

Phoenix Health Plan, Inc.

Financial Statements and Other Supplementary
Information as of and for the
Year Ended June 30, 2016, and
Independent Auditors' Report

PHOENIX HEALTH PLAN, INC.

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INDEPENDENT AUDITORS' REPORT

To the Stockholder of
Phoenix Health Plan, Inc:

We have audited the accompanying financial statements of Phoenix Health Plan, Inc. (the "Company"), which comprise the balance sheet as of June 30, 2016, and the related statements of income, stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. This supplementary information is the responsibility of the Company's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

October 31, 2016

PHOENIX HEALTH PLAN, INC.

BALANCE SHEET AS OF JUNE 30, 2016

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 4,192,655
Reinsurance and other receivables	3,657,629
Due from affiliates—net	<u>330,442,059</u>

Total current assets 338,292,343

PROPERTY AND EQUIPMENT:

Computer hardware and software	8,291,240
Less accumulated depreciation and amortization	<u>(8,291,240)</u>

Net property and equipment -

TOTAL ASSETS \$ 338,292,343

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES:

Accounts payable	\$ 2,659,589
Medical claims payable	14,699,665
Program settlements and other accrued expenses	<u>30,080,505</u>

Total current liabilities 47,439,759

LONG-TERM LIABILITIES 422,417

STOCKHOLDER'S EQUITY:

Stockholder's capital	157,035,173
Retained earnings	<u>133,394,994</u>

Total stockholder's equity 290,430,167

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY \$ 338,292,343

See notes to financial statements.

PHOENIX HEALTH PLAN, INC.

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

REVENUE:	
Capitation	\$ 142,851,925
Supplemental revenue	4,587,763
Investment income	1,142,960
Other revenue	<u>3,515,387</u>
Total revenue	<u>152,098,035</u>
EXPENSES:	
Hospital	25,905,758
Medical compensation	30,467,229
Other medical	<u>71,360,056</u>
	127,733,043
Less reinsurance and third-party liability	<u>4,485,038</u>
Total medical expenses	123,248,005
Administrative expenses	<u>10,860,771</u>
Total expenses	<u>134,108,776</u>
INCOME BEFORE INCOME TAXES AND HEALTH INSURER FEES AND INCOME TAXES	17,989,259
PREMIUM TAXES AND HEALTH INSURER FEES	(6,047,387)
INCOME TAX EXPENSE	<u>(5,172,926)</u>
NET INCOME	<u>\$ 6,768,946</u>

See notes to financial statements.

PHOENIX HEALTH PLAN, INC.

STATEMENT OF STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Stockholder's Capital	Retained Earnings	Stockholder's Equity
BALANCE—July 1, 2015	\$ 157,035,173	\$ 126,626,048	\$ 283,661,221
Net income	_____	<u>6,768,946</u>	<u>6,768,946</u>
BALANCE—June 30, 2016	<u>\$ 157,035,173</u>	<u>\$ 133,394,994</u>	<u>\$ 290,430,167</u>

See notes to financial statements.

PHOENIX HEALTH PLAN, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

OPERATING ACTIVITIES:	
Net income	\$ 6,768,946
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	126,571
Deferred income taxes	(1,642,864)
Changes in assets and liabilities:	
Decrease in reinsurance and other receivables	(952,394)
Increase in medical claims payable	2,200,464
Decrease in accounts payable	(1,839,060)
Increase in accrued expenses and other liabilities	<u>7,849,364</u>
Net cash provided by operating activities	12,511,027
INVESTING ACTIVITIES—Increase in due from affiliates	<u>(12,503,785)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	7,242
CASH AND CASH EQUIVALENTS—Beginning of year	<u>4,185,413</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 4,192,655</u>

See notes to financial statements.

PHOENIX HEALTH PLAN, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

1. ORGANIZATION AND OPERATIONS

Phoenix Health Plan, Inc. (the "Company") is a wholly owned subsidiary of Phoenix Health Plans, Inc. and an indirect wholly owned subsidiary of Tenet Healthcare Corporation ("Tenet"). In July 2015, the Company converted from a limited liability corporation to a C corporation.

The Company is a prepaid Medicaid managed health plan that derives substantially all of its revenue through a contract with the Arizona Health Care Cost Containment System (AHCCCS) to provide specified health services to qualified Medicaid enrollees through contracts with providers. AHCCCS is the state agency that administers Arizona's Medicaid program. The contract requires the Company to arrange for health care services for enrolled Medicaid patients in exchange for fixed monthly premiums, which are based on negotiated per capita member rates, reinsurance, and other supplemental payments from AHCCCS.

The Company subcontracts with hospitals, physicians, and other medical providers in Arizona to provide services to its enrollees in Maricopa County. These services are provided regardless of the actual costs incurred to provide the services. The Company receives reinsurance and other supplemental payments from AHCCCS to cover certain costs of health care services that exceed defined thresholds.

AHCCCS Contract—On March 22, 2013, the Company was notified that it was not awarded an acute care program contract with AHCCCS for the three-year period commencing on October 1, 2013. However, on April 1, 2013, the Company agreed with AHCCCS on the general terms of a capped contract to provide services to members in Maricopa County for the three-year period commencing on October 1, 2013, with two one-year options to extend. Enrollment is limited to existing members as of October 1, 2013, and the enrollment cap will not be lifted at any time during the contract period, unless AHCCCS deems additional plan capacity necessary based upon growth in covered lives or for other reasons, as outlined in a letter provided by AHCCCS that clarifies certain terms of the capped contract. On September 16, 2016, the contract with AHCCCS was renewed for the first of its two one-year extension options and commenced on October 1, 2016.

The Company has 52,126 members as of June 30, 2016.

The Company's contract is terminable without cause on 90 days' written notice from AHCCCS or for cause upon written notice from AHCCCS if the Company fails to comply with any term or condition of the contract or fails to take corrective action, as required, to comply with the terms of the contract. AHCCCS may also terminate the contract with the Company in the event of unavailability of state or federal funding. The Company may choose to terminate its contract by providing notice to AHCCCS by December 31, 2016. If the Company makes such an election, the Company would be subject to various administrative guidelines that would require it to assist AHCCCS in transitioning enrollees to coverage under a new plan by March 31, 2017. Should AHCCCS terminate its contract with the Company, the Company would cease operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents—Cash equivalents include all highly liquid investments with initial maturities of three months or less when purchased. Cash and cash equivalents are maintained at high-quality financial institutions, and management believes exposure to credit risk is not significant.

Receivables—The Company had \$3,657,629 of receivables as of June 30, 2016, including expected reimbursement from AHCCCS for fees related to the Patient Protection and Affordable Care Act (PPACA) submitted to the Internal Revenue Service (IRS) each year and other supplemental reimbursement receivables. The PPACA receivables are determined based upon the allocation of Tenet’s annual total payment to the IRS during the current calendar year, which is based upon premiums recognized during the previous calendar year, plus the estimated impact of reimbursements related to the nondeductibility for federal income tax purposes of the PPACA fees.

Property and Equipment—Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the Company’s property and equipment range from three to eight years. Routine maintenance and repairs are charged to expense as incurred. Expenditures that increase values, change capacities, or extend useful lives are capitalized. The Company had no capital expenditures during the year ended June 30, 2016.

Depreciation expense for property and equipment was \$126,571 for the year ended June 30, 2016, which is included in administrative expenses in the accompanying income statement.

Revenue—The Company receives monthly capitation payments under the AHCCCS contract based on the number of enrollees and type of enrollee coverage. Capitation payments are recognized as revenue in the month in which the Company is notified that a member is eligible for health care coverage provided by the Company. Included in these monthly payments are capitation amounts applicable to Social Security Act Title XIX waiver group (TWG) members. The TWG medical expense deduction (MED) population includes TWG members whose incomes exceed the limits of all other Title XIX categories and who have medical expenses that reduce income to at or below 40% of the federal poverty level. The TWG nonmedical expense deduction (“Non-MED”) population includes adults or childless couples at or below 100% of the federal poverty level who do not meet the requirements of another categorically linked Title XIX program. AHCCCS limited the profitability and loss that health plans may recognize for the TWG prospective Non-MED population for program years through September 30, 2013. For program years after September 30, 2013, all TWG members are included in the acute population risk band calculations as discussed below.

The Non-MED reconciliation limited the Company’s profits or losses related to this population to 2% of related capitation revenue (net of reinsurance, administrative expenses, and premium taxes), as defined in the applicable AHCCCS contract for specific contract years. As of June 30, 2016, the Company had an estimated net Non-MED

settlement receivable of approximately \$93,081, which was included in program settlements and other accrued expenses in the accompanying balance sheet, that relates to the contract years ended September 30, 2014 and 2015.

The Company is subject to a tiered prospective reconciliation for certain groups related to the program years ended September 30, 2014, 2015, and 2016, based upon prospective expenses and prospective net capitation. Populations subject to this tiered prospective reconciliation are limited to recipients of benefits through the Department of Health and Human Services' (DHS) Temporary Assistance to Needy Families (TANF) program, eligible pregnant women under Section 9401 of the Sixth Omnibus Budget and Reconciliation Act of 1986 (SOBRA), recipients of supplemental security income (SSI) with Medicare, recipients of SSI without Medicare, and recipients of SOBRA family planning services. The former TWG Non-MED population was assimilated into this population beginning with the program year ended September 30, 2014. Expenses incurred and revenue received for covered services with dates of service during prior-period coverage (PPC) are excluded from this tiered prospective reconciliation. As of June 30, 2016, the Company had an estimated acute tiered settlement payable of \$26,834,239 for program years ended September 30, 2014, 2015, and 2016, which was included in program settlements and other accrued expenses in the accompanying balance sheet.

The Company receives capitation payments for PPC separately from its prospective capitation payments. PPC capitation payments are applicable to all types of enrollee coverages at the Company and are intended to cover health care costs incurred by individuals while they await enrollment in the Company's health care plan and prior to the Company's ability to manage the health care of such enrollees. PPC revenue is recognized in the month in which the Company is notified that a member is eligible for coverage provided by the Company. AHCCCS limits the profitability and loss that health plans may recognize during the PPC eligibility period to 2% of related capitation revenue (net of administrative expenses and premium taxes) and reconciles the PPC member costs incurred by the Company. As of June 30, 2016, the Company had a net settlement payable for PPC payments received in excess of PPC costs incurred of approximately \$300,088 for the contract years ended September 30, 2015 and 2016, which was included in program settlements and other accrued expenses in the accompanying balance sheet.

The Company is subject to a reconciliation of profit and losses applicable to a defined population of adults not previously eligible for AHCCCS coverage to 1% of related capitation revenue (net of reinsurance, administrative expenses, and premium taxes) for program years ended September 30, 2015 and 2016. As of June 30, 2016, the Company had an estimated settlement payable to AHCCCS of \$2,946,177 related to the population group, which is included in program settlements and other accrued expenses in the accompanying balance sheet.

The Company also receives supplemental payments for delivery premiums to cover the cost of maternity care for qualified members under the federally funded SOBRA program. The Company recognizes supplemental revenue during the month in which AHCCCS notifies the Company of payment.

Due From Affiliates—Due from affiliates primarily represents the net excess of funds transferred to the centralized cash management account of Vanguard Health Management, Inc. (VHM), a wholly owned subsidiary of Tenet, over funds transferred to, or paid on behalf of, the Company by VHM. Due from affiliates balances are readily available to the Company for settlement of its current liabilities as they become due.

Generally, this balance is decreased by automatic cash transfers from VHM's centralized cash management account to reimburse the Company's bank accounts for operating expenses and capital expenditures. Generally, the due from affiliates balance is increased through daily cash deposits by the Company to VHM's centralized cash management account. As of June 30, 2016, due from affiliates was reduced by approximately \$563,601 due to cash overdrafts for disbursements from a bank account in which the Company does not have the right of offset.

Interest income of \$1,142,960 was earned by the Company on outstanding due from affiliates' balances during the year ended June 30, 2016, which was included in other revenue in the accompanying income statement. The interest rate earned approximates the variable portion of the total interest rate paid by Tenet under London InterBank Offered Rate (LIBOR) contracts for Tenet's outstanding term loan debt.

Medical Expenses and Reinsurance Proceeds—Monthly capitation payments to primary care physicians and other health care providers are expensed in the month services are contracted to be performed. Claims expense for noncapitated arrangements are accrued as services are rendered by hospitals, physicians, and other health care providers during the year. The Company is at risk for hospitalization and medical service claims, including medical compensation and other medical expenses, that exceed its capitation payments from AHCCCS. Medical compensation includes primary care and specialty physician services. Other medical expenses include hospital outpatient services and other ancillary services, such as radiology and lab services.

The Company is reimbursed by AHCCCS for costs incurred for those enrollees with severe illnesses to the extent such costs exceed designated per enrollee limits as set forth in the AHCCCS contract for each program year. The Company estimates reinsurance recoveries monthly based on reported claims by member, subject to encounter verification as set forth in the provisions of the AHCCCS contract. Reinsurance recoveries are deducted from gross medical expenses in the accompanying income statement. The Company is at risk for excess medical costs under reinsurance claims that are disputed and not honored by AHCCCS. Medical claims payable include claims received, but not paid, as well as estimated claims incurred but not reported (IBNR). During the year ended June 30, 2016, the Company increased the medical claims payable related to health claims experience in the prior fiscal year by \$1,519,045. Medical claims payable is estimated using a combination of historical claims payment data and current cost-per-member estimates and is supported by independent actuarial estimates including a risk margin considered appropriate by the Company. While management believes that its estimation methodology captures trends in medical claims costs in a timely manner, actual payments could differ significantly from its estimates in the event of changes in the health care cost structure or adverse experience. Management believes its estimates of the health claims reserves for prior years were appropriately based on information available at the time.

The activity in medical claims payable for the fiscal year ended June 30, 2016, is as follows:

Medical claims payable at beginning of year	<u>\$ 12,499,200</u>
Medical costs and claims incurred:	
Current-year insured events	116,404,980
Prior-year insured events	<u>1,519,045</u>
Total medical costs and claims incurred	<u>117,924,025</u>
Payments:	
Current-year insured events	102,222,048
Prior-year insured events	<u>14,018,245</u>
Total payments	<u>116,240,293</u>
Plus: ULAE Reserve	<u>516,733</u>
Medical claims payable at end of year	<u>\$ 14,699,665</u>

Income Taxes—Tenet files consolidated federal and state income tax returns that include the operating results of the Company. Tenet allocates taxes to the Company as if the Company was a separate taxpayer, pursuant to the asset and liability method. Such allocations were deducted from due from affiliates in the accompanying balance sheet.

Fair Value of Financial Instruments—The carrying amounts of cash and cash equivalents, receivables, amounts due from affiliates, and payables approximate fair values because of the short maturities of these financial instruments.

Premium Deficiency Reserves—Premium deficiency reserves and the related expenses are recognized when it is probable that expected future health care expenses, claim adjustment expenses, direct administration costs, and an allocation of indirect administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated. The Company did not record a premium deficiency reserve as of June 30, 2016.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Areas of the financial statement areas that involve significant estimation include PPC, acute tiered, newly eligible adults, and Non-MED settlements, and medical claims IBNR. Such estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and are accounted for in the period identified.

Comprehensive Income—During the fiscal year ended June 30, 2016, there was no other comprehensive income. Accordingly, net income equals comprehensive income for the period presented.

3. TRANSACTIONS WITH AFFILIATES

Advantage Health Care Management Company, Inc. (AHCMC), a wholly owned subsidiary of Tenet, manages the general and administrative functions of the Company, including payroll services, claims processing, medical management, network development, general and professional liability insurance coverages, and related expenses. The Company has recorded expenses of approximately \$10,587,990 for services provided by AHCMC for the year ended June 30, 2016. Expenses for services provided by AHCMC were included in administrative expenses in the accompanying income statement. The management fees charged by AHCMC do not necessarily reflect the full cost of providing all services.

Effective January 1, 2014, the Company became subject to an annual fee under Section 9010 of the PPACA. This annual fee is allocated to individual health insurers based on the ratio of the amount of each entity's net premiums written during the preceding calendar year to the amount of health insurance for any US health risk that is written during the preceding calendar year. The PPACA fee for calendar year 2016 was paid by Tenet in September 2016. The portion of Tenet's payment related to the Company for calendar year 2016 was approximately \$2,412,775.

4. COMMITMENTS AND CONTINGENCIES

Operating Leases—As a result of the Company's management agreement with AHCMC, AHCMC assumed the remaining facility and equipment leases. The related rent expenses were included within the management fee charged by AHCMC, which was included in administrative expenses in the accompanying income statement.

Professional, General, and Other Liability Insurance—In the normal course of business, the Company is subject to claims and lawsuits relating to injuries arising from patient treatment and denials thereof. The Company's contract with AHCCCS requires that it maintain professional liability insurance, comprehensive general insurance, and automobile liability insurance coverage of at least \$1,000,000 for each occurrence. The Company is covered under Tenet's wholly owned captive insurance subsidiary or Tenet's self-insurance program for professional and general liability claims at levels that exceed the AHCCCS' minimum requirements. There is no guarantee that existing coverage will be sufficient for professional and general liability claims either individually or in the aggregate. Professional and general liability insurance expenses are not allocated from Tenet, but included in the management fee charged by AHCMC.

The Company is covered under Tenet's self-insurance program for workers' compensation claims. Tenet maintains coverage for workers' compensation claims exceeding its retained limit at amounts the Company believes to be adequate. Workers' compensation insurance coverage is included in the management fee charged by AHCMC.

Tenet maintains reserves for general and professional liability and workers' compensation risks and makes any necessary claims payments on the Company's behalf. Accordingly, no reserve for liability risks was recorded in the accompanying balance sheet. The Company is currently not a party to any such proceedings that, in management's opinion, would have a material adverse effect on the Company's business, results of operations, or financial position.

Other Claims—The Company is subject to claims and suits arising in the ordinary course of business. Plaintiffs in these matters may request punitive or other damages that may not be covered by insurance. The Company is not aware of any such proceedings that, in management’s opinion, if adversely decided, would have a material effect on the Company’s results of operations or financial position.

Subcontracted Services—The Company subcontracts with physician specialists, affiliated hospitals, and unaffiliated hospitals to provide covered services to certain patients enrolled in, or assigned to, the Company on either a capitated or fee-for-service basis.

AHCCCS Plan Compliance—Under the Company’s contract with AHCCCS, the Company is required to maintain a performance guaranty calculated based upon monthly capitation revenues received. As of June 30, 2016, the Company maintained performance bonds through Tenet totaling \$13.5 million to meet this performance guaranty.

The AHCCCS contract contains certain financial viability standards on which the Company must report on a quarterly and annual basis. These standards enable AHCCCS to monitor the financial health of its contracted health plans. The Company must meet the financial viability standards, which include a current ratio requirement of at least one; equity per member requirement of at least \$170; a medical expense ratio, as defined in the AHCCCS contract (at least 85%); and an administrative cost percentage ratio, as defined in the AHCCCS contract (no more than 10%). AHCCCS does not automatically penalize or sanction health plans that do not meet these standards, but utilizes these guidelines in combination with other measures to determine the overall operational health and compliance of its contracted health plans. As of June 30, 2016, the Company met these financial viability standards.

The Company is also subject to minimum performance standards for certain clinical quality performance measures under its contract with AHCCCS. The Company accrues for potential sanctions based upon its estimated rate of noncompliance, as reported by AHCCCS, until such time as the Company is able to document compliance within the timeline to remedy the noncompliance established by AHCCCS. Management believes that, as of June 30, 2016, possible additional sanctions beyond those already accrued related to contract years ended September 30, 2014, 2015, and 2016, were not material to the financial position, results of operations, or cash flows of the Company.

Compliance with Laws and Regulations—The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse regulations. Management believes that the Company is in compliance with fraud and abuse regulations, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or not asserted at this time.

5. INCOME TAXES

Income tax expense allocated to the Company by VHM on a separate-return basis for the year ended June 30, 2016, consisted of the following:

	Total
Current federal	\$ 4,850,795
Deferred federal	<u>322,131</u>
	<u>\$ 5,172,926</u>

The tax effects of temporary differences that gave rise to deferred tax assets and liabilities at June 30, 2016, were as follows:

Depreciation, amortization, and fixed asset basis differences	\$ 36,047
Excess book basis over tax basis of prepaid expenses	1,009
Discounted unpaid losses	<u>130,383</u>
Net deferred tax asset	<u>\$ 167,439</u>

Income tax expense allocated to the Company by Tenet approximated the federal statutory rate for the year ended June 30, 2016, except for the nondeductibility of the insurer fee, which results in a permanent difference. The tax effects of temporary differences that gave rise to deferred tax assets and liabilities were included in due from affiliates in the accompanying balance sheet.

6. SUBSEQUENT EVENTS

The Company has evaluated subsequent events for the year ended June 30, 2016, through October 31, 2016, the date these financial statements were available to be issued.

* * * * *

OTHER SUPPLEMENTARY INFORMATION

Phoenix Health Plan, Inc.
Year Ended: 06/30/2016
Claims Lag Report
Expense Type: Hospital, Medical and Other (PPC and Prospective)

Payment Qtr	Current	1st Prior	2nd Prior	3rd Prior	4th Prior	5th Prior	6th Prior*	Total
Current	16,704,017	8,451,885	1,121,649	643,309	573,743	94,658	198,579	27,787,840
1st Prior	-	19,518,726	10,273,568	2,028,437	233,507	136,729	80,477	32,271,444
2nd Prior	-	-	18,076,839	17,500,833	2,311,673	377,630	303,553	38,570,528
3rd Prior	-	-	-	10,100,937	8,187,737	1,192,725	637,482	20,118,881
4th Prior	-	-	-	-	20,584,508	8,717,193	1,841,282	31,142,983
5th Prior	-	-	-	-	-	22,396,726	9,577,156	31,973,882
6th Prior*	-	-	-	-	-	-	3,192,532,987	3,192,532,987
Totals	16,704,016	27,970,611	29,472,056	30,273,516	31,891,168	32,915,661	3,205,171,516	3,374,398,544
Expense	27,198,179	29,195,398	26,302,912	27,772,019	33,147,221	33,283,221	3,153,161,499	3,330,060,449
Adjustment	833,371	736,448	3,965,567	2,947,242	(1,127,263)	(327,624)	52,010,017	59,037,759
Remaining	11,327,534	1,961,235	796,423	445,745	128,790	39,936	-	14,699,664

Phoenix Health Plan
YEAR ENDED JUNE 30, 2016

GSA 4 Apache/Coconino/Mohave/Navajo	TANF <1 MF	TANF 1-13 MF	TANF 14-44 F	TANF 14-44 M	TANF 45+	TANF Total	SSI w/Med	SSI w/o Med	Adults > 106%	Adults <= 106%	SOBRA FP	SOBRA MOMS	Title XIX Total	State Only Transplant	State Only Total	Grand Total
REVENUE & EXPENSES																
Member Months																
PPC Member Months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pros. Member Months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Member Months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REVENUES																
305 Prospective Capitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310 PPC Capitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
312 Value Based Purchasing Initiatives Reconciliation/Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
315 Delivery Supplement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
319 Adults > 106% Reconciliation Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
320 Prospective Tiered Reconciliation Settlement	(14,588)	(127,754)	(73,954)	(35,930)	(13,018)	(265,245)	(31,220)	(26,061)	-	(28,960)	-	-	(351,486)	-	-	(351,486)
321 TWG Settlement	(986)	(8,633)	(4,998)	(2,428)	(880)	(17,925)	(2,110)	(1,761)	-	(24,508)	-	-	(46,304)	-	-	(46,304)
322 PPC Settlement	9,984	87,437	50,615	24,592	8,910	181,538	21,367	17,837	-	19,821	-	-	240,563	-	-	240,563
323 PCP Parity Cost Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
324 Health Insurers Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
325 Investment Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
330 Other Income (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	(5,590)	(48,950)	(28,337)	(13,767)	(4,988)	(101,632)	(11,963)	(9,986)	-	(33,647)	-	-	(157,227)	-	-	(157,227)
EXPENSES																
Hospitalization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
402 Hospital Inpatient	(333)	(2,224)	7	7	-	(2,542)	4	(1,985)	-	1,896	-	-	(2,627)	-	-	(2,627)
404 Hospital Inpatient -Behavioral Health Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
406 PPC-Hospital Inpatient	83	-	-	-	-	83	-	-	-	-	-	-	83	-	-	83
Total Hospitalization	(250)	(2,224)	7	7	-	(2,459)	4	(1,985)	-	1,896	-	-	(2,544)	-	-	(2,544)
Medical Compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
408 Primary Care Physician Services	(113)	108	(14)	30	11	22	26	98	-	25	-	-	171	-	-	171
409 Behavioral Health Physician Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
410 Referral Physician Services	29	254	154	71	26	534	79	23	-	65	-	-	702	-	-	702
411 FQHC/RHC Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
412 Other Professional Services	3	75	16	7	3	104	70	5	-	228	-	-	407	-	-	407
414 PPC - Physician Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
415 PCP Parity Enhanced Payment Expense	271	-	77	-	-	348	-	81	-	-	-	-	428	-	-	428
Total Medical Comp	190	437	233	108	40	1,009	175	207	-	318	-	-	1,708	-	-	1,708
Other Medical Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
416 Emergency Facility Services	5	161	759	12	5	942	11	9	-	10	-	-	972	-	-	972
417 Pharmacy	-	-	-	-	-	-	-	1	-	-	-	-	1	-	-	1
418 Lab, X-ray, & Medical Imaging	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
419 Outpatient Facility	-	216	(24,333)	-	-	(24,117)	638	320	-	-	-	-	(23,159)	-	-	(23,159)
420 Durable Medical Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
421 Dental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
422 Transportation	22	193	112	54	20	401	47	39	-	44	-	-	531	-	-	531
423 Nursing Facility, Home Health Care	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
424 Physical Therapy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
434 Value Based Purchasing Initiatives Provider Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
425 Miscellaneous Medical Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
426 Behavioral Health Day Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
427 Behavioral Health Case Management Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
428 Behavioral Health Crisis Intervention Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
429 Behavioral Health Rehabilitation Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
430 Behavioral Health Residential Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
431 All Other Behavioral Health Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
438 PPC-Other Medical Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Medical	27	570	(23,462)	66	25	(22,774)	696	369	-	54	-	-	(21,655)	-	-	(21,655)
TOTAL MEDICAL EXP	(33)	(1,217)	(23,221)	181	65	(24,225)	875	(1,409)	-	2,268	-	-	(22,491)	-	-	(22,491)
Less:																
440 Reinsurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
442 Third Party Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET MEDICAL EXP	(33)	(1,217)	(23,221)	181	65	(24,225)	875	(1,409)	-	2,268	-	-	(22,491)	-	-	(22,491)
TOTAL ADMIN EXP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	(33)	(1,217)	(23,221)	181	65	(24,225)	875	(1,409)	-	2,268	-	-	(22,491)	-	-	(22,491)
Inc (loss) from operations	(5,557)	(47,733)	(5,116)	(13,948)	(5,053)	(77,407)	(12,838)	(8,576)	-	(35,915)	-	-	(134,736)	-	-	(134,736)
Non-operating inc (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inc (loss) before taxes	(5,557)	(47,733)	(5,116)	(13,948)	(5,053)	(77,407)	(12,838)	(8,576)	-	(35,915)	-	-	(134,736)	-	-	(134,736)
Income taxes	826	7,083	7,688	2,026	724	18,347	1,722	1,431	-	(1,738)	-	-	19,763	-	-	19,763
Premium taxes	34	298	172	84	30	618	73	61	-	(449)	-	-	302	-	-	302
Health Insurers Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME (LOSS)	(6,418)	(55,114)	(12,976)	(16,058)	(5,807)	(96,372)	(14,633)	(10,069)	-	(33,728)	-	-	(154,801)	-	-	(154,801)

Phoenix Health Plan
YEAR ENDED JUNE 30, 2016

GSA 6 Yavapai	TANF <1 MF	TANF 1-13 MF	TANF 14-44 F	TANF 14-44 M	TANF 45+	TANF Total	SSI w/Med	SSI w/o Med	Adults > 106%	Adults <= 106%	SOBRA FP	SOBRA MOMS	Title XIX Total	State Only Transplant	State Only Total	Grand Total	
REVENUE & EXPENSES																	
Member Months																	
PPC Member Months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pros. Member Months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Member Months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REVENUES																	
305 Prospective Capitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310 PPC Capitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
312 Value Based Purchasing Initiatives Reconciliation/Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
315 Delivery Supplement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
319 Adults > 106% Reconciliation Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
320 Prospective Tiered Reconciliation Settlement	(9,153)	(84,903)	(48,755)	(26,144)	(8,539)	(177,494)	(23,313)	(15,924)	-	(20,216)	-	-	(236,947)	-	-	(236,947)	
321 TWG Settlement	(641)	(5,942)	(3,412)	(1,830)	(598)	(12,423)	(1,632)	(1,114)	-	(17,159)	-	-	(32,328)	-	-	(32,328)	
322 PPC Settlement	6,265	58,109	33,369	17,893	5,844	121,480	15,956	10,898	-	13,837	-	-	162,171	-	-	162,171	
323 PCP Parity Cost Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
324 Health Insurers Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
325 Investment Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
330 Other Income (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	(3,529)	(32,736)	(18,799)	(10,081)	(3,293)	(68,437)	(8,989)	(6,140)	-	(23,538)	-	-	(107,104)	-	-	(107,104)	
EXPENSES																	
Hospitalization																	
402 Hospital Inpatient	(1,039)	-	-	-	-	(1,039)	(1,756)	(11,449)	-	-	-	-	(14,245)	-	-	(14,245)	
404 Hospital Inpatient -Behavioral Health Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
406 PPC-Hospital Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Hospitalization	(1,039)	-	-	-	-	(1,039)	(1,756)	(11,449)	-	-	-	-	(14,245)	-	-	(14,245)	
Medical Compensation																	
408 Primary Care Physician Services	536	667	158	108	14	1,483	122	164	-	32	-	-	1,801	-	-	1,801	
409 Behavioral Health Physician Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
410 Referral Physician Services	19	181	50	56	18	324	79	34	-	113	-	-	550	-	-	550	
411 FQHC/RHC Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
412 Other Professional Services	-	-	-	122	-	122	-	-	-	-	-	-	122	-	-	122	
414 PPC - Physician Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
415 PCP Parity Enhanced Payment Expense	64	-	-	-	-	64	-	-	-	-	-	-	64	-	-	64	
Total Medical Comp	619	848	209	286	32	1,993	201	198	-	145	-	-	2,537	-	-	2,537	
Other Medical Expenses																	
416 Emergency Facility Services	-	2,144	164	(834)	(77)	1,397	(303)	(1,131)	-	549	-	(264)	248	-	-	248	
417 Pharmacy	-	-	-	-	-	-	-	-	-	1,238	-	-	1,238	-	-	1,238	
418 Lab, X-ray, & Medical Imaging	4	38	151	12	4	209	38	7	-	9	-	-	263	-	-	263	
419 Outpatient Facility	-	361	(92)	-	(37)	232	1	5,709	(92)	1,218	-	-	7,160	-	-	7,160	
420 Durable Medical Equipment	1	12	7	4	1	25	12	2	-	3	-	-	42	-	-	42	
421 Dental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
422 Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
423 Nursing Facility, Home Health Care	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
424 Physical Therapy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
434 Value Based Purchasing Initiatives Provider Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
425 Miscellaneous Medical Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
426 Behavioral Health Day Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
427 Behavioral Health Case Management Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
428 Behavioral Health Crisis Intervention Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
429 Behavioral Health Rehabilitation Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
430 Behavioral Health Residential Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
431 All Other Behavioral Health Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
438 PPC-Other Medical Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Other Medical	5	2,555	230	(818)	(109)	1,863	(252)	4,587	-	3,018	-	(264)	8,951	-	-	8,951	
TOTAL MEDICAL EXP	(416)	3,403	438	(532)	(77)	2,817	(1,807)	(6,664)	-	3,162	-	(264)	(2,757)	-	-	(2,757)	
Less:																	
440 Reinsurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
442 Third Party Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET MEDICAL EXP	(416)	3,403	438	(532)	(77)	2,817	(1,807)	(6,664)	-	3,162	-	(264)	(2,757)	-	-	(2,757)	
TOTAL ADMIN EXP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENSES	(416)	3,403	438	(532)	(77)	2,817	(1,807)	(6,664)	-	3,162	-	(264)	(2,757)	-	-	(2,757)	
Inc (loss) from operations	(3,113)	(36,139)	(19,237)	(9,549)	(3,216)	(71,254)	(7,182)	525	-	(26,700)	-	264	(104,347)	-	-	(104,347)	
Non-operating inc (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Inc (loss) before taxes	(3,113)	(36,139)	(19,237)	(9,549)	(3,216)	(71,254)	(7,182)	525	-	(26,700)	-	264	(104,347)	-	-	(104,347)	
Income taxes	634	4,285	2,807	1,578	492	9,795	1,593	1,917	-	(1,516)	-	40	11,829	-	-	11,829	
Premium taxes	21	198	114	61	20	413	54	37	-	(313)	-	-	191	-	-	191	
Health Insurers Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
NET INCOME (LOSS)	(3,768)	(40,621)	(22,158)	(11,188)	(3,728)	(81,462)	(8,829)	(1,429)	-	(24,871)	-	225	(116,367)	-	-	(116,367)	

Phoenix Health Plan
YEAR ENDED JUNE 30, 2016

GSA 8 Gila/Pinal	TANF < 1 MF	TANF 1-13 MF	TANF 14-44 F	TANF 14-44 M	TANF 45+	TANF Total	SSI w/Med	SSI w/o Med	Adults > 106%	Adults <= 106%	SOBRA FP	SOBRA MOMS	Title XIX Total	State Only Transplant	State Only Total	Grand Total
REVENUE & EXPENSES																
Member Months																
PPC Member Months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pros. Member Months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Member Months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REVENUES																
305 Prospective Capitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310 PPC Capitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
312 Value Based Purchasing Initiatives Reconciliation/Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
315 Delivery Supplement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
319 Adults > 106% Reconciliation Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
320 Prospective Tiered Reconciliation Settlement	(18,354)	(187,521)	(104,061)	(47,096)	(16,161)	(373,192)	(36,843)	(30,951)	-	(33,312)	-	-	(474,299)	-	-	(474,299)
321 TWG Settlement	(1,058)	(10,805)	(5,996)	(2,714)	(931)	(21,504)	(2,123)	(1,783)	-	(27,866)	-	-	(53,276)	-	-	(53,276)
322 PPC Settlement	12,562	128,342	71,222	32,233	11,060	255,419	25,217	21,184	-	22,799	-	-	324,619	-	-	324,619
323 PCP Parity Cost Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
324 Health Insurers Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
325 Investment Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
330 Other Income (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	(6,850)	(69,983)	(38,835)	(17,577)	(6,032)	(139,277)	(13,750)	(11,550)	-	(38,379)	-	-	(202,956)	-	-	(202,956)
EXPENSES																
Hospitalization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
402 Hospital Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
404 Hospital Inpatient -Behavioral Health Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
406 PPC-Hospital Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Hospitalization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Medical Compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
408 Primary Care Physician Services	42	701	410	108	37	1,298	121	71	-	76	37	-	1,566	-	-	1,566
409 Behavioral Health Physician Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
410 Referral Physician Services	50	514	730	129	44	1,467	119	85	-	48	44	-	1,719	-	-	1,719
411 FQHC/RHC Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
412 Other Professional Services	10	106	106	27	9	258	21	19	-	19	-	-	317	-	-	317
414 PPC - Physician Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
415 PCP Parity Enhanced Payment Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Medical Comp	102	1,321	1,246	264	90	3,023	261	175	-	143	-	-	3,602	-	-	3,602
Other Medical Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
416 Emergency Facility Services	16	166	418	42	14	656	98	27	-	181	-	-	962	-	-	962
417 Pharmacy	-	-	-	-	-	-	11	-	-	-	-	-	11	-	-	11
418 Lab, X-ray, & Medical Imaging	5	56	31	14	5	111	11	9	-	10	-	-	141	-	-	141
419 Outpatient Facility	73	743	412	233	64	1,525	146	123	-	132	-	-	1,926	-	-	1,926
420 Durable Medical Equipment	-	-	-	-	-	-	161	8	-	-	-	-	169	-	-	169
421 Dental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
422 Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
423 Nursing Facility, Home Health Care	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
424 Physical Therapy	-	(75)	-	-	-	(75)	-	284	-	-	-	-	209	-	-	209
434 Value Based Purchasing Initiatives Provider Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
425 Miscellaneous Medical Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
426 Behavioral Health Day Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
427 Behavioral Health Case Management Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
428 Behavioral Health Crisis Intervention Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
429 Behavioral Health Rehabilitation Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
430 Behavioral Health Residential Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
431 All Other Behavioral Health Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
438 PPC-Other Medical Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Medical	94	890	861	289	83	2,217	427	451	-	323	-	-	3,418	-	-	3,418
TOTAL MEDICAL EXP	196	2,211	2,107	553	173	5,240	688	625	-	467	-	-	7,020	-	-	7,020
Less:																
440 Reinsurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
442 Third Party Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET MEDICAL EXP	196	2,211	2,107	553	173	5,240	688	625	-	467	-	-	7,020	-	-	7,020
TOTAL ADMIN EXP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	196	2,211	2,107	553	173	5,240	688	625	-	467	-	-	7,020	-	-	7,020
Inc (loss) from operations	(7,046)	(72,194)	(40,942)	(18,130)	(6,205)	(144,517)	(14,438)	(12,175)	-	(38,845)	-	-	(209,976)	-	-	(209,976)
Non-operating inc (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inc (loss) before taxes	(7,046)	(72,194)	(40,942)	(18,130)	(6,205)	(144,517)	(14,438)	(12,175)	-	(38,845)	-	-	(209,976)	-	-	(209,976)
Income taxes	1,020	11,198	7,372	3,503	1,446	24,539	2,048	1,971	-	(1,700)	-	-	26,859	-	-	26,859
Premium taxes	43	437	242	110	38	869	86	72	-	(516)	38	-	511	-	-	511
Health Insurers Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME (LOSS)	(8,109)	(83,829)	(48,557)	(21,743)	(7,689)	(169,926)	(16,571)	(14,219)	-	(36,629)	-	-	(237,345)	-	-	(237,345)

Phoenix Health Plan
YEAR ENDED JUNE 30, 2016

GSA 10 Pima/Santa Cruz	TANF < 1 MF	TANF 1-13 MF	TANF 14-44 F	TANF 14-44 M	TANF 45+	TANF Total	SSI w/Med	SSI w/o Med	Adults > 106%	Adults <= 106%	SOBRA FP	SOBRA MOMS	Title XIX Total	State Only Transplant	State Only Total	Grand Total
REVENUE & EXPENSES																
Member Months																
PPC Member Months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pros. Member Months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Member Months	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REVENUES																
305 Prospective Capitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310 PPC Capitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
312 Value Based Purchasing Initiatives Reconciliation/Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
315 Delivery Supplement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
319 Adults > 106% Reconciliation Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
320 Prospective Tiered Reconciliation Settlement	(12,359)	(106,565)	(55,593)	(26,825)	(9,689)	(211,031)	(19,274)	(20,581)	-	(24,183)	-	-	(275,069)	-	-	(275,069)
321 TWG Settlement	(892)	(7,689)	(4,011)	(1,935)	(699)	(15,226)	(1,391)	(1,485)	-	(20,587)	-	-	(38,689)	-	-	(38,689)
322 PPC Settlement	8,458	72,935	38,049	18,359	6,631	144,433	13,192	14,086	-	16,550	-	-	188,262	-	-	188,262
323 PCP Parity Cost Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
324 Health Insurers Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
325 Investment Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
330 Other Income (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	(4,792)	(41,319)	(21,555)	(10,401)	(3,757)	(81,824)	(7,473)	(7,980)	-	(28,219)	-	-	(125,496)	-	-	(125,496)
EXPENSES																
Hospitalization																
402 Hospital Inpatient	150	1,292	674	325	117	2,558	234	250	-	596	-	-	3,638	-	-	3,638
404 Hospital Inpatient -Behavioral Health Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
406 PPC-Hospital Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Hospitalization	150	1,292	674	325	117	2,558	234	250	-	596	-	-	3,638	-	-	3,638
Medical Compensation																
408 Primary Care Physician Services	(84)	172	90	43	16	237	31	33	-	39	-	-	340	-	-	340
409 Behavioral Health Physician Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
410 Referral Physician Services	26	(38)	250	56	20	315	40	(114)	-	50	-	759	1,049	-	-	1,049
411 FQHC/RHC Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
412 Other Professional Services	5	45	24	11	4	89	8	9	-	10	-	-	116	-	-	116
414 PPC - Physician Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
415 PCP Parity Enhanced Payment Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Medical Comp	(53)	179	364	110	40	641	79	(72)	-	99	-	759	1,505	-	-	1,505
Other Medical Expenses																
416 Emergency Facility Services	-	-	-	-	-	-	40	-	-	-	-	-	40	-	-	40
417 Pharmacy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
418 Lab, X-ray, & Medical Imaging	4	38	20	9	3	74	7	7	-	9	-	-	97	-	-	97
419 Outpatient Facility	-	-	-	-	-	-	9,245	13,729	-	747	-	-	23,721	-	-	23,721
420 Durable Medical Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
421 Dental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
422 Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
423 Nursing Facility, Home Health Care	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
424 Physical Therapy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
434 Value Based Purchasing Initiatives Provider Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
425 Miscellaneous Medical Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
426 Behavioral Health Day Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
427 Behavioral Health Case Management Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
428 Behavioral Health Crisis Intervention Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
429 Behavioral Health Rehabilitation Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
430 Behavioral Health Residential Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
431 All Other Behavioral Health Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
438 PPC-Other Medical Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Medical	4	38	20	9	3	74	9,292	13,736	-	756	-	-	23,858	-	-	23,858
TOTAL MEDICAL EXP	101	1,509	1,058	444	160	3,273	9,605	13,914	-	1,451	-	759	29,002	-	-	29,002
Less:																
440 Reinsurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
442 Third Party Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET MEDICAL EXP	101	1,509	1,058	444	160	3,273	9,605	13,914	-	1,451	-	759	29,002	-	-	29,002
TOTAL ADMIN EXP																
TOTAL ADMIN EXP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	101	1,509	1,058	444	160	3,273	9,605	13,914	-	1,451	-	759	29,002	-	-	29,002
Inc (loss) from operations																
Inc (loss) from operations	(4,893)	(42,828)	(22,613)	(10,845)	(3,917)	(85,097)	(17,078)	(21,893)	-	(29,670)	-	(759)	(154,497)	-	-	(154,497)
Non-operating inc (loss)																
Inc (loss) before taxes	(4,893)	(42,828)	(22,613)	(10,845)	(3,917)	(85,097)	(17,078)	(21,893)	-	(29,670)	-	(759)	(154,497)	-	-	(154,497)
Income taxes																
Income taxes	687	6,215	3,321	1,491	538	12,252	1,077	1,943	-	(1,066)	-	-	14,206	-	-	14,206
Premium taxes																
Premium taxes	29	248	129	62	23	491	45	48	-	(375)	-	-	209	-	-	209
Health Insurers Fee																
Health Insurers Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME (LOSS)	(5,609)	(49,291)	(26,064)	(12,398)	(4,478)	(97,840)	(18,200)	(23,884)	-	(28,229)	-	(759)	(168,912)	-	-	(168,912)

Phoenix Health Plan
Annual Listing of Plan Officers and Directors
As of June 30, 2016

Name	Title	Other Relationship To Plan	Compensation
Abramson, Laura	Director of Medical Services	None	Salary
Alvarez, Diana	Director of Medicaid Compliance	None	Salary
Assante, Carlos	Medicare Director, Sales	None	Salary
Belew, Jay	Vice President of Claims and Member Services	None	Salary
Bernstein, Darla	Sr. Director, Medical Services	None	Salary
Camino, Carmela	Director of Finance	None	Salary
Carney Dr, Caroline	Chief Medical Director	None	Salary
Chopra, Astha	Director Risk Adjustment Ops	None	Salary
Corson, Doug	Director, Medical Economics	None	Salary
Cowley, Matt	Chief Executive Officer	None	Salary
Coyle, Wendy	Director of Human Resources	None	Salary
Fan, Dazhi	Director, Actuarial Services	None	Salary
Fawson, Paul	National Director, Strategic Network Development	None	Salary
Howard, Kathy	Director of Member and Claims Customer Service	None	Salary
Jayaraman, Ganapathi	Director, IT	None	Salary
LaPlante, Kirk	Senior Director of Network Management	None	Salary
Maison, Beverly	Chief Financial Officer	None	Salary
McMickle, Judy	Director, Reimbursements	None	Salary
Nagengast, Greg	Chief Operating Officer	None	Salary
Nelson, Lori	Senior Director, Quality Management	None	Salary
Novak, Peg	Director of Quality Management	None	Salary
Policky, Michael	Director, Claims	None	Salary
Rime, Michael	Vice President of Sales & Distribution	None	Salary
Rodriquez, Leslie	Director of Pharmacy Services	None	Salary
Simmons, Tamika	Director Health Plan Compliance	None	Salary
Yantos, Michelle	Director of Claims and Grievance & Appeals	None	Salary
Zimanek, Craig	Director of Medicare Operations	None	Salary