

**ANNUAL STATEMENT**

OF THE

HealthPartners, Inc.

TO THE

Insurance Department

OF THE

STATE OF

Minnesota

FOR THE YEAR ENDED  
DECEMBER 31, 2010

HEALTH

**2010**

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE HealthPartners, Inc.

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	3,354,826	3,620,664
2. Net premium income ( including \$ ..... non-health premium income) .....	XXX	1,512,222,000	1,584,279,000
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	0	0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX	22,000	0
5. Risk revenue .....	XXX	0	0
6. Aggregate write-ins for other health care related revenues .....	XXX	7,092,000	6,461,000
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	1,519,336,000	1,590,740,000
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....	6,263,000	1,111,757,000	1,192,339,000
10. Other professional services .....		49,336,000	64,343,000
11. Outside referrals .....		0	0
12. Emergency room and out-of-area .....		0	0
13. Prescription drugs .....		157,605,000	166,336,000
14. Aggregate write-ins for other hospital and medical .....	0	0	0
15. Incentive pool, withhold adjustments, and bonus amounts .....		0	0
16. Subtotal (Lines 9 to 15) .....	6,263,000	1,318,698,000	1,423,018,000
<b>Less:</b>			
17. Net reinsurance recoveries .....		1,049,000	298,000
18. Total hospital and medical (Lines 16 minus 17) .....	6,263,000	1,317,649,000	1,422,720,000
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$ .....13,036,000 cost containment expenses .....		28,736,000	32,085,000
21. General administrative expenses .....		102,795,000	103,909,000
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....		0	0
23. Total underwriting deductions (Lines 18 through 22) .....	6,263,000	1,449,180,000	1,558,714,000
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	70,156,000	32,026,000
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		3,053,000	3,494,000
26. Net realized capital gains (losses) less capital gains tax of \$ .....		1,002,000	470,000
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	4,055,000	3,964,000
28. Net gain or (loss) from agents' or premium balances charged off ((amount recovered \$ ..... ) (amount charged off \$ ..... )) .....			
29. Aggregate write-ins for other income or expenses .....	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	74,211,000	35,990,000
31. Federal and foreign income taxes incurred .....	XXX		
32. Net income (loss) (Lines 30 minus 31) .....	XXX	74,211,000	35,990,000
<b>DETAILS OF WRITE-INS</b>			
0601. Other Health Care Revenue .....	XXX	7,092,000	6,461,000
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above) .....	XXX	7,092,000	6,461,000
0701. ....	XXX		
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above) .....	XXX	0	0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above) .....	0	0	0
2901. ....			
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above) .....	0	0	0

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**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,512,222,000	1,041,892,000	1,108,000	61,342,000	0	0	12,629,000	295,451,000	0	0
2. Change in unearned premium reserves and reserve for rate credit	0	0	0	0	0	0	0	0	0	0
3. Fee-for-service (net of \$ medical expenses)	22,000	22,000	0	0	0	0	0	0	0	0
4. Risk revenue	0	0	0	0	0	0	0	0	0	0
5. Aggregate write-ins for other health care related revenues	7,092,000	7,092,000	0	0	0	0	0	0	0	0
6. Aggregate write-ins for other non-health care related revenues	0	0	0	0	0	0	0	0	0	0
7. Total revenues (Lines 1 to 6)	1,519,336,000	1,048,984,000	1,108,000	61,342,000	0	0	12,629,000	295,451,000	0	0
8. Hospital/medical benefits	1,111,757,000	792,006,000	679,000	1,083,000	0	0	12,023,000	305,986,000	0	0
9. Other professional services	49,336,000	0	0	49,336,000	0	0	0	0	0	0
10. Outside referrals	0	0	0	0	0	0	0	0	0	0
11. Emergency room and out-of-area	0	0	0	0	0	0	0	0	0	0
12. Prescription drugs	157,605,000	116,190,000	48,000	0	0	0	2,176,000	39,189,000	0	0
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	0
14. Incentive pool, withhold adjustments and bonus amounts	0	0	0	0	0	0	0	0	0	0
15. Subtotal (Lines 8 to 14)	1,318,696,000	908,196,000	727,000	50,395,000	0	0	14,201,000	345,175,000	0	0
16. Net reinsurance recoveries	1,049,000	1,049,000	0	0	0	0	0	0	0	0
17. Total medical and hospital (Lines 15 minus 16)	1,317,647,000	907,147,000	727,000	50,395,000	0	0	14,201,000	345,175,000	0	0
18. Non-health claims (net)	0	0	0	0	0	0	0	0	0	0
19. Claims adjustment expenses including \$ 13,036,000 cost containment expenses	26,736,000	20,486,000	39,000	2,052,000	0	0	187,000	5,972,000	0	0
20. General administrative expenses	102,795,000	73,286,000	139,000	7,339,000	0	0	667,000	21,364,000	0	0
21. Increase in reserves for accident and health contracts	0	0	0	0	0	0	0	0	0	0
22. Increase in reserves for life contracts	0	0	0	0	0	0	0	0	0	0
23. Total underwriting deductions (Lines 17 to 22)	1,449,180,000	1,000,919,000	905,000	59,790,000	0	0	15,055,000	372,511,000	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	70,156,000	47,867,000	203,000	1,552,000	0	0	(2,426,000)	22,940,000	0	0
DETAILS OF WRITE-INS										
0501. Other Health Care Revenue	7,092,000	7,092,000	0	0	0	0	0	0	0	0
0502.	0	0	0	0	0	0	0	0	0	0
0503.	0	0	0	0	0	0	0	0	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	7,092,000	7,092,000	0	0	0	0	0	0	0	0
0601.	0	0	0	0	0	0	0	0	0	0
0602.	0	0	0	0	0	0	0	0	0	0
0603.	0	0	0	0	0	0	0	0	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0	0	0	0	0
1301.	0	0	0	0	0	0	0	0	0	0
1302.	0	0	0	0	0	0	0	0	0	0
1303.	0	0	0	0	0	0	0	0	0	0
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	0
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	0

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**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	1 Claims Paid During the Year		2 On Claims Incurred During the Year		3 Claim Reserve and Claim Liability December 31 of Current Year		4 On Claims Incurred During the Year	5 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Incurred During the Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year			
1. Comprehensive (hospital and medical) .....	59,533,000	781,754,000	781,754,000	1,398,000	68,354,000	60,931,000	77,713,000		
2. Medicare Supplement .....	128,000	599,000	599,000		114,000	128,000	169,000		
3. Dental Only .....	1,516,000	34,699,000	34,699,000		1,667,000	1,516,000	1,620,000		
4. Vision Only .....									
5. Federal Employees Health Benefits Plan .....									
6. Title XVIII - Medicare .....	909,000	10,649,000	10,649,000		630,000	909,000	2,139,000		
7. Title XIX - Medicaid .....	23,919,000	286,293,000	286,293,000	3,600,000	29,814,000	27,519,000	31,609,000		
8. Other health .....									
9. Health subtotal (Lines 1 to 8) .....	86,005,000	1,115,994,000	1,115,994,000	4,998,000	100,579,000	91,003,000	113,250,000		
10. Healthcare receivables (a) .....									
11. Other non-health .....									
12. Medical incentive pools and bonus amounts .....									
13. Totals (Lines 9 - 10 + 11 + 12) .....	86,005,000	1,115,994,000	1,115,994,000	4,998,000	100,579,000	91,003,000	113,250,000		

(a) Excludes \$ ..... loans or advances to providers not yet expensed.

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**FIVE-YEAR HISTORICAL DATA**

	1 2010	2 2009	3 2008	4 2007	5 2006
<b>Balance Sheet (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28) .....	644,482,000	544,932,000	491,058,000	498,205,000	427,705,000
2. Total liabilities (Page 3, Line 24) .....	147,042,000	158,378,000	155,644,000	153,461,000	130,724,000
3. Statutory surplus .....	101,385,329	86,621,417	56,778,283	54,881,141	51,185,771
4. Total capital and surplus (Page 3, Line 33) .....	497,440,000	386,554,000	335,414,000	344,744,000	296,981,000
<b>Income Statement (Page 4)</b>					
5. Total revenues (Line 8) .....	1,519,336,000	1,590,740,000	1,640,487,000	1,584,352,000	1,459,681,000
6. Total medical and hospital expenses (Line 18) .....	1,317,649,000	1,422,720,000	1,470,510,000	1,419,853,000	1,323,772,000
7. Claims adjustment expenses (Line 20) .....	28,736,000	32,085,000	28,761,000	34,808,000	27,905,000
8. Total administrative expenses (Line 21) .....	102,795,000	103,909,000	110,898,000	104,009,000	92,071,000
9. Net underwriting gain (loss) (Line 24) .....	70,156,000	32,026,000	30,318,000	25,682,000	15,933,000
10. Net investment gain (loss) (Line 27) .....	4,055,000	3,964,000	5,019,000	8,907,000	5,244,000
11. Total other income (Lines 28 plus 29) .....	0	0	0	0	0
12. Net income or (loss) (Line 32) .....	74,211,000	35,990,000	35,337,000	34,589,000	21,177,000
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	76,855,000	24,497,000	37,328,000	70,779,000	41,565,000
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital .....	497,440,000	386,554,000	335,414,000	344,744,000	296,981,000
15. Authorized control level risk-based capital .....	101,385,329	86,621,417	56,778,283	54,881,141	51,185,771
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7) .....	276,035	298,234	341,742	332,897	346,484
17. Total members months (Column 6, Line 7) .....	3,354,826	3,620,664	4,050,137	3,997,211	4,156,792
<b>Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0</b>					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....	87.1	89.8	90.0	90.0	91.1
20. Cost containment expenses .....	0.9	1.1	0.9	1.2	1.0
21. Other claims adjustment expenses .....	1.0	1.0	0.9	1.0	0.9
22. Total underwriting deductions (Line 23) .....	95.8	98.4	98.6	98.8	99.3
23. Total underwriting gain (loss) (Line 24) .....	4.6	2.0	1.9	1.6	1.1
<b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>					
24. Total claims incurred for prior years (Line 13, Col. 5) .....	91,003,000	84,747,000	101,732,000	93,122,000	86,620,000
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)] .....	113,250,000	108,792,000	116,434,000	108,652,000	88,090,000
<b>Investments In Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) .....	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) .....	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) .....	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10) .....	0	0	0	0	0
30. Affiliated mortgage loans on real estate .....	0	0	0	0	0
31. All other affiliated .....	0	0	0	0	0
32. Total of above Lines 26 to 31 .....	0	0	0	0	0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [ ] No [ ]  
 If no, please explain: .....