KPMG

AMERIHEALTH CARITAS LOUISIANA, INC.

Statutory Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Directors
AmeriHealth Caritas Louisiana, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of AmeriHealth Caritas Louisiana, Inc., which comprise the statutory statements of admitted assets, liabilities, and capital and surplus as of December 31, 2014 and 2013, and the related statutory statements of revenues and expenses and changes in capital and surplus, and cash flows for the years then ended, and the related notes to the statutory financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with statutory accounting practices prescribed or permitted by 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in note 3 to the financial statements, the financial statements are prepared by AmeriHealth Caritas Louisiana, Inc. using statutory accounting practices prescribed or permitted by the Louisiana Department of Insurance, which is a basis of accounting other than U.S. generally accepted accounting principles. Accordingly, the financial statements are not intended to be presented in accordance with U.S. generally accepted accounting principles.

The effects on the financial statements of the variances between the statutory accounting practices and U.S. generally accepted accounting principles also are described in note 16.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the variances between statutory accounting principles and U.S. generally accepted accounting principles discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of AmeriHealth Caritas Louisiana, Inc. as of December 31, 2014 and 2013, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of AmeriHealth Caritas Louisiana, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended, in accordance with statutory accounting practices prescribed or permitted by the Louisiana Department of Insurance described in note 3.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the supplemental schedule of investment risk interrogatories and supplementary summary investment schedule is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Louisiana Department of Insurance. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Philadelphia, Pennsylvania
April 27, 2015

AMERIHEALTH CARITAS LOUISIANA, INC.

Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus

December 31, 2014 and 2013

(In thousands)

Admitted Assets		**2014**	**2013**
Cash, cash equivalents, and short-term investments	$	111,476	93,652
Restricted cash equivalents		1,012	1,009
Investment security		2,480	—
Premiums receivable		59,489	7,462
Healthcare receivables		1,468	1,053
Federal income taxes recoverable		1,654	—
Investment income receivable		3	7
Deferred income taxes		2,077	2,383
Due from affiliates		3,300	—
EDP equipment and software, net		65	135
Total admitted assets	$	183,024	105,701
Liabilities and Capital and Surplus			
Accrued medical expenses	$	121,097	49,539
Unpaid claims adjustment expenses		789	771
Accounts payable and accrued expenses		1,300	558
Due to affiliates		7,615	7,943
Premium assessment payable		3,542	6,433
Federal income taxes payable		—	205
Total liabilities		134,343	65,449
Commitments and contingencies (notes 12 and 15)			
Capital and surplus:			
Paid-in surplus		61,371	53,071
Unassigned funds		(23,812)	(12,819)
Special surplus		11,122	—
Total capital and surplus		48,681	40,252
Total liabilities and capital and surplus	$	183,024	105,701

See accompanying notes to statutory financial statements.

AMERIHEALTH CARITAS LOUISIANA, INC.

Statutory Statements of Revenues and Expenses

Years ended December 31, 2014 and 2013

(In thousands)

		2014	2013
Revenues:			
Premiums, net	$	537,284	490,642
Investment income		54	59
Total revenues		537,338	490,701
Expenses:			
Medical and hospital expenses, net		472,158	420,894
Claims adjustment expenses		17,257	17,985
Administrative expenses		47,295	39,238
Total expenses		536,710	478,117
Income before federal income tax expense		628	12,584
Federal income tax expense		2,046	205
Net (loss) income	$	(1,418)	12,379

See accompanying notes to statutory financial statements.

AMERIHEALTH CARITAS LOUISIANA, INC.

Statutory Statements of Changes in Capital and Surplus

Years ended December 31, 2014 and 2013

(In thousands)

		Paid-in surplus	Unassigned funds	Special surplus	Total
Balances at January 1, 2013	$	48,071	(24,682)	—	23,389
Change in nonadmitted assets		—	(857)	—	(857)
Change in deferred income taxes		—	341	—	341
Capital contributions		5,000	—	—	5,000
Net income		—	12,379	—	12,379
Balances at December 31, 2013		53,071	(12,819)	—	40,252
Change in nonadmitted assets		—	3,048	—	3,048
Change in deferred income taxes		—	(1,501)	—	(1,501)
Capital contributions		8,300	—	—	8,300
Net loss		—	(1,418)	—	(1,418)
Subsequent year Affordable Care Act assessment		—	(11,122)	11,122	—
Balances at December 31, 2014	$	61,371	(23,812)	11,122	48,681

See accompanying notes to statutory financial statements.

AMERIHEALTH CARITAS LOUISIANA, INC.

Statutory Statements of Cash Flows

Years ended December 31, 2014 and 2013

(In thousands)

		2014	2013
Cash flows from operating activities:			
Premiums and revenues collected, net of reinsurance	$	485,257	492,016
Claims expenses paid		(398,753)	(421,819)
General administrative expenses paid		(63,941)	(57,530)
Federal and foreign income taxes paid		(3,911)	—
Investment income received		52	58
Net cash provided by operating activities		18,704	12,725
Cash flows used in investing activities:			
Restricted cash equivalents		(3)	(3)
Cost of investments acquired		(2,475)	—
Net cash used in by investing activities		(2,478)	(3)
Cash flows from financing and other activities:			
Capital contributions		8,300	5,000
Other cash (applied) provided		(6,702)	1,067
Net cash provided by financing and other activities		1,598	6,067
Net increase in cash, cash equivalents, and short-term investments		17,824	18,789
Cash, cash equivalents, and short-term investments at beginning of year		93,652	74,863
Cash, cash equivalents, and short-term investments at end of year	$	111,476	93,652

See accompanying notes to statutory financial statements.

(In thousands)

(1) Organization and Description of Business

AmeriHealth Caritas Louisiana, Inc. (the Company) was formed on October 5, 2010 for the purpose of providing Medicaid managed care services to enrollees in the state of Louisiana pursuant to a contract with the State of Louisiana's Department of Health and Hospitals (DHH) effective February 1, 2012. The Company is a wholly owned subsidiary of AmeriHealth Caritas Health Plan (ACHP), a Pennsylvania partnership formed to develop and operate managed care business for Medicaid and Medicare enrollees.

Effective January 1, 2014, the Company entered into a contract with the Centers for Medicare and Medicaid Services (CMS) to provide prepaid healthcare services, including Medicare Part D prescription drug coverage, to eligible Medicare enrollees.

(2) Business Concentration

The Company's premiums revenue for the year ended December 31, 2014 is comprised of revenue received from both DHH and CMS. The Company's premiums revenue for year ended December 31, 2013 is comprised of revenue received from DHH. The Company operates under a license issued by the Louisiana Department of Insurance (DOI). The Company's contract with DHH expires on February 1, 2018. The Company's contract with CMS expired on December 31, 2014 and was not renewed. The discontinuation of involvement with DHH would have a material adverse effect on the future operations of the Company.

Premiums revenue by program as a percentage of the Company's total premium revenues are as follows:

	2014	2013
DHH	99.9%	100.0%
CMS	0.1	—
	100.0%	100.0%

In March 2010, the Patient Protection and Affordable Care Act (ACA) and reconciliation measure and the accompanying Health Care and Education Reconciliation Act of 2010, collectively referred to as the Health Reform Legislation, were signed into law. After being challenged, the Health Reform Legislation was substantially upheld in a U.S. Supreme Court decision in June 2012. This legislation expands access to coverage and modifies aspects of the commercial insurance market, Medicaid and Medicare programs, and other aspects of the health care system. Certain provisions of the Health Reform Legislation have already taken effect, and other provisions become effective at various dates over the next several years. The U.S. Department of Labor, U.S. Department of Health and Human Services, and the U.S. Treasury Department have issued or proposed regulations on a number of aspects of Health Reform Legislation, but final rules and interim guidance on other key aspects of the legislation remain pending.

The Health Reform Legislation provides for an increase in Medicaid fee-for-service and managed care program reimbursements for primary care services provided by primary care doctors (family medicine, general internal medicine or pediatric medicine) to 100% of the Medicare payment rates for 2013 and 2014, and provides 100% federal financing for the difference in rates based on rates applicable on July 1, 2009.

A number of the provisions of the Health Reform Legislation became effective in 2014, including, but not limited to, an annual insurance industry assessment, which is not deductible for income tax purposes (see note 3(h)).

The Health Reform Legislation and the related federal and state regulations could increase the Company's medical and administrative costs and expose the Company to an increased risk of liability. In addition, the Company's results of operations, financial position, and liquidity could be materially and adversely affected by such changes. The Health Reform Legislation will also 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.

(3) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying statutory financial statements of the Company have been prepared in conformity with accounting practices prescribed or permitted by the Louisiana DOI. Such practices vary from U.S. generally accepted accounting principles (GAAP) principally in that certain assets, reportable under GAAP, are nonadmitted and have been excluded from the accompanying statutory statements of admitted assets, liabilities, and capital and surplus and charged directly to capital and surplus, certain investments, which would be carried at estimated fair value under GAAP are carried at amortized cost in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus, deferred tax assets are recognized for federal income tax purposes only, and changes in net deferred tax assets and liabilities are reflected as changes in capital and surplus. Under GAAP, such deferred tax changes are reflected in operations. Additionally, the presentation of the direct method of the statutory statements of cash flows is different from what would be presented under GAAP.

The Louisiana DOI 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 insurance company and for determining insolvency under the Louisiana Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Louisiana.

(b) Prescribed and Permitted Accounting Practices

Currently, "prescribed" statutory accounting practices are interspersed throughout the state insurance laws and regulations, NAIC SAP, and a variety of other NAIC publications. "Permitted" statutory accounting practices encompass all accounting practices that are not prescribed but are permitted by the domicile state DOI; such practices may differ from state to state, may differ from company to company within a state, and may change in the future.

The Company's net (loss) income and capital and surplus as stated on a NAIC SAP basis and on the basis of practices prescribed or permitted by the State of Louisiana are the same as of and for the years ended December 31, 2014 and 2013.

(c) Cash, Cash Equivalents, and Short-Term Investments

Cash and cash equivalents consist of all highly liquid investments with an original maturity of three months or less. Short-term investments consist primarily of investments with an original maturity of 91 days to one year. Interest income from cash, cash equivalents and short-term investments is included in investment income on the statutory statements of revenues and expenses.

Cash equivalents and short-term investments totaled $16,154 and $91,576 at December 31, 2014 and 2013, respectively.

(d) Restricted Cash Equivalents

The Company holds restricted cash equivalents of $1,012 and $1,009 at December 31, 2014 and 2013, respectively. These amounts are restricted pursuant to Louisiana Statute RS22:254(A), which requires an entity to deposit with the Commissioner of the DOI a safe keeping receipt or trust receipt from banking corporations doing a banking business within the State of Louisiana or from a savings and loan association or other insured financial institution chartered to do business in the State of Louisiana, evidencing that the entity has deposited with the several institutions $1,000 in cash to guarantee its financial responsibility.

(e) Investment Securities

Bonds and other debt instruments are stated at amortized cost or at values prescribed by the DOI. Bonds with an NAIC designation of 3 through 6 are reported at the lower of amortized cost or fair value. The amortized cost of bonds is adjusted for amortization of premiums and accretion of discounts using the scientific-interest method. Realized investment gains and losses on the sale of investments are recognized on the specific-identification basis as of the trade date. Realized losses also include losses for fair value declines that are considered to be other than temporary. Interest income is recognized when earned.

An invested asset is considered impaired when its fair value declines below cost. Pursuant to Statement of Statutory Accounting Principles (SSAP) No. 43R, *Loan-backed and Structured Securities*, a loan-backed security is other-than-temporarily impaired if the present value of future cash flows expected to be collected from the security is less than the amortized cost of the security or where the Company intends to sell or does not have the intent and ability to retain the investment in the loan-backed security for the time sufficient to recover the security's amortized cost basis. A fixed maturity security falling outside the scope of SSAP No. 43R is other-than-temporarily impaired if it is probable that the Company will not be able to collect all amounts due under the security's contractual terms or where the Company does not have the intent to hold the security for a period of time sufficient to allow for any anticipated recovery. Factors considered in determining whether a decline is other-than-temporary include the length of time and the extent to which fair value has been below cost, adverse conditions specifically related to the security, the industry or the geographic area, the financial condition and near-term prospects of the issuer, analysis and guidance provided by rating agencies and analysts, and changes in fair value subsequent to the statutory statement of admitted assets, liabilities, and capital and surplus date.

When the Company determines that an other-than-temporary impairment loss exists for a loan-backed security and the Company does not intend to sell the security and has the intent and ability to retain the investment in the loan backed security for the time sufficient to recover the amortized cost basis, the portion of the total impairment that is attributable to the noninterest-related loss is recognized in operations as a realized investment loss, and the cost basis of the security is reduced by the amount of the noninterest-related impairment. When the Company determines that an other-than-temporary impairment loss exists for: (1) a loan-backed security that the Company intends to sell or does not have the intent and ability to retain the investment in the loan-backed security for the time sufficient to recover the amortized cost basis or (2) an invested asset falling outside the scope of SSAP No. 43R, the security is written down to fair value, and the amount of the impairment is included in operations as a realized investment loss. The fair value then becomes the new cost basis of the investment, and any subsequent recoveries in fair value are recognized at disposition. The discount or reduced premium recorded for fixed maturity securities, based on the new cost basis, is amortized over the remaining useful life of the security based on the amount and timing of future estimated cash flows.

The Company may, from time to time, sell invested assets subsequent to year-end that were considered temporarily impaired as of year-end. Such sales are generally due to subsequent events that result in a change in the Company's intent or ability to hold an invested asset. The types of events that may result in a sale include significant changes in the economic facts and circumstances related to the invested asset, significant unforeseen changes in the Company's liquidity needs, or changes in tax laws or the regulatory environment.

(f) Fair Value of Financial Instruments

SSAP No. 100, *Fair Value Measurements*, which defines fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. An asset's fair value is defined as the price at which the asset could be exchanged in an orderly transaction between market participants at the statutory statement of admitted assets, liabilities, and capital and surplus date. A liability's fair value is defined as the amount that would be paid to transfer the liability to a market participant, not the amount that would be paid to settle the liability with the creditor.

The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with significant unobservable inputs (Level 3). An asset's or liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Level 1 and 2) and unobservable (Level 3).

(g) Fixed Assets

Furniture and fixtures and leasehold improvements are designated as "nonadmitted assets" and are charged directly to capital and surplus. Electronic data processing (EDP) equipment exceeding 3% of statutory capital and surplus for the most recently filed statement with the DOI (adjusted to exclude EDP equipment and deferred taxes) are designated as nonadmitted assets and are charged directly to capital and surplus. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, which ranges from three to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. Maintenance and repairs are charged to operations when incurred.

(In thousands)

(h) ACA Assessment

SSAP No. 106, *Affordable Care Act Assessments*, provides specific guidance related to the assessment in Section 9010 of the ACA. Pursuant to this section of the ACA, the Company is subject to an annual fee for each calendar year beginning January 1, 2014. This annual fee is 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 aggregate amount of health premiums written for any U.S. health insurance provider during the preceding calendar year. A health insurance entity's portion of the annual fee is paid no later than September 30 of the applicable calendar year and is not tax deductible. The liability and expense related to the assessment is estimated and recorded in full on January 1 once the entity provides qualifying health insurance in the applicable calendar year in which the assessment is paid.

During the data year proceeding the calendar year in which the fee is payable, the Company is required to reclassify from unassigned funds to special surplus the amount of the estimated subsequent fee year assessment. This segregation is accrued monthly throughout the data year and has no impact on total capital and surplus.

On January 1, 2014, the Company became subject to this annual fee under Section 9010 of the ACA. Premiums written amounted to $537,287 and $491,055 for the years ended December 31, 2014 and 2013, respectively. Such qualifying premiums are the basis for the determination of the ACA assessment to be paid in the subsequent year.

The Company estimates its portion of the ACA assessment payable in 2015 to be $11,122, which is reflected as special surplus on the accompanying 2014 statutory statement of changes in capital and surplus. The Company paid $7,201 in September 2014 related to the 2013 data year.

Total capital and surplus and authorized control level as of December 31, 2014 and 2013 are as follows:

		2014	2013
Total capital and surplus	$	48,681	40,252
Authorized control level		18,616	16,641

Total capital and surplus and authorized control level adjusted to reflect the impact of the subsequent year assessment as if it had been recognized as of December 31, 2014 and 2013 are as follows:

		2014	2013
Total capital and surplus	$	37,559	33,051
Authorized control level		18,616	16,641

If the estimate of the subsequent year fee, as reported in special surplus, had been recognized as of December 31, 2014 and 2013, the Company would have been in compliance with the minimum capital and surplus requirements.

(i) ***Premiums Revenue***

The Company records premiums revenue (net of reinsurance premiums) based on membership records and premiums rates for each membership category. Premiums are recognized as revenue in the period in which the Company is obligated to provide services to members. As further described in note 5, the Company receives additional premiums revenue to address specific medical needs of certain plan members. This premiums revenue includes amounts based on the estimated level of medical costs incurred, historical trends, and other relevant information.

DHH and CMS make monthly payments to the Company based on contract rates. To the extent that these premium payments differ from recorded revenue, the amount of the difference is recorded as either unearned premium revenue or premiums receivable until such time that the differences are resolved.

DHH requires Managed Care Organizations (MCOs) to reimburse qualifying physicians for specified primary care services at an enhanced rate pursuant to the ACA discussed in note 2. DHH identified all qualifying physicians eligible for the enhanced payment for qualifying primary care codes and determined the effective date of their eligibility for the increase. The enhanced rates are reflected in the payments made by the Company to the qualifying physicians for dates of service within the eligibility period. DHH increases premium revenues to the MCOs based on actual claims encounter data for qualifying providers using a six month run-out period. The Company recorded $13,796 and $10,592 of premium revenue and a corresponding medical expense of $12,157 and $10,354 relating to the ACA enhanced payment program for the years ended December 31, 2014 and 2013, respectively.

Premiums revenue includes capitation rate funds designated by DHH for distribution to local hospitals in order to promote continued access to quality care for members. The Company is required to pass 100% of these funds (net of premium assessment) directly to designated hospitals pursuant to an agreement with DHH. The premiums revenue earned under this program that were not received as of year-end are included in premiums receivable on the accompanying 2014 statutory statement of admitted assets, liabilities, and capital and surplus with a corresponding liability for amounts due to providers. Medical expenses incurred under this program are included within medical and hospital expenses, net on the accompanying 2014 statutory statement of revenues and expenses, with corresponding revenues included within premiums, net. The Company recorded $67,513 of premiums revenue and a corresponding medical expense of $65,994 related to this program for the year ended December 31, 2014.

CMS reimburses the Company for costs incurred related to the low income member cost sharing subsidy element of the Medicare Part D program. Accordingly, there is no insurance risk to the Company related to this program. Amounts received for this subsidy are not reflected as premiums revenue, but rather are accounted for as deposits, and a corresponding liability is recorded. The

(Continued)

Company administers and pays the subsidized portion of the claims on behalf of CMS, and a settlement will occur subsequent to year-end between CMS and the Company based on actual claims experience.

(j) ***Premium Assessment***

Louisiana health maintenance organizations (HMOs) are assessed an approximate 2.25% state tax on the premium revenues received from DHH, excluding those premium revenues received related to the reimbursement of the ACA Assessment. The premium revenues paid to HMOs are increased to account for the cost of the tax. Taxes incurred under this program amounted to $11,829 and $11,049 for the years ended December 31, 2014 and 2013, respectively, and are recorded within administrative expenses on the accompanying statutory statements of revenues and expenses.

(k) ***Accrued Medical Expenses and Unpaid Claims Adjustment Expenses***

Accrued medical expenses include medical expenses billed and not paid and an estimate for costs incurred but not reported, which is actuarially determined. In addition, unpaid claims adjustment expenses are accrued based on an estimate of the cost to process these claims. To estimate the required claims incurred but not reported reserves, the Company uses the triangulation method. The method of triangulation makes estimates of completion factors, which are then applied to the total paid claims net of coordination of benefits to date for each incurred month. This provides an estimate of the total projected incurred claims and total amount outstanding of claims incurred but not reported. Consideration is also given to changes in turnaround time and claims processing, which may impact completion factors.

For the most current dates of service where there is insufficient paid claim data to rely solely on the completion factor method, the Company examines cost and utilization trends as well as plan changes, provider contracts, membership changes, and historical seasonal patterns to estimate the reserve required for these months. While the Company believes the accrual for medical expenses is adequate, actual results could differ from such estimates.

Effective January 1, 2014, the Company maintains reinsurance for its Medicare program with a commercial insurance carrier that is more fully described in note 13.

(l) ***Provider Contracting***

The Company contracts with various healthcare providers, including hospitals, in the State of Louisiana to provide medical services. These contracts are generally one year in duration with extension provisions. The Company is dependent upon provider relationships in order to service its members.

(m) ***Income Taxes***

The Company is a Louisiana Insurance Company that is subject to state and federal income tax. Deferred income tax assets and liabilities represent the expected future federal tax consequences of temporary differences generated by statutory accounting. Deferred tax assets (DTAs) and deferred tax liabilities (DTLs) are computed by means of identifying temporary differences, which are measured using a balance sheet approach whereby statutory and tax-basis balance sheets are compared.

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Pursuant to SSAP No. 101, *Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10*, gross DTAs are first reduced by a statutory valuation allowance adjustment to an amount that is more likely than not to be realized (adjusted gross DTAs). Adjusted gross DTAs are then admitted in an amount equal to the sum of paragraphs a. b. and c. below:

a) Federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a timeframe corresponding with Internal Revenue Service tax loss carryback provisions.

b) The amount of adjusted gross DTAs, after the application of paragraph a. above, expected to be realized within the applicable period and that is no greater than the applicable percentage, as determined using the applicable Realization Threshold Limitation Table. The applicable period refers to the number of years in which the DTA will reverse in the Company's tax return and the applicable percentage refers to the percentage of the Company's statutory capital and surplus as required to be shown on the statutory statements of admitted assets, liabilities, and capital and surplus adjusted to exclude any net DTAs, EDP equipment and operating system software, and any net positive goodwill (Stat Cap ExDTA). The Realization Threshold Limitation Tables allow DTAs to be admitted based upon either realization within 3 years and 15% of Stat Cap ExDTA, 1 year and 10% of Stat Cap ExDTA, or no DTA admitted pursuant to this paragraph. In general, the Realization Threshold Limitation Tables allow the Company to admit more DTAs if total DTAs as reported by the Company are a smaller percentage of statutory capital and surplus.

c) The amount of gross DTAs, after the application of paragraphs a. and b. above that can be offset against existing gross DTLs. In applying this offset, the Company considers the character (i.e. ordinary versus capital) of the DTAs and DTLs such that offsetting would be permitted in the tax return under existing enacted federal income tax laws and regulations and the reversal patterns of temporary differences.

Changes in DTAs and DTLs are recognized as a separate component of gains and losses in surplus except to the extent allocated to changes in unrealized gains and losses. Changes in DTAs and DTLs allocated to unrealized gains and losses are netted against the related changes in unrealized gains and losses and are reported as changes in net unrealized capital gains and losses, also a separate component of gains and losses in surplus.

(n) Use of Estimates

The preparation of statutory financial statements in conformity with accounting practices prescribed or permitted by the DOI requires management to make estimates and assumptions that affect the amounts reported in the statutory financial statements and accompanying notes. Some of the more significant estimates include accrued medical expenses, premiums receivable, and income taxes. Actual results could differ from those estimates.

(In thousands)

(o) Regulation

The NAIC adopted Risk Based Capital (RBC) standards for health organizations, including HMOs, that are designed to identify weakly capitalized companies by comparing each company's adjusted capital and surplus to its required capital and surplus (RBC Ratio). The RBC Ratio is designed to reflect the risk profile of the Company. Within certain ratio ranges, regulators have increasing authority to take action as the RBC Ratio decreases. There are four levels of regulatory action, ranging from requiring insurers to submit a comprehensive plan to the state insurance commissioner to requiring the state insurance commissioner to place the insurer under regulatory control. At December 31, 2014 and 2013, the Company's statutory surplus exceeded the level required pursuant to the RBC calculation.

Also, under applicable Louisiana state laws and regulations, the Company is required to maintain a minimum surplus of $3,000 determined in accordance with statutory accounting practices. The Company is in compliance with this requirement as of December 31, 2014 and 2013.

(4) Restricted Assets

At December 31, 2014 and 2013, the Company's restricted assets consist of the following:

	Total gross restricted 2014	Total gross restricted 2013	Change	Percentage of total assets	Percentage of admitted assets
On deposit with State of Louisiana:					
Restricted cash equivalents	$ 1,012	1,009	3	0.5%	0.6%

(5) Premiums Receivable

Premiums receivable consist of the following at December 31, 2014 and 2013:

	2014	2013
Maternity care receivable	$ 799	4,925
Full medicaid payment program receivable	52,831	—
ACA PCP receivable	2,193	2,725
Retro-enrollment/rate adjustment receivable (payable)	3,666	(188)
	$ 59,489	7,462

Maternity care receivable represents estimated amounts that provide for additional premium dollars to address the specific medical needs of certain plan members. Full Medicaid payment program receivable represents amounts earned under the hospital pass-through program discussed in note 3(i) that were not received as of year-end. ACA Primary Care Physician (PCP) receivable represents revenue earned at enhanced rates under the ACA PCP program discussed in note 3(i) that was not received as of year-end. Retro-enrollment revenue/rate adjustment receivable (payable) represents amounts earned for retroactive membership and estimated rate adjustments that were not settled as of year-end.

(Continued)

(In thousands)

(6) Investment Securities

The following is a summary of the Company's unrestricted investment security at December 31, 2014:

		December 31, 2014			
		Cost/ Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Unrestricted investment security:					
U.S. government bond	$	2,480	—	—	2,480

As of December 31, 2014, the contractual maturity date for the Company's U.S. government bond is October 31, 2017. Actual maturity may differ from contractual maturity because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

There were no realized gains or loss on disposals of investment securities recognized within investment income for the year ended December 31, 2014. There were no proceeds from the sale of investment securities during 2014.

The Company's U.S. government bond was in an unrealized loss position for less than twelve months as of December 31, 2014.

No impairment loss was recognized for the year ended December 31, 2014. For the year ended December 31, 2014, there was no impairment charge recognized within the scope of SSAP No. 43R.

(7) Fair Value Measurement

SSAP No. 100 establishes a fair value hierarchy comprising three priority levels, which are as follows:

- *Level 1* – Unadjusted, quoted market prices for identical assets or liabilities in active markets. Market price data is generally obtained from a major exchange or dealer markets.
- *Level 2* – Inputs other than quoted market prices included in Level 1 that are observable for the asset through corroboration with market data at the measurement date. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in nonactive markets, interest rates, and yield curves. An instrument is classified as Level 2 if the Company determines that unobservable inputs are insignificant.
- *Level 3* – Unobservable inputs that are supported by little or no market activity that reflect management's best estimate of what market participants would use in hypothetically pricing the asset at the measurement date.

The Company uses quoted values and other data provided by a nationally recognized independent pricing service as inputs into its process for determining fair values of its investments. The pricing service obtains market quotations and actual transaction prices for securities that have quoted prices in active markets. For securities not actively traded, the pricing service prepares estimates of fair value measurements for those securities using its proprietary pricing applications, which include available relevant market information, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. Additionally, the pricing service uses an Option-Adjusted Spread model to develop prepayment and interest rate scenarios.

(In thousands)

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.

The Company's investment security is considered as Level 1 of the fair value hierarchy.

(8) Pharmacy Rebates Receivable

PerformRx, LLC (PerformRx), a wholly owned subsidiary of ACHP, provides pharmacy benefit management (PBM) services to the Company. PerformRx maintains the contractual arrangements with the drug manufacturers for rebates that cover the Company's membership. The Company receives those rebates collected by PerformRx relating to the Company's membership on a quarterly basis pursuant to the agreement. In accordance with SSAP No. 25, *Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties*, pharmacy rebates receivable of $1,087 and $1,145 at December 31, 2014 and 2013, respectively, were nonadmitted.

(9) Fixed Assets

At December 31, 2014 and 2013, the Company's fixed assets consist of the following:

	December 31, 2014			December 31, 2013		
	EDP equipment and software	Furniture and fixtures and leasehold improvements	Total	EDP equipment and software	Furniture and fixtures and leasehold improvements	Total
Cost basis	$ 606	1,602	2,208	541	1,570	2,111
Accumulated depreciation	(541)	(1,121)	(1,662)	(406)	(828)	(1,234)
Nonadmitted assets	—	(481)	(481)	—	(742)	(742)
Admitted balance	$ 65	—	65	135	—	135

Depreciation and amortization expense charged to operations was $428 and $560 in 2014 and 2013, respectively.

(In thousands)

(10) Accrued Medical Expenses and Unpaid Claims Adjustment Expenses

Activity in accrued medical expenses and unpaid claims adjustment expenses is summarized as follows:

		2014	2013
Balance, January 1	$	50,310	47,630
Incurred related to:			
Current year		496,085	439,433
Prior year		(6,670)	(554)
Total incurred		489,415	438,879
Paid related to:			
Current year		376,198	389,123
Prior year		41,641	47,076
Total paid		417,839	436,199
Balance, December 31	$	121,886	50,310

Reserves for incurred claims and unpaid claim adjustment expenses attributable to insured events of prior years' decreased by $6,670 from $50,310 in 2013 to $43,640 in 2014 and decreased by $554 from $47,630 in 2012 to $47,076 in 2013 as a result of the payment of claims and the reestimation of unpaid claims. These adjustments are generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

(11) Income Taxes

Components of the net DTAs as of December 31, 2014 and 2013 are as follows:

		December 31, 2014		
		Ordinary	Capital	Total
Gross DTAs	$	3,943	—	3,943
Statutory valuation allowance adjustments		—	—	—
Adjusted gross DTAs		3,943	—	3,943
DTAs nonadmitted		(1,866)	—	(1,866)
Subtotal net admitted DTAs		2,077	—	2,077
DTLs		—	—	—
Net admitted DTAs	$	2,077	—	2,077

(Continued)

(In thousands)

		December 31, 2013		
		Ordinary	**Capital**	**Total**
Gross DTAs	$	5,444	—	5,444
Statutory valuation allowance adjustments		—	—	—
Adjusted gross DTAs		5,444	—	5,444
DTAs nonadmitted		(3,061)	—	(3,061)
Subtotal net admitted DTAs		2,383	—	2,383
DTLs		—	—	—
Net admitted DTAs	$	2,383	—	2,383

		Change		
		Ordinary	**Capital**	**Total**
Gross DTAs	$	(1,501)	—	(1,501)
Statutory valuation allowance adjustments		—	—	—
Adjusted gross DTAs		(1,501)	—	(1,501)
DTAs nonadmitted		1,195	—	1,195
Subtotal net admitted DTAs		(306)	—	(306)
DTLs		—	—	—
Net admitted DTAs	$	(306)	—	(306)

(Continued)

(In thousands)

The amount of gross DTAs admitted under each component of SSAP No. 101 for the years ended December 31, 2014 and 2013 is as follows:

		December 31, 2014		
		Ordinary	Capital	Total
A. Federal income taxes paid in prior years recoverable through loss carrybacks	$	2,077	—	2,077
B. Adjusted gross DTAs expected to be realized after application of the threshold limitations:				
1. Adjusted gross DTAs expected to be realized following the balance sheet date		—	—	—
2. Adjusted gross DTAs allowed per limitation threshold		4,654	—	4,654
Lesser of B1 or B2		—	—	—
C. Adjusted gross DTAs offsest by gross DTLs		—	—	—
Admitted DTAs as the result of application of SSAP No. 101	$	2,077	—	2,077

		December 31, 2013		
		Ordinary	Capital	Total
A. Federal income taxes paid in prior years recoverable through loss carrybacks	$	205	—	205
B. Adjusted gross DTAs expected to be realized after application of the threshold limitations:				
1. Adjusted gross DTAs expected to be realized following the balance sheet date		2,178	—	2,178
2. Adjusted gross DTAs allowed per limitation threshold		3,773	—	3,773
Lesser of B1 or B2		2,178	—	2,178
C. Adjusted gross DTAs offsest by gross DTLs		—	—	—
Admitted DTAs as the result of application of SSAP No. 101	$	2,383	—	2,383

(Continued)

(In thousands)

		Ordinary	Change Capital	Total
A. Federal income taxes paid in prior years recoverable through loss carrybacks	$	1,872	—	1,872
B. Adjusted gross DTAs expected to be realized after application of the threshold limitations:				
1. Adjusted gross DTAs expected to be realized following the balance sheet date		(2,178)	—	(2,178)
2. Adjusted gross DTAs allowed per limitation threshold		881	—	881
Lesser of B1 or B2		(2,178)	—	(2,178)
C. Adjusted gross DTAs offsest by gross DTLs		—	—	—
Admitted DTAs as the result of application of SSAP No. 101	$	(306)	—	(306)

		December 31 2014	December 31 2013
(a) Ratio percentage used to determine recovery period and threshold limitation amount		250%	227%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation above	$	46,539	37,734

There was no impact from tax planning strategies on the Company's adjusted gross DTAs or net admitted DTAs at December 31, 2014 or 2013. The Company's tax-planning strategies do not include the use of reinsurance tax-planning strategies.

There are no temporary differences for which DTLs are not recognized.

There are no unrecognized DTLs for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures. There are no unrecognized DTLs for temporary differences.

There was no valuation allowance as of December 31, 2014 or 2013.

The realization of the DTA is dependent upon the Company's ability to generate sufficient taxable income in future periods. Based on the prospects for future current operations, management anticipates that it is more likely than not that future taxable income will be sufficient for the realization of the remaining DTAs.

(Continued)

(In thousands)

Significant components of deferred income taxes as of December 31, 2014 and 2013 are as follows:

		2014	2013	Change
Assets:				
Ordinary:				
Start-up costs	$	1,748	2,692	(944)
Fixed assets		353	283	70
Discounting of unpaid losses		377	150	227
Nonadmitted assets		1,465	2,113	(648)
Other		—	206	(206)
Subtotal		3,943	5,444	(1,501)
Nonadmitted ordinary DTAs		(1,866)	(3,061)	1,195
Admitted ordinary DTAs	$	2,077	2,383	(306)

The change in the net deferred income taxes as of December 31, 2014 and 2013 is comprised of the following:

		2014	2013	Change
Total assets	$	3,943	5,444	(1,501)
Statutory valuation allowance adjustment		—	—	—
Change in net deferred income tax	$	3,943	5,444	(1,501)

(In thousands)

Income tax expense and change in deferred income tax in the accompanying statutory financial statements is different from the amount computed by applying the federal tax rate of 35% to (loss) income before federal income tax expense for the years ended December 31, 2014 and 2013. The reasons for this difference and the related tax effects are summarized as follows:

		2014	2013
Current income tax expense	$	2,046	205
Change in net deferred income tax		1,501	(341)
Total income tax expense (benefit) reported	$	3,547	(136)
Income before federal income tax expense	$	628	12,584
Statutory tax rate		35%	35%
Expected income tax expense at statutory rate		220	4,404
Increase (decrease) in actual tax reported resulting from:			
Nondeductible expenses for meals and entertainment		5	5
Change in nonadmitted assets		648	(1,046)
Change in valuation allowance		—	(3,285)
Affordable Care Act Assessment		2,520	—
Other		154	(214)
Total income tax expense (benefit) reported	$	3,547	(136)

As of December 31, 2014, the Company has no operating loss carryforward.

(12) Leases

Effective September 1, 2011, the Company executed an operating lease agreement for office space expiring on August 31, 2014. On February 27, 2014, the Company amended the lease agreement to extend the term of the lease for an additional one year period ending August 31, 2015. Under the amended lease agreement, the Company has the option to renew for one additional one year period. The Company is also responsible for real estate taxes, utilities, and all other expenses associated with the operation of its leased office facility.

Future minimum rental commitments under such noncancelable lease agreement as of December 31, 2014 are $420 during 2015.

Rent expense for operating leases amounted to $610 and $600 during the years ended December 31, 2014 and 2013, respectively, and is included within administrative expenses on the accompanying statutory statements of revenues and expenses.

(13) Reinsurance

Effective April 1, 2012 through March 31, 2013, the Company maintained reinsurance (stop-loss) coverage for hospital medical expenses and pharmacy costs for its Medicaid plan with a commercial insurance carrier. Under this agreement, the Company was reimbursed for 90% of the inpatient hospital and pharmacy costs exceeding $400 per member per year. Under this policy, the maximum reinsurance recovery on a per member basis was $2,000 per contract period for inpatient hospital costs and $300 per contract period for pharmacy costs. The reinsurance coverage does not relieve the Company of its primary obligation to the plan members. Reinsurance premiums were $413 for the year ended December 31, 2013, and are presented as a reduction to premiums revenue, net in the 2013 statutory statement of revenues and expenses. Reinsurance recoveries amounted to $972 for the year ended December 31, 2013, and are presented as a reduction to medical and hospital expenses, net on the accompanying 2013 statutory statement of revenues and expenses.

Effective January 1, 2014, the Company maintains reinsurance (stop-loss) coverage for its Medicare plan from a commercial insurance carrier. Under this agreement, the Company is reimbursed for 90% of covered services exceeding $250 per member per year. Under this policy, the maximum reinsurance recovery on a per member basis is $2,000 per contract period for covered services. The reinsurance coverage does not relieve the Company of its primary obligation to the plan members. Reinsurance premiums were $3 for the year ended December 31, 2014, and are presented as a reduction to premiums revenue, net in the 2014 statutory statement of revenues and expenses. There were no reinsurance recoveries recognized during 2014.

(14) Related-Party Transactions

The Company subcontracts the administrative portion of certain services, such as claims processing, to ACHP. ACHP subcontracts the majority of its administrative services to AmeriHealth Caritas Services, LLC (ACS), an affiliated company. Costs incurred related to these administrative services were $25,549 and $24,451 for the years ended December 31, 2014 and 2013, respectively, and are included in both administrative expenses and claims adjustment expenses on the accompanying statutory statements of revenue and expenses.

The Company maintains a Staffing Services Agreement (Agreement) with ACS for an initial term of five years, with an automatic annual renewal thereafter unless terminated by either party pursuant to the Agreement. In connection with the Agreement, ACS furnishes to the Company employees necessary to carry out the business operations of the Company. Costs incurred related to the compensation and benefits for employees assigned under the agreement amounted to $9,371 and $7,740 for the years ended December 31, 2014 and 2013, respectively, and are included in both administrative expenses and claims adjustment expenses on the accompanying statutory statements of revenues and expenses.

The Company received capital contributions in the amount of $5,000 from ACHP during the years ended December 31, 2014 and 2013, respectively. As of December 31, 2014, the Company recorded a $3,300 capital contribution receivable due from ACHP that is more fully described in note 17.

As discussed in note 8, PerformRx provides PBM services to the Company. Costs incurred for these services were $3,997 and $4,140 for the years ended December 31, 2014 and 2013, respectively, and are included in both administrative expenses and claims adjustment expenses on the accompanying statutory statements of revenues and expenses.

Effective January 1, 2014, certain behavioral healthcare services are provided to the Company by Community Behavioral Healthcare Network of Pennsylvania, Inc. (CBHNP), a wholly owned subsidiary of ACHP. Costs incurred related to these services rendered by CBHNP were $4 for the year ended

(In thousands)

December 31, 2014, and are included in both administrative expenses and claims adjustment expenses on the accompanying 2014 statutory statement of revenues and expenses.

At December 31, 2014 and 2013, the Company had the following amounts due to affiliates:

		2014	2013
Due to affiliates:			
ACHP	$	5,686	6,520
ACS		1,555	724
PerformRx		374	699
	$	7,615	7,943

(15) Contingencies

In the ordinary course of business, the Company is involved in and is subject to claims, contractual disputes with providers, and other uncertainties. In the opinion of management, the ultimate disposition of these matters will not have a material effect on the Company's financial condition or results of operations.

(16) Reconciliation to GAAP

The following schedule reconciles total capital and surplus in accordance with NAIC SAP reflected in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus to stockholder's equity at December 31, 2014 and 2013, as determined under GAAP:

		2014	2013
Total capital and surplus as reported in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus	$	48,681	40,252
Capital contribution receivable (note 17)		(3,300)	—
Difference between GAAP and statutory net deferred tax asset		(1,465)	(2,113)
Nonadmitted assets excluded from capital and surplus as reported in the statutory reports:			
Fixed assets, net, including EDP equipment and software		481	742
Deferred income taxes		1,866	3,061
Healthcare receivables		2,889	5,154
Prepaid expenses		814	141
Stockholder's equity as determined under GAAP	$	49,966	47,237

For the years ended December 31, 2014 and 2013, statutory net (loss) income of ($1,418) and $12,379, respectively, reported in accordance with NAIC SAP, differed from GAAP net (loss) income of ($2,271) and $10,153, respectively, due to different accounting treatment of deferred tax assets.

(17) Subsequent Events

For statutory reporting purposes, management has evaluated events and transactions occurring subsequent to year-end through March 2, 2015, the date that the 2014 annual statement was filed with the NAIC, for potential recognition and disclosure. Management continued to evaluate events and transactions occurring subsequent to year end through April 27, 2015, the date that the audited statutory financial statements were available to be issued, for potential recognition and disclosure and determined the following events meet the definition of a subsequent event under the scope of SSAP No. 9, *Subsequent Events*:

- As of December 31, 2014, the Company recorded a $3,300 capital contribution receivable and corresponding paid-in capital from ACHP, as approved by the Louisiana DOI on February 25, 2015, which was in accordance with SSAP No. 72, *Surplus and Quasi-Reorganizations*. On February 26, 2015, $3,300 in cash was received by the Company from ACHP.
- On February 1, 2015, the Company entered into a performance bond with DHH for $50,000. Such bond with DHH expires on February 1, 2016 and includes an additional one-year option to renew.

No additional events or transactions require recognition or disclosure in the statutory financial statements.

SUPPLEMENTAL EXHIBITS TO STATUTORY FINANCIAL STATEMENTS

AMERIHEALTH CARITAS LOUISIANA, INC.

Supplemental Investment Risk Interrogatories

December 31, 2014

(In thousands)

Total admitted assets at December 31, 2014: $183,024

1. The Company has no investment exposure to a single issuer/borrower/investor.

2. State the amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

Bonds				Preferred stocks			
NAIC-1	$	13,558	7.4%	P/PSF-1	$	—	—%
NAIC-2		—	—	P/PSF-2		—	—
NAIC-3		—	—	P/PSF-3		—	—
NAIC-4		—	—	P/PSF-4		—	—
NAIC-5		—	—	P/PSF-5		—	—
NAIC-6		—	—	P/PSF-6		—	—

3. The Company holds no foreign investments.

4. The Company holds no Canadian investments.

5. The Company holds no investments with contractual sales restrictions.

6. The Company holds no equity interests.

7. The Company holds no nonaffiliated, privately placed equities.

8. The Company holds no general partnership interests.

9. The Company holds no mortgage loans.

10. The Company holds no real estate.

11. The Company holds no mezzanine real estate loans.

12. The Company does not have admitted assets subject to securities lending agreements, repurchase agreements, reverse repurchase agreements, dollar repurchase agreements, or dollar reverse repurchase agreements.

13. The Company does not hold warrants.

14. The Company does not have exposure to collars, swaps, or forwards.

15. The Company does not have exposure for futures contracts.

See accompanying independent auditors' report.

AMERIHEALTH CARITAS LOUISIANA, INC.

Supplemental Summary Investment Schedule

December 31, 2014

(In thousands)

Investment categories	Gross investment holdings*		Admitted assets as reported in the annual statement	
Bonds:				
U.S. Treasury securities	$ 2,480	2.16%	$ 2,480	2.16%
U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
Issued by U.S. government agencies	—	—	—	—
Issued by U.S. government sponsored agencies	—	—	—	—
Foreign government (including Canada, excluding mortgage-backed securities)	—	—	—	—
Securities issued by states, territories, and possessions, and political subdivisions in the United States:				
State, territory, and possession general obligations	—	—	—	—
Political subdivisions of states, territories, and possessions and political subdivisions general obligations	—	—	—	—
Revenue and assessment obligations	—	—	—	—
Industrial development and similar obligations	—	—	—	—
Mortgage-backed securities (includes residential and commercial mortgage-backed securities):				
Pass-through securities:				
Guaranteed by GNMA	—	—	—	—
Issued by FNMA and FHLMC	—	—	—	—
Privately issued	—	—	—	—
CMOs and REMICs:				
Issued by FNMA and FHLMC	—	—	—	—
Privately issued and collateralized by mortgage-backed securities issued or guaranteed by GNMA, FNMA, and FHLMC	—	—	—	—
All other privately issued	—	—	—	—
Other debt and other fixed-income securities (excluding short-term):				
Unaffiliated domestic securities (includes credit tenant loans rated by SVO)	—	—	—	—
Unaffiliated foreign securities	—	—	—	—
Affiliated securities	—	—	—	—
Equity interests:				
Investments in mutual funds	—	—	—	—
Preferred stocks:				
Affiliated	—	—	—	—
Unaffiliated	—	—	—	—
Publicly traded equity securities (excluding preferred stocks):				
Affiliated	—	—	—	—
Unaffiliated	—	—	—	—
Other equity securities:				
Affiliated	—	—	—	—
Unaffiliated	—	—	—	—
Other equity interests including tangible personal property under lease:				
Affiliated	—	—	—	—
Unaffiliated	—	—	—	—
Mortgage loans:				
Construction and land development	—	—	—	—
Agricultural	—	—	—	—
Single-family residential properties	—	—	—	—
Multifamily residential properties	—	—	—	—
Commercial loans	—	—	—	—

(Continued)

AMERIHEALTH CARITAS LOUISIANA, INC.

Supplemental Summary Investment Schedule

December 31, 2014

(In thousands)

Investment categories	Gross investment holdings*		Admitted assets as reported in the annual statement	
Real estate investments:				
Property occupied by company	$ —	—%	$ —	—%
Property held for production of income	—	—	—	—
Property held for sale	—	—	—	—
Collateral loans	—	—	—	—
Policy loans	—	—	—	—
Receivable for securities	—	—	—	—
Cash, cash equivalents, and short-term investments	111,476	96.96	111,476	96.96
Cash, cash equivalents, and short-term investments – restricted	1,012	0.88	1,012	0.88
Write-in for invested assets	—	—	—	—
Total invested assets	$ 114,968	100.00%	$ 114,968	100.00%

* Gross Investment Holdings as valued in compliance with *NAIC Accounting Practices and Procedures Manual*.

See accompanying independent auditors' report.