

**Commonwealth of Virginia  
State Corporation Commission, Bureau of Insurance  
Supplementary Statement of Covered and Uncovered Expenses  
Completed by HMOs licensed in Virginia**

**INSTRUCTIONS**

**The statement of covered and uncovered expenses shall not be required for any HMO that reports capital and surplus amount of at least \$4,500,000 on its most recent annual or quarterly financial statement filed with the Commission pursuant to §38.2-4307.1 C of the Code of Virginia.**

This form is used to determine the minimum net worth requirement in accordance with §38.2-4302 A 3 f. A licensed Health Maintenance Organization shall have and maintain at all times the minimum capital and surplus of an amount at least equal to the sum of uncovered expenses, but not less than \$600,000, up to a maximum of \$4 million: uncovered expenses shall be amounts determined from the most recently ended calendar-year quarter.

The statement of covered and uncovered expenses shall be filed with each annual and quarterly statement. The statement should report expenses of the HMO during the three months comprising the most recently ended calendar-year quarter. The expenses should report total expenses, not just expenses allocated to Virginia business.

As defined in 14VAC5-211-30 B, an expense is considered a covered health care expense if it is an expense that is owned or paid to a health care provider under contract with a HMO and the contract between the HMO and the health care provider contains the hold harmless clause required by §38.2-5805 C 9 of the Code of Virginia and the expense falls within the scope of the hold harmless clause.

Pursuant to 14VAC5-211-30 E, each expense that is not covered under this section shall be considered an uncovered expense.

Medical expenses should be reported after any adjustments for reinsurance recoveries.

Administrative Services Only (“ASO”) Revenue that exceeds ASO expenses and are included in general administration expenses should be adjusted for on line (14). Therefore, uncovered expenses cannot be reduced by revenue generated on ASO business.

R14 (09/16)

**COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION, BUREAU OF INSURANCE**

**SUPPLEMENTARY STATEMENT  
COVERED AND UNCOVERED EXPENSES  
FOR THE QUARTER ENDING \_\_\_\_\_  
FOR \_\_\_\_\_**

(NAME OF HMO)

**NAIC CO. CODE \_\_\_\_\_ GROUP CODE \_\_\_\_\_**

EXPENSES	COVERED	UNCOVERED	TOTAL
<u>HOSPITAL AND MEDICAL</u>			
(1) HOSPITAL/MEDICAL BENEFITS			
(2) OTHER PROFESSIONAL SERVICES			
(3) OUTSIDE REFERRALS			
(4) EMERGENCY ROOM AND OUT-OF-AREA			
(5) PRESCRIPTION DRUGS			
(6) AGGREGATE WRITE-INS FOR OTHER HOSPITAL AND MEDICAL			
(7) INCENTIVE POOL AND WITHHOLD ADJUSTMENTS			
(8) TOTAL MEDICAL AND HOSPITAL			
(9) NON-HEALTH CLAIMS			
(10) CLAIMS ADJUSTMENT EXPENSES			
(11) GENERAL ADMINISTRATIVE EXPENSES			
(12) INCREASE IN RESERVES FOR ACCIDENT AND HEALTH CONTRACTS			
(13) TOTAL EXPENSES INCURRED (ITEMS 8+9+10+11+12)			
(14) ADD BACK ASO REVENUE THAT EXCEEDS ASO EXPENSES INCLUDED ON LINE (11)			
(15) NET EXPENSES (ITEMS 13+14)			