Attachment B.1-1: Amerigroup Audited Financial Statements includes the following components:

- Attachment B.1-1a: 2011 AGP LA Audited Statement Exemption
- Attachment B.1-1b: AGP LA 2012 Audited Financial Statement
- Attachment B.1-1c: AGP LA 2013 Audited Financial Statement
- Attachment B.1-1d: 2012 AGP LA Enrollment
- Attachment B.1-1e: 2013 AGP LA Enrollment

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Amerigroup RealSolutions in healthcare

Fax Cover Sheet

DATE: 4-11-12 **TIME:** 8:40am

PHONE: **FAX:** 816-460-7556

TO: Margaret Lara

FROM: Melissa Smith

PHONE: 757-473-2737 **FAX:** 757-557-6742

SUBJ: Exemption Request - AMERIGROUP Louisiana, Inc 14064

CC:

NUMBER OF PAGES (including cover sheet): 2

If you do not receive all the pages, please call the person above as soon as possible.

MESSAGES:

An original document has ___ (has not X) been sent via overnight service ___ or mail ___.

4425 Corporation Lane
Virginia Beach, Virginia 23462
757.490.6900

www.amerigroupcorp.com

LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

November 30, 2011

Mr. Mark Wilson, PMP
Director, Regulatory Services
Amerigroup Corporation
4425 Corporation Lane
Virginia Beach, VA 23462

RE: Exemption Request – Amerigroup Louisiana, Inc.

Dear Mr. Wilson:

The Louisiana Department of Insurance grants Amerigroup Louisiana, Inc. an exemption from filing the 2011 Audited Financial Statement and Actuarial Opinion. The exemptions are granted based upon the fact that the company will have $0 direct written premiums and no members enrolled as of December 31, 2011.

Should you have any questions, you may contact me at 225-219-0750.

Sincerely,

Leslie J. Monson

Leslie J. Monson, CFE
Compliance Examiner Manager

cc: Brandon Carter, Financial Analyst

P.O. Box 94214 • Baton Rouge, Louisiana 70804-9214
Phone (225) 342-5900 • Fax (225) 342-3078
http://www.ldi.la.gov

* * * Communication Result Report (Apr. 11. 2012 8:39AM) * * *

Fax Header) amerigroup

Date/Time: Apr. 11. 2012 8:38AM

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E. 2) Busy
E. 3) No answer
E. 4) No facsimile connection
E. 5) Exceeded max. E-mail size

Amerigroup RealSolutions in healthcare

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KPMG

AMERIGROUP Louisiana, Inc.

Statutory Financial Statements and Schedules

December 31, 2012

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 1900
440 Monticello Avenue
Norfolk, VA 23510

Independent Auditors' Report

The Board of Directors
AMERIGROUP Louisiana, Inc.:

Report on the Financial Statements

We have audited the accompanying statutory financial statements of AMERIGROUP Louisiana, Inc. (the Company), which comprise the statutory statement of admitted assets, liabilities, and capital and surplus as of December 31, 2012, and the related statutory statement of revenues and expenses, changes in capital and surplus, and cash flows for the year then ended, and the related notes of the statutory financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with statutory accounting practices prescribed or permitted by the Louisiana Department of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in note 2 to the financial statements, the financial statements are prepared by the Company using statutory accounting practices prescribed or permitted by Louisiana Department of Insurance, which is a basis of accounting other than U.S. generally accepted accounting principles. Accordingly, the financial statements are not intended to be presented in accordance with U.S. generally accepted accounting principles.

The effects on the financial statements of the variances between the statutory accounting practices and U.S. generally accepted accounting principles also are described in note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the variances between statutory accounting principles and U.S. generally accepted accounting principles discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of the Company as of December 31, 2012, or the results of its operations or its cash flows for the year then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2012, and the results of its operations and its cash flows for the year then ended, in accordance with statutory accounting practices prescribed or permitted by the Louisiana Department of Insurance described in note 2.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the supplementary summary investment schedule (schedule 1) and the schedule of supplemental investment risks interrogatories (schedule 2) is presented for purposes of additional analysis and is not a required part of the basic statutory financial statements but is supplementary information required by the Louisiana Department of Insurance. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

May 15, 2013

AMERIGROUP Louisiana, Inc.

Statutory Statement of Admitted Assets, Liabilities, and Capital and Surplus

December 31, 2012

Admitted Assets

Admitted current assets:		
Cash and cash equivalents (note 2)	$	9,575,094
Short-term investments (notes 3 and 4)		39,673,869
Uncollected premiums in the course of collection		5,346,629
Investment income due and accrued		135,574
Total admitted current assets		54,731,166
Bonds (notes 3 and 4)		14,281,366
Electronic data processing equipment and software, net (note 5)		31,410
Total admitted assets	$	69,043,942

Liabilities, and Capital and Surplus

Current liabilities:		
Claims unpaid (note 6)	$	28,534,538
Accrued medical incentive pool and bonus amounts (note 6)		106,412
Unpaid claims adjustment expenses		514,645
General expenses due or accrued		2,184,604
Amounts due to parent, subsidiaries, and affiliates (note 7)		220,492
Total current liabilities		31,560,691
Capital and surplus (notes 7 and 11):		
Common stock, $0 par value, Authorized 1,000 shares; issued and outstanding 1,000 shares		—
Gross paid-in and contributed surplus		60,676,393
Unassigned deficit		(23,193,142)
Total capital and surplus		37,483,251
Commitments and contingencies (notes 10 and 11)		
Total liabilities and capital and surplus	$	69,043,942

See accompanying notes to statutory financial statements.

AMERIGROUP Louisiana, Inc.

Statutory Statement of Revenues and Expenses

Year ended December 31, 2012

Revenues:	
Premium, net of reinsurance expense (note 10)	$ 247,142,962
Net investment income earned	199,767
Total revenues, net	247,342,729
Expenses:	
Medical benefits, net (note 6):	
Hospital and medical benefits	172,847,651
Other professional services	8,794,190
Emergency room and out-of-area	24,168,687
Prescription drugs	19,962,122
Other medical and hospital expenses	6,563,955
Incentive pool, withhold adjustments and bonus amounts	106,412
Total medical benefits, net	232,443,017
Claims adjustment expenses	6,897,717
General administrative expenses (notes 5, 7, 9, and 11)	28,446,511
Total expenses	267,787,245
Loss from operations	(20,444,516)
Net realized capital gains, net of applicable taxes of $0 (note 8)	103
Net loss	$ (20,444,413)

See accompanying notes to statutory financial statements.

AMERIGROUP Louisiana, Inc.

Statutory Statement of Changes in Capital and Surplus

Year ended December 31, 2012

Balance at December 31, 2011	$	4,428,835
Change in net deferred income tax (note 8)		7,704,514
Change in nonadmitted assets		(9,360,672)
Capital contributions from stockholder (note 7)		55,154,987
Net loss for the year ended December 31, 2012		(20,444,413)
Balance at December 31, 2012	$	37,483,251

See accompanying notes to statutory financial statements.

AMERIGROUP Louisiana, Inc.

Statutory Statement of Cash Flows

Year ended December 31, 2012

Cash flows from operations:	
Premiums collected, net of reinsurance	$ 241,796,333
Benefit and loss related payments	(203,880,567)
Commissions and expenses paid	(32,109,668)
Net investment income	195,613
Federal income taxes paid	(114,597)
Net cash provided by operations	5,887,114
Cash flows from investments:	
Proceeds from investments sold, matured or repaid	573,370
Cost of investments acquired	(14,985,962)
Net cash used in investments	(14,412,592)
Cash flows from financing and miscellaneous sources:	
Capital contributions	55,000,000
Other cash used, net	(2,743,288)
Net cash provided in financing and miscellaneous sources	52,256,712
Net increase in cash and cash equivalents and short-term investments	43,731,234
Cash and cash equivalents and short-term investments, beginning of year	5,517,729
Cash and cash equivalents and short-term investments, end of year	$ 49,248,963

See accompanying notes to statutory financial statements.

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements

December 31, 2012

(1) Corporate Organization

AMERIGROUP Louisiana, Inc. (the Company), a wholly owned subsidiary of AMERIGROUP Corporation (AMERIGROUP), commenced operations on in February 1, 2012 and is licensed as a health maintenance organization in the state of Louisiana. On December 24, 2012, WellPoint, Inc. (WellPoint) completed the acquisition of all of AMERIGROUP's outstanding shares. As a result of the acquisition, the Company is now an indirect subsidiary of WellPoint. The acquisition did not have an impact on the Company's statutory financial statements.

The Company's members include children and families served by Medicaid's TANF as well as people with disabilities. Of the five managed care organizations operating in Louisiana, the Company is one of three providers that began offering services on a full-risk basis on February 1, 2012. The Company's managed care program with the Louisiana Department of Health and Hospitals will terminate on December 31, 2015, with the State's option to renew the contract for up to two additional one-year periods. The discontinuation of involvement with the State would have a material adverse effect on the future operations of the Company.

The Company serves children, families, seniors and people with disabilities through the BAYOU HEALTH program. Effective February 1, 2012, the Company commenced operations in New Orleans and North Shore. Effective April 1, 2012, the Company commenced operations in Baton Rouge, Lafayette, and Thibodaux; and on June 1, 2012, the Company commenced operations in the remaining regions of Alexandria, Lake Charles, Monroe and Shreveport.

For the year ended December 31, 2012, 100% of gross revenue was generated from Medicaid sources.

(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices

(a) Basis of Presentation

The accompanying statutory financial statements have been prepared on the statutory basis of accounting in accordance with the accounting practices adopted by the National Association of Insurance Commissioners' (NAIC) codification project (Codification) as prescribed or permitted by the Louisiana Department of Insurance (LDI). These practices differ in some respects from U.S. generally accepted accounting principles (GAAP). For statutory purposes, certain assets are accorded no value and thus reduce statutory capital and surplus. Additionally, deferred taxes under Codification are only recorded for federal income tax purposes and deferred tax assets (DTAs) and liabilities (DTLs) arise from timing differences between the statutory bases of assets and liabilities and their respective tax bases. Furthermore, the presentation of the direct method statutory statement of cash flows under Codification is different from what would be presented under GAAP.

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements

December 31, 2012

The following table illustrates the differences between stockholder's equity under GAAP and statutory capital and surplus at December 31, 2012:

GAAP stockholder's equity	$	46,991,558
Adjustments:		
Nonadmitted receivables		(92,755)
Nonadmitted equipment, net		(1,732,292)
Nonadmitted prepaid assets		(79)
Deferred taxes		(7,484,096)
Unrealized gain on available-for-sale securities		(199,085)
Statutory capital and surplus	$	37,483,251

The following table illustrates the differences between net loss under GAAP and statutory net loss for the year ended December 31, 2012:

GAAP net loss	$	(13,299,400)
Adjustments:		
Deferred tax expense		(7,145,013)
Statutory net loss	$	(20,444,413)

(b) Cash and Cash Equivalents

In accordance with Statement of Statutory Accounting Principles (SSAP) No. 2, *Cash, Drafts, and Short-term Investments,* cash constitutes a medium of exchange that a bank or other similar financial institution will accept for deposit and allow an immediate credit to the depositor's account. Additionally, savings accounts and certificates of deposit with maturity dates in one year or less from the acquisition date are also classified as cash. Cash accounts with positive balances have not been reported separately from cash accounts with negative balances in accordance with SSAP No. 2.

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash, and so near their maturity that they present an insignificant risk of changes in value because of changes in interest rates. Only investments with original maturities of three months or less at the date of acquisition qualify under this definition. The Company had cash equivalents of $175,000 at December 31, 2012, which consisted of a U.S. Treasury security.

(c) Investments

Short-term investments and bonds consist of investment vehicles including corporate bonds, municipal bonds, and money market funds. All investments with original maturities greater than three months but less than twelve months at the date of acquisition are considered short-term investments.

All of the Company's short-term investments and bonds that are comprised of debt securities are designated as NAIC designation 1 or 2 and, accordingly, are valued at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Amortization is calculated based on the scientific method, using the lower of yield to call or yield to maturity.

The Company recognizes an impairment loss when an invested asset's value declines below cost and the impairment is deemed to be other-than-temporary, or if it is determined that the Company will not be able to recover all amounts due pursuant to the issuer's contractual obligations prior to sale or maturity. When the Company determines that an invested asset is other-than-temporarily impaired, the invested asset is written down to fair value, and the amount of the impairment is included in operations as a realized investment loss. The fair value then becomes the new cost basis of the investment, and any subsequent recoveries in fair value are recognized in operations at disposition.

Factors considered in determining whether a decline is other-than-temporary include the length of time and the extent to which fair value has been below cost, the financial condition and near-term prospects of the issuer, the likelihood of recovery within a reasonable time period, and the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery.

(d) Property, Equipment, and Software, Net

Equipment is stated at cost, less accumulated depreciation. Depreciation on equipment is calculated on the straight-line method over the estimated useful lives of the assets, primarily three years. Furniture and equipment and electronic data processing (EDP) software are considered nonadmitted assets in accordance with SSAP No. 19, *Furniture, Fixtures and Equipment; Leasehold Improvements Paid by the Reporting Entity as Lessee; Depreciation of Property and Amortization of Leasehold Improvements* and SSAP No. 16R, *Electronic Data Processing Equipment and Accounting for Software* (note 5).

(e) Income Taxes

Income taxes are accounted for under the asset and liability method. DTAs and DTLs are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. DTAs and DTLs are measured at the tax rates enacted at the time the DTA or DTL is recorded. The effect on DTAs and DTLs of a change in tax rates is recognized in the period that includes the enactment date. For federal income tax purposes, the Company's taxable loss was reported in the consolidated federal income tax return by AMERIGROUP through December 24, 2012. After that date, the Company is included in the consolidated federal income tax return of WellPoint.

The Company has adopted SSAP No. 101, *Income Taxes, A Replacement of SSAP No. 10R* and *SSAP No. 10,* and applied it prospectively. The December 31, 2012 balances and related disclosures are calculated and presented pursuant to SSAP No. 101.

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements

December 31, 2012

Pursuant to SSAP No. 101, gross DTAs are first reduced by a statutory valuation allowance adjustment to an amount that is more likely than not to be realized (adjusted gross DTAs). Adjusted gross DTAs are then admitted in an amount equal to the sum of the following:

(1) previously paid federal income taxes, which are expected to be recovered through loss carrybacks for existing temporary differences that reverse during a time frame corresponding with the Internal Revenue Service (IRS) tax loss carryback provisions, not to exceed three years;

(2) the lesser of the amount of gross DTAs expected to be realized within the applicable period of the balance sheet date after the application of (1) or an amount that is no greater than the applicable percentage of statutory capital and surplus as adjusted for the current period with the realization period and applicable percentage determined by the type of insurer and the relevant thresholds specified in SSAP No. 101; and,

(3) the amount of gross DTAs, after the application of (1) and (2), that can be offset against existing gross DTLs.

(f) Claims Unpaid and Unpaid Claims Adjustment Expenses

Claims unpaid for inpatient hospital, outpatient surgery, emergency room, specialist, pharmacy, and ancillary medical claims include amounts billed and not paid and an estimate of cost incurred for unbilled services provided. These liabilities are based principally on historical payment patterns while taking into consideration variability in these patterns using actuarial techniques. Unpaid claims adjustment expenses are accrued based on an estimate of the costs necessary to process unpaid claims. Claims unpaid are reviewed and adjusted periodically and, as adjustments are made, differences are included in current operations.

(g) Health Policy Reserves

The Company’s contract with the State contains a provision that limits the amount of profit that can be earned as determined by meeting a minimum medical loss ratio. Accruals for contractual refunds and payable are reflected as reductions to premium revenue in the accompanying statutory statement of revenues and expenses. There was no estimated contractual premium liability recorded for the year ended December 31, 2012.

(h) Premium Revenue

The Company records premium revenues based on premium information from each government agency with whom the Company contracts to provide services. Premiums are due monthly and are recognized as revenue during the period in which the Company is obligated to provide service to members. Premium payments from contracted government agencies are based on eligibility lists produced by the government agencies. Adjustments to eligibility lists produced by the government agencies result from retroactive application of enrollment or disenrollment of members or classification changes between rate categories. The Company estimates the amount of retroactive premium owed to or from the government agencies each period and adjusts premium revenue accordingly. The Company is also eligible to receive supplemental payments for newborns and/or obstetric deliveries. Upon delivery of a newborn, the state is notified according to the Company’s contract. Revenue is recognized in the period that the delivery occurs and related services are provided to the member.

Additionally, delays in annual premium rate changes require that the Company defer the recognition of any increases to the period in which the premium rates become final. The time lag between the effective date of the premium rate increase and the final contract can and has in the past been delayed one quarter or more. The value of the impact can be significant in the period in which it is recognized dependent on the magnitude of the premium rate increase, the membership to which it applies and the length of the delay between the effective date of the rate increase and the final contract date. Premium rate decreases are recognized in the period the change in premium rate becomes effective and the change in the rate is known, which may be prior to the period when the contract amendment affecting the rate is finalized.

(i) Use of Estimates

Management of the Company has made a number of estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenues and expenses during the reporting period to prepare these statutory financial statements in conformity with accounting practices prescribed or permitted by the LDI. Actual results could differ from those estimates.

(j) Risks and Uncertainties

The Company's profitability depends in large part on accurately predicting and effectively managing medical benefits expense. The premium and benefit structure is continually reviewed to reflect the underlying claims experience and revised actuarial data; however, several factors could adversely affect the medical benefits expense. Certain of these factors, which include changes in health care legislation and practices, cost trends, inflation, new technologies, major epidemics or pandemics, natural disasters and malpractice litigation, are beyond any health plan's control and could adversely affect the Company's ability to accurately predict and effectively control health care costs. Costs in excess of those anticipated could have a material adverse effect on the Company's results of operations.

(k) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through May 15, 2013, the date at which the statutory financial statements were available to be issued, and determined that there are no other items to accrue or disclose.

(l) Recent Accounting Principles

SSAP No. 5R

In October 2010, the NAIC amended SSAP No. 5, *Liabilities, Contingencies and Impairments of Assets*, with the revisions effective December 31, 2011 (referred to as SSAP No. 5R). SSAP No. 5R requires the reporting entity to recognize, at the inception of the guarantee, a liability for the obligations it has undertaken in issuing the guarantee to a nonaffiliated entity, even if the likelihood of having to make payments under the guarantee is remote. The guidance for guarantees included in

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements

December 31, 2012

SSAP No. 5R is applicable to all guarantees issued or outstanding to nonaffiliated entities as of December 31, 2011. Thereafter, disclosure of all guarantees shall be annually reported, with interim reporting required for new guarantees issued, and/or existing guarantees when significant changes are made.

The Company adopted SSAP No. 5R as of December 31, 2012. For the year ended December 31, 2012, the Company did not issue a guarantee to a nonaffiliated entity. As such, there was no effect on the Company's results from operations or capital and surplus.

SSAP No. 35R

In October 2010, the NAIC amended SSAP No. 35R, *Guaranty Fund and Other Assessments,* effective for reporting periods beginning on or after January 1, 2011. Under SSAP No. 35R, entities subject to assessments would recognize liabilities only when all of the following conditions are met: (1) an assessment has been imposed or information available prior to the issuance of the statutory financial statements indicates that it is probable that an assessment will be imposed; (2) the event obligating an entity to pay an imposed or probable assessment has occurred on or before the date of the statutory financial statements; and (3) the amount of the assessment can be reasonably estimated. Additionally, SSAP No. 35R establishes new standards for measuring the recoverability of premium tax offsets, incorporates new disclosures for assets, and includes transition guidance for assets.

The Company adopted SSAP No. 35R as of December 31, 2012. For the year ended December 31, 2012, the Company was not subject to any assessments meeting the above criteria. As such, there was no effect on the Company's capital and surplus.

SSAP No. 100

In March 2011, the NAIC adopted further revisions to SSAP No. 100, *Fair Value Measurements,* including the gross presentation of purchases, sales, issuances, and settlements in the Level 3 fair value measurement rollforward and the disclosure of aggregate fair value and level in the fair value hierarchy for all financial instruments when they are reported or measured at fair value or their fair value is otherwise disclosed (including investment schedules). This disclosure must be summarized by type of financial instrument (e.g. bonds, common stock, mortgage loans, etc.). The revisions to SSAP No. 100 were effective January 1, 2012. The Company adopted these new disclosures, if applicable, in 2012.

SSAP No. 101

In August 2011, the NAIC adopted SSAP No. 101, which superseded existing guidance for income taxes under SSAP No. 10, *Income Taxes,* and SSAP No. 10R. SSAP No. 101 provides revised accounting guidance for tax loss contingencies, the admissibility of DTAs, tax-planning strategies, and disclosures. The new guidance was effective January 1, 2012. The Company adopted SSAP No. 101 in 2012. For the year ended December 31, 2012 the adoption of SSAP No. 101 did not have a material effect on the Company's results of operations, cash flows or capital and surplus.

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements

December 31, 2012

(3) Fair Value of Financial Instruments

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash (other than certificates of deposit), uncollected premiums in the course of collection, investment income due and accrued, claims unpaid, accrued medical incentive pool and bonus amounts, unpaid claims adjustment expenses, amount due to parent subsidiaries and affiliates, and general expenses due and accrued: The carrying amounts approximate fair value because of the short maturity of these items. These financial instruments were not assigned a level category since they are not carried at fair value and their fair value is not otherwise disclosed.

Cash equivalents, short-term investments, and bonds: Fair value for these items is determined based upon quoted market prices, quoted prices for similar or identical securities and/or pricing models.

Certificates of deposit – Fair value is determined based upon discounted cash flow analyses or pricing models. These financial instruments were not assigned a level category since they are not carried at fair value and their fair value is not otherwise disclosed.

Assets and liabilities are categorized based upon a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1 – Observable inputs such as quoted prices in active markets: The Company's Level 1 securities consist of money market funds. Level 1 securities are included in short-term investments, in the accompanying statutory statement of admitted assets, liabilities, and capital and surplus and are fully admitted. These securities are actively traded, and therefore, the fair value for these securities is based on quoted market prices on one or more securities exchanges.

Level 2 – Inputs other than quoted prices in active markets that are either directly or indirectly observable: The Company's Level 2 securities consist of certificates of deposit, corporate bonds, municipal bonds and a U.S. Treasury security and are included in cash equivalents, short-term investments and bonds in the accompanying statutory statement of admitted assets, liabilities, and capital and surplus. The Company's investments in securities classified as Level 2 are traded frequently though not necessarily daily. Fair value for these securities is determined using a market approach based on quoted prices for similar securities in active markets; quoted prices for identical securities in inactive markets; or pricing models utilizing inputs other than quoted prices that are observable, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions: The Company did not hold any Level 3 financial instruments as of December 31, 2012.

Transfers between levels, as a result of changes in the inputs used to determine fair value, are recognized as of the beginning of the reporting period in which the transfer occurs. There were no transfers between levels during the year ended December 31, 2012.

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements

December 31, 2012

The fair value measurements of the assets carried at fair value as of December 31, 2012 are as follows:

		Fair value measurement at reporting date using		
	Total fair value	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
Money market funds	$ 39,322,397	39,322,397	—	—
Total assets measured at fair value	$ 39,322,397	39,322,397	—	—

(4) Bonds

The amortized cost, gross unrealized holding gains, gross unrealized holding losses and fair value for bonds held at December 31, 2012 were as follows:

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
States, territories and possessions general obligations	$ 642,371	8,199	—	650,570
Political subdivisions of states, territories and possessions general obligations	803,183	16,146	—	819,329
Revenue and assessment obligations	6,835,705	93,414	1,617	6,927,502
Unaffiliated domestic securities	5,694,173	74,700	2,495	5,766,378
Unaffiliated non-U.S. securities	305,934	10,299	—	316,233
Total bonds	$ 14,281,366	202,758	4,112	14,480,012

As discussed in note 3, all bonds are valued using Level 2 inputs as of December 31, 2012.

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements

December 31, 2012

The amortized cost and fair value of bonds, by contractual maturity, held at December 31, 2012 were as follows:

	Amortized cost	Fair value
Maturing within one year	$ 77,121	77,341
Maturing between one year and five years	10,093,227	10,216,459
Maturing between five years and ten years	2,062,401	2,105,157
Maturing in greater than ten years	2,048,617	2,081,055
Total	$ 14,281,366	14,480,012

The following table shows the fair value of the Company's bonds with unrealized losses that are not deemed to be other-than-temporarily impaired at December 31, 2012. Investments are aggregated by investment category, and length of time that individual securities have been in a continuous unrealized loss position.

	Less than 12 months			12 months or greater		
	Fair value	Gross unrealized holding losses	Total number of securities	Fair value	Gross unrealized holding losses	Total number of securities
Revenue and assessment obligations	$ 1,254,566	1,617	5	$ —	—	—
Unaffiliated domestic securities	528,007	2,495	4	—	—	—

The Company had $175,000 of cash and cash equivalents in gross unrealized loss position of $1 and $351,472 of short-term investments in gross unrealized gain position of $440 at December 31, 2012.

The Company typically invests in highly rated debt securities and its investment policy generally limits the amount of credit exposure to any one issuer. The Company's investment policy requires investments to generally be investment grade, primarily rated single-A or better, with the objective of minimizing the potential risk of principal loss and maintaining appropriate liquidity for the Company's operations. Fair values were determined for each individual security in the investment portfolio. When evaluating investments for other-than-temporary impairment, the Company reviews factors such as the length of time and extent to which fair value has been below cost basis, the financial condition of the issuer, general market conditions and the Company's intent to sell, or whether it is more likely than not that the Company will be required to sell the investment before recovery of a security's amortized cost basis. During the year ended December 31, 2012, the Company did not record any charges for other-than-temporary impairment of its bonds.

As of December 31, 2012, the Company's investments in debt securities in an unrealized loss position all hold investment grade ratings by various credit agencies. Additionally, the issuers have been current on all interest payments. The temporary declines in value at December 31, 2012 are primarily due to fluctuations in short-term market interest rates. The Company does not intend to sell these debt securities in an unrealized loss position prior to maturity or recovery; therefore, there is no indication of other-than-temporary impairment for these securities.

(Continued)

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements

December 31, 2012

As a condition for licensure by the State of Louisiana to operate as a HMO, the Company is required to maintain certain funds on deposit with the LDI. Accordingly, at December 31, 2012, $11,095 of cash and $1,004,444 of certificate of deposits were included in cash in the accompanying statutory statement of admitted assets, liabilities and capital and surplus.

(5) Property, Equipment and Software, Net

The cost basis, accumulated depreciation and nonadmitted assets for equipment and software as of December 31, 2012 are as follows:

	Furniture and equipment	EDP equipment and software	Total
Cost basis	$ 2,102,556	306,420	2,408,976
Accumulated depreciation	(370,264)	(275,010)	(645,274)
	1,732,292	31,410	1,763,702
Nonadmitted assets	(1,732,292)	—	(1,732,292)
Admitted assets	$ —	31,410	31,410

Depreciation expense was $381,679 for the year ended December 31, 2012, and is included in general administrative expenses in the accompanying statutory statement of revenues and expenses.

(6) Claims Unpaid and Accrued Medical Incentive Pool and Bonus Amounts

The total liability for claims unpaid and accrued medical incentive pool and bonus amounts at December 31, 2012 consists of the following amounts:

Claims unpaid	$ 28,534,538
Accrued medical incentive pool and bonus amounts	106,412
	$ 28,640,950

Activity in the total liability for claims unpaid and accrued medical incentive pool and bonus amounts is summarized as follows:

Balance as of January 1	$	—
Incurred related to:		
Current year		232,443,017
Prior years		—
Total incurred		232,443,017
Paid related to:		
Current year		203,802,067
Prior years		—
Total paid		203,802,067
Balance as of December 31	$	28,640,950

The Company uses actuarial techniques based principally on historical payment patterns to estimate incurred claims.

(7) Transactions with Affiliates

AMERIGROUP provides administrative and financial support services to the Company. Intercompany management fees charged to the Company during the year ended December 31, 2012 for these services were $16,439,863, and are included in general administrative expenses in the accompanying statutory statement of revenues and expenses. The Company owed AMERIGROUP $220,492 at December 31, 2012 for these services.

AMERIGROUP allocates compensation expense related to share-based payments made to employees of the Company. The amount of compensation expense for the year ended December 31, 2012 was $154,987. The Company reflects the allocated expenses of these equity-classified awards as capital contributions since AMERIGROUP does not bill the Company for these amounts, which are included in general and administrative expenses in the accompanying statutory statement of revenues and expenses.

The Company received $55,000,000 in cash capital contributions in 2012. AMERIGROUP is committed to funding capital and surplus as necessary to meet minimum capital and surplus requirements in the foreseeable future.

Per the *Statute of Louisiana,* certain limitations exist on the Company's ability to pay dividends to its parent. The Company may not pay an extraordinary dividend or make any other extraordinary distribution to its shareholders until 1) thirty days after the commissioner has received notice of the declaration thereof and has not within such period disapproved such payment; or 2) the commissioner shall have approved such payment within such thirty-day period. An extraordinary dividend or distribution is defined as any dividend or distribution or cash or other property, whose fair market value together with that of other dividends or distributions made within the preceding twelve months, exceeds the lesser of 1) ten percent (10%) of net worth as of December 31st of the prior year or 2) net income from operation not including realized capital gains for the next twelve (12) months as of December 31st, but must not include pro rata

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements

December 31, 2012

destitutions of any class of the insurer's own securities. The Company did not pay any dividends during the year ended December 31, 2012.

(8) Federal Income Taxes

Through December 24, 2012, the Company was a member of an affiliated group with AMERIGROUP that files a consolidated federal income tax return. The consolidated federal income tax liability is allocated among the members of the group under the provisions of a tax-sharing agreement entered into by the members of the group. The other members of the group were:

AMERIGROUP Corporation (Parent)
AMERIGROUP Community Care of New Mexico, Inc.
AMERIGROUP Florida, Inc.
AMERIGROUP Insurance Company, Inc.
AMERIGROUP Kansas, Inc.
AMERIGROUP Maryland, Inc.
AMERIGROUP Nevada, Inc.
AMERIGROUP New Jersey, Inc.
AMERIGROUP New York, LLC
AMERIGROUP Ohio, Inc.
AMERIGROUP Tennessee, Inc.
AMERIGROUP Texas, Inc.
AMERIGROUP Virginia, Inc. *
AMERIGROUP Washington, Inc.
AMGP Georgia Managed Care Company, Inc.

* Effective November 30, 2012, AMERIGROUP divested all of its managed care operations in Virginia.

After December 24, 2012, the Company's operations are included in the consolidated federal income tax return of WellPoint.

The Company has adopted SSAP No.101, effective January 1, 2012.

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements

December 31, 2012

The components of the DTAs as of December 31, 2012 are as follows:

		2012
DTAs:		
Ordinary:		
Intangible assets, due to timing differences in amortization	$	370,043
Accounts receivable allowances and nonadmitted assets, deductible as written off for tax purposes		390,553
Estimated claims incurred but not reported, a portion of which is deductible as paid for tax purposes		144,332
Equipment, due to timing differences in depreciation and nonadmitted assets		568,698
Net operating loss carryforward, deductible in future periods for tax purposes		6,694,616
Other		28
Total gross DTAs		8,168,270
Less nonadmitted asset		(8,168,270)
Net admitted DTA	$	—

The amount of admitted adjusted gross DTAs under each component of SSAP No. 101 as of December 31, 2012 is:

		December 31, 2012		
		Ordinary	Capital	Total
Admitted pursuant to paragraph 11.a.	$	—	—	—
Admitted pursuant to paragraph 11.b.		—	—	—
Admitted pursuant to paragraph 11.c.		—	—	—
Net admitted DTA	$	—	—	—
Nonadmitted DTA	$	8,168,270	—	8,168,270

The change in the components of the net DTA during 2012 is as follows:

		Ordinary	Capital	Total
Change in gross DTAs	$	7,704,514	—	7,704,514
Statutory valuation allowance adjustments		—	—	—
Change in DTA before admissibility test	$	7,704,514	—	7,704,514

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements

December 31, 2012

The change in the amount of admitted adjusted deferred gross DTAs under each component of SSAP No. 101 during 2012 is:

		Ordinary	Capital	Total
Admitted pursuant to paragraph 11.a.	$	(29,279)	—	(29,279)
Admitted pursuant to paragraph 11.b.		—	—	—
Admitted pursuant to paragraph 11.c.		—	—	—
Net admitted DTA	$	(29,279)	—	(29,279)
Nonadmitted DTA	$	7,733,793	—	7,733,793

The ratio used for threshold limitation (SSAP No. 101, Paragraph 11.b.) is as follows:

	2012
Ratio percentage used to determine recovery period and threshold limitation amount:	
ExDTA ACL Ratio	345%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation	$ 37,451,841

Tax planning strategies did not have an effect on the Company's net admitted DTAs. The Company has not availed itself of a tax planning strategy involving reinsurance.

To assess the realizability of DTAs, the Company considers whether it is more likely than not that the DTAs will be realized. In making the determination, the Company takes into account the scheduled reversals of DTLs, whether projected future taxable income is sufficient to permit realization of the DTAs and the tax-sharing agreement in effect with WellPoint. Based on the weight of available evidence, management believes that it is more likely than not that the Company will fully realize the benefits of the gross DTAs of $8,168,270.

Furthermore, at December 31, 2012, the Company has net operating loss carryforwards for federal income tax purposes totaling $19,127,475 which are available to offset future federal taxable income, if any, through 2032. The Company adapted to WellPoint's tax sharing agreement on January 1, 2013, and received credit from AMERIGROUP for the federal tax benefit of $6,694,616 associated with their operating loss carryforwards. Tax credit was provided for the losses since they will be used on the 2012 federal consolidated return. It is not uncommon for a new health plan to experience losses and AMERIGROUP has a history of operating subsidiaries on a profitable basis as the plan matures in its market. Based on the weight of available evidence, the Company believes it is more likely than not that the operating loss carrryforwards can be used on a separate company basis prior to expiration.

The Company did not incur any current income taxes during the year ended December 31, 2012.

All tax matters for the 2012 tax year are still subject to examination by the IRS. The Company has no unrecognized DTLs at December 31, 2012.

Total statutory income tax expense attributable to income before federal income taxes differs from the amount computed by applying the U.S. federal income tax rate of 35% to income before federal income taxes principally as a result of the following:

		2012
Net loss from operations before income taxes	$	(20,444,516)
Net realized capital gain		103
Taxable income from operations before income tax	$	(20,444,413)
Tax expense at statutory rate	$	(7,155,545)
Increase (decrease) in income taxes resulting from:		
Change in nonadmitted assets		(569,408)
Permanent differences		24,394
Other		(3,955)
Total income tax expense	$	(7,704,514)
Federal income tax incurred	$	—
Change in deferred income tax		(7,704,514)
Total statutory income taxes	$	(7,704,514)

The Company did not incur state income tax expense during the year ended December 31, 2012.

The Company has no income tax expense for 2012 that is available for future recoupment in the event of future losses.

(9) Deferred Compensation Savings Plan

The Company's employees have the option to participate in a deferred compensation plan sponsored by AMERIGROUP. All full-time and most part-time employees of AMERIGROUP and the Company may elect to participate in this plan. This plan is exempt from income taxes under Section 401(k) of the Internal Revenue Code. Participants may contribute a certain percentage of their compensation subject to maximum federal and plan limits. AMERIGROUP may elect to match a certain percentage of each employee's contributions up to specified limits. For the year ended December 31, 2012, the Company's share of the expense related to AMERIGROUP's match was $133,997, and is included in general administrative expenses in the accompanying statutory statement of revenues and expenses.

(10) Insurance

(a) Reinsurance Coverage

The Company carries reinsurance coverage for hospital medical expense through an independent carrier. The policy limits reinsurance coverage to certain maximum lifetime indemnity amounts per insured member, subject to certain deductibles and loss percentages. This reinsurance coverage does not relieve the Company of its primary obligation to the policy members. Reinsurance expense was $140,818 for the year ended December 31, 2012, and is presented as a reduction to premium revenue in the accompanying statutory statement of revenues and expenses. The Company had no amounts recoverable from reinsurers for the year ended December 31, 2012.

(b) General Liability and Malpractice Insurance

AMERIGROUP and its subsidiaries maintain a general liability policy through an independent carrier subject to annual coverage limits. AMERIGROUP and subsidiaries maintain a claims-made umbrella policy through an independent carrier subject to annual coverage limits for amounts exceeding the general liability limits. The claims-made umbrella policy must be renewed or replaced with equivalent insurance if claims incurred during its term, but asserted after its expiration, are to be insured.

Additionally, AMERIGROUP and its subsidiaries maintain professional liability coverage for certain claims, which is provided by an independent carrier and is subject to annual coverage limits. Professional liability policies are on a claims-made basis and must be renewed or replaced with equivalent insurance if claims incurred during its term, but asserted after its expiration, are to be insured.

(11) Commitments and Contingencies

(a) Minimum Capital and Surplus Requirements

The Company is required by the state of Louisiana to maintain a minimum capital and surplus of $3,000,000 as defined in *Statutes of Louisiana* 22:254. As of December 31, 2012, the Company was in compliance with this requirement and with other cash, surplus and insolvency deposit requirements.

Risk based capital (RBC) was developed by the NAIC as a method of measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operation in consideration of its size and risk profile. A company's RBC is calculated by applying certain factors to various asset, premium and reserve items. Four action levels of RBC have been defined to set industry standards for regulatory intervention. The state requires the Company maintain capital and surplus of at least 200% of the Authorized Control level. For the year ended December 31, 2012, the Company was in compliance with this requirement.

(b) Leases

The Company has entered into various noncancelable operating leases for facilities and equipment, which expire at various dates through 2017. These leases have various escalations, abatements and tenant improvement allowances that have been included in the total cost of each lease and amortized on a straight-line basis. Total rent expense for these leases was $461,900 for the year ended December 31, 2012, and are included in general administrative expenses in the accompanying statutory statement of revenues and expenses.

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements

December 31, 2012

Future minimum lease payments under these noncancelable operating leases with initial lease terms in excess of one year are as follows as of December 31, 2012:

		Operating leases
Year ending December 31:		
2013	$	534,170
2014		542,275
2015		549,878
2016		559,655
2017		74,037
	$	2,260,015

Schedule 1

AMERIGROUP Louisiana, Inc.

Supplementary Summary Investment Schedule

December 31, 2012

Investment holdings	Admitted assets as reported in the statutory financial statements Amount	Percentage
Bonds:		
Securities issued by states, territories, and possessions and political subdivisions in the U.S. – states, territories and possessions general obligations	$ 642,371	1
Securities issued by states, territories, and possessions and political subdivisions in the U.S. – political subdivisions of states, territories and possessions general obligations	803,183	1
Securities issued by states, territories, and possessions and political subdivisions in the U.S. – revenue and assessment obligations	6,835,705	11
Unaffiliated domestic securities	5,694,173	9
Unaffiliated non-U.S. securities	305,934	—
Cash and cash equivalents and short-term investments	49,248,963	78
Total invested assets	$ 63,530,329	100%

See accompanying independent auditors' report.

Schedule 2

AMERIGROUP Louisiana, Inc.

Schedule of Supplemental Investment Risks Interrogatories

Year ended December 31, 2012

Of the AMERIGROUP Louisiana, Inc.

Address (City, State, Zip Code) Metairie, LA 70002

NAIC Group Code 0671 NAIC Company Code 14064 Employer's ID Number 26-4674149

1. Reporting entity's total admitted assets as reported on page 3 of this annual statement. $ 69,043,942

	1 Issuer	2 Description of exposure	3 Amount	Percentage of total admitted assets
2.	Ten largest exposures to a single issuer/borrower/investment.			
2.01	Dreyfus Cash Management Money Market Fund	Money market fund	$ 6,550,000	9.487%
2.02	Morgan Stanley Prime Money Market Fund	Money market fund	6,550,000	9.487
2.03	Fidelity Prime Money Market Fund	Money market fund	6,550,000	9.487
2.04	Federated Money Market Fund	Money market fund	6,050,000	8.763
2.05	JP Morgan Prime Money Market Fund	Money market fund	6,050,000	8.763
2.06	Goldman Sachs Financial Square Money Market Fund	Money market fund	4,550,000	6.590
2.07	First American Prime Money Market Fund	Money market fund	3,022,397	4.377
2.08	Citizens Property Insurance Corporation – Florida	Bond	538,652	0.780
2.09	Allegheny County Pennsylvania Port Authority	Bond	470,323	0.681
2.10	New York City Transitional Finance Authority	Bond	434,121	0.629

	NAIC rating	1 Amount	2 Percent
3.	Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.		
	Bonds:		
3.01	NAIC-1	$ 50,389,957	72.982%
3.02	NAIC-2	3,740,278	5.417
3.03	NAIC-3	—	—
3.04	NAIC-4	—	—
3.05	NAIC-5	—	—
3.06	NAIC-6	—	—
	Preferred stocks:		
3.07	P/RP-1	$ —	—%
3.08	P/RP-2	—	—
3.09	P/RP-3	—	—
3.10	P/RP-4	—	—
3.11	P/RP-5	—	—
3.12	P/RP-6	—	—

4. Assets held in foreign investments:
   4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [x] No [ ]
   If response to 4.01 above is yes, responses are not required for interrogatories 5 – 10.

		1 Amount	2 Percent
4.02	Total admitted assets held in foreign investments:	$ 305,934	0.443
4.03	Foreign currency denominated investments:	—	—
4.04	Insurance liabilities denominated in that same foreign currency	—	—

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:
    11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets: Yes [x] No [ ]
    If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.
    12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets Yes [x] No [ ]
    If response to 12.01 is yes, detail is not required for the remainder of interrogatory 12.

13. Amounts and percentages of admitted assets held in the ten largest equity interests:
    13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets: Yes [x] No [ ]
    If response to 13.01 is yes, detail is not required for the remainder of interrogatory 13.
    The remainder of the required interrogatories are not applicable to AMERIGROUP Louisiana, Inc.

See accompanying notes to statutory financial statements.

Financial Statements and Supplementary Information – Statutory Basis

AMERIGROUP Louisiana, Inc.
Years Ended December 31, 2013 and 2012
With Report of Independent Auditors

Ernst & Young LLP

Building a better working world

AMERIGROUP Louisiana, Inc.

Financial Statements and Supplementary Information – Statutory Basis

Years ended December 31, 2013 and 2012

Contents

Building a better working world

Ernst & Young LLP
Suite 4000
111 Monument Circle
Indianapolis, IN 46204

Tel: +1 317 681 7000
Fax: +1 317 681 7216
ey.com

Report of Independent Auditors

Board of Directors
AMERIGROUP Louisiana, Inc.

We have audited the accompanying statutory basis financial statements of AMERIGROUP Louisiana, Inc., which comprise the balance sheet as of December 31, 2013, and the related statements of income, changes in capital and surplus, and cash flow for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with accounting practices prescribed or permitted by the Louisiana Department of Insurance. Management also is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, to meet the requirements of Louisiana the financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Louisiana Department of Insurance, which practices differ from U.S. generally accepted accounting principles. The variances between such practices and U.S. generally accepted accounting principles are described in Note 1. The effects on the accompanying financial statements of these variances are not reasonably determinable but are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the effects of the matter described in the preceding paragraph, the statutory basis financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of AMERIGROUP Louisiana, Inc. at December 31, 2013, or the results of its operations or its cash flows for the year then ended.

Opinion on Statutory Basis of Accounting

However, in our opinion, the statutory basis financial statements referred to above present fairly, in all material respects, the financial position of AMERIGROUP Louisiana, Inc. at December 31, 2013, and the results of its operations and its cash flows for the year then ended in conformity with accounting practices prescribed or permitted by the Louisiana Department of Insurance.

Report of Other Auditors on December 31, 2012 Financial Statements

The statutory basis financial statements of AMERIGROUP Louisiana, Inc. for the year ended December 31, 2012, were audited by other auditors whose report dated May 15, 2013 expressed an unmodified opinion on those statements in conformity with accounting practices prescribed or permitted by the Louisiana Department of Insurance.

Ernst + Young LLP

May 30, 2014

AMERIGROUP Louisiana, Inc.

Balance Sheets – Statutory Basis

(Dollars In Thousands)

	December 31	
	2013	**2012**
Admitted assets		
Cash and invested assets:		
(Bank overdrafts) cash, cash equivalents, and short-term investments	**$ (142)**	$ 49,249
Bonds	**63,603**	14,281
Common stocks	**13,704**	-
Securities lending collateral	**5,781**	-
Total cash and invested assets	**82,946**	63,530
Accrued investment income	**476**	136
Premiums receivable	**9,120**	5,347
Net deferred tax asset	**2,215**	-
Electronic data processing equipment	**17**	31
Receivable from parent and affiliates	**45**	-
Total admitted assets	**$ 94,819**	$ 69,044
Liabilities and capital and surplus		
Liabilities:		
Unpaid claims and claims adjustment expenses	**$ 35,244**	$ 29,156
General expenses due and accrued	**5,209**	2,185
Current federal income tax payable	**351**	-
Remittances and items not allocated	**809**	-
Payable to parent and affiliates	-	220
Payable for securities lending	**5,781**	-
Other liabilities	**30**	-
Total liabilities	**47,424**	31,561
Capital and surplus:		
Common stock, $.01 par value: 1,000 shares authorized, issued and outstanding	**-**	-
Additional paid-in surplus	**60,676**	60,676
Accumulated deficit	**(13,281)**	(23,193)
Total capital and surplus	**47,395**	37,483
Total liabilities and capital and surplus	**$ 94,819**	$ 69,044

See accompanying notes.

AMERIGROUP Louisiana, Inc.

Statements of Income – Statutory Basis

(Dollars In Thousands)

	Year ended December 31	
	2013	**2012**
Premium income	**$ 410,958**	$ 247,143
Benefits and expenses:		
Claims and claims adjustment expenses	**381,572**	239,341
Operating expenses	**24,846**	28,446
Total benefits and expenses	**406,418**	267,787
Net underwriting gain (loss)	**4,540**	(20,644)
Investment gains:		
Net investment income	**1,269**	200
Net realized capital loss on investments, net of taxes	**(53)**	-
Net investment gains	**1,216**	200
Income (loss) before federal income taxes	**5,756**	(20,444)
Federal income taxes (benefit)	**(4,102)**	-
Net income (loss)	**$ 9,858**	$ (20,444)

See accompanying notes.

AMERIGROUP Louisiana, Inc.

Statements of Changes in Capital and Surplus – Statutory Basis

(Dollars In Thousands)

	Common Stock	Additional Paid-in Surplus	Unassigned (Deficit)	Total Capital and Surplus
Balance as of January 1, 2012	$ -	$ 5,521	$ (1,092)	$ 4,429
Net loss	-	-	(20,444)	(20,444)
Change in net deferred income tax	-	-	7,704	7,704
Change in nonadmitted assets	-	-	(9,361)	(9,361)
Capital contributions from shareholder	-	55,155	-	55,155
Balance as of December 31, 2012	-	60,676	(23,193)	37,483
Net income	**-**	**-**	**9,858**	**9,858**
Change in unrealized capital gain	**-**	**-**	**171**	**171**
Change in net deferred income tax	**-**	**-**	**(5,231)**	**(5,231)**
Change in nonadmitted assets	**-**	**-**	**5,114**	**5,114**
Balance as of December 31, 2013	**$ -**	**$ 60,676**	**$ (13,281)**	**$ 47,395**

See accompanying notes.

AMERIGROUP Louisiana, Inc.

Statements of Cash Flow – Statutory Basis

(Dollars In Thousands)

	Year ended December 31	
	2013	**2012**
Operating activities		
Premiums collected, net of reinsurance	**$ 407,185**	$ 241,796
Net investment income received	**1,729**	196
Claims and claims adjustment expenses paid	**(378,226)**	(210,263)
General administrative and miscellaneous expenses paid	**(21,369)**	(25,727)
Federal income taxes paid (recovered)	**4,482**	(115)
Net cash provided by operating activities	**13,801**	5,887
Investment activities		
Proceeds from investments sold, matured or repaid	**10,717**	573
Cost of investments acquired	**(74,361)**	(14,986)
Other	**(5,781)**	-
Net cash used in investment activities	**(69,425)**	(14,413)
Financing or miscellaneous activities		
Contributions from shareholder	**-**	55,000
Other	**6,233**	(2,743)
Net cash provided by financing or miscellaneous activities	**6,233**	52,257
Change in (bank overdrafts), cash, cash equivalents, and short-term investments	**(49,391)**	43,731
Cash, cash equivalents, and short-term investments at beginning of year	**49,249**	5,518
(Bank overdrafts), cash, cash equivalents, and short-term investments at end of year	**$ (142)**	**$ 49,249**

See accompanying notes.

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements – Statutory Basis
December 31, 2013

(Dollars In Thousands)

1. Nature of Operations and Significant Accounting Policies

AMERIGROUP Louisiana, Inc. (the "Company"), a Louisiana Corporation, is a wholly owned subsidiary of AMERIGROUP Corporation ("AMERIGROUP"), commenced operations on in February 1, 2012 and is licensed as a health maintenance organization in the state of Louisiana ("the State"). On December 24, 2012, WellPoint, Inc. ("WellPoint") completed the acquisition of all of AMERIGROUP's outstanding shares. As a result of the acquisition, the Company is now an indirect subsidiary of WellPoint. The acquisition did not have an impact on the Company's statutory financial statements.

The Company's members include children and families served by Medicaid's TANF as well as people with disabilities. Of the five managed care organizations operating in Louisiana, the Company is one of three providers that began offering services on a full-risk basis on February 1, 2012. The Company serves children, families, seniors and people with disabilities through the BAYOU HEALTH program. Effective February 1, 2012, the Company commenced operations in New Orleans and North Shore. Effective April 1, 2012, the Company commenced operations in Baton Rouge, Lafayette, and Thibodaux; and on June 1, 2012, the Company commenced operations in the remaining regions of Alexandria, Lake Charles, Monroe and Shreveport.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Louisiana Department of Insurance ("LDI"). The LDI has adopted the accounting policies found in the National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* ("NAIC SAP") as a component of prescribed accounting practices. For the years ended December 31, 2013 and 2012, there were no differences between the Company's capital and surplus and net income under NAIC SAP and practices prescribed or permitted by the LDI.

NAIC SAP varies from U.S. generally accepted accounting principles ("GAAP"). The more significant variances from GAAP, applicable to the Company, are as follows:

Investments: Investments in bonds are reported at amortized cost or fair value based on their NAIC rating, if applicable. For GAAP, fixed maturity investments are designated at purchase as available-for-sale and are reported at fair value with unrealized holding gains and losses reported as a separate component of capital and surplus.

For statutory purposes, all single class and multi-class mortgage-backed/asset-backed securities, such as collateralized mortgage obligations ("CMOs"), where it is determined that a decline in fair value is other-than-temporary because the Company intends to sell the security or has assessed that it does not have the intent and ability to retain the investments in the security for a period of time sufficient to recover the amortized cost basis, the amortized cost basis is written down to fair value as a realized loss in the statements of income. If deemed other-than-temporarily impaired as the Company does not expect to recover the amortized cost basis even if it did not intend to sell the security and the Company has the intent and ability to hold the security, the amortized cost basis is written down to the present value of future cash flows as a realized loss in the statements of income. For impaired bonds not backed by other assets, an other-than-temporary impairment is considered to have occurred if it is probable that the Company will be unable to collect all amounts due according to the instrument's contractual terms in effect at the date of acquisition. A decline in fair value that is other-than-temporary includes situations where the Company has made a decision to sell a security prior to its maturity at an amount below its carrying value. If it is determined that a decline in the fair value of a bond is other-than-temporary, an impairment loss is recognized as a realized loss in the statements of income equal to the entire difference between the bond's carrying value and its fair value.

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements – Statutory Basis (continued)

(Dollars In Thousands)

1. Nature of Operations and Significant Accounting Policies (continued)

For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets, such as CMOs, mortgage-backed securities, bonds and asset-backed securities, other than high credit quality securities, whose decline in fair value is determined to be other-than-temporary, the cost basis of the security is written down to the fair value if the Company intends to sell the security or it is more likely than not that the Company will have to sell the security prior to recovery. For impaired fixed maturity securities that the Company does not intend to sell or it is more likely than not that the Company will not have to sell such securities, but the Company expects that it will not fully recover the amortized cost basis, the credit component of the other-than-temporary impairment is recognized in other-than-temporary losses in the statements of income, and the non-credit component of the other-than-temporary impairment is recognized in other comprehensive income. Furthermore, unrealized losses entirely caused by non-credit factors related to fixed maturity securities for which the Company expects to fully recover the amortized cost basis continue to be recognized in accumulated other comprehensive income.

Premiums receivable: Premiums receivable are recorded at the billed amount and reduced by any amounts not deemed collectible. Generally, amounts aged ninety days and older are excluded from the balance sheets by a direct charge to capital and surplus. For GAAP, these amounts are recorded at the billed amounts and are reported net of a valuation allowance based upon historical collection trends and management's judgment on the collectability of these accounts.

Nonadmitted assets: Certain assets designated as nonadmitted, including deferred federal income taxes in excess of certain statutory limits, nonoperating software, furniture and equipment, and certain receivable balances are excluded from the balance sheets by a direct charge to capital and surplus. These nonadmitted assets totaled $4,879 and $9,993 at December 31, 2013 and 2012, respectively. For GAAP, these amounts are carried as an asset, net of a valuation allowance, if necessary.

Deferred income tax: Deferred tax assets are reduced by a statutory valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. Adjusted gross deferred tax assets are separated by character (ordinary and capital) and admitted in an amount equal to the sum of 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the applicable carryback period, plus 2) based on Risk Based Capital ("RBC") thresholds the lesser of the remaining adjusted gross deferred tax assets expected to be realized within the applicable period of the balance sheet date or an amount no greater than the applicable percentage of capital and surplus excluding any net deferred tax assets, electronic data processing ("EDP") equipment and operating software, plus 3) the amount of remaining adjusted gross deferred tax assets that can be offset against existing gross deferred tax liabilities after consideration of the reversal patterns of temporary differences. The remaining deferred tax asset is nonadmitted.

Deferred taxes do not include amounts for state taxes. Changes in deferred income taxes are recorded as adjustments to capital and surplus. For GAAP, state income taxes are considered in the computation of deferred taxes, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in future years, and a valuation allowance is established for deferred tax assets estimated to be unrealizable. Excluding the tax impact of unrealized investment gains and losses, the change in deferred income taxes is recorded in the statements of income.

Statements of cash flow: Bank overdrafts, cash, cash equivalents and short-term investments in the statements of cash flow represent cash balances, bank overdrafts, and investments with initial maturities of one year or less. If the Company has a net negative cash balance, it is reported as a negative asset and not as a liability. For GAAP, the corresponding captions of cash and cash equivalents include cash balances and investments with initial maturities of three months or less, and negative cash balances are recorded separately as liabilities.

1. Nature of Operations and Significant Accounting Policies (continued)

The effects of the foregoing variances for GAAP on the accompanying statutory basis financial statements have not been determined but are presumed to be material.

Other significant accounting policies are as follows:

Use of Estimates

Preparation of statutory basis financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investments

Bonds not backed by loans are stated at amortized cost, with amortization of premium or discount calculated based on the modified scientific method, using lower of yield to call or yield to maturity. Single class and multi-class mortgage-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions for loan-backed securities and structured securities are obtained from broker-dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment. The retrospective adjustment method is used to value all loan-backed securities. Non-investment grade bonds are stated at the lower of cost or fair value as determined by the NAIC's Securities Valuation Office ("SVO").

Common stocks of unaffiliated companies are stated at fair value based upon security prices prescribed by various third-party pricing sources.

The Company participates in a securities lending program whereby marketable securities in its investment portfolio are transferred to independent brokers or dealers based on, among other things, their creditworthiness in exchange for collateral initially equal to at least 102% of the fair value of the securities on loan, and is thereafter maintained at a minimum of 100% of the fair value of the securities loaned. The fair value of the securities on loan to each borrower is monitored daily and the borrower is required to deliver additional collateral if the fair value of the collateral falls below 100% of the fair value of the securities on loan. The Company has no loaned portfolio securities with terms exceeding one year.

Unrealized gains and losses on stocks and non-investment grade bonds are reflected directly in unassigned surplus, net of federal income taxes, unless there is deemed to be an other-than-temporary decline in value, in which case the loss is charged to income. Realized gains and losses on investments sold are determined using the specific identification method and are included in net realized capital losses on investments. Investment income is not accrued on bonds with interest payments in default.

Short-term investments include investments with maturities of less than one year and more than three months at the date of acquisition and are reported at amortized cost, which approximates fair value. Cash equivalent investments include investments with maturities of less than or equal to three months at the date of acquisition and are reported at amortized cost, which approximates fair value. Non-investment grade short-term and cash equivalent investments are stated at the lower of amortized cost or fair value.

Electronic Data Processing Equipment and Software

EDP and software is recorded at cost less accumulated depreciation. Depreciation on EDP and operating software is computed principally by the straight-line method over the lesser of their estimated useful lives of the assets or three years. Non-operating software is depreciated using the straight-line method over the lesser of its useful life or five

Notes to Financial Statements – Statutory Basis (continued)

(Dollars In Thousands)

1. Nature of Operations and Significant Accounting Policies (continued)

years. Accumulated depreciation at December 31, 2013 and 2012 was $289 and $275, respectively. Depreciation expense in 2013 and 2012 was $14 and $12, respectively.

Furniture and Equipment

Furniture and equipment is capitalized and depreciated on a straight-line basis over its useful life. The net book value is charged in full to unassigned surplus as a nonadmitted asset. Depreciation expense in 2013 and 2012 was $439 and $370, respectively.

Unpaid Claims and Claims Adjustment Expenses

Unpaid claims and claims adjustment expenses include management's best estimate of amounts based on historical claim development patterns and certain individual case estimates. The established liability considers health benefit provisions, business practices, economic conditions and other factors that may materially affect the cost, frequency and severity of claims. Reserves for unpaid claims and claims adjustment expenses are based on assumptions and estimates, and while management believes such estimates are reasonable, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and changes in estimates are incorporated into current operating results.

Premiums

The Company records premium revenues based on premium information from each government agency with whom the Company contracts to provide services. Premiums are due monthly and are recognized as revenue during the period in which the Company is obligated to provide service to members. Premium payments from contracted government agencies are based on eligibility lists produced by the government agencies. Adjustments to eligibility lists produced by the government agencies result from retroactive application of enrollment or disenrollment of members or classification changes between rate categories. The Company estimates the amount of retroactive premium owed to or from the government agencies each period and adjusts premium revenue accordingly.

Additionally, delays in annual premium rate changes require that the Company defer the recognition of any increases to the period in which the premium rates become final. The time lag between the effective date of a premium rate increase and the final contract can and has in the past been delayed one quarter or more. The value of the impact can be significant in the period in which it is recognized dependent on the magnitude of the premium rate increase, the membership to which it applies and the length of the delay between the effective date of the rate increase and the final contract date. Premium rate decreases are recognized in the period the change in premium rate becomes effective and the change in the rate is known, which may be prior to the period when the contract amendment affecting the rate is finalized.

Reinsurance

Reinsurance premiums, claims and claim adjustment expenses are accounted for on a basis consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

Retrospectively Rated Contracts

The Company's contract with the State Medicaid Agency includes a provision for which premiums vary based on loss experience. The Company estimates accrued retrospective premium adjustments through the review of each retrospectively rated contract, comparing the claim development with that anticipated in the contract. Any adjustment made to the estimated liability as a result of a final settlement is included in current operations. The Company uses estimates to report in the statutory basis financial statements the incurred and unpaid liability amounts for retrospectively rated contracts based on its underwriting experience; actuarial, tax, and accounting

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements – Statutory Basis (continued)

(Dollars In Thousands)

1. Nature of Operations and Significant Accounting Policies (continued)

estimates and assumptions at the financial statement date; and regulations and guidance available that are subject to change prior to settlement. Accordingly, the Company's use of estimates and assumptions in the preparation of the statutory basis financial statements and related footnote disclosures may differ from actual results. The Company accrues retrospective premium as an adjustment to earned premium. One hundred percent of the net premium written is subject to retrospective ratings features.

Federal Income Tax

The Company participates in a tax sharing agreement with WellPoint and its subsidiaries. Allocation of federal income tax is based upon separate return calculations with credit for net losses that can be used on a consolidated basis. Intercompany tax balances are settled based on the Internal Revenue Service due dates.

Patient Protection and Affordable Care Act

In 2010, the U.S. Congress passed and the President signed into law the Patient Protection and Affordable Care Act ("ACA"). The ACA has created significant changes and will continue to create significant changes for health insurance markets for the next several years. Specifically, many of the near-term changes were effective for certain groups and individuals on the first renewal on or after September 23, 2010, including a prohibition on lifetime limits, certain annual limits, member cost-sharing on specified preventive benefits, pre-existing condition exclusions for children, increased restrictions on rescinding coverage and extension of coverage of dependents to the age of 26. Certain requirements for insurers were also effective in 2011, including changes to Medicare Advantage payments and the minimum MLR provision that requires insurers to pay rebates to customers when insurers do not meet or exceed the specified MLR thresholds. Most of the provisions of ACA with more significant effects on the health insurance marketplace, both state and federal, went into effect on January 1, 2014, including a requirement that insurers guarantee the issuance of coverage to all individuals regardless of health status, strict rules on how health insurance is rated, the assessment of new taxes and fees (including annual fees on health insurance companies), the creation of new insurance exchanges for individuals and small groups, the availability of premium subsidies for certain individual products, and substantial expansions in eligibility for Medicaid.

Despite significant preparation for the advent of the new federal and state health insurance exchanges, there have been many technical difficulties in the implementation of the exchanges, which entail uncertainties associated with mix and volume of business. These delays and changes may have a material and significant impact on anticipated enrollment in on- and off-exchange products, thus affecting the risk pools and premium rates. Finally, implementation of ACA brings with it significant oversight responsibilities by health insurers that may result in increased governmental audits, increased assertions of False Claims Act violations, and an increased risk of other litigation.

Health Insurer Fee

Health Care Reform imposes a mandatory annual fee on health insurers that write certain types of health insurance on U.S. risks for each calendar year beginning on or after January 1, 2014. The annual fee will be allocated to health insurers based on the ratio of the amount of an insurer's net premium revenues written during the preceding calendar year to the amount of health insurance for all U.S. health risk for those certain lines of business that is written during the preceding calendar year. This fee is non-deductible for income tax purposes.

(Dollars In Thousands)

1. Nature of Operations and Significant Accounting Policies (continued)

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

2. Investments

A summary of the Company's investments in bonds is as follows:

December 31, 2013	Statement Value	Gross Unrealized Gains	Gross Unrealized Losses: Less Than 12 Months	Gross Unrealized Losses: 12 Months or Greater	Fair Value
States, territories and political subdivisions	$ 17,254	$ 47	$ (562)	$ -	$ 16,739
Industrial and miscellaneous	36,928	114	(777)		36,265
Loan-backed and structured securities	9,421	3	(111)	-	9,313
Total bonds	$ 63,603	$ 164	$ (1,450)	$ -	$ 62,317

December 31, 2012	Statement Value	Gross Unrealized Gains	Gross Unrealized Losses: Less Than 12 Months	Gross Unrealized Losses: 12 Months or Greater	Fair Value
States, territories and political subdivisions	$ 1,446	$ 24	$ -	$ -	$ 1,470
Industrial and miscellaneous	12,835	179	(4)		13,010
Total bonds	$ 14,281	$ 203	$ (4)	$ -	$ 14,480

The statement and fair value of bonds at December 31, 2013, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Statement Value	Fair Value
Due in one year or less	$ 996	$ 1,001
Due after one through five years	13,387	13,433
Due after five through ten years	17,241	16,664
Due after ten years	22,558	21,906
Mortgage-backed securities	9,421	9,313
	$ 63,603	$ 62,317

Bonds with a statement value of $1,006 and $1,016 were on deposit with the LDI at December 31, 2013 and 2012, respectively.

Proceeds from the sale of bonds during 2013 were $9,196, resulting in realized gross gains of $51 and realized gross losses of $132.

Notes to Financial Statements – Statutory Basis (continued)

(Dollars In Thousands)

2. Investments (continued)

A summary of the Company's investment in common stock is as follows:

December 31, 2013	Cost	Gross Unrealized Gains	Gross Unrealized Losses: Less Than 12 Months	Gross Unrealized Losses: 12 Months or Greater	Fair Value
Common Stock	$ 13,438	$ 266	$ -	$ -	$ 13,704

The Company did not have proceeds from sales of unaffiliated common stocks during 2013 and 2012. The Company did not have realized gains or losses on common stocks in 2013 and 2012.

A significant judgment in the valuation of investments is the determination of when an other-than-temporary decline in value has occurred. The Company follows a consistent and systematic process for impairing securities that sustain other-than-temporary declines in value. The Company has established a committee responsible for the impairment review process. The decision to impair a security incorporates both quantitative criteria and qualitative information. The impairment review process considers a number of factors, including but not limited to (1) the length of time and the extent to which a security's fair value has been less than statement value; (2) the financial condition and near term prospects of the issuer; (3) the intent to sell and, for loan-backed and structured securities, the intent and ability of the Company to retain its investment for a period of time to allow for any anticipated recovery in value; (4) whether the debtor is current on interest and principal payments; and (5) general market conditions and industry or sector-specific factors. For securities that are deemed to be other-than-temporarily impaired, the security is adjusted to its fair value (or its discounted cash flows for loan-backed and structured securities), and the resulting losses are recognized in net realized capital gains or losses in the statutory basis statements of income. The new cost basis of the impaired securities is not increased for future recoveries in fair value. There were no charges recorded for other-than-temporary impairment of securities for the years ended December 31, 2013 and 2012.

A summary of investments with unrealized losses along with the related fair value, aggregated by the length of time that the investments have been in a continuous unrealized loss position, is as follows:

	December 31, 2013			**December 31, 2012**		
	Number of Securities	**Fair Value**	**Gross Unrealized Loss**	**Number of Securities**	**Fair Value**	**Gross Unrealized Loss**
Bonds:						
Less than 12 months	**69**	**$ 40,560**	**$ (1,450)**	9	$ 1,783	$ (4)
12 Month of Greater	**-**	**-**	**-**	-	-	-
Total bonds	**69**	**$ 40,560**	**$ (1,450)**	9	$ 1,783	$ (4)

The Company's bond portfolio is sensitive to interest rate fluctuations, which impact the fair value of individual securities. Unrealized losses on bonds reported above were primarily caused by the effect of the interest rate environment and the widening credit spread on certain securities. The Company has the ability and intent to hold the investments until their full cost can be recovered. Therefore, the Company does not believe the unrealized losses represent other-than-temporary impairments as of December 31, 2013 or 2012.

The Company's investment portfolio included loaned securities with carrying values of $5,654 at December 31, 2013. The fair value of the invested collateral was $5,781 at December 31, 2013. The Company did not participate in a securities lending program as of December 31, 2012.

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements – Statutory Basis (continued)

(Dollars In Thousands)

2. Investments (continued)

The Company reinvests the collateral received under the securities lending program. The aggregate amount of cash collateral reinvested at December 31, 2013, categorized by the contractual maturity of the investment, is as follows:

	Amortized Cost	Fair Value
30 days or less	$ 5,781	$ 5,781
Total collateral reinvested	$ 5,781	$ 5,781

3. Fair Value

Assets and liabilities recorded at fair value in the statutory basis balance sheets would be categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are as follows:

Level Input	Input Definition
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The following table summarizes the assets and liabilities measured at fair value and held:

	Level I	Level II	Level III	Total
December 31, 2013				
Industrial and miscellaneous	$ -	$ 3,599	$ -	$ 3,599
Total bonds	-	3,599	-	3,599
Industrial and miscellaneous	13,704			13,704
Total stocks	13,704	-	-	13,704
Total assets at fair value	$ 13,704	$ 3,599	$ -	$ 17,303

Fair values of fixed maturity securities are based on quoted market prices, where available. These fair values are obtained primarily from third party pricing services, which generally use Level I or Level II inputs, for the determination of fair value to facilitate fair value measurements and disclosures. United States government securities represent Level I securities, while Level II securities primarily include corporate securities, securities from states, municipalities and political subdivisions and residential mortgage-backed securities. For securities not actively traded, the third party pricing services may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies, include, but are not limited to, broker quotes, benchmark yields, credit spreads, default spreads, default rates and prepayment speeds. As the Company is responsible for the determination

Notes to Financial Statements – Statutory Basis (continued)

(Dollars In Thousands)

3. Fair Value (continued)

of fair value, the Company performs monthly analyses on the prices received from third parties to determine whether the prices are reasonable estimates of fair value. The Company's analyses include a review of month-to-month price fluctuations and, as needed, a comparison of pricing services' valuations for the identical security.

Fair values of equity securities are generally designated as Level I and are based on quoted market prices. For certain equity securities, quoted market prices for the identical security are not always available and the fair value is estimated by reference to similar securities for which quoted prices are available. These securities are designated Level II.

Certain financial assets are measured at fair value using Level III inputs, such as certain non-investment grade bonds and loan-backed securities or investments that are impaired during the year and recorded at fair value. During the year ended December 31, 2013 and 2012, there were no assets measured at fair value using Level III inputs.

4. Unpaid Claims and Claims Adjustment Expenses

The following table provides a reconciliation of the beginning and ending balances for unpaid claims and claims adjustment expenses:

	2013	**2012**
Balances at January 1	**$ 29,156**	$ -
Incurred (redundancies) related to:		
Current year	**382,306**	239,341
Prior years	**(734)**	-
Total incurred	**381,572**	239,341
Paid related to:		
Current year	**345,516**	210,185
Prior years	**29,968**	
Total paid	**375,484**	210,185
Balances at December 31	**$ 35,244**	$ 29,156

Amounts incurred related to prior years vary from previously estimated liabilities as the claims are ultimately settled. Liabilities at any year-end are continually reviewed and re-estimated, as information regarding actual claim payments becomes known. This information is compared to the originally established year-end liability. Negative amounts reported for incurred related to prior years result from claims being settled for amounts less than originally estimated. This experience is primarily attributable to actual medical cost experience more favorable than that assumed at the time the liability was established. The Company took into account estimated anticipated subrogation and other recoveries in its determination of the liability for unpaid claims based on historical recovery patterns.

5. Reinsurance

The Company carries reinsurance coverage for hospital medical expense through an independent carrier. The policy limits reinsurance coverage to certain maximum lifetime indemnity amounts per insured member, subject to certain deductibles and loss percentages. This reinsurance coverage does not relieve the Company of its primary obligation to the policy members. Reinsurance expense was $153 and $140 for the years ended December 31, 2013 and 2012, respectively, and is presented as a reduction to premium income in the accompanying statutory statements of

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements – Statutory Basis (continued)

(Dollars In Thousands)

5. Reinsurance (continued)

income. The Company had no amounts recoverable from reinsurers at December 31, 2013 and 2012. The Company had no reinsurance recoveries during the years ended December 31, 2013 and 2012, respectively.

6. Federal Income Taxes

The Company had a federal income tax payable of $351 at December 31, 2013.

The components of net deferred tax assets (liabilities) at December 31 are as follows:

	2013		
	Ordinary	**Capital**	**Total**
Gross deferred tax assets	**$ 2,941**	**$ -**	**$ 2,941**
Gross deferred tax liabilities	**-**	**(96)**	**(96)**
Net deferred tax asset before admissibility test	**$ 2,941**	**$ (96)**	**$ 2,845**
Admitted pursuant to Paragraph 11.a	**$ 2,143**	**$ -**	**$ 2,143**
Admitted pursuant to Paragraph 11.b	**72**	**-**	**72**
Admitted pursuant to Paragraph 11.c	**96**	**-**	**96**
Admitted deferred tax asset	**2,311**	**-**	**2,311**
Deferred tax liability	**-**	**(96)**	**(96)**
Net admitted deferred tax asset	**2,311**	**(96)**	**2,215**
Nonadmitted deferred tax asset	**$ 630**	**$ -**	**$ 630**

	2012		
	Ordinary	**Capital**	**Total**
Gross deferred tax assets	$ 8,168	$ -	$ 8,168
Gross deferred tax liabilities	-	-	-
Net deferred tax asset before admissibility test	$ 8,168	$ -	$ 8,168
Admitted pursuant to Paragraph 11.a	$ -	$ -	$ -
Admitted pursuant to Paragraph 11.b	-	-	-
Admitted pursuant to Paragraph 11.c	-	-	-
Admitted deferred tax asset	-	-	-
Deferred tax liability	-	-	-
Net admitted deferred tax asset	-	-	-
Nonadmitted deferred tax asset	$ 8,168	$ -	$ 8,168

The change in the amount of admitted adjusted gross deferred tax assets under each component during 2013 is:

	Ordinary	**Capital**	**Total**
Admitted pursuant to paragraph 11.a	$ 2,143	$ -	$ 2,143
Admitted pursuant to paragraph 11.b	72	-	72
Admitted pursuant to paragraph 11.c	96	-	96
Admitted deferred tax asset	2,311	-	2,311
Deferred tax liability	-	(96)	(96)
Net admitted deferred tax asset	$ 2,311	$ (96)	$ 2,215
Nonadmitted deferred tax asset	$ (7,538)	$ -	$ (7,538)

Notes to Financial Statements – Statutory Basis (continued)

(Dollars In Thousands)

6. Federal Income Taxes (continued)

	2013	2012
Ratio percentage used to determine recovery period and threshold limitation amount	**316%**	345%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	**$ 45,163**	$ 37,452

There is no impact due to tax planning strategies as of December 31, 2013 and 2012.

Current income taxes consist of the following major components:

	2013	2012	Change
Federal income tax benefit from operations	**$ (4,102)**	$ -	$ (4,102)
Federal income tax benefit from net capital losses	**(28)**	-	(28)
Federal income taxes	**$ (4,130)**	$ -	$ (4,130)

The components of deferred income tax at December 31 are as follows:

	2013	2012	Change
Deferred tax assets:			
Ordinary:			
Amortization	**$ 343**	$ 370	$ (27)
Accounts receivable	**1,165**	390	775
Fixed assets	**570**	569	1
Net operating loss carryover	**-**	6,695	(6,695)
Other insurance reserves	**863**	144	719
Subtotal	**2,941**	8,168	(5,227)
Nonadmitted deferred tax assets	**(630)**	(8,168)	7,538
Admitted ordinary deferred tax assets	**2,311**	-	2,311
Capital:			
Investments in securities	**(96)**	-	(96)
Nonadmitted deferred tax assets	**-**	-	-
Admitted capital deferred tax assets	**(96)**	-	(96)
Admitted deferred tax assets	**2,215**	-	2,215
Net admitted deferred tax asset	**$ 2,215**	$ -	$ 2,215

AMERIGROUP Louisiana, Inc.

Notes to Financial Statements – Statutory Basis (continued)

(Dollars In Thousands)

6. Federal Income Taxes (continued)

The changes in deferred tax assets and deferred tax liabilities are as follows:

	2013	2012	Change
Total deferred tax assets	**$ 2,941**	$ 8,168	$ (5,227)
Total deferred tax liabilities	**(96)**	-	(96)
Net deferred tax asset	**$ 2,845**	$ 8,168	(5,323)
Tax effect of unrealized gains			92
Change in net deferred income tax			$ (5,231)

The Company's income tax expense and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 35% for the year ended December 31 for the following reasons:

	2013	2012
Tax expense computed using federal statutory rate	**$ 2,005**	$ (7,156)
Change in nonadmitted assets	**(849)**	(569)
Permanent differences	**(86)**	24
Other	**31**	(4)
Total	**$ 1,101**	$ (7,705)
Federal income taxes	**$ (4,102)**	$ -
Tax benefit from capital losses	**(28)**	-
Change in net deferred income taxes	**5,231**	(7,705)
Total statutory income taxes	**$ 1,101**	$ (7,705)

At December 31, 2013 the Company has no operating loss carryforwards and no tax credit carryforwards. At December 31, 2012, the Company had net operating loss carryforwards for federal income tax purposes totaling approximately $19,127, which were used to offset federal taxable income, in 2013.

The following are income taxes incurred in the current and prior year that will be available for recoupment in the event of future net losses:

	Ordinary	Capital	Total
2013	$ 2,549	$ -	$ 2,549

The Company is a member of the IRS Compliance Assurance Program ("CAP"). The objective of CAP is to reduce taxpayer burden and uncertainty while assuring the IRS of the accuracy of tax returns prior to filing, thereby reducing or eliminating the need for post filing examinations. As of December 31, 2013, the examinations of the 2012 through 2013 tax years continue to be in process.

7. Capital and Surplus

Under Louisiana Statute 22:704, an extraordinary dividend or distribution shall include any dividend or distribution of cash or other property, whose fair market value, together with that of other dividends or distributions made within the preceding twelve months, exceeds the lesser of: (i) Ten percent of the surplus of the insurer as regards policyholders as of the thirty-first day of December next preceding; or (ii) The net gain from operations of such

Notes to Financial Statements – Statutory Basis (continued)

(Dollars In Thousands)

7. Capital and Surplus (continued)

insurer, if such insurer is a life insurer, or the net income, if such insurer is not a life insurer, not including realized capital gains, for the twelve-month period ending the thirty-first day of December next preceding, but shall not include pro rata distributions of any class of the insurer's own securities. In determining whether a dividend or distribution is extraordinary, an insurer, other than a life insurer, may carry forward net income from the previous two calendar years that has not already been paid out as dividends. The carry forward shall be computed by taking the net income from the second and third preceding calendar years, not including realized capital gains, less dividends paid in the second and immediate preceding calendar years. The Company may pay $4,739 in dividends during 2014 without prior approval.

The Company is required by the State to maintain a minimum statutory capital and surplus as set forth in the state statutes. In addition, the State has adopted Risk-Based Capital ("RBC") requirements as specified by the NAIC. Under those requirements, the amount of surplus to be maintained is determined based on the various risk factors. At December 31, 2013 and 2012, the Company's capital and surplus exceeded the requirements of the State Louisiana.

The Company received $55,000 in cash capital contributions in 2012.

The portion of unassigned surplus representing cumulative unrealized gains was $263 as of December 31, 2013. The Company did not have unassigned surplus representing cumulative unrealized gains at December 31, 2012.

8. Leases

The Company has entered into various non-cancelable operating leases for facilities and equipment that expire at various dates through 2017. These leases have various escalations, abatements and tenant improvement allowances that have been included in the total cost of each lease, which are amortized on a straight-line basis. Related lease expense for 2013 and 2012 was $474 and $462, respectively.

At December 31, 2013, future lease payments for operating leases with initial or remaining non-cancelable terms of one year or more consisted of the following: 2014, $576; 2015, $586; 2016, $596; and 2017, $70.

9. Retirement Benefits

The Company's employees have the option to participate in a defined contribution plan sponsored by AMERIGROUP. All full-time and most part-time employees of AMERIGROUP and the Company may elect to participate in this plan. This plan is exempt from income taxes under Section 401(k) of the Internal Revenue Code. Participants may contribute a certain percentage of their compensation subject to maximum federal and plan limits. AMERIGROUP may elect to match a certain percentage of each employee's contributions up to specified limits. For the years ended December 31, 2013 and 2012, the Company's share of the expense related to AMERIGROUP's match was $189 and $134, respectively, and is included in operating expenses in the accompanying statutory statements of income.

10. Related Party Transactions

The Company has entered into administrative series agreements with AMERIGROUP Corporation, which includes material management or service contracts, among which are Administrative and Support Services. The Company has a Tax Sharing agreement with its ultimate parent, WellPoint. Pursuant to these agreements, various administrative, management and support services are provided to the Company. The costs and expenses related to these administrative management and support services are charged using statistics such as PMPM rate and percentage of net premium revenue. Direct costs, which are directly attributable to the Company's operations, including expenses such as advertising, consulting services and legal costs, printing and reproduction as well as postage and delivery costs for materials are also charged.

10. Related Party Transactions (continued)

Net payments to affiliated companies pursuant to the above administrative service agreements were $23,719 and $16,440 in 2013 and 2012, respectively, and are included in operating expenses and claims adjustment expenses in the accompanying statutory basis statements of income.

In 2012, AMERIGROUP Corporation allocated compensation expense related to shared-based payments made to employees of the Company. The amount of compensation expense for the year ended December 31, 2012 was $155. The Company reflects these allocated expenses as capital contributions since AMERIGROUP Corporation does not bill the Company for these amounts, which are included in operating expenses in the accompanying statutory statements of income.

At December 31, 2013 and 2012, the Company reported $45 due from affiliates and $220 due to affiliates, respectively. The receivable/payable balances represent transactions that will be settled within the terms of the administrative services agreements.

11. Contingencies

The Company had no significant litigation contingencies at December 31, 2013. The Company is involved in other pending and threatened litigation of the character incidental to the business transacted, arising out of its operations and is from time to time involved as a party in various governmental and administrative proceedings. These investigations, audits and reviews include routine and special investigations by state insurance departments, state attorneys general, the U.S. Attorney General and Federal Agencies. Such investigations could result in the imposition of civil or criminal fines, penalties and other sanctions. The Company believes that any liability that may result from any one of these actions is unlikely to have a material adverse effect on the Company's financial position or results of operations.

12. Subsequent Events

On January 1, 2014, the Company will be subject to an annual fee under section 9010 of the ACA. This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2014. As of December 31, 2013, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2014 to be approximately $5,773. Had this assessment been accrued on December 31, 2013 it would have directly reduced total adjusted capital, causing the calculated risk based capital percentage to decrease by approximately 4,000 basis points.

Management of the Company has evaluated all events occurring after December 31, 2013 through May 30, 2014, the date financial statements were available to be issued, to determine whether any event required either recognition or disclosure in the financial statements. It was determined that there were no other events that would require recognition or disclosure in the financial statements through the report date.

Supplementary Information

Ernst & Young LLP
Suite 4000
111 Monument Circle
Indianapolis, IN 46204

Tel: +1 317 681 7000
Fax: +1 317 681 7216
ey.com

Report of Independent Auditors on Supplementary Information

Board of Directors
AMERIGROUP Louisiana, Inc.

We have audited the statutory basis financial statements of AMERIGROUP Louisiana, Inc. as of and for the year ended December 31, 2013, and have issued our report thereon dated May 30, 2014, which contained an unmodified opinion on those financial statements with regard to their conformity with the accounting practices prescribed or permitted by the Louisiana Department of Insurance. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental investment disclosures are presented to comply with the National Association of Insurance Commissioners' Annual Statement Instructions and the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the statutory basis financial statements as a whole.

This report is intended solely for the information and use of the Company and state insurance departments to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

May 30, 2014

AMERIGROUP Louisiana, Inc.

Summary Investment Schedule – Statutory Basis

(Dollars in Thousands)

December 31, 2013

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	Amount	**Percentage**	**Amount**	**Securities Lending Reinvested Collateral Amount**	**Total Amount**	**Percentage**
Bonds						
Securities issued by states, territories, and possessions and political subdivisions in the U.S.:						
States, territories and possessions general obligations	$ 2,947	3.6 %	$ 2,947	$ -	$ 2,947	3.6 %
Political subdivisions of states, territories and possessions and political subdivisions general obligations	3,244	3.9	3,244	-	3,244	3.9
Revenue and assessment obligations	11,063	13.3	11,063	-	11,063	13.3
Mortgage-backed securities						
All other	6,724	8.1	6,724	-	6,724	8.1
Other debt and other fixed income securities (excluding short-term):						
Unaffiliated domestic securities	33,420	40.3	33,420	5,781	39,201	47.3
Unaffiliated foreign securities	6,205	7.5	6,205	-	6,205	7.5
Equity interests:						
Exchange traded equity mutual funds	13,704	16.5	13,704	-	13,704	16.5
Securities Lending	5,781	7.0	5,781	XXX	XXX	XXX
(Bank overdrafts), cash, cash equivalents, and short-term investments	(142)	-0.2	(142)	-	(142)	-0.2
Total invested assets	$ 82,946	100.00 %	$ 82,946	$ 5,781	$ 82,946	100.0 %

AMERIGROUP Louisiana, Inc.

Investment Risks Interrogatories – Statutory Basis

(Dollars in Thousands)

December 31, 2013

1. The Company's total admitted assets as reported on page 2 of the Annual Statement are: $94,819

2. Following are the ten largest exposures to a single issuer/borrower/investment, excluding U.S. government, U.S. government agency securities and those U.S. government money market funds listed in the Appendix to the SVO Purposes and Procedures Manual as exempt property occupied by the Company and policy loans:

	Investment	Description of Exposure	Amount	Percentage of Admitted Assets
2.01	iShares	Bond	$ 4,200	4.4 %
2.02	Dreyfus Instl Cash Advantage	MMF	3,605	3.8
2.03	iShares MSCI EAFE Index fund Multi-cap	Stock	2,868	3.0
2.04	Vanguard High DVD Yield ETF	Stock	2,867	3.0
2.05	SPDR Barclays Intermediate ETF	Stock	2,818	3.0
2.06	IShares Vanguard Group Interm	Stock	2,496	2.6
2.07	Barclays Inter Credit Bnd	Stock	2,490	2.6
2.08	State of California	Bond	2,276	2.4
2.09	Spdr Trust Series 1	Bond	2,272	2.4
2.10	Michigan St Hosp Fin Auth Rev	Bond	2,257	2.4

3. The Company's total admitted assets held in bonds including $3,605 in short-term investments, by NAIC designation:

	Bonds	Amount	Percentage of Admitted Assets
3.01	NAIC - 1	$ 37,591	39.6 %
3.02	NAIC - 2	25,501	26.9
3.03	NAIC - 3	516	0.5
3.04	NAIC - 4	3,599	3.8
3.05	NAIC - 5	-	-

The Company held no investments in preferred stock as of December 31, 2013.

4. Assets held in foreign investments:

4.01	Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets?	No
4.02	Total admitted assets held in foreign investments	$ 6,205

5. Aggregate foreign investment exposure categorized by NAIC Sovereign rating:

		Amount	**Percentage of Admitted Assets**
5.01	Countries rated NAIC-1	$ 6,205	6.5 %

AMERIGROUP Louisiana, Inc.

Investment Risks Interrogatories – Statutory Basis (continued)

(Dollars in Thousands)

6. Aggregate foreign investments are less than 2.5% of the total admitted assets.

		Amount	Percentage of Admitted Assets
	Countries rated NAIC-1:		
6.01	Country: Cayman Islands	$ 1,929	2.0 %
6.02	Country: Netherlands	1,043	1.1

7. The Company has no unhedged foreign currency exposure.

8. The Company has no unhedged foreign currency exposure.

9. The Company has no unhedged foreign investment exposure.

10. Aggregate foreign investments are less than 2.5% of the total admitted assets.

	Issuer	NAIC Rating	Amount	Percentage of Admitted Assets
10.01	Coop Centrale Raiffeis	2FE	$ 1,043	1.1 %
10.02	APID 2013-12A	1FE	1,000	1.1
10.03	ATRM 10A	1FE	929	1.0
10.04	Standard Chartered PLC	1FE	687	0.7
10.05	QBE Insurance Group Ltd	2FE	556	0.6
10.06	NKSJ Holdings Inc	1FE	550	0.6
10.07	UBS AG	2FE	533	0.6
10.08	SES	2FE	324	0.3
10.09	Skullcandy Inc	1FE	280	0.3
10.10	Barclays PLC	1FE	253	0.3

11. Assets held in Canadian investments are not in excess of 2.5% of the Company's total admitted assets.

12. Assets held in investments with contractual sales restrictions are less than 2.5% of the Company's total admitted assets.

13. The Company does not have any assets held in equity interests are in excess of 2.5% of admitted assets.

14. Assets held in nonaffiliated, privately placed equities are not in excess of 2.5% of admitted assets.

15. Investments in general partnership interests are less than 2.5% of the Company's total admitted assets.

16. The Company has no investments in mortgage loans.

AMERIGROUP Louisiana, Inc.

Investment Risks Interrogatories – Statutory Basis (continued)

(Dollars in Thousands)

17. The Company has no investments in mortgage loans.

18. The Company has no investments in real estate, other than property owned and occupied by the Company.

19. The Company has no potential exposure for mezzanine real estate loans.

20. Admitted assets subject to the following types of agreements:

	At Year-end		At End of Each Quarter (Unaudited)		
	Amount	Percentage of Admitted Assets	1st Qtr	2nd Qtr	3rd Qtr
20.01 Securities lending	$ 5,645	6.0 %	$ -	$ -	$ -
20.02 Repurchase agreements	-	-	-	-	-
20.03 Reverse repurchase agreements	-	-	-	-	-
20.04 Dollar repurchase agreements	-	-	-	-	-
20.05 Dollar reverse repurchase agreements	-	-	-	-	-

21. The Company held no admitted assets for warrants not attached to other financial instruments, options, caps and floors.

22. The Company held no admitted assets with potential exposure for collars, swaps and forwards.

23. The Company held no admitted assets with potential exposure for futures contracts.

AMERIGROUP Louisiana, Inc.

Note to Supplementary Information – Statutory Basis

December 31, 2013

Note-Basis of Presentation

The accompanying supplemental investment disclosures present selected statutory basis financial data as of December 31, 2013 and for the year then ended for purposes of complying with the National Association of Insurance Commissioners' *Annual Statement Instructions* and the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and agrees to or is included in the amounts reported in AMERIGROUP Louisiana, Inc.'s 2013 Annual Statement as filed with the Louisiana Department of Insurance.

Certain captions or amounts that are not applicable have been omitted.

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EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION: 2. LOCATION:

NAIC Group Code 0671 BUSINESS IN THE STATE OF **GRAND TOTAL** DURING THE YEAR NAIC Company Code 14064

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
TOTAL Members at end of:										
1. Prior Year										
2. First Quarter	44,150								44,150	
3. Second Quarter	142,975								142,975	
4. Third Quarter	143,830								143,830	
5. Current Year	138,813								138,813	
6. Current Year Member Months	1,264,685								1,264,685	
TOTAL Member Ambulatory Encounters for Year:										
7. Physician	581,060								581,060	
8. Non-Physician	358,257								358,257	
9. TOTAL	939,317								939,317	
10. Hospital Patient Days Incurred	67,169								67,169	
11. Number of Inpatient Admissions	14,442								14,442	
12. Health Premiums Written (b)	247,283,780								247,283,780	
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	247,283,780								247,283,780	
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	203,880,567								203,880,567	
18. Amount Incurred for Provision of Health Care Services	232,443,017								232,443,017	

(a) For health business: number of persons insured under PPO managed care products ....0 and number of persons insured under indemnity only products ....0.
(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees $..............0

29 Grand Total

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14064201343019100 2013 Document Code: 430

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION: 2. LOCATION:

NAIC Group Code 0671 — BUSINESS IN THE STATE OF **LOUISIANA** DURING THE YEAR — NAIC Company Code 14064

	1	Comprehensive (Hospital & Medical) 2	3	4	5	6	7	8	9	10
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
TOTAL Members at end of:										
1. Prior Year	138,813	16,402							122,411	
2. First Quarter	138,330	17,054							121,276	
3. Second Quarter	129,731	15,522							114,209	
4. Third Quarter	129,328	15,494							113,834	
5. Current Year	128,762	15,561							113,201	
6. Current Year Member Months	1,586,468	190,442							1,396,026	
TOTAL Member Ambulatory Encounters for Year:										
7. Physician	727,012	65,057							661,955	
8. Non-Physician	541,177	37,237							503,940	
9. TOTAL	1,268,189	102,294							1,165,895	
10. Hospital Patient Days Incurred	82,769	2,074							80,695	
11. Number of Inpatient Admissions	16,512	707							15,805	
12. Health Premiums Written (b)	411,111,925	22,858,617							388,253,308	
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	411,111,925	22,858,617							388,253,308	
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	349,871,555	17,971,494							331,900,061	
18. Amount Incurred for Provision of Health Care Services	355,319,724	18,889,445							336,430,279	

(a) For health business: number of persons insured under PPO managed care products ....0 and number of persons insured under indemnity only products ....0.
(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees $..............0

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