

STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER



FINANCIAL EXAMINATION
OF
COMMUNITY HEALTH PLAN OF WASHINGTON
SEATTLE, WASHINGTON

NAIC CODE 47049
December 31, 2008

Participating States:
Washington

Order No. 10-102
Community Health Plan of Washington
Exhibit A

SALUTATION

Seattle, Washington
June 25, 2010

The Honorable Mike Kreidler, Commissioner
Washington State Office of the Insurance Commissioner (OIC)
Insurance Building-Capitol Campus
302 Sid Snyder Avenue SW, Suite 200
Olympia, WA 98504

Dear Commissioner Kreidler:

In accordance with your instructions, and in compliance with the statutory requirements of RCW 48.03.010, an examination was made of the corporate affairs and financial records of

Community Health Plan of Washington
of
Seattle, Washington

hereinafter referred to as "CHPW," or the "Company" at its home office located at 720 Olive Way, Suite 300, Seattle, Washington 98101. This report is respectfully submitted showing the condition of CHPW as of December 31, 2008.

CHIEF EXAMINER'S AFFIDAVIT

I hereby certify I have read the attached Report of the Financial Examination of Community Health Plan of Washington of Seattle, Washington. This report shows the financial condition and related corporate matters as of December 31, 2008.



Patrick H. McNaughton
Chief Examiner

6-25-10

Date

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SCOPE OF THE EXAMINATION

This examination covers the period January 1, 2004 through December 31, 2008 and comprises a risk focused review of the books and records of the Company. The examination followed statutory requirements contained in the Washington Administrative Code (WAC), the Revised Code of Washington (RCW), and the guidelines recommended by the National Association of Insurance Commissioner (NAIC) Financial Condition Examiners Handbook. The examination included identification and disposition of material transactions and events occurring subsequent to the date of examination though the end of field work on June 2, 2010.

Corporate records, external reference materials, and various aspects of the Company's operating procedures and financial records were reviewed and tested during the course of this examination and are commented upon in the following section of this report. In addition, the Company's Certified Public Accountant's (CPA's) work papers were reviewed and utilized, where possible, to facilitate efficiency in the examination.

This examination was performed in compliance with the 2008 NAIC Financial Condition Examiners Handbook which requires the examiner to consider the Company's risk management process, corporate governance structure, and control environment. The examiners utilized the information obtained during the examination to assess the Company's overall potential risks both currently and on an on-going basis, allowing the examiners to focus on the Company's greatest areas of risk, and providing assurance on the Company's financial statements as of the examination date.

INSTRUCTIONS

The examiners reviewed the Company's filed 2008 NAIC Annual Statement as part of the statutory examination. This review was performed to determine if the Company completed the NAIC Annual Statement in accordance with the NAIC Annual Statement Instructions and to determine if the Company's accounts and records were prepared and maintained in accordance with Title 48 RCW, Title 284 WAC, and the NAIC Statements of Statutory Accounting Principles (SSAP) as outlined in the NAIC Accounting Practices and Procedures Manual (AP&P).

The following summarizes the exception noted while performing this review:

1. NAIC Annual Statement Errors, Omissions, and Misclassifications

The results of the examination disclosed five instances in which the Company's filing of the 2008 NAIC Annual Statement did not conform to the NAIC AP&P Manual and the NAIC Annual Statement Instructions. While the Company needs to correct these practices, none of the following items in this instruction were believed to be material to the financial statements and no examination adjustments were necessary.

a. Notes to Financial Statement

CHPW did not disclose its risk sharing receivable with Department of Social and Health Services (DSHS) for hemophiliac drugs in Notes to Financial Statements, Note 27.

b. Notes to Financial Statement

The Company did not disclose accrued retrospective premium adjustments for Experience Rated Refunds under Medicare Part D in Notes to Financial Statements, Note 23.

c. Claims Unpaid

CHPW reported hemophiliac receivables of \$136,890 on Line 1, "Claims unpaid". This amount should have been reported on Line 22, "Health care and other amounts receivable".

d. Amounts withheld or retained for the account of others

The Company improperly recorded Medicare Part D Reinsurance of \$97,574 on Line 12, "Amounts withheld or retained for the account of others". The amount should have been recorded on Line 20, "Liability for amounts held under uninsured plans" in accordance with SSAP 47.

e. Amount withheld or retained for the account of others

The Company improperly recorded the cost sharing portion of Medicare Low Income Cost Sharing Subsidy of \$74,210 on Line 12, "Amounts withheld or retained for the account of others". The amount should have been recorded on page 2, Line 15, "Amounts receivable relating to uninsured plan" in accordance with SSAP 47.

The Company is instructed to comply with RCW 48.05.250 by filing its financial statements in the general form and context approved by the NAIC and WAC 284-07-050(2)(a) which requires adherence to the NAIC Annual Statement Instructions and the AP&P.

2. Indemnity Deposit

The Company did not include uncovered expenditures (Non-Service Benefits) for its Basic Health product offered through Washington Healthcare Authority in the calculation of its indemnity deposit. Uncovered expenditures are defined in RCW 48.44.010(7) as, "health care services that are the obligation of the health care service contractor for which the enrolled participant would also be liable in the event of the health care service contractor's insolvency". The Company also did not include uncovered claims on page 3 of the Annual Statement as required by the NAIC Annual Statement Instructions.

The Company is instructed to calculate its indemnity deposit including uncovered expenditures, as defined in RCW 48.44.010(7) and to report uncovered claims on page 3 of the Annual Statement.

3. Custodial Agreement Deficiencies

The Company responded in its 2008 NAIC Annual Statement General interrogatories 26.01 that its custodial agreements complied with the FCEH. However, they did not contain several provisions required by the FCEH and RCW 48.13.480. In addition, RCW 48.05.250 requires a Company to file a true statement of its financial condition, transactions, and affairs.

The Company is instructed to execute a revised or amended custodial agreement that complies with the FCEH and RCW 48.13.480. The Company is also instructed to comply with RCW 48.05.250 by filing a true statement of its financial condition, transactions and affairs and to follow the NAIC Annual Statement instructions and the AP&P, as required by WAC 284-07-050(2).

4. Experience Rated Refunds

The Company has Medicare Options and Options Plus plans that include a Medicare Part D risk sharing arrangement. Although the calculations show that there are no refund liabilities as of the end of 2008, the actuary who signed the Statement of Actuarial Opinion (SAO) did not do the calculations. Based on SSAP INT 05-05 Paragraph 4.b, Medicare Part D, Risk Sharing Liability is subject to SSAP No. 66 (Experience Rated Refunds Contracts), and reflected on Line 4 (Aggregate Health Policy Reserves), Page 3 of the NAIC Annual Statement. The NAIC Annual Statement Instructions require that the experience rated refund liability be subject to actuarial review and be included in the Statement of Actuarial Opinion attached to the NAIC Annual Statement.

The Company is instructed to comply with RCW 48.43.097 by filing its financial statements in the form and context approved by the NAIC and WAC 284-07-060(2)(a) which requires adherence to the NAIC Annual Statement Instructions and the AP&P. Each carrier must include with its annual statement a Statement of Actuarial Opinion setting forth the actuary's opinion related to the carrier's reserves and other actuarial items, prepared in accordance with the NAIC Annual Statement Instructions and the AP&P.

COMMENTS AND RECOMMENDATIONS

1. Business Continuity Plan

The Business Continuity Plan was last updated in 2007. The plan should be updated regularly to reflect changes to business activities, operational procedures and processes.

It is recommended that CHPW prepare a formal, written business continuity plan that addresses the continuation of all significant business activities, including financial functions, telecommunication services and data processing services, in the event of a disruption of normal business activities, as recommended by NAIC.

2. Disaster Recovery Plan

The Disaster Recovery Plan was last updated in 2007. The plan should be updated regularly to reflect activities, operational procedures and processes with the IT operations.

It is recommended that CHPW update, test, and implement a current disaster recovery plan that includes appropriate escalation procedures to resolve operational failures in a timely manner, as recommended by NAIC Guidelines.

3. Annual Test of Business Continuity and Disaster Recovery Plans

The Company does not test the Business Continuity and Disaster Recovery Plans on a regular basis. Such plans should be tested annually to ensure such plans are applicable and appropriate to successfully restore business operations within a timely manner. The test scenario should be documented and the results and conclusions should be used to update the Business Continuity and Disaster Recovery Plans.

It is recommended that CHPW annually test the business continuity and disaster recovery plans and update the plans accordingly to reflect the results of the test.

COMPANY PROFILE

Company History

CHPW was incorporated and commenced business in July of 1996 and currently operates as a nonprofit cooperative association that is licensed as a health care service contractor by the OIC. CHPW provides health insurance coverage to enrollees of the State of Washington Health Resources and Services Administration (HRSA) Healthy Options (HO) and Children's Health Insurance Program (CHIP) Managed Medicaid programs and General Assistance Unemployable (GAU) Managed Care Pilot; the Washington State Health Care Authority (HCA) Basic Health Plan (BHP); and Public Employees Benefits Board (PEBB) programs. Coverage is provided pursuant to global capitation arrangement with HRSA and HCA. Under the arrangements, services are provided for a certain amount per enrollee per month regardless of the frequency, extent or nature of the services provided to enrollees. Beginning January 1, 2007, the Company offered a Medicare Advantage Plan, a Medicare Advantage Prescription Drug Plan and a Medicare Advantage Special Needs Plan to Medicare eligible enrollees in the state of Washington through the Centers for Medicare and Medicaid Services (CMS). As of January 1, 2008, CHPW no longer offers PEBB programs.

Capitalization

Pursuant to RCW 48.44.037, the Company met minimum capital requirements with \$63,431,290 (capital and surplus) as of December 31, 2008.

Territory and Plan of Operation

CHPW conducts business only in the state of Washington. CHPW provides health insurance coverage to enrollees of the HRSA Healthy Options (HO), Children's Health Insurance Program (CHIP) Managed Medicaid programs and General Assistance Unemployable (GA-U) Managed Care Pilot; and HCA Basic Health Plan (BHP) Program. Coverage is provided pursuant to global capitation arrangements with HRSA and HCA. Under the arrangements, services are provided for a certain amount per enrollee per month regardless of the frequency, extent, or nature of the services provided to enrollees. Beginning January 1, 2007, CHPW offered a Medicare Advantage Plan, a Medicare Advantage Prescription Drug Plan, and a Medicare Advantage Special Needs Plan to Medicare-eligible enrollees in the State through CMS. As of January 1, 2008, CHWP no longer offered PEBB programs.

The Company is licensed as a health care service contractor and is authorized to issue medical insurance products. The Company does not have any commercial business other than the state contracts as mentioned.

Growth of Company

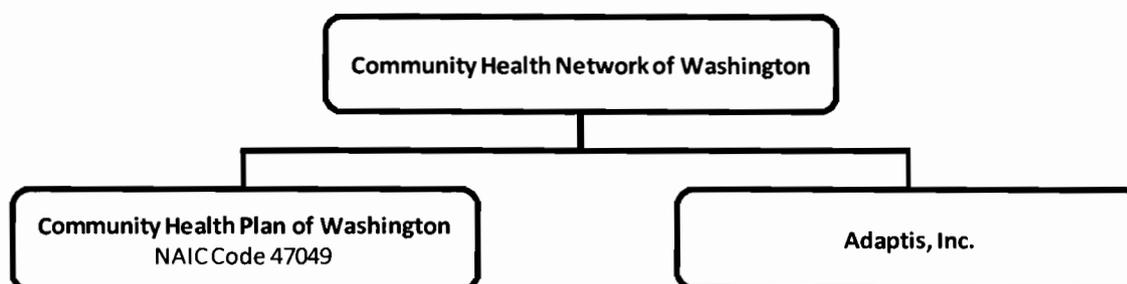
The following reflects the growth of the Company as reported in its filed NAIC Annual Statements for the five year period under examination:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital & surplus</u>
2008	\$131,424,541	\$67,993,251	\$63,431,290
2007	147,173,037	69,590,283	77,582,754
2006	141,023,920	61,517,817	79,506,103
2005	129,903,172	46,877,957	83,025,215
2004	127,262,494	55,470,386	44,221,502

<u>Year</u>	<u>Premium Earned</u>	<u>Net Underwriting Gain (Loss)</u>	<u>Net Investment Gain (Loss)</u>	<u>Net Income (Loss)</u>
2008	\$533,494,883	(\$335,570)	\$2,965,587	(\$4,260,215)
2007	521,333,513	(9,613,169)	15,119,676	5,548,137
2006	464,785,635	(10,041,671)	5,456,616	(4,550,090)
2005	441,813,146	6,986,314	3,768,564	10,754,878
2004	375,273,632	8,792,180	2,523,701	11,315,233

Affiliated Companies

The following is an organization chart as of December 31, 2008:



Community Health Network of Washington

Community Health Network of Washington (the Network), a Washington State nonprofit corporation, is a managed health care delivery network which operates under the direction of nineteen (19) community and migrant health centers.

Adaptis, Inc.

Adaptis, Inc. (Adaptis) is a for profit IT service corporation located in Seattle, Washington that provides a choice of onshore, offshore, and blended-shore healthcare claims processing solutions. The Network owns approximately 46% of Adaptis' stock and community health clinic members of the Network own approximately 47% of Adaptis' stock as of December 31, 2008.

Intercompany Agreements

As of December 31, 2008, the Company had the following intercompany agreements in force:

Healthcare Services Agreement between the Company and the Network

The Network has a global capitation arrangement with the Company to provide certain health care services and administrative services to the Company's enrollees. The Company's costs associated

with these arrangements with the Network have historically been reported in medical and hospital benefits, claims adjustment expense and general administrative expense.

Administrative Services Agreement between the Company and Adaptis, Inc.

The Network's subsidiary, Adaptis, Inc., has an arrangement with the Company to provide third-party administrative services that include claims processing, provider customer service, eligibility and premium processing, and information systems. This agreement was terminated effective December 31, 2009 but Adaptis continued to process run-off claims.

Paymaster and Shared Services Agreement between the Company, the Network, and Adaptis, Inc.

The Company provides certain administrative functions for the Network under a written paymaster and shared service arrangement. Salary, benefits, and various other operating costs relating to these services are paid by the Company and allocated to the Network.

MANAGEMENT AND CONTROL

Board of Directors (BOD)

The following individuals were directors as of December 31, 2008:

Linda McVeigh	Chair of the Board
Gregory Brandenburg	Director
Malcolm Butler, MD	Director
Dian Cooper	Director
Peggy Hopkins	Director
Juan Olivares	Director
Mark Secord	Director
Thomas Trompeter	Director

Officers

Officers are elected for two year terms by the BOD at its annual meeting pursuant to Article V of the Corporate Bylaws. Officers as of December 31, 2008 were:

Paul Gallese	Chief Executive Officer
Linda McVeigh	Chair of the Board
Juan Olivares	Treasurer
Peggy Hopkins	Secretary
Christopher Mathews, MD	Senior Vice President & Chief Medical Officer
Marilee McGuire	Chief Administrative Officer
Alan Lederman	Chief Financial Officer

Conflict of Interest

The Company's policy requires that members of the BOD and officers file an annual conflict of interest statement by March 31 of each year. Any conflict is referred to the chief executive and the board chair for final resolution. The purpose of the statement is to detect any activities or participation on the part of the directors/officers that could possibly be interpreted as a conflict of interest. No exceptions were noted during review.

Fidelity Bond and Other Insurance

The Company is a named insured on a fidelity insurance policy purchased by the Network. The aggregate amount of coverage meets the recommended guidelines of the NAIC to cover the exposure risk of the Network and its affiliates.

Officers', Employees', and Agents' Welfare and Pension Plans

The Company does not have a defined pension plan. The Company participates through the Network's defined contribution and profit sharing retirement savings plan pursuant to section 401(k) of the Internal Revenue Code which covers all employees who meet certain eligibility requirements.

CORPORATE RECORDS

The Articles of Incorporation were restated on December 4, 2009 and the Bylaws were restated on June 12, 2008 and December 4, 2009. The minutes of the meetings of directors and committees adequately document appropriate approvals and support the Company's transaction and events.

ACTUARIAL REVIEW

The OIC health actuary reviewed the Company's actuarial report, claims unpaid, and other claim liabilities as of December 31, 2008. The review included examining the Company's reserving philosophy and methodologies to determine the reasonableness of the claim liabilities; verifying that claim liabilities include provisions for all components noted in SSAP No. 55, paragraphs 7 and 8, and SSAP No. 54 paragraphs 12, 13, 18 and 19; reviewing historical paid claims and loss ratios; checking the consistency of the incurred-paid data from the Company's system with the figures reported in the 2008 NAIC Annual Statement; and estimating claims unpaid for the valuation date of December 31, 2008.

In the OIC Actuary's opinion, reserves were in compliance with statutory requirements, and, except for the findings as noted in Instructions No. 1(b) and No. 4, the methods, assumptions, and methodologies used by the Company were appropriate.

<u>Year</u>	<u>Claims Unpaid</u>	<u>Unpaid Claims Adjustment Expenses</u>
2008	\$53,879,429	\$1,719,174
2007	59,090,968	2,441,856
2006	49,515,218	2,411,241
2005	36,608,586	1,537,819
2004	33,983,032	1,734,176

REINSURANCE

The Company is a party to a medical excess of loss reinsurance agreement for Medicaid on a claims incurred basis. The Company's basic retention for Medicaid is \$100,000 with a limit of \$1,000,000 per covered person. The reinsurance agreement was reviewed and found to comply with Washington State reinsurance statutes.

The Company has controls in place to monitor its reinsurance program including the financial condition of the reinsurers. In addition, the Company utilizes the services of a reinsurance intermediary to solicit, negotiate, and place reinsurance cessions on its behalf.

INDEMNITY DEPOSITS

Community Health Plan of Washington maintained the following indemnity deposit as of December 31, 2008:

<u>State</u>	<u>Type</u>	<u>Book Value</u>	<u>Fair Value</u>
Washington	US Treasury	\$234,610	\$263,123
Total		<u><u>\$234,610</u></u>	<u><u>\$263,123</u></u>

ACCOUNTING RECORDS AND INFORMATION SYSTEM

The Company maintains its accounting records on a GAAP accrual basis of accounting and adjusts to Statutory Accounting Practices (SAP) basis for NAIC Annual Statement reporting. The Company is audited annually by the certified public accounting firm of Ernst & Young LLP. The Company received an unqualified opinion for all years under review. The Company's accounting procedures, internal controls, and transaction cycles were reviewed during the planning and testing phase of the examination and no exceptions were noted.

The Company's IT environment was reviewed during the planning and testing phase of the examinations. The plan and organize, acquire and implement, deliver and support, and monitor and evaluate controls were evaluated to gain assurance that appropriate internal controls are in place. The business continuity and disaster recovery plans were last updated in 2007. The plans need to be updated regularly to reflect changes in business activities, operational procedures and processes. CHPW has not been testing the business continuity and disaster recovery plans on a regular basis. The plans should be tested annually to ensure business operations can be successfully restored within a timely manner. The test scenario should be documented and the results and conclusions used to update the plans. (See Comments and Recommendations No. 1, 2, and 3.)

SUBSEQUENT EVENTS

- a. The Company changed its third party administrator effective January 1, 2010. A Master Services Agreement was executed between the Company and Perot System Business Process Solution, Inc. Perot System Business Process Solution, Inc., a non-affiliated entity, provides third party administration for the Company.
- b. In 2009, the Company wrote down \$13 million in other than temporary impaired securities. Most of the impaired securities were identified in 2008, but were not written down due to the CHPW investment policy. CHPW investment policy defined impairment as any security that has a decline in value of more than 20% (bonds) and 25% (common stocks) for a period of six months.
- c. In April 2009, Lance Hunsinger was hired as the Chief Executive Officer of CHPW and CHNW, replacing Paul Gallese.

FOLLOW UP ON PREVIOUS EXAMINATION FINDINGS

All previous report instructions and comments have been addressed by the Company.

FINANCIAL STATEMENTS

The following financial statements show the financial condition of Community Health Plan of Washington as of December 31, 2008:

Assets, Liabilities and Surplus
Statement of Revenue and Expenses
Five Year Reconciliation of Surplus

**Community Health Plan of Washington
Assets, Liabilities, Capital and Surplus
For the Year Ended December 31, 2008**

	<u>BALANCE PER COMPANY</u>	<u>EXAMINATION ADJUSTMENTS</u>	<u>BALANCE PER EXAMINATION</u>
ASSETS			
Bonds	\$24,120,451	\$0	\$24,120,451
Stocks			
Common stocks	19,103,104		19,103,104
Cash	74,777,200		74,777,200
Receivables for securities	991,310		991,310
Investment income due and accrued	350,790		350,790
Premiums and considerations			
Uncollected premium and agents' balances in the course of collection	7,374,332		7,374,332
Reinsurance			
Amount recoverable from reinsurers	3,559,143		3,559,143
Electronic data processing equipment and software	701,232		701,232
Receivables from parent, subsidiaries and affiliates	446,980		446,980
Total Assets	<u>\$131,424,542</u>	<u>\$0</u>	<u>\$131,424,542</u>
LIABILITIES, CAPITAL AND SURPLUS			
Claims unpaid	53,879,429		53,879,429
Unpaid claim adjustment expenses	1,719,174		1,719,174
General expenses due or accrued	7,920,596		7,920,596
Amounts withheld or retained for the account of others	23,364		23,364
Amounts due to parent, subsidiaries and affiliates	1,450,688		1,450,688
Aggregate write-ins for other liabilities	3,000,000		3,000,000
Total liabilities	<u>67,993,251</u>	<u>0</u>	<u>67,993,251</u>
Gross paid in and contributed surplus	14,738,448		14,738,448
Aggregate write-ins for other than special surplus funds	150,000		150,000
Unassigned fund (surplus)	48,542,842		48,542,842
Total capital and surplus	<u>63,431,290</u>	<u>0</u>	<u>63,431,290</u>
Total liabilities, capital and surplus	<u>\$131,424,541</u>	<u>\$0</u>	<u>\$131,424,541</u>

**Community Health Plan of Washington
Statement of Revenue and Expenses
For the Year Ended December 31, 2008**

	<u>BALANCE PER COMPANY</u>	<u>EXAMINATION ADJUSTMENTS</u>	<u>BALANCE PER EXAMINATION</u>
Member months	2,785,720		2,785,720
Net Premium Income	\$533,494,883	\$0	\$533,494,883
Total revenues	533,494,883	0	533,494,883
Hospital and Medical:			
Hospital/medical benefits	438,927,363		438,927,363
Prescription drugs	20,964,930		20,964,930
Subtotal	459,892,293	0	459,892,293
Less:			
Net reinsurance recoveries	6,537,022		6,537,022
Total hospital and medical	453,355,271	0	453,355,271
Claims adjustment expenses	10,413,972		10,413,972
General administrative expenses	70,061,210		70,061,210
Total underwriting deductions	533,830,453	0	533,830,453
Net underwriting gain or (loss)	(335,570)	0	(335,570)
Net investment income earned	3,731,112		3,731,112
Net realized capital gains (losses) less capital	(765,525)		(765,525)
Net investment gains (losses)	2,965,587	0	2,965,587
Aggregate write-ins for other income and expenses	(6,890,232)		(6,890,232)
Net income or (loss) after capital gains tax and before all other federal income taxes	(4,260,215)	0	(4,260,215)
Federal and foreign income taxes incurred			0
Net income or (loss)	(\$4,260,215)	\$0	(\$4,260,215)
<u>CAPITAL AND SURPLUS ACCOUNT</u>			
Capital and surplus prior reporting year	77,582,754		77,582,754
Net income or (loss)	(4,260,215)		(4,260,215)
Change in net unrealized capital gains (losses) less capital gains tax	(10,031,379)		(10,031,379)
Change in nonadmitted assets	(2,698,020)		(2,698,020)
Aggregate write-ins for gains or (losses) in surplus	2,838,151		2,838,151
Net change in capital & surplus	(14,151,463)	0	(14,151,463)
Capital and surplus end of reporting period	\$63,431,291	\$0	\$63,431,291

**Community Health Plan of Washington
Five Year Reconciliation of Surplus
As of December 31,**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Capital and surplus prior reporting year	<u>\$77,582,755</u>	<u>\$79,506,104</u>	<u>\$83,025,219</u>	<u>\$71,792,108</u>	<u>\$80,213,329</u>
Net income or (loss)	(4,260,215)	5,548,137	(4,550,090)	10,754,878	11,315,233
Change in net unrealized capital gains (losses) less capital gains tax	(10,031,379)	(8,481,612)	2,027,657	374,534	1,029,294
Change in nonadmitted assets	(2,698,020)	(1,201,460)	(895,007)	103,699	(1,214,991)
Aggregate write-ins for gains or (losses) in surplus	<u>2,838,151</u>	<u>2,211,586</u>	<u>(101,675)</u>		<u>(19,550,757)</u>
Net change in capital & surplus	<u>(14,151,463)</u>	<u>(1,923,349)</u>	<u>(3,519,115)</u>	<u>11,233,111</u>	<u>(8,421,221)</u>
Capital and surplus end of reporting period	<u>\$63,431,292</u>	<u>\$77,582,755</u>	<u>\$79,506,104</u>	<u>\$83,025,219</u>	<u>\$71,792,108</u>

NOTES TO THE FINANCIAL STATEMENTS

NONE

ACKNOWLEDGMENT

Acknowledgment is hereby made of the cooperation extended to the examiners by the officers and employees of Community Health Plan of Washington during the course of this examination.

In addition to the undersigned, Michael V. Jordan, CPA, CFE, MHP, Assistant Chief Examiner; John Jacobson, AFE, CISA, AES, Automated Examination Specialist; Susan Campbell, CPA, FLMI, CFE, Reinsurance Specialist; Lichiou Lee, ASA, MAAA, Health Actuary; Constantine Arustamian, CPA, CFE, ARM, AIS, Financial Examiner; and Tony Quach, Financial Examiner; all from the Washington State Office of the Insurance Commissioner, participated in the examination and in the preparation of this report.

Respectfully submitted,



Orlando Gabriel, AFE
Examiner-in-Charge
State of Washington

