cash flow

Consolidated Statements of Cash Flows

December 31	2003	2002	2001
		(in thousands)	
Cash flows from operating activities			
Net income	**$ 201,126**	$ 376,559	$ 130,978
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**39,453**	34,502	26,741
Net realized (gain) loss on sales of investments	**(11,799)**	(2,604)	12,403
Provision (credit) for doubtful accounts	**937**	1,284	(1,702)
Accretion of discount, net	**5,537**	(2,733)	(5,005)
Equity in (earnings) loss of other long-term equity investments	**(1,364)**	229	571
Deferred income tax expense (benefit)	**55,806**	(151,372)	(34,828)
Insurance recovery gain	**—**	—	8,943
Other	**(8,306)**	(5,763)	(8,428)
Changes in assets and liabilities:			
Billed and accrued premiums receivable	**(17,854)**	43,372	42,328
Other customer receivable	**(14,431)**	(24,956)	2,787
Notes receivable	**(352)**	(1,610)	(3,102)
Advances to hospitals	**(10,666)**	1,757	3,920
Accrued investment income	**217**	(383)	3,523
Insurance proceeds receivable	**—**	13,716	(13,716)
Miscellaneous receivables	**3,087**	(8,212)	10,390
Other assets	**2,894**	(6,207)	(5,976)
Unpaid claims and claims adjustment expenses	**49,567**	(74,205)	(38,289)
Unearned premium income	**6,670**	7,321	14,441
Managed cash overdrafts	**27,725**	(4,332)	8,686
Accounts payable and accrued expenses	**(8,854)**	(9,608)	34,350
Advance deposits	**(23,919)**	(73,494)	24,427
Group and other contract liabilities	**(666)**	16,315	(8,971)
Postretirement benefits other than pensions	**(993)**	5,530	1,888
Other liabilities	**1,261**	47,584	7,938
Net cash provided by operating activities	**295,076**	182,690	214,297
Cash flows from investing activities			
Purchases of property, equipment and information systems	**(43,519)**	(33,691)	(33,822)
Proceeds from sale of property, equipment and information systems	**1,803**	1,349	—
Purchases of available-for-sale investments	**(1,568,589)**	(1,757,657)	(818,465)
Proceeds from sales and maturities of available-for-sale investments	**1,524,670**	1,660,541	722,951
Net cash used in investing activities	**(85,635)**	(129,458)	(129,336)
Cash flows from financing activities			
Increase in capital lease obligations	**646**	(2,379)	(1,933)
Net proceeds from common stock issued in the initial public offering	**—**	27,990	—
Net cash provided by (used in) financing activities	**646**	25,611	(1,933)
Net change in cash and cash equivalents	**210,087**	78,843	83,028
Cash and cash equivalents at beginning of period	**487,431**	408,588	325,560
Cash and cash equivalents at end of period	**$ 697,518**	$ 487,431	$ 408,588
Supplemental disclosure:			
Income taxes paid	**$ 79,901**	$ 90,473	$ 13,349

See notes to consolidated financial statements.