Report of Examination of

UnitedHealthcare of Ohio, Inc.
Westerville, Ohio

As of December 31, 2014

Table of Contents

Subject	Page
Salutation	1
Description of the Company	1
Scope of Examination	1
Management and Control:	
Board of Directors	2
Officers	2
Insurance Holding Company System	2
Territory and Plan of Operations	3
Significant Operating Results	3
Reinsurance	3
Financial Statements:	
Statement of Assets	4
Statement of Liabilities, Capital and Surplus	5
Statement of Revenue and Expenses	6
Statement of Changes in the Capital and Surplus Account	7
Notes to Financial Statements:	
Investments	7
Unpaid Claims	7
Subsequent Events	7
Conclusion	8
Acknowledgement	8
Verification	9

Columbus, Ohio
March 18, 2016

Honorable Mary Taylor
Lt. Governor/Director
State of Ohio
Department of Insurance
50 West Town Street
3rd Floor – Suite 300
Columbus, Ohio 43215

Dear Lt. Governor/Director:

In accordance with Section 3901.07 of the Ohio Revised Code ("ORC"), the Ohio Department of Insurance ("Department") conducted an examination of

UnitedHealthcare of Ohio, Inc.

an Ohio domiciled, for-profit Health Maintenance Organization ("HMO"), hereinafter referred to as the "Company."

Scope of Examination

The Department last examined the Company as of December 31, 2009. The Department's current examination covers the period from and including January 1, 2010 through December 31, 2014.

The Department, as the exam facilitator of UnitedHealthcare Subgroup 6D, led the multi-state coordinated examination. In addition to the Department, representatives of the Arkansas Insurance Department, the Georgia Department of Insurance, the Missouri Department of Insurance, the Nebraska Department of Insurance, the North Carolina Insurance Department and the Rhode Island Department of Business Regulation also participated on the examination. The examination was conducted in accordance with the National Association of Insurance Commissioners *Financial Condition Examiners Handbook* ("Handbook"). The Handbook requires that the Department plan and perform the examination to evaluate the Company's financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in Section 3901.07 of the ORC and general information about the insurer and its financial condition. There may be

other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

For all years under examination, the Certified Public Accounting firm of Deloitte and Touche, LLP provided an unqualified opinion on the Statutory-Basis Financial Statements of the Company based on Statutory Accounting Principles. Representatives of the Department reviewed the independent auditors' report and supporting work papers during the examination.

Management and Control

Board of Directors

Management of the Company is vested in its Board of Directors, which was comprised of the following members as of the examination date:

Name	Principal Occupation
Richard Gordon Dunlop	Health Plan Chief Executive Officer, Medicare & Retirement
Robert Charles Falkenberg	Health Plan Chief Executive Officer, Employer & Individual
William Joseph Hnath	Chief Financial Officer
David Scott Luby	Executive Director, Central Ohio Health Plan

Officers

As of the examination date, the following officers were serving in the designated position:

Name	Title
Richard Gordon Dunlop	President
Robert Worth Oberrender	Treasurer
Jeffrey Ryan Tredway	Secretary
William Joseph Hnath	Chief Financial Officer

Insurance Holding Company System

The Company is a member of an insurance holding company system as defined in ORC Section 3901.32. The Company is a wholly-owned subsidiary of United HealthCare Services, Inc. ("UHCS"). UHCS is a wholly-owned subsidiary of UnitedHealth Group Incorporated ("UHG"). UHG is the ultimate controlling entity in the holding company system and its common stock is publicly traded on the NYSE.

Territory and Plan of Operations

The Company is licensed as a HMO and was incorporated on May 14, 1985. The Company's operations are located throughout the state of Ohio and northern Kentucky and offer its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. The Company has entered into contracts with physicians, hospitals, and other health care provider organizations to deliver health care services for all enrollees. The Company serves as a plan sponsor offering Medicare Advantage and Medicare Part D prescription drug coverage under a contract with the Centers for Medicare and Medicaid Services ("CMS").

The Company offers comprehensive commercial products to individual and employee groups. Each contract outlines the coverage provided and renewal provisions.

Significant Operating Results

The Company reported the following net underwriting results, reported in thousands, for the Medicare, Comprehensive and Other Health business segments during 2014:

	Total	Comprehensive	Title XVIII Medicare	Other Health
Total revenue	$ 879,580	$ 18,308	$ 861,167	$ 105
Hospital and medical exp.	733,061	13,430	719,474	157
Claims adjustment exp.	32,780	579	32,201	-
Administrative expenses	80,294	2,097	78,197	-
Increase in reserves for accident and health contracts	(862)	(862)	-	-
Underwriting deductions	845,273	15,244	829,872	157
Underwriting gain	$ 34,307	$ 3,064	$ 31,295	($ 52)

Reinsurance

The Company has an insolvency-only reinsurance agreement with UnitedHealthcare Insurance Company, an affiliate of the Company, to provide insolvency protection for its enrollees.

Financial Statements

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2014. The Department made no adjustments to the Company's surplus as a result of the examination.

Statement of Assets
December 31, 2014

Assets	
Bonds	$ 188,942,449
Preferred stocks	518,750
Cash and short-term investments	13,995,440
Receivables for securities	2,686
Subtotal, cash and invested assets	203,459,324
Investment income due and accrued	1,924,079
Uncollected premiums in course of collection	13,768,671
Amounts receivable relating to uninsured plans	16,983,403
Current federal and foreign income tax recoverable	2,943,367
Net deferred tax asset	2,454,080
Health care and other amounts receivable	16,377,480
Total Assets	$ 257,910,405

Statement of Liabilities, Capital and Surplus
December 31, 2014

Liabilities, Capital and Surplus	
Liabilities:	
Claims unpaid	$ 108,332,045
Accrued medical incentive pool and bonus amounts	2,579,645
Unpaid claims adjustment expenses	1,073,447
Aggregate health policy reserves	802,564
Aggregate health claims reserves	138,998
Premiums received in advance	1,888,203
General expenses due or accrued	1,223,484
Ceded reinsurance premiums payable	69,833
Remittances and items not allocated	39,264
Amounts due to parent, subsidiaries and affiliates	4,957,991
Liability for amounts held under uninsured plans	1,813,638
Aggregate write-ins for other liabilities	
Unclaimed property	6,052
Section 1343 ACA risk adjustment payable	134,293
Total liabilities	123,059,456
Capital and Surplus:	
Aggregate write-ins for special surplus funds	
Section 9010 ACA subsequent fee year assessment	16,886,331
Common capital stock	37,329,784
Gross paid in and contributed surplus	42,000,000
Unassigned funds	38,634,833
Total capital and surplus	134,850,948
Total liabilities, capital and surplus	$ 257,910,405

Statement of Revenue and Expenses
As of December 31, 2014

Revenue:	
Net premium income	$ 877,626,098
Change in unearned premium reserves; reserve for rate credits	1,953,530
Total revenue	879,579,627
Hospital and Medical Expenses:	
Hospital and medical benefits	682,049,324
Other professional services	662,753
Prescription drugs	46,494,931
Incentive pool, withhold adjustments and bonus amounts	3,853,562
Total hospital and medical expenses	733,060,571
Claims adjustment expenses	32,779,668
General administrative expenses	80,294,448
Decrease in reserves for life and accident and health contracts	(862,000)
Total underwriting deductions	845,272,687
Net underwriting gain	34,306,940
Net investment gains	5,626,073
Net loss from agents' or premium balances charged off	(255,313)
Other income or expenses	(37)
Net income before federal income taxes	39,677,664
Federal income taxes incurred	18,101,064
Net income	$ 21,576,600

Statement of Changes in the Capital and Surplus Account
(in thousands)

	2014	2013	2012	2011	2010
Capital and surplus, December 31, 2013	$ 126,613	$ 122,734	$ 99,912	$ 100,082	$ 78,818
Net income	21,576	3,936	34,325	6,000	20,928
Change in net unrealized capital gains (losses) less capital gains tax	14	(3)	-	-	-
Change in net deferred income tax	(62)	306	986	19	(2,023)
Change in non-admitted assets	(791)	(360)	(3,488)	(290)	2,360
Surplus paid in	-	-	-	15,000	-
Dividends to stockholder	(12,500)	-	(9,000)	20,900)	-
Net change in capital and surplus	8,238	3,879	22,822	(170)	21,264
Capital and surplus, December 31, 2012	$ 134,851	$ 126,613	$ 122,734	$ 99,912	$ 100,082

Notes to Financial Statements

Investments

The Company's investments were in compliance with ORC Section 3925.08 and valued in accordance with the relevant SSAPs and the NAIC Securities Valuation Office.

Claims Unpaid

Claims unpaid and claims adjustment expenses represent management's best estimate of amounts based on historical claim development patterns as well as emerging medical cost trends. The Company's Board of Directors appointed Allen J. Sorbo, FSA, MAAA, Chief Actuary for UnitedHealthcare Insurance Company, an affiliate, to render the Company's Statement of Actuarial Opinion ("Opinion"). The Opinion for year end 2014 was unqualified.

The Arkansas Insurance Department retained David Dillon, FSA, MAAA, Vice President and Principal of Lewis and Ellis, Inc., to perform an actuarial analysis for each of the entities within Subgroup 6D. Based on the results of the analysis, Mr. Dillon concluded the Company's claims unpaid fall within a reasonable range of estimates at December 31, 2014.

Subsequent Events

Effective January 1, 2016, the Company novated contracts with CMS to an affiliate, UnitedHealthcare of Wisconsin, Inc. ("UHCWI"). The novation agreements transferred full rights under the contracts for dates of service on or after January 1, 2016 to UHCWI. Approval was received from the Department and CMS. There was no transfer of assets or surplus as a result of the novation.

The Company filed dividend requests with the Department totaling $96,500,000 during year 2015.

Conclusion

The balance sheet contained in this Report of Examination reflects the financial condition of the Company at December 31, 2014, and is summarized as follows:

Total Assets	$ 257,910,405
Liabilities	123,059,456
Capital and Surplus	134,850,948
Total Liabilities, Capital and Surplus	$ 257,910,405

Acknowledgement

In addition to the aforementioned and undersigned, Kim Somogyi, AFE, CPA; Richard Morris, CPA, and Methuselah Nyangoro, AES, CFE, of the Department, participated in this examination.

Respectfully,

Jeffery A. Becker, CFE
Examiner-in-Charge
Office of Risk Assessment
Ohio Department of Insurance

Jeffrey K. Ebert, CFE
Assistant Chief Examiner
Office of Risk Assessment
Ohio Department of Insurance

Verification

As required by Section 3901.07 of the Ohio Revised Code, the undersigned hereby attest to the best of their knowledge and belief that the attached is a true Report of Examination as of December 31, 2014.

Jeffery A Becker 4/4/16
Examiner-in-Charge Date

Assistant Chief Examiner 4/4/16
Date

State of Ohio
County of Franklin

Personally appeared before me the above named Jeffery A. Becker personally known to me, who executed the above instrument and that the statements and answers contained therein are true and correct to the best of his knowledge and belief.

Subscribed and sworn to before me this 4 day of April, 2016.

Elizabeth Chase
(Notary Public)
ELIZABETH CHASE
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES MAY 22, 2017
My Commission Expires

State of Ohio
County of Franklin

Personally appeared before me the above named Jeffrey K. Ebert personally known to me, who executed the above instrument and that the statements and answers contained therein are true and correct to the best of his knowledge and belief.

Subscribed and sworn to before me this 4 day of April, 2016.

Elizabeth Chase
(Notary Public)
ELIZABETH CHASE
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES MAY 22, 2017
My Commission Expires