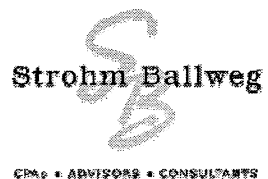


TRILOGY HEALTH INSURANCE, INC.
(A Wholly-Owned Subsidiary of Trilogy Health Holdings, LLC)

STATUTORY FINANCIAL STATEMENTS

December 31, 2018 and 2017



CPAs • ADVISORS • CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Stockholder and Board of Directors
Trilogy Health Insurance, Inc.
Brookfield, Wisconsin

We have audited the accompanying statutory financial statements of Trilogy Health Insurance, Inc. (the Company), which are comprised of the statutory balance sheets as of December 31, 2018 and 2017, and the related statutory statements of income, changes in capital and surplus, and cash flows for the years then ended, and the related notes to the statutory financial statements.

Management's Responsibilities for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 to the financial statements, the financial statements are prepared by the Company in accordance with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin, which is a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of the state of Wisconsin.

The effects on the statutory financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America have not been determined but are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the statutory financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin described in Note 1.

Strohm Ballweg, LLP

Madison, Wisconsin
April 14, 2019

TRILOGY HEALTH INSURANCE, INC.
STATUTORY BALANCE SHEETS
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ADMITTED ASSETS		
Cash	\$ 8,448,624	\$ 4,990,423
Investment income due and accrued	2,809	1,519
Amounts recoverable from reinsurers	-	12,745
Federal income tax receivable	39,224	-
Net deferred tax asset	152,490	166,062
Electronic data processing equipment	27,649	4,184
Health care and other receivables	<u>1,791,015</u>	<u>1,019,035</u>
Total admitted assets	<u>\$ 10,461,811</u>	<u>\$ 6,193,968</u>
LIABILITIES AND CAPITAL AND SURPLUS		
Liabilities:		
Claims unpaid	\$ 3,342,280	\$ 2,609,570
Unpaid claim adjustment expenses	114,156	90,800
Accounts payable and other liabilities	3,208,648	240,995
Amounts due to affiliates	<u>15,045</u>	<u>5,111</u>
Total liabilities	<u>6,680,129</u>	<u>2,946,476</u>
Capital and surplus:		
Common stock, \$1 par value, 2,000,000 shares authorized, 1,000,000 shares issued and outstanding	1,000,000	1,000,000
Gross paid-in and contributed surplus	5,408,000	5,408,000
Unassigned surplus (deficit)	<u>(2,626,318)</u>	<u>(3,160,508)</u>
Total capital and surplus	<u>3,781,682</u>	<u>3,247,492</u>
Total liabilities and capital and surplus	<u>\$ 10,461,811</u>	<u>\$ 6,193,968</u>

See Notes to Statutory Financial Statements.

TRILOGY HEALTH INSURANCE, INC.
STATUTORY STATEMENTS OF INCOME
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
UNDERWRITING OPERATIONS		
Premiums earned, net of reinsurance	<u>\$ 28,259,523</u>	<u>\$ 22,050,742</u>
Claims incurred, net of reinsurance	<u>23,858,838</u>	19,112,604
Claims adjustment expenses	<u>1,477,519</u>	1,257,808
General administrative expenses	<u>2,460,750</u>	<u>2,275,558</u>
Total underwriting deductions	<u>27,797,107</u>	<u>22,645,970</u>
Net underwriting gain (loss)	<u>462,416</u>	(595,228)
Net investment income earned	<u>42,427</u>	<u>18,358</u>
Net income (loss) before federal income taxes	<u>504,843</u>	(576,870)
Federal income tax expense (benefit)	<u>(39,224)</u>	<u>-</u>
Net income (loss)	<u>\$ 544,067</u>	<u>\$ (576,870)</u>

See Notes to Statutory Financial Statements.

TRILOGY HEALTH INSURANCE, INC.
STATUTORY STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS
Years Ended December 31, 2018 and 2017

	Common Stock	Gross Paid-In and Contributed Surplus	Unassigned Surplus (Deficit)	Total
Balance, January 1, 2017	\$ 1,000,000	\$ 5,408,000	\$ (2,623,801)	\$ 3,784,199
Net loss	-	-	(576,870)	(576,870)
Change in net deferred income tax	-	-	59,370	59,370
Change in nonadmitted assets	-	-	(19,207)	(19,207)
Balance, December 31, 2017	1,000,000	5,408,000	(3,160,508)	3,247,492
Net income	-	-	544,067	544,067
Change in net deferred income tax	-	-	(146,395)	(146,395)
Change in nonadmitted assets	-	-	136,518	136,518
Balance, December 31, 2018	<u>\$ 1,000,000</u>	<u>\$ 5,408,000</u>	<u>\$ (2,626,318)</u>	<u>\$ 3,781,682</u>

See Notes to Statutory Financial Statements.

TRILOGY HEALTH INSURANCE, INC.
STATUTORY STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash from operations:		
Net premiums collected	\$ 27,625,644	\$ 21,957,140
Net investment income received	41,137	17,096
Benefits and related payments	(23,106,683)	(19,698,943)
Commissions and other expenses paid	<u>(3,890,747)</u>	<u>(3,509,350)</u>
Net cash from operations	<u>669,351</u>	<u>(1,234,057)</u>
Cash from investments:		
Proceeds from bonds sold	<u>-</u>	<u>236,671</u>
Net cash from investments	<u>-</u>	<u>236,671</u>
Other cash provided (applied)	<u>2,788,850</u>	<u>(2,927)</u>
Net change in cash	<u>3,458,201</u>	<u>(1,000,313)</u>
Cash:		
Beginning of year	<u>4,990,423</u>	<u>5,990,736</u>
End of year	<u>\$ 8,448,624</u>	<u>\$ 4,990,423</u>

See Notes to Statutory Financial Statements.

Note 1 ~ Nature of Business and Summary of Significant Accounting Policies

Nature of Business. Trilogy Health Insurance, Inc. (the Company) is a wholly-owned subsidiary of Trilogy Health Holdings, LLC (THH). The Company is a health maintenance organization that provides health services to Medicaid recipients under a contract with the Wisconsin Department of Health Services (DHS), specifically BadgerCare Plus and Medicaid Supplemental Security Income eligible recipients.

My Choice Family Care, Inc. (My Choice) intends to acquire control of the Company through the purchase of 100 percent of the outstanding stock of the Company from THH pursuant to a Stock Purchase Agreement dated January 17, 2019. Following regulatory approval of the acquisition, the Company will become a wholly-owned subsidiary of My Choice. The acquisition is expected to be approved and finalized during the second quarter of 2019.

A summary of the Company's significant accounting policies follows:

Basis of Presentation. The accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin (the OCI). Prescribed statutory accounting practices include state insurance laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Company had no such specifically permitted practices. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) was adopted as a component of prescribed or permitted practices by the OCI.

Statutory accounting practices vary in some respects from U.S. generally accepted accounting principles (GAAP). Such significant differences include the following:

- Certain assets designated as "nonadmitted assets" (principally deferred tax assets, furniture and fixtures, nonoperating software, and prepaid expenses) are charged against surplus; under GAAP, furniture and fixtures and nonoperating software would be recognized as assets net of accumulated depreciation and amortization, prepaid expenses would be recorded as an asset, and deferred taxes would be accounted for as described later in this note.
- Acquisition costs, including salaries and other items, are charged to current operations as incurred; under GAAP, these acquisition costs would be deferred and recognized as an expense over the periods covered by the policies.
- Deferred income taxes are provided for differences between the financial statement and the tax bases of assets and liabilities and are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets would not be realized. Additionally, under statutory accounting practices, limitations are placed on the admissibility of deferred tax assets. All changes in ordinary deferred tax assets and liabilities are reported as changes in surplus, and state income taxes are not included in deferred tax calculations; under GAAP, there is no admissibility concept, changes in deferred tax assets and liabilities would be reported through operations and/or surplus depending on their characteristics, and state income taxes would be included in the deferred tax calculation.

Note 1 ~ Nature of Business and Summary of Significant Accounting Policies (Continued)

- Statutory financial statements are prepared in a form using language and groupings substantially the same as the annual statement of the Company filed with the NAIC and state regulatory authorities, which differ from the presentation and disclosure of financial statements presented under GAAP.

The effects of these variances from GAAP on the accompanying statutory financial statements have not been determined.

Accounting Estimates. The preparation of statutory financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near-term relate to:

- Claims unpaid and unpaid claim adjustment expenses.
- The amount of deferred tax assets expected to be realized in future years.
- Health care and other receivables, which are based upon management's judgement of the ultimate collectability.

Risk and Uncertainties. The Company's operating results and financial condition are affected by numerous factors and circumstances unique to the insurance industry, some of which it can neither predict nor control. Among them are (1) statutorily imposed regulatory capital requirements can limit an insurer's ability to underwrite new business or retain otherwise desirable risks; (2) an insurer's ability to enter into suitable reinsurance agreements is subject to prevailing conditions in reinsurance markets; and (3) inflationary pressures and medical costs affect the magnitude of claims and claim adjustment expenses.

Cash. For purposes of reporting cash flows, the Company follows statutory accounting practices and considers cash in checking accounts, certificates of deposit, and certain money market accounts to be cash. Total deposits of \$8,448,624 were held at two financial institutions at December 31, 2018, with balances that exceed the amount insured by the Federal Deposit Insurance Corporation. The Company does not believe it is exposed to any significant credit risk on the amounts not insured.

Furniture and Equipment. Electronic data processing equipment is recorded as an admitted asset at cost less accumulated depreciation of \$321,699 and \$314,799 as of December 31, 2018 and 2017, respectively. Depreciation is calculated using the straight-line method over the lesser of the useful lives or three years of the respective assets. Depreciation expense for all depreciable assets was \$9,453 and \$11,184 in 2018 and 2017, respectively.

Furniture and equipment and nonoperating software are considered nonadmitted assets for statutory financial statement reporting purposes. Straight-line depreciation and amortization is calculated on these assets and charged to expense over their useful lives, which vary from three to seven years. Leasehold improvements are also considered nonadmitted assets for statutory financial reporting purposes. Straight-line amortization is calculated on leasehold improvements and charged to expense over the life of the lease. The net change in book value (cost less depreciation or amortization) is charged or credited directly to surplus.

Note 1 ~ Nature of Business and Summary of Significant Accounting Policies (Continued)

Health Care and Other Receivables. Receivables from DHS are stated at net realizable value, based upon management's judgment of the ultimate collectability of the accounts. Collection trends are monitored and any adjustments required are reflected in income currently.

Claims Unpaid and Unpaid Claim Adjustment Expenses. The liabilities for claims unpaid and unpaid claim adjustment expenses include amounts determined by using Company experience and industry averages to estimate amounts incurred but unpaid. Such liabilities are necessarily based on estimates and, while management believes that the amounts are adequate, the ultimate liabilities will differ from the amounts provided. The methods for making such estimates and for establishing the resulting liabilities are annually reviewed, and any adjustments are reflected in income currently.

Contract with the Wisconsin Department of Health Services (DHS). The Plan has a contract with DHS to provide services to qualified Medicaid recipients in exchange for monthly interim payments. The contract represents the majority of the Company's source of premium income for the years ended December 31, 2018 and 2017. The Company recorded a liability of \$2,928,984 at December 31, 2018, due to an overpayment received from DHS.

Recognition of Premium. The Company recognizes premiums as revenue in the period in which the coverage relates.

Medicaid Pass-Through Payments. The Company receives certain payments from the Medicaid program that are fully passed through to designated providers. The Company, therefore, serves as a fiscal conduit between the state of Wisconsin and providers and does not assume insurance risk in such arrangements. The Company received instruction from the OCI to exclude such payments from the statutory statements of income. The Company received pass-through payments amounting to \$6,127,809 and \$5,898,857 in 2018 and 2017, respectively. The Company records a liability when funding is received from the state, and relieves the liability when payments are made to providers.

Reinsurance. Reinsurance premiums, claim and claim adjustment expense recoveries, and receivables related to reinsured business are accounted for based on the terms of the reinsurance contracts.

Federal Income Taxes. The Company is taxed as an insurance company under Section 831 of the Internal Revenue Code. The Company records deferred income taxes on temporary differences between the financial and tax bases of the Company's assets and liabilities based upon enacted tax rates.

The 2017 Tax Cuts and Jobs Act changed the federal income tax rate for corporations to 21 percent, beginning with tax year 2018. Pursuant to this tax law change, the Company's income taxes were calculated using this 21 percent enacted tax rate.

Subsequent Events. Subsequent events were evaluated through April 14, 2019, which is the date the financial statements were available to be issued. See Note 1 for discussion of pending sale of the Company.

TRILOGY HEALTH INSURANCE, INC.
NOTES TO STATUTORY FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 2 ~ Reinsurance

The Company utilizes a reinsurance agreement to reduce its exposure to large losses. Reinsurance permits recovery of a portion of large losses, but it does not discharge the primary liability of the Company as direct insurer of the risks reinsured. The Company purchases excess of loss reinsurance coverage for any individual's claims that exceeds \$200,000 on a cumulative basis during the contract period, subject to a maximum benefit of \$2,000,000.

The following table presents the effects of this excess of loss reinsurance contract on financial statement amounts as of, and for the year ended, December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Premiums earned	\$ 364,994	\$ 250,958
Benefits incurred	481,236	198,310
Amounts recoverable from reinsurers	-	12,745

Note 3 ~ Claims Unpaid and Unpaid Claim Adjustment Expenses

Activity in the liabilities for claims unpaid and unpaid claims adjustment expenses for the years ended December 31, 2018 and 2017, are summarized as shown below:

	<u>2018</u>	<u>2017</u>
Balance at January 1	\$ 2,700,370	\$ 3,273,743
Less reinsurance recoveries	-	-
Net balance at January 1	<u>2,700,370</u>	<u>3,273,743</u>
Incurred related to:		
Current year	26,153,869	21,558,212
Prior years	(817,512)	(1,187,800)
Total incurred	<u>25,336,357</u>	<u>20,370,412</u>
Paid related to:		
Current year	22,697,433	18,857,842
Prior years	1,882,858	2,085,943
Total paid	<u>24,580,291</u>	<u>20,943,785</u>
Net balance at December 31	3,456,436	2,700,370
Plus reinsurance recoveries	-	-
Balance at December 31	<u>\$ 3,456,436</u>	<u>\$ 2,700,370</u>

The liability for claims unpaid and unpaid claims adjustment expenses developed favorably by \$817,512 and \$1,187,800 in 2018 and 2017, respectively, primarily due to lower than anticipated medical claims.

TRILOGY HEALTH INSURANCE, INC.
NOTES TO STATUTORY FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 4 ~ Federal Income Taxes

Federal income tax expense differs from the amount obtained by applying the federal income tax rate of 21 percent and 34 percent to pretax income for the years ended December 31, 2018 and 2017, respectively, due to the following:

	2018	2017
Computed expected federal income tax	\$ 106,017	\$ (196,136)
Increase (decrease) in taxes resulting from:		
Discounting of claim liabilities	2,439	(1,952)
Net operating loss carryforward generated (utilized)	(104,364)	203,365
Alternative minimum tax (AMT) recoupment	(39,224)	-
Other	(4,092)	(5,277)
Federal income tax expense (benefit)	\$ (39,224)	\$ -

The components of the net deferred tax asset/(liability) at December 31, 2018 and 2017, were as follows:

	Ordinary	Capital	Total
<u>2018</u>			
Gross deferred tax assets	\$ 275,669	\$ -	\$ 275,669
Statutory valuation allowance	-	-	-
	275,669	-	275,669
Deferred tax asset nonadmitted	(119,140)	-	(119,140)
	156,529	-	156,529
Deferred tax liability	(4,039)	-	(4,039)
	\$ 152,490	\$ -	\$ 152,490
<u>2017</u>			
Gross deferred tax assets	\$ 418,025	\$ -	\$ 418,025
Statutory valuation allowance	-	-	-
	418,025	-	418,025
Deferred tax asset nonadmitted	(251,963)	-	(251,963)
	166,062	-	166,062
Deferred tax liability	-	-	-
	\$ 166,062	\$ -	\$ 166,062

TRILOGY HEALTH INSURANCE, INC.
NOTES TO STATUTORY FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 4 ~ Federal Income Taxes (Continued)

The admitted deferred tax asset was determined using the guidance related to admissibility provided in the following paragraphs of NAIC *Statement of Statutory Accounting Principles No. 101 (SSAP 101)*:

	Ordinary	Capital	Total
<u>2018</u>			
11a. Ability to recover taxes paid in prior years	\$ -	\$ -	\$ -
11b. Expected to be realized, after application of threshold limitations	152,490	-	152,490
11c. Offset of deferred tax liabilities	4,039	-	4,039
	\$ 156,529	\$ -	\$ 156,529
<u>2017</u>			
11a. Ability to recover taxes paid in prior years	\$ -	\$ -	\$ -
11b. Expected to be realized, after application of threshold limitations	166,062	-	166,062
11c. Offset of deferred tax liabilities	-	-	-
	\$ 166,062	\$ -	\$ 166,062
		2018	2017
Ratio Used to Determine Recovery Period and Threshold Limitation amount under paragraph 11b		243%	253%
Amount of Adjusted Capital And Surplus Used to Determine Recovery Period and Threshold Limitation under paragraph 11b		\$ 3,629,192	\$ 3,081,430

TRILOGY HEALTH INSURANCE, INC.
NOTES TO STATUTORY FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 4 ~ Federal Income Taxes (Continued)

The major components of current income taxes incurred and net deferred tax assets as of December 31, 2018 and 2017, were as follows:

	2018	2017	Change
Current income tax (benefit):			
Federal	\$ (39,224)	\$ -	\$ (39,224)
Federal income tax on net capital gains	-	-	-
Utilization of capital loss carryforwards	-	-	-
Federal income tax expense (benefit)	(39,224)	-	(39,224)
Deferred tax assets:			
Claims unpaid	11,149	4,372	6,777
Fixed assets	6,083	9,123	(3,040)
Compensation and benefit accruals	10,095	8,282	1,813
Nonadmitted assets	4,438	4,678	(240)
Net operating loss carryforward	181,701	285,788	(104,087)
AMT credit carryforward	39,224	78,448	(39,224)
Other	22,979	27,334	(4,355)
Total deferred tax assets	275,669	418,025	(142,356)
Nonadmitted deferred tax assets	(119,140)	(251,963)	132,823
Total admitted deferred tax assets	156,529	166,062	(9,533)
Deferred tax liabilities:			
Other	(4,039)	-	(4,039)
Total deferred tax liabilities	(4,039)	-	(4,039)
Net deferred tax assets	\$ 152,490	\$ 166,062	\$ (13,572)

At December 31, 2018, the Company had no income taxes incurred in the current and prior year that are available for recoupment in the event of future net operating losses. At December 31, 2018, the Company had a federal net operating loss carryforward of approximately \$865,000, which expires in various amounts through 2037.

The Company also pays Wisconsin income taxes at a rate of 7.9 percent of Wisconsin taxable income. The Company incurred no Wisconsin state income taxes for the years ended December 31, 2018 and 2017.

As of December 31, 2018, the Company had not identified any material loss contingencies arising from uncertain tax positions. The Company had no tax-planning strategies that had a material impact on adjusted gross and net admitted deferred tax assets.

TRILOGY HEALTH INSURANCE, INC.
NOTES TO STATUTORY FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 4 ~ Federal Income Taxes (Continued)

At December 31, 2018, the Company had AMT credit carryforwards, which do not expire, in the amount of:

	2018
Beginning of year AMT credit carryforward balance	\$ 78,448
AMT credits utilized during the year	(39,224)
End of year AMT credit carryforward balance	\$ 39,224

Note 5 ~ Related-Party Transactions

Under Administrative Services Agreements, the Company provides personnel and certain administrative services to Trilogy Health Solutions (THS) and receives certain administrative services from Scas Management Group (SMG) and Independent Physician's Network (IPN). SMG and IPN are voting members of THH.

Net expenses charged to (from) the Company's related parties were as follows for the years ended December 31:

	2018	2017
THS	\$ 1,671,945	\$ 1,320,914
SMG	(1,663,372)	(1,446,234)
IPN	(813,929)	(698,233)

Amounts due to THS are \$9,600 and \$5,111 at December 31, 2018 and 2017, respectively. Amounts due to SMG are \$5,445 and \$8,730 at December 31, 2018 and 2017, respectively.

Note 6 ~ 401(k) Plan

The Company provides eligible employees with a 401(k) qualified retirement plan as a means of savings for retirement. Employees become eligible to participate in the plan in the first month following their date of hire. Subject to certain limitations, employees may contribute up to 96 percent of their pre-tax salaries. The Company matches 100 percent of employee contributions up to the first 3 percent of salaries and 50 percent of employee contributions between 3 percent and 5 percent of salaries. Employees immediately vest in the employer matching contribution. The total contribution to the 401(k) plan was \$54,555 and \$43,396 in 2018 and 2017, respectively.

Note 7 ~ Commitments and Contingencies

The Company leases office space under a noncancelable operating lease agreement which expires in 2019. Rental expense, including base rent and common area maintenance charges, was \$120,230 and \$118,705 in 2018 and 2017, respectively. A portion of the expense is charged to THS under the Administrative Services Agreement. The portion of the expense remaining with THI was \$36,069 and \$35,611 in 2018 and 2017, respectively.

The Company also leases copier equipment under noncancelable operating lease agreements that expire in 2021. Rental expense for copier leases was \$9,226 and \$9,044 in 2018 and 2017, respectively.

Future minimum lease payments under these leases are as follows:

<u>Years Ending December 31,</u>	
2019	\$ 110,145
2020	8,894
2021	<u>2,224</u>
	<u>\$ 121,263</u>

Note 8 ~ Capital and Surplus

The Company is required to maintain minimum capital and surplus established by the OCI, including calculations for compulsory and security surplus. The compulsory surplus calculation requires the Company to maintain a minimum surplus of \$750,000. The security surplus calculation requires the Company to have surplus in excess of 140 percent of the minimum compulsory surplus, or \$1,050,000. In addition, the Company is subject to Risk-Based Capital (RBC) requirements promulgated by the NAIC and adopted by the OCI. The RBC standards establish uniform minimum capital and surplus requirements for insurance companies. The RBC formula applies various weighting factors to financial balances or various levels of activities based on the perceived degree of risk.

The Company is also subject to a stipulation and order from the OCI that states the Company must meet prescribed compulsory and security surplus standards and maintain an RBC ratio of not less than 250 percent. If these requirements are not met, the Company must cease accepting any form of new insurance risk until the OCI lifts the stipulation. At December 31, 2018, the Company met these capital and surplus requirements.

At December 31, 2018, the Company had an RBC ratio of 253.4 with a negative trend, therefore, is required to file monthly financial statements and quarterly projections of year-end RBC in 2019.

The Company's unassigned surplus was reduced by the following cumulative amounts at December 31:

	<u>2018</u>	<u>2017</u>
Nonadmitted assets	\$ 140,274	\$ 276,792

**INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY INFORMATION**

To the Stockholder and Board of Directors
Trilogy Health Insurance, Inc.
Brookfield, Wisconsin

Our audit was made for the purpose of forming an opinion on the statutory financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the statutory financial statements. The supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. This information is presented in a format consistent with the Annual Statement filed by the Company with the OCI. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the statutory financial statements as a whole.

Inconsistency between Financial Statements and Other Information

The statement of revenue and expenses – GAAP basis on page 20 differs from the information presented in the statutory statements of income on page 4, which is presented in accordance with accounting principles generally accepted in the United States of America.

Strohm Ballweg, LLP

Madison, Wisconsin
April 14, 2019

TRILOGY HEALTH INSURANCE, INC.
INVESTMENT RISKS INTERROGATORIES
December 31, 2018

Trilogy Health Insurance, Inc. did not have any investments as of December 31, 2018.

TRILOGY HEALTH INSURANCE, INC.
SUMMARY INVESTMENT SCHEDULE
December 31, 2018

	Gross Investment Holdings*		Admitted Assets as Reported In the Annual Statement**	
	Amount	Percentage	Amount	Percentage
1. Bonds				
1.1 U.S. treasury securities	\$	%	\$	%
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	\$	%	\$	%
1.22 Issued by U.S. government-sponsored agencies	\$	%	\$	%
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)	\$	%	\$	%
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 State, territory, and possession general obligations	\$	%	\$	%
1.42 Political subdivisions of states, territories, and possessions and political subdivisions general obligations	\$	%	\$	%
1.43 Revenue and assessment obligations	\$	%	\$	%
1.44 Industrial development and similar obligations	\$	%	\$	%
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA	\$	%	\$	%
1.512 Issued or guaranteed by FNMA and FHLMC	\$	%	\$	%
1.513 All other	\$	%	\$	%
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC, or VA	\$	%	\$	%
1.522 Issued by non-U.S. government issuers and collateralized by MBS issued or guaranteed by agencies shown in Line 1.521	\$	%	\$	%
1.523 All other	\$	%	\$	%
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	\$	%	\$	%
2.2 Unaffiliated non-U.S. securities (including Canada)	\$	%	\$	%
2.3 Affiliated securities	\$	%	\$	%

TRILOGY HEALTH INSURANCE, INC.
SUMMARY INVESTMENT SCHEDULE
December 31, 2018

	Gross Investment Holdings*		Admitted Assets as Reported In the Annual Statement**	
	Amount	Percentage	Amount	Percentage
3. Equity interests:				
3.1 Investments in mutual funds	\$ _____	_____ %	\$ _____	_____ %
3.2 Preferred stocks:				
3.21 Affiliated	\$ _____	_____ %	\$ _____	_____ %
3.22 Unaffiliated	\$ _____	_____ %	\$ _____	_____ %
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	\$ _____	_____ %	\$ _____	_____ %
3.32 Unaffiliated	\$ _____	_____ %	\$ _____	_____ %
3.4 Other equity securities:				
3.41 Affiliated	\$ _____	_____ %	\$ _____	_____ %
3.42 Unaffiliated	\$ _____	_____ %	\$ _____	_____ %
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	\$ _____	_____ %	\$ _____	_____ %
3.52 Unaffiliated	\$ _____	_____ %	\$ _____	_____ %
4. Mortgage loans:				
4.1 Construction and land development	\$ _____	_____ %	\$ _____	_____ %
4.2 Agricultural	\$ _____	_____ %	\$ _____	_____ %
4.3 Single family residential properties	\$ _____	_____ %	\$ _____	_____ %
4.4 Multifamily residential properties	\$ _____	_____ %	\$ _____	_____ %
4.5 Commercial loans	\$ _____	_____ %	\$ _____	_____ %
4.6 Mezzanine real estate loans	\$ _____	_____ %	\$ _____	_____ %
5. Real estate investments:				
5.1 Property occupied by company	\$ _____	_____ %	\$ _____	_____ %
5.2 Property held for production of income (includes \$_____ of property acquired in satisfaction of debt)	\$ _____	_____ %	\$ _____	_____ %
5.3 Property held for sale (including \$_____ property acquired in satisfaction of debt)	\$ _____	_____ %	\$ _____	_____ %
6. Contract loans	\$ _____	_____ %	\$ _____	_____ %
7. Derivatives	\$ _____	_____ %	\$ _____	_____ %
8. Receivables for securities	\$ _____	_____ %	\$ _____	_____ %
9. Securities lending	\$ _____	_____ %	\$ _____	_____ %
10. Cash, cash equivalents, and short-term investments	\$ 8,448,624	100%	\$ 8,448,624	100%
11. Other invested assets	\$ _____	_____ %	\$ _____	_____ %
12. Total invested assets	\$ 8,448,624	100%	\$ 8,448,624	100%

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

** The Company has no admitted assets in reinvested collateral related to securities lending.

TRILOGY HEALTH INSURANCE, INC.
STATEMENT OF REVENUE AND EXPENSES – GAAP BASIS
For the Year Ended December 31, 2018

	<u>BCP/SSI Medicaid Contract</u>
REVENUE	
Premium revenue	\$ 28,624,517
Reinsurance recoveries	481,236
Investment income	<u>42,427</u>
Total revenue	<u>29,148,180</u>
EXPENSES	
Medical expenses	24,340,074
Claims adjustment expenses	1,477,519
General administrative expenses	2,460,750
Reinsurance expenses	<u>364,994</u>
Total expenses	<u>28,643,337</u>
NET INCOME BEFORE TAXES	<u>\$ 504,843</u>

TRILOGY HEALTH INSURANCE, INC.
BALANCE SHEET

	January 2019	February 2019	March 2019	April 2019	May 2019	June 2019	July 2019	August 2019	September 2019	December 2018
ASSETS										
Cash & Cash Equivalents	5,213,009	4,810,470	5,440,272	6,020,725	5,554,362	3,342,444	7,742,353	7,773,209	8,379,891	8,208,624
Short-Term Investments	240,000	240,000	240,000	240,000	240,000	240,000	-	-	-	240,000
Reinsurance Receivable	123,349	175,498	55,771	55,771	55,771	-	-	-	-	-
DHS Vent Dependent Receivable	419,813	440,448	440,448	219,730	335,264	342,518	342,518	184,491	184,491	461,987
DHS Withhold Receivable	908,729	954,496	637,700	663,799	711,193	509,401	539,218	569,975	601,052	864,010
DHS Kick Payment Receivable	492,075	426,325	474,587	504,299	513,458	472,132	440,605	477,373	533,643	465,018
Other Receivables	62,134	79,348	63,261	63,539	64,028	2,419,220	68,179	70,637	34,447	42,033
Prepays	51,210	49,652	41,719	36,974	32,228	27,483	22,965	17,333	13,247	11,387
Prepays (Nonadmitted)	(51,210)	(49,652)	(41,719)	(36,974)	(32,228)	(27,483)	(22,965)	(17,333)	(13,247)	(11,387)
Fixed Assets	26,653	25,656	24,659	23,662	22,666	21,669	20,730	19,792	18,853	27,649
Fixed Assets (Nonadmitted)	-	-	-	-	-	-	-	-	-	-
Deferred Tax Asset	269,816	243,433	231,052	217,246	196,264	174,552	164,201	153,590	107,846	275,669
Deferred Tax Asset (Nonadmitted)	(111,211)	(88,539)	(88,347)	(75,911)	(57,086)	(36,322)	(10,257)	(10,188)	(10,188)	(119,140)
Security Deposit	9,747	9,747	9,747	9,747	9,747	9,747	9,747	9,747	9,747	9,747
Security Deposit (Nonadmitted)	(9,747)	(9,747)	(9,747)	(9,747)	(9,747)	(9,747)	(9,747)	(9,747)	(9,747)	(9,747)
Total Assets	7,644,367	7,307,134	7,519,404	7,932,861	7,635,920	7,485,614	9,307,548	9,238,880	9,850,036	10,465,850
LIABILITIES										
Accounts Payable	16,337	8,727	8,178	13,545	5,604	5,651	17,191	7,707	5,360	9,009
Accrued Liabilities	610,768	255,616	125,855	137,801	112,419	116,069	96,857	70,207	70,907	3,205,084
Payable to Affiliates	6,153	3,693	11,271	6,989	5,882	8,875	16,484	29,730	40,673	9,601
IBNR	3,155,384	3,087,070	3,347,376	3,685,012	3,199,070	2,838,989	3,161,604	3,035,162	3,131,100	3,342,280
Other Medical Payable	-	-	-	-	125,000	225,000	260,000	300,000	630,000	-
Unpaid Claims Adjustment	115,431	116,706	117,981	119,256	120,531	121,806	123,081	124,356	128,792	114,156
Deferred Tax Liability / Tax Payable	4,039	4,039	4,039	4,039	4,039	4,039	4,039	4,039	4,039	4,039
Total Liabilities	3,908,112	3,475,852	3,614,700	3,966,642	3,572,545	3,320,429	3,679,256	3,571,201	4,010,872	6,684,168
CAPITAL & SURPLUS										
Common Stock	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Additional Paid-In Capital	5,408,000	5,408,000	5,408,000	5,408,000	5,408,000	5,408,000	6,808,000	6,808,000	6,808,000	5,408,000
Retained Earnings	(2,671,745)	(2,576,717)	(2,503,296)	(2,441,782)	(2,344,625)	(2,242,816)	(2,179,709)	(2,140,321)	(1,968,836)	(2,626,318)
Total Capital & Surplus	3,736,255	3,831,283	3,904,704	3,966,218	4,063,375	4,165,184	5,628,291	5,667,679	5,839,164	3,781,682
Total Liabilities, Capital & Surplus	7,644,367	7,307,134	7,519,404	7,932,861	7,635,920	7,485,614	9,307,548	9,238,880	9,850,036	10,465,850

Trilogy Health Insurance, Inc.
Income Statement
For the Period Ending September 30, 2019

	Current Month			Year-to-Date		
	Actual September	Budget September	Variance	Actual 2019	Budget 2019	Variance
REVENUE						
Premium Capitation Received	2,456,365	2,375,866	80,500	20,978,546	20,635,996	342,550
Premium Withhold	31,077	45,690	(14,613)	119,457	396,846	(277,389)
Premium Kick Payments	280,439	281,767	(1,328)	2,391,309	2,412,353	(21,043)
DHS Bonus (Penalty)	-	-	-	16,026	-	16,026
Total Premium	2,767,881	2,703,323	64,559	23,505,339	23,445,195	60,144
Ceded Premiums	(46,966)	(40,600)	(6,366)	(382,958)	(350,943)	(32,015)
Net Premium Income	2,720,916	2,662,723	58,193	23,122,381	23,094,252	28,129
MEDICAL EXPENSES						
Physician, Inpatient, Outpatient	1,772,958	2,215,533	442,575	18,239,866	19,209,655	969,789
Other Professional Services	72,860	70,879	(1,981)	636,923	614,550	(22,373)
Surplus Sharing	330,000	-	(330,000)	630,000	-	(630,000)
Total Medical Expenses	2,175,818	2,286,411	110,593	19,506,789	19,824,205	317,416
Reinsurance Recovered	-	(28,420)	(28,420)	(171,585)	(245,660)	(74,075)
Net Medical Expenses	2,175,818	2,257,992	82,173	19,335,203	19,578,545	243,341
ADMINISTRATIVE EXPENSES						
Compensation & Benefits	7,437	62,514	55,078	433,383	614,130	180,748
Travel & Entertainment	2,729	2,623	(105)	16,687	23,611	6,924
Employee Expenses	-	-	-	400	1,100	700
Memberships & Dues	3,988	3,988	-	35,891	35,891	-
Community Relations	750	3,333	2,583	17,620	30,000	12,380
Professional Fees	4,400	15,138	10,738	96,122	98,882	2,760
Insurance Expense	1,245	4,048	2,803	26,028	36,428	10,400
Office Space	2,999	3,038	39	27,067	27,338	270
Printing & Postage	755	2,037	1,281	11,130	18,330	7,200
Phone & Data Communications	270	331	61	2,752	2,979	227
Computers & Equipment	581	1,734	1,153	14,603	15,876	1,273
Purchased Services	317,579	256,388	(61,191)	2,444,812	2,249,085	(195,726)
Depreciation & Amortization	282	415	134	2,639	3,738	1,099
Other Expenses	226	1,250	1,024	21,482	11,250	(10,232)
Total Administrative Expenses	343,240	356,836	13,595	3,150,616	3,168,638	18,021
Total Expenses	2,519,059	2,614,827	95,769	22,485,820	22,747,183	261,363
Net Underwriting Gain (Loss)	201,857	47,895	153,961	636,561	347,069	289,492
Investment Income	11,286	3,859	7,426	62,040	34,735	27,305
Net Income (Loss) before Federal Taxes	213,143	51,755	161,388	698,601	381,804	316,797
Federal Taxes	-	-	-	(19,612)	(19,612)	-
Net Income (Loss)	213,143	51,755	161,388	718,213	401,416	316,797
Membership	13,046	12,640	406	110,824	109,260	1,564

Trilogy Health Insurance, Inc.
Income Statement PMPM
For the Period Ending September 30, 2019

	Current Month			Year-to-Date		
	Actual September	Budget September	Variance	Actual 2019	Budget 2019	Variance
REVENUE						
Premium Capitation Received	188.28	187.96	0.32	189.30	188.87	0.43
Premium Withhold	2.38	3.61	(1.23)	1.08	3.63	(2.55)
Premium Kick Payments	21.50	22.29	(0.80)	21.58	22.08	(0.50)
DHS Bonus (Penalty)	0.00	0.00	0.00	0.14	0.00	0.14
Total Premium	212.16	213.87	(1.71)	212.10	214.58	(2.49)
Ceded Premiums	(3.60)	(3.21)	(0.39)	(3.46)	(3.21)	(0.24)
Net Premium Income	208.56	210.66	(2.10)	208.64	211.37	(2.73)
MEDICAL EXPENSES						
Physician, Inpatient, Outpatient	135.90	175.28	39.38	164.58	175.82	11.23
Other Professional Services	5.58	5.61	0.02	5.75	5.62	(0.12)
Surplus Sharing	25.30	0.00	(25.30)	5.68	0.00	(5.68)
Total Medical Expenses	166.78	180.89	14.11	176.02	181.44	5.42
Reinsurance Recovered	0.00	(2.25)	(2.25)	(1.55)	(2.25)	(0.70)
Net Medical Expenses	166.78	178.64	11.86	174.47	179.19	4.72
ADMINISTRATIVE EXPENSES						
Compensation & Benefits	0.57	4.95	4.38	3.91	5.62	1.71
Travel & Entertainment	0.21	0.21	(0.00)	0.15	0.22	0.07
Employee Expenses	0.00	0.00	0.00	0.00	0.01	0.01
Memberships & Dues	0.31	0.32	0.01	0.32	0.33	0.00
Community Relations	0.06	0.26	0.21	0.16	0.27	0.12
Professional Fees	0.34	1.20	0.86	0.87	0.91	0.04
Insurance Expense	0.10	0.32	0.22	0.23	0.33	0.10
Office Space	0.23	0.24	0.01	0.24	0.25	0.01
Printing & Postage	0.06	0.16	0.10	0.10	0.17	0.07
Phone & Data Communications	0.02	0.03	0.01	0.02	0.03	0.00
Computers & Equipment	0.04	0.14	0.09	0.13	0.15	0.01
Purchased Services	24.34	20.28	(4.06)	22.06	20.58	(1.48)
Depreciation & Amortization	0.02	0.03	0.01	0.02	0.03	0.01
Other Expenses	0.02	0.10	0.08	0.19	0.10	(0.09)
Total Administrative Expenses	26.31	28.23	1.92	28.43	29.00	0.57
Total Expenses	193.09	206.87	13.78	202.90	208.19	5.30
Net Underwriting Gain (Loss)	15.47	3.79	11.68	5.74	3.18	2.57
Investment Income	0.87	0.31	0.56	0.56	0.32	0.24
Net Income (Loss) before Federal Taxes	16.34	4.09	12.24	6.30	3.49	2.81
Federal Taxes	0.00	0.00	0.00	(0.18)	(0.18)	(0.00)
Net Income (Loss)	16.34	4.09	12.24	6.48	3.67	2.81
Membership	13,046	12,640	406	110,824	109,260	1,564

TRILOGY HEALTH INSURANCE, INC.
ADMINISTRATIVE EXPENSES

Account	Description	January 2019		February 2019		March 2019		April 2019		May 2019		June 2019		July 2019		August 2019		September 2019		Current Month		YTD		Full Year Budget	
		Actual		Actual		Actual		Actual		Actual		Actual		Actual		Actual		Actual		Budget	Variance	Actual	Budget		
5400	Mileage Reimbursement	-	-	-	-	137	-	-	-	62	-	251	161	71	-	-	-	148	299	151	-	830	2,694	1,864	3,591
5410	Transportation	-	-	1,924	700	700	2,355	-	-	-	-	806	-	-	-	-	1,382	1,382	704	(678)	-	7,167	6,338	(829)	8,450
5420	Car Rental	-	-	1,124	196	196	1,133	-	-	-	-	389	-	-	-	-	316	316	542	226	-	3,158	4,875	1,717	6,500
5430	Parking & Tolls	-	-	220	62	62	309	-	-	-	-	116	27	9	-	-	87	87	141	53	-	830	1,267	438	1,690
5440	Hotel & Lodging	-	-	1,073	296	296	1,160	-	-	-	-	792	128	-	-	-	795	795	771	(25)	-	4,244	6,937	2,694	9,250
5450	Meals & Ent - 50% Tax Deductible	-	-	-	-	83	-	-	-	-	-	73	-	-	-	-	-	-	167	167	-	156	1,500	1,344	2,000
5460	Meals & Ent - No Tax Deduction	-	-	303	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	303	-	(303)	500
	Travel & Entertainment	-	-	4,643	1,474	1,474	4,956	-	-	62	-	2,426	316	80	-	-	2,729	2,729	2,623	(105)	-	16,687	23,611	6,924	31,981
5480	Training	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	600	600	1,200
5490	Conferences & Seminars	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	135	-	(135)	400
5510	Publications	-	-	-	-	265	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	265	500	235	1,000
	Employee Expenses	-	-	-	-	265	-	-	-	-	-	-	-	135	-	-	-	-	-	-	-	400	1,100	700	2,600
5520	Memberships & Dues - Non-Deductible	598	598	598	598	598	598	598	598	598	598	598	598	598	598	598	598	598	399	(199)	-	5,384	3,589	(1,795)	4,785
5525	Memberships & Dues - Deductible	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,589	199	-	30,508	32,303	1,795	43,070
	Memberships & Dues	3,988	3,988	3,988	3,988	3,988	3,988	3,988	3,988	3,988	3,988	3,988	3,988	3,988	3,988	3,988	3,988	3,988	3,988	-	-	35,891	35,891	-	47,855
5530	Comm Events & PR	525	-	-	-	61	-	-	-	-	6,030	8,640	1,613	-	-	-	750	750	3,333	2,583	-	17,620	30,000	12,380	40,000
5535	Charitable Contributions	-	-	-	-	-	-	-	-	-	6,030	8,640	1,613	-	-	-	750	750	3,333	2,583	-	17,620	30,000	12,380	40,000
	Community Relations	525	-	-	-	61	-	-	-	-	6,030	8,640	1,613	-	-	-	750	750	3,333	2,583	-	17,620	30,000	12,380	40,000
5550	Payroll Processing Fees	455	423	423	202	202	-	-	-	-	-	-	-	-	-	-	-	-	475	475	-	1,079	4,275	3,196	5,700
5560	Bank Fees	640	782	782	707	707	872	-	-	875	801	866	809	-	-	-	950	950	833	(117)	-	7,303	7,500	197	10,000
5570	Consulting Fees	2,700	-	-	-	10,250	-	-	-	-	-	13,250	-	-	-	-	-	-	10,000	10,000	-	26,200	35,000	8,800	106,000
5580	Audit & Tax Fees	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,642	(38)	-	24,120	23,775	(345)	31,700
5590	Actuarial Fees	770	770	770	770	770	770	770	770	770	770	770	770	770	770	770	770	770	771	1	-	6,930	6,937	7	9,250
5600	Legal Fees	-	-	-	-	-	-	-	-	7,786	421	-	-	-	-	-	-	-	417	417	-	14,418	3,750	(10,667)	5,000
5630	Regulatory Fees	-	-	16,073	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,073	17,645	1,572	17,645
	Professional Fees	7,245	20,728	20,728	14,608	14,608	10,532	12,112	12,112	4,672	17,566	4,259	-	-	-	4,400	4,400	15,138	10,738	-	-	96,122	98,882	2,760	185,295

TRILOGY HEALTH INSURANCE, INC.
ADMINISTRATIVE EXPENSES

Account	Description	January 2019		February 2019		March 2019		April 2019		May 2019		June 2019		July 2019		August 2019		September 2019		Current Month		YTD		Full Year Budget	
		Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Variance	Variance		
5660	D&O Insurance	1,487	1,442	1,442	1,466	1,466	1,466	1,466	1,466	1,515	1,466	1,466	1,466	1,466	1,466	1,466	1,466	1,466	1,466	1,466	1,533	1,533	8,818	13,800	18,400
5670	E&O Insurance	1,799	1,745	1,745	1,775	1,775	1,775	1,775	1,775	1,834	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,854	1,854	10,673	16,688	22,250
5690	Internet Insurance	659	659	659	659	659	659	659	659	659	659	659	659	659	659	659	659	659	659	659	660	660	3,953	5,940	8,400
5700	General Liab & Prop Ins Insurance Expense	3,945	3,846	3,846	3,900	3,900	3,900	3,900	3,900	4,008	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	(1,245)	(1,245)	2,584	-	4,000
5720	Office Lease	3,038	3,038	3,038	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	3,038	3,038	27,067	27,338	36,450
	Office Expense	3,038	3,038	3,038	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	2,999	3,038	3,038	27,067	27,338	36,450
5730	Supplies	53	72	72	16	32	32	32	32	68	79	79	30	30	30	30	30	30	30	30	75	75	471	675	900
5740	Postage	663	633	633	653	449	653	449	651	709	649	649	651	651	651	651	651	651	651	651	987	987	5,687	8,880	11,840
5750	Overnight Delivery	7	-	-	59	8	41	41	-	-	-	-	-	-	-	-	-	-	-	-	17	17	145	150	200
5770	Printing	615	562	562	11	2,097	346	422	750	11	11	11	11	11	11	11	11	11	11	958	947	4,826	8,625	11,500	
	Printing, Postage & Supplies	1,337	1,267	1,267	740	2,586	1,165	1,151	1,432	697	697	697	697	697	697	697	697	697	697	2,037	1,281	11,130	18,330	24,440	
5780	Phone Service	325	325	325	332	323	316	324	267	270	270	270	270	270	270	270	270	270	270	331	61	2,752	2,979	3,972	
	Phone & Data Communications	325	325	325	332	323	316	324	267	270	270	270	270	270	270	270	270	270	270	331	61	2,752	2,979	3,972	
5810	Small Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	60	-	540	540	720
5820	Small Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	60	-	540	540	720
5830	Copier Lease	222	222	222	296	222	222	222	222	222	222	222	222	222	222	222	222	222	222	231	8	2,075	2,076	2,768	
5840	Copier Maintenance	-	-	-	237	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237	240	480
5850	HP Supplies & Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30	30
5860	Maint Hardware & Software	433	723	496	3,522	974	897	2,112	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,233	1,023	11,079	11,100	14,800	
5870	Disaster Recovery	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	150	2	1,212	1,350	1,800
	Computers & Equipment	803	1,093	940	4,130	1,344	1,267	2,364	2,081	2,081	2,081	2,081	2,081	2,081	2,081	2,081	2,081	2,081	2,081	1,734	1,153	14,603	15,876	21,318	

