

Nebraska Comprehensive Health Insurance Pool

Administered by Coventry Health and Life Insurance Company

P.O. Box 541210 Omaha, NE 68154 | Phone: 855-247-5201 (Toll Free) | Fax: 866-799-9448 | www.nechip.com

March, 2015

The Honorable Senators of
The Nebraska Unicameral Legislature
P.O. Box 94604
Lincoln, NE 68509

Dear Senator:

Pursuant to the Comprehensive Health Insurance Pool Act, Section 44-4225 (1), we are submitting the attached documents for your review. NECHIP will continue to function according to the Nebraska statutes, until a federal or state solution is reached for under the age of 65 policy holders who currently are or become eligible for Medicare by reason of disability.

We have included the audited financial statements for fiscal year 2013 as well as the December 2014 financial statements.

For further information or assistance, you may contact me or Coventry Health Care of Nebraska, the pool-administrator. The contact information is above.

Sincerely,



Victor Kensler, Chairman
Nebraska Comprehensive Health Insurance Pool

Nebraska Comprehensive Health Insurance Pool

Administered by Coventry Health and Life Insurance Company

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2014 Annual Report

Coventry Health Care was the administrator of the Nebraska Comprehensive Health Insurance Pool (NECHIP) during 2014 calendar year.

The Pool included 72 policy holders that were not eligible for coverage on a guaranteed issue basis under the Affordable Care Act because they are on Medicare due to a disability. Effective June 30, 2014 NECHIP sent letters of termination to 60 policy holders because they were eligible to enroll in a Medicare Advantage plan, and therefore no longer eligible for NECHIP. The Medicare Advantage plan allowed them to replace their NECHIP coverage because they had Medicare Part A and B coverage, resided in a county that offers Medicare Advantage and did not have End Stage Renal Disease (ESRD). As of December 31, 2014 there were 12 policy holders remaining, 7 of which by reason of disability due to ESRD.

Premium income for 2014 was \$134,360 and administration cost was \$7,995.

NECHIP will continue to function according to the Nebraska statutes, until a federal or state solution is reached for under the age of 65 policy holders who currently are or become eligible for Medicare by reason of disability

NEBRASKA COMPREHENSIVE HEALTH INSURANCE POOL

Balance Sheets

Dec-14

<u>ASSETS</u>	<u>2014</u>
Cash	1,090,628
Receivable from CHIP Distributive Fund	0
Less Allowance for doubtful assessments	0
Premiums receivable	-17
Total Assets	<u><u>1,090,611</u></u>

LIABILITIES AND EQUITY

Reserve for incurred claims	14,300
Unearned premiums	2,088
Advances held by administrator	1,064,987
Advanced Assessment Premium Relief	0
Accrued Liabilities	9,236
Disease Management Accrual	0
Total Liabilities	<u>1,090,610</u>
Equity	<u>0</u>
Total Liabilities and Equity	<u><u>1,090,610</u></u>

NEBRASKA COMPREHENSIVE HEALTH INSURANCE POOLStatement of Income and Equity
For the Month Ended December 31, 2014

	Current Month	2014 Year-to-Date
Premium income	10,652	134,360
Claims incurred	221,064	(683,364)
(Claims Paid)	\$221,064	\$3,338,564
(Difference)	-	(4,021,928)
	(210,412)	817,724
Operating expenses:		
Administrative Cost	781	7,995
Referral Fees	0	0
Audit Fees	0	3,000
Miscellaneous	(100)	24,598
Total operating expenses	681	35,594
Gain (loss) from operations	(211,093)	782,130
Investment income	19	771
Investment expense	0	0
Disease Management Expense		
Premium Relief Credit Expense	0	0
Net gain (loss)	(211,075)	782,901
CHIP Distributive Fund	211,075	(782,901)
Premium Credit Relief Fund		0
Total Fund	211,075	(782,901)
Equity, beginning of year	0	0
Equity, end of year	0	0

NEBRASKA COMPREHENSIVE HEALTH INSURANCE POOL

Statement of Cash Flows

For the Month Ended December 31, 2014

	Current Month	Current Year-to-Date
Cash flows from operating activities:		
Net gain (loss)	(211,075)	4,429,714
Change in assets and liabilities:		
Decrease (increase) in premiums receivable	1,034	17
Increase (decrease) in claim reserve	\$0	\$14,300
Increase (decrease) in unearned premiums	(1,358)	2,088
Increase (decrease) Accrued Liabilities	206,937	9,236
Increase (decrease) in Disease Mgt Accrued Liabilities	0	0
Increase (decrease) in Premium Relief Credit Liabilities	0	0
Total cash used in operating activities	(4,461)	4,455,355
Cash flows from financing activities:		
Transfers from CHIP Distributive Fund	-375,000	-3,364,727
Transfers from Disease Manangement Fund	0	0
Transfers from Premium Credit Relief Fund	0	0
Refunds of excess CHIP assessments	0	0
Increase (decrease) in borrowings	0	0
Total cash provided by financing activities	(375,000)	(3,364,727)
Net increase (decrease) in cash	(379,461)	1,090,628
Cash balance, beginning of period	1,470,088	0
Cash balance, end of period	1,090,627	1,090,627

0

<p style="text-align: center;">NEBRASKA COMPREHENSIVE HEALTH INSURANCE POOL Financial Highlights 12/31/2014</p>

Balance Sheet Items:

	<u>12/31/2014</u>
Cash	<u>\$1,090,627</u>
Assessments Receivable	<u>\$0</u>

Income Statement Items:

	<u>12/31/2014</u>
Net Gain (Loss)	<u>(\$211,075)</u>
Administrative Cost	<u>\$781</u>

Other Information:

	<u>12/31/2014</u>
Membership Enrollment	12
	<u>Month of</u> <u>12/31/2014</u>
Claims Paid	<u>\$221,064</u>

NOTES TO December 2014 CHIP FINANCIAL STATEMENTS

1) CHIP Funding

Amounts transferred to the Administrator from the Fund are shown below:

May 25, 2001	\$ 2,371,820		
June 21, 2001	\$ 3,922,281		
October 15, 2001	\$ 5,351,908	2001	\$ 11,646,009
March 26, 2002	\$ 4,519,831		
September 9, 2002	\$ 4,313,972		
November 20, 2002	\$ 4,328,466	2002	\$ 13,162,269
March 17, 2003	\$ 5,387,031		
June 27, 2003	\$ 4,029,424		
September 26, 2003	\$ 4,585,274		
December 18, 2003	\$ 5,095,493	2003	\$ 19,097,222
April 21, 2004	\$ 3,887,696		
April 29, 2004	\$ 719,841		
August 30, 2004	\$ 4,435,103		
December 24, 2004	\$ 4,098,872	2004	\$ 13,141,512
March 29, 2005	\$ 3,962,096		
June 30, 2005	\$ 5,090,859		
September 21, 2005	\$ 5,755,663		
December 27, 2005	\$ 6,407,414	2005	\$ 21,216,032
March 7, 2006	\$ 6,293,769		
July 7, 2006	\$ 5,606,615		
September 29, 2006	\$ 4,453,343		
December 22, 2006	\$ 6,279,868	2006	\$ 22,633,595
March 20, 2007	\$ 5,394,837		
August 2, 2007	\$ 5,324,231		
October 1, 2007	\$ 4,055,626		
December 13, 2007	\$ 4,823,784	2007	\$ 19,598,478
January 29, 2008	\$ 5,166,725		
April 21, 2008	\$ 4,464,237		
June 27, 2008	\$ 5,493,679		
October 1, 2008	\$ 6,401,692		
November 24, 2008	\$ 5,848,876	2008	\$ 27,375,209
March 9, 2009	\$ 6,439,395		
June 4, 2009	\$ 5,002,658		
August 31, 2009	\$ 5,627,063		
December 31, 2009	\$ 6,982,047	2009	\$ 24,051,163
January 26, 2010	\$ 5,365,445		
April 20, 2010	\$ 4,741,325		
August 12, 2010	\$ 6,089,194		
November 5, 2010	\$ 6,324,826	2010	\$ 22,520,790
January 31, 2011	\$ 6,230,362		
May 2, 2011	\$ 4,653,691		
June 29, 2011	\$ 3,919,118		
September 7, 2011	\$ 4,805,331		
November 7, 2011	\$ 4,423,413	2011	\$ 24,031,915
January 6, 2012	\$ 4,400,761		
March 13, 2012	\$ 1,000,000		
April 3, 2012	\$ 3,000,000		
April 20, 2012	\$ 6,600,000		
November 21, 2012	\$ 5,395,487	2012	\$ 20,396,248
February 25, 2013	\$ 4,720,398		
May 20, 2013	\$ 4,047,833		
August 22, 2013	\$ 4,429,298		
December 12, 2013	\$ 6,806,527	2013	\$ 20,004,056
April 16, 2014	\$ 1,710,273		
August 5, 2014	\$ (4,700,000)		
December 18, 2014	\$ (375,000)	2014	\$ (3,364,727)
Total	<u>\$255,509,771</u>	Total	<u>\$ 255,509,771</u> \$ -

Advances held by the Administrator as of December 31, 2014 total \$1,064,987

2) Policies in-force:

Current month in-force count is 12

NEBRASKA COMPREHENSIVE HEALTH INSURANCE POOL

REPORT TO THE BOARD OF DIRECTORS

May 22, 2014

**BLAND & ASSOCIATES, P.C.
Certified Public Accountants**

May 22, 2014

To the Board of Directors of
Nebraska Comprehensive Health Insurance Pool
2511 N 55th St
Omaha, NE 68104

We are pleased to present this report related to our audit of the financial statements of the Nebraska Comprehensive Health Insurance Pool for the year ended December 31, 2013. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Nebraska Comprehensive Health Insurance Pool's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Nebraska Comprehensive Health Insurance Pool.

Very truly yours,

BLAND & ASSOCIATES, P.C.



Jeremy C. Vokt, CPA
Shareholder

Contents

Required Communications..... 1-2
 Summary of Accounting Estimates 3
 Summary of Recorded Audit Adjustments.....4
 Summary of Unrecorded Audit Adjustments5

Exhibit A - Letter Communicating Recommendations

Exhibit B - Significant Written Communications Between Management and Our Firm

Representation Letter

Nebraska Comprehensive Health Insurance Pool

Required Communications

Statement on Auditing Standards No. 114, *Communication With Those Charged With Governance*, requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Area	Comments
Auditor's Responsibility Under Professional Standards	Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated November 27, 2013.
Accounting Practices	Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by Nebraska Comprehensive Health Insurance Pool (NE CHIP). There have not been any changes in existing significant accounting policies during the current period. Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. Alternative Treatments Discussed with Management We did not discuss with management any alternative treatments within accounting principles generally accepted in the United States of America for accounting policies and practices related to material items during the current audit period.
Management's Judgments and Accounting Estimates	Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Accounting Estimates."

Nebraska Comprehensive Health Insurance Pool

Required Communications (Continued)

Area	Comments
Audit Adjustments	Audit adjustments recorded by NE CHIP are shown on the attached "Summary of Recorded Audit Adjustments."
Uncorrected Misstatements	Uncorrected misstatements not recorded by NE CHIP are shown on the attached "Summary of Unrecorded Audit Adjustments."
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
Difficulties Encountered in Performing the Audit	We did not encounter any difficulties in dealing with management during the audit.
Letter Communicating Recommendations	We have separately communicated the recommendations identified during our audit of the financial statements, and this communication is attached as Exhibit A.
Certain Written Communications Between Management and Our Firm	Copies of certain written communications between our firm and the management of NE CHIP are attached as Exhibit B.

Nebraska Comprehensive Health Insurance Pool

Summary of Accounting Estimates

Year Ended December 31, 2013

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in Nebraska Comprehensive Health Insurance Pool's December 31, 2013 financial statements.

Area	Accounting Policy	Estimation Process	Comments
Reserve for Incurred Claims	Estimated liabilities must be developed for pending and incurred claims that have been reported as well as for pending and incurred claims that have not been reported.	Aggregate reserves for policy contracts have been adjusted to reflect claims incurred but unpaid at year-end, which includes claims in process, unreported claims, and claims of currently hospitalized patients. The amount of this liability has been estimated by the use of actuarial methods utilizing statistics developed from prior claims payments experience. Differences between actual and estimated claims are charged to operations in the year that the differences, if any, become known.	Bland has performed audit procedures on the claims reserve estimate prepared by management and has determined this method of estimation appears reasonable.
Pharmacy Rebate Receivable	Revenues are considered to have been earned when the entity has substantially accomplished what it must do to be entitled to the benefits represented by the revenues.	Rebate data from the 1st quarter of fiscal year 2013 was trended forward based on membership trends to determine the estimated rebates attributable to the 2 nd , 3 rd , and 4 th quarters of 2013.	We have reviewed the estimation methodology and performed procedures to conclude the estimate is reasonable.

Nebraska Comprehensive Health Insurance Pool

Summary of Recorded Audit Adjustments

Year Ended December 31, 2013

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg	Recurrence
Net Income (Loss) Before Adjustments							(16,357,254.00)		
1	12/31/2013	Advances Owed to State	221000	7501		2,418,878.00			
1	12/31/2013	Retained Earnings	304100	7501	1,395,842.00				
1	12/31/2013	Rebates	450000	7501	1,021,036.00				
To reconcile Net Assets and avoid the double-counting of rebate income.					2,416,878.00	2,416,878.00	(18,774,132.00)	(2,416,878.00)	
3	12/31/2013	Advances Owed to State	221000	8105		2,085,801.00			
3	12/31/2013	Kick Payment Revenue	311000	8105	2,065,801.00				
To reclassify excess distributions from the Fund to a liability. The excess distributions are due to timing and will ultimately be applied by NE CHIP to claims expense when incurred.					2,065,801.00	2,065,801.00	(18,774,132.00)	0.00	
4	12/31/2013	Rebates Receivable	BLAND1	8105	835,877.00				
4	12/31/2013	Rebate Income	BLAND2	8105		835,877.00			
To adjust rebate income and receivable for the estimated 2-4th quarter rebates of 2013					835,877.00	835,877.00	(17,938,255.00)	835,877.00	

Nebraska Comprehensive Health Insurance Pool

Summary of Unrecorded Audit Adjustments

Year Ended December 31, 2013

Number	Date	Name	Account No	Reference	Debit	Credit	Proposed Net Income (Loss)	Proposed Amount Chg	Recurrence
Net Income (Loss)							(17,938,255.00)		
2	12/31/2013	Retained Earnings	304100	0146.01		40,385.00			
2	12/31/2013	Retained Earnings	304100	0146.01	31,581.00				
2	12/31/2013	Non System Rx Claim Payments	412000	0146.01		28,757.00			
2	12/31/2013	IBNR Adjustment	440000	0146.01	40,385.00				
2	12/31/2013	IBNR Adjustment - 3rd Party Rx	442000	0146.01		4,824.00			
To record the effects of PY PAJEs					71,966.00	71,966.00	(17,938,255.00)	0.00	
5	12/31/2013	Non System Rx Claim Payments	412000	8204		13,817.00			
5	12/31/2013	Miscellaneous Expense	753000	8204	13,817.00				
To adjust Rx Claims expense to match the adjusted run-out balance as of 1/31/2014. This variance is attributed claims adjustments made after 12/31.					13,817.00	13,817.00	(17,938,255.00)	0.00	
7	12/31/2013	IBNR - Inpatient	202100	8107	99,175.00				
7	12/31/2013	Claims Paid	410000	8107		99,175.00			
To make a PAJE for claims payment calculation variance (97.5% accuracy)					99,175.00	99,175.00	(17,839,080.00)	99,175.00	
8	12/31/2013	IBNR - Inpatient	202100	5506		70,610.00			
8	12/31/2013	Claims Paid	410000	5506	70,610.00				
To record a PAJE for the understatement of the IBNR reserve based on subsequent analysis.					70,610.00	70,610.00	(17,909,690.00)	(70,610.00)	

Exhibit A
Letter Communicating Recommendations

To the Board of Directors
Nebraska Comprehensive Health Insurance Pool
2511 N 55th St
Omaha, NE 68104

In planning and performing our audit of the financial statements of Nebraska Comprehensive Health Insurance Pool (NE CHIP) as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered NE CHIP's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NE CHIP's internal control. Accordingly, we do not express an opinion on the effectiveness of NE CHIP's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weakness, have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated May 22, 2014 on the financial statements of NE CHIP. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Recognition of Rebate Income in Financial Statements

The Administrator of NE CHIP is required to pass any pharmacy rebates earned through to the Pool. When the NE CHIP trial balance was provided by the Administrator, they had not received any information regarding the pharmacy rebates earned and attributed to NE CHIP for the 2nd through 4th quarters of fiscal year 2013 from their Pharmacy Benefit Manager (PBM), thus a receivable and the related income for rebates earned during that period had not been recorded. During the course of the audit, an estimate for the 2nd through 4th quarter of 2013 was developed and approved by the Administrator for inclusion in the financial statements. We recommend the Administrator estimate and record expected rebate income on a quarterly basis and compare to actual rebates earned when remitted from the PBM.

Administrator Penalty Fees

During the audit, it was discovered that penalty fees were paid to NE CHIP by the Administrator for noncompliance with the Claims Financial Accuracy standard set forth in the Plan Administration Agreement between the Administrator and NE CHIP. Failure to meet the Performance Guarantee requirements for accuracy of claims processing could result in NE

CHIP paying unnecessary claims costs up front as a result of the incorrect claim adjudications by the Administrator. The Administrator attributed these claim errors to the processor not following the correct procedures for manual adjudication. Upon identification of the issue, the Administrator has made changes to the adjudication process to avoid future processing inaccuracies. We recommend the Administrator periodically review controls over claims processing during the year to ensure the issue has been fully remediated.

We sincerely thank you for the hospitality and assistance your staff and personnel have extended to us during the course of our audit. It has been a pleasure working with NE CHIP and the administrators of NE CHIP, the personnel at Coventry. If you have any questions regarding the comments and recommendations in this letter, we would be happy to meet with you to discuss them at your convenience.

This report is intended solely for the information and use of Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

BLAND + ASSOCIATES, P.C.

Omaha, Nebraska
May 22, 2014

Exhibit B
Significant Written Communications Between Management and Our Firm

Nebraska Comprehensive Health Insurance Pool

Administered by Coventry Health and Life Insurance Company

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May 22, 2014

Bland & Associates, P.C.
450 Regency Parkway Ste. 120
Omaha, NE 68144

This representation letter is provided in connection with your audits of the financial statements of Nebraska Comprehensive Health Insurance Pool (the Organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and change in net assets, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than \$315,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of May 22, 2014.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 27, 2013, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

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- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
 - There are no loans or trade receivables held for sale and management has no intention to sell impaired debt securities.
 - The Organization has no plans or intentions to discontinue the operations of any subsidiary or division or to discontinue any significant product lines.
- We did not contract with a specialist for the evaluation of the reserves for incurred claims and have adequately considered the qualifications of not using a specialist to determine the amounts and disclosures used in the financial statements and underlying accounting records. Internal actuaries of the Administrator were used to prepare the reserve for incurred claim estimate.
- We are not aware of any significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Organization's ability to record, process, summarize, and report financial data.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the

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financial statements.

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.
- We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
- The Organization has satisfactory title to all owned assets.
- We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
- We have reviewed, approved, and take full responsibility for the financial statements and related notes and acknowledge the auditors' role in the preparation of this information.
- We have reviewed, approved, and take full responsibility for all proposed, accrual, and/or other adjustments and acknowledge the auditors' role in the preparation of the adjustments

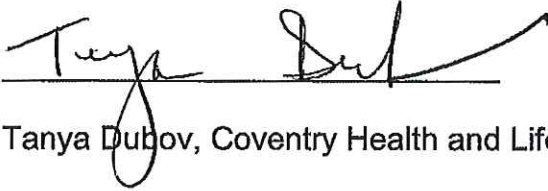
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Victor Kensler, Chairman of the Board



Tanya Dubov, Coventry Health and Life Insurance