SUPERIOR COURT FOR THE DISTRICT OF COLUMBIA
Civil Division

DISTRICT OF COLUMBIA Department of Insurance, Securities and Banking, Petitioner, v. D.C. CHARTERED HEALTH PLAN, INC., Respondent.	Civil Action No.: 2012 CA 008227 2 Judge: Melvin R. Wright Calendar No.: 15 Next Scheduled Event: Status Hearing July 15, 2014, at 9:30 a.m.

PRAECIPE

NOTICE OF FILING OF SPECIAL DEPUTY TO THE REHABILITATOR'S TWELFTH STATUS REPORT

D.C. Chartered Health Plan, Inc., acting through its Rehabilitator and his attorneys, files the attached Special Deputy to the Rehabilitator's Twelfth Status Report.

Dated: July 2, 2014

Respectfully submitted,

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Attorneys for the Rehabilitator and the
Special Deputy to the Rehabilitator for
D.C. Chartered Health Plan, Inc.

Certificate of Service

I hereby certify that on July 2, 2014, a copy of the foregoing *Notice of Filing of Special Deputy to the Rehabilitator's Twelfth Status Report*, with exhibits, was filed and served by email upon:

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SPECIAL DEPUTY TO THE REHABILITATOR'S TWELFTH STATUS REPORT

Daniel L. Watkins, as Special Deputy to the Rehabilitator of D.C. Chartered Health Plan, Inc. in Rehabilitation ("Chartered"), files this *Twelfth Status Report*.

1. **Update From Eleventh Status Report.** On March 27, 2014, the Special Deputy filed his Eleventh Status Report with the Court. The following information provides an update to the Eleventh Status Report.

   (a) Pending Legal Matters.

   i. By Order dated October 17, 2013, the Court granted the Rehabilitator's request that an order be entered permitting the District of Columbia Department of Health Care Finance ("DHCF") to deposit certain funds into the Court Registry for the benefit of Chartered's providers to ensure equitable *pro rata* distribution of Part II settlement payments pursuant to the Court-approved Plan of Reorganization. DHCF deposited $2,072,770.27 in the Court Registry on July 1, 2014. As outlined in paragraphs 2(b) and 2(c) below, the Rehabilitator worked with DHCF to facilitate this transfer of funds to the Court Registry for the amounts owed

providers not yet paid their full pro rata share of Part II settlement payments through the now-completed DHCF grant program.

ii. DCHSI's consolidated reply brief in support of its appeals (which concern the approval of the Asset Purchase Agreement, the denial of a stay of the Asset Purchase Agreement, and approval of the DHCF settlement) was filed in the D.C. Court of Appeals on March 28, 2014. Oral argument has not yet been scheduled.

(b) Parent Company and Related Party Issues.

i. The parties in *D.C. Chartered Health Plan, Inc. v. Jeffrey E. Thompson and D.C. Healthcare Systems, Inc.*, Civil Action No. 2013 CA 003752 B (D.C. Super. Ct.) continue to await rulings from Judge Mott on Chartered's motion for partial summary judgment and on the defendants' motion to dismiss three counts in the Rehabilitator's complaint in that action. Discovery and other pre-trial matters are stayed.

ii. As reported in the Tenth and Eleventh Status Reports, the Rehabilitator is working with tax professionals to determine whether Chartered has any outstanding federal income tax obligations. As previously reported, no additional Class 3 payments to providers beyond the 83.88% pro rata share payments will be proposed by the Rehabilitator for the Court's consideration pending the completion of the Rehabilitator's review of Chartered's federal income tax matters.

(c) Financial Matters.

i. On June 2, 2014 Chartered timely filed its 2013 statutory audit report with the District of Columbia Department of Insurance, Securities and Banking (DISB). That report, **Exhibit 1** hereto, was prepared by the independent accounting firm of Brown Smith Wallace, LLC. The report shows the following:

✓ Chartered recorded a $3 million loss for 2013. The loss was largely driven by a $12 million charge associated with the seizure by Cardinal Bank of certain Chartered investment assets which collateralized a loan to Chartered's parent company, D.C. Healthcare Systems, Inc. (DCHSI).

✓ The settlement of the dispute between Chartered and the District's Department of Health Care Finance over retrospective premiums provided $48 million of cash for payment of Chartered's health care provider claims. The settlement positively impacted Chartered's 2013 results of operations by $16 million.

✓ The sale of substantially all of Chartered's operating assets to AmeriHealth District of Columbia on April 30, 2013 positively impacted Chartered's 2013 results of operations by approximately $5 million.

✓ Chartered's year-end 2013 balance sheet shows an $11.3 million deficit in its Capital and Surplus account.

- ✓ Assets were $10.0 million and composed almost entirely of cash.
- ✓ Liabilities totaled $21.3 million, including $10.9 million for unpaid provider claims and $10.4 million for other liabilities, most of which represented unpaid premium taxes owed to DISB.

✓ Brown Smith Wallace, LLC did not express an unqualified opinion on the financial statements primarily because of unresolved issues associated with open litigation and the apparent failure of Chartered's parent company to file federal tax returns for the consolidated group's most recent three fiscal years.

✓ Chartered settled a legal dispute with two of its largest health care providers owned by MedStar Health in 2013. However, litigation continues between Chartered, its parent company, DCHSI, and DCHSI's sole shareholder, Jeffrey Thompson, over multiple issues. (See paragraph 1 of this report, above.)

ii. On May 15, 2014, Chartered submitted to the DISB the unaudited Q1 2014 financial statement through March 31, 2014, attached hereto as **Exhibit 2**. The report showed:

- ✓ A loss of $775,851 for the quarter.
- ✓ Assets of $9.25 million.
- ✓ A $12 million deficit in capital and surplus accounts.
- ✓ Liabilities totaled $21.2 million; unpaid provider claims remained at $10.9 million and other liabilities at $10.3 million, most which represented unpaid premium taxes owed DISB.

iii. Chartered maintained a 401(k) profit sharing plan for the benefit of its employees. Because all Chartered employees were either terminated or transferred to AmeriHealth DC on April 30, 2013, the Rehabilitator elected to terminate the plan. Therefore, effective April 30, 2013 all plan benefit accruals ceased and the plan's custodian, John Hancock Life Insurance Company, was notified to terminate the plan. The custodian then took action to fully vest all participants' account balances and to distribute all such balances by May 31, 2013.

The required final annual audit of the plan for the five month period ending May 31, 2013 was completed by the independent accounting firm Regan Schickner Shah Harper LLC on January 2, 2014. The audit report, along with final Form 5500 "Annual Return/Report of Employee Benefit Plan," was then filed with the Department of Labor on April 2, 2014 (see attached **Exhibit 3**). A copy of the plan's 2013 summary annual report and each participant's respective 2013 activity report were then distributed to all plan participants.

iv. The Special Deputy has been working with his legal, financial and administrative professionals and consultants, along with an IT systems consultant and other

responsible people at AmeriHealth District of Columbia, to prepare a document/data/ information plan that will satisfy any legal obligations Chartered may have under its now-expired Medicaid contract with the DHCF and otherwise. Once the plan is completed, we anticipate filing it with the Court and seeking any necessary approvals of long-term data and record retention arrangements.

2. **Carrying Out the Plan of Reorganization and Payment of Chartered's Liabilities.**

(a) Proofs of Claim Process. 65 proofs of claim were received by the Special Deputy totaling approximately $14 million, with a few unquantified claims including one for indemnification from Jeff Thompson. The Special Deputy has worked to resolve both the amount and the priority class of those proofs of claim according to the process detailed in paragraph 2(a) of the Eleventh Status Report. To date, the Rehabilitator has mailed Notices of Determination to all but 3 claimants who filed proofs of claim. Those 3 claims remain to be determined. Claimants have 60 days from the date of the Notice of Determination to object to the Rehabilitator's Determination of Claim priority and/or amount allowed, if any. A spreadsheet and summary narrative is attached setting out the determinations made by the Special Deputy to the Rehabilitator (see attached **Exhibit 4**). The Special Deputy will notify the Court of any objections which are timely filed. Notices on the 3 remaining proofs of claim will be sent to those claimants as reviews are completed.

(b) Provider Claims and Payments.

i. As previously reported, Chartered has paid healthcare providers $18 million for Part I payments under the DHCF Settlement Agreement. DHCF has distributed approximately $28 million of the $30 million DHCF Settlement Agreement Part II payments through its grant program. (Together, the Part I and Part II payments for each approved provider claim constitute the 83.88% pro rata share

mentioned herein.) On July 1, 2014, DHCF deposited $2,072,770.27, the outstanding balance of unpaid Part II settlement payments, for distribution to providers as described in paragraph 2(c) below.

ii. Chartered has also paid with estate assets 83.88% of the (a) $8.4 million settlement with MedStar; and, (b) approximately $1.2 million in claim appeals approved through May 2014.

(c) Next Steps. As previously reported, the Rehabilitator and the DHCF determined the most expeditious way to get all providers paid (both grant applicants who did not complete the process and non-applicants) for their pro rata share of the Part II settlement, was to use the Court Registry as approved by the Court on October 17, 2013 and as described in prior reports. On July 1, 2014, DHCF deposited into the Court Registry $2,072,770.27 in unpaid settlement amounts. Chartered shortly will petition the Court to transfer the funds to Chartered for distribution by the Colbent Corporation to the providers yet to receive a Part II settlement distribution on their claims.

(d) Claim Appeals. Chartered has continued to determine claim appeals. To date, there have been three petitions requesting approval of payment of claim appeals. The Court issued orders granting payment approval on December 12, 2013, April 3, 2014, and June 6, 2014. The Rehabilitator will file shortly a petition for approval of payment of $22,405.62 for the 83.88% pro rata share of one outstanding appeal.

3. Rehabilitation Expenses.

(a) The Court has approved all of the Rehabilitator's petitions for approval of Submissions of Fees and Expenses, through the Eleventh Submission.

(b) On June 6, 2014, Chartered filed a Notice of Filing by the Special Deputy to the Rehabilitator of the Eleventh Submission of Fee and Expense Statements for In Camera

Review and Petition for Approval of Payment. **Exhibit 5** is a spreadsheet showing the Class 1 fees and expenses in the Eleventh Fee Submissions.

4. **Chartered Assets.** Chartered currently has cash assets of approximately $8.4 million. Chartered is collecting approximately $100,000 in pharmacy rebates and reinsurance experience refunds. Class 1 administrative fees and expenses significantly declined in the Eleventh Submission as anticipated for the reasons discussed in prior Fee Submissions and Status Reports.

Respectfully submitted,

/s/ Daniel L. Watkins
DANIEL L. WATKINS
Special Deputy to the Rehabilitator for
D.C. Chartered Health Plan, Inc.

EXHIBIT 1

D.C. CHARTERED HEALTH PLAN, INC.

IN RECEIVERSHIP

(A WHOLLY OWNED SUBSIDIARY OF
D.C. HEALTHCARE SYSTEMS, INC.)

STATUTORY FINANCIAL STATEMENTS

DECEMBER 31, 2013

(WITH INDEPENDENT AUDITOR'S
REPORT THEREON)

Table of Contents

BROWN SMITH WALLACE LLC
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Independent Auditor's Report

Commissioner as Rehabilitator
D.C. Chartered Health Plan, Inc. in Receivership
Washington, D.C.

Report on the Statutory Financial Statements

We have audited the accompanying statutory financial statements of D.C. Chartered Health Plan, Inc. in Receivership ("Chartered"), a wholly owned subsidiary of D.C. Healthcare Systems, Inc. ("DCHSI" or the "Parent"), which comprise the statutory statements of admitted assets, liabilities and capital and deficit as of December 31, 2013 and 2012, and the related statutory statements of operations, capital and deficit, and cash flows for the years then ended, and the related notes to the statutory financial statements.

Management's Responsibility for the Statutory Financial Statements

As described more fully in Note 2 to the statutory financial statements, management and the Commissioner as Rehabilitator are responsible for the preparation and fair presentation of these statutory financial statements in accordance with accounting practices prescribed or permitted by the Department of Insurance, Securities and Banking of the District of Columbia (the "DISB"), which practices differ materially from accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these statutory financial statements based on our audits. Except as discussed below, 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 financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

We were unable to obtain a discussion or evaluation from all of Chartered's outside legal counsel of pending or threatened litigation described in Note 8(b) to the statutory financial statements. We were, however, able to obtain information from Faegre Baker Daniels LLP which has been identified by the Special Deputy Rehabilitator as having oversight of all litigation and legal matters for Chartered.

It is our understanding that DCHSI has not filed consolidated Federal Income Tax returns that include Chartered for any periods subsequent to April 30, 2010, DCHSI's fiscal year end.

Because of the significance of the matters discussed in the preceding paragraphs, the scope of our work was not sufficient to enable us to express an unqualified opinion on the financial position, results of operations, capital and deficit, and cash flows for the years ended December 31, 2013 and 2012.

Qualified Opinion

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion section, the statutory financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Chartered 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 basis of accounting described in Note 2 to the statutory financial statements.

Emphasis-of-matter - Receivership Proceedings

As discussed in Note 1 and Note 4 to the statutory financial statements, on October 19, 2012, Chartered was placed into Rehabilitation by the Superior Court for the District of Columbia and effective April 30, 2013, substantially all of the entity's operations were sold in an Asset Purchase Agreement.

Basis of Accounting

We draw attention to Note 2 of the statutory financial statements, which describes the basis of accounting. As described in Note 2 to the statutory financial statements, the statutory financial statements are prepared in conformity with the accounting practices prescribed or permitted by the DISB, which is a basis of accounting other than the accounting principles generally accepted in the United States of America, to meet the requirements of the DISB. Our opinion is not modified with respect to this matter.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the statutory financial statements taken as a whole. The accompanying Supplemental Summary Investment Schedule and Investment Risk Interrogatories (collectively referred to as "Supplemental Schedules") of Chartered as of December 31, 2013 are presented for purpose of additional analysis and are not a required part of the statutory financial statements. 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 statutory financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory financial statements or to the statutory 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 statutory financial statements as a whole.

Restriction on Use

This report is intended solely for the information and use of the Commissioner as Rehabilitator and management of D.C. Chartered Health Plan, Inc. in Receivership and for filing with the Department of Insurance, Securities and Banking of the District of Columbia and should not be used for any other purpose.

Brown Smith Wallace LLC

St. Louis, Missouri
May 27, 2014

D.C. CHARTERED HEALTH PLAN, INC. in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Statements of Admitted Assets, Liabilities and Capital and Deficit

December 31, 2013 and 2012
(See Independent Auditor's Report)

	2013	2012
ADMITTED ASSETS		
Cash and Invested Assets		
Bonds, at cost which approximates fair value	**$ -**	$ 13,479,363
Cash, cash equivalents and short-term investments	**9,852,622**	4,821,623
Total Cash and Invested Assets	**9,852,622**	18,300,986
Accrued investment income	**-**	136,849
Uncollected premiums	**-**	5,164,863
Accrued retrospective premiums	**-**	32,000,000
Reinsurance recoverable	**143,039**	351,586
TOTAL ADMITTED ASSETS	**$ 9,995,661**	$ 55,954,284
LIABILITIES AND CAPITAL AND DEFICIT		
Current Liabilities		
Claims unpaid	**$ 10,934,463**	$ 47,889,416
Unpaid claims adjustment expenses	**-**	1,275,722
Premium deficiency reserve	**-**	5,000,000
Other liabilities and accrued expenses	**10,391,763**	11,546,313
Total Current Liabilities	**21,326,226**	65,711,451
Capital and Deficit		
Class A common stock - $0.10 par value, 1,000 shares authorized, issued and outstanding	**100**	100
Gross paid-in and contributed surplus	**4,690,419**	4,690,419
Unassigned deficit	**(16,021,084)**	(14,447,686)
Total Capital and Deficit	**(11,330,565)**	(9,757,167)
TOTAL LIABILITIES AND CAPITAL AND DEFICIT	**$ 9,995,661**	$ 55,954,284

The accompanying notes are an integral part of these statutory financial statements.

D.C. CHARTERED HEALTH PLAN, INC. in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Statements of Operations
Years ended December 31, 2013 and 2012
(See Independent Auditor's Report)

	2013	2012
UNDERWRITING INCOME		
Net premium income	**$ 117,391,081**	$ 398,256,303
Total Underwriting Income	**117,391,081**	398,256,303
UNDERWRITING EXPENSES		
Claims incurred, net of reinsurance	**108,834,620**	359,550,135
Claims adjustment expenses	**3,001,242**	13,369,721
General administrative expenses	**17,736,045**	34,321,277
Total Underwriting Expenses	**129,571,907**	407,241,133
Net Underwriting Loss	**(12,180,826)**	(8,984,830)
Premium deficiency expense (See Note 2(h))	**5,000,000**	(5,000,000)
Net investment income	**94,510**	268,434
Realized loss on notes receivable	**-**	(188,599)
Accrued retrospective premiums (See Note 5)	**15,978,610**	(6,000,000)
Related-party loss (See Notes 8(c) and 13)	**(12,182,002)**	(8,427)
Other income (expenses), net (See Note 16)	**828,758**	(250,333)
Loss on disposal of fixed assets	**(589,913)**	-
Net loss before federal taxes	**(3,050,863)**	(20,163,755)
Federal income tax expense	**-**	-
NET LOSS	**$ (3,050,863)**	$ (20,163,755)

The accompanying notes are an integral part of these statutory financial statements.

D.C. CHARTERED HEALTH PLAN, INC. in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Statements of Capital and Deficit

Years ended December 31, 2013 and 2012

(See Independent Auditor's Report)

	Common Stock	Additional Paid in Surplus	Unassigned Surplus (Deficit)	Total
Balance at December 31, 2011	$ 100	$ 4,690,419	$ 1,258,926	$ 5,949,445
Net loss	-	-	(20,163,755)	(20,163,755)
Change in nonadmitted assets	-	-	4,457,143	4,457,143
Balance at December 31, 2012	100	4,690,419	(14,447,686)	(9,757,167)
Net loss	-	-	(3,050,863)	(3,050,863)
Change in nonadmitted assets	-	-	1,477,465	1,477,465
Balance at December 31, 2013	**$ 100**	**$ 4,690,419**	**$ (16,021,084)**	**$ (11,330,565)**

The accompanying notes are an integral part of these statutory financial statements.

D.C. CHARTERED HEALTH PLAN, INC. in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Statements of Cash Flows
Years ended December 31, 2013 and 2012
(See Independent Auditor's Report)

	2013	2012
Cash flows from operating activities:		
Premiums collected, net of reinsurance	**$ 165,534,554**	$ 391,422,122
Benefit payments	**(140,581,026)**	(357,310,956)
General and administrative expenses paid	**(34,245,106)**	(49,992,662)
Net investment income	**231,357**	254,270
Net cash used in operating activities	**(9,060,221)**	(15,627,226)
Cash flows from investing activities:		
Proceeds from investments	**13,979,364**	5,202,544
Cost of investments acquired	**(500,000)**	(3,642,667)
Net cash provided by investing activities	**13,479,364**	1,559,877
Cash flows from financing activities:		
Other cash provided, net	**611,856**	1,913,654
Net cash provided by financing activities	**611,856**	1,913,654
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	**5,030,999**	(12,153,695)
Cash, cash equivalents and short-term investments beginning of year	**4,821,623**	16,975,318
Cash, cash equivalents and short-term investments end of year	**$ 9,852,622**	$ 4,821,623

The accompanying notes are an integral part of these statutory financial statements.

(1) Description of Business

D.C. Chartered Health Plan, Inc. in Receivership ("Chartered") is a Medicaid Health Maintenance Organization ("HMO") and was established on December 31, 1986, under the laws of the District of Columbia ("District"). Chartered is owned by D.C. Healthcare Systems, Inc. ("DCHSI"). DCHSI purchased Chartered out of a bankruptcy trusteeship on May 17, 2000.

Chartered's primary purpose up until May 1, 2013 was to provide healthcare within a managed care framework to residents of the District through contracts with the District's Department of Health Care Finance ("DHCF"). Such contracts required Chartered to provide health care services to the residents of the District who qualify under the Medicaid or Alliance programs operated by the District. Alliance enrollees are those residents not eligible for the federally-funded Medicaid program, but whose incomes fall below 200% of the federally-determined poverty level. At the beginning of 2013, Chartered served approximately 102,000 members enrolled in the Medicaid program and approximately 8,000 members enrolled in the Alliance program. Substantially all of Chartered's revenue for 2013 was earned during the period from January 1, 2013 through April 30, 2013, and was derived from it Medicaid and Alliance contracts with the DHCF.

On October 19, 2012, Chartered was placed into court-supervised rehabilitation with the consent of Chartered's Board of Directors and its owner. The Commissioner of the Department of Insurance, Securities and Banking of the District of Columbia ("DISB") was appointed Rehabilitator. Chartered entered into an Asset Purchase Agreement on February 8, 2013, with AmeriHealth District of Columbia, Inc. for the sale of substantially all of Chartered's operating assets and transfer of various contractual agreements. The sale closed on April 30, 2013, and at that time all of Chartered's Medicaid and Alliance enrollees were transferred to AmeriHealth District of Columbia, Inc.

Chartered elected to not bid on the DHCF's request for proposals for new contracts that would have taken effect after April 30, 2013. As a consequence, Chartered ceased participation in the DHCF's Medicaid and Alliance programs on April 30, 2013, effectively ending its revenue-producing operations. For the remainder of 2013, Chartered was engaged in the process of settling outstanding healthcare claims and transitioning its operations to AmeriHealth District of Columbia, Inc.

(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices

(a) Basis of Presentation

The accompanying statutory financial statements of Chartered have been prepared on the statutory basis of accounting, in accordance with the accounting practices adopted by the National Association of Insurance Commissioners ("NAIC") codification project ("Codification") as prescribed or permitted by the DISB. The Codification was adopted by DISB without significant modification.

(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices (Continued)

(a) Basis of Presentation (Continued)

DISB previously determined that certain of Chartered's pledged investments may be classified as admitted assets. They are included in "Bonds, at cost which approximates fair value" for December 31, 2012, in the accompanying Statutory Statements of Admitted Assets, Liabilities and Capital and Deficit. In May 2013, these pledged investments were liquidated by the bank to pay off an outstanding debt owed by DCHSI, thereby causing Chartered to recognize a substantial financial loss. See Note 8(c) for additional information on the disposition of the pledged assets. Chartered has no other material statutory accounting practices that differ from those of DISB or the Codification.

These statutory financial statements differ materially from financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The principal differences are:

a) Under GAAP, the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns is required. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Such adjustments are recorded in unassigned surplus for statutory purposes.

b) Certain assets such as uncollected premiums and other receivables over 90 days past due, prepaid expenses, provider advances, provider overpayments, pharmacy rebate receivable, leasehold improvements, certain furniture and equipment, computer software, and amounts due from affiliates are designated as non-admitted for statutory accounting purposes if they fail to meet certain tests and are excluded from the Statutory Statements of Admitted Assets, Liabilities and Capital and Deficit by a direct charge to capital and surplus. For GAAP, these amounts are carried as assets, net of a valuation allowance, if necessary.

c) Intangible assets, including goodwill, are non-admitted and, therefore, are not reflected in Chartered's Statutory Statements of Admitted Assets, Liabilities and Capital and Deficit.

(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices (Continued)

(a) Basis of Presentation (Continued)

d) Cash, cash equivalents and short-term investments in the Statutory Statements of Cash Flows represent cash balances and investments with original maturities of one year or less. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with original maturities of three months or less. Also, the Statutory Statements of Cash Flows do not include classifications consistent with GAAP and a reconciliation of net income to net cash provided by operating activities is not provided.

(b) Bonds

Bonds are comprised of certificates of deposits with original maturities greater than one year. The certificates are held by financial institutions and are carried at cost, which approximates fair value. As of December 31, 2013, Chartered did not hold any investments. As of December 31, 2012, Chartered's bonds totaled $13,479,363.

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

Cash, cash equivalents and short-term investments generally are comprised of cash, money market accounts and certificates of deposits with original maturities of twelve months or less at the date of purchase. The certificates are held by financial institutions and are carried at cost, which approximates fair value. Cash, cash equivalents and short-term investments were $9,852,622 and $4,821,623 as of December 31, 2013 and 2012, respectively.

(d) Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over a period not to exceed three years. Equipment under capital leases is stated at the present value of minimum lease payments and is amortized using the straight-line method over the term of the lease. All property and equipment were transferred to AmeriHealth District of Columbia, Inc. on April 30, 2013.

(e) Premium Revenue

Chartered recognizes premiums received for members enrolled in the Medicaid and Alliance programs as revenue in the period to which health care coverage relates. Member premiums are paid on a fixed monthly fee per capita basis. Chartered receives additional revenue for the birth of newborns by its enrolled members. Such revenue is recognized in the month of the birth.

(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices (Continued)

(f) Health Care Costs and Unpaid Claims Adjustment Expenses

Chartered entered into hospital service contracts to provide necessary inpatient and outpatient hospital services to its enrollees. Under the contracts, Chartered pays the participating hospitals at the fee-for-service rates in effect at the time the services were provided to its enrollees. Chartered also entered into agreements with network physicians and suppliers to provide medical services and supplies to Chartered's enrollees at agreed-upon fee-for-service rates or at fixed fees per member per month ("capitation").

Monthly capitation payments to primary care physicians and other healthcare providers are expensed as paid. Health care costs and healthcare costs payable include amounts for known services rendered and an estimate of incurred but not reported services rendered by hospitals, physicians, and other health care providers.

As part of the process of estimating the cost of all claims reported but unpaid, and claims incurred but not reported, Chartered accrued $1,275,722 at December 31, 2012, as an estimate of the expense to administer these claims. At December 31, 2013, Chartered did not accrue a reserve for claims reported but unpaid and claims incurred but not reported.

(g) Income Taxes

In accordance with its tax allocation agreement with DCHSI, Chartered is to be included in consolidated federal and state income tax returns with DCHSI, using an April 30 fiscal year-end. Deferred tax assets, deferred tax liabilities, and income tax expense or benefit associated with Chartered have been provided for on a separate company basis. In addition, Chartered determines its deferred income taxes on a separate company basis and remits its estimated tax payment to DCHSI. DCHSI, including Chartered, is believed by management to have filed federal income tax returns through April 30, 2010. It is management's understanding that tax returns for fiscal years ended April 30, 2011, 2012, 2013 and 2014 have not been filed with the Internal Revenue Service, as of the date of this report.

Income taxes are accounted for under the asset and liability method. Deferred tax assets ("DTAs") and liabilities ("DTLs") are recognized for the future tax consequences attributable to differences between the statutory financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. DTAs and DTLs are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on DTAs and DTLs from a change in tax rates is recognized in the period that includes the enactment date.

(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices (Continued)

(g) Income Taxes (Continued)

Chartered has adopted SSAP No. 101 - *Income Taxes*, which became effective January 1, 2012. Under SSAP No. 101, Chartered was required to recalculate its admitted net deferred tax asset as of January 1, 2012. The impact of adoption of SSAP No. 101 resulted in no change to total admitted assets and surplus as of January 1, 2012.

(h) Premium Deficiency Reserve

Premium deficiency reserves and the related expense are recognized when it is probable that expected future healthcare and maintenance costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries over the remaining lives of the contracts. The methods for making such estimates and for establishing the resulting reserves are continually reviewed and updated, and any adjustments resulting therefrom are reflected in current operations. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided.

In consultation with Chartered's outside actuaries, Chartered determined that it was appropriate under statutory accounting principles to establish a premium deficiency reserve at December 31, 2012, in the amount of $5 million. Because Chartered ended its final contract with the DHCF at April 30, 2013, it is similarly appropriate under statutory accounting principles to eliminate the previously established premium deficiency reserve at December 31, 2013.

(i) Use of Estimates

Management of Chartered has made a number of estimates and assumptions relating to the reporting of admitted assets and liabilities and the disclosure of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenues and expenses during the reporting period to prepare these statutory financial statements in conformity with statutory accounting principles. Actual results could differ from those estimates.

(3) Investments

(a) Bonds

The cost, which approximates fair value, of bonds, comprised solely of certificates of deposit, at December 31, 2013 and 2012, by contractual maturity is shown below.

	2013	2012
Maturing in one year or less	**$ -**	$ 6,692,363
Maturing after one year through five years	**-**	6,787,000
	$ -	$ 13,479,363

(b) Net Investment Income

The following table reflects net investment income by type of investment for the years ended December 31, 2013 and 2012:

	2013	2012
Bonds	**$ 100,511**	$ 239,647
Cash and cash equivalents	**16,103**	70,770
Other	**-**	(863)
Gross investment income	**116,614**	309,554
Less: investment expenses	**22,104**	41,120
	$ 94,510	$ 268,434

(4) Property and Equipment

At April 30, 2013, Chartered's property and equipment was transferred to AmeriHealth District of Columbia, Inc. in accordance with the Asset Purchase Agreement between the two parties dated February 8, 2013. At December 31, 2012, Chartered's property and equipment was non-admitted based upon the requirements of SSAP No. 16R.

Depreciation and amortization expense related to property and equipment and software, including non-admitted assets, was $133,675 and $469,395 for the years ended December 31, 2013 and 2012, respectively.

(5) Retrospective Premiums – Change in Accounting Principle

During 2012, management determined that contracts in force with the DHCF were retrospectively rated contracts in accordance with SSAP No. 66 – *Retrospectively Rated Contracts*. This represented a change in accounting principle which management determined to apply as of December 31, 2011. This represented an exception to statutory accounting principles, as the change in accounting principle should have been applied retroactively, beginning at the date at which the retrospective premium accrual should have commenced. This would have required the Accrued Retrospective Premium Receivable at December 31, 2011, to be allocated between the last five months of 2010 and the entire year of 2011. Because the amount allocable to 2010 was estimated to be relatively small in comparison to the total Retrospective Premium, management elected to not allocate a portion of the Retrospective Premium to 2010 and, consequently, did not restate Chartered's 2010 statutory financial statements.

As of December 31, 2011, Chartered recorded an Accrued Retrospective Premium Receivable net amount of $20 million for the period from August 2010 through December 31, 2011, related to the Medicaid contract, after consideration of a $10 million allowance, based on management's assessment of collectability.

On April 10, 2012, Chartered filed a claim with the District's Contract Appeals Board for approximately $25.8 million for pharmacy losses incurred from August 1, 2010 through April 30, 2012, under the Medicaid contract, following the effective denial of the claim by the DHCF. Chartered had requested that the District review the contract's pharmacy rates and make a rate adjustment for the 2010 – 2011 contract year, based on management's contention that current rates were actuarially unsound.

During 2012, Chartered revised this calculation based upon a report prepared by Rector & Associates as part of a limited scope examination conducted by the DISB. Chartered calculated the amount of retrospective premium by comparing premiums earned under the contract to total claims paid and certain additional expenses during the period from August 1, 2010 through April 30, 2012. Chartered then recorded an additional Accrued Retrospective Premium Receivable net amount of $12 million for the period from January 1, 2012 through April 30, 2012, related to its Medicaid contract, after consideration of an additional $6 million allowance as reflected in the accompanying Statutory Statements of Operations for 2012. The gross retrospective premium represented 4.5% of premiums earned during 2012. As of December 31, 2012, the total carrying value of the retrospective premium receivable was $32 million, which is net of an allowance of $16 million.

On February 21, 2013, Chartered filed a claim amending and superseding its retrospective premium claim pending before the Contract Appeal Board from April 2012. The new claim amount was $51,287,369. Similarly, Chartered also filed a claim with DHCF on February 21, 2013, for $9,086,929, alleging that the DHCF failed to pay actuarially sound capitation rates to Chartered for services provided under the District's Alliance program from July 2010 through July 2011. In addition, Chartered filed a claim with DHCF on January 4, 2013, for $2.2 million, claiming an

(5) Retrospective Premiums – Change in Accounting Principle (Continued)

equitable adjustment for dental crown coverage. Chartered elected to not record additional receivable amounts for the Alliance and dental crown claims described above.

On July 22, 2013, Chartered and the DHCF entered into a settlement agreement regarding claims for retrospective premiums and actuarially unsound rates. The settlement, valued at $48 million, resolved all pending claims between Chartered and the DHCF and any other claims which Chartered may have asserted against the DHCF and provided that the DHCF pay Chartered $18 million through a Technical Adjustment requiring approval of the Centers for Medicare and Medicaid Services ("CMS") ("Part I"), and for the DHCF to pay Chartered's providers $30 million on claims owed the providers by Chartered through a grant program ("Part II"). The settlement required approval of the technical adjustment payment by CMS and approval of the settlement agreement by the D.C. Superior Court. The Court approved the settlement on August 22, 2013, and CMS approved the technical adjustment payment shortly thereafter. Chartered has distributed all $18 million in Part I payments to providers on a pro rata basis. The DHCF distributed $28 million in Part II payments to Chartered's providers through a grant program on a pro rata basis. Payments under Part I and Part II of the settlement constitute 83.87% of claims amounts owed providers, as of the claims bar date of August 31, 2013. It is anticipated that the remaining $2 million in the grant program will be distributed in the second quarter of 2014.

(6) Risk-Based Capital

The National Association of Insurance Commissioners developed the Managed Care Organization Risk-Based Capital Report and required all HMOs to complete the report beginning with the year ended December 31, 1998. Risk-based capital ("RBC") was developed as a method of 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. A company's RBC target is calculated by applying certain factors to various asset, premium and reserve items.

In May 2012, Chartered submitted a comprehensive financial plan with DISB outlining its plan for attaining an acceptable level of RBC. Chartered subsequently failed to make satisfactory progress in achieving the level of risk-based capital required to exit the mandatory control level status and, with the approval of Chartered's Board of Directors and its owner, on October 19, 2012, DISB placed Chartered into court-supervised rehabilitation.

Chartered's RBC ratio was approximately (230)% and (65)% as of December 31, 2013 and 2012, respectively.

(7) Minimum Net Worth and Regulatory and Contractual Requirements

As required by the District of Columbia's Health Maintenance Organization Act of 1996 (the "Act"), Chartered entered into a Health Maintenance Organization Custodial Agreement dated February 27, 1998. Under the laws of the Act, Chartered is also required to maintain a minimum net worth equal to the greater of (1) $1 million; (2) the sum of all uncovered health care expenditures for the latest three-month period ending December 31, March 31, June 30, or September 30; (3) 2% of its annual revenues; or (4) a prescribed percentage of annual health care expenditures. At December 31, 2013 and 2012, Chartered's statutory net deficit was $11,330,565 and $9,757,167, respectively. At December 31, 2013 and 2012, Chartered was not in compliance with its minimum statutory net worth requirements.

Under the terms of its Medicaid contract with the DHCF, Chartered was also required to meet certain financial requirements. As such, Chartered was required to maintain a positive net worth, and insolvency reserves or deposits that equal or exceed the minimum requirements established by the Department as a condition for maintaining a certificate of authority to operate an HMO in the District. Chartered failed to meet these requirements as of December 31, 2013 and 2012.

(8) Commitments and Contingencies

(a) Leases

Chartered is obligated under a non-cancelable lease for office space. The future amount due under the lease is as follows:

2014	$ 509,851

Total rent expense was $1,472,278 and $1,346,233 for the years ended December 31, 2013 and 2012, respectively. The expense for 2013 includes $1,102,604 for accrued but unpaid rent expense for June 2013 through the end of the lease in June 2014.

(b) Litigation

Chartered is subject to claims and lawsuits arising in the ordinary course of business. The ultimate resolution of pending and future legal proceedings is unknown as of December 31, 2013, and therefore may have a material effect on these statutory financial statements.

Litigation brought against the DHCF by Chartered over retrospective premiums in the Medicaid program is discussed in Note 5. On July 22, 2013, Chartered entered into an agreement with the DHCF which resolved the disputes between the two parties.

(8) Commitments and Contingencies (Continued)

(b) Litigation (Continued)

On December 4, 2012, MedStar Health ("MedStar") provided notice of contract terminations on behalf of Washington Hospital Center Corporation ("WHC") and MedStar—Georgetown Medical Center, Inc. ("GUH") effective January 4, 2013. Subsequently, MedStar filed a motion in the Superior Court for the District of Columbia seeking to prevent Chartered from recouping amounts on patient claims which Chartered asserts under the contracts. The motion was denied and the parties began arbitrating the matters in dispute. In August 2013, Chartered and MedStar executed a Memorandum of Understanding ("MOU") regarding the disputed claims. The MOU and subsequent Settlement and Material Release between Chartered and two MedStar hospitals, Washington Hospital Center ("WHC") and Georgetown Medical Center (doing business as Georgetown University Hospital - "GUH") resolved all disputed matters between the parties. Under the Settlement, Chartered determined that $9,634,763 was undisputed and payable to WHC and GUH, leaving over $30 million in disputed claims. The parties agreed to compromise the disputed claims for $8,393,000. The settlement agreement was approved by the Superior Court on October 18, 2013. MedStar entities have been paid a pro rata share (83.87%) of the agreed settlement amounts under the payment plan approved by the Court.

On May 30, 2013, Chartered filed a civil action in the Superior Court of the District of Columbia against DCHSI and its sole shareholder, Jeffrey Thompson, seeking $17 million in amounts owed Chartered by DCHSI and/or Jeffrey Thompson. This litigation is discussed in Notes 8(c).

DCHSI has appealed orders of the Superior Court that (i) approved a plan of reorganization for Chartered and the Asset Purchase Agreement with AmeriHealth District of Columbia, Inc., (ii) denied a stay of the order approving the plan of reorganization and Asset Purchase Agreement, and (iii) approved the DHCF settlement. The Rehabilitator is opposing the consolidated appeal, which is pending in the District of Columbia Court of Appeals.

(c) Related Party Disputes

In the third quarter of 2008, Chartered executed a co-guarantor agreement with DCHSI, wherein Chartered guaranteed a $13,333,567 long term Bank Loan Payable (the "Loan"). Chartered, DCHSI and Cardinal Bank, an operating unit of Cardinal Financial Corporation, (NASDAQ; CFNL) executed an agreement under which Chartered served as a co-guarantor on the loan and collateralized the loan with specific securities. The Loan originated from a Settlement and Dispute Resolution Agreement for contractual disputes with the Office of the Attorney General for the District, which required DCHSI to pay $12 million. DCHSI financed the settlement payment through a long term Bank Loan Payable. Effective April 12, 2012, Cardinal Bank, executed a Modification Agreement to a certain "Pledge, Assignment and Security Agreement" dated October 10, 2008. The Modification Agreement released Chartered as a guarantor on the Loan between Cardinal Bank and DCHSI.

(8) Commitments and Contingencies (Continued)

(c) Related Party Disputes (Continued)

Pursuant to the Loan, Chartered was required to pledge investments in the amount of $13,333,567 as collateral for the Loan. In the event that DCHSI defaulted on or was not able to meet its obligations under the provisions of the Loan, the owner of DCHSI executed an Indemnification Agreement to irrevocably and unconditionally hold Chartered harmless and indemnify Chartered for any monies that Chartered would be obligated to pay under the guaranty agreement and pledge and security agreement, including, but not limited to, any liquidation of the pledged collateral. Management concluded that the pledged investments are an admitted asset under SSAP No. 91R – *Accounting for Servicing of Financial Assets and Extinguishment of Liabilities*, paragraph No. 14 – *Secured Borrowings and Collateral,* and Interpretation 01-31 – *Assets Pledged as Collateral* (INT-01-31). Management communicated with the DISB, which determined that the pledged investments should be classified as admitted assets. Accordingly, $13,789,651 of pledged investments were included as certificates of deposit, pledged in the accompanying Statutory Statements of Admitted Assets, Liabilities and Capital and Deficit at December 31, 2012.

On May 17, 2013, Cardinal Bank declared the Loan described above to be in default. Cardinal Bank then liquidated the pledged collateral valued at $14,007,294. The bank retained $12,200,294 for outstanding principal, interest and fees on the Loan. Cardinal Bank then remitted the remaining balance to Chartered, after deducting $150,000 for "anticipated legal fees." The remittance to Chartered was $1,657,000. As a result of this, Chartered filed a lawsuit on May 30, 2013, against Jeffrey Thompson, seeking reimbursement for the value of the seized collateral. Chartered expensed the full $12,200,294 as a component of related-party loss during 2013.

On May 30, 2013, Chartered filed a civil action in the Superior Court of the District of Columbia against DCHSI and its sole shareholder, Jeffrey Thompson, seeking $17 million in amounts owed Chartered by DCHSI and/or Jeffrey Thompson. The claims relate to approximately $4 million in federal income tax receivables under a tax allocation agreement between DCHSI and Chartered, related-party transactions totaling approximately $1 million for which there is insufficient documentation and for $12 million in collateral which secured the loan described above to DCHSI (seized by Cardinal Bank in May 2013 after notice of default). Chartered has filed a motion for partial summary judgment seeking $12 million from Jeffrey Thompson under his agreement to indemnify Chartered against any loss due to seizure of the collateral securing the loan. DCHSI and Jeffrey Thompson have filed a motion to dismiss the counts in the suit regarding the related-party transactions. These motions are pending before the court at the time of this report. In addition, Chartered also tendered the approximately $1 million in insufficiently documented related-party transactions to its insurer as a claim under its Health Care Portfolio insurance policy for the period from March 13, 2012 through March 15, 2013.

(8) Commitments and Contingencies (Continued)

(d) Contingent Contributions

In addition to the Settlement and Dispute Resolution Agreement described above in Note 8(c), DCHSI, Chartered, and the owner of DCHSI entered into a Letter Agreement (the "Agreement") with the District that requires DCHSI, Chartered, and the owner of DCHSI to make contributions to the District's Department of Health Immunization Program and several other not-for-profit organizations, including the District's Public Education Fund, of approximately $1,050,000 each year for a period of five years beginning January 1, 2009. Under the Agreement, these contributions will be made subject to the following conditions being met: (1) the funds received by the various organizations from the previous year were used for the purposes outlined in the Agreement, (2) the submission of a report that demonstrates that the funds were expended in compliance with the Agreement, and (3) Chartered and DCHSI are able to maintain "normal operations" during that year. Therefore, if the District fails to use the funds provided as required, the District does not account for related expenditures, or either Chartered or DCHSI suffer adverse financial circumstances, the commitments become void or are subject to renegotiation. Management believes that the above mentioned conditions were not being met as of December 31, 2013 and 2012, and accordingly, has not accrued a liability. Chartered records expense in the period in which the payments are made. Chartered did not record any contributions expense for the years ended December 31, 2013 and 2012.

(e) Employment Contracts

Chartered previously entered into employment agreements with its key executives, establishing minimum compensation levels, performance requirements, severance and certain other benefits. The agreements were terminated at the request of the Rehabilitator and by order of the Superior Court of the District of Columbia effective with the closing of the Asset Purchase Agreement on April 30, 2013.

(9) Reinsurance Coverage

Chartered is financially responsible for the cost of each enrollee's medical services. Annual Medicaid inpatient hospital services per enrollee were reinsured by a third-party insurance carrier as follows:

Effective Dates	Insured's Copayment
October 1, 2012 through April 30, 2013	$300,000 plus 50% of paid services in excess of the $300,000 deductible amount

The reinsurer provides coverage above these deductible amounts. The maximum reimbursement per enrollee is limited to $2 million, in the aggregate, for the contract year ended April 30, 2013.

(9) Reinsurance Coverage (Continued)

For the years ended December 31, 2013 and 2012, Chartered incurred reinsurance premium expense of $478,856 and $914,378, respectively, which is included as a reduction to premium revenue in the accompanying Statutory Statements of Operations. For the years ended December 31, 2013 and 2012, Chartered had reinsurance recoveries of $993,575 and $619,220, respectively, which are included as a reduction to health care costs in the accompanying Statutory Statements of Operations.

Although the policy was initially written with effective dates of October 1, 2012 through September 30, 2013, subsequent to the transfer of Chartered's Medicaid contract to AmeriHealth District of Columbia, Inc. on April 30, 2013, the reinsurance carrier notified Chartered that its reinsurance contract, by virtue of cessation of premium payments, was cancelled effective April 30, 2013.

(10) Federal Income Taxes

The components of the net deferred tax asset in the accompanying Statutory Statements of Admitted Assets, Liabilities and Capital and Deficit at December 31, 2013 and 2012, are as follows:

	2013		
	Ordinary	Capital	Total
Gross deferred tax assets	$ 12,736,117	$ -	$ 12,736,117
Statutory valuation allowance adjustment	12,736,117	-	12,736,117
Adjusted gross deferred tax assets	-	-	-
Gross deferred tax liability	-	-	-
Net deferred tax assets	-	-	-
Nonadmitted deferred tax assets	-	-	-
Net admitted adjusted deferred tax assets	$ -	$ -	$ -
Increase (decrease) in nonadmitted deferred tax assets	$ -	$ -	$ -

(10) Federal Income Taxes (Continued)

	2012		
	Ordinary	Capital	Total
Gross deferred tax assets	$ 12,184,919	$ -	$ 12,184,919
Statutory valuation allowance adjustment	12,184,919	-	12,184,919
Adjusted gross deferred tax assets	-	-	-
Gross deferred tax liability	-	-	-
Net deferred tax assets	-	-	-
Nonadmitted deferred tax assets	-	-	-
Net admitted adjusted deferred tax assets	$ -	$ -	$ -
Increase (decrease) in nonadmitted deferred tax assets	$ -	$ -	$ -

The components of the admissibility calculation, by tax character, as of December 31, 2013 and 2012, are as follows:

Admission Calculation Components

	2013		
	Ordinary	**Capital**	**Total**
(a) Federal income taxes paid in prior years recoverable through loss carrybacks.	**$ -**	**$ -**	**$ -**
(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**	**-**
(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))	**$ -**	**$ -**	**$ -**

(10) Federal Income Taxes (Continued)

Admission Calculation Components

	2012		
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks.	$ -	$ -	$ -
(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	-
(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))	$ -	$ -	$ -

	2013	2012
(a) Ratio percentage used to determine recovery period and threshold limitation amount	**(232)%**	(65)%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	**$(11,330,565)**	$(9,611,106)

The components of Chartered's provision for federal income taxes for the years ended December 31, 2013 and 2012, are as follows:

	2013	2012
Current year income tax	**$ -**	$ -
Tax on capital gains	**-**	-
Prior year tax over accrual	**-**	-
	$ -	$ -

(10) Federal Income Taxes (Continued)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2013 and 2012, are as follows:

	2013	
	Ordinary	**Capital**
Deferred tax assets:		
Discounting of unpaid losses	**$ 70,885**	**$ -**
Fixed assets	**19,333**	**-**
Charitable contributions	**211,814**	**-**
Nonadmitted assets	**44,787**	**-**
Net operating loss carry-forward	**11,036,916**	**-**
Other	**1,352,382**	**-**
Subtotal	**12,736,117**	**-**
Statutory valuation allowance adjustment	**12,736,117**	**-**
Nonadmitted	**-**	**-**
Admitted deferred tax assets	**$ -**	**$ -**
Deferred tax liability/ Deferred tax assets, net	**$ -**	**$ -**

	2012	
	Ordinary	Capital
Deferred tax assets:		
Discounting of unpaid losses	$ 318,723	$ -
Premium deficiency reserve	1,750,000	-
Accrued expenses	58,757	-
Fixed assets	906,149	-
Charitable contributions	211,814	-
Nonadmitted assets	561,900	-
Net operating loss carry-forward	7,028,143	-
Tax credit carry-forward	-	-
Other	1,349,433	-
Subtotal	12,184,919	-
Statutory valuation allowance adjustment	12,184,919	-
Nonadmitted	-	-
Admitted deferred tax assets	$ -	$ -
Deferred tax liability/ Deferred tax assets, net	$ -	$ -

(10) Federal Income Taxes (Continued)

The change in net deferred income taxes as reported in the accompanying Statutory Statements Capital and Deficit for the years ended December 31, 2013 and 2012, is as follows:

	2013	
	Ordinary	**Capital**
Adjusted gross deferred tax assets	**$ -**	**$ -**
Total deferred tax liabilities	**-**	**-**
Net deferred tax asset	**$ -**	**$ -**

	2012	
	Ordinary	Capital
Adjusted gross deferred tax assets	$ -	$ -
Total deferred tax liabilities	-	-
Net deferred tax asset	$ -	$ -

	Change
Change in total deferred tax assets	$ -
Change in total deferred tax liabilities	-
Change in net deferred tax asset	-
Change in tax effect of unrealized losses (gains)	-
Change in net deferred income tax	$ -

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	Amount	Tax Effect at 35%	Effective Tax Rate
Income (loss) before taxes	$ (3,050,863)	$ (1,067,802)	35.00 %
Change in non-admitted assets	1,477,463	517,112	(16.95)
Meals and entertainment	6,772	2,370	(0.08)
Change in valuation allowance	1,574,856	551,200	(18.07)
Other	(8,228)	(2,880)	0.10
Total	$ -	$ -	0.00 %

(10) Federal Income Taxes (Continued)

Federal income taxed incurred expense	$ -	0.00 %
Tax on capital gains	-	0.00
Change in net deferred income tax charge	-	0.00
Total statutory income taxes	$ -	0.00 %

At December 31, 2013, Chartered had $31.5 million of net operating loss carry-forwards. The following is the income tax expense for 2013 and 2012 that is available for recoupment in the event of future net losses:

2013	$ -
2012	-

Chartered is included in a consolidated federal income tax return with DCHSI for the fiscal tax years through April 30, 2010. Chartered has a written agreement with DCHSI which sets forth the manner in which the total combined federal income tax is allocated to each entity that is a party to the consolidation.

(11) Health Care Costs Payable

A summary of the activity for health care costs payable is as follows:

Balance at January 1, 2013	**$ 47,889,416**
Plus incurred related to:	
Current period	**100,275,285**
Prior years	**10,952,955**
Total incurred	**111,228,240**
Less paid related to:	
Current period	**47,474,653**
Prior years	**44,168,020**
Court-approved partial payments	**56,540,520**
Total paid	**148,183,192**
Balance at December 31, 2013	**$ 10,934,463**

(11) Health Care Costs Payable (Continued)

Balance at January 1, 2012	$ 43,000,000
Plus incurred related to:	
Current year	363,349,358
Prior years	(3,799,223)
Total incurred	359,550,135
Less paid related to:	
Current year	314,970,043
Prior years	39,690,676
Total paid	354,660,719
Balance at December 31, 2012	$ 47,889,416

Chartered uses actuarial techniques based on historical experience to estimate incurred claims. Amounts incurred related to prior years may vary from previously estimated liabilities as the claims are ultimately settled at amounts different than initially estimated. Liabilities at any period-end are continually reviewed and re-estimated as information regarding actual claims payments becomes known. This information is compared to the originally established year-end liability. Positive amounts reported for incurred related to prior years result from claims being settled for amounts greater than originally estimated. This experience is primarily attributable to actual medical cost experience being less favorable than that assumed at the time the liability was established.

Chartered's liability for the incurrence of additional healthcare claims under its contracts with the DHCF ceased on April 30, 2013. On that date, Chartered had approximately $67 million of unpaid healthcare claims. After various court-supervised payment iterations in the second half of 2013 (see Note 5), this figure was reduced to $10.9 million as of December 31, 2013 (see table above). This liability amount represents approximately 16% of the existing liability on April 30, 2013, the date Chartered transferred its operating assets to AmeriHealth District of Columbia, Inc.

Chartered incurred other healthcare costs, which primarily consisted of capitation payments to providers of healthcare services, of $4,957,633 and $15,410,041 for the years ended December 31, 2013 and 2012, respectively. These services consisted primarily of laboratory, transportation, and certain primary care services.

(12) Professional Liability Insurance

During 2013 and 2012, Chartered maintained a healthcare portfolio liability insurance policy, which is written on a claims-made basis for Directors and Officers, Employment Practices Liability and Fiduciary Liability. The coverage limits for this policy are $2 million per occurrence and $2 million aggregate. The policy expired March 15, 2013 and was non-renewed by the insurer, but Chartered purchased a one-year extended reporting period as provided in the policy.

Similarly, Chartered maintained a managed care liability insurance policy, which is also written on a claims-made basis. Coverage limits were increased in March 2012 from $1 million per claim to $6 million per claim and from $3 million aggregate to $8 million aggregate. These policies remained in full force and effect during 2013 and 2012 and were renewed through March 2014.

Chartered also has purchased an umbrella liability insurance policy that provides an additional coverage limit of $5 million per loss event. This policy has been renewed through March 2014.

There is also a multiple lines policy that includes general liability insurance on an occurrence basis for bodily injury, property damage, and advertising injury in addition to minimal first party property coverage for stored records. The liability coverage limits under this policy are $1 million per occurrence and $2 million aggregate.

In management's opinion, there are no pending or anticipated claims against Chartered for activities covered by the above-described liability insurance policies which would have a material effect on the results of operations, cash flows, or financial position of Chartered.

(13) Related-Party Transactions

Prior to 2013, Chartered engaged in numerous related-party transactions over a period of years. These transactions included various services arrangements with certain related parties, including Chartered Family Health Center and DCHSI. Chartered has not been able to substantiate certain of these related-party transactions. Consequently, Chartered has evaluated known related-party net receivables for collectability and has elected to charge them off to expense. For the years ended December 31, 2013 and 2012, Chartered recognized bad debt expense of $12,182,002 and $8,427, respectively, related to related-party balances which are reflected in the Statutory Statements of Operations. For more information on the current period expense, see Note 8(c).

As of December 31, 2013, Chartered is contracted with DCHSI for the lease of its building at 1025 15th Street, NW in Washington, D.C. The lease expires June 2014, however, Chartered vacated the building in May 2013. See Note 8(a) for more information.

(14) Defined Contribution 401(k) Plan

Chartered sponsored a 401(k) plan (the "Plan") for its employees. Employees were eligible to participate in the Plan if they were at least 21 years of age and had worked 90 days or longer at Chartered. Employees could contribute between 1% and 12% of eligible salary on a pre-tax basis. Chartered made a discretionary matching contribution to the Plan of 12% of each employee's contribution amount. Chartered contributed $10,090 and $30,388 to the Plan for the years ended December 31, 2013 and 2012, respectively. The Rehabilitator terminated the Plan in April 2013.

(15) Fair Value of Financial Instruments

Chartered's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by accounting standards prescribed or permitted by the DISB. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1), quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the investment (Level 2), and the lowest ranking to fair values determined by using methodologies and models with unobservable inputs (Level 3). Classification is based on the lowest level input that is significant to its measurement. Assets and liabilities recorded at fair value in the accompanying Statutory Statements of Admitted Assets, Liabilities and Capital and Deficit are categorized based upon the level of judgment associated with the inputs used to measure their fair value. At December 31, 2012, Chartered's bonds of $13,479,363 consisted entirely of Level 1 and Level 2 assets.

(16) Other Income (Expense), Net

Other income (expense) consisted of the following for the years ended December 31, 2013 and 2012:

	2013	2012
Other Income (Expense):		
Write-off of escheat liabilities	**$ 642,690**	$ -
Write-off of capital lease obligations	**131,292**	-
Bad debt expense – sales tax receivable	**-**	(282,140)
Other miscellaneous income	**54,776**	31,807
Total	**$ 828,758**	$ (250,333)

During 2013, the Special Deputy Rehabilitator instructed Chartered to write-off its escheat liabilities, as they were no longer expected to be paid.

(17) Dividends Paid

There were no dividends approved or paid during the years ended December 31, 2013 and 2012.

(18) Concentrations

Chartered earned 100% of its premium revenue under contracts with the DHCF. The current contract expired on April 30, 2013, and Chartered did not submit a bid for the subsequent contract.

(19) Subsequent Events

Management has evaluated subsequent events through May 27, 2014, which is the date that these statutory financial statements were issued.

(20) Reconciliation of Audited Statutory Financial Statements to Annual Statement

During the audit of the Chartered's statutory financial statements for the year ended December 31, 2013, certain adjustments were made to the statutory financial statements that were not included in the Chartered's Annual Statement as filed with DISB. Only the particular accounts adjusted as part of the audit are reflected below.

December 31, 2013	Per Annual Statement	Adjustments Recorded	Per Audited Statutory Financial Statements
Liabilities:			
Claims unpaid	10,767,051	167,412	10,934,463
Other liabilities and accrued expenses	10,377,063	14,700	10,391,763
Capital and Deficit:			
Unassigned deficit	(15,838,973)	(182,111)	(16,021,084)
Expenses:			
Claims incurred, net of reinsurance	108,667,208	167,412	108,834,620
General administrative expenses	17,721,345	14,700	17,736,045

Supplemental Information

D.C. CHARTERED HEALTH PLAN, INC. in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Supplemental Summary Investment Schedule

Year ended December 31, 2013

(See Independent Auditor's Report)

Investment holdings	Admitted assets as reported in the statutory financial statements	
	Amount	Percentage
Cash and cash equivalents:		
Cash and money market funds	$ 9,852,622	100%
Total invested assets	$ 9,852,622	100%

D.C. CHARTERED HEALTH PLAN, INC. in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Supplemental Schedule of Investment Risk Interrogatories

Year ended December 31, 2013

(See Independent Auditor's Report)

(1) Total admitted assets: $ 9,995,661

(2) 10 largest exposures to a single issuer/borrower/investment:

Investment category	Amount	Total admitted assets
Cardinal Bank	$ 9,566,253	95.70%
Bank of America	$ 286,369	2.86%

(3) Total admitted assets held in bonds, preferred stocks and money markets by NAIC rating:

Bonds	Amount	Percentage	Stocks	Amount	Percentage
NAIC-1	$ 6,142,654	100%	P/RP-1	None	
NAIC-2			P/RP-2		
NAIC-3			P/RP-3		
NAIC-4			P/RP-4		
NAIC-5			P/RP-5		
NAIC-6			P/RP-6		

(4) There were no admitted assets held in foreign investments and unhedged foreign currency exposure.

(5) - (11) There were no admitted assets held in Canadian investments, no unhedged Canadian currency exposure, nor any Canadian-currency-denominated investments, which support Canadian-denominated insurance liabilities.

(12) There were no admitted assets held in investments with contractual sales restrictions.

(13) There were no admitted assets held in equity interests.

(14) There were no privately placed equities.

(15) There were no admitted assets held in general partnership interests.

(16) - (17) There were no admitted assets held in mortgage loans.

(18) - (19) There were no assets held in real estate.

(20) There were no admitted assets subject to securities lending, reverse repurchase, dollar repurchase, or dollar reverse repurchase agreements.

(21) There were no warrants.

(22) There was no potential exposure for collars, swaps, and forwards.

(23) There was no potential exposure for future contracts.

EXHIBIT 2

QUARTERLY STATEMENT

OF THE

DC CHARTERED HEALTH PLAN, INC.

of

Washington

in the state of

District of Columbia

2014

TO THE

Insurance Department

OF THE STATE OF

District of Columbia

FOR THE QUARTER ENDED
MARCH 31, 2014

HEALTH

2014

QUARTERLY STATEMENT

AS OF MARCH 31, 2014

OF THE CONDITION AND AFFAIRS OF THE

DC CHARTERED HEALTH PLAN, INC.

NAIC Group Code 0000 (Current Period), 0000 (Prior Period) NAIC Company Code 95748 Employer's ID Number 52-1492499

Organized under the Laws of District of Columbia, State of Domicile or Port of Entry District of Columbia

Country of Domicile United States of America

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

Incorporated/Organized 09/12/1986 Commenced Business 09/12/1986

Statutory Home Office 1120 Vermont Avenue NW (Street and Number), Washington, DC, US 20005 (City or Town, State, Country and Zip Code)

Main Administrative Office 1120 Vermont Avenue NW (Street and Number)
Washington, DC, US 20005 (City or Town, State, Country and Zip Code) (202)326-8924 (Area Code) (Telephone Number)

Mail Address 1120 Vermont Avenue NW (Street and Number or P.O. Box), Washington, DC, US 20005 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1120 Vermont Avenue NW (Street and Number)
Washington, DC, US 20005 (City or Town, State, Country and Zip Code) (202)326-8924 (Area Code) (Telephone Number)

Internet Web Site Address www.chartered-health.com

Statutory Statement Contact Edward Frederick Oswald (Name) (202)326-8924 (Area Code)(Telephone Number)(Extension)
eoswald@chartered-health.com (E-Mail Address) (Fax Number)

OFFICERS

OTHERS

Daniel Lawrence Watkins, Special Deputy to the Rehabilitator for DC Charter

DIRECTORS OR TRUSTEES

State of District of Columbia
County of _____ ss

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

(Signature)	(Signature)	(Signature)
Daniel Lawrence Watkins	Edward Frederick Oswald	
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
Special Deputy Rehabilitator	Interim CFO	
(Title)	(Title)	(Title)

Subscribed and sworn to before me this
_____ day of _____, 2014

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

(Notary Public Signature)

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less $.....0 encumbrances)				
4.2 Properties held for the production of income (less $.....0 encumbrances)				
4.3 Properties held for sale (less $.....0 encumbrances)				
5. Cash ($.....857,478), cash equivalents ($.....8,399,764) and short-term investments ($.....0)	9,257,242		9,257,242	9,852,621
6. Contract loans (including $.....0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	9,257,242		9,257,242	9,852,621
13. Title plants less $.....0 charged off (for Title insurers only)				
14. Investment income due and accrued				
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				143,039
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($.....0)				
22. Net adjustments in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care ($.....0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	193,081	193,081		0
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	9,450,323	193,081	9,257,242	9,995,659
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	9,450,323	193,081	9,257,242	9,995,659
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. PREPAIDS	189,081	189,081		0
2502. ACCOUNTS RECEIVABLE - OTHER	4,000	4,000		
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	193,081	193,081		0

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less $.....0 reinsurance ceded)	10,934,463		10,934,463	10,767,051
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses				
4.	Aggregate health policy reserves, including the liability of $.....0 for medical loss ratio rebate per the Public Health Service Act				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserve				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	10,312,203		10,312,203	10,377,063
10.1	Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates				
16.	Derivatives				
17.	Payable for securities				
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties with ($.....0 authorized reinsurers, $.....0 unauthorized reinsurers and $.....0 certified reinsurers)				
20.	Reinsurance in unauthorized and certified ($.....0) companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans				
23.	Aggregate write-ins for other liabilities (including $.....0 current)				
24.	Total liabilities (Lines 1 to 23)	21,246,666		21,246,666	21,144,114
25.	Aggregate write-ins for special surplus funds	XXX	XXX		
26.	Common capital stock	XXX	XXX	100	100
27.	Preferred capital stock	XXX	XXX		
28.	Gross paid in and contributed surplus	XXX	XXX	4,690,419	4,690,419
29.	Surplus notes	XXX	XXX		
30.	Aggregate write-ins for other than special surplus funds	XXX	XXX		
31.	Unassigned funds (surplus)	XXX	XXX	(16,679,942)	(15,838,974)
32.	Less treasury stock, at cost:				
	32.1 .....0 shares common (value included in Line 26 $.....0)	XXX	XXX		
	32.2 .....0 shares preferred (value included in Line 27 $.....0)	XXX	XXX		
33.	Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	(11,989,423)	(11,148,455)
34.	Total Liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	9,257,242	9,995,659
DETAILS OF WRITE-INS					
2301.					
2302.					
2303.					
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				
2501.		XXX	XXX		
2502.		XXX	XXX		
2503.		XXX	XXX		
2598.	Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX		
3001.		XXX	XXX		
3002.		XXX	XXX		
3003.		XXX	XXX		
3098.	Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date	Prior Year Ended December 31
		1 Uncovered	2 Total	3 Total	4 Total
1.	Member Months	XXX		317,039	418,165
2.	Net premium income (including $.....0 non-health premium income)	XXX		89,863,030	117,391,081
3.	Change in unearned premium reserves and reserves for rate credits	XXX			
4.	Fee-for-service (net of $.....0 medical expenses)	XXX			
5.	Risk revenue	XXX			
6.	Aggregate write-ins for other health care related revenues	XXX			
7.	Aggregate write-ins for other non-health revenues	XXX			(589,913)
8.	Total revenues (Lines 2 to 7)	XXX		89,863,030	116,801,168
Hospital and Medical:					
9.	Hospital/medical benefits		29,076	40,252,301	48,564,072
10.	Other professional services		13,938	20,167,538	28,719,788
11.	Outside referrals				
12.	Emergency room and out-of-area		5,221	15,209,943	19,849,134
13.	Prescription drugs			9,126,189	11,486,106
14.	Aggregate write-ins for other hospital and medical		(388)	598,082	1,041,683
15.	Incentive pool, withhold adjustments and bonus amounts				
16.	Subtotal (Lines 9 to 15)		47,847	85,354,053	109,660,783
Less:					
17.	Net reinsurance recoveries			299,939	993,575
18.	Total hospital and medical (Lines 16 minus 17)		47,847	85,054,114	108,667,208
19.	Non-health claims (net)				
20.	Claims adjustment expenses, including $.....0 cost containment expenses			3,060,847	3,001,242
21.	General administrative expenses		730,898	8,153,188	17,721,345
22.	Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)				(5,000,000)
23.	Total underwriting deductions (Lines 18 through 22)		778,745	96,268,149	124,389,794
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(778,745)	(6,405,119)	(7,588,627)
25.	Net investment income earned		2,500	(87,009)	94,510
26.	Net realized capital gains (losses) less capital gains tax of $.....0				
27.	Net investment gains or (losses) (Lines 25 plus 26)		2,500	(87,009)	94,510
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]				15,978,610
29.	Aggregate write-ins for other income or expenses		394	121	(11,353,245)
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(775,851)	(6,492,007)	(2,868,751)
31.	Federal and foreign income taxes incurred	XXX			
32.	Net income (loss) (Lines 30 minus 31)	XXX	(775,851)	(6,492,007)	(2,868,751)
DETAILS OF WRITE-INS					
0601.		XXX			
0602.		XXX			
0603.		XXX			
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX			
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX			
0701.	Realized Loss on disposal of Fixed Assets	XXX			(589,913)
0702.		XXX			
0703.		XXX			
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX			
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX			(589,913)
1401.	OTHER MEDICAL CLAIMS - DME		(388)	598,082	1,041,683
1402.					
1403.					
1498.	Summary of remaining write-ins for Line 14 from overflow page				
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		(388)	598,082	1,041,683
2901.	Write-off balances - Notes Receivable and AR - Other				(70,224)
2902.	Write-off of Capital Lease Obligations				131,292
2903.	Write-off of Deferred Rent Liability				118,285
2998.	Summary of remaining write-ins for Line 29 from overflow page		394	121	(11,532,598)
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)		394	121	(11,353,245)

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
	CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	(11,148,455)	(9,611,106)	(9,611,106)
34.	Net income or (loss) from Line 32	(775,851)	(6,492,007)	(2,868,751)
35.	Change in valuation basis of aggregate policy and claim reserves			
36.	Change in net unrealized capital gains (losses) less capital gains tax of $.....0			
37.	Change in net unrealized foreign exchange capital gain or (loss)			
38.	Change in net deferred income tax			
39.	Change in nonadmitted assets	(65,118)	(12,102,639)	1,331,402
40.	Change in unauthorized and certified reinsurance			
41.	Change in treasury stock			
42.	Change in surplus notes			
43.	Cumulative effect of changes in accounting principles			
44.	Capital Changes:			
	44.1 Paid in			
	44.2 Transferred from surplus (Stock Dividend)			
	44.3 Transferred to surplus			
45.	Surplus adjustments:			
	45.1 Paid in			0
	45.2 Transferred to capital (Stock Dividend)			
	45.3 Transferred from capital			
46.	Dividends to stockholders			
47.	Aggregate write-ins for gains or (losses) in surplus			
48.	Net change in capital and surplus (Lines 34 to 47)	(840,969)	(18,594,647)	(1,537,349)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	(11,989,424)	(28,205,753)	(11,148,455)
DETAILS OF WRITE-INS				
4701.				
4702.				
4703.				
4798.	Summary of remaining write-ins for Line 47 from overflow page			
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)			

CASH FLOW

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
	Cash from Operations			
1.	Premiums collected net of reinsurance		90,312,510	165,534,554
2.	Net investment income	2,500	31,357	231,357
3.	Miscellaneous income			(589,913)
4.	TOTAL (Lines 1 to 3)	2,500	90,343,867	165,175,999
5.	Benefit and loss related payments	(262,603)	82,518,442	140,581,025
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	795,365	11,860,811	34,245,106
8.	Dividends paid to policyholders			
9.	Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)			
10.	TOTAL (Lines 5 through 9)	532,762	94,379,252	174,826,131
11.	Net cash from operations (Line 4 minus Line 10)	(530,262)	(4,035,385)	(9,650,133)
	Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:			
	12.1 Bonds		897,068	13,979,364
	12.2 Stocks			
	12.3 Mortgage loans			
	12.4 Real estate			
	12.5 Other invested assets			
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments			
	12.7 Miscellaneous proceeds			
	12.8 TOTAL investment proceeds (Lines 12.1 to 12.7)		897,068	13,979,364
13.	Cost of investments acquired (long-term only):			
	13.1 Bonds		500,000	500,000
	13.2 Stocks			
	13.3 Mortgage loans			
	13.4 Real estate			
	13.5 Other invested assets			
	13.6 Miscellaneous applications			
	13.7 TOTAL investments acquired (Lines 13.1 to 13.6)		500,000	500,000
14.	Net increase (or decrease) in contract loans and premium notes			
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)		397,068	13,479,364
	Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):			
	16.1 Surplus notes, capital notes			
	16.2 Capital and paid in surplus, less treasury stock		0	0
	16.3 Borrowed funds			
	16.4 Net deposits on deposit-type contracts and other insurance liabilities			
	16.5 Dividends to stockholders			
	16.6 Other cash provided (applied)	(65,118)	275,898	1,201,769
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	(65,118)	275,898	1,201,769
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(595,380)	(3,362,420)	5,031,000
19.	Cash, cash equivalents and short-term investments:			
	19.1 Beginning of year	9,852,621	4,821,621	4,821,621
	19.2 End of period (Line 18 plus Line 19.1)	9,257,242	1,459,201	9,852,621

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	Long-term CDARs were reported as cash in the 12/31/11 annual statement - this was corrected in the 1			
20.0002	Notes Receivable were reported as aggregate write-ins at 12/31/11 - at 3/31/12 a reclassification wa			

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year										
2. First Quarter										
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months										
Total Member Ambulatory Encounters for Period:										
7. Physician										
8. Non-Physician										
9. Total										
10. Hospital Patient Days Incurred										
11. Number of Inpatient Admissions										
12. Health Premiums Written (a)										
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned										
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	(119,565)		(7,646)						(111,919)	
18. Amount Incurred for Provision of Health Care Services	47,847		1,335						46,512	

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

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

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
0199999 Individually Listed Claims Unpaid						
0399999 Aggregate Accounts Not Individually Listed - Covered					10,934,463	10,934,463
0499999 Subtotals					10,934,463	10,934,463
0799999 Total Claims Unpaid						10,934,463
0899999 Accrued Medical Incentive Pool And Bonus Amounts						

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1+3)	Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year
1. Comprehensive (hospital & medical)	(7,646)		586,605		578,959	577,624
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid	(111,919)		10,347,858		10,235,939	10,189,427
8. Other health						
9. Health subtotal (Lines 1 to 8)	(119,565)		10,934,463		10,814,898	10,767,051
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	(119,565)		10,934,463		10,814,898	10,767,051

(a) Excludes $.....0 loans or advances to providers not yet expensed.

Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of DC Chartered Health Plan (Chartered) are presented on the basis of accounting practices prescribed or permitted by the District of Columbia Department of Insurance, Securities and Banking (DISB).

The DISB recognizes only statutory accounting practices prescribed or permitted by the District of Columbia (District) for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the District of Columbia Insurance Code. The DISB has adopted the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* as a component of prescribed and permitted practices for the District. The DISB has the right to permit specific practices that deviate from prescribed practices. There is no deviation from the NAIC *Accounting Practices and Procedures Manual.*

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the District of Columbia Department of Insurance, Securities and Banking is shown below:

		State of Domicile	2014	2013
NET INCOME				
(1)	State basis (Page 4, Line 32, Columns 2 & 3)	DC	$(775,851)	$(2,868,750)
(2)	State Prescribed Practices that increase/(decrease) NAIC SAP:			
(201)				
(299)	Total		$0	$0
(3)	State Permitted Practices that increase/(decrease) NAIC SAP:			
(301)				
(399)	Total		$0	$0
(4)	NAIC SAP (1-2-3=4)		$(775,851)	$(2,868,750)
SURPLUS				
(5)	State basis (Page 3, Line 33, Columns 3 & 4)	DC	$(11,989,423)	$(11,148,454)
(6)	State Prescribed Practices that increase/(decrease) NAIC SAP:			
(601)				
(699)	Total		$0	$0
(7)	State Permitted Practices that increase/(decrease) NAIC SAP:			
(701)				
(799)	Total		$0	$0
(8)	NAIC SAP (5-6-7=8)		$(11,989,423)	$(11,148,454)

B. Use of Estimates in the Preparation of the Financial Statements - No Material Change

C. Accounting Policy - No Material Change

2. Accounting Changes and Corrections of Errors

No Material Change

3. Business Combinations and Goodwill

A. Statutory Purchase Method – No Material Change

B. Statutory Merger – No Material Change

C. Assumption Reinsurance – No Material Change

D. Impairment Loss - No Material Change

Notes to Financial Statement

4. Discontinued Operations

No Material Change

5. Investments

A, B, C – No Material Change

D. Debt Restructuring – None

E. Repurchase Agreements and/or Securities Lending Transactions

(1) Policy for requiring collateral or other security – No material change

(2) Carrying amount and classification of both those assets and associated liabilities – No material change

(3) Collateral accepted that it is permitted by contract or custom to sell or repledge:

a. Aggregate amount of contractually obligated open collateral positions – No material change

b. Fair value of that collateral and of the portion of that collateral that it has sold or repledged – None

c. Information about the sources and uses of that collateral – No material change

(4) Aggregate value of the reinvested collateral which is "one-line" reported and the aggregate reinvested collateral which is reported in the investment schedules – No material change

(5) Reinvestment of the cash collateral and any securities which it or its agent receives as collateral that can be sold or repledged – No material change

(6) Collateral accepted that it is not permitted by contract or custom to sell or repledge – No material change

(7) Collateral for transactions that extend beyond one year from the reporting date – No material change

F, G, H – No Material Change

I. Working Capital Finance Investments

(1) Aggregate book/adjusted carrying value maturity distributions on the underlying Working Capital Finance Programs – None

(2) Events of default of working capital finance investments during the reporting period - None

6. Joint Ventures, Partnerships and Limited Liability Companies

No Material Change

7. Investment Income

No Material Change

8. Derivative Instruments

No Material Change

9. Income Taxes

No Material Change

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

No Material Change

11. Debt

A. Outstanding Debt – No Material Change

B. FHLB (Federal Home Loan Bank) Agreements – None

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

A. Defined Benefit Plan – No Material Change

Notes to Financial Statement

(1) Change in benefit obligation – No Material Change

(2) Change in plan assets- No Material Change

(3) Funded status – No Material Change

(4) Amount of Net Periodic Benefit Cost recognized – None

(5) Net Gain or Loss and Net Prior Service Cost or credit recognized in unassigned funds (surplus) – No Material Change

(6) Amount in unassigned funds (surplus) expected to be recognized as components of net periodic benefit cost over the fiscal year – No Material Change

(7) Amount in unassigned funds (surplus) that have not been recognized as components of net periodic benefit cost – No Material Change

(8) Weighted-average assumptions used to determine net period benefit cost – No Material Change

(9) Amount of accumulated benefit obligations for defined benefit pension plans – No Material Change

(10) Assumed Health care cost trend rate for the next year used to measure the expected cost of benefit covered by the plan – No Material Change

(11) Effect of one percentage point increase and decrease in the assumed health cast trend rates – No Material Change

(12) Estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years – No Material Change

(13) Regulatory contribution requirements – No Material Change

(14) Amounts and types of securities of the employer and related parties included in the plan assets – No Material Change

(15) Alternative amortization – No Material Change

(16) Substantive commitment – No Material Change

(17) Cost of providing special or contractual termination benefits – No Material Change

(18) Explanation of any significant change in benefit obligations or plan assets – No Material Change

(19) Amount and timing of any plan assets expected to be returned to the employer – No Material Change

(20) First year accumulated postretirement and pension benefit obligation – No Material Change

(21) Election of transition guidance – No Material Change

B. Defined Contribution Plan – No Material Change

C. Multi-Employer Plan – No Material Change

D. Consolidated/Holding Company Plans – No Material Change

E. Post-Employment Benefits and Compensated Absences – No Material Change

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – No Material Change

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

No Material Change

14. Contingencies

A. Contingent Commitments – No Material Change

B. Assessments – No Material Change

C. Gain Contingencies – No Material Change

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits – No Material Change

Notes to Financial Statement

E. All Other Contingencies – No Material Change

15. Leases

A. Lessee Operating Lease – No Material Change

B. Lessor Leases – No Material Change

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

No Material Change

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

A. Transfers of Receivables reported as Sales – No Material Change

B. Transfer and Servicing of Financial Assets

(1) Description of loaned securities – No material change

(2) Servicing Assets and Liabilities
a. Risks inherent in servicing assets and servicing liabilities – No Material Change
b. Amounts of contractually specified servicing fees, late fees and ancillary fees earned for each period – None
c. Assumptions used to estimate the fair value – No Material Change

(3) Servicing Assets and servicing liabilities are subsequently measured at fair value – No Material Change

(4) For securitizations, asset-backed financing arrangements, and similar transfers accounted for as sales when the transferor has continuing involvement (as defined in the glossary of the *Accounting Practices & Procedures Manual*) with the transferred financial assets:

a. Each income statement presented – None

b. Each statement of financial position presented, regardless of when the transfer occurred - None

c. Transfers of financial assets accounted for as secured borrowing – No Material Change

d. Transfers of receivables with recourse – No Material Change

e. Securities underlying repurchase and reverse repurchase agreements – No Material Change

B. Wash Sales – None

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

A. ASO Plans – No Material Change

B. ASC Plans – No Material Change

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract – No Material Change

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

No Material Change

20. Fair Value Measurements

A. Fair Market Value at Reporting Date

1. Fair Value Measurements at Reporting Date – None

2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy – None

3. The Company does not have any securities valued at fair value.

4. The Company has not valued any securities at a Level 3.

5. Derivative assets and liabilities – None

Notes to Financial Statement

B. Fair Value information under SSAP No. 100 combined with Fair Value information Under Other Accounting Pronouncements – None

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Cash Equivalents	$8,399,764	$8,399,764	$0	$8,399,764	$0	$0

D. Not Practicable to Estimate Fair Value – None

21. Other Items

A. Extraordinary Items – No Material Change

B. Troubled Debt Restructuring – No Material Change

C. Other Disclosures and Unusual Items – No Material Change

D. Business Interruption Insurance Recoveries – No Material Change

E. State Transferable and Non-transferable Tax Credits – No Material Change

F. Subprime-Mortgage-Related Risk Exposure – No Material Change

G. Retained Assets – No Material Change

H. Offsetting and Netting of Assets and Liabilities – None

I. Joint and Several Liabilities – No Material Change

J. Risk Sharing Provisions of the Affordable Care Act – None

22. Events Subsequent

Type I – Recognized Subsequent Events

No Material Change

Type II – Nonrecognized Subsequent Events

No Material Change

23. Reinsurance

No Material Change

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No Material Change

25. Changes in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2013 were $10,767,051 for unpaid claims. As of March 31, 2014, $(119,565) has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years are now $10,934,463 as a result of re-estimation of unpaid claims. Therefore there has been a $47,847 unfavorable prior year development since December 31, 2013 to March 31, 2014.

26. Intercompany Pooling Arrangements

No Material Change

27. Structured Settlements

No Material Change

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables – No Material Change

B. Risk Sharing Receivables – No Material Change

Notes to Financial Statement

29. Participating Policies

No Material Change

30. Premium Deficiency Reserves

No Material Change

31. Anticipated Salvage and Subrogation

No Material Change

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes[ ] No[X]
1.2 If yes, has the report been filed with the domiciliary state? Yes[ ] No[ ] N/A[X]

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

3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[ ]
If yes, complete Schedule Y, Parts 1 and 1A.
3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[ ] No[X]
3.3 If the response to 3.2 is yes, provide a brief description of those changes:

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007
6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2007
6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 12/31/2008
6.4 By what department or departments?
District of Columbia Department of Insurance and Securities Regulation
6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes[X] No[ ] N/A[ ]
6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[ ] N/A[ ]

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

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[ ] No[X]
8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[ ] No[X]
8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

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

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[ ] No[X]
10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 0

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes[ ] No[X]
11.2 If yes, give full and complete information relating thereto:

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $ 0

13. Amount of real estate and mortgages held in short-term investments: $ 0

GENERAL INTERROGATORIES (Continued)

INVESTMENT

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes[ ] No[X]
14.2 If yes, please complete the following:

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

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes[ ] No[X]
15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[ ] N/A[X]
If no, attach a description with this statement.

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:
16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $ 0
16.2 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $ 0
16.3 Total payable for securities lending reported on the liability page $ 0

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[ ]
17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
CARDINAL BANK	8270 GREENSBORO DR. STE 500, MCLEAN, VA 22102

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes[ ] No[X]
17.4 If yes, give full and complete information relating thereto:

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

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

1 Central Registration Depository	2 Name(s)	3 Address

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[ ]
18.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:
   1.1 A&H loss percent 0.000%
   1.2 A&H cost containment percent 0.000%
   1.3 A&H expense percent excluding cost containment expenses 0.000%

2.1 Do you act as a custodian for health savings accounts? Yes[ ] No[X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date. $..... 0
2.3 Do you act as an administrator for health savings accounts? Yes[ ] No[X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date. $..... 0

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Type of Reinsurer	8 Certified Reinsurer Rating (1 through 6)	9 Effective Date of Certified Reinsurer Rating
			NONE					

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

			Direct Business Only							
		1	2	3	4	5	6	7	8	9
	State, Etc.	Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	L								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	N								
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Mariana Islands (MP)	N								
57.	Canada (CAN)	N								
58.	Aggregate other alien (OT)	XXX								
59.	Subtotal	XXX								
60.	Reporting entity contributions for Employee Benefit Plans	XXX								
61.	Total (Direct Business)	(a) 1								
DETAILS OF WRITE-INS										
5801.		XXX								
5802.		XXX								
5803.		XXX								
5898.	Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX								

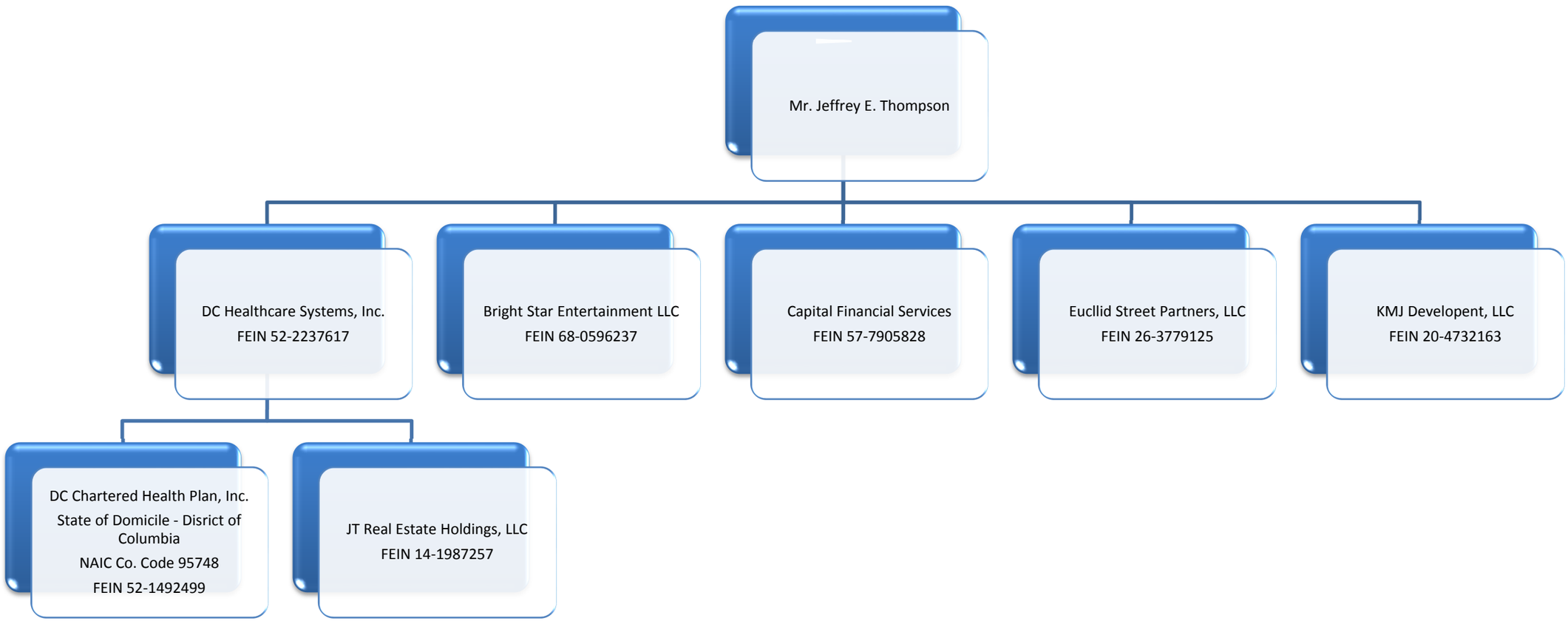
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1 Group Code	2 Group Name	3 NAIC Company Code	4 Federal ID Number	5 FEDERAL RSSD	6 CIK	7 Name of Securities Exchange if Publicly Traded (U.S. or International)	8 Names of Parent, Subsidiaries Or Affiliates	9 Domiciliary Location	10 Relationship to Reporting Entity	11 Directly Controlled by (Name of Entity / Person)	12 Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	13 If Control is Ownership Provide Percentage	14 Ultimate Controlling Entity(ies) / Person(s)	15 *
0		0					JEFFREY EARL THOMPSON	DC	UIP	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
0		95748	52-1492499				DC CHARTERED HEALTH PLAN INC	DC	RE	DC HEALTHCARE SYSTEMS	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0	14-1987257				JT Real Estate Holdings, LLC	DC	NIA	DC HEALTHCARE SYSTEMS	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0	52-2237617				DC HEALTHCARE SYSTEMS	DC	UDP	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0	52-1563500				THOMPSON, COBB, BAZILIO & ASSOCIATES, PC	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0	68-0596237				Bright Star Entertainment LLC	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0	57-7905828				Capital Financial Services	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0	26-3779125				EUCLID STREET PARTNERS, LLC	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0	20-4732163				KMJ Development, LLC	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	

Asterisk	Explanation
0000001	Footnote

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement

95748201436500001 2014 Document Code: 365

OVERFLOW PAGE FOR WRITE-INS

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date	Prior Year Ended December 31
		1 Uncovered	2 Total	3 Total	4 Total
2904.	Write-off of Pledged Cardinal Bank Assets				(12,175,288)
2905.	Write-off Escheat				642,690
2906.	Other Miscellaneous Income		394	121	
2997.	Summary of remaining write-ins for Line 29 (Lines 2904 through 2996)		394	121	(11,532,598)

SCHEDULE E - Verification

(Cash Equivalents)

		1 Year To Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	6,142,654	10,225,639
2.	Cost of cash equivalents acquired	418,903,569	2,157,015,255
3.	Accrual of discount		
4.	Unrealized valuation increase (decrease)		
5.	Total gain (loss) on disposals		
6.	Deduct consideration received on disposals	416,646,459	2,161,098,240
7.	Deduct amortization of premium		
8.	Total foreign exchange change in book/adjusted carrying value		
9.	Deduct current year's other than temporary impairment recognized		
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	8,399,764	6,142,654
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	8,399,764	6,142,654

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1			2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
							6	7	8	
Depository			Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
open depositories										
CARDINAL BANK - GENERAL CHECKING	WASHINGTON DC						2,309,396	2,152,785	652,785	X X X
CARDINAL BANK - MEDCLMS	WASHINGTON DC						109,029	133,515	138,607	X X X
CARDINAL BANK - ALLIANCE CLAIMS	WASHINGTON DC						66,086	66,086	66,086	X X X
CARDINAL BANK - MH CLAIMS	WASHINGTON DC						339,578	339,578		X X X
BANK OF AMERICA - PAYROLL	WASHINGTON DC						286,369			X X X
0199998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - open depositories			X X X	X X X						X X X
0199999 Totals - Open Depositories			X X X	X X X			3,110,458	2,691,965	857,478	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - suspended depositories			X X X	X X X						X X X
0299999 Totals - Suspended Depositories			X X X	X X X						X X X
0399999 Total Cash On Deposit			X X X	X X X			3,110,458	2,691,965	857,478	X X X
0499999 Cash in Company's Office			X X X	X X X	X X X	X X X				X X X
0599999 Total Cash			X X X	X X X			3,110,458	2,691,965	857,478	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
8399999 Subtotals - Bonds							
Sweep Accounts							
CASH-CARDINAL BANK MEDICAID REPO		03/31/2014	0.002	04/01/2014	8,399,764		2,525
8499999 Sweep Accounts					8,399,764		2,525
8599999 Other Cash Equivalents							
8699999 Total - Cash Equivalents					8,399,764		2,525

INDEX TO HEALTH QUARTERLY STATEMENT

INDEX TO HEALTH QUARTERLY STATEMENT

EXHIBIT 3

D.C. CHARTERED HEALTH PLAN, INC. 401(K) PLAN

FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION

FOR THE PERIOD (FIVE MONTHS) ENDED
MAY 31, 2013 AND
FOR THE YEAR ENDED DECEMBER 31, 2012

AND

INDEPENDENT AUDITOR'S REPORT

D.C. CHARTERED HEALTH PLAN, INC. 401(K) PLAN

TABLE OF CONTENTS

REGAN SCHICKNER SHAH HARPER LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Administrative Committee of the
D.C. Chartered Health Plan, Inc. 401(k) Plan:

Report on the Financial Statements
We were engaged to audit the accompanying financial statements of D.C. Chartered Health Plan, Inc. 401(k) Plan, which comprise the statements of net assets available for benefits as of May 31, 2013 and December 31, 2012, and the related statement of changes in net assets available for benefits for the period (five months) ended May 31, 2013, and the related notes to the 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion
As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 9, which was certified by John Hancock Life Insurance Company, the custodian of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of May 31, 2013 and December 31, 2012, and for the period (five months) ended May 31, 2013, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion
Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements

6031 UNIVERSITY BOULEVARD • SUITE 300 • ELLICOTT CITY, MD 21043 • 410-750-1720 • 410-750-1721

Other Matter

The supplemental schedules as of or for the period (five months) ended May 31, 2013 are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Regan Schickner Shah Harper LLC

January 2, 2014

D.C. CHARTERED HEALTH PLAN, INC. 401(K) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
MAY 31, 2013 AND DECEMBER 31, 2012

	2013	2012
Assets:		
Investments, at fair value:		
Investments, at fair value	$ -	$ 1,913,932
Total investments	-	1,913,932
Receivables:		
Employer's contributions	-	783
Employees' salary deferral	-	6,525
Notes receivable from participants	-	181,322
Total receivables	-	188,630
Other assets:		
Other assets	-	11,056
Total assets	-	2,113,618
Net Assets Available for Benefits	$ -	$ 2,113,618

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

D.C. CHARTERED HEALTH PLAN, INC. 401(K) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
MAY 31, 2013

Additions to net assets attributed to:	
Investment income:	
Interest and dividend income	$ 3,400
Net gain (loss) in fair value of investment	129,025
	132,425
Contributions:	
Employer's contributions	10,090
Employees' salary deferral	84,080
Other contributions	142,992
	237,162
Total additions from net assets	369,587
Deductions from net assets attributed to:	
Benefits paid to participants	2,429,364
Corrective distributions	28,075
Administrative fees	25,766
Total deductions from net assets	2,483,205
Net increase	(2,113,618)
Net assets available for benefits:	
Beginning of year	2,113,618
End of year	$ -

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

NOTE 1 - DESCRIPTION OF PLAN

The following description of the D.C. Chartered Health Plan, Inc. ("Company") 401(K) Plan ("Plan") provides only general information. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering substantially all employees of the Company who have completed three months of service and have attained age twenty-one. It is subject to the requirements of the employee Retirement Income Security Act ("ERISA") of 1974. The Plan has a 401(k) salary deferral provision with an employer match, as well as discretionary profit sharing contributions. The Board of Trustees is responsible for the oversight of the Plan. The Plan's assets are held by John Hancock Life Insurance Company, the Plan custodian. The trustees also retained MGA Pension Consultants, Inc. as the third-party administrator, which provides administrative, compliance, and recordkeeping services.

Contributions

The maximum dollar amount each participant may contribute annually on a pre-tax basis is $17,500 in 2013 as defined in the plan. Additional contributions of up to $5,500 in 2013 are allowed for participants who are over age fifty by May 31, 2013.

The Company, at the sole discretion of management, may make a matching contribution to the Plan. Total contributions, both participant and employer, are subject to certain limits as described in the Plan document and Internal Revenue Code ("IRC") Section 415. Furthermore, contributions of certain highly compensated participant may also be limited based on the nondiscrimination test described in IRC Sections 401(k) and 401(m). The employer match to the Plan for the period (five months) ended May 31, 2013 amounted to $10,873.

Participants may also contribute rollover amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan.

Participant Accounts

- Profit sharing - Each participant's account is credited with the allocation of (a) the Company's contribution, if any and (b) Plan earnings. Allocations are based on participant earnings, as defined in the Plan document. Each participant's account is segregated and self-directed as to the investment vehicle. Gains and losses of segregated accounts are credited to that account only.

- 401(K) Salary Deferral - Each participants account is credited with the employee contribution, if any, and the employer match. Each participant's account is segregated and self-directed as to the investment vehicle. Gains and losses of segregated accounts are credited to that account only.

NOTE 1 - DESCRIPTION OF PLAN (CONTINUED)

Vesting

- Profit sharing - Vesting is based on years of continuous service. A participant becomes fully vested after three years of credited service.

- 401(K) Salary Deferral - Participants are immediately vested in their voluntary contributions plus actual earnings thereon. A participant becomes fully vested in the Company's matching contribution after three years of credited service.

A participant becomes fully vested automatically, regardless of the vesting schedule, upon attainment of normal retirement age, upon retirement due to disability, upon death, and upon termination of the Plan.

The Plan defines normal retirement age as the attainment of age 65. Disability is defined as a physical or mental condition resulting from bodily injury, disease, or mental disorder which renders the participant incapable of continuing usual and customary employment with the employer.

Withdrawals and Benefits

Benefits are distributed upon termination, death, or disability in a single-sum cash payment or installment payments equal to the participant's vested interest in their account. For termination of service due to other reasons, a participant may receive the value of the vested interest in their account as a lump-sum distribution.

Notes Receivable from Participants

Participants may take out a loan against their outstanding participant balance. Loans will be limited to the lesser of $50,000 reduced by the excess of the highest outstanding balance of loans from the plan to the participant, or 50% of the present value of the non-forfeitable accrued benefit of the participant. The loans shall be made available to all participants and beneficiaries on a reasonable equivalent basis. Loans shall not be made to highly compensated employees in an amount greater than the amount made available to other participants and beneficiaries. Loans shall bear a reasonable rate of interest, be adequately secured, and provide repayment over a reasonable period of time.

Forfeited Accounts

Forfeited non-vested accounts are used to reduce future employer contributions and plan expenses. As of May 31, 2013 and December 31, 2012, forfeited non-vested accounts totaled $0 and $11,056, respectively. For the period (five months) end May 31, 2013, the Company used forfeitures to reduce plan expenses totaling $11,235.

NOTE 2 - ACCOUNTING POLICIES AND PROCEDURES

Date of Management's Review
Subsequent events were evaluated through January 2, 2014, which is the date the financial statements were available to be issued.

Basis of Accounting
The accompanying financial statements and supplemental schedules have been prepared in conformity with the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. As permitted under such rules and in accordance with the Trust agreements, the accounting records maintained by the custodian are on the accrual basis.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Notes Receivable from Participants
Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based on the terms of the Plan document.

Investment Valuation and Income Recognition
Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits
Benefits are recorded when paid.

Administrative expenses
All expenses of administration may be paid out of the Plan unless paid by the Company.

NOTE 3 - INVESTMENTS

The following presents investments that are 5% or more of the Plan's net assets.

	May 31, 2013	December 31, 2012
JH Money Market Fund	$ -	$ 165,625
JH Lifestyle Balanced Fund	-	385,520
JH Lifestyle Moderate Fund	-	309,693
JH Lifestyle Growth Fund	-	426,197

During 2013, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the period (five months)) appreciated (depreciated) in value by $129,010 as follows:

Pooled separate accounts	$ 129,025

NOTE 4 - FAIR VALUE MEASUREMENTS

The framework for measuring the fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the assets or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measure at fair value. There have been no changes in the methodologies used at May 31, 2013 and December 31, 2012.

Collective trust fund: Valued at the daily net asset value (NAV) of units of a bank collective trust. The NAV, as provided by the trustee, is used as a practical expedient underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchased and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Guaranteed investment contract: Guaranteed investment contracts are valued at fair value by the insurance company by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer. Because the participants transact at contract value, fair value is determined annually for financial statement reporting purposes only. In determining the reasonableness of the methodology, the Investment Committee evaluates a variety of factors including review of existing contracts, economic conditions, industry and market developments, and overall credit ratings. Certain unobservable inputs are assessed through review of contract terms (for example, duration or payout date) while others are substantiated utilizing available market data (for example, swap curve rate).

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

Pooled separate accounts: Valued at per unit net asset value as provided and certified by the plan trustee and investment custodian as a practical expedient of estimated fair value. Net asset value is generally determined based upon the fair value of the underlying assets held by fund less its liabilities. Net asset value may not be used in situations whereby it is probable that the fund will transact at an amount different than reported net asset value. In certain situations, the plan trustee and investment custodian may reserve the right to temporarily delay withdrawal if necessary to ensure an orderly liquidation of assets.

U.S. government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

The following tables set forth, by level within the fair value hierarchy, the Plan's assets at fair value as of May 31, 2013 and December 31, 2012.

	Assets at Fair Value as of May 31, 2013			
	Level 1	***Level 2***	***Level 3***	***Total***
Pooled separate accounts	$ -	$ -	$ -	$ -
Total assets at fair value	**$ -**	**$ -**	**$ -**	**$ -**

	Assets at Fair Value as of December 31, 2012			
	Level 1	***Level 2***	***Level 3***	***Total***
Pooled separate accounts	$ -	$ 1,913,932	$ -	$ 1,913,932
Total assets at fair value	**$ -**	**$ 1,913,932**	**$ -**	**$ 1,913,932**

Gains and losses included in changes in net assets available for benefits for the period (five months) ended May 31, 2013, are reported in net appreciation (depreciation) in fair value of investments.

The Plan reported no significant assets or liabilities reported at fair value using significant unobservable inputs, Level 3 instruments, as of May 31, 2013 and December 31, 2012.

NOTE 5 - PLAN TERMINATION

Effective April 30, 2013, all benefits accruals ceased and the Company's 401(k) Profit Sharing Plan was terminated. As of May 31, 2013, all participant account balance s were fully vested and distributed.

NOTE 6 - TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated March 31, 2008 that the Plan and related trust are designed in accordance with applicable sections of the IRC. In addition, the Plan administrator believes that the Plan is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the financial statements.

NOTE 7 - RELATED PARTY TRANSACTION AND PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by John Hancock Life Insurance Company. John Hancock Life Insurance Company is the custodian as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees incurred by the plan for the investment management services are included in net appreciation (depreciation) in fair value of the investment, as they are paid through revenue sharing rather than direct payment. For the year ended May 31, 2013, the Plan paid additional fees for the investment management services of $8,631 to the custodian. The Plan made direct payments to the third party administrator and auditors of $5,900 and $11,235, respectively, which was not covered by revenue sharing. The Plan Sponsor pays directly any other fees related to the plan’s operations.

NOTE 8 - RISKS AND UNCERTAINTIES

The plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants’ account balances and the amounts reported in the statements available for benefits.

NOTE 9 - CERTIFIED INFORMATION

Certain information related to investments and notes receivable from participants disclosed in the accompanying financial statements and supplemental schedule, including investments and notes receivable from participants held at May 31, 2013 and December 31, 2012, and net appreciation (depreciation) in fair value of investments, interest and dividends for the period (five months) ended May 31, 2013, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by John Hancock Life Insurance Company.

EXHIBIT 4

D.C. Chartered Health Plan, Inc.
Summary of Proof of Claim Determinations as of June 30, 2014

The Special Deputy to the Rehabilitator received 65 proofs of claims ("POCs" or "claims"). The Special Deputy has worked to resolve both the amount and priority class of the proofs of claims according to the process detailed in the status reports to the D.C. Superior Court.

The POCs totaled approximately $14 million, with some claims not quantified. To date, approved POCs total over $1.2 million.

The claims are described by classification, below. Portions of one POC were determined to belong in both Class 1 and Class 6; this claim therefore was classified in part as Class 1 and in part as Class 6. In effect, therefore, 66 POCs were submitted because of this "split" claim.

The Special Deputy mailed Notice of Determinations ("NOD") in June 2014 to all but 3 claimants who filed POCs. Claimants have 60 days to file an appeal of the NOD.

Class 1 – The costs and expenses of administration during rehabilitation

Twenty-five proof of claims were determined to be Class 1 administrative expenses in support of the rehabilitation.

Fifteen of the twenty-four claims were filed by vendors, law firms or consultants whose fees have been previously approved for payment (and paid) in the course of the rehabilitation, and therefore were denied.

The other ten Class 1 claims which have not yet been paid total $150,917.95, including one claim for $119,388.12, for six months' use of claim processing software (for the period from May 17, 2013 to November 16, 2013). After the 60 day appeal period expires at the end of August 2014, the rehabilitator will petition the Court for approval to pay 100% of these Class 1 claims.

Class 2 – Claims of enrollees or enrollees' beneficiaries

No claims were determined for this class as of June 30, 2014.

Class 3 – Claims of providers obligated by law or agreement to hold enrollees harmless from liability for services pursuant to and covered by Chartered

Sixteen claims were determined to be Class 3 provider claims.

Twelve of these sixteen claims were filed by health care or medical equipment providers whose claims were processed and paid in the course of the rehabilitation. A claim appeal process was also available to those providers. These Class 3 claims were denied for that reason. (The claimants are eligible to receive a Part III pro rata payment if any is authorized, on their claims which have been partially paid (83.87%) in the rehabilitation.)

One Class 3 claim from a hospital for $1,100 has not yet been paid and a petition to the court for payment at 83.87% of the total will be filed after expiration of the 60 day period for appeal .

One large Class 3 claim from Chartered's contract pharmacy provider initially was approved in the amount of $302,011.45. This amount was the balance of its Class 3 claim after payment of $1,571,492.66 in Part I and Part II payments. However, the pharmacy contract provider has been withholding rebates due Chartered from drug companies and crediting those rebates toward the $302,011.45 balance. The Rehabilitator notified the pharmacy contract provider that no further Class 3 payments would be authorized until the total rebate amount was determined. (The pharmacy contract provider recently notified the Rehabilitator that the net balance is now a credit of $67,442.88 to Chartered due to rebates and other credits.)

Two individuals submitted claims regarding health care services which were denied as they would or should have been submitted by providers through the claim process or otherwise appealed through an administrative process.

Class 4 – Claims of the federal or any state or local government

No claims were determined for this class as of June 30, 2014.

Class 5 – Reasonable compensation to employees for services

No claims were determined for this class as of June 30, 2014.

Class 6 – Claims of general creditors

Sixteen claims totaling $1,046,931.05 were determined to be Class 6 general creditor claims.

Two large claims of $365,871.29 and $457,700.29, totaling approximately 80% of the total Class 6 amount allowed, resulted from significant amounts due under contracts for claims processing and a software program used in processing claims which were no longer necessary after June 2013 and November 2013 respectively.

Four of the Class 6 general creditor claims involved litigation. Two of the litigation claims were by enrollees and were resolved through settlements which required no payment by Chartered. One employment claim was settled for $30,000 as a general creditor claim after protracted litigation. Another employment claim was resolved with no payment by Chartered.

One Class 6 general creditor claim was denied for lack of any supporting documentation after several requests for such were made.

The nine remaining claims were allowed in the amounts shown on the attached spreadsheet.

Class 7 – Claims filed late

Four general creditor claims were filed after the bar date of August 31, 2013. Two late-filed Class 7 claims were allowed for $10,007 and $450, respectively. One Class 7 late-filed claim was denied for lack of any documentation to support the claim. One Class 7 latefiled claim was

allowed in part, but largely denied as the bulk of charges related to periods during which Chartered received no services (i.e., after May 31, 2013).

Class 8 – Surplus or contribution notes, or similar obligations

No claims were determined for this class as of June 30, 2014.

Class 9 – Claims or shareholders or other owners in their capacity as shareholders

No claims were determined for this class as of June 30, 2014.

Duplicates

Two POCs were duplicate entries of original POCs.

Undetermined

Three claims remain to be determined:

1. DISB's claim for unpaid premium taxes and statutory interest in a total amount of $11,411,086.13 (at the time of filing the POC);

2. The building owner's claim for $1,397,893.90 for amounts due under a lease for Chartered's former offices at 1025 15th Street NW, Washington, DC; and

3. A claim for indemnification by Chartered in an unspecified amount.

POC NO.	DATE NOD MAILED	ADJ/ APPROVED AMOUNT	DENIED AMOUNT	REASON	CLASS
1001	6/12/2014	$1,100.00	$0.00	Provided necessary services	3
1002	6/23/2014	$1,460.00	$520.00	Allowed in part, denied in part	1
1003	6/18/2014	$7,812.31	$0.00	Provided necessary services	1
1004	6/12/2014	$0.00	$0.00	Denied; payment already authorized by the Court	1
1005	6/23/2014	$0.00	$0.00	Denied; claims process was utilized	3
1006	6/18/2014	$5,574.51	$0.00	Provided necessary services	1
1007	6/18/2014	$7,765.00	$0.00	Provided necessary services	1
1008	6/13/2014	$0.00	$0.00	Denied; claims process was utilized	3
1009	6/12/2014	$0.00	$0.00	Denied; payment already authorized by the Court	1
1010a	6/20/2014	$119,388.42	$0.00	Balance of claim is Class 6	1
1010b	6/20/2014	$365,871.29	$0.00	Balance of claim is Class 1	6
1011	6/18/2014	$180.00	$0.00	Provided necessary services	1
1012	6/12/2014	$5,150.00	$0.00	General creditor claim	6
1013	6/19/2014	$100.00	$0.00	Provided necessary services	1
1014	6/20/2014	$498.90	$0.00	General creditor claim	6
1015	6/13/2014	$30,000.00	$0.00	Allowed as general creditor claim through settlement agreement	6
1016	6/18/2014	$0.00	$14,400.00	Denied; has not provided requested information	6
1017	6/12/2014	$0.00	$0.00	Denied; payment already authorized by the Court	1
1018	6/12/2014	$0.00	$0.00	Denied; payment already authorized by the Court	1
1019	6/13/2014	$0.00	$0.00	Denied; claim and claim appeal process was available	3
1020	6/20/2014	$2,800.00	$0.00	General creditor claim	6
1021	n/a	$0.00	$0.00	Duplicate entry	3
1022	6/12/2014	$0.00	$0.00	Denied; payment already authorized by the Court	1
1023	6/19/2014	$0.00	$0.00	Denied; invoices already paid	1
1024	6/19/2014	$0.00	$0.00	Denied; invoices already paid	1
1025	6/20/2014	$0.00	$0.00	Denied; claims must be submitted by providers	3
1026	6/18/2014	$0.00	$0.00	Denied; claims must be submitted by providers	3
1027	n/a	$0.00	$0.00	Duplicate entry	3
1028	6/18/2014	$3,893.08	$0.00	General creditor claim	6
1029	6/18/2014	$6,495.21	$0.00	Provided necessary services	1
1030	6/13/2014	$0.00	$0.00	Denied; claims process was utilized	3
1031	6/13/2014	$0.00	$0.00	Denied; claims process was utilized	3
1032	6/12/2014	$0.00	$0.00	Denied; payment already authorized by the Court	1
1033	6/13/2014	$0.00	$0.00	Denied; claims process was utilized	3
1034	6/13/2014	$0.00	$0.00	Denied; claims process was utilized	3
1035	6/13/2014	$0.00	$0.00	Denied; claims process was utilized	3
1036	6/20/2014	$6,274.23	$0.00	General creditor claim	6
1037	6/20/2014	$0.00	$0.00	Rebates to be credited; balance, if any, will be Class 3	3
1038	6/18/2014	$652.50	$0.00	Provided necessary services	1
1039	6/13/2014	$0.00	$0.00	Denied; claims process was utilized	3
1040	6/12/2014	$0.00	$0.00	Denied; payment already authorized by the Court	1
1041	6/12/2014	$0.00	$0.00	Denied; payment already authorized by the Court	1
1042	6/12/2014	$0.00	$0.00	Denied; payment already authorized by the Court	1
1043	TBD	TBD	TBD	TBD - Premium taxes plus statutory interest	TBD
1044	6/12/2014	$0.00	$0.00	Denied; payment already authorized by the Court	1
1045	6/12/2014	$0.00	$0.00	Denied; payment already authorized by the Court	1
1046	6/20/2014	$2,467.06	$0.00	General creditor claim	6
1047	6/23/2014	$0.00	$0.00	Denied; resolved through settlement agreement	6
1048	6/13/2014	$0.00	$0.00	Denied; claims process was utilized	3

POC NO.	DATE NOD MAILED	ADJ/ APPROVED AMOUNT	DENIED AMOUNT	REASON	CLASS
1049	6/13/2014	$0.00	$0.00	Denied; claim and claim appeal process was available	3
1050	6/12/2014	$0.00	$0.00	Denied; payment already authorized by the Court	1
1051	6/12/2014	$0.00	$0.00	Denied; payment already authorized by the Court	1
1052	6/20/2014	$4,573.52	$0.00	General creditor claim	6
1053	TBD	TBD	TBD	TBD - building lease	TBD
1054	TBD	TBD	TBD	TBD - indemnification	TBD
1055	6/18/2014	$0.00	$0.00	Denied; resolved through settlement agreement	6
1056	6/18/2014	$10,007.00	$0.00	Allowed as late-filed claim	7
1057	6/18/2014	$3,248.44	$123,368.11	Allowed $3,248.44 as late-filed claim; denied balance/ after termination of service	7
1058	6/18/2014	$0.00	$0.00	Denied; resolved through settlement agreement	6
1059	6/18/2014	$80,000.00	$100,000.00	Allowed $80,000 as general credit claim; denied amounts after 10/13	6
1060	6/18/2014	$450.00	$0.00	Allowed as late-filed claim	7
1061	6/20/2014	$0.00	$52,000.00	Denied; late-filed and no documentation to support claim	7
1062	6/13/2014	$0.00	$0.00	Denied; claim and claim appeal process was available	3
1063	6/13/2014	$87,702.75	$0.00	General creditor claim (unsecured)	6
1064	6/13/2014	$457,700.22	$0.00	General creditor claim (unsecured)	6
1065	6/23/2014	$1,490.00	$530.00	Allowed in part, denied in part	1

EXHIBIT 5

ELEVENTH SUBMISSION FOR *IN-CAMERA* REVIEW

INVOICE #	PERIOD ENDING	NAME	FEES	EXPENSES	TOTAL
		Through April 30, 2014			
11934	4/30/2014	Daniel L. Watkins	$ 10,912.50	$ 210.07	$ 11,122.57
38001525	4/30/2014	Faegre Baker Daniels	$ 25,405.50	$ 673.50	$ 26,079.00
38001527	4/30/2014	Faegre Baker Daniels	$ 579.00		$ 579.00
14089	4/30/2014	Scribner Hall	$ 2,812.50		$ 2,812.50
1574977	4/30/2014	Troutman Sanders LLP	$ 1,904.50	$ 16.45	$ 1,920.95
					$ 42,514.02