advisors. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. The Company's internal price verification procedures and review of fair value methodology documentation provided by independent pricing services have not historically resulted in an adjustment in the prices obtained from the pricing service.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest-level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

A. Fair Value

(1) The Company does not have any financial assets that are measured and reported at fair value on the statutory basis statements of admitted assets, liabilities, and capital and surplus at December 31, 2013 and 2012.

(2) The Company does not have any financial assets with a fair value hierarchy of Level 3 that were measured and reported at fair value.

(3) Transfers between levels, if any, are recorded as of the beginning of the reporting period in which the transfer occurs; there were no transfers between Levels 1, 2 or 3 of any financial assets or liabilities during the years ended December 31, 2013 or 2012.

(4) Fair values of debt securities that do not trade on a regular basis in active markets but are priced using other observable inputs are classified as Level 2.

(5) The Company has no derivative assets and liabilities to disclose.

B. Fair Value Combination — Not applicable.

C. The aggregate fair value by hierarchy of all financial instruments as of December 31, 2013 and 2012 is presented in the table below (in thousands):

	2013					
Types of Financial Investment	**Aggregate Fair Value**	**Admitted Assets**	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Not Practical Carrying Value**
Corporate debt securities (includes commercial paper)	$ 900	$ 900	$ -	$900	$ -	$ -
Money-market funds	7,516	7,516	7,516	-	-	-
Total bonds and short-term investments	$ 8,416	$ 8,416	$ 7,516	$900	$ -	$ -

	2012					
Types of Financial Investment	**Aggregate Fair Value**	**Admitted Assets**	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Not Practical Carrying Value**
Money-market funds	$ 7,320	$ 7,320	$ 7,320	$ -	$ -	$ -
Total short-term investments	$ 7,320	$ 7,320	$ 7,320	$ -	$ -	$ -

There are no U.S. Treasury securities included in U.S. government and agency securities in the fair value hierarchy table as of December 31, 2013 and 2012.

Included as Level 2 in corporate debt securities in the fair value hierarchy table above is commercial paper of approximately $900,000 and $0 as of December 31, 2013 and 2012, respectively. Commercial paper is reflected in bonds in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

D. **Not Practicable to Estimate Fair Value** — Not applicable.

21. OTHER ITEMS

The Company elected to use rounding in reporting amounts in the notes to statutory basis financial statements.

A. The Company did not encounter any extraordinary items for the years ended December 31, 2013 or 2012.

B. The Company has no troubled debt restructurings as of December 31, 2013 or 2012.

C. The Company does not have any amounts not recorded in the statutory basis financial statements that represent segregated funds held for others. The Company also does not have any exposures related to forward commitments.

D. The Company has not received any business interruption insurance recoveries during 2013 and 2012.

E. The Company has no transferrable or non-transferable state tax credits

F. **Sub-Prime Mortgage-Related Risk Exposure**

(1) The investment policy for the Company limits investments in asset-backed securities, which includes the sub-prime issuers. Further, the policy limits investments in private-issuer mortgage securities to 10% of the portfolio, which also includes sub-prime issuers. The exposure to unrealized losses on sub-prime issuers is due to changes in market prices. There are no realized losses due to not receiving anticipated cash flows. The investments covered are rated NAIC rating of 1 or 2.

(2) The Company has no direct exposure through investments in subprime mortgage loans.

(3) The Company has no direct exposure through other investments.

(4) The Company has no underwriting exposure to sub-prime mortgage risk through mortgage guaranty or financial guaranty insurance coverage.

G. The Company does not have any retained asset accounts for beneficiaries.

H. The Company does not have any offsetting or netting assets and liabilities as it relates to derivatives, repurchase and reverse repurchase, and securities borrowing and securities lending.

22. SUBSEQUENT EVENTS

Type I — Recognized Subsequent Events:

Subsequent events have been evaluated through April 15, 2014, which is the date these statutory basis financial statements were available for issuance.

There are no events subsequent to December 31, 2013, that require disclosure.

Type II — Nonrecognized Subsequent Events:

Subsequent events have been evaluated through April 15, 2014, which is the date these statutory basis financial statements were available for issuance.

On January 1, 2014, the Company will be subject to an annual fee under section 9010 of the Affordable Care Act ("ACA"). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of the health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2014. As of December 31, 2013, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates their portion of the annual health insurance industry fee payable on September 30, 2014 to be approximately $76,000. The Company's Authorized Control Level RBC ("ACL RBC") ratio was 1733% as of December 31, 2013. If the ACA assessment was recognized as a liability as of December 31, 2013, the ACL RBC ratio would have been 1722%.

There are no other events subsequent to December 31, 2013, that require disclosure.

23. REINSURANCE

Reinsurance Agreements — In the normal course of business, the Company seeks to reduce potential losses that may arise from catastrophic events that cause unfavorable underwriting results by reinsuring certain levels of such risk with affiliated (see Note 10) reinsurers. The Company remains primarily liable as the direct insurer on all risks reinsured.

A. Ceded Reinsurance Report

Section 1 — General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company?

Yes ( ) No (X)

(2) Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor, or any other person not primarily engaged in the insurance business?

Yes ( ) No (X)

Section 2 — Ceded Reinsurance Report — Part A

(1) Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( ) No (X)

(2) Does the reporting entity have any reinsurance agreements in effect that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No (X)

Section 3 — Ceded Reinsurance Report — Part B

(1) What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.

The Company estimates there should be no aggregate reduction in surplus for termination of all reinsurance agreements as of December 31, 2013.

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes ( ) No (X)

B. **Uncollectible Reinsurance** — During 2013 and 2012, there were no uncollectible reinsurance recoverables.

C. **Commutation of Ceded Reinsurance** — There was no commutation of reinsurance in 2013 or 2012.

D. **Certified Reinsurer Rating Downgraded or Status Subject to Revocation** — Not applicable.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

A–C. The Company does not have any retrospectively rated contracts or contracts subject to redetermination as of December 31, 2013 or 2012.

D. The Company is required to maintain specific minimum loss ratios. These minimum loss ratios apply to comprehensive major medical coverage and vary depending on group size. The following table discloses the minimum medical loss ratio rebates required pursuant to the Health Reform Legislation for the years ended December 31, 2013 and 2012 (in thousands):

	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Other Categories with Rebates	5 Total
Prior reporting year:					
(1) Medical loss ratio rebates incurred	$ -	$261	$ -	$ -	$261
(2) Medical loss ratio rebates paid	-	-	-	-	-
(3) Medical loss rebates unpaid	-	261	-	-	261
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	261
Current reporting year-to-date:					
(7) Medical loss ratio rebates incurred	$ -	$212	$ -	$ -	$212
(8) Medical loss ratio rebates paid	-	262	-	-	262
(9) Medical loss rebates unpaid	-	210	-	-	210
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	210

The Company recorded approximately $210,000 and $261,000 of estimated rebates as of December 31, 2013 and 2012 which are included in aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

Changes in estimates related to the prior year incurred claims are included in total hospital and medical expenses in the current year in the accompanying statutory basis statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the claims unpaid, and health care receivable for 2013 and 2012 (in thousands):

	2013		
	Current Year Incurred Claims	Prior Years Incurred Claims	Total
Beginning of year claim reserve	$ -	$(329)	$ (329)
Paid claims, net of health care receivable	2,737	283	3,020
End of year claim reserve	297	6	303
Incurred claims excluding the change in health care receivable	3,034	(40)	2,994
Beginning of year health care receivable	-	11	11
End of year health care receivable	(50)	-	(50)
Total incurred claims	$ 2,984	$ (29)	$ 2,955

	2012		
	Current Year Incurred Claims	Prior Years Incurred Claims	Total
Beginning of year claim reserve	$ -	$(416)	$ (416)
Paid claims, net of health care receivable	2,727	233	2,960
End of year claim reserve	326	3	329
Incurred claims excluding the change in health care receivable	3,053	(180)	2,873
Beginning of year health care receivable	-	16	16
End of year health care receivable	(10)	(1)	(11)
Total incurred claims	$ 3,043	$(165)	$ 2,878

The liability for claims unpaid and health care receivable as of December 31, 2012 were approximately $318,000. As of December 31, 2013, approximately $283,000 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years net of healthcare receivable and reinsurance recoverables, excluding provider loans and advances, are now approximately $6,000 as a result of re-estimation of unpaid claims. Therefore, there has been approximately $29,000 favorable prior year development since December 31, 2012 to December 31, 2013. The primary drivers consist of favorable development as a result of a change in the provision for adverse deviations in experience of approximately $58,000 offset by an unfavorable development of approximately $5,000 in provider settlements, unfavorable development of approximately $10,000 in Rx Rebates and unfavorable development of approximately $13,000 in retroactivity for inpatient, outpatient, physician, and pharmacy claims. At December 31, 2012 the Company recorded approximately $165,000 of favorable development related to insured events of prior years driven by the favorable development as a result of change in the provision for adverse deviations in experience of approximately $85,000 and favorable development of approximately $67,000 in retroactivity for inpatient, outpatient, physician and pharmacy claims. Original estimates are increased or decreased, as additional information becomes known regarding individual claims, which also impacts medical loss ratio rebates. Included in this favorable development is the impact related to retrospectively rated policies, which also has a corresponding impact on medical loss ratio rebates. As a result of the prior year effects, on a regular basis, the Company adjusts revenue and the corresponding liability and/or receivable related to retrospectively rated policies and the impact of the change is included as a component of change in unearned premium reserves in the statutory basis statements of operations.

The Company incurred claims adjustment expenses of approximately $121,000 and $3,020,000 in 2013 and 2012, respectively. These costs are included in the management service fees paid by the Company to UHS as a part of its management agreement (see Note 10). The following tables disclose paid CAE, incurred CAE, and the balance in the unpaid claim adjustment expenses reserve for 2013 and 2012 (in thousands):

	2013	2012
Total claims adjustment expenses incurred	$ 121	$ 3,020
Less current year unpaid claims adjustment expenses	(3)	(4)
Add prior year unpaid claims adjustment expenses	4	6
Total claims adjustment expenses paid	$ 122	$ 3,022

26. INTERCOMPANY POOLING ARRANGEMENTS

A–G. The Company did not have any intercompany pooling arrangements in 2013 or 2012.

27. STRUCTURED SETTLEMENTS

A–B. The Company did not have structured settlements in 2013 or 2012.

28. HEALTH CARE RECEIVABLES

A. Pharmaceutical rebates receivable are recorded when reasonably estimated or billed by the affiliated pharmaceutical benefit manager in accordance with pharmaceutical rebate contract provisions. Information used to support rebates billed to the manufacturer is based on utilization information gathered by the pharmaceutical benefit manager and adjusted for significant changes in pharmaceutical contract provisions.

The Company evaluates admissibility of all pharmacy rebates receivable based on the administration of each underlying pharmaceutical benefit management agreement. The Company has non-admitted all pharmacy rebate receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

For each pharmaceutical management agreement for which a portion of the total pharmacy rebates receivable can be admitted based on the admissibility criteria, the transaction history is summarized as follows (in thousands):

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received within 90 Days of Billing	Actual Rebates Received within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days after Billing
12/31/2013	$28	$ -	$ -	$ -	$ -
9/30/2013	9	10	3	-	-
6/30/2013	3	5	1	1	-
3/31/2013	6	4	-	1	1
12/31/2012	4	-	-	-	-
9/30/2012	3	5	-	-	4
6/30/2012	2	4	-	4	-
3/31/2012	2	3	-	3	-
12/31/2011	1	3	-	3	-
9/30/2011	3	2	-	2	-
6/30/2011	6	-	-	-	-
3/31/2011	6	1	-	1	1

Of the amount reported as health care receivables, approximately $33,000 and $0 relates to pharmaceutical rebate receivables as of December 31, 2013 and 2012, respectively. This increase is primarily due to the new pharmaceutical benefits management agreement with an affiliated entity, OptumRx, Inc., effective January 1, 2013.

B. The Company does not have any risk-sharing receivables.

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2013 or 2012.

30. PREMIUM DEFICIENCY RESERVES

The Company has not recorded any premium deficiency reserves as of December 31, 2013 or 2012. This analysis of the premium deficiency reserve was completed as of December 31, 2013 and 2012. The Company did consider anticipated investment income when calculating the premium deficiency reserve.

The following table summarizes the Company's premium deficiency reserves as of December 31, 2013 and 2012 (in thousands):

	2013
1. Liability carried for premium deficiency reserves	$ -
2. Date of the most recent evaluation of this liability	12/31/2013
3. Was anticipated investment income utilized in this calculation?	Yes [X] No [ ]

	2012
1. Liability carried for premium deficiency reserves	$ -
2. Date of the most recent evaluation of this liability	12/31/2012
3. Was anticipated investment income utilized in this calculation?	Yes [X] No [ ]

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2013 and 2012, the Company had no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

* * * * * *

SUPPLEMENTAL SCHEDULES

EXHIBIT I: SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES — STATUTORY BASIS

9 5 8 3 3 2 0 1 3 2 8 5 0 0 1 0 0

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2013
(To Be Filed by April 1)

Of The UnitedHealthcare of Louisiana, Inc.

ADDRESS (City, State and Zip Code) Minnetonka , MN 55343

NAIC Group Code 0707 NAIC Company Code 95833 Federal Employer's Identification Number (FEIN) 72-1074008

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 15,439,242

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	Morgan Stanley Inst MPFXX	Bonds	$ 500,184	3.2 %
2.02	Dreyfus DADXX	Bonds	$ 481,171	3.1 %
2.03	Dreyfus DPXX	Bonds	$ 480,244	3.1 %
2.04	DWS ICAXX	Bonds	$ 480,211	3.1 %
2.05	UBS Global Asset Mgmt SELXX	Bonds	$ 192,038	1.2 %
2.06	Crescent Bank & Trust	Bonds	$ 100,000	0.6 %
2.07	Progressive Bank	Bonds	$ 100,000	0.6 %
2.08	Farmers Merchant Bank & Trust	Bonds	$ 100,000	0.6 %
2.09	Bancorp South	Bonds	$ 100,000	0.6 %
2.10	Gulf Coast Bank and Trust	Bonds	$ 100,000	0.6 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC-1	$ 8,415,834	54.5 %	3.07	P/RP-1	$ 0	0.0 %
3.02	NAIC-2	$ 0	0.0 %	3.08	P/RP-2	$ 0	0.0 %
3.03	NAIC-3	$ 0	0.0 %	3.09	P/RP-3	$ 0	0.0 %
3.04	NAIC-4	$ 0	0.0 %	3.10	P/RP-4	$ 0	0.0 %
3.05	NAIC-5	$ 0	0.0 %	3.11	P/RP-5	$ 0	0.0 %
3.06	NAIC-6	$ 0	0.0 %	3.12	P/RP-6	$ 0	0.0 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02	Total admitted assets held in foreign investments	$ 0	0.0 %
4.03	Foreign-currency-denominated investments	$ 0	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$ 0	0.0 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC-1	$ 0	0.0 %
5.02	Countries designated NAIC-2	$ 0	0.0 %
5.03	Countries designated NAIC-3 or below	$ 0	0.0 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1:	$ 0	0.0 %
6.02	Country 2:	$ 0	0.0 %
	Countries designated NAIC - 2:		
6.03	Country 1:	$ 0	0.0 %
6.04	Country 2:	$ 0	0.0 %
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$ 0	0.0 %
6.06	Country 2:	$ 0	0.0 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$ 0	0.0 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

		1	2
8.01	Countries designated NAIC-1	$ 0	0.0 %
8.02	Countries designated NAIC-2	$ 0	0.0 %
8.03	Countries designated NAIC-3 or below	$ 0	0.0 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
9.01	Country 1:	$ 0	0.0 %
9.02	Country 2:	$ 0	0.0 %
	Countries designated NAIC - 2:		
9.03	Country 1:	$ 0	0.0 %
9.04	Country 2:	$ 0	0.0 %
	Countries designated NAIC - 3 or below:		
9.05	Country 1:	$ 0	0.0 %
9.06	Country 2:	$ 0	0.0 %

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01			$ 0	0.0 %
10.02			$ 0	0.0 %
10.03			$ 0	0.0 %
10.04			$ 0	0.0 %
10.05			$ 0	0.0 %
10.06			$ 0	0.0 %
10.07			$ 0	0.0 %
10.08			$ 0	0.0 %
10.09			$ 0	0.0 %
10.10			$ 0	0.0 %

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian investments	$ 0	0.0 %
11.03	Canadian-currency-denominated investments	$ 0	0.0 %
11.04	Canadian-denominated insurance liabilities	$ 0	0.0 %
11.05	Unhedged Canadian currency exposure	$ 0	0.0 %

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$ 0	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$ 0	0.0 %
12.04		$ 0	0.0 %
12.05		$ 0	0.0 %

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

	1 Issuer	2	3
13.02		$ 0	0.0 %
13.03		$ 0	0.0 %
13.04		$ 0	0.0 %
13.05		$ 0	0.0 %
13.06		$ 0	0.0 %
13.07		$ 0	0.0 %
13.08		$ 0	0.0 %
13.09		$ 0	0.0 %
13.10		$ 0	0.0 %
13.11		$ 0	0.0 %

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$ 0	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$ 0	0.0 %
14.04		$ 0	0.0 %
14.05		$ 0	0.0 %

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$ 0	0.0 %
	Largest three investments in general partnership interests:		
15.03		$ 0	0.0 %
15.04		$ 0	0.0 %
15.05		$ 0	0.0 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$ 0	0.0 %
16.03		$ 0	0.0 %
16.04		$ 0	0.0 %
16.05		$ 0	0.0 %
16.06		$ 0	0.0 %
16.07		$ 0	0.0 %
16.08		$ 0	0.0 %
16.09		$ 0	0.0 %
16.10		$ 0	0.0 %
16.11		$ 0	0.0 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$ 0	0.0 %
16.13	Mortgage loans over 90 days past due	$ 0	0.0 %
16.14	Mortgage loans in the process of foreclosure	$ 0	0.0 %
16.15	Mortgage loans foreclosed	$ 0	0.0 %
16.16	Restructured mortgage loans	$ 0	0.0 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

		Residential		Commercial		Agricultural	
	Loan to Value	1	2	3	4	5	6
17.01	above 95%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.02	91 to 95%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.03	81 to 90%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.04	71 to 80%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %
17.05	below 70%	$ 0	0.0 %	$ 0	0.0 %	$ 0	0.0 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02		$ 0	0.0 %
18.03		$ 0	0.0 %
18.04		$ 0	0.0 %
18.05		$ 0	0.0 %
18.06		$ 0	0.0 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$ 0	0.0 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$ 0	0.0 %
19.04		$ 0	0.0 %
19.05		$ 0	0.0 %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$ 0	0.0 %	$ 0	$ 0	$ 0
20.02 Repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.03 Reverse repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.04 Dollar repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0
20.05 Dollar reverse repurchase agreements	$ 0	0.0 %	$ 0	$ 0	$ 0

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned 1	Owned 2	Written 3	Written 4
21.01 Hedging	$ 0	0.0 %	$ 0	0.0 %
21.02 Income generation	$ 0	0.0 %	$ 0	0.0 %
21.03 Other	$ 0	0.0 %	$ 0	0.0 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
22.01 Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
22.02 Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
22.03 Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
22.04 Other	$ 0	0.0 %	$ 0	$ 0	$ 0

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
23.01 Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
23.02 Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
23.03 Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
23.04 Other	$ 0	0.0 %	$ 0	$ 0	$ 0

EXHIBIT II: SUMMARY
INVESTMENT SCHEDULE — STATUTORY BASIS

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities	0	0.000	0	0	0	0.000
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies	0	0.000	0	0	0	0.000
1.22 Issued by U.S. government sponsored agencies	0	0.000	0	0	0	0.000
1.3 Non-U.S. government (including Canada, excluding mortgaged-backed securities)	0	0.000	0	0	0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S. :						
1.41 States, territories and possessions general obligations	0	0.000	0	0	0	0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.000	0	0	0	0.000
1.43 Revenue and assessment obligations	0	0.000	0	0	0	0.000
1.44 Industrial development and similar obligations	0	0.000	0	0	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA	0	0.000	0	0	0	0.000
1.512 Issued or guaranteed by FNMA and FHLMC	0	0.000	0	0	0	0.000
1.513 All other	0	0.000	0	0	0	0.000
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	0	0.000	0	0	0	0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	0	0.000	0	0	0	0.000
1.523 All other	0	0.000	0	0	0	0.000
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	900,000	10.506	900,000	0	900,000	10.506
2.2 Unaffiliated non-U.S. securities (including Canada)	0	0.000	0	0	0	0.000
2.3 Affiliated securities	0	0.000	0	0	0	0.000
3. Equity interests:						
3.1 Investments in mutual funds	0	0.000	0	0	0	0.000
3.2 Preferred stocks:						
3.21 Affiliated	0	0.000	0	0	0	0.000
3.22 Unaffiliated	0	0.000	0	0	0	0.000
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated	0	0.000	0	0	0	0.000
3.32 Unaffiliated	0	0.000	0	0	0	0.000
3.4 Other equity securities:						
3.41 Affiliated	0	0.000	0	0	0	0.000
3.42 Unaffiliated	0	0.000	0	0	0	0.000
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated	0	0.000	0	0	0	0.000
3.52 Unaffiliated	0	0.000	0	0	0	0.000
4. Mortgage loans:						
4.1 Construction and land development	0	0.000	0	0	0	0.000
4.2 Agricultural	0	0.000	0	0	0	0.000
4.3 Single family residential properties	0	0.000	0	0	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0	0	0.000
4.5 Commercial loans	0	0.000	0	0	0	0.000
4.6 Mezzanine real estate loans	0	0.000	0	0	0	0.000
5. Real estate investments:						
5.1 Property occupied by company	0	0.000	0	0	0	0.000
5.2 Property held for production of income (including $ 0 of property acquired in satisfaction of debt)	0	0.000	0	0	0	0.000
5.3 Property held for sale (including $ 0 property acquired in satisfaction of debt)	0	0.000	0	0	0	0.000
6. Contract loans	0	0.000	0	0	0	0.000
7. Derivatives	0	0.000	0	0	0	0.000
8. Receivables for securities	0	0.000	0	0	0	0.000
9. Securities Lending (Line 10, Asset Page reinvested collateral)	0	0.000	0	XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	7,666,891	89.494	7,666,891	0	7,666,891	89.494
11. Other invested assets	0	0.000	0	0	0	0.000
12. Total invested assets	8,566,891	100.000	8,566,891	0	8,566,891	100.000

OTHER ATTACHMENTS

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To the Audit Committee of UnitedHealthcare of Louisiana, Inc.
3838 North Causeway Boulevard, Suite 2100
Metairie, LA 70002

The Management of UnitedHealthcare of Louisiana, Inc.
3838 North Causeway Boulevard, Suite 2100
Metairie, LA 70002

Dear Members of Audit Committee and Management:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statutory basis financial statements of UnitedHealthcare of Louisiana, Inc. (the "Company") for the years ended December 31, 2013, and 2012, and have issued our report thereon dated April 15, 2014. In connection therewith, we advise you as follows:

a. We are independent certified public accountants with respect to the Company and conform to the standards of the accounting profession as contained in the *Code of Professional Conduct* and pronouncements of the American Institute of Certified Public Accountants, the rules and regulations of the Louisiana Department of Insurance, and the *Rules of Professional Conduct* of the Minnesota Board of Public Accountancy.

b. The engagement partner and engagement manager, who are certified public accountants, have 13 years and 8 years, respectively, of experience in public accounting and are experienced in auditing insurance enterprises. Members of the engagement team, most of whom have had experience in auditing insurance enterprises and 49 percent of whom are certified public accountants, were assigned to perform tasks commensurate with their training and experience.

c. We understand that the Company intends to file its audited statutory basis financial statements and our report thereon with the Louisiana Department of Insurance and other state insurance departments in states in which the Company is licensed and that the insurance commissioners of those states will be relying on that information in monitoring and regulating the statutory basis financial condition of the Company.

   While we understand that an objective of issuing a report on the statutory basis financial statements is to satisfy regulatory requirements, our audit was not planned to satisfy all objectives or responsibilities of insurance regulators. In this context, the Company and insurance commissioners should understand that the objective of an audit of statutory basis financial statements in accordance with auditing standards generally accepted in the United States of America is to form an opinion and issue a report on whether the statutory basis financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus, results of operations and cash flows in accordance with accounting practices prescribed or permitted by the Louisiana Department of Insurance. Consequently, under auditing standards generally accepted in the United States of America, we have the responsibility, within the inherent limitations of the auditing process, to plan and perform our audit to obtain reasonable assurance regarding whether the statutory basis financial statements are free from material misstatement, whether due to error or fraud, and to exercise due professional care in the conduct of the audit. The Company is not required to have, nor were we engaged to perform, an audit of internal control over financial reporting. Our audit included consideration of internal control relevant to the entity's preparation and fair presentation of the statutory basis financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. The concept of selective testing of the data being audited, which involves judgment both as to the number of transactions to be audited and the areas to be tested, has been generally accepted as a valid and sufficient basis for an auditor to express an opinion on statutory basis financial statements. Audit procedures that are effective for detecting errors, if they exist, may be ineffective for detecting misstatements resulting from fraud. Because of the characteristics of fraud, particularly those involving concealment and falsified documentation (including forgery), a properly planned and performed audit may not detect a material misstatement resulting from fraud. In addition, an audit does not address the possibility that material misstatements may occur in the future. Also, our use of professional judgment and the assessment of materiality for the purpose of our audit mean that matters may exist that would have been assessed differently by insurance commissioners.

It is the responsibility of the management of the Company to adopt sound accounting policies, to maintain an adequate and effective system of accounts, and to establish and maintain internal control that will, among other things, provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and are recorded properly to permit the preparation of statutory basis financial statements in conformity with accounting practices prescribed or permitted by the Louisiana Department of Insurance.

The Insurance Commissioner should exercise due diligence to obtain whatever other information that may be necessary for the purpose of monitoring and regulating the statutory basis financial position of insurers and should not rely solely on the independent auditors' report.

d. We will retain the working papers prepared in the conduct of our audit until the Louisiana Department of Insurance has filed a Report of Examination covering 2013, but no longer than seven years. After notification to the Company, we will make the working papers available for review by the Louisiana Department of Insurance at the offices of the insurer, at our offices, at the Louisiana Department of Insurance, or at any other reasonable place designated by the Insurance Commissioner. Furthermore, in the conduct of the aforementioned periodic review by the Louisiana Department of Insurance, photocopies of pertinent audit working papers may be made (under the control of Deloitte & Touche LLP) and such copies may be retained by the Louisiana Department of Insurance.

e. The engagement partner has served in this capacity with respect to the Company since 2011, is licensed by the Minnesota Board of Public Accountancy, and is a member in good standing of the American Institute of Certified Public Accountants.

f. To the best of our knowledge and belief, we are in compliance with the requirements of section 7 of the NAIC's Model Rule (Regulation) Requiring Annual Audited Financial Reports regarding qualifications of independent certified public accountants.

This letter is intended solely for the information and use of the Audit Committee and management of UnitedHealthcare of Louisiana, Inc. and for filing with the Louisiana Department of Insurance and other state insurance departments to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

April 15, 2014

Deloitte.

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April 15, 2014

The Audit Committee of UnitedHealthcare of Louisiana, Inc.
3838 North Causeway Boulevard, Suite 2100
Metairie, LA 70002

The Management of UnitedHealthcare of Louisiana, Inc.
3838 North Causeway Boulevard, Suite 2100
Metairie, LA 70002

Dear Members of the Audit Committee and Management:

In planning and performing our audit of the statutory basis financial statements of UnitedHealthcare of Louisiana, Inc. (the “Company”) as of and for the year ended December 31, 2013 (on which we have issued our report dated April 15, 2014), in accordance with auditing standards generally accepted in the United States of America, we considered the Company’s internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses and therefore, material weaknesses may exist that were not identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as of December 31, 2013.

The definitions of a deficiency and a material weakness are set forth in the attached Appendix I.

A description of the responsibility of management for establishing and maintaining internal control over financial reporting and of the objectives of and inherent limitations of internal control over financial reporting, is set forth in the attached Appendix II and should be read in conjunction with this report.

This report is intended solely for the information and use of the Audit Committee, management, others within the organization, and state insurance departments to whose jurisdiction the Company is subject and is not intended to be, and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP

APPENDIX I

DEFINITIONS

The definitions of a deficiency and a material weakness are as follows:

A *deficiency* in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when (a) a properly designed control does not operate as designed, or (b) the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's statutory basis financial statements will not be prevented, or detected and corrected on a timely basis.

APPENDIX II

MANAGEMENT’S RESPONSIBILITY FOR, AND THE OBJECTIVES AND LIMITATIONS OF, INTERNAL CONTROL OVER FINANCIAL REPORTING

The following comments concerning management’s responsibility for internal control over financial reporting and the objectives and inherent limitations of internal control over financial reporting are adapted from auditing standards generally accepted in the United States of America.

Management’s Responsibility

The Company’s management is responsible for the overall accuracy of the statutory basis financial statements and their conformity with accounting practices prescribed or permitted by the Louisiana Department of Insurance. In this regard, management is also responsible for establishing and maintaining effective internal control over financial reporting.

Objectives of Internal Control over Financial Reporting

Internal control over financial reporting is a process effected by those charged with governance, management, and other personnel and designed to provide reasonable assurance about the achievement of the entity’s objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control over the safeguarding of assets against unauthorized acquisition, use, or disposition may include controls related to financial reporting and operations objectives. Generally, controls that are relevant to an audit of statutory basis financial statements are those that pertain to the entity’s objective of reliable financial reporting (i.e., the preparation of reliable statutory basis financial statements that are fairly presented in conformity with accounting practices prescribed or permitted by the Louisiana Department of Insurance.

Inherent Limitations of Internal Control over Financial Reporting

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented, or detected and corrected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.