STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

RE: Examination Report of UnitedHealthcare of the Midwest, Inc. for the period ended December 31, 2014

ORDER

After full consideration and review of the report of the financial examination of UnitedHealthcare of the Midwest, Inc. for the period ended December 31, 2014, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo, adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, company history, management and control, fidelity bond and other insurance, employee benefits, territory and plan of operation, growth of company, loss experience, reinsurance, statutory deposits, accounts and records, financial statements, examination changes, comments on the financial statements, subsequent events and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of UnitedHealthcare of the Midwest, Inc. as of December 31, 2014 be and is hereby ADOPTED as filed and for UnitedHealthcare of the Midwest, Inc. to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 3rd day of June, 2016.

John M. Huff, Director
Department of Insurance, Financial Institutions and Professional Registration

FINANCIAL EXAMINATION

UnitedHealthcare of the Midwest, Inc.

AS OF:

DECEMBER 31, 2014

FILED

JUN 1 3 2016

DIRECTOR OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGISTRATION

STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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April 14, 2016

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Huff:

In accordance with your financial examination warrant, a comprehensive financial examination has been made of the records, affairs and financial condition of

UnitedHealthcare of the Midwest, Inc.

also referred to as the "Company." The Company's main office is located at 13655 Riverport Drive, Maryland Heights, MO 63043. The main telephone number is 314-592-7000. Examination fieldwork began on October 5, 2015, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

We have performed a multi-state examination of UnitedHealthcare of the Midwest, Inc. The last examination covered the period of January 1, 2010 through December 31, 2011. This examination covers the period of January 1, 2012 through December 31, 2014. This examination also included material transactions or events occurring subsequent to December 31, 2014.

Procedures

This examination was conducted as a full scope comprehensive examination, in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated currently or prospectively.

All accounts and activities of the company were considered in accordance with the risk-focused examination process. This includes assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. The impact of any adjustments identified during the course of the examination is documented separately following the Company's financial statements.

An examination report includes significant findings of fact and general information about an insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but are separately communicated to the Company or to other regulators.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings resulting from the current examination.

COMPANY HISTORY

General

On February 26, 1985, the Company incorporated as Sanus Health Plan, Inc. in the state of Missouri. On July 23, 1985, the Company received a certificate of authority to operate as a health maintenance organization. The Company began operations on August 1, 1985, under the individual practice association form of health plan.

On January 3, 1995, the Company became a third tier subsidiary of UnitedHealth Group Inc. On October 1, 1996, Physicians Health Plan of Greater St. Louis, Inc., a subsidiary of UnitedHealth Group Inc., merged with the Company: the Company changed its name to United HealthCare of the Midwest, Inc. On April 1, 1998, United HealthCare Services, Inc., a direct subsidiary of UnitedHealth Group Inc., became the Company's immediate parent. On October 30, 1998, UnitedHealth Group Inc. incorporated United Healthcare, Inc. as a wholly owned subsidiary.

On January 1, 2000, UnitedHealth Group Inc. contributed its share of common stock of United Healthcare, Inc. to United HealthCare Services, Inc. On June 30, 2000, United HealthCare Services, Inc. contributed its ownership interest in United HealthCare of the Midwest, Inc. to United Healthcare, Inc.

Capital Stock and Paid-In Surplus

The Company is authorized to issue 100 shares of common capital stock with a par value of $1.00 per share. One share was issued and outstanding at December 31, 2014, for a balance of $1.00 in the Company's common capital stock account.

The Company had $32,788,535 of paid-in surplus as of December 31, 2014. No changes to paid-in surplus were noted during the examination period.

Dividends

The Company has declared and paid dividends to shareholders as follows:

Year	Amount
Prior to 2012	$ 384,346,726
2012	40,000,000
2013	10,000,000
2014	-
Total	$ 434,346,726

Acquisitions, Mergers and Major Corporate Events

There were no mergers, acquisitions or other major corporate events during the current examination period.

MANAGEMENT AND CONTROL

Corporate Records

The Company's articles of incorporation and bylaws were reviewed. No amendments were made to the articles of incorporation or bylaws during the examination period.

The minutes of the meetings of the shareholder, board of directors, and Audit Committee were reviewed for the period under examination. The minutes appeared to properly support and document the major transactions and events occurring during the examination period.

United requires its directors and officers to complete conflict-of-interest disclosure statements annually. The disclosure statements for the examination period were reviewed. No material or significant conflicts were noted.

Board of Directors

At year-end 2014, the Company's board consisted of the following members:

Name	Location	Title	Affiliation
William J. Hnath	Rogers, MN	Chief Financial Officer	UnitedHealthcare of the Midwest, Inc.
Timothy M. Spilker	Overland Park, KS	Chairman and President	UnitedHealthcare of the Midwest, Inc.
Steven C. Walli	Chesterfield, MO	Chief Executive Officer	UnitedHealthcare - Heartland States

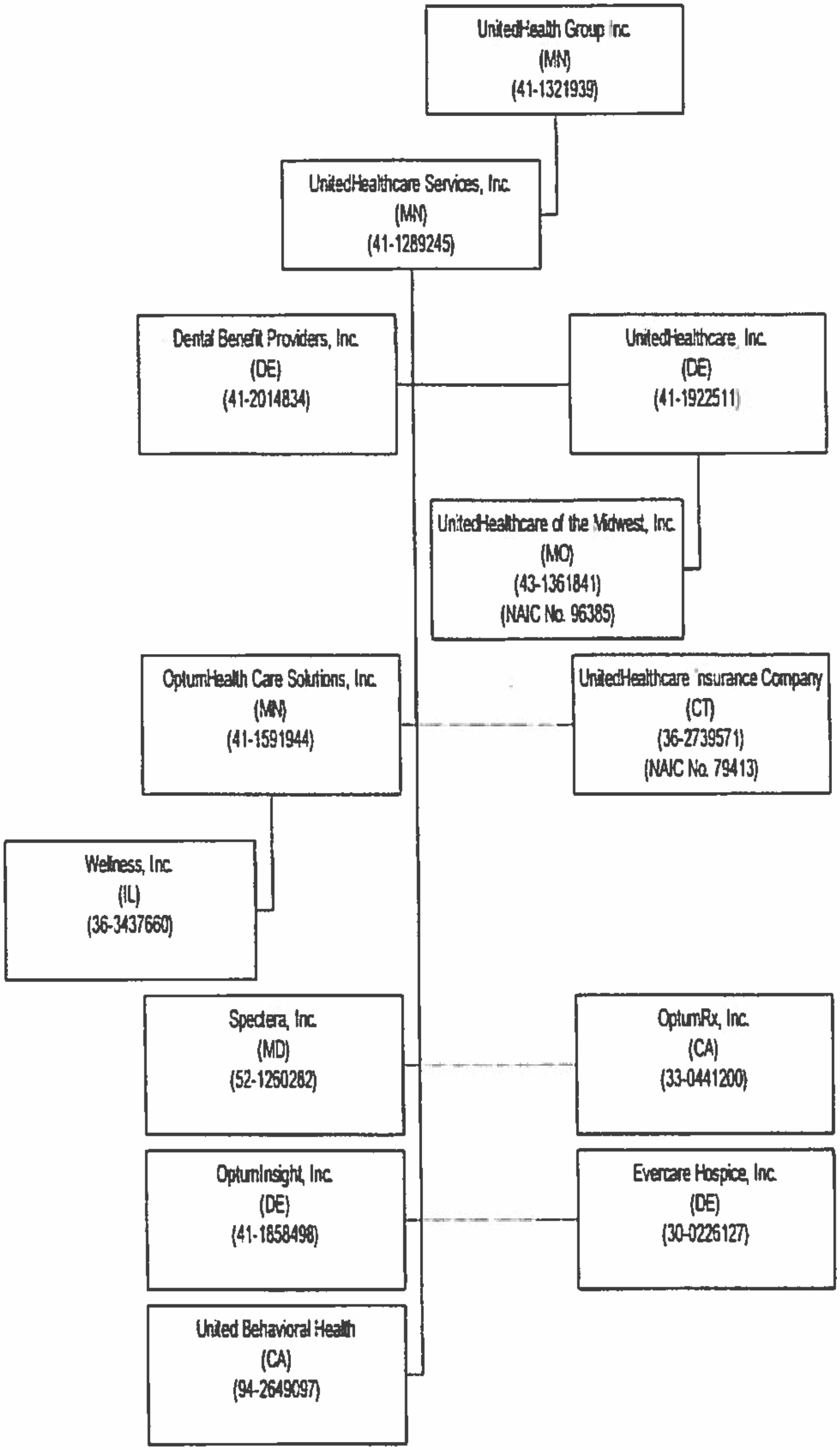
Officers

At year-end 2014, the Company's officers consisted of the following:

Name	Office
Timothy M. Spilker	Chairman and President
William J. Hnath	Chief Financial Officer
Robert W. Oberrender	Treasurer
Christina R. Palme-Krizak	Secretary
Juanita B. Luis	Assistant Secretary
Michelle M. Huntley	Assistant Secretary
N. Brent Cottington	Assistant Treasurer

Organizational Chart

The Company is a member of an extensive Insurance Holding Company system as defined by Chapter 382 RSMo. The Company's immediate parent is UnitedHealthcare, Inc. (DE). The Company's ultimate parent is UnitedHealth Group Inc. (MN). The chart below depicts the members of the holding company group with which the Company has a direct relationship or transacts business. A complete organizational chart can be found in the Annual Statement (all ownership percentages shown are 100%).


UnitedHealth Group Inc
(MN)
(41-1321939)
UnitedHealthcare Services, Inc.
(MN)
(41-1289245)
Dental Benefit Providers, Inc.
(DE)
(41-2014834)
UnitedHealthcare, Inc.
(DE)
(41-1922511)
UnitedHealthcare of the Midwest, Inc.
(MO)
(43-1361841)
(NAIC No. 96385)
OptumHealth Care Solutions, Inc.
(MN)
(41-1591944)
UnitedHealthcare Insurance Company
(CT)
(36-2739571)
(NAIC No. 79413)
Wellness, Inc.
(IL)
(36-3437660)
Spectera, Inc.
(MD)
(52-1260282)
OptumRx, Inc.
(CA)
(33-0441200)
OptumInsight, Inc.
(DE)
(41-1858498)
Evercare Hospice, Inc.
(DE)
(30-0226127)
United Behavioral Health
(CA)
(94-2649097)

Affiliated Transactions

At year-end 2014, the Company was party to the following intercompany agreements.

Subordinated Revolving Credit Agreement

Parties:	The Company and UnitedHealth Group, Inc.
Effective:	September 1, 2012
Terms:	The Company may borrow up to $40 million under this short-term borrowing facility.
Rate(s):	The Company will pay interest at an amount equal to the London InterBank Offered Rate plus 50 basis points. Interest in the amount of $17,783 was paid throughout the year for use of the line of credit in 2014. No amounts were outstanding under the line of credit at year-end 2014.

Reinsurance Agreement

Parties:	The Company and United HealthCare Insurance Company (UHIC)
Effective:	July 1, 2003
Terms:	The Company cedes 60% of earned premiums, benefit costs, provider incentive payments and other expenses incurred after June 30, 2003, to UHIC for the Comprehensive, Federal Employee Health Benefits Program, and Medicaid lines of business.
Rates:	For 2014, the Company ceded $514 million in premium under this agreement.

Management Services Agreement

Parties:	The Company and United HealthCare Services, Inc. (UHS)
Effective:	January 1, 2013
Terms:	UHS provides management and operational support services to the Company.
Rate(s):	For services provided solely to United, the Company will reimburse UHS for the expenses UHS incurs. For shared services provided to United and other affiliates, UHS will be reimbursed for the Company's allocable share of the expenses incurred by UHS.

Tax Sharing Agreement

Parties: The Company and UnitedHealth Group, Inc.

Effective: January 1, 1996

Terms: The Company and UnitedHealth Group, Inc., including its subsidiaries, are parties to a consolidated tax sharing agreement.

Rates: Under the agreement, federal, state and local income tax liabilities are calculated on a separate return basis.

Behavioral Health Services Agreement

Parties: The Company and United Behavioral Health, Inc. (UBH)

Effective: February 1, 2014

Terms: UBH provides mental health and substance abuse services to the Company's Commercial, Medicare and Medicaid members.

Rate(s): Fees are based on per member per month charges. Rates vary according to type of membership: Commercial, Medicare or Medicaid.

Facility Participation Agreement for Specialty Pharmacy Provider Agreement

Parties: The Company, UHIC and OptumRx, Inc. (fka RxSolutions, Inc.)

Effective: May 1, 2014

Terms: OptumRx provides pharmacy coverage under the Company's medical benefit plans and acts as a Specialty Pharmacy Provider.

Rate(s): Fees are based on the lesser of (1) OptumRx's customary charges, less any applicable member expenses, or (2) the contract rates set forth in the agreement, less any applicable member expenses.

Medicare Advantage Durable Medical Equipment & Supplies Mail Order Network Agreement

Parties: The Company, UHS and OptumRx, Inc. (fka RxSolutions, Inc.)

Effective: March 1, 2009

Terms: OptumRx provides durable medical equipment and supplies to the Company's Medicare Advantage members in connection with UHS Medicare Advantage operations; also provides mail order services for certain Covered Durable Medical Equipment and Supplies.

Rate(s): Rates for each Covered Service provided to members are set forth in the Agreement.

Vision Services Agreement

Parties: The Company and Spectera, Inc.

Effective: April 1, 2014

Terms: Spectera provides vision services or products, claims processing and other administrative functions for the Company's Commercial and Medicare members.

Rate(s): Rates are set forth in the Agreement. Rates for Medicare members are subject to CMS review and regulation.

Dental Services Agreement

Parties: The Company and Dental Benefit Providers, Inc. (DBP)

Effective: January 1, 2014

Terms: DBP manages a network of dental providers, processes claims and performs other administrative functions for the Company's Medicare, Medicaid and Commercial members.

Rate(s): Rates are set forth in the Agreement. Rates for Medicare members are subject to CMS review and regulation.

OptumInsight Services Agreement

Parties: The Company and OptumInsight, Inc. (fka Ingenix, Inc.)

Effective: December 31, 2014

Terms: OptumInsight provides claim analytics and recovery services, retrospective fraud, waste and abuse services and subrogation services to the Company's Commercial, Medicaid, and Medicare members.

Rate(s): Rates are based on per member per month charges. Rates for Medicare members are subject to CMS review and regulation.

Facility Participation Agreement

Parties: The Company and Wellness, Inc.

Effective: October 1, 2010

Terms: Wellness provides influenza and vaccination services to the Company's Commercial and Medicare members.

Rate(s): Rates are charged on a fee-for-service basis.

Combined Billing & Disbursement Agreement (Participating Addendum)

Parties: The Company, UHS and UHIC

Effective: April 1, 2010

Terms: UHS utilizes UHIC in providing a common lockbox for premium collection and a zero balance disbursement account for paying certain bills.

Rate(s): Bills paid on behalf of the Company are netted against premiums collected for the Company through the inter-company settlement process. There are no additional direct expenses charged to the Company under this Participating Addendum.

Administrative Services Agreement

Parties: The Company and OptumHealth Care Solutions, Inc. (OHCS)

Effective: April 1, 2013

Terms: OHCS manages a network of therapy providers, supplying services such as chiropractic, physical, occupational and speech therapy to the Company's Commercial, Medicaid, and Medicare members. OHCS also provides programs for complex medical conditions and arranges for certain infertility and transplant services.

Rate(s): Fees are based on per member per month charges. Rates vary according to plan type. Rates for Medicare members are subject to CMS review and regulation.

Health Supplies Agreement and Participating Addendum Amendment V

Parties: The Company, UHS and United HealthCare Products, LLC, which subsequently merged into OptumRx, the surviving entity

Effective: January 1, 2013

Terms: OptumRx provides a catalogue benefit to the Company's Medicare and Dual Eligible members which allows them to purchase items with points accumulated over the year or purchased outright. Included in the catalogue are over-the-counter drugs, canes, and other durable medical equipment.

Rate(s): United pays a guaranteed amount based upon the number of Benefit Plan years that OptumRx has provided the Personal Health Products Benefit to the Company's respective Benefit Plan.

Hospice Facility Participation Agreement

Parties: The Company, UHIC and Evercare Hospice, Inc. (EVC Hospice)

Effective: January 1, 2013

Terms: EVC Hospice will provide the Company's covered members with healthcare services for hospice care including General Inpatient Hospice (non-respite), Inpatient Respite Care and Home Hospice Care Services, which may be either routine or continuous.

Rate(s): The services under this agreement are fee for service and payment is made directly to EVC Hospice through claims submission, processing and payment. According to the filing, the rates that EVC Hospice charges for its Hospice Services are less than or equal to what EVC Hospice charges its comparable non-affiliated national customers. Rates are set based on either per diem, per visit, or per unit depending on the service category.

Medicare Prescription Drug Benefit Administration Agreement

Parties: The Company, UHS and OptumRx

Effective: January 1, 2014

Terms: OptumRx serves as the Pharmacy Benefit Manager for the Company's MA-PD, PDP plans, and Medicaid members. Services include core administrative support, specialty pharmacy services, and Medicare prescription drug benefit mail order networks.

Rate(s): Rates are subject to CMS review and regulation.

Commercial Prescription Drug Benefit Administration Agreement

Parties: The Company, UHS and OptumRx

Effective: January 1, 2013

Terms: OptumRx maintains a network of pharmacies to service the benefit plans, provides claims processing services, benefits administration and support, marketing and sales support, account management services, rebate administration, clinical services and finance and analytical support services for the Company's Commercial members.

Rate(s): Rates are based on Average Wholesale Pricing, a benchmark used by government and private industry for pricing and reimbursing prescription drugs.

Facility Participation Agreement with Optum Rx

Parties: The Company and OptumRx

Effective: January 1, 2014

Terms: OptumRx provides durable medical equipment services and hearing aids for the Company's Commercial, Medicare and Medicaid members.

Rate(s): Fee schedules outline the rates to be charged for durable medical equipment services and hearing aids. Rates are competitively priced compared to prices charged by key industry suppliers.

FIDELITY BOND AND OTHER INSURANCE

The Company's insurance coverage is administered through UnitedHealth Group, Inc., which purchases insurance coverage for itself and its subsidiaries. The Company is included on a Fidelity and Crime policy issued by National Union Fire Insurance Company of Pittsburgh, PA, that has liability limits of $25 million with a $500,000 deductible. This coverage exceeds the suggested minimum amount of fidelity insurance prescribed by the NAIC.

The Company maintains other coverage including Employee Benefit Plan Fiduciary Liability, Executive and Organization Liability, Professional Liability and Medical Professional Liability. The Company's insurance coverage appears adequate.

EMPLOYEE BENEFITS

The Company does not have any employees. Services are provided through agreements with affiliates. Employee benefit costs, including retirement costs, are included in intercompany charges. Expenses and liabilities associated with employee benefits appear to have been properly reported in the annual statement.

TERRITORY AND PLAN OF OPERATION

The Company is licensed by the Department as a health maintenance organization under Sections 354.400 through 354.636 RSMo (Health Maintenance Organizations). At year-end 2014, the Company was also licensed in Illinois and in Kansas.

The Company offers its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. In Missouri and in Illinois, the Company serves as a plan sponsor offering Medicare Advantage and Medicare Part D prescription drug coverage under a contract with the Centers for Medicare and Medicaid Services (CMS). In Kansas, the Company provides health services to Medicaid and the Children's Health Insurance Program (CHIP).

GROWTH OF COMPANY

The following exhibit illustrates the changes in the Company's total revenues, and total capital and surplus during the examination period.

	2012	2013	2014
Total revenues (000's)	$ 536,602	$ 827,698	$ 911,596
Change from prior year	2.6%	54.2%	10.1%
Capital and surplus (000's)	$ 88,779	$ 93,733	$ 155,033
Change from prior year	-1.9%	5.6%	65.4%
Premium : Surplus	0.06	0.09	0.06

The Company's revenue has increased substantially over the period. This growth was primarily driven by the Medicaid contract with the state of Kansas that became effective in 2013. The Company's capital and surplus have improved over the period as a result of operations.

LOSS EXPERIENCE

The following exhibit reflects the annual underwriting results of the Company during the examination period.

	2012	2013	2014
Net premium income	$538,841,967	$825,866,445	$889,620,522
Change in unearned premiums	(2,239,434)	1,831,787	21,975,211
Total underwriting deductions	(481,380,435)	(775,620,513)	(834,666,089)
Net underwriting gain	$55,222,098	$52,077,719	$76,929,644

Benefits and expenses increased commensurately with the increase in premium income and the Company has remained profitable. Additionally, as a result of exceeding minimum medical loss ratios established under the Affordable Care Act for comprehensive major medical, Medicare Advantage, and Medicare Part D coverages for the period under exam, the Company was not required to establish a medical loss ratio rebate.

REINSURANCE

General

The Company cedes reinsurance to limit its exposure. Premiums reported during the period under examination were as follows:

	2012	2013	2014
Direct Premiums	$ 577,861,323	$ 1,272,542,378	$ 1,403,707,045
Premiums Ceded	(39,019,356)	(446,675,933)	(514,086,523)
Net Written Premiums	$ 538,841,967	$ 825,866,445	$ 889,620,522

Assumed

The Company did not assume any reinsurance during the period under examination.

Ceded

The Company cedes reinsurance on a quota-share basis to UnitedHealthcare Insurance Company (CT), an affiliate. Under the agreement, the Company cedes sixty percent (60%) of premiums, benefit costs, provider incentive payments and other expenses related to commercial and Medicaid business. The Company's Medicare business is excluded from the agreement. The agreement, which became effective July 1, 2003, was filed with the Department and approved on September 22, 2003.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Missouri Department of Insurance, Financial Institutions and Professional Registration as of December 31, 2014, had sufficient value to meet the deposit requirement for the state of Missouri per Section 354.410 (Certificate issued, when--annual deposit, requirements--capital account, amount, contents).

Type of Security	Par Value	Market Value	Statement Value
US Treasury Note	$ 330,000	$ 362,149	$ 365,427

ACCOUNTS AND RECORDS

Independent Accountants

For each year during the period under examination, the Company's financial statements were audited by the Certified Public Accounting firm of Deloitte & Touche LLP, as part of their integrated audit of UnitedHealth Group Incorporated. The 2014 audit work papers were reviewed and used in the course of the current financial examination as deemed appropriate.

Actuarial Opinion

Claims related reserves and other actuarial items are reviewed and certified by Allen J. Sorbo, FSA, MAAA, President, Chief Executive Officer and Chief Actuary of United Healthcare Insurance Company, an affiliate of the Company. For 2014, Mr. Sorbo found the unpaid claims and related liabilities to be adequate.

Consulting Actuary

The Arkansas Insurance Department retained Lewis & Ellis, Inc., Actuaries and Consultants, to review and analyze the reserves and related actuarial items for entities within UnitedHealth Group, Inc., including the Company. Lewis & Ellis participated in each of the seven phases of the risk-focused examination. David M. Dillon, FSA, MAAA, Vice-President and Principal, found the group level actuarial liabilities and assets to be reasonable, appropriate and adequate in the aggregate as of December 31, 2014.

Information Systems

In conjunction with this examination, Andrew Balas, CFE, AES, CPA, Information Systems Financial Examiner with the Department, conducted a review of the Company's information systems. No material exceptions were noted.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2014. The financial statements are the responsibility of Company management. The accompanying Comments on Financial Statements reflect any examination adjustments to the amounts reported in the Annual Statement and should be considered an integral part of the financial statements.

ASSETS

	Assets	Non-admitted Assets	Net Admitted Assets
Bonds	$ 125,042,029	$ -	$ 125,042,029
Cash and short-term investments	10,079,179	-	10,079,179
Investment income due and accrued	905,028	-	905,028
Uncollected premiums and agents' balances	108,185,570	61,522	108,124,048
Accrued retrospective premiums	21,172,560	-	21,172,560
Amounts recoverable from reinsurers	38,312,500	-	38,312,500
Other amounts receivable under reinsurance contracts	4,350,670	-	4,350,670
Amounts receivable relating to uninsured plans	15,817,490	116,938	15,700,552
Net deferred tax asset	3,202,948	-	3,202,948
Receivables from parent, subsidiaries and affiliates	6,575,546	-	6,575,546
Health care and other amounts receivable	18,624,943	7,838,296	10,786,647
Prepaid expenses	12,206	12,206	-
Totals	$ 352,280,669	$ 8,028,962	$ 344,251,707

LIABILITIES AND SURPLUS

Claims unpaid	$ 92,192,444
Accrued medical incentive pool and bonus amounts	21,964,856
Unpaid claims adjustment expenses	1,790,819
Aggregate health claim reserves	837,964
Premiums received in advance	439,989
General expenses due or accrued	10,672,140
Current federal and foreign income tax payable	10,342,623
Ceded reinsurance premiums payable	44,893,485
Remittances and items not allocated	29,897
Liability for amounts held under uninsured plans	1,453,699
Unearned pay for performance	4,591,251
Unclaimed property	9,641
Total Liabilities	$ 189,218,808
Section 9010 ACA subsequent fee year assessment	$ 23,246,488
Common capital stock	1
Gross paid in and contributed surplus	32,788,535
Unassigned funds (surplus)	98,997,875
Total Capital and Surplus	$ 155,032,899
Total Liabilities, Capital and Surplus	$ 344,251,707

STATEMENT OF OPERATIONS

Member months	2,224,721
Net premium income	$ 889,620,522
Change in unearned premium reserves and reserve for rate credits	21,975,211
Total revenues	911,595,733
Hospital/medical benefits	1,009,954,536
Other professional services	28,104,752
Prescription drugs	129,737,984
Incentive pool, withhold adjustments and bonus amounts	23,421,950
Net reinsurance recoveries	(462,743,644)
Total hospital and medical	728,475,578
Claims adjustment expenses	35,623,650
General administrative expenses	70,566,861
Total underwriting deductions	834,666,089
Net underwriting gain	76,929,644
Net investment income earned	3,291,315
Net realized capital gains	247,318
Net investment gains	3,538,633
Net loss from agents' or premium balances charged off	(57,288)
Net income (pre-tax)	80,410,989
Federal and foreign income taxes incurred	33,300,736
Net income	$ 47,110,253

RECONCILIATION OF SURPLUS

	2012	2013	2014
Capital and surplus prior reporting year	$ 90,518,156	$ 88,779,008	$ 93,732,562
Net income	38,913,955	38,021,928	47,110,253
Change in net deferred income tax	382,573	9,475,637	(7,731,852)
Change in nonadmitted assets	(1,035,676)	(27,670,136)	21,921,936
Dividends to stockholders	(40,000,000)	(10,000,000)	-
Correction of errors (write-in)	-	(4,873,875)	-
Net change in capital and surplus	(1,739,148)	4,953,554	61,300,337
Capital and surplus end of reporting year	$ 88,779,008	$ 93,732,562	$ 155,032,899

EXAMINATION CHANGES

There were no examination changes resulting from the current examination.

COMMENTS ON FINANCIAL STATEMENTS

There are no comments on financial statements.

SUBSEQUENT EVENTS

Effective January 1, 2015, the Company discontinued offering the Federal Employees' Health Benefit Plan (FEHBP).

Also effective January 1, 2015, the Company acquired a Medicare contract in Illinois from UnitedHealthcare Insurance Company (CT). The asset transfer was approved by the Centers for Medicare and Medicaid Services (CMS).

On February 26, 2016, the Company filed notice of intent to novate contract H2654 with CMS. The Company anticipates CMS approving the novation on April 8, 2016, with an effective date of January 1, 2017. As a result of the novation, the Company's Medicare Advantage business will transfer to UnitedHealthcare of the Midlands, Inc., (UHCML) a Nebraska-domiciled affiliate.

In conjunction with the planned novation, the Company requested the Department's approval of an asset transfer from the Company to UHCML. The asset transfer involves the Medicare Advantage business covered under contract H2654. The statutory book value of the asset transfer is zero. The Company remains entitled to the assets earned and obligated for the liabilities incurred before the effective transfer date. Following the asset transfer, the Company expects premium revenue to decrease by almost 70%; surplus is expected to increase by more than 10%. The Department non-disapproved the requested asset transfer on March 31, 2016.

SUMMARY OF RECOMMENDATIONS

There are no recommendations resulting from the current examination.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and staff of UnitedHealthcare of the Midwest, Inc. during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Andy Balas, CFE, AES, CPA; Andrew Coppedge, CFE; Amy Snyder, CFE, CPA, MA, CGMA; and, Ken Tang; examiners for the Missouri Department of Insurance, Financial Institutions and Professional Registration participated in this examination.

VERIFICATION

State of Missouri)

) ss

County of St. Louis)

I, Thomas J. Cunningham, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

Thomas J. Cunningham, CFE, CPA
Examiner-in-Charge
Missouri Department of Insurance,
Financial Institutions and Professional Registration

Sworn to and subscribed before me this 31 day of March, 2016

My commission expires:

Nov 30, 2017

Notary Public

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

PATRICIA S. HARRELL
My Commission Expires
November 30, 2017
Warren County
Commission #13803309

Michael Shadowens, CFE
Assistant Chief Financial Examiner
Missouri Department of Insurance, Financial
Institutions and Professional Registration