

**2010 SUPPLEMENTAL HEALTH CARE EXHIBIT'S EXPENSE ALLOCATION
REPORT - DESCRIPTION OF ALLOCATION METHODOLOGY - 217
95643 - Hmo LA Inc**

Line	Explanation
01 Description of allocation methodology	The Company identified the cost centers whose primary activities were related to Health Care Quality Improvement (QI). The related costs were further reviewed and those that meet the definition as stated by the National Association of Insurance Commissioners (NAIC) instructions were included in the appropriate category (column) of the Supplemental filing. The Company allocates its operational expenses to the various lines of business based on several different methodologies, including but not limited to claim counts, members, and set percentages, based on the primary activity of that cost center. QI expenses were allocated to the various lines of business in the same manner, based on the allocation methodology assigned to that cost center in which the expense was incurred.

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**2010 SUPPLEMENTAL HEALTH CARE EXHIBIT'S EXPENSE ALLOCATION
 REPORT - DESC OF QUALITY IMPROVEMENT EXPENSES - 217
 95643 - Hmo LA Inc**

	Line	Expense Type from Part 3	New	Detailed Description of Expense
01.0001	Improve Health Outcomes:	Salaries		This category includes the salaries of those employees who provide services to our members for case management and disease management that are designed to improve health outcomes.
01.0002		Outsourced Services		This category includes outside consultants who provide services to our members for case management and disease management that are designed to improve health outcomes.
01.0003		Other		Includes costs related to educational content for case management activities.
02.0001	Activities to Prevent Hospital Readmission:	Salaries		This category includes the salaries of staff Licensed Practical Nurses (LPN) whose activities are designed to prevent hospital readmission.
03.0001	Improve Patient Safety and Reduce Medical Errors:	Salaries		This category includes the salaries of those employees who are dedicated to quality reporting for activities that improve patient safety and reduce medical errors.
03.0002		Outsourced Services		Includes the outsourcing costs associated with a program to lower risk of facility acquired infections.
03.0003		Other		Includes those activities to identify and encourage evidence-based medicine in addressing independently identified and documented clinical errors or safety concerns, including those expenses related to on-line programs.
04.0001	Wellness and Health Promotion Activities:	Salaries		This category includes salaries of employees who provide wellness assessments and coaching programs designed to achieve specific and measurable improvements.
04.0002		Outsourced Services		This category includes outside consultants who provide wellness assessments and coaching programs designed to achieve

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			specific and measurable improvements.
04.0003		Other	Includes those costs associated with wellness reminders and those activities designed to change member behavior, such as Louisiana 2 Step and the Health/Wellness Institute.
05.0001	HIT Expenses for Health Care Quality Improvements:	EDP equipment related expenses	Health Information Technology costs incurred to support each of the four preceding categories.
05.0002			Includes costs associated with patient portals and systems related to care management functions (improve health outcomes).

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	Line	State Code	Individual	Small Group Employer	Large Group Employer	Government Business (excluded by statute)	Other Business (excluded by statute)	Other Health	Subtotal (Cols 1 thru 6)	Uninsured Plans	Total (Cols 7 + 8)
01.1	Health premiums earned (from Part 2, Line 1.8) (premium)	LA	65,927,739	251,454,335	160,411,414	0	0	0	477,793,488		477,793,488
01.10	Other adjustments due to MLR calculations - premiums (premium)	LA	-2,355,519	-5,640,268	-1,181,872	0	0	0	-9,177,659		-9,177,659
01.11	Risk revenue (premium)	LA	0	0	0	0	0	0	0		0
01.12	Net adjusted premiums earned after reinsurance (Lines 1.8+1.9+1.10+1.11) (premium)	LA	61,950,096	237,392,091	156,133,414	0	0	0	455,475,601		455,067,711
01.2	Federal high risk pools (premium)	LA	0	0	0	0	0	0	0		0
01.3	State high risk pools (premium)	LA	0	0	0	0	0	0	0		0
01.4	Premiums earned including state and federal high risk programs (Lines 1.1 + 1.2 + 1.3) (premium)	LA	65,927,739	251,454,335	160,411,414	0	0	0	477,793,488		477,793,488
01.5	Federal taxes and federal assessments (premium)	LA	1,305,014	7,496,495	2,557,636	0	0	0	11,359,145	39,794	11,398,939
01.6	State insurance, premium and other taxes (similar local taxes of \$0) (premium)	LA	313,027	916,659	533,026	0	0	0	1,762,712	364,308	2,127,020
01.7	Regulatory authority licenses and fees (premium)	LA	4,083	8,822	5,466	0	0	0	18,371	3,788	22,159
01.8	Adjusted premiums earned (Lines 1.4 - 1.5 - 1.6 - 1.7) (premium)	LA	64,305,615	243,032,359	157,315,286	0	0	0	464,653,260		464,245,370
01.9	Net assumed less ceded reinsurance premiums earned (premium)	LA	0	0	0	0	0	0	0		0
02.1	Incurred claims excluding prescription drugs (claims)	LA	42,991,692	161,632,543	114,996,141	0	0	0	319,620,376		319,620,376
02.2	Prescription drugs (claims)	LA	12,036,854	44,360,860	29,421,714	0	0	0	85,819,428		85,819,428
02.3	Pharmaceutical rebates (claims)	LA	189,323	721,159	515,568	0	0	0	1,426,050		1,426,050
02.4	State stop loss, market stabilization and claim/census based assessments (claims)	LA	0	0	0	0	0	0	0		0
	Incurred medical										

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03	incentive pools and bonuses	LA	0	0	0	0	0	0	0	0	0
04	Deductible fraud and abuse detection/recovery expenses (for MLR use only)	LA	12,031	32,716	20,514	0	0	0	65,261	13,853	79,114
05.0	Total incurred claims (Lines 2.1 + 2.2 - 2.3 - 2.4 + 3) (From Part 2, Line 2.10)	LA	54,839,223	205,272,244	143,902,287	0	0	0	404,013,754		404,013,754
05.1	Net assumed less ceded reinsurance claims incurred	LA	0	0	0	0	0	0	0		0
05.2	Other adjustments due to MLR calculations - claims	LA	-2,472,000	-5,798,000	-1,295,000	0	0	0	-9,565,000		-9,565,000
05.3	Rebates paid	LA	0	0	0	0	0	0	0		0
05.4	Estimated rebates unpaid prior year	LA	0	0	0	0	0	0	0		0
05.5	Estimated rebates unpaid current year	LA	0	0	0	0	0	0	0		0
05.6	Fee for service and co-pay revenue	LA	0	0	0	0	0	0	0		0
05.7	Net incurred claims after reinsurance (Lines 5.0+5.1+5.2+5.3-5.4+5.5-5.6)	LA	52,367,223	199,474,244	142,607,287	0	0	0	394,448,754		394,448,754
06.1	Type A. Expenses for health improvements other than Health Information Technology (improving health care quality expenses incurred)	LA	110,399	382,046	141,729	0	0	0	634,174	73,057	707,231
06.2	Type B. Health Information Technology expenses related to health improvement (improving health care quality expenses incurred)	LA	13,072	45,238	16,782	0	0	0	75,092	8,651	83,743
06.3	Total of defined expenses incurred for improving health care quality (Lines 6.1 + 6.2)	LA	123,471	427,284	158,511	0	0	0	709,266	81,708	790,974
07	Preliminary medical loss ratio: MLR (Lines 4 + 5.0 + 6.3)/Line 1.8	LA	1	1	1						
08.1	Cost containment expenses not included in quality of care expenses in Line 6.3 (claims adjustment expenses)	LA	688,983	2,168,018	1,038,849	0	0	0	3,895,850	643,301	4,539,151
08.2	All other claims adjustment expenses (claims	LA	1,855,839	5,839,759	2,798,236	0	0	0	10,493,834	1,732,790	12,226,624

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	adjustment expenses)											
08.3	Total claims adjustment expenses (Lines 8.1 + 8.2)	LA	2,544,822	8,007,777	3,837,085	0	0	0	14,389,684	2,376,091	16,765,775	
09	Claims adjustment expense ratio (Line 8.3 divided by Line 1.8)	LA	0	0	0	0	0	0				
10.1	Direct sales salaries and benefits (general and administrative expenses)	LA	1,627,180	5,129,112	2,765,524	0	0	0	9,521,816	1,908,407	11,430,223	
10.2	Agents and brokers fees and commissions (general and administrative expenses)	LA	2,656,822	10,689,524	1,986,830	0	0	0	15,333,176	24,358	15,357,534	
10.3	Other taxes (excluding taxes on Lines 1.5 through 1.7 and Line 14 below) (general and administrative expenses)	LA	0	0	0	0	0	0	0	0	0	
10.4	Other general and administrative expenses (general and administrative expenses)	LA	1,919,061	6,646,190	2,464,760	0	0	0	11,030,011	1,269,954	12,299,965	
10.5	Total general and administrative (Lines 10.1 + 10.2 + 10.3 + 10.4)	LA	6,203,063	22,464,826	7,217,114	0	0	0	35,885,003	3,202,719	39,087,722	
11	Underwriting gain/(loss) (Lines 1.12 - 5.7 - 6.3 - 8.3 - 10.5)	LA	711,517	7,017,960	2,313,417	0	0	0	10,042,894		3,974,486	
12	Income from fees of uninsured plans	LA								5,679,812	5,679,812	
13	Net investment and other gain/(loss)	LA							10,110,481		10,110,481	
14	Federal income taxes (excluding taxes on Line 1.5 above)	LA	0	0	0	0	0	0	0	0	0	
15	Net gain or (loss) (Lines 11 + 12 + 13 - 14)	LA							20,153,375		19,764,779	
16	ICD-10 implementation expenses (informational only; already included in general expenses)	LA	6,198	21,447	7,955	0	0	0	35,600	4,105	39,705	

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**2010 SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1 - OTHER
INDICATORS - 216
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	Line	State Code	Individual	Small Group Employer	Large Group Employer	Government Business (excluded by statute)	Other Business (excluded by statute)	Other Health	Subtotal (Cols 1 thru 6)	Uninsured Plans	Total (Cols 7 + 8)
01	Number of certificates/policies	LA	15,314	35,350	22,099	0	0	0	72,763	0	72,763
02	Number of covered lives	LA	20,703	58,681	37,514	0	0	0	116,898	0	116,898
03	Number of groups	LA		3,592	67	0	0	0	3,659	0	3,659
04	Member months	LA	256,123	703,232	441,991	0	0	0	1,401,346	0	1,401,346

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2010 SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 2 - 216
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	Line	State Code	Individual	Small Group Employer	Large Group Employer	Government Business (excluded by statute)	Other Business (excluded by statute)	Other Health	Total
01.1	Direct premiums written (health premiums earned)	LA	66,039,946	251,641,362	160,524,542	0	0	0	478,205,850
01.10	Net assumed less ceded premiums earned from affiliates (health premiums earned)	LA	0	0	0	0	0	0	0
01.11	Ceded premiums earned to non-affiliates (health premiums earned)	LA	0	0	0	0	0	0	0
01.12	Other adjustments due to MLR calculation - premiums (health premiums earned)	LA	-2,355,519	-5,640,268	-1,181,872	0	0	0	-9,177,659
01.13	Net premiums earned (Lines 1.8 + 1.9 + 1.10 - 1.11 - 1.12)	LA	63,572,220	245,814,067	159,229,542	0	0	0	468,615,829
01.2	Unearned premium prior year (health premiums earned)	LA	982,779	360,465	0	0	0	0	1,343,244
01.3	Unearned premium current year (health premiums earned)	LA	978,505	389,759	0	0	0	0	1,368,264
01.4	Change in unearned premium (Lines 1.2 - 1.3) (health premiums earned)	LA	4,274	-29,294	0	0	0	0	-25,020
01.5	Reserve for rate credits prior year (health premiums earned)	LA							
01.6	Reserve for rate credits current year (health premiums earned)	LA							
01.7	Change in reserve for rate credits (Lines 1.5 - 1.6) (health premiums earned)	LA							
01.8	Total direct premiums earned (Lines 1.1 + 1.4 less \$387341 write offs) (health premiums earned)	LA	65,927,739	251,454,335	160,411,414	0	0	0	477,793,488
01.9	Assumed premiums earned from non-affiliates (health premiums earned)	LA	0	0	0	0	0	0	0
02.1	Paid claims during the year (direct claims incurred)	LA	52,030,250	199,343,109	142,972,132	0	0	0	394,345,491
02.10	Total incurred claims (Lines 2.1 + 2.2 - 2.3 + 2.4 - 2.5 + 2.6 - 2.7 + 2.8 - 2.9)	LA	54,839,224	205,272,244	143,902,288	0	0	0	404,013,756
02.11	Assumed incurred claims from non-affiliates (direct claims incurred)	LA	0	0	0	0	0	0	0
02.12	Net assumed less ceded incurred claims from affiliates (direct claims incurred)	LA	0	0	0	0	0	0	0
02.13	Ceded incurred claims to non-affiliates (direct claims incurred)	LA	0	0	0	0	0	0	0
02.14	Other adjustments due to MLR calculation - claims (direct claims incurred)	LA	-2,472,000	-5,798,000	-1,295,000	0	0	0	-9,565,000
02.15	Net incurred claims (Lines 2.10 + 2.11 + 2.12 - 2.13 - 2.14)	LA	52,367,224	199,474,244	142,607,288	0	0	0	394,448,756
02.2	Direct claim liability current year (direct claims incurred)	LA	5,269,775	19,912,277	13,990,738	0	0	0	39,172,790
02.3	Direct claim liability prior year (direct claims incurred)	LA	4,961,106	19,947,582	14,437,694	0	0	0	39,346,382

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02.4	Direct claim reserves current year (direct claims incurred)	LA	2,472,000	5,798,000	1,295,000	0	0	0	9,565,000
02.5	Direct claim reserves prior year (direct claims incurred)	LA	0	0	0	0	0	0	0
02.6	Direct contract reserves current year (direct claims incurred)	LA	0	0	0	0	0	0	0
02.7	Direct contract reserves prior year (direct claims incurred)	LA	0	0	0	0	0	0	0
02.8	Incurred medical incentive pools and bonuses (Lines 2.8A + 2.8B - 2.8C) (direct claims incurred)	LA	0	0	0	0	0	0	0
02.8A	Paid medical incentive pools and bonuses current year	LA	0	0	0	0	0	0	0
02.8B	Accrued medical incentive pools and bonuses current year	LA	0	0	0	0	0	0	0
02.8C	Accrued medical incentive pools and bonuses prior year	LA	0	0	0	0	0	0	0
02.9	Net healthcare receivables (Lines 2.9A - 2.9B) (direct claims incurred)	LA	-28,305	-166,440	-82,112	0	0	0	-276,857
02.9A	Healthcare receivables current year	LA	246,714	1,026,144	722,603	0	0	0	1,995,461
02.9B	Healthcare receivables prior year	LA	275,019	1,192,584	804,715	0	0	0	2,272,318
03	Fraud and abuse recoveries that reduced PAID claims in Line 2.1 above (informational only)	LA	24,955	86,358	32,031	0	0	0	143,344

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2010 SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3A - 216
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Line	State Code	Improve Health Outcomes	Activities to Prevent Hospital Readmissions	Improve Patient Safety and Reduce Medical Errors	Wellness and Health Promotion Activities	HIT Expenses	Total (Cols. 1 to 5)	Cost Containment Expenses	Other Claims Adjustment Expenses	General Administrative Expenses	Total Expenses (Cols. 6 to 9)
01.1	LA	31,880	1,530	14,981	7,876	0	56,267	199,349	562,910	1,589,154	2,407,680
01.10	LA	36,320	1,530	48,819	23,730	13,072	123,471	707,803	1,998,653	5,642,410	8,802,716
01.11	LA	0	0	0	0	0	0	12,031	0	0	12,031
01.2	LA	442	0	609	12,385	0	13,436	35,329	99,761	281,637	430,163
01.3	LA	0	0	0	0	0	0	5,887	16,623	46,927	69,437
01.4	LA	0	0	0	0	13,072	13,072	39,498	111,531	314,865	478,966
01.5	LA	0	0	0	0	0	0	0	0	0	0
01.6	LA	3,998	0	33,229	3,469	0	40,696	427,740	1,207,828	3,409,827	5,086,091
01.7	LA	36,320	1,530	48,819	23,730	13,072	123,471	707,803	1,998,653	5,642,410	8,472,337
01.8	LA	0	0	0	0	0	0	0	0	0	0

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01.9	Taxes, licenses and fees (in total, for tying purposes) (individual comprehensive coverage expenses)	LA											330,379
02.1	Salaries (including \$0 for affiliated services) (small group comprehensive coverage expenses)	LA	110,324	5,294	51,844	27,256	0	194,718	626,906	1,770,223	4,997,528	7,589,375	
02.10	Total (2.7 to 2.9) (small group comprehensive coverage expenses)	LA	125,687	5,294	168,945	82,120	45,238	427,284	2,466,308	6,964,228	19,660,754	30,486,654	
02.11	Total fraud and abuse detection/recovery expenses included in Column 7 (informational only)	LA	0	0	0	0	0	0	32,716	0	0	32,716	
02.2	Outsourced services (small group comprehensive coverage expenses)	LA	1,529	0	2,107	42,858	0	46,494	104,662	295,540	834,340	1,281,036	
02.3	EDP equipment and software (including \$0 for affiliated services) (small group comprehensive coverage expenses)	LA	0	0	0	0	0	0	16,599	46,871	132,322	195,792	
02.4	Other equipment (excluding EDP) (including \$0 for affiliated services) (small group comprehensive coverage expenses)	LA	0	0	0	0	45,238	45,238	112,083	316,495	893,498	1,367,314	
02.5	Accreditation and certification (including \$0 for affiliated services) (small group comprehensive coverage expenses)	LA	0					0	0	0	0	0	
02.6	Other expenses (including \$0 for affiliated services) (small group comprehensive coverage expenses)	LA	13,834	0	114,994	12,006	0	140,834	1,606,058	4,535,099	12,803,066	19,085,057	
02.7	Subtotal before reimbursements and taxes (2.1 to 2.8)	LA	125,687	5,294	168,945	82,120	45,238	427,284	2,466,308	6,964,228	19,660,754	29,518,574	
02.8	Reimbursements by uninsured plans and fiscal intermediaries (small group comprehensive coverage)	LA	0	0	0	0	0	0	0	0	0	0	

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	expenses)											
02.9	Taxes, licenses and fees (in total, for tying purposes) (small group comprehensive coverage expenses)	LA										968,080
03.1	Salaries (including \$0 for affiliated services (large group comprehensive coverage expenses)	LA	40,927	1,964	19,233	10,111	0	72,235	340,792	962,311	2,716,706	4,092,044
03.10	Total (3.7 to 3.9) (large group comprehensive coverage expenses)	LA	46,626	1,964	62,675	30,464	16,782	158,511	895,174	2,527,746	7,136,096	11,278,386
03.11	Total fraud and abuse detection/recovery expenses included in Column 7 (informational only)	LA	0	0	0	0	0	0	20,514	0	0	20,514
03.2	Outsourced services (large group comprehensive coverage expenses)	LA	567	0	782	15,899	0	17,248	63,888	180,403	509,297	770,836
03.3	EDP equipment and software (including \$0 for affiliated services (large group comprehensive coverage expenses)	LA	0	0	0	0	0	0	10,041	28,354	80,046	118,441
03.4	Other equipment (excluding EDP) (including \$0 for affiliated services (large group comprehensive coverage expenses)	LA	0	0	0	0	16,782	16,782	66,732	188,435	531,972	803,921
03.5	Accreditation and certification (including \$0 for affiliates services (large group comprehensive coverage expenses)	LA	0					0	0	0	0	0
03.6	Other expenses (including \$0 for affiliated services) (large group comprehensive coverage expenses)	LA	5,132	0	42,660	4,454	0	52,246	413,721	1,168,243	3,298,075	4,932,285
03.7	Subtotal before reimbursements and taxes (3.1 to 3.6)	LA	46,626	1,964	62,675	30,464	16,782	158,511	895,174	2,527,746	7,136,096	10,717,527
03.8	Reimbursements by uninsured plans and fiscal intermediaries (large group comprehensive	LA	0	0	0	0	0	0	0	0	0	0

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	coverage expenses)											
03.9	Taxes, licenses and fees (in total, for tying purposes) (large group comprehensive coverage expenses)	LA										560,859

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2010 SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3B - 216
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	Line	State Code	Improve Health Outcomes	Activities to Prevent Hospital Readmissions	Improve Patient Safety and Reduce Medical Errors	Wellness and Health Promotion Activities	Total (Cols. 1 to 4)
01.1	HIT expenses (individual comprehensive coverage expenses)	LA	4,459	176	5,706	2,731	13,072
01.2	Other than HIT expenses (individual comprehensive coverage expenses)	LA	36,320	1,530	48,819	23,730	110,399
02.1	HIT expenses (small group comprehensive coverage expenses)	LA	15,431	609	19,745	9,453	45,238
02.2	Other than HIT expenses (small group comprehensive coverage expenses)	LA	125,687	5,294	168,945	82,120	382,046
03.1	HIT expenses (large group comprehensive coverage expenses)	LA	5,724	226	7,325	3,507	16,782
03.2	Other than HIT expenses (large group comprehensive coverage expenses)	LA	46,626	1,964	62,675	30,464	141,729
04.1	Subtotal HIT expenses (Lines 1.1 + 2.1 + 3.1)	LA	25,614	1,011	32,776	15,691	75,092
04.2	Subtotal other than HIT expenses (Lines 1.2 + 2.2 + 3.2)	LA	208,633	8,788	280,439	136,314	634,174
04.3	Total (Lines 4.1 + 4.2)	LA	234,247	9,799	313,215	152,005	709,266

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