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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013 , 2013, and ending 12-31-2013

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
SCAN HEALTH PLAN

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
3800 KILROY AIRPORT WAY
Suite 100

City or town, state or province, country, and ZIP or foreign postal code
LONG BEACH, CA 90806

D Employer identification number
95-3858259

E Telephone number
(562) 989-5100

G Gross receipts $ 2,366,981,412

F Name and address of principal officer
CHRISTOPHER WING
3800 Kilroy Way ste 100
Long Beach, CA 90806

H(a) Is this a group return for subordinates? ☐ Yes ☑ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW SCANHEALTHPLAN COM

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1983

M State of legal domicile CA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
OUR MISSION IS TO FIND WAYS TO ENHANCE SENIORS' ABILITY TO MANAGE THEIR HEALTH AND INDEPENDENCE

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	11
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	906
6	Total number of volunteers (estimate if necessary)	**6**	2,850
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	3,705,569	3,635,285
9	Program service revenue (Part VIII, line 2g)	1,682,067,393	1,862,239,432
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	48,887,048	49,206,792
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	0
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,734,660,010	1,915,081,509
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	340,575	310,677
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	65,564,154	71,330,277
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	1,607,489,703	1,797,106,008
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	1,673,394,432	1,868,746,962
19	Revenue less expenses Subtract line 18 from line 12	61,265,578	46,334,547

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	721,721,783	647,648,097
21	Total liabilities (Part X, line 26)	223,215,900	186,176,330
22	Net assets or fund balances Subtract line 21 from line 20	498,505,883	461,471,767

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

****** | 2014-11-01
Signature of officer | Date

CHRISTOPHER WING CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
WALTER H HICK JR				P01070437

Firm's name ▶ BDO USA LLP | Firm's EIN ▶

Firm's address ▶ 3200 BRISTOL ST 4TH FLOOR
COSTA MESA, CA 92626 | Phone no (562) 989-5218

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III . . . . . ☑

1 Briefly describe the organization's mission

OUR MISSION IS TO FIND WAYS TO ENHANCE SENIORS ABILITY TO MANAGE THEIR HEALTH AND INDEPENDENCE

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 1,689,196,050 including grants of $ 31,934) (Revenue $ 1,862,239,427)

Flexibility in the use of community resources to help seniors stay healthy and independent at home Many of the SCAN members are also receiving "Independent Living Power" services or other home and community-based services These are personal care services that are above and beyond typical Medicare health care benefits and available to SCAN members who, typically, might otherwise be living in a skilled nursing facility These personal care services include items such as light housekeeping, home delivered meals, caregiver relief, and transportation escorts

4b (Code) (Expenses $ 6,828,397 including grants of $) (Revenue $)

INDEPENDENCE AT HOME (IAH) INDEPENDENCE AT HOME (IAH) IS THE HOME AND COMMUNITY-BASED SERVICES DIVISION OF SCAN HEALTH PLAN SCAN RECOGNIZES THE MULTIPLE UNMET NEEDS OF THE FRAIL AND ECONOMICALLY DISADVANTAGED MEMBERS OF THE COMMUNITY AND THE FAMILY MEMBERS THAT CARE FOR THEM, AND ADMINISTRATIVELY AND FINANCIALLY SUPPORTS IAH IN HELPING TO MEET THESE NEEDS SCAN CONTINUES TO STRENGTHEN AND EXPAND IAH THROUGH DEVELOPING NEW PROGRAMS AND INCREASING CARE MANAGEMENT SERVICES TO INDIVIDUALS NOT ENROLLED IN THE SCAN MEDICARE ADVANTAGE HEALTH PLAN

4c (Code) (Expenses $ 1,345,830 including grants of $ 278,743) (Revenue $)

SCAN HEALTH PLAN COMMUNITY GIVING PROGRAM THE SCAN HEALTH PLAN COMMUNITY GIVING PROGRAM IS FOCUSED ON MEETING BASIC NEEDS SUCH AS NUTRITION, SHELTER, HEALTH AND SOCIALIZATION, AND ON ENHANCING AN INDIVIDUALS ABILITY TO REMAIN INDEPENDENT IN THEIR OWN COMMUNITY THIS IS ACCOMPLISHED THROUGH ONE-TIME OPERATING GRANTS THE SCAN COMMUNITY OUTREACH GOVERNANCE COMMITTEE IDENTIFIES ORGANIZATIONS WHOSE WORK FITS WELL WITH THE PROGRAM PRIORITIES AS A RESULT OF THIS APPROACH, THE MAJORITY OF GRANTEES ARE IDENTIFIED AND CONTACTED BY OUR STAFF

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 1,697,370,277

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a		No
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**	Yes	
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	4,135		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	906		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

Part VI **Governance, Management, and Disclosure** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response or note to any line in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	11		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

Section B. Policies (*This Section B requests information about policies not required by the Internal Revenue Code.*)

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	**12a**	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12b**	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	**12c**	Yes	
13	Did the organization have a written whistleblower policy?	**13**	Yes	
14	Did the organization have a written document retention and destruction policy?	**14**	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	**15a**	Yes	
b	Other officers or key employees of the organization	**15b**	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**		

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ CA

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶ VIRGINIA HAVAI 3800 KILROY AIRPORT WAY SUITE 100
LONG BEACH, CA 908065616 (562) 989-8300

Part VII Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII . . . . . ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Ryan Trimble Chairperson	6 8 4	X						136,200		
(2) Colleen Cain Secretary	5 7 6	X						123,000		
(3) Leo Estrada Director	3 2 5	X						46,667		
(4) Thomas Higgins Director	4 6 7	X						105,000		
(5) Andrew Allocco Director	7 5 4	X						88,000		
(6) Kim Hunter Director	6 5 0	X						70,000		
(7) Patrick Seaver Director	6 6 6	X						114,000		
(8) Thomas McDaniel Director	4 4 1	X						70,000		
(9) Michael Noel Director	6 7 0	X						106,200		
(10) Francesca Ruiz De Luzuriaga Director	6 5 7	X						82,000		
(11) Christopher Wing President/CEO	17 0 23 0	X		X				1,024,500		606,581
(12) William Roth COO	20 0 20 0			X				637,149		279,773
(13) Walter Stone CFO	18 0 22 0			X				510,313		249,595
(14) Nancy Monk Chief Risk Officer	18 0 22 0			X				411,753		157,608
(15) Catherine Batteer SVP All Markets	10 0 30 0			X				417,932		161,425
(16) Douglas Jaques General Counsel	17 0 23 0				X				473,641	180,929
(17) Gilbert Miller SVP National Sales	18 0 22 0				X			443,140		136,712

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Sherry Stanislaw SVP GM So Cal Market	20 0 20 0				X			426,691		158,925
(19) Peter Begans SVP Public & Government Affair	20 0 20 0				X				411,382	204,884
(20) Eve Gelb SVP Healthcare Services	20 0 20 0				X			280,368		131,839
(21) Timothy Schwab Outgoing Chief Med & Vision Of	20 0 20 0				X			860,825		13,941
(22) Merlin Swackhamer Outgoing Chief Information Off	17 0 23 0				X				568,226	130,204
(23) Russell Brower Corporate Medical Director	40 0					X		364,293		121,753
(24) Bevann Moreland VP Claims	35 0 5 0					X		359,903		93,047
(25) Raymond Chan Medical Director So Cal	40 0					X		343,453		111,449
(26) Romilla Batra Corporate Medical Director SG	40 0					X		335,765		111,369
(27) Sharonjit Bakshi VP Pharmacy	38 0 2 0					X		319,363		107,818
(28) Elizabeth Russell President, Southwest Region	0 0 0 0						X		233,860	0
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								7,676,515	1,687,109	2,957,852

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 122

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**	Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
EXPRESS SCRIPTS, 21653 NETWORK PLACE CHICAGO IL 60673	MEDICAL SERVICES	242,705,514
Heritage Provider Network, 777A FLOWER ST GLENDALE CA 91201	MEDICAL SERVICES	206,002,588
Healthcare Partners Associates, 19191 S VERMONT SUITE 200 TORRANCE CA 90502	MEDICAL SERVICES	136,571,350
HEALTHCARE PARTNERS, 19191 S VERMONT SUITE 200 TORRANCE CA 90502	MEDICAL SERVICES	102,654,544
PRIMECARE MEDICAL NETWORK, 3281 E Guasti Rd 7th Floor ONTARIO CA 91761	MEDICAL SERVICES	102,575,555

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 437

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d				
	e	Government grants (contributions)	1e	3,632,705			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	2,580			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		3,635,285			
Program Service Revenue			Business Code				
	2a	MEDICARE PREMIUMS	900099	1,824,518,144	1,824,518,144		
	b	MEDI-CAL PREMIUMS	900099	37,721,288	37,721,288		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		1,862,239,432			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		11,114,175			11,114,175
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . . ▶		0			
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)	0	0			
	d	Net rental income or (loss) . . . . . ▶		0			
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	489,984,620	7,900			
	b	Less cost or other basis and sales expenses	451,899,835	68			
	c	Gain or (loss)	38,084,785	7,832			
	d	Net gain or (loss) . . . . . ▶			38,092,617		38,092,617
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶			0		
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶			0		
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶			0		
		Miscellaneous Revenue		Business Code			
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶			0		
	12	**Total revenue.** See Instructions . . . . . ▶			1,915,081,509	1,862,239,432	49,206,792

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

Check if Schedule O contains a response or note to any line in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	310,677	310,677		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	6,909,073		6,909,073	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	43,165,714	12,694,215	30,471,499	
7 Other salaries and wages	5,425,287	37,708	5,387,579	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	4,114,122	788,340	3,325,782	
9 Other employee benefits	7,607,460	1,401,490	6,205,970	
10 Payroll taxes	4,108,621	1,029,173	3,079,448	
11 Fees for services (non-employees)				
a Management	485,180	11,400	473,780	
b Legal	20,397		20,397	
c Accounting	190,658	34,000	156,658	
d Lobbying	634,949		634,949	
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	1,390,178		1,390,178	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	1,706,057,511	1,677,640,078	28,417,433	0
12 Advertising and promotion	15,296,705	118,313	15,178,392	
13 Office expenses	3,022,103	273,793	2,748,310	
14 Information technology	319,160	26,697	292,463	
15 Royalties . .	0			
16 Occupancy	238,856	195,972	42,884	
17 Travel	1,341,155	181,544	1,159,611	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	96,235	4,401	91,834	
20 Interest	0			
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	8,159,101	1,316,777	6,842,324	
23 Insurance	0			
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a ALLOCATIONS TO/FROM AFFILIATES	46,806,333	1,269,282	45,537,051	
b BROKER COMMISSIONS	10,865,152		10,865,152	
c ALL OTHER	2,182,335	36,417	2,145,918	
d				
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	1,868,746,962	1,697,370,277	171,376,685	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X . . . . . ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		-32,537,606	1	-9,441,824
	2	Savings and temporary cash investments		92,921,880	2	87,493,057
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		59,545,638	4	58,321,946
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	31,792,000
	8	Inventories for sale or use		0	8	0
	9	Prepaid expenses and deferred charges		3,823,710	9	6,409,471
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 44,207,386			
	b	Less accumulated depreciation	10b 29,884,995	17,833,907	10c	14,322,391
	11	Investments—publicly traded securities		95,600,831	11	51,726,742
	12	Investments—other securities See Part IV, line 11		443,782,069	12	406,724,314
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		1,225,000	14	0
	15	Other assets See Part IV, line 11		39,526,354	15	300,000
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		721,721,783	16	647,648,097
Liabilities	17	Accounts payable and accrued expenses		213,796,187	17	181,708,215
	18	Grants payable		8,379	18	90,870
	19	Deferred revenue		2,122,474	19	608,069
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		7,288,860	25	3,769,176
	26	**Total liabilities.** Add lines 17 through 25		223,215,900	26	186,176,330
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		498,505,883	27	461,471,767
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		498,505,883	33	461,471,767
	34	Total liabilities and net assets/fund balances		721,721,783	34	647,648,097

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,915,081,509
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,868,746,962
3	Revenue less expenses Subtract line 2 from line 1	3	46,334,547
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	498,505,883
5	Net unrealized gains (losses) on investments	5	-8,368,663
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-75,000,000
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	461,471,767

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☑ Both consolidated and separate basis			
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SCAN HEALTH PLAN

Employer identification number
95-3858259

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☑ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? **11g(i)**		
(ii) A family member of a person described in (i) above? **11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	**(ii)** EIN	**(iii)** Type of organization (described on lines 1- 9 above or IRC section **(see instructions))**	**(iv)** Is the organization in col **(i)** listed in your governing document?		**(v)** Did you notify the organization in col **(i)** of your support?		**(vi)** Is the organization in col **(i)** organized in the U S ?		**(vii)** Amount of monetary support
			Yes	**No**	**Yes**	**No**	**Yes**	**No**	
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")	3,980,819	3,871,403	3,830,105	3,705,569	3,635,285	19,023,181
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	1,588,944,407	1,629,939,148	1,634,965,549	1,682,067,393	1,862,239,431	8,398,155,928
3 Gross receipts from activities that are not an unrelated trade or business under section 513						0
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0
5 The value of services or facilities furnished by a governmental unit to the organization without charge						0
6 **Total.** Add lines 1 through 5	1,592,925,226	1,633,810,551	1,638,795,654	1,685,772,962	1,865,874,716	8,417,179,109
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						0
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						0
c Add lines 7a and 7b						0
8 **Public support** (Subtract line 7c from line 6)						8,417,179,109

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6	1,592,925,226	1,633,810,551	1,638,795,654	1,685,772,962	1,865,874,716	8,417,179,109
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	23,271,203	27,286,098	2,795,274	14,221,474	11,114,175	78,688,224
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						0
c Add lines 10a and 10b	23,271,203	27,286,098	2,795,274	14,221,474	11,114,175	78,688,224
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						0
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						0
13 **Total support.** (Add lines 9, 10c, 11, and 12)	1,616,196,429	1,661,096,649	1,641,590,928	1,699,994,436	1,876,988,891	8,495,867,333

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	99 074 %
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	98 840 %

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	0 926 %
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	1 160 %

19a **33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☑

b **33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

Part IV **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test		
Return Reference	Explanation	

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

If the organization answered "Yes" to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes" to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes" to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization	Employer identification number
SCAN HEALTH PLAN	95-3858259

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ▶ ☑ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ▶ ☑ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☑ Yes ☐ No

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?	Yes		8,497
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		567,382
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		58,882
j	Total Add lines 1c through 1i			634,761
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carry over lobbying and political expenditures from the prior year?	3		

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

Return Reference	Explanation
Form 990, Schedule C, Part II-B	LOBBYING ACTIVITIES TRADE DUES

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SCAN HEALTH PLAN

Employer identification number
95-3858259

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII . . . . . ☐

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

The percentages in lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements		18,596,157	12,915,959	5,680,198
d Equipment		25,498,187	16,969,036	8,529,151
e Other		113,040		113,040
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				14,322,389

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) OBLIGATIONS	64,905,554	F
(B) CORPORATE BONDS	57,470,116	F
(C) INTL EQUITY SECURITIES	5,208,653	F
(D) ASSET-BACKED SECURITIES	73,886,595	F
(E) MORTGAGE-BACKED SECURITIES	75,248,884	F
(F) MUTUAL FUNDS	119,008,194	F
(G) COMMINGLED FUNDS	10,996,318	F
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	406,724,314	

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶		

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	0
DEFERRED COMPENSATION LIABILITIES	3,769,176
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	3,769,176

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☑

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	1,905,322,675
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-8,368,656		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	-8,368,656
3	Subtract line **2e** from line **1**			3	1,913,691,331
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	1,390,178		
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	1,390,178
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	1,915,081,509

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements			1	1,867,356,784
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	1,867,356,784
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	1,390,178		
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	1,390,178
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	1,868,746,962

Part XIII Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

Return Reference	Explanation
PART X, FIN 48 FOOTNOTE TO FINANCIAL STATEMENTS	Under FASB ASC 740,Income taxes,the Company is required to recognize a liability for each uncertain tax position at the amount estimated to be required to settle the issues As of December 31, 2013 and 2012, there were no liabilities recorded for uncertain tax positions

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.

▶ **Attach to Form 990**

▶ **Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SCAN HEALTH PLAN

Employer identification number
95-3858259

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 31

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
Part I, Line 2	SCAN has a community giving committee, ("CGC"), which is a nine member committee representative of all levels of management and is chaired by the Vice-President of SCAN's independence at home division The CGC meets on a bimonthly basis to evaluate, select and decide the amount to be awarded to grantee organizations It bases its decision to award money on the infrastructure of the grantee organization, its perceived ability to effectively and efficiently impact the lives of seniors and ability to continue a sustainable relationship Prior to the selection of prospective grantee organizations by CGC, such organizations are subjected to a vetting process and measured against the following criteria 1) Align with SCAN Mission, 2) Serve residents in SCAN Health Plan California service areas, 3) Must be verified nonprofit with tax exempt status and 4) must be in existence for at least 2 years In 2011, SCAN Health Plan agreed to make a $2,000,000 grant to Healthcare Partners Institute which addresses the health needs of California's seniors that allows them to remain healthy and independent, at home The grants awarded as part of this commitment were distributed as follows $800,000 in 2012, $600,000 in 2013 and $600,000 in 2014 In 2011 an accrual for the $2,000,000 was included in Schedule I and in 2013, $600,000 was paid against the accrual In 2011, SCAN Health Plan agreed to make an additional $4,000,000 in community grants which address the health needs of California's seniors that allow them to remain healthy and independent, at home The grants awarded as part of this commitment were distributed by December 31, 2013 Amounts awarded to specific organizations during 2013 that were unknown at the time of the commitment and accrual are included in Schedule I

Additional Data

Software ID:
Software Version:
EIN: 95-3858259
Name: SCAN HEALTH PLAN

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Healthcare Partners Institute 19191 S Vermont Ave Torrance, CA 90502	95-4591816	501(c)(3)	300,000				Applied Research & Educ, commitment and continued

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Univ of Southern California 3434 S Grand Ave 130-11 Los Angeles,CA 90089	95-1642394	501(c)(3)	300,000				Applied Research & Educ, commitment and continued

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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City of Oakland 150 Frank H Ogawa Plaza Ste 4340 Oakland, CA 94612	94-6000384	government	100,000				Emergency Assistance Funds

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Alliance for Leadership and Education 1107 Ninth Street Suite 701 Sacramento,CA 95814	94-2506624	501(c)(3)	2,000,000				Community Health Home Project, commitment and cont

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Conejo Valley Senior Concerns 401 Hodencamp Rd Thousand Oaks, CA 91360	95-2992927	501(c)(3)	12,500				Nutrition assistance to funds

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
St Barnabas Senior Center of Los Angeles 675 S Carondelet St Los Angeles, CA 90057	95-1641435	501(c)(3)	25,000				Nutrition assistance to seniors

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
South County Senior Services 24300 El Toro Rd Bldg A 2000 Laguna Woods,CA 92637	93-1163563	501(c)(3)	25,000				Emergency Assistance Funds

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Rehabilitation Services of Northern California 490 Golf Club Rd Suite 90 Pleasant Hill, CA 94523	94-2822559	501(c)(3)	25,000				Emergency Assistance Funds

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Family Service Association of Western Riverside Co 21250 Box Springs Rd Suite 215 Moreno Valley,CA 92557	95-1803694	501(c)(3)	25,000				Senior Nutrition Programs

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
City of Ventura 501 Poli St Ventura, CA 93001	95-6000807	government	12,500				Nutrition assistance to seniors

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Meals on Wheels of San Francisco Inc 1375 Fairfax Ave San Francisco, CA 94124	94-1741155	501(c)(3)	50,000				Emergency Assistance Funds, Senior Nutrition, comm

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Second Harvest Food Bank of Orange County Inc 1814 Marin Way Irvine,CA 92618	32-0362611	501(c)(3)	25,000				Senior nutrition assistance

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Meals on Wheels and Senior Outreach Services 1300 Civic Dr Walnut Creek, CA 94596	68-0044205	501(c)(3)	25,000				Senior nutrition assistance and emergency assistan

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Mexican American Opportunity Foundation 401 N Garfield Ave Montebello, CA 90640	95-2594166	501(c)(3)	50,000				Senior nutrition assistance and emergency assistan

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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Project Access Inc 3900 Birch St Suite 113 Newport Beach, CA 92660	33-0834635	501(c)(3)	50,000				Senior emergency assistance funds

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Smiles for Senior Foundation 34910 Avenue C Yucaipa,CA 92399	26-0373602	501(c)(3)	25,000				Senior emergency assistance funds

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Senior Community Centers of San Diego 525 14th St Suite 200 San Diego, CA 92101	95-2850121	501(c)(3)	50,000				Senior nutrition assistance and emergency assistan

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Project Angel Food 922 Vine Street Los Angeles, CA 90038	95-4115863	501(c)(3)	10,000				Daily home-delivered meal program serving seniors

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Harvesters Group 28247 Mariners Way Manifee, CA 92584	32-0068318	501(c)(3)	10,000				To feed 350 seniors who would go hungry without

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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Seal Beach 510K Run Non-Profit Corp 1077 Pacific Coast Hwy Seal Beach, CA 90740	91-2009870	501(c)(3)	9,500				Run Seal Beach race event sponsorship

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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California Foundation on Aging 73 Colgate Drive Rancho Mirage, CA 92270	77-0187875	501(c)(3)	6,700				$1,700 for Sponsorship to the California Senior Le

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Meals on Wheels West 1823 Michigan Ave Suite A Santa Monica, CA 90404	95-4613280	501(c)(3)	12,000				Support of home-delivered meal program

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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Senior Gleaners Inc 1951 Bell Ave Sacramento, CA 95838	51-0183481	501(c)(3)	15,000				Commitment to the senior population and continued

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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San Francisco Food Bank 900 Pennsylvania Ave San Francisco, CA 94107	94-3041517	501(c)(3)	10,000				Brown Bag Pantry senior nutrition program

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Project Angel Food 922 Vine St Los Angeles,CA 90038	95-4115863	501(c)(3)	10,000				Nutrition program for Seniors in Los Angeles Count

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Jewish Federation & Family Services Orange County 1 Federation Way Suite 210 Irvine,CA 92603	95-2407026	501(c)(3)	10,000				Commitment to the senior population and continued

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
The Food Bank of Sothern California 1444 San Francisco Ave Long Beach, CA 90813	95-3557056	501(c)(3)	10,000				Brown Bag Network Program for seniors in Los Angel

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Marin Senior Coordinating Council Inc 930 Tamalpais Ave San Rafael, CA 94901	94-1422463	501(c)(3)	20,000				Meals on Wheels Program in Marin County

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Human Services Association 6800 Florence Avenue Bell, CA 90201	95-1816054	501(c)(3)	15,000				Emergency Assistance Funds

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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Food Share Inc 4156 Southbank Rd Oxnard, CA 93036	77-0018162	501(c)(3)	10,000				Brown Bag Network Program for seniors

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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Jewish Federation of Greater Long Beach & West Ora 3801 E Willow St Long Beach, CA 90815	95-1647830	501(c)(3)	18,000				Senior lunch program

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SCAN HEALTH PLAN

Employer identification number
95-3858259

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☑ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☑ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☑ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☑ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**	Yes	
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

(A) Name and Title	**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported as deferred in prior Form 990
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

Return Reference	Explanation
Part I, Line 4A	During 2013 the employment relationship of the following employee of SCAN Group and SCAN Health Plan ended In connection with his termination of their respective employment, SCAN Group negotiated and paid severance to the employee The severance payment was in accordance with the terms of highly compensated employees' then existing employment agreement Matthew Shifflett, VP Strategic Analytics - Highly compensated employee - SCAN Group, $202,292
Part I 4B	The Company provides a supplemental non-qualified retirement plan, only senior executives of the company, officers and senior vice presidents are eligible to participate in the section 457(F) plan The following individuals participated in the company's section 457(F) plan during the year 2013 Christopher Wing, Walter R Stone, Peter Begans, Timothy Schwab, Douglas Jaques, Sherry Stanislaw, Merlin Swackhamer, Catherine Bateer, Nancy J Monk, William H Roth, Gilbert J Miller, Moon Kwan-Leung and Elizabeth Russell Pursuant to the terms and conditions of the Section 457(F) Plan, a participant becomes 100% vested in the employer contribution upon the occurrence of any of the following while the participant is an employee 1) The participant has ten year of continuous employment, counting only service after December 31, 2005 2) The participant reaches the age of 62 and has five years of continuous employment, 3) The participant's involuntary termination, 4) The participant's disability, or 5) The participant's death There was one individual who received distributions from the Section 457(F) plan during the year (1) Elizabeth Russell - $216,360
Part 1 4C	The following individual participated in SCAN Health Plan's Keysop Plan during the taxable year Timothy Schwab The plan has been frozen since May 2002 and no employees are being newly added as participants There was one individual who received distributions from the Keysop plan during the year (1) Timothy Schwab - $284,578
Part 1a	Significant others of certain SCAN Group, SCAN Health Plan and SCAN Arizona executives attended a Company business event in 2013, at the Companys request, for the business purpose of informing our distribution partners about the Company's upcoming AEP and soliciting tactical input on how to best position SCAN for sales success Since the Company requested that the SCAN significant others attend for the purpose of achieving a Company business objective, the Company reimbursed the travel expenses of those companions Additionally, members of the Board of Directors of SCAN Group, SCAN Health Plan, and SCAN Health Plan Arizona, and their companions,attended an offsite board meeting in 2013 which was paid for by SCAN Health Plan SCAN HEALTH PLAN ALSO APPROVED AND PAID FOR FIRST CLASS TRAVEL FOR CHRIS WING ON TWO OCCASIONS

Additional Data

Software ID:
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Name: SCAN HEALTH PLAN

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Christopher Wing President/CEO	(I) (II)	596,228	407,160	21,112	582,294	24,287	1,631,081	
William Roth COO	(I) (II)	439,156	177,128	20,865	277,273	2,500	916,922	
Walter Stone CFO	(I) (II)	379,038	108,244	23,031	198,733	50,862	759,908	
Nancy Monk Chief Risk Officer	(I) (II)	284,032	108,755	18,966	138,201	19,407	569,361	
Catherine Batteer SVP All Markets	(I) (II)	303,942	92,832	21,158	161,425		579,357	
Douglas Jaques General Counsel	(I) (II)	315,305	96,531	61,805	127,877	53,052	654,570	
Gilbert Miller SVP National Sales	(I) (II)	305,102	99,958	38,080	136,531	181	579,852	
Sherry Stanislaw SVP GM So Cal Market	(I) (II)	290,913	85,561	50,217	145,837	13,088	585,616	
Peter Begans SVP Public & Government Affair	(I) (II)	299,776	89,532	22,074	154,985	49,899	616,266	
Eve Gelb SVP Healthcare Services	(I) (II)	220,126	42,002	18,240	104,202	27,637	412,207	
Timothy Schwab Outgoing Chief Med & Vision Of	(I) (II)	293,871	151,846	415,108	13,941		874,766	
Merlin Swackhamer Outgoing Chief Information Off	(I) (II)	373,533	99,280	95,413	130,204		698,430	
Russell Brower Corporate Medical Director	(I) (II)	272,557	53,925	37,811	99,373	22,380	486,046	
Bevann Moreland VP Claims	(I) (II)	248,422	49,243	62,238	91,433	1,614	452,950	
Raymond Chan Medical Director So Cal	(I) (II)	273,800	51,667	17,986	90,988	20,461	454,902	
Romilla Batra Corporate Medical Director SG	(I) (II)	269,883	48,206	17,676	87,004	24,365	447,134	
Sharonjit Bakshi VP Pharmacy	(I) (II)	242,310	47,614	29,439	85,129	22,689	427,181	
Elizabeth Russell President, Southwest Region	(I) (II)	0	0	233,860	0	0	233,860	216,360

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SCAN HEALTH PLAN

Employer identification number
95-3858259

Return Reference	Explanation
FORM 990, PART III, LINE 4A	Flexibility in the use of community resources to help seniors stay healthy and independent at home Many of the SCAN members are receiving "Independent Living Power" services or other home and community-based services These are personal care services that are above and beyond typical Medicare health care benefits and available to SCAN members who, typically, might otherwise be living in a skilled nursing facility These personal care services include items such as light housekeeping, home delivered meals, caregiver relief, and transportation escorts

Return Reference	Explanation
FORM 990, PART III, LINE 4B	Independence at Home (IAH) provides culturally and economically diverse seniors and disabled adults with personalized home and community-based services Services are designed to assist clients in maintaining their well-being, dignity and independence at home The vision of these services is to Be the community resource of choice for innovative care management All services provides seniors and disabled adults with easy access to community-based services that would enable them to remain healthy and living in the community instead of in nursing homes or other institutionalized settings This is a service provided to the community at large Today IAH has separate programs in place to meet the special needs of the senior and disabled adult community - Multipurpose Senior Services Program (MSSP) - Supportive Services Program (SSP) - Family Caregiver Program (FCSP) - Los Angeles County's Linkage Program - Innerlinks Advantage (IA) - Volunteer Action for Aging (VAA) - California Community Transitions (CTT) For the year ended December 31, 2013, the Independence At Home program incurred $6,828,397 in program expense and received $3,635,285 in grants

Return Reference	Explanation
FORM 990, PART VI, LINE 11B	The Form 990 is prepared by BDO USA, LLP working in conjunction with SCAN's finance department SCAN Health Plan's Director of Accounting has direct responsibility for this effort, subject to supervision by the SCAN Health Plan Controller After an initial draft of the Form 990 is prepared, it is circulated for review and comment by relevant members of the executive team who have responsibility and/or knowledge about the various matters disclosed and/or described in the Form The General Counsel, in particular, reviews the Form 990 and ensures accuracy of descriptions and that disclosure is complete The draft Form 990 is reviewed by the Audit and Compliance Committee in addition to the compensation committee of the Board of Directors of SCAN Group, and is shared with all members of the Board of Directors after it is ready for filing but before it is filed

Return Reference	Explanation
FORM 990, PART VI, LINE 12C	SCAN Health Plan regularly and consistently monitors and enforces compliance with its conflict of interest policy through annual circulation of a conflict of interest questionnaire which is required to be answered by all members of the Board of Directors, officers and members of executive management In addition, there is regular education and enforcement through oversight of such policy and the SCAN Health Plan Gift and Business Courtesies Policy with respect to each department by members of the senior executive team with responsibility for such department The Legal Department of SCAN Group reviews all contractual relationships entered into by the organization and the General Counsel of SCAN Health Plan is responsible for monitoring conflicts of interest through the annual circulation and review of the conflict of interest questionnaire Accordingly, the Legal Department of SCAN Group through the General Counsel is in a position to monitor and enforce compliance with the policy on an ongoing basis

Return Reference	Explanation
FORM 990, PART VI, LINE 15A & B	15a The process for determining the compensation of the Chief Executive Officer of SCAN Health Plan is conducted by the Compensation Committee of the Board of Directors of SCAN Group, all of the voting members of which are independent persons In determining the Chief Executive Officer's compensation, the Compensation Committee works with and relies upon the counsel and expertise of Ernst & Young, a consultant with well-established experience and expertise in the area of nonprofit organization executive compensation and compliance with the intermediate sanctions requirements applicable to such compensation Ernst & Young provides an "Executive Compensation Report" to the Compensation Committee each year which furnishes the basis for the establishment of the Chief Executive Officer's compensation package during the following year The Ernst & Young Executive Compensation Report is based on a review of the executive compensation practices of a variety of organizations that are considered comparable to SCAN Health Plan based on various metrics The Compensation Committee deliberates on the issue of the Chief Executive Officer's compensation package in light of the Ernst & Young Executive Compensation Report and questions are asked of, and answered by Ernst & Young, regarding such report and other matters relevant to such package Based on such deliberations, the Compensation Committee makes a recommendation to the Board of Directors of SCAN Group regarding the compensation package for the following year The full Board of Directors of SCAN Group deliberates on and then votes on such recommendation, the Chief Executive Officer is recused for the entirety of such deliberations and vote The minutes of the Compensation Committee and the Board of Directors for these meetings are prepared substantially contemporaneously and substantiate such deliberations and decisions 15b The process for determining the compensation of officers or other key employees of SCAN Health Plan is conducted by the Human Resources Department and Chief Executive Officer of SCAN Health Plan, and the Compensation Committee of the Board of Directors of SCAN Group, all of the voting members of such committee are independent persons In determining such employees' compensation, the Human Resources Department and Compensation Committee works with and relies upon the counsel and expertise of Ernst & Young, a consultant with well-established experience and expertise in the area of nonprofit organization executive compensation and compliance with the intermediate sanctions requirements applicable to such compensation Ernst & Young provides an "Executive Compensation Report" to the Human Resources Department and Compensation Committee each year which furnishes the basis for the establishment of such employees' compensation package during the following year The Ernst & Young Executive Compensation Report is based on a review of the executive compensation practices of a variety of organizations that are considered comparable to SCAN Health Plan based on various metrics The Chief Executive Officer makes a recommendation to the Compensation Committee with respect to each of such employees' compensation package in light of the Ernst & Young Executive Compensation Report At the Compensation Committee meeting addressing such matters, questions are asked of, and answered by Ernst & Young, regarding such report and other matters relevant to such package Based on such deliberations, the Compensation Committee makes a decision regarding the compensation package for such employees for the following year The minutes of the Compensation Committee for this meeting are prepared substantially contemporaneously and substantiate such deliberations and decisions

Return Reference	Explanation
FORM 990, PART VI, LINE 19, Governance	SCAN Health Plan's governing documents and conflict of interest policy are not made available to the public SCAN Health Plan's audited financial statements are available to the Department of Managed Health Care's website and tax returns are available on request

Return Reference	Explanation
Form 990, Part XI, Line 9, Change in net assets	Fund Balance Transfer out to SCAN Group -75,000,000 Total To Form 990, Part XI, Line 9 - 75,000,000

Return Reference	Explanation	
	FORM 990, PART III, LINE 4C	SCAN Health Plan Community Giving Program The SCAN Health Plan Community Giving Program i s focused on meeting basic needs such as nutrition, shelter, health and socialization, and on enhancing an individual's ability to remain independent in their own community This i s accomplished through one-time operating grants The SCAN Community Giving Committee iden tifies organizations w hose w ork fits w ell w ith the program priorities As a result of this approach, the majority of grantees are identified and contacted by our staff Policies an d Procedures a Identification and vetting of potential program grantee - Director, Commu nity Outreach collaborates w ith various SCAN Health Plan Departments (Sales, Health Care S ervices, Independence at Home, etc) and reputable agencies to identify prospective grante e organizations The prospective grantees are subjected to the Community Giving (CG) vetti ng process and measured against the follow ing criteria 1) Alignment w ith the SCAN Health Plan mission 2) must be a verified nonprofit or governmental agency w ith tax-exempt status and 3) organization must be at least tw o years old Successful candidates are added to th e larger SCAN Health Plan grantee pool b Short listing potential grantee - Director, Com munity Outreach and Manager, Community Outreach and Giving, use various methods, i e outb ound calls, internet research, and industry ratings to filter the potential grantee pool i nto a shortlist c Evaluation and selecting of grantees by the Community Giving Committee (CGC) - The CGC is a nine-member committee representative of all levels of management and is chaired by the Vice-President of SCAN's Independence at Home Division The CGC meets o n a quarterly basis and its role is tw ofold, 1) it evaluates, selects and decides the amou nt to be aw arded to the grantee organizations, and 2) steers the CG program The CGC bases its decision to aw ard money on the infrastructure of the grantee organization, and its pe rceived ability to effectively and efficiently impact the lives of seniors and continue a sustainable relationship d Grantee outreach - Subsequent to the CGC earmarking and appro ving funds to be granted, the Manager, Community Outreach and Giving places an outreach ca ll to the prospective grantee organization The grantee organization is informed of its se lection to apply for a one-time grant via our online grant tracking system The Manager, C ommunity Outreach and Giving, reviews each application and discusses criteria w ith the Dir ector, Community Outreach to make a recommendation for funding The list of recommended gr antees is submitted to the CGC each quarter to be discussed and voted on A grant agreemen t is developed for each approved grant, w hich contains information on funding restrictions and requirements for grant reporting Only after a signed agreement has been fully execut ed w ill the grant payment phase be initiated e Payment of grant - The Manager, Community Outreach and Giving prepares a cover letter, envelope and check request form w hich is sig ned and approved by the Vice President, Independence at Home and forw arded to Accounts Pay able for processing Accounts Payable disburses payment SCAN Health Plan Community Outrea ch SCAN Health Plan has a 36 year history of creating programs and providing services to older adults and their caregivers Our experience w ith this segment of the population has allow ed us to develop a unique expertise in geriatric care and health interventions SCAN Health Plan is committed to sharing this set of skills and know ledge w ith the broader comm unity by developing community outreach initiatives These initiatives are an important too l for bringing education directly to community members, contribute to reducing health disp arities and improve health literacy, in particular among underserved communities Through our outreach activities and community giving program, w e w ork to support access to basic n eeds such as food and nutrition, to encourage active and healthy lifestyles, to engage old er adults in health maintenance, and collaborate w ith local service partners to meet gaps in community services We do this in many w ays, bringing needed resources and a thoughtful presence to older adults and their netw ork of support throughout California Our goal is to make an impact in all of the communities w e serve and to improve the lives of all senio rs - not just SCAN members SCAN Health Plan recognizes that its responsibility to the com munities in w hich w e serve goes beyond business and providing quality healthcare Our Comm unity Outreach department and Independence at Home (IAH) division share the same goals and perform many of the same community functions For greater consistency and impact, SCAN w i ll move all current Community Outreach activities, valued at $2 6 million, from SCAN Healt h Plan to IAH, beginning in 2014 While the full merger w ill take some time, w e aim to ful ly integrate all programs and staff by 2015 In 20

Return Reference	Explanation	
	FORM 990, PART III, LINE 4C	13, the SCAN Van participated in 38 events, touching approximately 13,285 people Additionally, the Trading Ages workshop was delivered to new audiences such as Department of Motor Vehicles staff, city Parks and Recreation directors, American Red Cross volunteers, and family caregivers Altogether 78 Trading Ages workshops were held and 1,768 individuals attended trainings For the year ended December 31, 2013 SCAN Health Plan gave $3,380,043 in grants for community giving For the year ended December 31, 2013 SCAN Health Plan has incurred approximately $1,345,830 in program expenses which include $278,743 for grants and community giving, in support of the Company's community outreach and giving programs

Return Reference	Explanation
FORM 990, PART VI, LINE 6	The sole member of the organization is SCAN Group, A California Nonprofit organization

Return Reference	Explanation
FORM 990, PART VI, LINE 7A	THE SOLE MEMBER HAS THE POWER TO APPOINT THE MEMBERS OF THE BOARD OF DIRECTORS

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION MEDICAL SERVICES TOTAL FEES 1677507706

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION MEDICAL REVIEW TOTAL FEES -63532

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION OTHER FEES TOTAL FEES 28613337

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SCAN HEALTH PLAN

Employer identification number
95-3858259

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity? Yes	(g) No
(1) SCAN GROUP 3800 KILROY AIRPORT WAY SUITE 100 LONG BEACH, CA 90806 95-3826037	ADMIN SUPPORT	CA	501(C)(3)	LINE11TYPE2	NA	Yes	
(2) THE SCAN FOUNDATION 3800 KILROY AIRPORT WAY SUITE 100 LONG BEACH, CA 90806 45-0552845	GRANT MAKING	CA	501(C)(3)	LINE11TYPE2	SCAN GROUP	Yes	
(3) SCAN HEALTH PLAN ARIZONA 3800 KILROY AIRPORT WAY SUITE 100 LONG BEACH, CA 90806 73-1729007	MEDICARE ADV	AZ	501(C)(4)	n/a	SCAN GROUP	Yes	
(4) SCAN 360 CARE 3800 KILROY AIRPORT WAY SUITE 100 LONG BEACH, CA 90806 35-2443412	MDCARE&MDCAID	CA	501(C)(3)	LINE 9	SCAN GROUP	Yes	
(5) SCAN LONG TERM CARE 3800 KILROY AIRPORT WAY SUITE 100 LONG BEACH, CA 90806 20-4607594	MDCARE&MDCAID	AZ	501(C)(4)	n/a	SCAN HP AZ	Yes	

Part III **Identification of Related Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) SCAN MANAGEMENT SERVICES COMPANY 3800 KILROY AIRPORT WAY SUITE 100 LONG BEACH, CA 90806 90-0860955	MANAGEMENT	CA	SCAN GROUP	C CORP	0	0		Yes	
(2) SCAN WELLNESS CENTER PC 3800 KILROY AIRPORT WAY SUITE 100 LONG BEACH, CA 90806 90-0860971	HEALTHCARE	CA	SCAN GROUP	C CORP	0	0		Yes	
(3) SCAN Health Check Assessment Centers 3800 KILROY AIRPORT WAY SUITE 100 LONG BEACH, CA 90806 46-2962358	healthcare	CA	SCAN Group	C CORP	0	0		Yes	
(4) SCAN CALIFORNIA MANAGEMENT COMPANY 3800 KILROY AIRPORT WAY SUITE 100 LONG BEACH, CA 90806 46-2951831	MANAGEMENT	CA	SCAN Group	C CORP	0	0		Yes	

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o		No
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	1s		No

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) SCAN ARIZONA	Q	3,459,270	See Part VII
(2) SCAN FOUNDATION	Q	63,493	See Part VII
(3) SCAN GROUP	P	52,000,931	See Part VII
(4) SCAN GROUP	R	75,000,000	CASH

Part VI **Unrelated Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V?UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation
SCHEDULE R, PART V	The percentage of allocation to affiliated companies is determined based on estimated percentage of time worked, percentage of headcounts, and the percentage of SCAN membership, as appropriate based on the nature of the expense

SCAN Group

Consolidated Financial Statements

As of and for the Years Ended December 31, 2013 and 2012

BDO

SCAN Group

Consolidated Financial Statements

As of and for the Years Ended December 31, 2013 and 2012

SCAN Group

Contents

Independent Auditor's Report

Board of Directors
SCAN Group
Long Beach, California

We have audited the accompanying consolidated financial statements of SCAN Group (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2013, and the related consolidated statement of activities and changes in net assets and cash flow for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SCAN Group as of December 31, 2013, and the changes in its net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2012 consolidated financial statements of SCAN Group were audited by other auditors, whose report dated April 22, 2013 expressed an unmodified opinion on those statements.

April 15, 2014

Consolidated Financial Statements

SCAN Group

Consolidated Statements of Financial Position
(in thousands)

As of December 31,	**2013**	2012
Assets		
Current assets:		
Cash and cash equivalents	**$ 131,252**	$ 142,792
Investments	**734,346**	722,663
Premiums and other receivables - net	**59,764**	64,779
Prepaid expenses and other current assets	**6,135**	5,317
Total current assets	**931,497**	935,551
Property and equipment, net	**14,694**	18,309
Restricted cash	**1,941**	1,956
Investments	**6,144**	5,207
Deposit and other assets	**3,659**	5,906
Total Assets	**$ 957,935**	$ 966,929
Liabilities and Net Assets		
Current liabilities:		
Account payable and accrued expenses	**$ 30,437**	$ 59,143
Accrued payroll and related benefits	**15,546**	15,796
Medical claims payable	**147,653**	191,604
Unearned premiums	**625**	2,411
Current portion of grants payable	**1,727**	2,205
Total current liabilities	**195,988**	271,159
Deferred compensation	**6,144**	5,207
Grants payable, net of current portion	**100**	1,035
Other liabilities	**1,485**	1,837
Total liabilities	**203,717**	279,238
Commitments and contingencies		
Net assets	**754,218**	687,691
Total Liabilities and Net Assets	**$ 957,935**	$ 966,929

See accompanying notes to consolidated financial statements.

SCAN Group

Consolidated Statements of Activities and Changes in Net Assets

(in thousands)

Years ended December 31,	**2013**	2012
Net revenues		
Medicare premiums	**$ 1,941,286**	$ 1,785,935
Medicaid premiums	**37,721**	26,320
Grants and donations	**3,635**	3,758
Investment income	**58,493**	63,152
Total net revenues	**2,041,135**	1,879,165
Operating expenses		
Hospital, physicians, and other services	**1,772,648**	1,637,279
Medical administration expenses	**11,472**	35,200
Marketing, general and administrative expenses	**193,771**	166,676
Depreciation and amortization	**9,124**	7,734
Total operating expenses	**1,987,015**	1,846,889
Change in net assets from continuing operations	**54,120**	32,276
Change in net assets from discontinued operations	**815**	965
Change in unrealized gain on investments, net	**11,592**	2,338
Increase in net assets	**66,527**	35,579
Net assets, beginning of year	**687,691**	652,112
Net assets, end of year	**$ 754,218**	$ 687,691

See accompanying notes to consolidated financial statements.

SCAN Group

Consolidated Statements of Cash Flows

(in thousands)

For the years ended December 31,	**2013**	2012
Cash flows from operating activities		
Increase in net assets	**$ 66,527**	$ 35,579
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and amortization	**9,124**	7,734
Net realized and unrealized gain on investments	**(54,826)**	(46,936)
Loss on disposal of Equipment	**54**	-
Changes in operating assets and liabilities:		
Premium and other receivables, net	**5,015**	(5,331)
Prepaid expenses and other current assets	**(818)**	1,627
Deposits and other assets	**1,547**	(4,227)
Accounts payable and accrued expenses	**(33,953)**	32,997
Accrued payroll and related benefits	**(250)**	3,382
Medical claims payable	**(43,951)**	(39,409)
Settlement accrual	**-**	(322,000)
Unearned premiums	**(1,786)**	(5,162)
Deferred compensation	**937**	665
Grants payable	**(1,413)**	(1,059)
Other liabilities	**(352)**	(102)
Net cash used in operating activities	**(54,145)**	(342,242)
Cash flows from investing activities		
Purchase of property and equipment	**(4,874)**	(6,888)
Proceeds from sale of equipment	**10**	-
Purchase of short-term investments	**(570,005)**	(635,759)
Sales, maturities, and redemptions of short-term investments	**617,580**	946,115
Purchase of long-term investments	**(1,141)**	(1,233)
Sales of long-term investments	**1,020**	1,015
Net change in restricted cash	**15**	(31)
Net cash provided by investing activities	**42,605**	303,219
Net decrease in cash and cash equivalents	**(11,540)**	(39,023)
Cash and cash equivalents, beginning of year	**142,792**	181,815
Cash and cash equivalents, end of year	**$ 131,252**	$ 142,792

See accompanying notes to consolidated financial statements.

1. Organization

The SCAN Group, a California nonprofit public benefit corporation, is the sole corporate member of corporations operating in two states, California and Arizona, and is exempt from federal income taxes in accordance with Internal Revenue Code ("IRC") Section 501(c)(3). Consolidated affiliates of SCAN Group include the following organizations:

- SCAN Health Plan, a California nonprofit public benefit corporation, for which SCAN Group is the sole corporate member
- The SCAN Foundation, a California nonmember, nonprofit public benefit corporation, which SCAN Group controls
- SCAN Health Plan Arizona, an Arizona nonprofit corporation, for which SCAN Group is the sole corporate member

Hereinafter, the term "Company" shall refer to all of the consolidated affiliates and subsidiaries of the SCAN Group.

The Company operates a health maintenance organization providing comprehensive medical care and specialized social services to seniors and other Medicare-eligible beneficiaries in California through the use of managed care arrangements and other operating affiliates. On July 26, 2007, the California Department of Managed Health Care ("DMHC") approved an internal corporate reorganization of the Company pursuant to which, thereafter, the SCAN Group became the sole corporate member of SCAN Health Plan. At December 31, 2013 and 2012, SCAN Health Plan provided healthcare services to approximately 139,100 and 115,700 beneficiaries, respectively.

The SCAN Foundation was formed in 2007 to be a grant-making foundation whose mission is to advance the development of a sustainable continuum of quality care for seniors, and to which SCAN Health Plan transferred approximately $200 million in 2007 and $5 million in 2008, as initial funding to The SCAN Foundation. Prior to January 1, 2010, SCAN Group was the sole corporate member of The SCAN Foundation. Pursuant to an amendment to its Articles of Incorporation, effective January 1, 2010, The SCAN Foundation became organized as a nonmember, nonprofit public benefit corporation.

SCAN Health Plan Arizona is the sole corporate member of SCAN Long Term Care, an Arizona nonprofit corporation exempt from federal income taxes in accordance with IRC Section 501(c)(4). SCAN Health Plan Arizona is licensed with the Arizona Department of Insurance ("AZ DOI") and commenced operations in January 2007 as a Medicare Advantage Organization ("MAO"). At December 31, 2013 and December 31, 2012, SCAN Health Plan Arizona provided healthcare services to approximately 12,900 and 12,400 beneficiaries respectively.

Discontinued Operations

On May 1, 2006, the Arizona Health Care Cost Containment System ("AHCCCS"), Arizona's Medicaid System, entered into a contractual agreement with SCAN Long Term Care, to participate in the Arizona Long Term Care System ("ALTCS") program. ALTCS is the State of Arizona Medicaid program that administers acute care, long-term care, behavioral health, and case management services to frail seniors and the physically disabled. The enrollment of participants in SCAN Long Term Care's managed care plan began on October 1, 2006; the contract was not renewed for the new contract year, which began October 1, 2011. SCAN Long Term Care continued to participate in the ALTCS program on a capped contract basis. On

December 22, 2011, SCAN Long Term Care provided written notice to AHCCCS terminating the ALTCS program contract. On January 23, 2012, AHCCCS notified SCAN Long Term Care that the termination would be effective May 1, 2012. On November 4, 2013, AHCCCS released SCAN Long Term Care's financial obligation with respect to the program. Throughout the transition period, SCAN Long Term Care has maintained positive working capital and liquidity to meet all financial obligations to conclude the program. Summarized results from discontinued operations were as follows (in thousands):

For the years ending December 31,	**2013**	2012
Revenues	**$ (62)**	$ 30,541
Operating expenses	**(877)**	29,576
Change in net assets from discontinued operations	**$ 815**	$ 965

The carrying amounts of major classes of assets and liabilities of discontinued operations in the consolidated statements of financial position were as follows (in thousands):

December 31,	**2013**	2012
Current Assets:		
Cash and cash equivalents	**$ 31**	$ 2,950
Premiums and other receivables - net	**-**	167
Total assets	**31**	3,117
Current Liabilities:		
Accounts payable and accrued expenses	**4**	136
Medical claims payable	**-**	588
Other current liabilities	**-**	145
Total liabilities	**$ 4**	$ 869

2. Regulatory Requirements And Operations

Under the Knox-Keene Health Care Services Plan Act, SCAN Health Plan must comply with various rules and regulations, including certain tangible net equity requirements. In addition, SCAN Health Plan is subject to regulatory oversight by the Centers for Medicare and Medicaid Services ("CMS"), the California Department of Managed Healthcare ("DMHC"), and the California Department of Health Care Services ("DHCS"), among others. SCAN Health Plan is required to periodically file financial statements with regulatory agencies in accordance with various statutory accounting and reporting practices. At December 31, 2013 and 2012, SCAN Health Plan is in compliance with the tangible net equity requirement of DMHC, as SCAN Health Plan's required tangible net equity was $23.8 million and $22.7 million, respectively, as compared to actual tangible net equity of $425.7 million and $461.2 million, respectively.

SCAN Health Plan Arizona is subject to regulatory oversight by CMS and the AZ DOI and is required to periodically file financial statements with the AZ DOI and the National Association of Insurance Commissioners ("NAIC") in accordance with various statutory accounting and reporting practices.

At December 31, 2013 and 2012, SCAN Health Plan Arizona was compliant with the NAIC risk-based capital requirement.

On March 28, 2011, SCAN Health Plan issued a $50 million note receivable to SCAN Health Plan Arizona with no stated interest rate (the "Note"). The Note was approved by the DMHC on March 22, 2011. The Note is due in full within 90 days of the ending date of the financial statements filed with the AZ DOI in which SCAN Health Plan Arizona reports risk-based capital, as if the Note has been paid, of 300% of the authorized control level. Repayment is subject to the approval of the AZ DOI. The note receivable recorded at SCAN Health Plan and the obligation at SCAN Health Plan Arizona are eliminated upon consolidation.

For the year ended December 31, 2012, SCAN Group provided fund transfers to SCAN Health Plan Arizona totaling $28 million to satisfy the Company's regulatory capital obligations in the ordinary course of business, and to provide sufficient working capital for the conduct of operations of the Company. For the year ended December 31, 2013, no additional fund transfers to the Company occurred. SCAN Group may be required to provide fund transfers, as necessary, to comply with minimum regulatory capital requirements of the Company. SCAN Group has confirmed its intent to provide additional fund transfers through January 15, 2015, if necessary, so that the Company can satisfy its operating obligations and meet its minimum regulatory capital requirements.

SCAN Long Term Care is subject to regulatory oversight by AHCCCS and is required to periodically file financial statements. On November 4, 2013, the Company received notification from AHCCCS that the letter of credit was no longer required to be maintained. As of December 31, 2013 and 2012, the Company maintained a letter of credit with U.S. Bank in the amounts of $0 million and $5.2 million, respectively, on behalf of SCAN Long Term Care in satisfaction of regulatory requirements. No amounts were withdrawn on the letter of credit in 2013 or 2012. In light of the termination of the ALTCS program effective May 1, 2012, SCAN Long Term Care has subsequently received from AHCCCS, a waiver from the requirement to maintain a minimum equity per member for the remainder of the program. As required by AHCCS, SCAN Long Term Care's has met all working capital and liquidity requirements throughout the transition period to conclude the program, which is expected to occur by the end of 2013. SCAN Long Term Care's equity was $1,000 and $2.2 million as of December 31, 2013 and 2012, respectively.

3. Summary Of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of SCAN Group and all subordinate corporations and affiliates and have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), including Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*. FASB ASC 958 establishes standardized external financial reporting by not-for-profit organizations. All intercompany transactions and accounts have been eliminated in consolidation.

Generally accepted accounting principles require not-for-profit organizations to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based on the existence or absence of donor-imposed restrictions. As of December 31, 2013 and 2012, the Company had no temporarily or permanently restricted net assets or contributions.

Use of Estimates

Management uses estimates and assumptions in preparing the consolidated financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Receivables for Medicare risk factor adjustments in revenue recognition, reserves for health care costs, liabilities for loss contingencies, and investments are considered to be some of the most important accounting policies that require estimates and management judgment. Actual results could materially vary from the estimates that were assumed in preparing the accompanying consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents primarily include highly liquid debt instruments purchased with a remaining maturity of three months or less, as well as cash on hand and on-demand bank deposits.

Investments

Investments are accounted for in accordance with FASB ASC 958-320, *Not-for-Profit Entities — Investments — Debt and Equity Securities*. Under FASB ASC 958-320, equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with realized gains and losses included in investment income in the accompanying consolidated statements of activities and changes in net assets. Unrealized gains and losses are included in unrealized gain on investments, net, in the accompanying consolidated statements of activities and changes in net assets, unless the unrealized losses are deemed to be other than temporary, in which case the losses are recorded as realized. During the years ended December 31, 2013 and 2012, the Company did not record any realized losses on investments deemed to be other-than-temporarily impaired.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts in the consolidated statements of financial position.

Premiums and Other Receivables, Net

Receivables include amounts due from third-party payors, such as government-sponsored health care programs (“Medicare” and “Medicaid”), premiums from employers, and amounts due from members.

The Company establishes an allowance for those accounts that are estimated to have credit risk (see Note 6). The Company does not believe that there is significant credit risks associated with reimbursement from government-sponsored health care programs.

Policies for recording receivables related to changes in risk adjustment factors are discussed in the revenue recognition and unearned premiums section.

Property and Equipment, Net

Property and equipment, net, are carried at cost less accumulated depreciation. Major betterments are capitalized while routine repairs and maintenance are charged to expense when incurred. Depreciation is provided on the straight-line method over the estimated useful lives of the assets as follows:

	Estimated Lives
Computer equipment and software	3 - 5 years
Office furniture and equipment	3 - 5 years
Leasehold improvements	Lesser of remaining life of lease or estimated useful life
Vehicles	5 years

Impairment of Long-Lived Assets

Management reviews long-lived assets to be held and used in the Company's operations for impairment at least annually, or more frequently if circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets are deemed to be impaired if estimated undiscounted future cash flows are less than the carrying amount of the assets. Estimates of expected future cash flows are based on management's best estimates of anticipated operating results over the remaining useful lives of the assets. The Company measures the impairment as the amount by which the carrying amount of the asset exceeds the fair value of the asset. Management does not believe any impairment of its long-lived assets existed at December 31, 2013 or 2012.

Performance Indicator

The Company considers change in net assets from continuing operations to be the Company's performance indicator. Change in net assets from continuing operations includes all changes in unrestricted net assets and excludes change in net assets from discontinued operations, changes in unrealized gain on investments, net.

Revenue Recognition and Unearned Premiums

Generally, MAO's membership contracts with individuals are subject to an annual election period after which members are locked into the contract and can only dis-enroll in limited circumstances. Dually eligible and dually enrolled individuals (Medicare and Medicaid eligible and enrolled), however, may enroll and dis-enroll monthly. Employer group retiree plan membership contracts are renewed on an annual basis. Certain optional membership contracts are on a monthly basis, subject to cancellation by the individual upon 30 days' written notice. Under each of these types of membership contracts, revenues are recognized based on the estimated number of eligible members per month multiplied by the contracted monthly capitation rate, which is adjusted for member health status. Revenue is recorded in the month in which eligible members are entitled to receive health care services. Premiums received prior to the month earned are reported as unearned premiums in the consolidated financial statements.

The Company has an arrangement with CMS for certain Medicare products, whereby periodic changes in its risk factor adjustment scores for hierarchical condition category codes ("HCC risk scores") result in changes to health plan services premium revenues. CMS uses a risk-adjustment

model to determine the premium amount it pays for each member. The CMS risk-adjustment model apportions premiums paid to all MAO plans according to health severity and certain demographic factors. The CMS risk adjustment model provides higher per member payments for enrollees diagnosed with certain conditions and lower payments for enrollees who are healthier. Under this risk-adjustment methodology, all MAO health plans must capture, collect, and submit certain necessary diagnosis code information from encounter data obtained from inpatient and ambulatory treatment settings to CMS within prescribed deadlines. The Company estimates risk adjustment revenues based upon the diagnosis data submitted and expected to be submitted to CMS. Risk adjustment data is subject to review by the government, including audit by regulators.

The Company recognizes changes in receivables previously accrued when the amounts to be received become determinable, supportable, and collectability is reasonably assured. Based on the Company's evaluation of estimated settlements for CMS risk factor adjustment scores, the Company recorded a receivable of $23.9 million and $27.8 million at December 31, 2013 and 2012, respectively, within premiums receivable. Because the recorded revenue is based on the best estimate at that time, the actual payment received from CMS for risk adjustment reimbursement settlements may be different than the amounts initially recognized in the consolidated financial statements. A substantial portion of the receivable for estimated settlements for CMS risk factor adjustment scores results in a related capitation expense and payable to physician provider groups. The change in its estimate for the risk adjustment related to prior years and recorded in the years ended December 31, 2013 and 2012, was a decrease in Medicare premiums of $5.4 million and $0.7 million, respectively.

Hospital, Physicians, and Other Services

Health care costs are recorded in the period when members are entitled to services. Substantially all physician services and a majority of hospital services are provided under capitated contractual agreements, some of which include the establishment of a risk-pool fund. The Company establishes the risk-pool fund and records claim payments based on the contracted division of financial responsibility. Providers bear the level of financial risk specified in their respective contractual agreements if mutually agreed-upon hospital utilization goals are not achieved.

The Company is exposed to the possible risk that a delegated administrators ("DA") under a capitated contract may be unable to meet its financial obligations. The liability for certain delegated claims may be transferred to the Company in the event of DA insolvency or termination of a DA agreement. To manage this risk, the Company monitors the financial status of the DA network via analysis of the DA's quarterly financial statements, annual audited financial statements, and by conducting on-site audits. The Company has the contractual right to withhold a portion of capitation otherwise payable to the DA in the event that a DA becomes insolvent or terminates an agreement. This withhold is held in reserve by the Company to cover any potential transfer of delegated liabilities and was $1.4 million and $1.6 million at December 31, 2013 and 2012, respectively, and is included in medical claims payable in the accompanying consolidated statements of financial position.

The Company also accepts hospital risk through contractual agreements based upon negotiated fee schedules as opposed to a fixed capitation in California and for substantially all health care services in Arizona. The cost of health care services is recognized in the period in which services are provided and includes an estimate of the cost of services that have been incurred but not yet reported. The Company estimates the amount of the provision for service costs incurred but not reported ("IBNR") using standard actuarial methodologies based upon historical data, including the period between the rendered date of services and the date claims are received and paid,

denied claim activity, expected medical cost inflation, seasonality patterns, and changes in membership. The estimated service costs are determined on an accrual basis and adjusted in future periods as required. Any adjustments to the prior-period estimates are included in the current period. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could materially differ from the amounts provided.

The Company assesses the profitability of its Medicare and Medicaid contracts for providing health care services when operating results or forecasts indicate probable future losses. The Company establishes a premium deficiency liability in current operations to the extent that the sum of expected future costs, claim adjustment expenses, and maintenance costs exceeds related future premiums under contract. For purposes of determining premium deficiencies, contracts are grouped in a manner consistent with its method of acquiring, servicing, and measuring the profitability of such contracts. Premium deficiencies, if any, are recognized in the period the loss is determined and are classified as hospital, physicians, and other services expenses. Losses recognized as a premium deficiency result in a reduction of expenses in subsequent periods as operating losses under these contracts are charged to the liability previously established. The Company's reserve for premium deficiency at December 31, 2013 and 2012, are $2.2 million and $17.3 million, which are included in medical claims payable and hospital, physicians, and other services.

While the ultimate amount of claims and losses paid are dependent on future developments, the Company believes the liability for medical claims payable, shared risk settlements, and other reserves included in medical claims payable in the consolidated statements of financial position are reasonable estimates to cover such costs.

Medical Administration Expenses

Medical administration expenses include care management for Medicare and Medicaid members who meet specified criteria, quality assurance, utilization management, compliance, member services, grievances and appeals, and geriatric practice innovation.

Deferred Compensation

The Company maintains various nonqualified retirement plans that cover certain key executives. The Company accrues expenses related to these plans over the applicable vesting periods.

Contingencies

The Company has regulatory matters outstanding, as discussed further in Note 11. Periodically, the Company reviews the status of all significant outstanding matters to assess the potential financial exposure. When (i) it is probable that an asset has been impaired or a liability has been incurred and (ii) the amount of the loss can be reasonably estimated, the estimated loss is recorded in the consolidated financial statements. The Company provides disclosure in the notes to the consolidated financial statements for loss contingencies that do not meet both these conditions if there is a reasonable possibility that a loss may have been incurred that would be material to the consolidated financial statements. Significant judgment is required to determine the probability that a liability has been incurred and whether such liability is reasonably estimable. Accruals made are based on the best information available at the time, which can be highly subjective. The final outcome of these matters could vary significantly from the amounts included in the accompanying consolidated financial statements.

Grants Payable

Unconditional grants are recognized as an expense and payable in the period in which the grant agreements are signed by The SCAN Foundation and the grantees. Grants that are conditional on future uncertain events are expensed when those conditions are substantially met. Conditional grant commitments and conditional grants outstanding were immaterial at December 31, 2013 and 2012, respectively.

Income Taxes

The SCAN Group, the SCAN Foundation, and SCAN Health Plan are recognized as tax-exempt entities under IRC Section 501(c)(3). In addition, they are exempt organizations for state tax purposes pursuant to California Revenue Code Section 23701(d). SCAN Health Plan Arizona and SCAN Long Term Care are nonprofit Arizona corporations operating as tax-exempt organizations under IRC Section 501(c)(4). In addition, they are exempt organizations for state tax purposes pursuant to Arizona Revised Statutes § 43-1201 (A)(6).

Under FASB ASC 740, *Income taxes*, the Company is required to recognize a liability for each uncertain tax position at the amount estimated to be required to settle the issues. As of December 31, 2013 and 2012, there were no liabilities recorded for uncertain tax positions.

The federal income tax returns have a three year statute of limitation and the California returns each have a four year statute of limitation, from the latter of a) the due date of the return or b) the date the return is filed. During this time period the income tax returns could be subject to examination. The federal income tax returns are subject to examination from 2009 through 2012 and state income tax returns are subject to examination from 2008 through 2012.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, restricted cash, premiums and other receivables, accounts payable and accrued expenses, medical claims payable, and grants payable at December 31, 2013 and 2012, approximate fair value because of the relatively short-term nature of these instruments. Investments are recorded at fair value (see Note 10).

Private equity investments are valued based on the most recently provided NAV per share (or its equivalent), which is provided from the investment managers. Generally, the NAV per share is published one quarter in arrears. In addition, the NAV per share (or its equivalent) at December 31, 2013 is not available at the time of the issuance of these financial statements. As such, the Company has recorded the fair market value of its private equity investments based on the September 30 valuation date, taking into consideration any capital contributions made or distributions received between October 1 and December 31.

These fair value estimates could vary materially from the actual NAV per share (or its equivalent) reported as of December 31, 2013, which is provided by investment managers after issuance of these financial statements. As of December 31, 2013, the Foundation has recorded unrealized gains related to its Private Equity investments of $983,000, which relates to unrealized gains earned in 2012.

Subsequent Events

The Company has evaluated subsequent events through April 15, 2014, the date the Company's consolidated financial statements were available to be issued.

Discontinued operations

The Company reclassified its SCAN Long Term Care operations to discontinued operations (see Note 1).

4. Medicare Part D

On January 1, 2006, the Company began serving as a plan sponsor offering Medicare Part D prescription drug insurance coverage under a contract with CMS. The Company's Medicare Part D benefit design includes both the basic Medicare Part D benefit (the "Defined Standard Benefit") and a supplemental benefit. For the basic Medicare Part D benefit, the Company is responsible for approximately 75% of each Medicare beneficiary's drug costs up to an initial annual coverage limit of $2,970 per member. The supplemental benefit, for which the Company receives no Medicare Part D reimbursement, generally (i) fills each member's annual coverage gap between $2,970 and $6,955 with generic drug coverage (ii) reduces the member's copay/coinsurance below the levels specified by the Defined Standard Benefit and (iii) raises the initial annual coverage limit above $2,970 per member.

Under the Medicare Part D program, there are seven separate elements of payment received by the Company during the plan year. These payment elements are as follows:

CMS Premium – CMS pays a fixed monthly premium per member to the Company for the entire plan year, adjusted based on member health.

Member Premium – Certain members pay a fixed monthly premium to the Company for the entire plan year in addition to the CMS premium.

Low-Income Premium Subsidy – For qualifying low-income members, CMS pays some or all of the member's monthly premiums to the Company on the member's behalf.

Catastrophic Reinsurance Subsidy – CMS pays the Company a prospective cost reimbursement amount monthly of approximately 80% of the costs incurred by individual members in excess of the individual annual out-of-pocket maximum of $4,750 and $4,700 and for 2013 and 2012, respectively.

Subsequent to the end of the plan year, a settlement payment is made between CMS and the Company based on actual claims experience. The Company's reinsurance balance as of December 31, 2013 and 2012, was a net receivable from CMS of $4.1 million and $7.7 million, respectively.

Low-Income Member Cost-Sharing Subsidy ("LICS") – For qualifying low-income members, CMS pays some or all of a member's cost-sharing amounts, such as deductibles and coinsurance on the member's behalf. CMS pays the Company a prospective LICS amount monthly. The Company administers and pays the subsidized portion of the claims on behalf of CMS, and a settlement payment is made between CMS and the Company based on actual claims experience, subsequent to the end of the plan year.

The Company's LICS balances as of December 31, 2013 and 2012, was a receivable from CMS of $662,000 and a net payable to CMS of $145,000, respectively.

Coverage Gap Discount Program ("CGDP") — Effective January 1, 2011, CMS provides discounts of 50% on brand name prescription drugs to applicable Medicare beneficiaries in the coverage gap. Subsequent to the end of the plan year, a settlement payment is made between CMS and the Company based on actual discount amounts made available to each Part D member.

The Company's CGDP balance as of December 31, 2013 and 2012, was a net payable to CMS of $2.1 million and $3.9 million, respectively, and is included in medical claims payable.

CMS Risk Share — If the Defined Standard benefit cost of any Medicare Part D plan varies more than 5% above or below the level estimated in the original bid submitted by the Company and approved by CMS, there is a risk-share settlement with CMS that is settled subsequent to the end of the plan year.

The Company's cost experience under the Defined Standard Benefit was better than expected, which resulted in a risk-share payable to CMS. Settlement of the total amount payable occurs approximately nine months after the end of the contract year. The Company's risk share balance as of December 31, 2013 and 2012, was a net payable to CMS of $1.0 and $3.0 million, respectively, and is included in medical claims payable.

The CMS premium, the member premium, and the low-income premium subsidy represent payments for the Company's insurance risk coverage under the Medicare Part D program and, therefore, are recorded as premium revenue in the consolidated statements of activities and changes in net assets for the years ended December 31, 2013 and 2012. Premium revenues are recognized ratably over the period in which eligible individuals are entitled to receive prescription drug benefits. Premium payments received in advance of the applicable service period are recorded as unearned premiums. The risk share adjustment, if any, is recorded as an adjustment to premium revenues and other receivables or liabilities.

Pharmacy benefit costs and administrative costs, under the contract where the Company has assumed insurance risk, are expensed as incurred and are recognized in medical costs and operating costs, respectively, in hospital, physicians, and other services in the consolidated statements of activities and changes in net assets.

The catastrophic reinsurance subsidy, LICS, and CGDP represent cost reimbursements under the Medicare Part D program. The Company is fully reimbursed by CMS for costs incurred for these contract elements, and accordingly, there is no insurance risk to the Company.

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5. Investments

Investments are recorded at fair value and consist of the following (in thousands):

December 31,	**2013**	2012
Investments - current:		
U.S. government and agency obligations	**$ 94,093**	$ 95,949
Corporate bonds	**92,006**	82,534
Corporate equity securities	**74,823**	104,663
Mortgage-backed securities	**83,436**	101,796
Asset-backed securities	**90,265**	88,575
International equity securities	**5,209**	5,466
Mutual funds	**241,287**	184,335
Commingled funds	**21,894**	31,484
Hedge funds	**16,268**	15,443
Private equity funds	**15,065**	12,418
Total investments - current	**734,346**	722,663
Investments - long term - mutual funds	**6,144**	5,207
Total	**$ 740,490**	$ 727,870

At December 31, 2013 and 2012, mutual funds are primarily invested in domestic and foreign equity securities and commingled funds are invested in foreign equity securities.

Investments restricted for use in the Company's various nonqualified deferred executive compensation plans amounted to $6.1 million and $5.2 million at December 31, 2013 and 2012, respectively, and are included in investments — long term in the statements of financial position.

The composition of investment income includes the following (in thousands):

For the years ended December 31,	**2013**	2012
Interest	**$ 9,939**	$ 14,443
Dividends	**6,904**	6,011
Realized gains - net	**43,234**	44,598
Investment management fee	**(1,592)**	(1,900)
Other	**8**	-
Total	**$ 58,493**	$ 63,152

Interest income of $0 and $1,000 as of December 31, 2013 and 2012, respectively, are included in the change in net assets from discontinued operations in the consolidated statements of activities and changes in net assets.

The following tables show the unrealized losses and fair value of the Company's investments with unrealized losses at December 31, 2013 and 2012, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

Unrealized losses on investments as of December 31, 2013, are as follows (in thousands):

	Unrealized Losses Less Than 12 Months		Unrealized Losses Greater Than 12 Months		Total	
	Fair Value	Unrealized Value	Fair Value	Unrealized Value	Fair Value	Unrealized Value
U.S. government and agency obligations	$ 48,781	$ (871)	$ 4,831	$ (64)	$ 53,612	$ (935)
Corporate bonds	38,505	(644)	1,843	(103)	40,348	(747)
Corporate equity securities	3,849	(401)	315	(57)	4,164	(458)
Mortgage-backed securities	31,138	(529)	11,426	(199)	42,564	(728)
Asset-backed securities	30,942	(255)	15,441	(400)	46,383	(655)
International equity securities	898	(26)	-	-	898	(26)
Mutual funds	37,206	(1,307)	-	-	37,206	(1,307)
Private equity funds	4,626	(266)	835	(115)	5,461	(381)
Total investments	$ 195,945	$ (4,299)	$ 34,691	$ (938)	$ 230,636	$ (5,237)

Unrealized losses on investments as of December 31, 2012, are as follows (in thousands):

	Unrealized Losses Less Than 12 Months		Unrealized Losses Greater Than 12 Months		Total	
	Fair Value	Unrealized Value	Fair Value	Unrealized Value	Fair Value	Unrealized Value
U.S. government and agency obligations	$ 26,843	$ (102)	$ -	$ -	$ 26,843	$ (102)
Corporate bonds	6,354	(39)	3,570	(167)	9,924	(206)
Corporate equity securities	19,252	(2,131)	3,592	(1,088)	22,844	(3,219)
Mortgage-backed securities	23,130	(158)	5,734	(76)	28,864	(234)
Asset-backed securities	29,340	(306)	17,410	(396)	46,750	(702)
International equity securities	577	(1)	-	-	577	(1)
Mutual funds	15,904	(135)	11,291	(1,270)	27,195	(1,405)
Commingled funds	-	-	9,751	(876)	9,751	(876)
Hedge funds	-	-	5,470	(330)	5,470	(330)
Private equity funds	4,084	(387)	1,470	(121)	5,554	(508)
Total investments	$ 125,484	$ (3,259)	$ 58,288	$ (4,324)	$ 183,772	$ (7,583)

The unrealized losses on the Company's investments are considered temporary in nature because the change in market value has resulted from fluctuating interest rates, rather than a deterioration of the credit worthiness of the issuers. As a result, approximately 31% and 25% of the Company's investments were in a loss position at December 31, 2013 and 2012, respectively.

Restricted Cash — Pursuant to various regulatory requirements, the Company has maintained restricted cash deposits as of December 31, 2013 and 2012, of $1.9 million.

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6. Premiums And Other Receivables, Net

Receivables consist of the following (in thousands):

December 31,	**2013**	2012
Medicare premiums	**$ 32,487**	$ 37,952
Other premiums	**3,590**	6,209
	36,077	44,161
Less allowance for doubtful accounts	**(40)**	(35)
Premium receivable - net	**36,037**	44,126
Grants	**1,411**	1,119
Pharmacy rebates	**17,125**	11,306
Interest	**1,442**	1,500
Providers and other	**3,749**	6,728
Other receivables - net	**23,727**	20,653
Total	**$ 59,764**	$ 64,779

7. Property And Equipment, Net

Property and equipment, net, consist of the following (in thousands):

December 31,	**2013**	2012
Computer equipment and software	**$ 19,195**	$ 18,107
Office furniture and equipment	**6,857**	12,347
Leasehold improvements	**19,276**	17,727
Vehicles	**414**	413
	45,742	48,594
Less accumulated depreciation and amortization	**(31,161)**	(31,014)
	14,581	17,580
Construction in progress - leasehold improvements	**113**	729
	$ 14,694	$ 18,309

Depreciation expense was $9.0 million and $7.6 million for the years ending December 31, 2013 and 2012, respectively.

8. Medical Claims Payable

Activity in the IBNR component of medical claims payable is as follows (in thousands):

December 31,	**2013**	2012
IBNR Beginning balance	**$ 81,531**	$ 111,494
Incurred related to:		
Current period	**258,190**	408,167
Prior periods	**(12,190)**	(17,886)
	246,000	390,281
Paid related to:		
Current period	**(204,655)**	(325,418)
Prior periods	**(60,384)**	(94,826)
	(265,039)	(420,244)
Releases Related to Prior Periods	**(5,214)**	-
IBNR Ending balance	**57,278**	81,531
Claims payable, risk share, and other reserves	**90,375**	110,073
Total	**$ 147,653**	$ 191,604

As a result of payments made in the current year related to prior years' estimated claims, the provision for medical claims payable and claim adjustment expense decreased by $12.2 million and $17.9 million for the years ended December 31, 2013 and 2012, respectively. This was partially attributable to the recovery of prior year over payment of claims identified by a third party specialist.

Liabilities for unpaid claims and claim expenses are estimates of payments to be made under health coverage for reported but unpaid claims and for IBNR claims. Management develops these estimates using actuarial methods based upon historical data for payment patterns, cost trends, product mix, seasonality, utilization of health care services, and other relevant factors.

At December 31, 2011, a liability of $20.9 million was included within claims payable related to estimated amounts due to DHCS for SCAN Health Plan dually eligible and dually enrolled members who were also participating in the Medi-Cal in-home support services program. On December 19, 2012, SCAN Health Plan paid the DHCS $20.9 million, which fully satisfied the liability.

9. Reinsurance

The Company maintains reinsurance coverage for members in Northern California. The reinsurance agreement provides coverage for up to $1 million per member, in excess of the Company's retention of the first $500,000 per member. Reinsurance premiums were $196,000 and $223,000, and reinsurance recoveries were zero during the years ended December 31, 2013 and 2012, respectively. Reinsurance premiums and recoveries are included in hospital, physicians, and other services in the statements of activities and changes in net assets.

SCAN Health Plan Arizona Medicare Advantage Prescription Drug ("MAPD") plan and MAPD Special Needs Plan ("SNP") are covered under a medical reinsurance agreement that provides coverage for up to 90% of hospital services up to a maximum of $2 million per member, per contract year in 2013 and 2012, in excess of $250,000 per member for both SNP and MAPD members in 2013 and 2012, respectively, per contract year. Reinsurance premiums of $0 and $800,000 in 2013 and 2012, respectively, and recoveries of $186,000 and $300,000 are included in hospital, physicians, and other services in the statements of activities and changes in net assets.

SCAN Long Term Care participates in a reinsurance stop-loss program provided by AHCCCS for the partial reimbursement of covered medical services incurred for a member beyond an annual deductible; the deductible is the responsibility of the Company. For the year ended December 31, 2013, the Company repaid $63,000 to AHCCCS in reinsurance recovery overpayments; and recovered $1.5 million for the year ended December 31, 2012. Both transactions are included in change in net assets from discontinued operations in the statements of activities and changes in net assets. Reinsurance recovery receivable balances are zero for the years ended December 31, 2013 and 2012, respectively.

10. Fair Value Measurements

FASB ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with existing generally accepted accounting principles, and expands disclosures about fair value measurements. Assets and liabilities recorded at fair value in the consolidated statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value and the level of observable market prices available.

Investments measured and reported at fair value in the statements of financial position are categorized using level inputs, as defined by FASB ASC 820, and are classified and disclosed in one of the following categories:

Level 1 — Quoted prices in active markets for identical investments available in active markets as of the reporting date.

Level 2 — Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 — Pricing inputs are other than quoted prices in active markets, but for which no significant observable market inputs are available.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following is a description of valuation inputs and techniques that the Company utilizes to fair value each major category of investments in accordance with FASB ASC 820:

- *U.S. Government and Agency Obligations* — U.S. government and agency obligations include U.S. Treasury notes and government bonds. U.S. Treasury notes are valued based on prices provided by third-party vendors that obtain feeds from a number of live data sources, including active market makers and interdealer brokers. To the extent that the values are actively quoted, they are categorized as Level 1. To the extent the values are not actively quoted, the securities are categorized as Level 2. Government bonds are valued using inputs and techniques, which include identification of similar issues and bond market activity. Prices are determined taking into account the bond's terms and conditions, including any features specific to that issue which may influence risk, and thus marketability. To the extent that these inputs are observable and timely, the values of government bonds are categorized as Level 2.

- *Corporate Bonds* — Investment-grade bonds are valued using inputs and techniques, which include third-party pricing vendors, dealer quotations, and recently executed transactions in securities of the issuer or comparable issuers. Adjustments to individual bonds may be applied to recognize trading differences compared to other bonds issued by the same issuer. Values for high-yield bonds are based primarily on pricing vendors and dealer quotations from relevant market makers. The dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds, and sector-specific trends. To the extent that these inputs are observable and timely, the values of corporate bonds are categorized as Level 2.

- *Corporate Equity Securities (United States and International)* — Equity securities actively traded on a securities exchange are valued based on quoted prices from the applicable exchange. To the extent valuation adjustments are not applied to these securities, the values are categorized as Level 1.

- *Mortgage-Backed and Asset-Backed Securities* — Mortgage-backed and asset-backed securities are valued using dealer quotations or price quotes from pricing vendors. To the extent that these inputs are observable and timely, the values of mortgage-backed and asset-backed securities are categorized as Level 2.

- *Mutual Funds* — Mutual funds registered with the Securities and Exchange Commission as mutual funds under the Investment Company Act of 1940 are valued based on quoted prices from the applicable exchange, and to the extent valuation adjustments are not applied to these securities, are categorized as Level 1.

- *Commingled Funds* — Commingled funds are valued based upon the net asset value ("NAV") per share (or its equivalent) of the underlying fund as provided by the investment manager. The NAV amounts are based on the fair values of the funds' various underlying investments, which generally represent observable equity securities that are actively traded on a securities exchange. To the extent that these inputs are observable and timely, the values of commingled funds are categorized as Level 2.

- *Hedge Funds and Private Equity Funds* — Alternative investments are valued based upon the NAV per share (or its equivalent) of the underlying fund as provided by the investment manager. The NAV amounts are based on the fair values of the funds' various underlying investments, which are computed using limited quantitative and qualitative observations of activity for similar companies in the current market. The key inputs utilized in the funds' market modeling include, as applicable, transactions for comparable companies in similar industries and having similar revenue and growth characteristics, similar preferences in the capital structure, discounted cash flows, liquidation values and milestones established at initial funding, and the assumption that the values of the fund's venture capital investments can be inferred from these inputs, and are categorized as Level 3 (See Note 3- *Fair Value of Financial Instruments*).

The information about assets and liabilities measured at fair value on a recurring basis and the respective fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value, are as follows (in thousands):

	Assets at Fair Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Investments - current:				
U.S. government and agency obligations	$ -	$ 94,093	$ -	$ 94,093
Corporate bonds	-	92,006	-	92,006
Corporate equity securities	74,823	-	-	74,823
Mortgage-backed securities	-	83,436	-	83,436
Asset-backed securities	-	90,265	-	90,265
International equity securities	5,209	-	-	5,209
Mutual funds	241,287	-	-	241,287
Commingled funds	-	21,894	-	21,894
Hedge funds	-	-	16,268	16,268
Private equity funds	-	-	15,065	15,065
Total investments - current	321,319	381,694	31,333	734,346
Investments - long term - mutual funds	6,144	-	-	6,144
Total investments - at fair value	$ 327,463	$ 381,694	$ 31,333	$ 740,490

	Assets at Fair Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Investments - current:				
U.S. government and agency obligations	$ -	$ 95,949	$ -	$ 95,949
Corporate bonds	-	82,534	-	82,534
Corporate equity securities	104,663	-	-	104,663
Mortgage-backed securities	-	101,796	-	101,796
Asset-backed securities	-	88,575	-	88,575
International equity securities	5,466	-	-	5,466
Mutual funds	184,335	-	-	184,335
Commingled funds	-	31,484	-	31,484
Hedge funds	-	-	15,443	15,443
Private equity funds	-	-	12,418	12,418
Total investments - current	294,464	400,338	27,861	722,663
Investments - long term - mutual funds	5,207	-	-	5,207
Total investments - at fair value	$ 299,671	$ 400,338	$ 27,861	$ 727,870

The Company had no transfers between Levels 1 and 2 of assets or liabilities measured at fair value on a recurring basis during the years ended December 31, 2013 and 2012. In determining when transfers between levels are recognized, the Company's policy is to recognize the transfers based on the actual date of the event or change in circumstances that caused the transfer. The commingled funds have no redemption restrictions or any unfunded commitments.

The activity relating to Level 3 financial assets measured on a recurring basis are as follows (in thousands):

December 31,	**2013**	2012
Beginning balance	**$ 27,861**	$ 26,036
Total gains and losses:		
Realized gains, net	**1,773**	509
Unrealized gains, net	**1,940**	1,093
Purchases, sales issuances, and settlements - net	**(241)**	223
Transfers into Level 3	**-**	-
Ending balance	**$ 31,333**	$ 27,861
Change in unrealized gains - net, included in unrealized gain on investments - net in the consolidated statements of activities and changes in net assets, related to assets still held at December 31, 2013 and 2012	**$ 1,940**	$ 1,093

The fair value measurements of investments in investment funds that calculate NAV per share (or its equivalent) as of December 31, 2013, are summarized as follows (in thousands):

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled funds *(a)*	$ 21,894	$ -	Daily, monthly	0 - 6 days
Hedge funds*(b)*	16,268	-	Quarterly	60 - 90 days
Private equity funds *(c)*	15,065	11,960	General partner approval	None
Total	$ 53,227	$ 11,960		

(a) This category includes investments in commingled funds that invest primarily in foreign equity securities. The fair value of these investments have been estimated using the NAV per share of the fund.

(b) This category includes investments in multistrategy hedge funds that invest in domestic and foreign equity securities to generate both capital appreciation and current income. The fair value of these investments has been estimated using the NAV per share of the fund.

(c) This category includes investments in private funds that invest primarily in foreign and domestic equities, real estate, and distressed debt investments. The fair value of these investments has been estimated using the NAV per share of the fund.

11. Employee Benefits

The Company provides a defined contribution retirement plan ("retirement plan"), organized under IRC Section 403(b) for its employees. The Company makes discretionary contributions of approximately 5% of gross salaries on behalf of all eligible employees with a minimum of one year of service and 1,000 hours worked. Employees are immediately vested in the 5% contribution.

Effective January 1, 2006, the Company began to match employee contributions. The retirement plan provides an employer-matching contribution of an amount equal to 50% of the first 4% of pay an employee contributes as salary deferral contributions. Employees are eligible after 12 months of service and 1,000 hours worked for the employer match. The matching contribution is vested after three years of service. The employer-matching contributions for the years ended December 31, 2013 and 2012, were approximately $4.2 million and $3.6 million, respectively.

Effective January 1, 2006, the Company established a 401(k) plan for the employees at SCAN Health Plan Arizona. Employees are immediately eligible to contribute on a pretax basis to this retirement savings program. Employees are eligible after 12 months of service (and 1,000 hours worked) for the employer match. The Company will match 50% of the first 4% of the employee's contribution to the 401(k) plan. The matching contribution is 100% vested after three years of service. Employees are also eligible after 12 months of service (and 1,000 hours worked) for the employer nonelective contribution. The Company contributes 5% of employees' earnings to the 401(k) account on a quarterly basis. Employees are immediately vested in the 5% contribution. Employer contributions for the years ended December 31, 2013 and 2012, were approximately $199,000 and $366,000, respectively.

The Company also sponsors a 457(b) deferred compensation plan to benefit certain management employees. Participants are eligible to defer from 1% to 80% of their compensation for the year up to the IRS dollar limit of $17,500 and $17,000 for years 2013 and 2012, respectively. The Company also contributes 5% of a participant's earnings to the 457(b) plan on a quarterly basis. Employees are immediately 100% vested in their participant contributions. Employer contributions for the years ended December 31, 2013 and 2012, were approximately $602,000 and $490,000, respectively.

Effective January 1, 2006, the Company established a 457(f) executive nonqualified retirement plan that covers certain key executives. This plan provides retirement benefits for a select group of management. The Company credits the employer account of each active participant on a quarterly basis. A participant becomes vested in the employer contribution account upon completion of his/her chosen vesting option while the participant is an employee. Benefit expenses during the years ended December 31, 2013 and 2012, were approximately $459,000 and $179,000, respectively.

The Company has established a Key Employee Share Option Plan ("KEYSOP") that covers certain key executives. The KEYSOP provides for incentive payments that will be made upon completion of a specified vesting period and are generally dependent upon continued employment of the participants. The plan has been frozen since May 2002. The Company no longer makes contributions to this plan.

12. Commitments and Contingencies

The Company has leased space under operating leases through the year 2018. The terms require the Company to contribute to common area expenses. Future minimum lease payments required by year under these operating leases are as follows (in thousands):

Years ending December 31,	Total
2014	$ 6,000
2015	3,362
2016	6,080
2017	6,865
2018	6,875
Thereafter	53,541
Total	$ 82,723

Rent expense, including month-to-month tenancies, for the years ended December 31, 2013 and 2012, was approximately $6.0 million and $6.4 million, respectively.

Cash Concentration

The Company maintains the majority of its cash and cash equivalents in one financial institution, which subjects the Company to concentrations of credit risk related to temporary cash investments. The Company has never experienced any losses related to these balances.

Revenue Concentration

A substantial portion of operating revenues for the years ended December 31, 2013 and 2012, result from contracts with CMS. CMS cancellation or nonrenewal of its contracts with the Company or nonpayment of amounts due to the Company would have a material adverse effect on the Company's consolidated financial position and changes in net assets.

Medical Claims Risk

The Company is exposed to certain medical claims risks due to the nature of its operations. The major portion of medical services provided for the Company's members is performed under contract. However, the Company regularly incurs costs for noncontracted services from providers. In addition, in the event of default or financial difficulties with certain providers, the Company could be liable for outstanding claims, which, if substantial, could have a material adverse effect on the Company's consolidated financial position and changes in net assets.

Investment Concentration

As of December 31, 2013 and 2012, a substantial portion of the Company's investment portfolio is managed by three professional portfolio managers, operating under documented investment guidelines.

Cost Containment Measures

Both government and private pay sources have instituted cost containment measures designed to limit payments made to providers of health care services, and there can be no assurance that future measures designed to limit payments made to providers will not adversely affect the Company's consolidated financial position and changes in net assets.

Regulatory Changes

Prior to January 1, 2008, SCAN Health Plan operated as a MAO with a special waiver as a Social Health Maintenance Organization ("HMO") under a national demonstration program administered by CMS, in four counties: Los Angeles, Orange, Riverside, and San Bernardino. SCAN Health Plan commenced operations as a MAO without the special waiver beginning in 2008. As a MAO without the special waiver, revenue per member is lower as compared to the levels when the waiver was in place; additionally, other additional medical services offered to its members as a Social HMO have been reduced as well.

Professional Liability Insurance

The Company carries managed care errors and omissions liability coverage with limits of $5 million per claim and $5 million in the aggregate in any one year. In the ordinary course of business, the Company is subject to the claims of its members arising out of treatment authorization decisions and other managed health care operations.

Regulatory Proceedings and Litigation

In the ordinary course of its business operations, the Company is subject to periodic reviews by various regulatory agencies with respect to the Company's compliance with a wide variety of rules and regulations applicable to its business, which may result in the assessment of regulatory fines or penalties. Additionally, the Company is also party to various legal actions arising in the normal course of business. These other regulatory and legal proceedings are subject to many uncertainties and, given their complexity and scope, their final outcome cannot be predicted at this time. However, after taking into consideration legal counsel's evaluation of such legal and regulatory actions, management believes the outcome of these matters will not have a material adverse effect on the Company's consolidated financial position, changes in net assets, or cash flows.

Health Reform

On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act into law, and then, on March 30, 2010, President Obama signed into law the Health Care and Education Affordability Reconciliation Act of 2010 (collectively, "health insurance reform"). Health insurance reform provisions include: limiting Medicare advantage payment rates, mandatory issuance of insurance coverage, requirements that may limit the ability of health plans and insurers to adjust its premiums to cover the underlying risk, and mandating annual rebates to enrollees to comply with minimum health care ratios. On an ongoing basis, the Company evaluates the potential financial impact that health insurance reform may have on its financial position and changes in net assets.

Guarantees and Indemnities

From time to time, the Company enters into certain types of contracts that contingently require the Company to indemnify parties against third-party claims. These contracts primarily relate to (i) certain real estate leases, under which the Company may be required to indemnify property owners for environmental or other liabilities and other claims arising from the Company's use of the applicable premises and (ii) certain agreements with the Company's officers, directors, and employees, under which the Company may be required to indemnify such persons for liabilities arising out of their employment relationship.

The terms of such obligations vary by contract and, in most instances, a specific or maximum dollar amount is not explicitly stated therein. Generally, obligation amounts under these contracts cannot be reasonably estimated until a specific claim is asserted. No claims have been asserted as of December 31, 2013 or 2012. Consequently, no liabilities have been recorded for these obligations in the Company's consolidated statements of financial position for any of the periods presented.

RADV Audits

CMS has been performing Risk Adjustment Data Validation ("RADV") audits of selected MAO plans to validate provider coding practices under the risk adjustment model used to calculate the premium paid for each MAO member.

In February 2012 CMS published the final methodology for payment adjustments determined as a result of its various RADV audits, including its methods for sampling, payment error calculation, and extrapolation of the error rate across the relevant plan population. The methodology will be applied by CMS to RADV contract level audits conducted on contract year 2011. The 2011 contract year is the first year for which payment recovery based on extrapolated estimates will be conducted for MAO plans and the RADV audits will occur after the close of the final reconciliation of the payment year being audited in July 2012. Management was notified on November 8, 2013 by CMS that none of SCAN's CMS contracts were selected for RADV audits of the 2011 contract year. One or more SCAN contracts may be selected in the future for RADV audits of subsequent contract years.

Other Payment Recovery

From time to time, the Company receives notices from CMS related to the possible review of premium payments received in prior years. These reviews are conducted by CMS to confirm diagnostic coding used to determine the premiums remitted to the Company in prior years. As such, the outcomes from these reviews could potentially subject the Company to retrospective repayment of premiums to CMS where CMS determines that the initial premium calculation resulted in an overpayment to the Company. At present, the Company does not have sufficient information to determine whether such reviews will have a material adverse effect on the Company's income statement, balance sheet, or cash flows.