

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
August 21, 2013, at 9:30 a.m.

PRAECIPE

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

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

Date: August 19, 2013

Respectfully submitted,

TROUTMAN SANDERS, LLP

/s/ Prashant K. Khetan

Prashant K. Khetan

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/s/ David K. Herzog

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Attorneys for the Rehabilitator and the
Special Deputy to the Rehabilitator

CERTIFICATE OF SERVICE

I hereby certify that on this 19th day of August, 2013, a copy of the foregoing was filed

and served by email upon:

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/s/ Prashant K. Khetan
Prashant K. Khetan

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SPECIAL DEPUTY TO THE REHABILITATOR'S SIXTH STATUS REPORT

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

1. **Update From Fifth Status Report.** On July 9, 2013, the Special Deputy filed his Fifth Status Report with the Court. The following information provides an update to the Fifth Status Report.
 - (a) **6/30/13 Financial Statements.** The Rehabilitator filed an executed copy of Chartered's June 30, 2013 financial statement on August 19, 2013, an unexecuted version of which is attached as **Exhibit 1**. The statement reflects a 2nd quarter net loss of \$3.25 million. The statement includes revenue from the last month of Chartered's Medicaid contract with the Department of Health Care Finance (DHCF) in April and the sale of assets to AmeriHealth, together with reversal of the \$5 million premium deficiency reserve recorded at December 31, 2012. Pledged collateral of \$12 million seized by Cardinal Bank was written off during the period leading to the net loss. The statement also reflects an \$8 million liability to the District of Columbia for premium taxes owed, a Class 4 claim in the Rehabilitation.
 - (b) **Pending Legal Matters.**
 - i. On July 11, 2013, the District of Columbia Court of Appeals entered an order setting the briefing schedule for the consolidated MedStar/ D.C. Health Care

Systems, Inc. (DCHSI) appeals. The order states that MedStar shall file its opening brief within 40 days of the date of the order, and the Rehabilitator's consolidated opposition brief shall be filed within 30 days from the filing of MedStar's opening brief. On August 16, 2013, MedStar filed a motion requesting an extension of time until October 4, 2013 to file its opening brief.

- ii. On August 9, 2013, the Rehabilitator and MedStar entered into a Memorandum of Understanding (MOU) to resolve their disputes, including MedStar's appeal pending before the District of Columbia Court of Appeals, and are currently working on definitive settlement documents. A copy of the MOU is attached as **Exhibit 2**. Once finalized, the Rehabilitator will present the definitive settlement documents to the Court for review and will request the Court's approval.

(c) Premium Claims.

- i. On July 22, 2013, the Rehabilitator and the DHCF entered into an agreement settling Chartered's claims for retrospective premium owed under its previous Medicaid contract (DHCF Settlement Agreement). The DHCF Settlement Agreement is conditioned on the Court's approval, in accordance with the Emergency Consent Order of Rehabilitation.
- ii. On July 25, 2013, the Rehabilitator filed a Consent Motion for Expedited Hearing to Set Briefing schedule and for Order Approving the Settlement Agreement Between D.C. Chartered Health Plan, Inc. and the District of Columbia (Consent Motion) in connection with the DHCF Settlement Agreement, together with a Memorandum of Points and Authorities in Support of the Consent Motion (Memorandum in Support of Consent Motion). Among other things, the Rehabilitator requested that the Court (1) at the scheduled August 21, 2013, hearing, hear arguments and evidence related to the DHCF Settlement Agreement and (2) at or before the August 21 hearing, enter an

order approving and authorizing the Rehabilitator to consummate the DHCF Settlement Agreement, allowing Chartered to liquidate its primary asset and pay priority provider claims under the Plan of Reorganization.

- iii. On July 26, 2013, DCHSI filed its Opposition to the Rehabilitator's requested briefing schedule in the Consent Motion, proposing instead that the Court schedule a status conference for mid-November 2013 to determine the final steps and set an evidentiary hearing on the merits, a schedule that essentially postpones additional provider payments until the end of the year at the earliest, but more likely until 2014.
- iv. On July 31, 2013, the Rehabilitator filed his Reply in Support of the Consent Motion for Expedited Hearing to Set Briefing Schedule arguing that the parties could address the merits of the settlement on the schedule proposed by the Rehabilitator.
- v. Although the Court has not yet ruled on the Rehabilitator's Consent Motion, DCHSI filed its Memorandum in Opposition to Motion to Approve the Settlement Agreement between Chartered and DHCF on August 9, 2013, in accordance with the briefing schedule proposed by the Rehabilitator.
- vi. On August 16, 2013, in accordance with his proposed briefing schedule, the Rehabilitator filed a Reply Memorandum of Points and Authorities in Support of Order Approving the Settlement Agreement Between D.C. Chartered Health Plan, Inc. and the District of Columbia, together with a motion for leave to file the Reply.
- vii. Also on August 16, DCHSI filed a Supplement to its Memorandum in Opposition to Motion to Approve Settlement Agreement.

(d) Parent Company and Related Party Issues.

- i. On July 9, 2013, as part of the Fifth Status Report, the Special Deputy to the Rehabilitator submitted a Settlement Agreement and Mutual Release between the Rehabilitator and Cardinal Bank (Cardinal Bank Settlement Agreement). Counsel for DCHSI raised concerns regarding the Cardinal Bank Settlement Agreement. After

further discussion between counsel for the Rehabilitator and DCHSI, the Cardinal Bank Settlement Agreement was revised and approved by DCHSI's counsel. On July 29, 2013, the Rehabilitator filed his Motion for Order Approving Settlement with Cardinal Bank. The Motion is pending.

- ii. On August 5, 2013, DCHSI and its shareholder, Jeffrey E. Thompson, filed a motion and supporting memorandum to stay the suit filed by Chartered seeking recovery of amounts due Chartered from DCHSI and Thompson. The motion seeks a stay of all proceedings until after resolution of DCHSI's appeal, and completion of all rehabilitation proceedings before this Court. On August 15, the Rehabilitator filed a Consent Motion by which his response to the Motion to Stay would be due on September 23, 2013.

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

- (a) Through August 15, 2013, provider claims totaling approximately \$56.5 million have been processed but not paid. Additional incurred but not yet processed or reported claims will be added to the total as those claims are processed. The previously disputed MedStar claims that would be resolved for \$8,393,000 under the proposed settlement are not included in this total.
- (b) As set forth in paragraph 1(c) above, the DHCF Settlement Agreement previously has been submitted to the Court for approval. If the Court approves the DHCF Settlement Agreement, the proceeds will be distributed as set forth in that agreement and described in the Memorandum in Support of the Consent Motion. The Rehabilitator will file with the Court a plan before making any additional Class 3 payments.
- (c) As required by the Plan of Reorganization, the Rehabilitator will consider payment of claims below Class 3 only if all Class 3 claims are paid in full. The Rehabilitator will recommend to the Court a plan for making payments on claims that fall in Class 4 or below if and when the Rehabilitator determines there will be assets available to pay such claims.

3. **Rehabilitation Expenses.**

- (a) On July 31, 2013, the Court held a telephonic hearing with regard to fee and expense statements for services rendered by the Special Deputy to the Rehabilitator and various counsel and other consultants since October 19, 2012. On August 7, 2013, the Rehabilitator submitted to the Court a Supplemental Memorandum for *In Camera* Review of Chartered Rehabilitation Fees and Expenses.
- (b) No payments have been made to the Special Deputy, various counsel or other consultants since the May 30 status conference.

Respectfully submitted,

/s/ Daniel L. Watkins
DANIEL L. WATKINS
Special Deputy to the Rehabilitator
D.C. Chartered Health Plan, Inc.
1025 15th St., N.W.
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ORDER APPROVING PLAN FOR PAYING PROVIDERS

On August 19, 2013, Daniel L. Watkins, as Special Deputy to the Rehabilitator of D.C. Chartered Health Plan, Inc. in Rehabilitation (Chartered), filed a *Sixth Status Report and Petition for Order Approving Plan for Paying Providers*. The Petition asked the Court to enter an order that approves the Rehabilitator's recommendation of a plan for paying Class 3 provider claims in accordance with the Plan of Reorganization, subject to the Court's approval of the Department of Health Care Finance Settlement Agreement.

Upon consideration of the Petition and the entire record herein, it is this ___ day of August, 2013,

1. ORDERED: That the Rehabilitator's recommendation of a plan for paying Class 3 provider claims in accordance with the Plan of Reorganization is approved; and
2. This is entered as a final Order.

Melvin R. Wright
Judge, D.C. Superior Court

Copies to:

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EXHIBIT 1

**QUARTERLY STATEMENT
OF THE
DC CHARTERED HEALTH PLAN, INC.**

**of
Washington
in the state of
District of Columbia**

**TO THE
Insurance Department
OF THE STATE OF
District of Columbia**

**FOR THE QUARTER ENDED
June 30, 2013**

2013



QUARTERLY STATEMENT
AS OF June 30, 2013
OF THE CONDITION AND AFFAIRS OF THE
DC CHARTERED HEALTH PLAN, INC.

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

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 , Washington, DC, US 20005
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 1120 Vermont Avenue NW
(Street and Number)

Washington, DC, US 20005 (202)326-8924
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 1120 Vermont Avenue NW , Washington, DC, US 20005
(Street and Number or P.O. Box) (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 (202)326-8924
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.chartered-health.com

Statutory Statement Contact Edward Frederick Oswald (202)326-8924
(Name) (Area Code)(Telephone Number)(Extension)

eoswald@chartered-health.com
(E-Mail Address) (Fax Number)

OFFICERS

OTHERS

Daneil 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)
 Daniel Lawrence Watkins
(Printed Name)
 1.
 Special Deputy Rehabilitator
(Title)

(Signature)
 Edward Frederick Oswald
(Printed Name)
 2.
 Interim CFO
(Title)

(Signature)

(Printed Name)
 3.

(Title)

Subscribed and sworn to before me this _____ day of _____, 2013

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

Yes[X] No[]

(Notary Public Signature)

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	480,000		480,000	13,479,363
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 (\$.....18,963,546), cash equivalents (\$.....217,270) and short-term investments (\$.....0)	19,180,816		19,180,816	4,821,623
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)	19,660,816		19,660,816	18,300,986
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	21,331		21,331	136,847
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,767,803		1,767,803	5,164,863
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	32,000,000		32,000,000	32,000,000
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	4,507		4,507	351,586
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				146,063
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	181,186	181,186		
25. Aggregate write-ins for other than invested assets	368,788	368,788		
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	54,004,432	549,975	53,454,457	56,100,345
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	54,004,432	549,975	53,454,457	56,100,345
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	368,788	368,788		
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	368,788	368,788		

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	60,089,874		60,089,874	47,889,416
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	765,433		765,433	1,275,722
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act				5,000,000
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	10,740,970		10,740,970	11,270,616
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				28,217
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)	321,183		321,183	247,480
24. Total liabilities (Lines 1 to 23)	71,917,461		71,917,461	65,711,451
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X	100	100
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X	4,690,419	4,690,419
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other than special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	(23,153,523)	(14,301,625)
32. Less treasury stock, at cost:				
32.10 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.20 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	(18,463,004)	(9,611,106)
34. Total Liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	53,454,457	56,100,345
DETAILS OF WRITE-INS				
2301. UNCLAIMED CHECKS	321,183		321,183	247,480
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)	321,183		321,183	247,480
2501.	X X X	X X X		
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

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	X X X	418,165	659,855	1,315,078
2. Net premium income (including \$.....0 non-health premium income)	X X X	118,642,465	193,943,011	398,256,303
3. Change in unearned premium reserves and reserves for rate credits	X X X			
4. Fee-for-service (net of \$.....0 medical expenses)	X X X			
5. Risk revenue	X X X			
6. Aggregate write-ins for other health care related revenues	X X X			
7. Aggregate write-ins for other non-health revenues	X X X			
8. Total revenues (Lines 2 to 7)	X X X	118,642,465	193,943,011	398,256,303
Hospital and Medical:				
9. Hospital/medical benefits		42,463,693	65,613,008	164,745,313
10. Other professional services		28,713,077	38,384,034	78,536,768
11. Outside referrals				
12. Emergency room and out-of-area		19,949,241	31,943,782	61,167,510
13. Prescription drugs		11,486,551	27,768,638	53,403,020
14. Aggregate write-ins for other hospital and medical		987,784	1,136,729	2,316,744
15. Incentive pool, withhold adjustments and bonus amounts				
16. Subtotal (Lines 9 to 15)		103,600,345	164,846,191	360,169,355
Less:				
17. Net reinsurance recoveries		227,476	296,278	619,220
18. Total hospital and medical (Lines 16 minus 17)		103,372,869	164,549,913	359,550,135
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$.....2,444,090 cost containment expenses		3,868,845	4,896,823	13,369,721
21. General administrative expenses		13,641,992	14,410,832	34,321,277
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)		120,883,706	183,857,568	412,241,133
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(2,241,241)	10,085,443	(13,984,830)
25. Net investment income earned		(36,500)	257,160	268,434
26. Net realized capital gains (losses) less capital gains tax of \$.....0		(589,913)		(188,599)
27. Net investment gains or (losses) (Lines 25 plus 26)		(626,413)	257,160	79,835
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			(1,567,988)	(6,000,000)
29. Aggregate write-ins for other income or expenses		(6,893,634)		(258,760)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(9,761,289)	8,774,615	(20,163,755)
31. Federal and foreign income taxes incurred	X X X		3,102,781	
32. Net income (loss) (Lines 30 minus 31)	X X X	(9,761,289)	5,671,834	(20,163,755)
DETAILS OF WRITE-INS				
0601.	X X X			
0602.	X X X			
0603.	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701.	X X X			
0702.	X X X			
0703.	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401. OTHER MEDICAL CLAIMS - DME		987,784	1,136,729	2,316,744
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)		987,784	1,136,729	2,316,744
2901. Write-off of balances Due To/From Parent				(8,427)
2902. Other Miscellaneous Income		55,228		31,807
2903. Write-off Notes Receivable and AR-Other				(282,140)
2998. Summary of remaining write-ins for Line 29 from overflow page		(6,948,863)		
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)		(6,893,634)		(258,760)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	(9,611,106)	1,441,940	5,949,445
34. Net income or (loss) from Line 32	(9,761,289)	5,671,834	(20,163,755)
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	909,391	(622,947)	4,603,204
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			
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		15,993,687	
48. Net change in capital and surplus (Lines 34 to 47)	(8,851,898)	21,042,574	(15,560,551)
49. Capital and surplus end of reporting period (Line 33 plus 48)	(18,463,004)	22,484,514	(9,611,106)
DETAILS OF WRITE-INS			
4701. CORRECTION OF PRIOR PERIOD ACCOUNTING ERROR		15,993,687	
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)		15,993,687	

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	117,039,524	165,619,777	391,422,122
2.	Net investment income	79,016	121,180	254,270
3.	Miscellaneous income			
4.	TOTAL (Lines 1 to 3)	117,118,540	165,740,957	391,676,392
5.	Benefit and loss related payments	90,825,332	173,397,317	357,310,956
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	25,444,406	25,003,681	49,992,662
8.	Dividends paid to policyholders			
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		(2,169,095)	
10.	TOTAL (Lines 5 through 9)	116,269,738	196,231,903	407,303,618
11.	Net cash from operations (Line 4 minus Line 10)	848,802	(30,490,946)	(15,627,226)
Cash from Investments				
12.	Proceeds from investments sold, matured or repaid:			
12.1	Bonds	13,499,363	627,818	5,189,260
12.2	Stocks			
12.3	Mortgage loans			
12.4	Real estate			
12.5	Other invested assets		13,283	13,283
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments			
12.7	Miscellaneous proceeds			
12.8	TOTAL investment proceeds (Lines 12.1 to 12.7)	13,499,363	641,101	5,202,543
13.	Cost of investments acquired (long-term only):			
13.1	Bonds	500,000	3,094,630	3,642,667
13.2	Stocks			
13.3	Mortgage loans			
13.4	Real estate			
13.5	Other invested assets		201,882	
13.6	Miscellaneous applications	589,913		
13.7	TOTAL investments acquired (Lines 13.1 to 13.6)	1,089,913	3,296,512	3,642,667
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)	12,409,451	(2,655,411)	1,559,876
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		
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)	1,100,942	16,186,169	1,913,653
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	1,100,942	16,186,169	1,913,653
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)	14,359,195	(16,960,188)	(12,153,697)
19.	Cash, cash equivalents and short-term investments:			
19.1	Beginning of year	4,821,621	18,955,149	16,975,318
19.2	End of period (Line 18 plus Line 19.1)	19,180,816	1,994,961	4,821,621

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 1Q 2012 filing and they were properly reported as Schedule D assets		1,909,630	
20.0002	Notes Receivable were reported as aggregate write-ins at 12/31/11 - at 3/31/12 a reclassification was made as these assets should be reported as Other Invested Assets		195,699	

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	109,373		7,974						101,399	
2. First Quarter	103,367		7,012						96,355	
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	418,165		28,690						389,475	
Total Member Ambulatory Encounters for Period:										
7. Physician	153,115		12,930						140,185	
8. Non-Physician	71,026		7,052						63,974	
9. Total	224,141		19,982						204,159	
10. Hospital Patient Days Incurred	8,177		44						8,133	
11. Number of Inpatient Admissions	2,284		15						2,269	
12. Health Premiums Written (a)	118,951,036		4,698,790						114,252,246	
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	118,951,036		4,698,790						114,252,246	
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	91,581,073		5,192,391						86,388,682	
18. Amount Incurred for Provision of Health Care Services	103,600,345		5,926,930						97,673,415	

(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
Individually Listed Claims Unpaid						
Children's National Medical Center	1,067,002	1,978,396	4,374,906	2,281,644		9,701,948
George Washington University Hospital	5,480,438	4,400,906	4,276,424			14,157,768
0199999 Individually Listed Claims Unpaid	6,547,440	6,379,302	8,651,330	2,281,644		23,859,716
0399999 Aggregate Accounts Not Individually Listed - Covered	3,439,817	8,242,266	19,373,989			31,056,073
0499999 Subtotals	9,987,258	14,621,568	28,025,320	2,281,644		54,915,789
0599999 Unreported claims and other claim reserves						5,174,085
0799999 Total Claims Unpaid						60,089,874
0899999 Accrued Medical Incentive Pool And Bonus Amounts						

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1	2	3	4	Claims Incurred in Prior Years (Columns 1+3)	Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year
	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		
1. Comprehensive (hospital & medical)	1,767,123	3,425,268	457,424	2,987,856	2,224,547	2,710,741
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid	39,487,513	46,492,508	7,520,615	49,123,979	47,008,128	45,178,675
8. Other health						
9. Health subtotal (Lines 1 to 8)	41,254,636	49,917,776	7,978,039	52,111,835	49,232,675	47,889,416
10. Healthcare receivables (a)		181,186				
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	41,254,636	49,736,590	7,978,039	52,111,835	49,232,675	47,889,416

(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:

		<u>State of Domicile</u>	2013	2012
<u>NET INCOME</u>				
(1)	State basis (Page 4, Line 32, Columns 2 & 3)	DC	\$(9,761,289)	\$(20,163,755)
(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)		\$(9,761,289)	\$(20,163,755)
<u>SURPLUS</u>				
(5)	State basis (Page 3, Line 33, Columns 3 & 4)	DC	\$(18,463,004)	\$(9,611,106)
(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)		\$(18,463,004)	\$(9,611,106)

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

The preparation of the financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Chartered writes only Medicaid contracts primarily through a contract with the District of Columbia Department of Health (DOH). Medicaid premiums from the DOH are due monthly and are recognized as revenue during the period in which Chartered is obligated to provide service to members.

In addition, the Company uses the following accounting policies:

- (1) Cash, cash equivalents and short-term investments include cash and US government and agency obligations with original dates of maturity less than twelve months when purchases. Short-term investments are stated at amortized cost.

Notes to Financial Statement

- (2) Bonds not backed by other loans are stated at amortized cost using the scientific interest method.
- (3) Common stocks – None
- (4) Preferred stocks – None
- (5) Mortgage loans on real estate – None
- (6) Loan-backed securities – None
- (7) Investments in subsidiaries, controlled or affiliated companies – None
- (8) Investments in joint ventures, partnerships and limited liability companies – None
- (9) Derivatives instruments – None
- (10) Chartered does not utilize anticipated investment income as a factor in the premium deficiency calculation.
- (11) Medical and hospital costs are accrued based on claims received but unpaid and an estimate for claims incurred but not yet received (IBNR). These estimates are projected through an actuarial model, which calculates the outstanding liability based on payment trends and membership. Chartered uses actuarially sound methodologies developed by its actuarial consultants, OptumInsight, to calculate its medical liability. Claims and claims adjustment expenses are expensed as incurred. The Company establishes an unpaid claims liability for claims in the process of review and for claims incurred but not reported. The liability for claims incurred but not reported is actuarially estimated based on the most current historical claims experience, changes in number of members and participants and estimates of health care trend (cost, utilization and intensity of services) changes. Estimates for claims incurred but not reported are continually reviewed and revised as changes in these factors occur and revisions are reflected in the current year's statements of revenue and expenses.
- (12) Chartered has not modified its capitalization policy from the prior period.
- (13) Chartered has not recorded any pharmacy rebate receivables.

2. Accounting Changes and Corrections of Errors

No Material Change

3. Business Combinations and Goodwill

No Material Change

4. Discontinued Operations

No Material Change

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans – No Material Change
- B. Debt Restructuring – No Material Change
- C. Reverse Mortgages – No Material Change
- D. Loan-Backed Securities – No Material Change
- 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 is 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 agents receives as collateral that can be resold or repledged – No Material Change

Notes to Financial Statement

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. Real Estate – No Material Change

G. Low-Income Housing Tax Credits (LIHTC) – No Material Change

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

No Material Change

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

A. Defined Benefit Plan

1) Change in benefit obligation – No Material Change

2) Change in plan assets – No Material Change

3) Funded status – No Material Change

4) Accumulated benefit obligation for vested employees and partially vested employees to the extent vested – No Material Change

5) Benefit obligation for non-vested employees – No Material Change

6) Components of net periodic benefit cost – None

7) The amount included in unassigned funds (surplus) for the period arising from a change in the additional minimum pension liability recognized – No Material Change

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

9) Measurement date – 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) Affect of one percentage point increase and decrease in the assumed health care trend rates – No Material Change

12) The defined benefit pension plan asset allocation as of the measurement date, and the target asset allocation, presented as a percentage of the total plan assets – No Material Change

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

14) Regulatory contribution requirements – No Material Change

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

16) Alternative amortization – No Material Change

17) Substantive commitment – No Material Change

Notes to Financial Statement

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

19) Explanation of any significant change in benefit obligations or plan assets – 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

No Material Change

15. 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. Amount 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

(5) Transfers of financial assets accounted for as secured borrowing value – No Material Change

(6) Transfers of receivables with recourse – No Material Change

(7) Securities underlying repurchase and reverse repurchase agreements – No Material Change

C. Wash Sales – None

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

No Material Change

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

No Material Change

Notes to Financial Statement**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 2 or 3.
5. Derivative assets and liabilities – None

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)
Bonds	\$480,000	\$480,000	\$0	\$480,000	\$0	\$0
Cash Equivalents	\$217,270	\$217,270	\$0	\$217,270	\$0	\$0

D. Not Practicable to Estimate Fair Value – None

21. Other Items

No Material Change

22. Events Subsequent

Type I – Recognized Subsequent Events

Subsequent events have been considered through August 15, 2013 for the statutory statement issued on June 30, 2013.

None

Type II – Nonrecognized Subsequent Events

Subsequent events have been considered through August 15, 2013 for the statutory statement issued on June 30, 2013.

None

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, 2012 were \$47,889,416 for unpaid claims and \$1,275,722 for unpaid claims adjustment expenses. As of June 30, 2013, \$42,530,358 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Therefore there has been a \$1,343,259 unfavorable prior year development since December 31, 2012 to June 30, 2013. There are \$7,978,039 reserves remaining for prior years. The increase is general the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes know regarding individual claims.

26. Intercompany Pooling Arrangements

No Material Change

27. Structured Settlements

No Material Change

28. Health Care Receivables

No Material Change

29. Participating Policies

Notes to Financial Statement

No Material Change

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	(1)
2. Date of the most recent evaluation of this liability	\$ <u>0</u>
	<u>6/30/2013</u>
3. Was anticipated investment income utilized in the calculation? (Yes / No)	<u>No</u>

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 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[] No[X]
- 3.2 If the response to 3.1 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

- 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:

GENERAL INTERROGATORIES (Continued)

	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?
If no, attach a description with this statement. Yes[] No[] N/A[X]

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
URBAN TRUST BANK	1350 I St. NW, WASHINGTON, DC 20005
PREMIER BANK	1501 K St., N.W., WASHINGTON, DC 20005

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 89.190%
1.2 A&H cost containment percent 2.060%
1.3 A&H expense percent excluding cost containment expenses 12.699%
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 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			NONE			

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**Current Year to Date - Allocated by States and Territories**

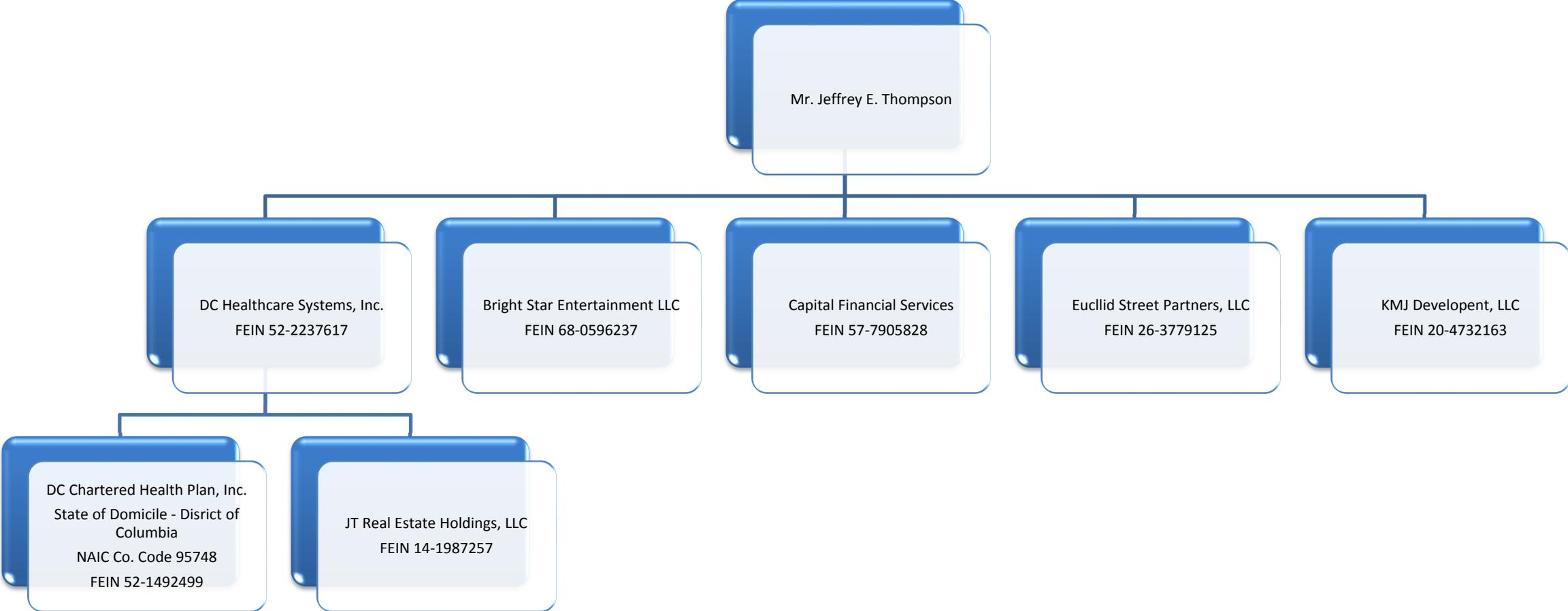
State, Etc.	1 Active Status	Direct Business Only							
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type 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	4,698,790		114,252,246				118,951,036	
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	4,698,790		114,252,246				118,951,036	
60. Reporting entity contributions for Employee Benefit Plans	XXX								
61. Total (Direct Business)	(a) 1	4,698,790		114,252,246				118,951,036	
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

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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 Relation-ship 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		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	

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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



95748201336500002

2013

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. Proceeds from Asset Purchase		5,000,000		
2905. Write-off of Pledged Assets		(12,065,603)		
2906. Write-off of Rent Deposits		(132,837)		
2907. Write-off of Capital Lease Obligations		131,292		
2908. Write-off of Deferred Rent Liability		118,285		
2997. Summary of remaining write-ins for Line 29 (Lines 2904 through 2996)		(6,948,863)		

STATEMENT AS OF **June 30, 2013** OF THE **DC CHARTERED HEALTH PLAN, INC.**
SCHEDULE A - VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

NONE

SCHEDULE B - VERIFICATION

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points		
9. Total foreign exchange change in book value/recorded investment		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		201,882
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		(188,599)
7. Deduct amounts received on disposals		13,283
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	13,479,363	15,025,957
2. Cost of bonds and stocks acquired	500,000	3,642,667
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration for bonds and stocks disposed of	13,499,363	5,189,260
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)	480,000	13,479,364
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	480,000	13,479,364

SCHEDULE D - PART 1B

**Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class**

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	14,065,827	259,851	13,845,678		14,065,827	480,000		14,288,887
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	14,065,827	259,851	13,845,678		14,065,827	480,000		14,288,887
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	14,065,827	259,851	13,845,678		14,065,827	480,000		14,288,887

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

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SCHEDULE DA - PART 1

Short - Term Investments

	1 Book/Adjusted Carrying Value	2	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	NONE				

SCHEDULE DA - Verification

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	809,524	836,254
2. Cost of short-term investments acquired	1,183,794	2,573,579
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	1,993,317	2,600,309
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)	0	809,524
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	0	809,524

SI04 Schedule DB - Part A Verification NONE

SI04 Schedule DB - Part B Verification NONE

SI05 Schedule DB Part C Section 1 NONE

SI06 Schedule DB Part C Section 2 NONE

SI07 Schedule DB - Verification NONE

SCHEDULE E - Verification
(Cash Equivalents)

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	10,225,639	19,955,717
2.	Cost of cash equivalents acquired	1,185,511,600	4,998,854,426
3.	Accrual of discount		
4.	Unrealized valuation increase (decrease)		
5.	Total gain (loss) on disposals		
6.	Deduct consideration received on disposals	1,195,519,968	5,008,584,505
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)	217,270	10,225,638
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	217,270	10,225,638

E01 Schedule A Part 2 NONE

E01 Schedule A Part 3 NONE

E02 Schedule B Part 2 NONE

E02 Schedule B Part 3 NONE

E03 Schedule BA Part 2 NONE

E03 Schedule BA Part 3 NONE

E04 Schedule D Part 3 NONE

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identification	2 Description	3 F o r e i g n Date	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Designation or Market Indicator (a)		
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B./A.C.V.									
Bonds - Industrial and Miscellaneous (Unaffiliated)																							
	ALLIANCEBERNSTEINALLNAT	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					2,896	03/17/2014	1FE	
	ALLYBANK	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					3,483	06/16/2014	1FE	
	AMERCNNATLBNK	05/14/2013		Cardinal Bank	XXX	227,259	227,259	227,259	227,259						227,259					1,088	12/11/2013	1FE	
	AMERICANEXPCENTURION	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					6,067	12/09/2013	1FE	
	APPLE BANK FOR SAVINGS APPBNK	05/15/2013		Cardinal Bank	XXX	245,000	245,000	245,000	245,000						245,000					846	04/11/2014	1FE	
	AURORABANKFSBLEH	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					3,883	03/03/2014	1FE	
	BANKBBVASM	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					1,570	08/19/2013	1FE	
	BANKOFCHINA	04/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					1,260	04/15/2013	1FE	
	BARCLAYS BANK DELAWARE BACR	05/15/2013		Cardinal Bank	XXX	60,000	60,000	60,000	60,000						60,000					975	01/20/2015	1FE	
	BEAL BANK USA BSVBK	05/15/2013		Cardinal Bank	XXX	248,000	248,000	248,000	248,000						248,000					968	07/03/2013	1FE	
	BMW BANK NORTHAMERICA	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					5,976	12/11/2013	1FE	
	BRYANBANK&TRUSTSAVB	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					1,092	07/29/2014	1FE	
	CAROLINABANK	05/14/2013		Cardinal Bank	XXX	93,627	93,627	93,627	93,627						93,627					6,064	08/09/2013	1FE	
	CAROLINABANK	05/14/2013		Cardinal Bank	XXX	94,245	94,245	94,245	94,245						94,245					5,107	11/12/2013	1FE	
	CITBANKCITBAK	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					4,619	12/08/2014	1FE	
	COLUMBUSBANK&TRUST	05/15/2013		Cardinal Bank	XXX	175,000	175,000	175,000	175,000						175,000					3,228	10/30/2013	1FE	
	COMMUNITYNATLKBWATERLOO,IA	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					2,709	04/21/2014	1FE	
	DISCOVERBANK	05/15/2013		Cardinal Bank	XXX	248,000	248,000	248,000	248,000						248,000					3,318	06/29/2015	1FE	
	DORAL BANK DRL	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					1,670	02/17/2015	1FE	
	EMPIRENATIONALBANK	05/15/2013		Cardinal Bank	XXX	160,000	160,000	160,000	160,000						160,000					856	03/28/2014	1FE	
	FIRST TRUST BANK FTTRBK	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					416	07/08/2013	1FE	
	FIRSTBANKOFFUERTORICOFBP	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					1,923	09/04/2013	1FE	
	FIRSTBANKOFFRICHMONDFBFCEN	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					3,017	03/04/2014	1FE	
	FIRSTBUSINESSBANK	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					2,573	06/17/2013	1FE	
	FIRSTREPUBLICBANK	05/14/2013		Cardinal Bank	XXX	229,907	229,907	229,907	229,907						229,907					18,181	10/30/2013	1FE	
	FIRSTSENTRYBANK	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					3,663	11/14/2013	1FE	
	FIRSTSTATEBANKFSBKTR	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					1,868	05/28/2013	1FE	
	GE CAPITAL BANK	05/15/2013		Cardinal Bank	XXX	248,000	248,000	248,000	248,000						248,000					3,208	06/22/2015	1FE	
	GE CAPITAL RETAIL BANK	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					3,071	04/06/2015	1FE	
	GECAPTFINCLINC	05/14/2013		Cardinal Bank	XXX	225,236	225,236	225,236	225,236						225,236					22,397	12/04/2013	1FE	
	GOLDMANSACHSGS	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					3,687	09/02/2014	1FE	
	HUNTINGTONNATLBNKCD	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					3,665	08/06/2013	1FE	
	KEYBANK	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					2,877	06/16/2014	1FE	
	KSBANK	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					3,544	11/14/2013	1FE	
	LEUMIUSANYBIRLN	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					3,430	07/04/2014	1FE	
	LUANASAVINGSBANK	05/14/2013		Cardinal Bank	XXX	235,612	235,612	235,612	235,612						235,612					12,767	11/12/2013	1FE	
	LYONS NATIONALBANK	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					1,924	05/20/2013	1FE	
	MARLIN BUSINESS BANK	05/15/2013		Cardinal Bank	XXX	245,000	245,000	245,000	245,000						245,000					443	10/14/2014	1FE	
	MERCANTILE BANK MBWM	05/15/2013		Cardinal Bank	XXX	125,000	125,000	125,000	125,000						125,000					523	02/09/2015	1FE	
	MOUNTAIN NATIONAL	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					3,260	08/19/2013	1FE	
	PARAGONCOMMERCIALBANK	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					5,635	12/11/2013	1FE	
	PLANTERSBANK,INC	05/14/2013		Cardinal Bank	XXX	141,367	141,367	141,367	141,367						141,367					7,960	11/12/2013	1FE	
	SAFRANATIONALSAFRANATIONAL	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					2,412	12/01/2014	1FE	
	SALLIEMAESALLMA	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					4,055	12/15/2014	1FE	
	STATEBANKOFINDIA	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					3,994	03/24/2014	1FE	
	STATEFARMBANK F.S.B	05/13/2013		Cardinal Bank	XXX	237,665	237,665	237,665	237,665						237,665					12,335	05/10/2013	1FE	
	TENNESSEE STATE TSTATE	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					929	01/20/2015	1FE	
	THEFIRST,NA	05/14/2013		Cardinal Bank	XXX	139,711	139,711	139,711	139,711						139,711					9,726	08/09/2013	1FE	
	TRISTATECAPITALTRISCB	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					2,725	04/04/2014	1FE	
	WACHOVIA BANK FSB WFC	05/15/2013		Cardinal Bank	XXX	247,667	247,667	247,667	247,667						247,667					7,381	09/30/2013	1FE	
	SOVEREIGN BANK, N.A.	05/15/2013		Cardinal Bank	XXX	248,000	248,000	248,000	248,000						248,000					1,622	10/14/2014	1FE	
	LIBERTY BANK N.A.	05/15/2013		Cardinal Bank	XXX	248,000	248,000	248,000	248,000						248,000							10/15/2014	1FE
	COMENITY CAPITAL N.A.	05/15/2013		Cardinal Bank	XXX	230,000	230,000	230,000	230,000						230,000					299	10/16/2015	1FE	
	EVERBANK	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000					549	07/16/2014	1FE	
	SYNOVUS BANK	05/15/2013		Cardinal Bank	XXX	250,000	250,000	250,000	250,000						250,000							07/18/2014	1FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				XXX	12,602,296	12,602,296	12,602,296	12,602,296						12,602,296					213,735	XXX	XXX	
8399997	Subtotal - Bonds - Part 4		</																				

E06 Schedule DB Part A Section 1 NONE

E07 Schedule DB Part B Section 1 NONE

E08 Schedule DB Part D Section 1 NONE

E09 Schedule DB Part D Section 2 - Collateral Pledged By Reporting Entity NONE

E09 Schedule DB Part D Section 2 - Collateral Pledged To Reporting Entity NONE

E10 Schedule DL - Part 1 - Securities Lending Collateral Assets NONE

E11 Schedule DL - Part 2 - Securities Lending Collateral Assets NONE

SCHEDULE E - PART 1 - CASH**Month End Depository Balances**

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6	7	8	
					First Month	Second Month	Third Month	
open depositories								
CARDINAL BANK - GENERAL CHECKING	WASHINGTON DC				14,932,298	19,009,009	18,228,973	X X X
CARDINAL BANK - MEDCLMS	WASHINGTON DC				70,579	272,140	112,602	X X X
CARDINAL BANK - ALLIANCE CLAIMS	WASHINGTON DC				167,578	84,063	84,063	X X X
CARDINAL BANK - MH CLAIMS	WASHINGTON DC				(254,811)	65,064	65,064	X X X
CARDINAL BANK - FLEX BENEFITS	WASHINGTON DC				4,023	644	644	X X X
BANK OF AMERICA - PAYROLL	WASHINGTON DC				312,003	305,996	298,907	X X X
CARDINAL BANK - TRANSPORTATION	WASHINGTON DC				4,226	3,010	3,010	X X X
URBAN TRUST BANK	LAKE MARY FL	09/10/2013	314		18,922	18,922	18,922	X X X
CARDINAL BANK - CDARS	WASHINGTON DC	07/16/2013	0.500	98	250,000			X X X
CARDINAL BANK - ESCROW	WASHINGTON DC						151,362	X X X
0199998 Deposits in0 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	314	98	15,504,817	19,758,847	18,963,546	X X X
0299998 Deposits in0 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	314	98	15,504,817	19,758,847	18,963,546	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	314	98	15,504,817	19,758,847	18,963,546	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		06/30/2013	0.002	07/01/2013	217,270		9,889
8499999 Sweep Accounts					217,270		9,889
8599999 Other Cash Equivalents							
8699999 Total - Cash Equivalents					217,270		9,889

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EXHIBIT 2

MEMORANDUM OF UNDERSTANDING REGARDING RESOLUTION OF CLAIMS

D.C. Chartered Health Plan, Inc. in Rehabilitation (“Chartered”) and two hospitals, Washington Hospital Center Corporation (d/b/a MedStar Washington Hospital Center) and MedStar Georgetown Medical Center, Inc. (d/b/a MedStar Georgetown University Hospital) (together, “WHC/GUH”), are engaged in a dispute, currently the subject of litigation and arbitration proceedings, in which WHC/GUH seeks to recover up to \$40 million for covered hospital services provided to Chartered beneficiaries allegedly not properly reimbursed by Chartered. The dispute excludes claims for services provided by (a) physicians employed by WHC/GUH, and (b) other MedStar Health, Inc. (“MedStar”) hospitals, entities and affiliates, including but not limited to, physicians and physician groups.

The purpose of this Memorandum of Understanding (“MOU”) is to create a binding agreement regarding the compromise of WHC/GUH’s disputed claims and the treatment of WHC/GUH’s claims with respect to the distribution of funds contemplated in the Rehabilitation proceeding, so as to allow the Rehabilitator to seek necessary approvals in D.C. Superior Court, with other provisions to take effect after such approvals, to be further detailed by subsequent agreement(s) between the parties not inconsistent herewith.

The parties to this MOU, and any other agreements made in furtherance thereof, agree and recognize that the resolutions set forth herein are subject to, and contingent upon, approval by the Superior Court in the rehabilitation proceeding and will be ineffective and non-binding if such approval is not received.

Chartered, with the assistance of Optimity Advisors, and WHC/GUH have engaged in a three month study of the claims related to nearly 20,000 patients which are the subject of the arbitration.

Since Chartered suspended payments to all its medical providers in April 2013, it has continued to process, but not pay, the claims of providers, including WHC/GUH. Claims processed but not paid are referred to as undisputed “A” status claims and are Class 3 claims under Chartered’s Plan of Reorganization.

In processing and analyzing the WHC/GUH claims, the Rehabilitator has determined that claims involving \$9,634,763 are undisputed, unpaid “A” status claims. After removing these “A” status claims, WHC/GUH is seeking approximately \$30 million for its remaining disputed claims.

In analyzing the remaining disputed claims, the Rehabilitator has determined that there are 1.) approximately 150 stop-loss claims (claims with billed amounts over \$100,000) involved, a significant number of which are currently within applicable appeal periods and which will require substantial additional review to determine amounts payable under the provider agreements; and 2.) a large portion of claims and dollar amounts which would need to be resolved by the arbitrator as the parties do not agree about amounts owed under the provider agreements.

Chartered and WHC/GUH have expended significant resources in analyzing the claims in question and litigating and arbitrating disputed matters. During the past three months, the Rehabilitator has already determined a significant portion of claims initially disputed in arbitration are not in dispute

(\$9,634,763). This \$9,634,763 amount is an “A” status claim, which would receive a *pro rata* share of the \$48 million in settlement proceeds Chartered and the District of Columbia propose to distribute to providers with “A” status claims (such distribution subject to D.C. Superior Court approval of the settlement agreed to between the Rehabilitator and the District).

Further analysis of the disputed claims by the Rehabilitator, most particularly the appealable high-dollar stop-loss claims, could result in a determination that significant additional undisputed amounts are owed to WHC/GUH. Moreover, even as the Rehabilitator has determined that certain of the claims are not in dispute for payment, the parties continue to disagree as to the amount that should be paid on such claims, for reasons that include the application of certain claims coding and weighting principles that are at issue in arbitration. Thus, absent this MOU, WHC/GUH would retain a right to appeal a portion of the processed but unpaid claims currently in “A” status, which would have to be handled by the Rehabilitator. As such, significant additional resources would be expended by both parties over an extended period of time in further analysis, litigation and arbitration if all of the current and possible future disputes over WHC/GUH claim matters are not resolved.

This MOU resolves all pending matters in the litigation and arbitration between Chartered and WHC/GUH as follows.

First, WHC/GUH accepts, and will not contest, the Rehabilitator’s determination that the amount of WHC/GUH’s undisputed “A” status claims is \$9,634,763, as described above.

Second, in order to timely and affordably resolve all currently outstanding and possible future disputes involving \$30 million or more claimed by WHC/GUH for services provided Chartered, the Rehabilitator has determined, and WHC/GUH has accepted, that \$8,393,000 of the \$30 million in the remaining matters in arbitration is an allowed Class 3 claim in the Chartered rehabilitation estate. In making this determination, the Rehabilitator has exhaustively researched Chartered’s data warehouse, consulted independent advisors, considered industry benchmarks on Medicaid appeals success rates, reviewed past appeals success rates by WHC/GUH and had the Special Deputy to the Rehabilitator thoroughly review the data, risks, costs and time involved in a prolonged arbitration of this matter, including potential impacts on the timing and amount of payments to other providers with unpaid claims.

The \$8,393,000 Class 3 claim is not considered an “A” status claim which would receive a *pro rata* share of the \$48 million in settlement proceeds Chartered and the District propose to distribute to providers with “A” status claims. The agreed \$8,393,000 Class 3 claim of WHC/GUH will be paid from current Chartered assets. It will be paid on the same *pro rata* basis as “A” status claims proposed to be paid to all other providers, including WHC/GUH, for “A” status claims from the \$48 million in settlement funds at the same time “A” status claims are paid. For example, if – as projected by the Rehabilitator – the “A” status claims of providers are paid at a rate of 80%, WHC/GUH’s \$8,393,000 Class 3 claim will also be paid at a rate of 80%. This resolution of disputed claims is subject to and contingent upon approval of the Court.

In consideration of the Rehabilitator's determination regarding WHC/GUH's disputed claims and WHC/GUH's acceptance of the determination, WHC/GUH agrees that, as of August 6, 2013, Chartered will not process or determine any further WHC/GUH claims or appeals; WHC/GUH will be allowed no further amounts on any claim or appeal pending as of August 6, 2013; and, after August 6, 2013, WHC/GUH will not submit any additional claims or appeals to Chartered. Nothing in this paragraph shall limit or impede the ability of (a) any physician employed by WHC/GUH, and (b) any MedStar hospital, entity and affiliate, including but not limited to physicians or physician groups, other than WHC/GUH, to submit or dispute claims or pursue appeals, consistent with the claims bar date approved by the Superior Court. Further, WHC/GUH and Chartered agree to stay the arbitration, and continue to stay the Superior Court litigation that preceded the arbitration, pending Superior Court review and approval of this MOU. Upon approval and payment of the initial distribution of funds under the settlement agreed to between the Rehabilitator and the District, the arbitration and litigation will be dismissed, as will any and all other litigation and appeals by WHC/GUH involving Chartered's rehabilitation, including but not limited to WHC/GUH's appeal of the Superior Court's denial of its motion to intervene, and WHC/GUH and Chartered will mutually release all claims against each other as to the matters that were the subject of the arbitration, all subject to specific terms and instructions as to which the parties will agree.

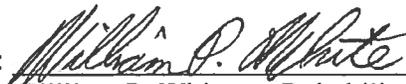
All payments for "A" status claims and WHC/GUH's \$8,393,000 Class 3 claim are contingent upon Superior Court approvals of the settlement agreement between Chartered and the District and this MOU.

All payments made toward WHC/GUH's "A" status claims and the \$8,393,000 Class 3 claim will be subject to the same *pro rata* percentages paid to all providers on undisputed and allowed claims. If assets are available to pay 100% of provider Class 3 claims, the Rehabilitator will apply additional assets to interest owed providers on their claims on a *pro rata* basis. Interest on WHC/GUH's claims will be calculated on the total claims paid to them (including both the "A" status and the \$8,393,000 Class 3 claims) at the rate determined for their "A" status claims, such rate to be determined using the same methodology as it is for all other providers.

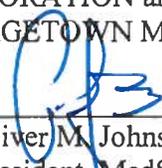
Finally, the Rehabilitator and WHC/GUH agree to draft and execute other documents, as necessary, to effectuate this MOU, including but not limited to a settlement agreement including mutual releases and other reasonable and customary terms for such resolutions.

ON THIS 9TH DAY OF AUGUST, 2013, AGREED TO BY:

D.C. CHARTERED HEALTH PLAN, INC.

By: 
William P. White, as Rehabilitator for
D.C. Chartered Health Plan, Inc.

WASHINGTON HOSPITAL CENTER
CORPORATION and MEDSTAR
GEORGETOWN MEDICAL CENTER, INC.

By: 
Oliver M. Johnson II, Executive Vice
President, MedStar Health, Inc.