

**STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN**

QUARTERLY FINANCIAL REPORTING FORM

Submitted on 5/14/2004 4:12:25 PM

		1
1.	FOR THE QUARTER ENDING:	March 31, 2004
2.	Name:	BLUE CROSS OF CALIFORNIA
3.	File Number:(Enter last three digits) 933-0	303
4.	Date Incorporated or Organized:	June 8, 1982
5.	Date Licensed as a HCSP:	January 7, 1993
6.	Date Federally Qualified as a HCSP:	N/A
7.	Date Commenced Operation:	1-Jul-82
8.	Mailing Address:	4553 La Tienda Drive - Mail Stop 1B3, Thousand Oaks, California 91362
9.	Address of Main Administrative Office:	21555 Oxnard Street, Woodland Hills, California 91367
10.	Telephone Number:	(818) 234-2345
11.	HCSP's ID Number:	95-3760980
12.	Principal Location of Books and Records:	4553 La Tienda Drive, Thousand Oaks, California 91362
13.	Plan Contact Person and Phone Number:	Thomas C. Geiser (805) 557-6110
14.	Financial Reporting Contact Person and Phone Number:	Bret A. Morris, VP - Finance (805) 557-5009
15.	President:*	David S. Helwig
16.	Secretary:*	Thomas C. Geiser
17.	Chief Financial Officer:*	Kenneth C. Zurek
18.	Other Officers:*	Leonard D. Schaeffer
19.		
20.		
21.		
22.	Directors:*	Leonard D. Schaeffer
23.		David C. Colby
24.		David S. Helwig
25.		Woodrow A. Myers, Jr., M.D.
26.		
27.		
28.		
29.		
30.		
31.		

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

32.	President	signature required (please type for valid signature)
33.	Secretary	signature required (please type for valid signature)
34.	Chief Financial Officer	Kenneth C. Zurek signature required (please type for valid signature)
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.		
35.	Check if this is a revised filing, and complete question 7 on page 2:	<input type="checkbox"/>
36.	If all dollar amounts are reported in thousands (000), check here:	<input checked="" type="checkbox"/>

Check My Work

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DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN**

QUARTERLY FINANCIAL REPORTING FORM

SUPPLEMENTAL INFORMATION

	1
1. Are footnote disclosures attached with this filing?	Yes <input type="button" value="▼"/>
2. Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	No <input type="button" value="▼"/>
3. Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	Yes <input type="button" value="▼"/>
4. Have the Restricted Assets changed from the previous quarterly filing? If "yes", complete Schedule A-2 (Restricted Assets).	No <input type="button" value="▼"/>
5. Are there any significant changes reported on Schedule G, Section III?	No <input type="button" value="▼"/>
6. If "yes", describe:	
7. If this is a revised reporting form, what is/are the reason(s) for the revision?	

STATEMENT AS OF 3-31-2004 OF 933-0303 BLUE CROSS OF CALIFORNIA

REPORT #1 ---- PART A: ASSETS

1	2
CURRENT ASSETS:	Current Period
1. Cash and Cash Equivalents	270,130
2. Short-Term Investments	2,830,006
3. Premiums Receivable - Net	274,225
4. Interest Receivable	23,285
5. Shared Risk Receivables - Net	0
6. Other Health Care Receivables - Net	65,410
7. Prepaid Expenses	57,551
8. Secured Affiliate Receivables - Current	0
9. Unsecured Affiliate Receivables - Current	0
10. Aggregate Write-Ins for Current Assets	845,810
11. TOTAL CURRENT ASSETS (Items 1 to 10)	4,366,417
OTHER ASSETS:	
12. Restricted Assets	102,656
13. Long-Term Investments	15
14. Intangible Assets and Goodwill - Net	5,130
15. Secured Affiliate Receivables - Long-Term	0
16. Unsecured Affiliate Receivables - Past Due	0
17. Aggregate Write-Ins for Other Assets	118,963
18. TOTAL OTHER ASSETS (Items 12 to 17)	226,764
PROPERTY AND EQUIPMENT	
19. Land, Building and Improvements	0
20. Furniture and Equipment - Net	9,044
21. Computer Equipment - Net	75,280
22. Leasehold Improvements -Net	33,164
23. Construction in Progress	0
24. Software Development Costs	108,297
25. Aggregate Write-Ins for Other Equipment	13,804
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	239,589
27. TOTAL ASSETS	4,832,770
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS	
1001. Deferred Tax Asset - Short-Term	160,999
1002. Other Receivables - Net	31,400
1003. Security Trades Pending Receivable	9,312
1004. Other Current Assets	129,992
1098. Summary of remaining write-ins for Item 10 from overflow page	514,107
1099. TOTALS (Items 1001 thru 1004 plus 1098)	845,810
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS	
1701. Deferred Tax Asset - Long-Term	36,385
1702. Funds Held by Administrator - FEHBP	41,226
1703. Prepaid Rent - Long-Term	26,534
1704. Prepaid Benefit Pension Costs	14,818
1798. Summary of remaining write-ins for Item 17 from overflow page	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	118,963
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT	
2501. Capitalized Leases - Net	12,061
2502. Other Fixed Assets	1,743
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	0
2599. TOTALS (Items 2501 thru 2504 plus 2598)	13,804

STATEMENT AS OF 3-31-2004 OF 933-0303 BLUE CROSS OF CALIFORNIA

REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
	Current Period		
CURRENT LIABILITIES:	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	579,303	XXX	579,303
2. Capitation Payable	143,631	XXX	143,631
3. Claims Payable (Reported)	136,832	4,297	141,129
4. Incurred But Not Reported Claims	956,933	30,054	986,987
5. POS Claims Payable (Reported)	0	0	0
6. POS Incurred But Not Reported Claims	0	0	0
7. Other Medical Liability	34,637	1,088	35,725
8. Unearned Premiums	253,969	XXX	253,969
9. Loans and Notes Payable	0	XXX	0
10. Amounts Due To Affiliates - Current	452,203	XXX	452,203
11. Aggregate Write-Ins for Current Liabilities	920,001	0	920,001
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	3,477,509	35,439	3,512,948
OTHER LIABILITIES:			
13. Loans and Notes Payable (Not Subordinated)	0	XXX	0
14. Loans and Notes Payable (Subordinated)	0	XXX	0
15. Accrued Subordinated Interest Payable	0	XXX	0
16. Amounts Due To Affiliates - Long Term	0	XXX	0
17. Aggregate Write-Ins for Other Liabilities	201,684	XXX	201,684
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	201,684	XXX	201,684
19. TOTAL LIABILITIES	3,679,193	35,439	3,714,632
NET WORTH			
20. Common Stock	XXX	XXX	331,319
21. Preferred Stock	XXX	XXX	0
22. Paid In Surplus	XXX	XXX	0
23. Contributed Capital	XXX	XXX	0
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	689,146
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	97,673
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	1,118,138
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	4,832,770
DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES			
1101. Contract Settlements Payable	14,897		14,897
1102. Experience Rated Refunds	173,162		173,162
1103. Miscellaneous Current Liabilities	82,800		82,800
1104. Security Trades Pending Payable	135,035		135,035
1198. Summary of remaining write-ins for Item 11 from overflow page	514,107		514,107
1199. TOTALS (Items 1101 thru 1104 plus 1198)	920,001	0	920,001
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES			
1701. Accrued Postretirement Benefits	81,679	XXX	81,679
1702. Premium Stabilization Reserve	41,226	XXX	41,226
1703. Accrued Pension Liability	78,689	XXX	78,689
1704. Miscellaneous Long-Term Liabilities	90	XXX	90
1798. Summary of remaining write-ins for Item 17 from overflow page	0	XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	201,684	XXX	201,684
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS			
2501. Unrealized Gain/(Loss) on Investment Securities, Net of Tax	XXX	XXX	143,026
2502. Minimum Pension Liability Adjustment, Net of Tax	XXX	XXX	-45,353
2503.	XXX	XXX	
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	0
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	97,673

STATEMENT AS OF 3-31-2004 OF 933-0303 BLUE CROSS OF CALIFORNIA

REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1	2
	Current Period	Year-To-Date
REVENUES:		
1. Premiums (Commercial)	2,258,908	2,258,908
2. Capitation	0	0
3. Co-payments, COB, Subrogation	0	0
4. Title XVIII - Medicare	74,702	74,702
5. Title XIX - Medicaid	247,373	247,373
6. Fee-For-Service	0	0
7. Point-Of-Service (POS)	0	0
8. Interest	0	0
9. Risk Pool Revenue	0	0
10. Aggregate Write-Ins for Other Revenues	33,814	33,814
11. TOTAL REVENUE (Items 1 to 10)	2,614,797	2,614,797
EXPENSES:		
Medical and Hospital		
12. Inpatient Services - Capitated	37,399	37,399
13. Inpatient Services - Per Diem	82,161	82,161
14. Inpatient Services - Fee-For-Service/Case Rate	715,479	715,479
15. Primary Professional Services - Capitated	278,906	278,906
16. Primary Professional Services - Non-Capitated	430,369	430,369
17. Other Medical Professional Services - Capitated	15,333	15,333
18. Other Medical Professional Services - Non-Capitated	141,209	141,209
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	69,478	69,478
20. POS Out-Of-Network Expense	0	0
21. Pharmacy Expense - Capitated	0	0
22. Pharmacy Expense - Fee-for-Service	290,993	290,993
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	0	0
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	2,061,327	2,061,327
Administration		
25. Compensation	84,509	84,509
26. Interest Expense	0	0
27. Occupancy, Depreciation and Amortization	11,971	11,971
28. Management Fees	0	0
29. Marketing	122,525	122,525
30. Affiliate Administration Services	16,258	16,258
31. Aggregate Write-Ins for Other Administration	98,712	98,712
32. TOTAL ADMINISTRATION (Items 25 to 31)	333,975	333,975
33. TOTAL EXPENSES	2,395,302	2,395,302
34. INCOME (LOSS)	219,495	219,495
35. Extraordinary Item	0	0
36. Provision for Taxes	90,432	90,432
37. NET INCOME (LOSS)	129,063	129,063
NET WORTH:		
38. Net Worth Beginning of Period	1,303,215	1,303,215
39. Audit Adjustments	0	0
40. Increase (Decrease) in Common Stock	0	0
41. Increase (Decrease) in Preferred Stock	0	0
42. Increase (Decrease) in Paid in Surplus	0	0
43. Increase (Decrease) in Contributed Capital	0	0
44. Increase (Decrease) in Retained Earnings:	0	0
45. Net Income (Loss)	129,063	129,063
46. Dividends to Stockholders	-350,000	-350,000
47. Aggregate Write-Ins for Changes in Retained Earnings	0	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	35,860	35,860
49. NET WORTH END OF PERIOD (Items 38 to 48)	1,118,138	1,118,138

STATEMENT AS OF 3-31-2004 OF 933-0303 BLUE CROSS OF CALIFORNIA

REPORT #2: REVENUE, EXPENSES AND NET WORTH

1	2	3
	Current Period	Year-to-Date
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES		
1001. Net Investment Income	30,235	30,235
1002. Management Services Revenue	3,487	3,487
1003. Net Other Income/(Expense)	92	92
1004.		
1005.		
1006.		
1098. Summary of remaining write-ins for Item 10 from overflow page		
1099. TOTALS (Items 1001 thru 1006 plus 1098)	33,814	33,814
DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES		
2301.		
2302.		
2303.		
2304.		
2305.		
2306.		
2398. Summary of remaining write-ins for Item 23 from overflow page		
2399. TOTALS (Items 2301 thru 2306 plus 2398)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES		
3101. Outside Services	15,330	15,330
3102. Communication Expense	11,438	11,438
3103. Other Administrative Expense	73,097	73,097
3104. Reimbursements	-1,153	-1,153
3105.		
3106.		
3198. Summary of remaining write-ins for Item 31 from overflow page		
3199. TOTALS (Items 3101 thru 3106 plus 3198)	98,712	98,712
DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS		
4701.		
4702.		
4703.		
4704.		
4705.		
4706.		
4798. Summary of remaining write-ins for Item 47 from overflow page		
4799. TOTALS (Items 4701 thru 4706 plus 4798)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS		
4801. Change in Unrealized Gain/(Loss) on Investment Securities, Net of Tax	35,860	35,860
4802.		
4803.		
4804.		
4805.		
4806.		
4898. Summary of remaining write-ins for Item 48 from overflow page		
4899. TOTALS (Items 4801 thru 4806 plus 4898)	35,860	35,860

REPORT #3: STATEMENT OF CASH FLOWS

1	2	3
	Current Period	Year-to-Date
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
1. Group/Individual Premiums/Capitation	2,237,560	2,237,560
2. Fee-For-Service	0	0
3. Title XVIII - Medicare Premiums	73,992	73,992
4. Title XIX - Medicaid Premiums	258,283	258,283
5. Investment and Other Revenues	34,379	34,379
6. Co-Payments, COB and Subrogation	0	0
7. Medical and Hospital Expenses	-2,127,790	-2,127,790
8. Administration Expenses	-342,515	-342,515
9. Federal Income Taxes Paid	-5	-5
10. Interest Paid	0	0
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	133,904	133,904
CASH FLOW PROVIDED BY INVESTING ACTIVITIES		
12. Proceeds from Restricted Cash and Other Assets	0	0
13. Proceeds from Investments	502,698	502,698
14. Proceeds for Sales of Property, Plant and Equipment	4,522	4,522
15. Payments for Restricted Cash and Other Assets	0	0
16. Payments for Investments	-154,462	-154,462
17. Payments for Property, Plant and Equipment	-37,921	-37,921
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	314,837	314,837
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:		
19. Proceeds from Paid in Capital or Issuance of Stock	0	0
20. Loan Proceeds from Non-Affiliates	0	0
21. Loan Proceeds from Affiliates	0	0
22. Principal Payments on Loans from Non-Affiliates	0	0
23. Principal Payments on Loans from Affiliates	0	0
24. Dividends Paid	-350,000	-350,000
25. Aggregate Write-Ins for Cash Provided by Financing Activities	-111,689	-111,689
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	-461,689	-461,689
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	-12,948	-12,948
28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER	283,078	283,078
29. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	270,130	270,130
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
30. Net Income	129,063	129,063
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
31. Depreciation and Amortization	18,815	18,815
32. Decrease (Increase) in Receivables	-10,602	-10,602
33. Decrease (Increase) in Prepaid Expenses	6,560	6,560
34. Decrease (Increase) in Affiliate Receivables	0	0
35. Increase (Decrease) in Accounts Payable	-41,797	-41,797
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	-35,972	-35,972
37. Increase (Decrease) in Unearned Premium	-4,563	-4,563
38. Aggregate Write-Ins for Adjustments to Net Income	72,400	72,400
39. TOTAL ADJUSTMENTS (Items 31 through 38)	4,841	4,841
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	133,904	133,904
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES		
2501. Capital Leases	-1,283	-1,283
2502. Change in Advances on Securities Lending Deposits	-110,406	-110,406
2503.		
2598. Summary of remaining write-ins for Item 25 from overflow page		
2599. TOTALS (Items 2501 thru 2503 plus 2598)	-111,689	-111,689
DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME		
3801. Loss (Gain) on Sale of Assets	-4,861	-4,861
3802. Increase (Decrease) in Capitation Payable	13,355	13,355
3803. Decrease (Increase) in Prepaid Benefit Pension Costs	2,217	2,217
3898. Summary of remaining write-ins for Item 38 from overflow page	61,689	61,689
3899. TOTALS (Items 3801 thru 3803 plus 3898)	72,400	72,400

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REPORT #4: ENROLLMENT AND UTILIZATION TABLE

TOTAL ENROLLMENT

1 Source of Enrollment	2 Total Enrollees At End of Previous Period	3 Additions During Period	4 Terminations During Period	5 Total Enrollees at End of Period	6 Cumulative Enrollee Months for Period	Total Member Ambulatory Encounters for Period			10 Total Patient Days Incurred	11 Annualized Hospital Days/1000	12 Average Length of Stay
						7 Physicians	8 Non-Physicians	9 Total			
1. Group (Commercial)	1,298,363	198,586	225,908	1,271,041	3,813,807			0	62,990	198	4.10
2. Medicare Risk	50,280	3,411	14,425	39,266	120,765			0	12,064	1199	7.65
3. Medi-Cal Risk	844,775	101,767	99,194	847,348	2,540,716			0	44,346	209	3.16
4. Individual	52,200	5,120	5,245	52,075	156,588			0	3,390	260	4.20
5. Point of Service	0	0	0	0	0			0	0		0.00
6. Aggregate write-ins for Other	2,488,352	205,112	236,310	2,457,154	7,413,780	0	0	0	210,321	340	4.81
7. Total Membership	4,733,970	513,996	581,082	4,666,884	14,045,656	0	0	0	333,111	285	4.41
DETAILS OF WRITE-INS AGGREGATED AT ITEM 6 FOR OTHER SOURCES OF ENROLLMENT											
601. Small Group	221,735	26,108	23,426	224,417	670,542			0	12,210	219	4.09
602. Healthy Families	279,572	16,467	25,626	270,413	811,765			0	3,159	47	2.91
603. AIM	9,096	2,323	1,915	9,504	27,948			0	5,047	2,167	3.47
604. Medicare Cost	215,024	18,088	14,059	219,053	655,234			0	45,338	830	5.93
605. ASO	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
606. PPO	1,762,925	142,126	171,284	1,733,767	5,248,291			0	144,567	331	4.73
607.				0				0			
608.				0				0			
609.				0				0			
610.				0				0			
611.				0				0			
612.				0				0			
Summary of remaining write-ins for 698. Item 6 from overflow page				0				0			
Totals (lines 601 through 612 plus 699, 698) (Line 6 above)	2,488,352	205,112	236,310	2,457,154	7,413,780	0	0	0	210,321	340	4.81

** Annualized Hospital Days/1000 calculation above includes Institutionally Capitated Members (ICAP). See Page 25 for calculation of Annualized Hospital Days/1000 excluding ICAP.

SCHEDULE A-1 (CASH)

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
1. Required on an annual basis only.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9. Total Cash on Deposit		0
10. Cash on Hand (Petty Cash)		
11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1)		0

SCHEDULE A-2 RESTRICTED ASSETS

1	2	3
Name of Depository (List all accounts even if closed during period)	Account Number	Balance*
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19. Total Restricted Assets		0

* Indicate the Balance Per the HMO's Records

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STATEMENT AS OF 3-31-2004 OF 933-0303 BLUE CROSS OF CALIFORNIA

SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable. Group the total of all other premiums receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	Required on an annual basis only.					0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.						0
25.						0
26.						0
27.						0
28.						0
29.						0
30.						0
31.						0
32.						0
33.						0
34.						0
35.						0
36.						0
37.						0
38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	0	0	0	0	0

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STATEMENT AS OF 3-31-2004 OF 933-0303 BLUE CROSS OF CALIFORNIA

**SCHEDULE D
HEALTH CARE RECEIVABLES &
AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES**

Individually list all debtors with account balances greater than 10% of gross Receivables. Group the total of all other receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	None					0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.						0
25.						0
26.						0
27.						0
28.						0
29.						0
30.						0
31.						0
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34.						0
35.						0
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38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed	28,049	35,156	664	1,541	65,410
55.	Total	28,049	35,156	664	1,541	65,410

**

STATEMENT AS OF 3-31-2004 OF 933-0303 BLUE CROSS OF CALIFORNIA

SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed - Due." Report accounts payable from the initial date of billing or due date under contract.

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 91-120 Days	6 Over 120 Days	7 Total
1.	Required on an annual basis only.						0
2.							0
3.							0
4.							0
5.							0
6.							0
7.							0
8.							0
9.							0
10.							0
11.							0
12.							0
13.							0
14.							0
15.							0
16.							0
17.							0
18.							0
19.							0
20.							0
21.							0
22.							0
23.	Aggregate Accounts Not Individually Listed - Due						0
24.	Total	0	0	0	0	0	0

**

**SCHEDULE G - UNPAID CLAIMS ANALYSIS
SECTION I - CLAIMS UNPAID**

Type of Claim	1 Reported Claims in Process of Adjustment	2 Estimated Incurred but Unreported	3 Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims	114,867	472,917	587,784
2. Physician Claims	26,262	375,405	401,667
3. Referral Claims	0	0	0
4. Other Medical	4,581	313,440	318,021
5. TOTAL	145,710	1,161,762	1,307,472

SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)

1 Type of Claim	Claims Paid During the Fiscal Year		Unpaid Claims During the Fiscal Year		6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4)	7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year
	2 On Claims Incurred Prior to the first day of the Current Fiscal Year	3 On Claims Incurred During the Fiscal Year	4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year	5 On Claims Incurred During the Year		
6. Inpatient Claims					0	
7. Physician Claims					0	
8. Referral Claims					0	
9. Other Medical					0	
10. TOTAL	0	0	0	0	0	0

SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED*

1 Month Ending	2 Beginning Balance Number of Claims in inventory on the 1st of each month	3 Add - Claims Received during the month	4 Deduct - Claims paid during the month	5 Deduct - Claims denied during the month	6 Add/Deduct - Adjustments	7 Ending Balance Number of claims in inventory at the end of the month
11. January	593,798	5,055,224	5,046,397	56,171	79	546,533
12. February	546,533	4,824,250	4,760,992	56,174	-3,920	549,697
13. March	549,697	5,661,716	5,588,487	66,116	-2,949	553,861
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0

* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

**

STATEMENT AS OF 3-31-2004 OF 933-0303 BLUE CROSS OF CALIFORNIA

SCHEDULE H - AGING OF ALL CLAIMS

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

	1	2	3	4	5	6
1.	Month Ending	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
2.	January	530,214	12,737	590	2,992	546,533
3.	February	535,696	9,647	1,380	2,974	549,697
4.	March	538,794	10,290	1,836	2,941	553,861
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0

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STATEMENT AS OF 3-31-2004 OF 933-0303 BLUE CROSS OF CALIFORNIA

SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

Reported Accrual				
1	2	3	4	5
Quarter Ending Date	Total Medical Liability*	Amount Paid-To-Date	Difference - Column (2-3)	Outstanding Liability (Based on plan's lag)
1. Current Quarter		XXX	0	
2. Previous Quarter			0	
3. Previous 2 Quarters			0	
4. Previous 3 Quarters			0	
5. Previous 4 Quarters			0	
6. Previous 5 Quarters			0	
7. Previous 6 Quarters			0	
8. Previous 7 Quarters			0	

* Should tie to Report #1, Part B, Columns 1 & 2, Lines 3 through 7.

** See attached annual certification.

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NOTES TO FINANCIAL STATEMENTS	
1.	See attached notes to financial statements
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OVERFLOW PAGE FOR WRITE-INS	
1.	REPORT #1 ---- PART A: ASSETS
2.	DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS
3.	1005. Securities Lending Collateral 514,107
4.	
5.	REPORT #1 ---- PART B: LIABILITIES AND NET WORTH
6.	DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES
7.	1105. Securities Lending Liability 514,107
8.	
9.	REPORT #3: STATEMENT OF CASH FLOWS (Direct Method)
10.	DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME
11.	Current Period
12.	3804. Increase (Decrease) in Other Medical Liability (37,664)
13.	3805. Increase (Decrease) in Affiliate Payables 137,502
14.	3806. Increase (Decrease) in Contract Settlements Payable (9,071)
15.	3807. Increase (Decrease) in Experience Rated Refunds (10,604)
16.	3808. Increase (Decrease) in Miscellaneous Current Liabilities (6,159)
17.	3809. Increase (Decrease) in Accrued Postretirement Benefits 676
18.	3810. Decrease (Increase) in Other Current Assets (12,991)
19.	Totals (Items 3804 thru 3810) 61,689
20.	
21.	Year-to-Date
22.	3804. Increase (Decrease) in Other Medical Liability (37,664)
23.	3805. Increase (Decrease) in Affiliate Payables 137,502
24.	3806. Increase (Decrease) in Contract Settlements Payable (9,071)
25.	3807. Increase (Decrease) in Experience Rated Refunds (10,604)
26.	3808. Increase (Decrease) in Miscellaneous Current Liabilities (6,159)
27.	3809. Increase (Decrease) in Accrued Postretirement Benefits 676
28.	3810. Decrease (Increase) in Other Current Assets (12,991)
29.	Totals (Items 3804 thru 3810) 61,689
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STATEMENT AS OF 3-31-2004 OF 933-0303 BLUE CROSS OF CALIFORNIA

**KNOX-KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68**

	1	2	3	4	5
A.	Explanation of the method of calculating the provision for incurred and unreported claims:				
1.	See Page 25				
B.	Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:				
	<u>Name of Debtor</u>	<u>Nature of Relationship</u>	<u>Nature of Receivable</u>	<u>Amount</u>	<u>Terms</u>
2.	Woodrow A. Myers, Jr.	Executive Vice President	Interest-free loan	80,000	See Page 25
3.					
4.	Note: Loan amounts are in whole dollars				
5.					
6.					
C.	Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below:				
	<u>Donor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Valuation Method</u>	<u>Amount</u>	
7.	None				
8.					
9.					
10.					
11.					
D.	Forgiven debt or obligations, as detailed below:				
	<u>Creditor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Summary of How Obligation Arose</u>	<u>Amount</u>	
12.	None				
13.					
14.					
15.					
E.	Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:				
16.	Net Equity			\$	1,118,138
17.	Add: Subordinated Debt			\$	0
18.	Less: Receivables from officers, directors, and affiliates			\$	80
19.	Intangibles			\$	43,680
20.	Tangible Net Equity (TNE)			\$	1,074,378
21.	Required Tangible Net Equity (See Page 22)			\$	281,506
22.	TNE Excess (Deficiency)			\$	792,872
F.	Percentage of administrative costs to revenue obtained from subscribers and enrollees:				
23.	Revenue from subscribers and enrollees			\$	2,584,469
24.	Administrative Costs			\$	333,975
25.	Percentage				13
26.	The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees:			\$	117,483
27.	Total costs for health care services for the immediately preceding six months:			\$	4,051,137
28.	Percentage				3

	1
<p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be</u> paid to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p>	
29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed:	\$ <input type="text"/>
30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days:	\$ <input type="text"/>
31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid:	\$ <input type="text"/>
32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported:	\$ <input type="text"/>
33. Compliance with Section 1377(a) as determined in accordance with such section, as follows:	
34. Cash & cash equivalents maintained	\$ <input type="text"/>
35. Noncontracting provider claims (aggregate of total of items 29 - 32 above)	\$ <input type="text" value="0"/>
36. Cash & cash equivalents reported to be maintained (120% x Line 35)	\$ <input type="text" value="0"/>
37. Deposit required (100% of Line 36)	\$ <input type="text" value="0"/>
38. Excess (deficient) reserves (Line 34 - Line 37)	\$ <input type="text" value="0"/>
Percentage of premium revenue earned from point-of-service plan contracts:	
39. Premium revenue earned from point-of-service plan contracts	\$ <input type="text"/>
40. Total premium revenue earned	\$ <input type="text"/>
41. Percentage	<input type="text" value="0"/>
Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees:	
42. Health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>
43. Total health care expenditures	\$ <input type="text"/>
44. Percentage	<input type="text" value="0"/>
45. Point-of-Service Enrollment at end of period	<input type="text"/>
Total Ambulatory encounters for period for point-of-service enrollees:	
46. Physician	<input type="text"/>
47. Non-Physician	<input type="text"/>
48. Total	<input type="text" value="0"/>
49. Total Patient Days Incurred for Point-of-Service enrollees	<input type="text"/>
50. Annualized Hospital Days/1000 for Point-of-Service enrollees	<input type="text"/>
51. Average Length of Stay for Point of Service enrollees	<input type="text"/>
52. Compliance with Section 1374.68(a) as follows:	
53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts:	\$ <input type="text"/>
54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts	\$ <input type="text"/>
55. Total	\$ <input type="text" value="0"/>
56. Total times 120%	\$ <input type="text" value="0"/>
57. Deposit (Greater of Line 56 or minimum of \$200,000)	\$ <input type="text"/>

STATEMENT AS OF 3-31-2004 OF 933-0303 BLUE CROSS OF CALIFORNIA

REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

	Full Service Plans		Specialized Plans		
		<u>1</u>		<u>2</u>	
A. Minimum TNE Requirement	\$	1,000	Minimum TNE Requirement	\$	50
B. REVENUES:					
1. 2% of the first \$150 million of annualized premium revenues	\$	3,000	2% of the first \$7.5 million of annualized premium revenue	\$	
Plus			Plus		
2. 1% of annualized premium revenues in excess of \$150 million	\$	101,879	1% of annualized premium revenue in excess of \$7.5 million	\$	
3. Total	\$	104,879	Total	\$	0
C. HEALTHCARE EXPENDITURES:					
4. 8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$	12,000	8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$	
Plus			Plus		
5. 4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$	144,663	4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis.	\$	
Plus			Plus		
6. 4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$	124,843	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$	
7. Total	\$	281,506	Total	\$	0
8. Required "TNE" - Greater of "A" "B" or "C"	\$	281,506	Required "TNE" - Greater of "A" "B" or "C"	\$	

**KNOX -KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1374.64**

POINT OF SERVICE TANGIBLE NET EQUITY CALCULATION

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

	1
1. Net Equity	\$ 1,118,138
2. Add: Subordinated Debt	\$
3. Less: Receivables from officers, directors, and affiliates	\$
4. Intangibles	\$
5. Tangible Net Equity (TNE)	\$ 1,118,138
6. Required Tangible Net Equity (From Line 10 or 13 below)	\$
7. TNE Excess (Deficiency)	\$ 1,118,138
ADJUSTED MINIMUM TANGIBLE NET EQUITY CALCULATION (Complete Section I or II):	
I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):	
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$
10. Add lines 8 and 9	\$ 0
II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):	
<u>PART A</u>	
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 24)	\$
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$
13. Add lines 11 and 12	\$ 0
III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING	
14. Line 5 (above)	\$ 1,118,138
15. Multiply Line 6 (above) by 130%	\$ 0
16. Difference (Line 14 - Line 15)	\$ 1,118,138
If Line 14 is less than Line 15, then monthly reporting is required	

STATEMENT AS OF 3-31-2004 OF 933-0303 BLUE CROSS OF CALIFORNIA

WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text"/>	\$ <input type="text"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text"/>	<input type="text"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text"/>	<input type="text"/>
4. Result	<input type="text"/> 0	<input type="text"/> 0
5. Annualized	<input type="text"/>	<input type="text"/>
6. Reduce to maximum of \$150 million	<input type="text"/>	<input type="text"/>
7. Multiply by 8%	\$ <input type="text"/> 0	\$ <input type="text"/> 0
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
9. Less \$150 million	<input type="text"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text"/> 0	\$ <input type="text"/> 0
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text"/> 0	\$ <input type="text"/> 0
13. Total	\$ <input type="text"/> 0	\$ <input type="text"/> 0

STATEMENT AS OF 3-31-2004 OF 933-0303 BLUE CROSS OF CALIFORNIA

REPORT #4: ENROLLMENT AND UTILIZATION TABLE

Column 11 - Annualized Hospital Days/1000 calculation includes 555,474 Institutionally Capitated Members who are included in enrollment but have no reported days and therefore must be excluded when computing Annualized Hospital Days/1000. Excluding Institutionally Capitated Members in the calculation of Annualized Hospital Days/1000 for Group, Medicare Risk, Individual, Small Group and Total Membership produces the following:

Group	222	(excludes 404,207 Institutionally Capitated members)
Medicare Risk	2,357	(excludes 59,355 Institutionally Capitated members)
Individual	291	(excludes 16,760 Institutionally Capitated members)
Small Group	246	(excludes 75,152 Institutionally Capitated members)
Total Membership	296	(excludes 555,474 Institutionally Capitated Members)

KNOX-KEENE, SUPPLEMENTAL INFORMATION

A. Explanation of the method of calculating the provision for incurred and unreported claims:

1. The calculation of the provision for incurred and unreported claims is based upon:

- (a) the claim payment records for the most recent 24 months,
- (b) the enrollment records for the most recent 24 months,
- (c) the current claim trend assumption, and
- (d) the seasonal incurred claim pattern.

Reserves are calculated by dividing the 24 month paid claims lag by the completion factors obtained from the auto regression method. The seasonality factors and trend factors are used to project the latest four month's incurred claims.

The Reserve is further adjusted by:

- (a) claim inventory status,
- (b) average claim per member per month trend, and
- (c) appropriate margin.

B. Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:

2. Terms - Forgiven in annual installments of \$40,000, so long as Dr. Myers, Jr. remains employed by the Company. If Dr. Myers, Jr. terminates employment voluntarily or if the Company terminates his employment for cause before the entire balance of the loan is forgiven, the remaining unpaid, unforgiven balance would become due.

E. Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:

19. Intangibles of \$43,680 should be broken out as follows:

Intangible Assets and Deferred Charges	\$5,147
Long-Term Prepaid Items	\$38,533

STATEMENT AS OF 3-31-2004 OF 933-0303 BLUE CROSS OF CALIFORNIA

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