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HEALTH ANNUAL STATEMENT FOR THE YEAR ENDING DECEMBER 31, 2012 OF THE CONDITION AND AFFAIRS OF THE

Premier Behavioral Systems of Tennessee, LLC

NAIC Group Code 0000, NAIC Company Code 00000, Employer's ID Number 62-1641638, Organized under the Laws of Tennessee, State of Domicile or Port of Entry Tennessee, Country of Domicile United States, Licensed as business type: Life, Accident & Health [ ], Property/Casualty [ ], Dental Service Corporation [ ], Vision Service Corporation [ ], Other [ ], Health Maintenance Organization [ ], Hospital, Medical & Dental Service or Indemnity [ ], Is HMO, Federally Qualified? Yes [ ] No [ ], Incorporated/Organized 05/15/1996, Commenced Business 07/01/1996, Statutory Home Office 6950 Columbia Gateway Drive, Columbia, MD, 21046, Main Administrative Office 6950 Columbia Gateway Drive, Columbia, MD, 21046, 410-953-1643, Mail Address 6950 Columbia Gateway Drive, Columbia, MD, 21046, Primary Location of Books and Records 6950 Columbia Gateway Drive, Columbia, MD, 21046, 410-953-1643, Internet Website Address N/A, Statutory Statement Contact Michael Fotinos, 410-953-1643, mdfotinos@magellanhealth.com, 410-953-5205

OFFICERS

Table with 4 columns: Name, Title, Name, Title. Jonathan Rubin, Vice President and Treasurer, William R. Grimm, Director

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Jonathan Rubin, William R. Grimm, Rene Lerer MD

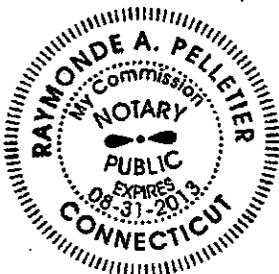
State of Connecticut, County of Hartford, ss [Signature]

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

[Signature] Jonathan Rubin, Vice President and Treasurer, [Signature] William R. Grimm, Director

Subscribed and sworn to before me this 12th day of February 2013, Raymond G. Pelletier

- a. Is this an original filing? Yes [X] No [ ]
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached



**Premier Behavioral Health of TN, LLC.**  
**BHO TennCare Operations Statement of Revenue and Expenses**  
**For the Quarter Ending December 31, 2012**  
**Report 2A**

	Current Quarter Total	Year to Date Total
Member Months		-
<b>Revenues</b>		
Risk Share Revenue		-
ASO Revenue		-
Investment (Interest)	889	3,736
<b>Total Revenues</b>	<b>889</b>	<b>3,736</b>
<b>Expenses</b>		
Mental Health & Substance Services		
Inpatient Psychiatric Facility services		-
Inpatient Substance Abuse Treatment and Detox		-
Outpatient Mental Health Services		-
Outpatient Substance Abuse Treatment and Detox		-
Housing/Residential Treatment		-
Specialized Crisis Services		-
Psychiatric Rehab and Support Services		-
Case Management		-
Forensics		-
Other Judicial		-
Pharmacy		-
Lab Services		-
Transportation		-
Medical Incentive Pool and Withhold Adjustments		-
Occupancy, Depreciation and Amortization		-
Other Mental Health and Substance Abuse Services	-	(5,509)
PCP and Specialists Services		
Subtotal	-	(5,509)
Reinsurance Expense Net of Recoveries		
Less:		
Copayments		
Subrogation		
Coordination of Benefits		
Subtotal		
<b>Total Medical and Substance Abuse</b>	<b>-</b>	<b>(5,509)</b>
<b>Claim Adjustment Expense</b>		<b>-</b>
Administration <sup>1</sup>		
Rent		-
Salaries and Wages		-
Contributions for benefit plans for employees		
Payments to employees under non-funded benefit plans		
Other employee welfare		-
Legal fees and expenses		-
Medical examination fees		
Utilization management		
Certifications and accreditation		-
Auditing, actuarial and other consulting services		-
Traveling expenses		-
Marketing and advertising		-
Postage, express, telegraph and telephone		-
Printing and stationary		-
Occupancy, depreciation and amortization		1,869
Rental of equipment		-
Outsourced services includes EDP, claims, and other services		-
Books and periodicals		-
Boards, bureaus and association fees		200
Insurance, except on real estate		-
Collection and bank service charges	(3,164)	3,555
Group service and administration fees		-
Reimbursements from fiscal intermediaries		-
Real estate expenses		-
Real estate taxes		-
Bad Debt Expense		-
Taxes, licenses and fees:		
State and local insurance taxes		-
State premium taxes		-
Insurance department licenses and fees		-
Payroll taxes		-
Other (excluding federal income and real estate taxes)		-
Investment expenses not included elsewhere		-
<b>Total Administrative Expenses</b>	<b>(3,164)</b>	<b>5,624</b>
<b>Total Expenses</b>	<b>(3,164)</b>	<b>114</b>
<b>Net Income (Loss)</b>	<b>4,053</b>	<b>3,621</b>

<sup>1</sup> The ASO fee Administration expense breakout is assumed based upon current sub-contractor's expenses.

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC**

**ASSETS**

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	938,180		938,180	978,329
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	0		0	0
2.2 Common stocks.....	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	0
3.2 Other than first liens.....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances).....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances).....			0	0
5. Cash (\$ .....737,386, Schedule E - Part 1), cash equivalents (\$ .....0, Schedule E - Part 2) and short-term investments (\$ .....0, Schedule DA).....	737,386		737,386	1,047,056
6. Contract loans (including \$ ..... premium notes).....			0	0
7. Derivatives (Schedule DB).....			0	0
8. Other invested assets (Schedule BA).....	0		0	0
9. Receivables for securities.....			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,675,566	0	1,675,566	2,025,385
13. Title plants less \$ ..... charged off (for Title insurers only).....			0	0
14. Investment income due and accrued.....	2,072		2,072	2,072
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....			0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....			0	0
16.2 Funds held by or deposited with reinsured companies.....			0	0
16.3 Other amounts receivable under reinsurance contracts.....			0	0
17. Amounts receivable relating to uninsured plans.....			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	0
18.2 Net deferred tax asset.....			0	0
19. Guaranty funds receivable or on deposit.....			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$ .....)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	0
23. Receivables from parent, subsidiaries and affiliates.....			0	0
24. Health care (\$ .....) and other amounts receivable.....			0	0
25. Aggregate write-ins for other than invested assets.....	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,677,638	0	1,677,638	2,027,457
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	1,677,638	0	1,677,638	2,027,457
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Risk Share Receivable.....			0	0
2502. ASO Receivable.....			0	0
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	0	0	0	0

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)			0	0
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses			0	0
4. Aggregate health policy reserves, including the liability of \$ ..... for medical loss ratio rebate per the Public Health Service Act			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued			0	0
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	7,905		7,905	0
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers, \$ ..... unauthorized reinsurers and \$ ..... certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$ ..... ) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans			0	0
23. Aggregate write-ins for other liabilities (including \$ ..... current)	98,354	0	98,354	113,958
24. Total liabilities (Lines 1 to 23)	106,259	0	106,259	113,958
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	0	0
27. Preferred capital stock	XXX	XXX	0	0
28. Gross paid in and contributed surplus	XXX	XXX	20,945,279	20,945,279
29. Surplus notes	XXX	XXX	0	0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	(19,373,900)	(19,031,780)
32. Less treasury stock, at cost:				
32.1 ..... shares common (value included in Line 26 \$ ..... )	XXX	XXX	0	0
32.2 ..... shares preferred (value included in Line 27 \$ ..... )	XXX	XXX	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	1,571,379	1,913,499
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,677,638	2,027,456
<b>DETAILS OF WRITE-INS</b>				
2301. Premium Tax Payable			0	0
2302. Risk Share Payable			0	0
2303. State Check Liability	98,354		98,354	113,958
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	98,354	0	98,354	113,958
2501. ....	XXX	XXX		
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001. ....	XXX	XXX		
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	0	0
2. Net premium income (including \$ .....0 non-health premium income).....	XXX	0	0
3. Change in unearned premium reserves and reserve for rate credits.....	XXX		0
4. Fee-for-service (net of \$ ..... medical expenses).....	XXX		0
5. Risk revenue.....	XXX		0
6. Aggregate write-ins for other health care related revenues.....	XXX	0	0
7. Aggregate write-ins for other non-health revenues.....	XXX	0	0
8. Total revenues (Lines 2 to 7).....	XXX	0	0
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits.....		(5,509)	(24,889)
10. Other professional services.....			0
11. Outside referrals.....			0
12. Emergency room and out-of-area.....			0
13. Prescription drugs.....			0
14. Aggregate write-ins for other hospital and medical.....0		0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15).....0		(5,509)	(24,889)
<b>Less:</b>			
17. Net reinsurance recoveries.....			0
18. Total hospital and medical (Lines 16 minus 17).....0		(5,509)	(24,889)
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$ .....0 cost containment expenses.....		0	0
21. General administrative expenses.....		5,624	18,256
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22).....0		114	(6,634)
24. Net underwriting gain or (loss) (Lines 8 minus 23).....XXX		(114)	6,634
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		3,736	879
26. Net realized capital gains (losses) less capital gains tax of \$.....			0
27. Net investment gains (losses) (Lines 25 plus 26).....0		3,736	879
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )].....		0	0
29. Aggregate write-ins for other income or expenses.....0		0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....XXX		3,621	7,513
31. Federal and foreign income taxes incurred.....XXX			0
32. Net income (loss) (Lines 30 minus 31).....XXX		3,621	7,513
<b>DETAILS OF WRITE-INS</b>			
0601. Risk Share Revenue.....	XXX		0
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	XXX	0	0
0701. Other Revenue.....	XXX		0
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above).....	XXX	0	0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page.....0		0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....0		0	0
2901. ....			
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page.....0		0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....0		0	0

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1 Current Year	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT:</b>		
33. Capital and surplus prior reporting year .....	1,913,498	1,910,244
34. Net income or (loss) from Line 32 .....	3,621	7,513
35. Change in valuation basis of aggregate policy and claim reserves .....		.0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....		.0
37. Change in net unrealized foreign exchange capital gain or (loss) .....		.0
38. Change in net deferred income tax .....		.0
39. Change in nonadmitted assets .....	4,259	(4,259)
40. Change in unauthorized and certified reinsurance .....	0	0
41. Change in treasury stock .....	0	0
42. Change in surplus notes .....	0	0
43. Cumulative effect of changes in accounting principles .....		.0
44. Capital Changes:		
44.1 Paid in .....	0	0
44.2 Transferred from surplus (Stock Dividend) .....		0
44.3 Transferred to surplus .....		0
45. Surplus adjustments:		
45.1 Paid in .....	0	0
45.2 Transferred to capital (Stock Dividend) .....	0	0
45.3 Transferred from capital .....		0
46. Dividends to stockholders .....	(350,000)	0
47. Aggregate write-ins for gains or (losses) in surplus .....	0	0
48. Net change in capital and surplus (Lines 34 to 47) .....	(342,120)	3,254
49. Capital and surplus end of reporting year (Line 33 plus 48)	1,571,378	1,913,498
<b>DETAILS OF WRITE-INS</b>		
4701. ....		
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	0	(578,138)
2. Net investment income.....	44,006	5,822
3. Miscellaneous income.....	0	0
4. Total (Lines 1 through 3).....	44,006	(572,316)
5. Benefit and loss related payments.....	(5,509)	106,120
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	9,064	53,449
8. Dividends paid to policyholders.....	350,000	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0
10. Total (Lines 5 through 9).....	353,555	159,569
11. Net cash from operations (Line 4 minus Line 10).....	(309,548)	(731,884)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	0	2,700,000
12.2 Stocks.....	0	0
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0
12.7 Miscellaneous proceeds.....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	0	2,700,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	0	2,781,549
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	0	2,781,549
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14).....	0	(81,549)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	0	0
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	0	0
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(309,548)	(813,434)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	1,046,934	1,860,490
19.2 End of year (Line 18 plus Line 19.1).....	737,386	1,047,057

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001. Conversion of debt to equity.....	0	0
20.0002. Assets acquired by assuming directly related liabilities.....	0	0
20.0003. Exchange of non-cash assets or liabilities.....	0	0

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income.....	0	0	0	0	0	0	0	0	0	0
2. Change in unearned premium reserves and reserve for rate credit.....	0	0	0	0	0	0	0	0	0	0
3. Fee-for-service (net of \$..... medical expenses).....	0	0	0	0	0	0	0	0	0	0
4. Risk revenue.....	0	0	0	0	0	0	0	0	0	0
5. Aggregate write-ins for other health care related revenues.....	0	0	0	0	0	0	0	0	0	0
6. Aggregate write-ins for other non-health care related revenues.....	0	0	0	0	0	0	0	0	0	0
7. Total revenues (Lines 1 to 6).....	0	0	0	0	0	0	0	0	0	0
8. Hospital/medical benefits.....	(5,509)	0	0	0	0	0	0	(5,509)	0	0
9. Other professional services.....	0	0	0	0	0	0	0	0	0	0
10. Outside referrals.....	0	0	0	0	0	0	0	0	0	0
11. Emergency room and out-of-area.....	0	0	0	0	0	0	0	0	0	0
12. Prescription drugs.....	0	0	0	0	0	0	0	0	0	0
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	0
14. Incentive pool, withhold adjustments and bonus amounts.....	0	0	0	0	0	0	0	0	0	0
15. Subtotal (Lines 8 to 14).....	(5,509)	0	0	0	0	0	0	(5,509)	0	0
16. Net reinsurance recoveries.....	0	0	0	0	0	0	0	0	0	0
17. Total hospital and medical (Lines 15 minus 16).....	(5,509)	0	0	0	0	0	0	(5,509)	0	0
18. Non-health claims (net).....	0	0	0	0	0	0	0	0	0	0
19. Claims adjustment expenses including \$..... cost containment expenses.....	0	0	0	0	0	0	0	5,624	0	0
20. General administrative expenses.....	5,624	0	0	0	0	0	0	0	0	0
21. Increase in reserves for accident and health contracts.....	0	0	0	0	0	0	0	0	0	0
22. Increase in reserves for life contracts.....	0	0	0	0	0	0	0	0	0	0
23. Total underwriting deductions (Lines 17 to 22).....	114	0	0	0	0	0	0	114	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23).....	(114)	0	0	0	0	0	0	(114)	0	0
<b>DETAILS OF WRITE-INS</b>										
0601.....	0	0	0	0	0	0	0	0	0	0
0502.....	0	0	0	0	0	0	0	0	0	0
0503.....	0	0	0	0	0	0	0	0	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	0	0	0	0	0	0	0	0	0	0
0601.....	0	0	0	0	0	0	0	0	0	0
0602.....	0	0	0	0	0	0	0	0	0	0
0603.....	0	0	0	0	0	0	0	0	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	0	0	0	0	0	0	0	0	0	0
1301.....	0	0	0	0	0	0	0	0	0	0
1302.....	0	0	0	0	0	0	0	0	0	0
1303.....	0	0	0	0	0	0	0	0	0	0
1398. Summary of remaining write-ins for Line 13 from overflow page.....	0	0	0	0	0	0	0	0	0	0
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above).....	0	0	0	0	0	0	0	0	0	0

**UNDERWRITING AND INVESTMENT EXHIBIT**  
PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical).....				0
2. Medicare Supplement.....				0
3. Dental only.....				0
4. Vision only.....				0
5. Federal Employees Health Benefits Plan.....				0
6. Title XVIII - Medicare.....				0
7. Title XIX - Medicaid.....				0
8. Other health.....				0
9. Health subtotal (Lines 1 through 8).....	0	0	0	0
10. Life.....				0
11. Property/casualty.....				0
12. Totals (Lines 9 to 11).....	0	0	0	0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - CLAIMS INCURRED DURING THE YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	(5,509)							(5,509)		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	(5,509)	0	0	0	0	0	0	(5,509)	0	0
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	0	0	0	0	0	0	0	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)	0									
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	0	0	0	0	0	0	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	0	0	0	0	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	(5,509)	0	0	0	0	0	0	(5,509)	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	(5,509)	0	0	0	0	0	0	(5,509)	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
<b>1. Reported in Process of Adjustment:</b>										
1.1 Direct.....	0									
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	0	0	0	0	0	0	0	0	0	0
<b>2. Incurred but Unreported:</b>										
2.1 Direct.....	0									
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	0									
2.4 Net.....	0	0	0	0	0	0	0	0	0	0
<b>3. Amounts Withheld from Paid Claims and Capitulations:</b>										
3.1 Direct.....	0									
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	0	0	0	0	0	0	0	0	0	0
<b>4. TOTALS:</b>										
4.1 Direct.....	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	0	0	0	0	0	0	0	0	0	0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE**

Line of Business	Claims Paid During the Year				Claim Reserve and Claim Liability Dec. 31 of Current Year			5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	5 On Claims Incurred During the Year	6 On Claims Incurred During the Year	7 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)							0	0	
2. Medicare Supplement							0	0	
3. Dental Only							0	0	
4. Vision Only							0	0	
5. Federal Employees Health Benefits Plan							0	0	
6. Title XVIII - Medicare							0	0	
7. Title XIX - Medicaid							0	0	
8. Other health							0	0	
9. Health subtotal (Lines 1 to 8)	0	0	0	0	0	0	0	0	
10. Healthcare receivables (a)							0	0	
11. Other non-health							0	0	
12. Medical incentive pools and bonus amounts							0	0	
13. Totals (Lines 9 - 10 + 11 + 12)	0	0	0	0	0	0	0	0	

(a) Excludes \$ .....loans or advances to providers not yet expensed.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

**Section A - Paid Health Claims - Title XIX Medicaid**  
 (000 Omitted)

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	1,217,918	1,217,934	1,217,943	1,217,943	1,217,943
2. 2008	66,678	72,849	72,888	72,888	72,888
3. 2009	XXX	32,760	33,175	33,306	33,306
4. 2010	XXX	XXX	0	0	0
5. 2011	XXX	XXX	XXX	0	0
6. 2012	XXX	XXX	XXX	XXX	0

**Section B - Incurred Health Claims - Title XIX Medicaid**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	99,837	98,607	98,605	98,614	98,614
2. 2008	72,966	72,684	72,723	72,723	72,723
3. 2009	XXX	33,711	34,125	34,256	34,256
4. 2010	XXX	XXX	0	0	0
5. 2011	XXX	XXX	XXX	0	0
6. 2012	XXX	XXX	XXX	XXX	0

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX Medicaid**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2008	88,108	72,888	0	0.0	72,888	82.7	0	72,888	82.7	
2. 2009	32,280	33,306	0	0.0	33,306	103.2	0	33,306	103.2	
3. 2010	(2)	0	0	0.0	0	0.0	0	0	0.0	
4. 2011	0	0	0	0.0	0	0.0	0	0	0.0	
5. 2012	0	0	0	0.0	0	0.0	0	0	0.0	

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
 (000 Omitted)

**Section A - Paid Health Claims - Grand Total**

	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	1,217,918	1,217,934	1,217,943	1,217,943	1,217,943
2. 2008	66,678	72,849	72,888	72,888	72,888
3. 2009	XXX	32,760	33,175	33,306	33,306
4. 2010	XXX	XXX	0	0	0
5. 2011	XXX	XXX	XXX	0	0
6. 2012	XXX	XXX	XXX	XXX	0

**Section B - Incurred Health Claims - Grand Total**

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	99,837	98,607	98,605	98,614	98,614
2. 2008	72,966	72,684	72,723	72,723	72,723
3. 2009	XXX	33,711	34,125	34,256	34,256
4. 2010	XXX	XXX	0	0	0
5. 2011	XXX	XXX	XXX	0	0
6. 2012	XXX	XXX	XXX	XXX	0

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total**

Years in which Premiums were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2008	88,108	72,888	0	0.0	72,888	82.7	0	0	72,888	82.7
2. 2009	32,280	33,306	0	0.0	33,306	103.2	0	0	33,306	103.2
3. 2010	(2)	0	0	0.0	0	0.0	0	0	0	0.0
4. 2011	0	0	0	0.0	0	0.0	0	0	0	0.0
5. 2012	0	0	0	0.0	0	0.0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY**

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	.0								
2. Additional policy reserves (a)	.0								
3. Reserve for future contingent benefits	.0								
4. Reserve for rate credits or experience rating refunds (including \$ ..... for investment income)	.0								
5. Aggregate write-ins for other policy reserves	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross)	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded	.0								
8. Totals (Net) (Page 3, Line 4)	.0	.0	.0	.0	.0	.0	.0	.0	.0
9. Present value of amounts not yet due on claims	.0								
10. Reserve for future contingent benefits	.0								
11. Aggregate write-ins for other claim reserves	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross)	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded	.0								
14. Totals (Net) (Page 3, Line 7)	.0	.0	.0	.0	.0	.0	.0	.0	.0
<b>DETAILS OF WRITE-INS</b>									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	.0	.0	.0	.0	.0	.0	.0	.0	.0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	.0	.0	.0	.0	.0	.0	.0	.0	.0

NONE

(a) Includes \$ ..... premium deficiency reserve.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ ..... for occupancy of own building).....					.0
2. Salaries, wages and other benefits.....					.0
3. Commissions (less \$ ..... ceded plus \$ ..... assumed).....					.0
4. Legal fees and expenses.....					.0
5. Certifications and accreditation fees.....					.0
6. Auditing, actuarial and other consulting services.....					.0
7. Travelling expenses.....					.0
8. Marketing and advertising.....					.0
9. Postage, express and telephone.....			200		200
10. Printing and office supplies.....					.0
11. Occupancy, depreciation and amortization.....					.0
12. Equipment.....			1,869		1,869
13. Cost or depreciation of EDP equipment and software.....					.0
14. Outsourced services including EDP, claims, and other services.....					.0
15. Boards, bureaus and association fees.....					.0
16. Insurance, except on real estate.....					.0
17. Collection and bank service charges.....			3,555		3,555
18. Group service and administration fees.....					.0
19. Reimbursements by uninsured plans.....					.0
20. Reimbursements from fiscal intermediaries.....					.0
21. Real estate expenses.....					.0
22. Real estate taxes.....					.0
23. Taxes, licenses and fees:					.0
23.1 State and local insurance taxes.....					.0
23.2 State premium taxes.....					.0
23.3 Regulatory authority licenses and fees.....					.0
23.4 Payroll taxes.....					.0
23.5 Other (excluding federal income and real estate taxes).....					.0
24. Investment expenses not included elsewhere.....					.0
25. Aggregate write-ins for expenses.....	0	0	0	0	0
26. Total expenses incurred (Lines 1 to 25).....	0	0	5,624	0	(a) 5,624
27. Less expenses unpaid December 31, current year.....					.0
28. Add expenses unpaid December 31, prior year.....	0	0	0	0	0
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....					.0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	0	5,624	0	5,624
<b>DETAILS OF WRITE-INS</b>					
2501. Claims processing expense allocated from parent.....					.0
2502. ....					
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 + 2598)(Line 25 above)	0	0	0	0	0

(a) Includes management fees of \$ ..... to affiliates and \$ ..... to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 43,875	3,604
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a) 0	
2.1 Preferred stocks (unaffiliated)	(b) 0	
2.11 Preferred stocks of affiliates	(b) 0	
2.2 Common stocks (unaffiliated)	0	
2.21 Common stocks of affiliates	0	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e)	131
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	43,875	3,736
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		0
17. Net investment income (Line 10 minus Line 16)		3,736
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		0

- (a) Includes \$ .....accrual of discount less \$ .....40,271 amortization of premium and less \$ .....0 paid for accrued interest on purchases.
- (b) Includes \$ .....accrual of discount less \$ ..... amortization of premium and less \$ .....0 paid for accrued dividends on purchases.
- (c) Includes \$ .....0 accrual of discount less \$ .....0 amortization of premium and less \$ .....paid for accrued interest on purchases.
- (d) Includes \$ .....for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.
- (e) Includes \$ .....accrual of discount less \$ ..... amortization of premium and less \$ .....paid for accrued interest on purchases.
- (f) Includes \$ .....accrual of discount less \$ ..... amortization of premium.
- (g) Includes \$ .....investment expenses and \$ .....investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ .....interest on surplus notes and \$ ..... interest on capital notes.
- (i) Includes \$ .....depreciation on real estate and \$ ..... depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5. Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds			0		
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)			0		
1.3 Bonds of affiliates			0	0	0
2.1 Preferred stocks (unaffiliated)			0	0	0
2.11 Preferred stocks of affiliates			0	0	0
2.2 Common stocks (unaffiliated)			0	0	0
2.21 Common stocks of affiliates			0	0	0
3. Mortgage loans			0	0	0
4. Real estate			0	0	0
5. Contract loans			0		
6. Cash, cash equivalents and short-term investments			0	0	0
7. Derivative instruments			0		
8. Other invested assets		0	0	0	0
9. Aggregate write-ins for capital gains (losses)		0	0	0	0
10. Total capital gains (losses)		0	0	0	0
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page		0	0	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)		0	0	0	0

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA).....	0	0	0
9. Receivables for securities.....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued.....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....	0	0	0
16.2 Funds held by or deposited with reinsured companies.....	0	0	0
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0
17. Amounts receivable relating to uninsured plans.....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit.....	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	0	4,259	4,259
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other than invested assets.....	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	0	4,259	4,259
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27).....	0	4,259	4,259
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above).....	0	0	0
2501. ....			
2502. ....			
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above).....	0	0	0

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	6 Current Year Member Months
1. Health Maintenance Organizations.....	0					
2. Provider Service Organizations.....	0					
3. Preferred Provider Organizations.....	0					
4. Point of Service.....	0					
5. Indemnity Only.....	0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>						
0601. Behavioral Health Organization.....	0					
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

Exhibit 2 - A&H Premiums Due and Unpaid

**NONE**

Exhibit 3 - Health Care Receivables

**NONE**

**EXHIBIT 4 – CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**

Aging Analysis of Unpaid Claims						
1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0199999 Individually listed claims unpaid.....						
0299999 Aggregate accounts not individually listed-uncovered.....						
0399999 Aggregate accounts not individually listed-covered						
0499999 Subtotals	0	0	0	0	0	0
0599999 Unreported claims and other claim reserves						
0699999 Total amounts withheld						
0799999 Total claims unpaid						
0899999 Accrued medical incentive pool and bonus amounts						







ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**EXHIBIT 8 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED**

Description	1 Cost	2 Improvements	3 Accumulated Depreciation	4 Book Value Less Encumbrances	5 Assets Not Admitted	6 Net Admitted Assets
1. Administrative furniture and equipment	<b>NONE</b>					
2. Medical furniture, equipment and fixtures						
3. Pharmaceuticals and surgical supplies						
4. Durable medical equipment						
5. Other property and equipment						
6. Total	0	0	0	0	0	0

## NOTES TO FINANCIAL STATEMENTS

### Note 1 - Summary of Significant Accounting Policies

#### A. ACCOUNTING PRACTICES

The accompanying financial statements of Premier Behavioral Systems of Tennessee, LLC. ("PBS" or the "Company") have been prepared in conformity with the National Association of Insurance Commissioners (NAIC) Annual Statement Instructions, the NAIC Accounting Practices and Procedures Manual and the accounting practices prescribed or permitted by the State of Tennessee Department of Commerce and Insurance, which represents a comprehensive basis of accounting other than generally accepted accounting principles (GAAP).

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State. Effective January 1, 2001, the State required that insurance companies domiciled in the State of Tennessee prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual – Version effective January 1, 2001 subject to any deviations prescribed or permitted by the State of Tennessee insurance commissioner.

#### B. USE OF ESTIMATES IN PREPARATION OF THE FINANCIAL STATEMENTS

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the period. Actual results could differ from those estimates.

#### C. ACCOUNTING POLICY

1. CASH AND SHORT TERM INVESTMENTS: Cash and short-term investments consist of cash on hand and in banks, along with commercial paper whose maturities at time of acquisition were one year or less and whose carrying value approximate their fair market value.
2. INVESTMENTS: Investment securities at December 31, 2012, consist of one U.S. Treasury Notes whose maturities at time of acquisition were less than one year and whose carrying value approximates the fair market value.
3. COMMON STOCK: Not applicable.
4. PREFERRED STOCK: Not applicable.
5. MORTGAGE LOANS: Not applicable.
6. LOAN BACKED SECURITIES: Not applicable
7. INVESTMENTS IN SUBSIDIARIES: Not applicable
8. INVESTMENTS IN JOINT VENTURE: Not applicable
9. ACCOUNTING POLICY FOR DERIVATIVES: Not applicable
10. INVESTMENT INCOME IN PREMIUM DEFICIENCY RESERVE CALCULATION: Not applicable
11. MEDICAL CLAIMS PAYABLE: The liability for medical claims payable includes estimated medical costs as of December 31, 2012 and expenses necessary to cover the ultimate net costs of investigating and settling all claims. The estimated medical claims payable includes the accumulation of estimates for claims reported prior to year-end and estimates of claims incurred but not reported.  

Medical claims payable is computed in accordance with generally accepted actuarial practices and is based upon authorized healthcare services and past claims payment experience, together with historical utilization experience and management judgment. Estimates are monitored and reviewed and, as settlements are made or estimates are adjusted, differences are reflected by the Company in current operations.
12. PHARMACEUTICAL REBATE RECEIVABLES: Not applicable
13. REVENUE AND PREMIUMS RECEIVABLE: Capitation payments are recognized as revenue in the month due to the Company.

### Note 2 - Accounting Changes and Corrections of Errors

- A. During 2012, there were no material changes in accounting principle and/or correction of errors.

### Note 3 - Business Combinations and Goodwill

- A. Statutory Purchase Method – Not applicable.
- B. Statutory Merger - Not applicable.
- C. Assumption Reinsurance - Not applicable.
- D. Impairment Loss - Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### Note 4 - Discontinued Operations

Not applicable.

### Note 5 - Investments

- A. Mortgage Loan, including Mezzanine Real Estate Loans – Not applicable.
- B. Debt Restructuring – Not applicable.
- C. Reverse Mortgages – Not applicable.
- D. Loan Backed Securities – Not applicable.
- E. Repurchase Agreements – Not applicable.
- F. Real Estate – Not applicable.
- G. Investments in low-income tax credits – Not applicable.

### Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

The Company does not have any Investments in Joint Ventures, Partnerships, or Limited Liability Companies.

### Note 7 - Investment Income

- A. No investment income was non admitted
- B. No investment income was excluded from Surplus.

### Note 8 - Derivative Instruments

- A. Market risk, credit risk and cash requirements of the derivative – Not applicable.
- B. Objectives for using derivatives – Not applicable.
- C. Accounting policies for recognizing and measuring derivatives used – Not applicable.
- D. Net gain or loss recognized in unrealized gains and losses during the reporting period representing the component of the derivative instruments gain of loss – Not applicable.
- E. Net gain or loss recognized in unrealized gains and losses during the reporting period resulting from derivatives that no longer qualify for hedge accounting – Not applicable.
- F. Derivatives accounted for as cash flow hedges of a forecasted transaction – Not applicable.

### Note 9 - Income Taxes

No provision has been made for federal and state income taxes since such taxes are the responsibility of the individual members.

### Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. Nature of relationship -

The Company was organized in May 1996 by Premier Holdings, Inc (a wholly-owned subsidiary of AdvoCare), Columbia Behavioral Health, LLC ("CBH") and Managed Health Network, Inc. ("Foundation") for the purposes of contracting with the State of Tennessee Department of Mental Health and Mental Retardation to deliver mental health and substance abuse services to participants of TennCare. The contract was effective and operations of the Company commenced July 1, 1996 with the contract, as amended, having ended on August 31, 2009. Therefore, the Company has no on-going business as of December 31, 2012.

In September 1997, the Company amended and restated its operating agreement by and between Premier Holdings, Inc and CBH whereby each of these entities would have both financial and governance rights equal to 50%. On April 11, 2006, Premier Holdings, Inc, purchased Columbia Behavioral Health, LLC's fifty percent ownership interest in the Company. As of April 1, 2006, Premier Holdings, ultimately a fully owned subsidiary of Magellan Health Services, has full ownership interest in the Company. The transaction was approved by the Department of Commerce and Insurance.

The State generally regulates the Company as a Health Maintenance Organization and the Company was licensed during October 2002 as a prepaid limited health service organization. The Company's contract with the State represented its only customer.

Magellan was required to implement the provisions of fresh-start reporting, as prescribed by the American Institute of Certified Public Accountants' Statement of Position 90-7, *Financial Reporting by Entities in Reorganization under the Bankruptcy Code*. The effects of Magellan's adoption of fresh-start reporting did not impact the Company's financial statements.

- B. Description of transactions – The Company generally has the following transactions with affiliated entities:
  - a. Accounts payable paid by the parent (Magellan Health Service) - \$

## NOTES TO FINANCIAL STATEMENTS

- b. Management fees paid to Magellan and AdvoCare of Tennessee ("AdvoCare") – see F. below description and amounts.
- C. Dollar amount of transactions – see B
- D. Amounts due to/from related parties – Balances as of December 31, 2012
  - a. Due to Magellan – \$7,905
- E. Guarantees or undertakings for benefit of affiliate – Not applicable.
- F. Material management or service contracts and cost sharing arrangements with related parties –

The Company contracts with AdvoCare of Tennessee, Inc. ("AdvoCare"), a related party, to manage the operations, administrative services and clinical services related to the provision of all mental health benefits, to provide case management services and to arrange primary care and outpatient services. For the year ended December 31, 2012, the Company incurred expense of approximately \$0 related to these services.

The Company contracts with Magellan Behavioral Health Systems, LLC. to process and pay medical claims. For the year ended December 31, 2012 the Company incurred expense of approximately \$0 related to these services.

- G. Common ownership or control – Not applicable.
- H. No significant change
- I. Investment in SCA that exceeds 10% - Not applicable.
- J. Investments in impaired SCA entities – Not applicable.
- K. Investment in a foreign insurance subsidiary – Not applicable.
- L. Investment in downstream noninsurance company – Not applicable.

### Note 11 - Debt

The Company does not have any debt.

### Note 12 - Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan – Not applicable.
- B. Defined Contribution Plans -- Not applicable.
- C. Multiemployer Plan – Not applicable.
- D. Consolidated/Holding Company plans – Not applicable.
- E. Post-employment Benefits and Compensated Absences – Not applicable.
- F. Impact of Medicare Modernization Act on postretirement benefit – Not applicable.

### Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

The Company must establish and maintain a net worth and working capital which is the greater of either the amount as required by applicable statute; or four percent (4%) of the first one hundred fifty million dollars (\$150,000,000) of annual projected premium revenue plus one and one half percent (1.5%) of annual projected premium revenue over one hundred fifty million dollars (\$150,000,000) where net worth is calculated as net admitted assets in excess of liability as reported in accordance with statutory accounting principles. The Contractor shall establish and maintain the net worth and working capital balances required by applicable statute throughout the term of the contract. As of December 31, 2012, the Company is subject to the minimum statutory requirement of \$1,500,000. The Company is in compliance with this requirement.

### Note 14 - Contingencies

The Company is party to various other legal proceedings incidental to its business. In the opinion of management, any ultimate liability with respect to these actions will not materially affect the financial position or results of the Company.

The Company is covered under Magellan's professional liability insurance. Coverage is limited to the period in which a claim is asserted, rather than when the incident giving rise to such claim occurred. Management has the intent to renew the insurance coverage, and historically has been able to renew such coverage. In the event Magellan was unable to obtain professional liability insurance at the expiration of the current policy period, it is possible that the Company would be uninsured for claims asserted after the expiration of the current policy period. The claims-made policy has been renewed through June 17, 2013.

### Note 15 - Leases

- A. Lessee Operating Lease – Not applicable.
- B. Lessor Leases and Leveraged Leases – Not applicable.

### Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

The Company does not have any financial instruments with off-balance sheet risk. Certain financial instruments potentially subject the Company to concentrations of credit risk. These financial instruments consist primarily of cash and cash

## NOTES TO FINANCIAL STATEMENTS

equivalents, investments and uncollected premiums. The Company maintains its cash and cash equivalents with what it believes to be high quality financial instruments. The fair value of the Company's investments is substantially equivalent to their carrying value and, although there is some credit risk associated with these investments, the Company believes the risk to be minimal. The Company's uncollected premiums as of year-end are current.

### Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables reported as Sales – Not applicable.
- B. Transfer and Servicing of Financial Assets – Not applicable
- C. Wash Sales – The Company has not engaged in any Wash Sales during the current calendar quarter or year.

### Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

- A. ASO Plans – Not applicable.
- B. ASC Plans – Not applicable
- C. Medicare of Similarly Structured Cost Based Reimbursement contract – Not applicable.

### Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable

### Note 20 – Fair Value Measurements

Not applicable

### Note 21 - Other Items

- A. Extraordinary items – Not applicable.
- B. Troubled Debt Restructuring: Debtor – Not applicable
- C. Other Disclosures –
  - a. On July 26, 2006, TennCare announced the managed care organizations which were awarded the contracts to provide integrated behavioral and physical health services in the Middle Region of the State. Since the Company was not a party to either of the contract awards, effective April 1, 2007, the Company ceased providing services to TennCare members in the Middle region.
  - b. In January 2008 TennCare issued an RFP for the management by managed care organizations of the integrated delivery of behavioral and physical health to TennCare enrollees in the East and West Grand Regions. The RFP set forth intended start dates of November 1, 2008 for the West Grand Region and January 1, 2009 for the East Grand Region. On April 22, 2008, the State announced the winning bidders to the RFP process. The Company was not a winning bidder. Accordingly, the Company ceased providing services in the East Grand and West Grand regions after the implementation dates for the new contracts. The Company continued to manage TennCare Select Children in the East, Middle, and West Grand regions through August 31, 2009, at which time its contract with the State ended.
  - c. During the 4<sup>th</sup> quarter of 2012, the Company paid its parent a dividend of \$350,000. The dividend was approved by TDCI.
- D. Uncollectible balance for assets covered under SSAP No. 6, SSAP No. 47, and SSAP No. 66 – Not applicable.
- E. Business Interruption Insurance Recoveries – Not applicable.
- F. State Transferable Tax Credits – Not applicable.
- G. Amount of deposits admitted under Section 6603 of Internal Revenue Service Code – Not applicable
- H. Hybrid Securities – Not applicable.

### Note 22 - Events Subsequent

None

### Note 23 - Reinsurance

- A. Ceded Reinsurance Report – Not applicable.
- B. Uncollectible Reinsurance – Not applicable.
- C. Commutation of Ceded Reinsurance – Not applicable.

### Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable

### Note 25 - Change in Incurred Claims and Claims Adjustment Expenses

## NOTES TO FINANCIAL STATEMENTS

Reserves as of December 31, 2011 were \$0. As of December 31, 2012, \$0 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$0.

**Note 26 - Intercompany Pooling Arrangements**

Not applicable.

**Note 27 - Structured Settlements**

Not applicable.

**Note 28 - Health Care Receivables**

As of December 31, 2012, the Company has no health care receivables. Any such receivables are accounted for consistently with the appropriate NAIC regulations.

**Note 29 - Participating Policies**

Not applicable.

**Note 30 - Premium Deficiency Reserves**

Not applicable.

**Note 31 - Anticipated Salvage and Subrogation**

Not applicable.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [ ] No [ X ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? ..... Yes [ ] No [ ] NA [ X ]
- 1.3 State Regulating? .....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [ X ]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....06/30/2006
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....04/20/2007
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....04/20/2007
- 3.4 By what department or departments? Tennessee Department of Commerce and Insurance.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ ] No [ ] NA [ X ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [ X ] No [ ] NA [ ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? ..... Yes [ ] No [ X ]
- 4.12 renewals? ..... Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? ..... Yes [ ] No [ X ]
- 4.22 renewals? ..... Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [ X ]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [ X ]
- 6.2 If yes, give full information .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [ ] No [ X ]
- 7.2 If yes,
- 7.21 State the percentage of foreign control .....
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney - in - fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney - in - fact).

1 Nationality	2 Type of Entity

**GENERAL INTERROGATORIES**

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [ X ]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company. ....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [ X ]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator. ....

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? .....
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption: .....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption: .....
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? ..... Yes [ ] No [ ] NA [ X ]
- 10.6 If the response to 10.5 is no or n/a, please explain  
The entity is not active. ....
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? .....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 12.11 Name of real estate holding company .....  
12.12 Number of parcels involved .....  
12.13 Total book/adjusted carrying value ..... \$ .....
- 12.2 If yes, provide explanation .....
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? .....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [ ]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ]
- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
a. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
b. Compliance with applicable governmental laws, rules and regulations;  
c. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
d. Accountability for adherence to the code.  
e. ....
- 14.11 If the response to 14.1 is no, please explain: .....
- 14.2 Has the code of ethics for senior managers been amended? ..... Yes [ ] No [ X ]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s) .....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ X ]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s). ....

**GENERAL INTERROGATORIES**

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [ X ]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

**BOARD OF DIRECTORS**

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [ ] No [ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [ ] No [ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [ ] No [ ]

**FINANCIAL**

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [ ]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers ... \$ .....
  - 20.12 To stockholders not officers ... \$ .....
  - 20.13 Trustees, supreme or grand (Fraternal only) ... \$ .....
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers ... \$ .....
  - 20.22 To stockholders not officers ... \$ .....
  - 20.23 Trustees, supreme or grand (Fraternal only) ... \$ .....
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [ ]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others ... \$ .....
  - 21.22 Borrowed from others ... \$ .....
  - 21.23 Leased from others ... \$ .....
  - 21.24 Other ... \$ .....
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [ ] No [ ]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment ... \$ .....
  - 22.22 Amount paid as expenses ... \$ .....
  - 22.23 Other amounts paid ... \$ .....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [ ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ .....

**INVESTMENT**

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [ ] No [ ]
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] NA [ ]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ .....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ .....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] NA [ ]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] NA [ ]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] NA [ ]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ .....
  - 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ .....
  - 24.103 Total payable for securities lending reported on the liability page. \$ .....

## GENERAL INTERROGATORIES

- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). ..... Yes [ ] No [ ]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements..... \$ .....
  - 25.22 Subject to reverse repurchase agreements..... \$ .....
  - 25.23 Subject to dollar repurchase agreements..... \$ .....
  - 25.24 Subject to reverse dollar repurchase agreements..... \$ .....
  - 25.25 Pledged as collateral..... \$ .....
  - 25.26 Placed under option agreements..... \$ .....
  - 25.27 Letter stock or securities restricted as to sale..... \$ .....
  - 25.28 On deposit with state or other regulatory body..... \$ .....
  - 25.29 Other..... \$ .....

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ ]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] NA [ ]  
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [ ]
- 27.2 If yes, state the amount thereof at December 31 of the current year. .... \$ .....

28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? ..... Yes [ ] No [ ]

28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address

28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? ..... Yes [ ] No [ ]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

## GENERAL INTERROGATORIES

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?..... Yes [ ] No [ ]
- 29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999	TOTAL	0

- 29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
30.1 Bonds.....	938,180		(938,180)
30.2 Preferred Stocks.....	0		0
30.3 Totals	938,180	0	(938,180)

- 30.4 Describe the sources or methods utilized in determining the fair values:

.....

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?..... Yes [ ] No [ ]

- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?..... Yes [ ] No [ ]

- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? ..... Yes [ ] No [ ]

- 32.2 If no, list exceptions:

.....

## GENERAL INTERROGATORIES

### OTHER

33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any?.....\$ .....

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid

34.1 Amount of payments for legal expenses, if any?.....\$ .....

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$ .....

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

## GENERAL INTERROGATORIES

### PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [ X ]  
 1.2 If yes, indicate premium earned on U. S. business only. .... \$ .....0  
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ .....0  
     1.31 Reason for excluding .....

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above ..... \$ .....  
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. .... \$ .....0

- 1.6 Individual policies:
- |  |                                    |  |        |
|--|------------------------------------|--|--------|
|  |                                    | Most current three years:                    |        |
|  | 1.61 Total premium earned .....    | \$   | .....0 |
|  | 1.62 Total incurred claims .....   | \$   | .....0 |
|  | 1.63 Number of covered lives ..... |  | .....0 |
|  |                                    | All years prior to most current three years: |        |
|  | 1.64 Total premium earned .....    | \$   | .....0 |
|  | 1.65 Total incurred claims .....   | \$   | .....0 |
|  | 1.66 Number of covered lives ..... |  | .....0 |

- 1.7 Group policies:
- |  |                                    |  |        |
|--|------------------------------------|--|--------|
|  |                                    | Most current three years:                    |        |
|  | 1.71 Total premium earned .....    | \$   | .....0 |
|  | 1.72 Total incurred claims .....   | \$   | .....0 |
|  | 1.73 Number of covered lives ..... |  | .....0 |
|  |                                    | All years prior to most current three years: |        |
|  | 1.74 Total premium earned .....    | \$   | .....0 |
|  | 1.75 Total incurred claims .....   | \$   | .....0 |
|  | 1.76 Number of covered lives ..... |  | .....0 |

2. Health Test:

		1 Current Year		2 Prior Year
2.1	Premium Numerator	\$	.....0	\$ .....0
2.2	Premium Denominator	\$	.....0	\$ .....0
2.3	Premium Ratio (2.1/2.2)		.....0.000	.....0.000
2.4	Reserve Numerator	\$	.....0	\$ .....0
2.5	Reserve Denominator	\$	.....0	\$ .....0
2.6	Reserve Ratio (2.4/2.5)		.....0.000	.....0.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? ..... Yes [ ] No [ X ]

3.2 If yes, give particulars:

- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? ..... Yes [ X ] No [ ]  
 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? ..... Yes [ ] No [ X ]  
 5.1 Does the reporting entity have stop-loss reinsurance? ..... Yes [ ] No [ X ]

5.2 If no, explain:

The entity is not active.

- 5.3 Maximum retained risk (see instructions)
- |                                       |    |  |
|---------------------------------------|----|--|
| 5.31 Comprehensive Medical .....      | \$ |  |
| 5.32 Medical Only .....               | \$ |  |
| 5.33 Medicare Supplement .....        | \$ |  |
| 5.34 Dental and Vision .....          | \$ |  |
| 5.35 Other Limited Benefit Plan ..... | \$ |  |
| 5.36 Other .....                      | \$ |  |

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

The entity is not active.

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? ..... Yes [ X ] No [ ]  
 7.2 If no, give details

8. Provide the following information regarding participating providers:

- 8.1 Number of providers at start of reporting year .....0  
 8.2 Number of providers at end of reporting year .....0

- 9.1 Does the reporting entity have business subject to premium rate guarantees? ..... Yes [ ] No [ X ]

9.2 If yes, direct premium earned:

- 9.21 Business with rate guarantees between 15-36 months .....  
 9.22 Business with rate guarantees over 36 months .....

## GENERAL INTERROGATORIES

### PART 2 - HEALTH INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?..... Yes [ ] No [ X ]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses ..... \$.....
- 10.22 Amount actually paid for year bonuses ..... \$.....
- 10.23 Maximum amount payable withholds ..... \$.....
- 10.24 Amount actually paid for year withholds ..... \$.....
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, ..... Yes [ ] No [ ]
- 11.13 An Individual Practice Association (IPA), or, ..... Yes [ ] No [ ]
- 11.14 A Mixed Model (combination of above) ?..... Yes [ ] No [ ]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? ..... Yes [ X ] No [ ]
- 11.3 If yes, show the name of the state requiring such net worth.  
Tennessee
- 11.4 If yes, show the amount required. .... \$.....1,500,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? ..... Yes [ ] No [ X ]
- 11.6 If the amount is calculated, show the calculation

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area

- 13.1 Do you act as a custodian for health savings accounts?..... Yes [ ] No [ X ]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date..... \$.....
- 13.3 Do you act as an administrator for health savings accounts?..... Yes [ ] No [ X ]
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date..... \$.....

**FIVE-YEAR HISTORICAL DATA**

	1 2012	2 2011	3 2010	4 2009	5 2008
<b>Balance Sheet (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28) .....	1,677,638	2,027,457	2,764,283	17,992,942	32,320,441
2. Total liabilities (Page 3, Line 24) .....	106,259	113,958	854,039	13,727,125	23,597,092
3. Statutory surplus .....	(21,673,900)	(21,327,522)	(19,035,034)	(16,679,462)	(14,521,930)
4. Total capital and surplus (Page 3, Line 33) .....	1,571,379	1,913,499	1,910,245	4,265,817	8,723,349
<b>Income Statement (Page 4)</b>					
5. Total revenues (Line 8) .....	0	0	(84,640)	36,426,265	86,267,398
6. Total medical and hospital expenses (Line 18) .....	(5,509)	(24,889)	(490,899)	33,597,641	71,126,264
7. Claims adjustment expenses (Line 20) .....	0	0	(20)	319,575	881,082
8. Total administrative expenses (Line 21) .....	5,624	18,256	204,268	3,867,755	9,330,364
9. Net underwriting gain (loss) (Line 24) .....	(114)	6,634	202,012	(1,358,706)	4,929,688
10. Net investment gain (loss) (Line 27) .....	3,736	879	9,647	61,197	505,262
11. Total other income (Lines 28 plus 29) .....	0	0	0	0	0
12. Net income or (loss) (Line 32) .....	3,621	7,513	211,659	(1,297,509)	5,434,949
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	(309,548)	(731,884)	(12,202,569)	(9,834,504)	2,040,845
<b>Risk - Based Capital Analysis</b>					
14. Total adjusted capital .....	1,571,379	1,913,499	1,910,245	4,265,817	8,723,349
15. Authorized control level risk-based capital .....	1,106	1,571	7,674	2,616,315	3,266,488
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7) .....	0	0	0	0	64,573
17. Total members months (Column 6, Line 7) .....	0	0	0	564,027	2,657,890
<b>Operating Percentage (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....	0.0	0.0	24,356.8	104.1	80.7
20. Cost containment expenses .....	0.0	0.0	0.0	0.0	0.0
21. Other claims adjustment expenses .....	0.0	0.0	1.0	1.0	1.0
22. Total underwriting deductions (Line 23) .....	0.0	0.0	14,222.7	117.1	92.3
23. Total underwriting gain (loss) (Line 24) .....	0.0	0.0	(10,023.2)	(4.2)	5.6
<b>Unpaid Claims Analysis</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5) .....	0	131,009	594,261	6,321,088	8,931,553
25. Estimated liability of unpaid claims—[prior year (Line 13, Col. 6)] .....	0	131,009	1,085,160	6,434,189	10,771,583
<b>Investments In Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) .....	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) .....	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) .....	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....	0	0	0	0	0
30. Affiliated mortgage loans on real estate .....	0	0	0	0	0
31. All other affiliated .....	0	0	0	0	0
32. Total of above Lines 26 to 31 .....	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above .....	0	0	0	0	0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [ ] No [ ]

If no, please explain



ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)**

REPORT FOR: 1. CORPORATION	NAIC Group Code	0000	BUSINESS IN THE STATE OF .....	DURING THE YEAR 2012										NAIC Company Code	00000						
				2		3		4	5	6	7	8	9			10					
		Comprehensive (Hospital & Medical)		Group		Medicare Supplement								Vision Only			Dental Only		Federal Employees Health Benefit Plan		Title XIX Medicaid
		Individual																			
<b>Total Members at end of:</b>		1		2		3		4		5		6		7		8		9		10	
1. Prior Year		0		0		0		0		0		0		0		0		0		0	
2. First Quarter		0		0		0		0		0		0		0		0		0		0	
3. Second Quarter		0		0		0		0		0		0		0		0		0		0	
4. Third Quarter		0		0		0		0		0		0		0		0		0		0	
5. Current Year		0		0		0		0		0		0		0		0		0		0	
6. Current Year Member Months		0		0		0		0		0		0		0		0		0		0	
<b>Total Member Ambulatory Encounters for Year:</b>		7. Physician		0		0		0		0		0		0		0		0		0	
8. Non-Physician		0		0		0		0		0		0		0		0		0		0	
9. Total		0		0		0		0		0		0		0		0		0		0	
10. Hospital Patient Days Incurred		0		0		0		0		0		0		0		0		0		0	
11. Number of Inpatient Admissions		0		0		0		0		0		0		0		0		0		0	
12. Health Premiums Written (b)		0		0		0		0		0		0		0		0		0		0	
13. Life Premiums Direct		0		0		0		0		0		0		0		0		0		0	
14. Property/Casualty Premiums Written		0		0		0		0		0		0		0		0		0		0	
15. Health Premiums Earned		0		0		0		0		0		0		0		0		0		0	
16. Property/Casualty Premiums Earned		0		0		0		0		0		0		0		0		0		0	
17. Amount Paid for Provision of Health Care Services		0		0		0		0		0		0		0		0		0		0	
18. Amount Incurred for Provision of Health Care Services		0		0		0		0		0		0		0		0		0		0	

(a) For health business: number of persons insured under PPO managed care products \_\_\_\_\_ and number of persons insured under indemnity only products \_\_\_\_\_

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ \_\_\_\_\_

Schedule S - Part 1 - Section 2

**NONE**

Schedule S - Part 2

**NONE**

Schedule S - Part 3 - Section 2

**NONE**

Schedule S - Part 4

**NONE**

Schedule S - Part 4 - Footnote(a) Detail

**NONE**

Schedule S - Part 5

**NONE**

Schedule S - Part 5 - Footnote(a) Detail

**NONE**

Schedule S - Part 6

**NONE**

Schedule S - Part 7

**NONE**

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only							8 Total Columns 2 Through 7	9 Deposit-Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefit Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums			
1. Alabama.....AL									0	0
2. Alaska.....AK									0	0
3. Arizona.....AZ									0	0
4. Arkansas.....AR									0	0
5. California.....CA									0	0
6. Colorado.....CO									0	0
7. Connecticut.....CT									0	0
8. Delaware.....DE									0	0
9. Dist. of Columbia.....DC									0	0
10. Florida.....FL									0	0
11. Georgia.....GA									0	0
12. Hawaii.....HI									0	0
13. Idaho.....ID									0	0
14. Illinois.....IL									0	0
15. Indiana.....IN									0	0
16. Iowa.....IA									0	0
17. Kansas.....KS									0	0
18. Kentucky.....KY									0	0
19. Louisiana.....LA									0	0
20. Maine.....ME									0	0
21. Maryland.....MD									0	0
22. Massachusetts.....MA									0	0
23. Michigan.....MI									0	0
24. Minnesota.....MN									0	0
25. Mississippi.....MS									0	0
26. Missouri.....MO									0	0
27. Montana.....MT									0	0
28. Nebraska.....NE									0	0
29. Nevada.....NV									0	0
30. New Hampshire.....NH									0	0
31. New Jersey.....NJ									0	0
32. New Mexico.....NM									0	0
33. New York.....NY									0	0
34. North Carolina.....NC									0	0
35. North Dakota.....ND									0	0
36. Ohio.....OH									0	0
37. Oklahoma.....OK									0	0
38. Oregon.....OR									0	0
39. Pennsylvania.....PA									0	0
40. Rhode Island.....RI									0	0
41. South Carolina.....SC									0	0
42. South Dakota.....SD									0	0
43. Tennessee.....TN	L								0	0
44. Texas.....TX									0	0
45. Utah.....UT									0	0
46. Vermont.....VT									0	0
47. Virginia.....VA									0	0
48. Washington.....WA									0	0
49. West Virginia.....WV									0	0
50. Wisconsin.....WI									0	0
51. Wyoming.....WY									0	0
52. American Samoa.....AS									0	0
53. Guam.....GU									0	0
54. Puerto Rico.....PR									0	0
55. U.S. Virgin Islands.....VI									0	0
56. Northern Mariana Islands.....MP									0	0
57. Canada.....CAN									0	0
58. Aggregate other alien.....OT	XXX	0	0	0	0	0	0	0	0	0
59. Subtotal	XXX	0	0	0	0	0	0	0	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	0
61. Total (Direct Business)	(a) 1	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS										
58001	XXX									
58002	XXX									
58003	XXX									
58998 Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	0
58999 Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.

(a) Insert the number of L responses except for Canada and other Alien.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**SCHEDULE T – PART 2  
INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN**

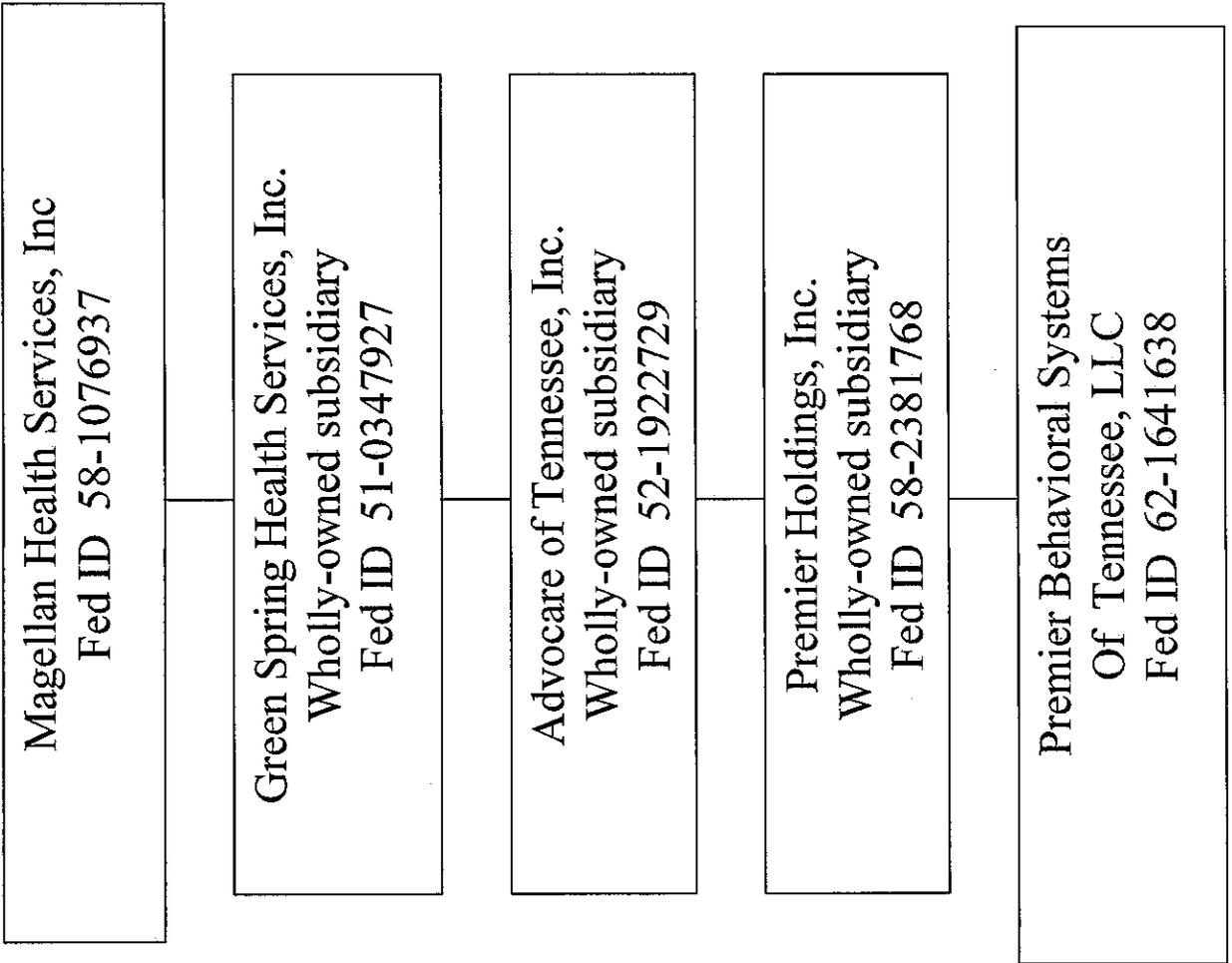
Allocated By States and Territories

States, Etc.		Direct Business Only					Totals
		1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	
1. Alabama	AL						0
2. Alaska	AK						0
3. Arizona	AZ						0
4. Arkansas	AR						0
5. California	CA						0
6. Colorado	CO						0
7. Connecticut	CT						0
8. Delaware	DE						0
9. District of Columbia	DC						0
10. Florida	FL						0
11. Georgia	GA						0
12. Hawaii	HI						0
13. Idaho	ID						0
14. Illinois	IL						0
15. Indiana	IN						0
16. Iowa	IA						0
17. Kansas	KS						0
18. Kentucky	KY						0
19. Louisiana	LA						0
20. Maine	ME						0
21. Maryland	MD						0
22. Massachusetts	MA						0
23. Michigan	MI						0
24. Minnesota	MN						0
25. Mississippi	MS						0
26. Missouri	MO						0
27. Montana	MT						0
28. Nebraska	NE						0
29. Nevada	NV						0
30. New Hampshire	NH						0
31. New Jersey	NJ						0
32. New Mexico	NM						0
33. New York	NY						0
34. North Carolina	NC						0
35. North Dakota	ND						0
36. Ohio	OH						0
37. Oklahoma	OK						0
38. Oregon	OR						0
39. Pennsylvania	PA						0
40. Rhode Island	RI						0
41. South Carolina	SC						0
42. South Dakota	SD						0
43. Tennessee	TN						0
44. Texas	TX						0
45. Utah	UT						0
46. Vermont	VT						0
47. Virginia	VA						0
48. Washington	WA						0
49. West Virginia	WV						0
50. Wisconsin	WI						0
51. Wyoming	WY						0
52. American Samoa	AS						0
53. Guam	GU						0
54. Puerto Rico	PR						0
55. US Virgin Islands	VI						0
56. Northern Mariana Islands	MP						0
57. Canada	CAN						0
58. Aggregate Other Alien	OT						0
59. Totals		0	0	0	0	0	0

**NONE**

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

**PART 1 - ORGANIZATIONAL CHART**







**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

**MARCH FILING**

**Responses**

- 1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1? .....SEE EXPLANATION.....
- 2. Will an actuarial opinion be filed by March 1? .....YES.....
- 3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1? .....SEE EXPLANATION.....
- 4. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required by March 1? .....SEE EXPLANATION.....

**APRIL FILING**

- 5. Will Management's Discussion and Analysis be filed by April 1? .....YES.....
- 6. Will the Supplemental Investment Risks Interrogatories be filed by April 1? .....YES.....
- 7. Will the Accident and Health Policy Experience Exhibit be filed by April 1? .....SEE EXPLANATION.....

**JUNE FILING**

- 8. Will an audited financial report be filed by June 1? .....YES.....
- 9. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1? .....YES.....

**AUGUST FILING**

- 10. Will Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile by August 1? .....YES.....

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

**MARCH FILING**

- 11. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? .....NO.....
- 12. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC? .....NO.....
- 13. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC? .....NO.....
- 14. Will the Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? .....NO.....
- 15. Will the actuarial opinion on participating and non-participating policies as required in Interrogatories 1 and 2 on Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1? .....NO.....
- 16. Will the actuarial opinion on non-guaranteed elements as required in Interrogatory 3 to Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1? .....NO.....
- 17. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1? .....NO.....
- 18. Will an approval from the reporting entity's state of domicile for relief related to the five-year rotation requirement for lead audit partner be filed electronically with the NAIC by March 1? .....NO.....
- 19. Will an approval from the reporting entity's state of domicile for relief related to the one-year cooling off period for independent CPA be filed electronically with the NAIC by March 1? .....NO.....
- 20. Will an approval from the reporting entity's state of domicile for relief related to the Requirements for Audit Committees be filed electronically with the NAIC by March 1? .....NO.....

**APRIL FILING**

- 21. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1? .....NO.....
- 22. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC? .....NO.....
- 23. Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC? .....NO.....
- 24. Will the Supplemental Health Care Exhibit (Parts 1, 2 and 3) be filed with the state of domicile and the NAIC by April 1? .....NO.....
- 25. Will the regulator only (non-public) Supplemental Health Care Exhibit's Allocation Report be filed with the state of domicile and the NAIC by April 1? .....NO.....

**AUGUST FILING**

- 26. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1? .....NO.....

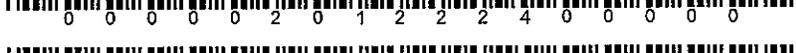
**Explanation:**

- 1. The entity has no employees.
- 3. The entity is not active.
- 4. The entity is not active.
- 7. Business not written.
- 11.
- 12.
- 13.
- 14.
- 15.
- 16.
- 17.

**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

- 18.
- 19.
- 20.
- 21.
- 22.
- 23.
- 24.
- 25.
- 26.

Bar code:

12.	 0 0 0 0 0 2 0 1 2 2 0 5 0 0 0 0 0
13.	 0 0 0 0 0 2 0 1 2 2 0 7 0 0 0 0 0
14.	 0 0 0 0 0 2 0 1 2 4 2 0 0 0 0 0 0
15.	 0 0 0 0 0 2 0 1 2 3 7 1 0 0 0 0 0
16.	 0 0 0 0 0 2 0 1 2 3 7 0 0 0 0 0 0
17.	 0 0 0 0 0 2 0 1 2 3 6 5 0 0 0 0 0
18.	 0 0 0 0 0 2 0 1 2 2 2 4 0 0 0 0 0
19.	 0 0 0 0 0 2 0 1 2 2 2 5 0 0 0 0 0
20.	 0 0 0 0 0 2 0 1 2 2 2 6 0 0 0 0 0
21.	 0 0 0 0 0 2 0 1 2 3 0 6 0 0 0 0 0
22.	 0 0 0 0 0 2 0 1 2 2 1 1 5 9 0 0 0
23.	 0 0 0 0 0 2 0 1 2 2 1 3 0 0 0 0 0
24.	 0 0 0 0 0 2 0 1 2 2 1 6 5 9 0 0 0
25.	 0 0 0 0 0 2 0 1 2 2 1 7 0 0 0 0 0
26.	 0 0 0 0 0 2 0 1 2 2 2 3 0 0 0 0 0

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**SUMMARY INVESTMENT SCHEDULE**

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3+4) Amount	6 Percentage
<b>1. Bonds:</b>						
1.1 U.S. treasury securities .....	938,180	100.000	938,180		938,180	100.000
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies .....		0.000			0	0.000
1.22 Issued by U.S. government sponsored agencies .....		0.000			0	0.000
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities) .....		0.000			0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations .....		0.000			0	0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		0.000			0	0.000
1.43 Revenue and assessment obligations .....		0.000			0	0.000
1.44 Industrial development and similar obligations .....		0.000			0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA .....		0.000			0	0.000
1.512 Issued or guaranteed by FNMA and FHLMC .....		0.000			0	0.000
1.513 All other .....		0.000			0	0.000
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....		0.000			0	0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....		0.000			0	0.000
1.523 All other .....		0.000			0	0.000
<b>2. Other debt and other fixed income securities (excluding short term):</b>						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities) .....		0.000			0	0.000
2.2 Unaffiliated non-U.S. securities (including Canada) .....		0.000			0	0.000
2.3 Affiliated securities .....		0.000			0	0.000
<b>3. Equity interests:</b>						
3.1 Investments in mutual funds .....		0.000			0	0.000
3.2 Preferred stocks:						
3.21 Affiliated .....		0.000			0	0.000
3.22 Unaffiliated .....		0.000			0	0.000
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated .....		0.000			0	0.000
3.32 Unaffiliated .....		0.000			0	0.000
3.4 Other equity securities:						
3.41 Affiliated .....		0.000			0	0.000
3.42 Unaffiliated .....		0.000			0	0.000
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated .....		0.000			0	0.000
3.52 Unaffiliated .....		0.000			0	0.000
<b>4. Mortgage loans:</b>						
4.1 Construction and land development .....		0.000			0	0.000
4.2 Agricultural .....		0.000			0	0.000
4.3 Single family residential properties .....		0.000			0	0.000
4.4 Multifamily residential properties .....		0.000			0	0.000
4.5 Commercial loans .....		0.000			0	0.000
4.6 Mezzanine real estate loans .....		0.000			0	0.000
<b>5. Real estate investments:</b>						
5.1 Property occupied by company .....		0.000	0		0	0.000
5.2 Property held for production of income (including \$ ..... of property acquired in satisfaction of debt) .....		0.000	0		0	0.000
5.3 Property held for sale (including \$ ..... property acquired in satisfaction of debt) .....		0.000	0		0	0.000
6. Contract loans .....		0.000	0		0	0.000
7. Derivatives .....		0.000	0		0	0.000
8. Receivables for securities .....		0.000	0		0	0.000
9. Securities Lending (Line 10, Asset Page reinvested collateral) .....		0.000	0	XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments .....		0.000			0	0.000
11. Other invested assets .....		0.000			0	0.000
<b>12. Total invested assets</b>	<b>938,180</b>	<b>100.000</b>	<b>938,180</b>	<b>0</b>	<b>938,180</b>	<b>100.000</b>

## SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1. Book/adjusted carrying value, December 31 of prior year.....	0
2. Cost of acquired:	
2.1 Actual cost at time of acquisition (Part 2, Column 6).....	0
2.2 Additional investment made after acquisition (Part 2, Column 7).....	0
3. Current year change in encumbrances:	
3.1 Totals, Part 1, Column 13.....	0
3.2 Totals, Part 3, Column 11.....	0
4. Total gain (loss) on disposals, Part 3, Column 18.....	0
5. Deduct amounts received on disposals, Part 3, Column 15.....	0
6. Total foreign exchange change in book/adjusted carrying value:	
6.1 Totals, Part 1, Column 15.....	0
6.2 Totals, Part 3, Column 13.....	0
7. Deduct current year's other than temporary impairment recognized:	
7.1 Totals, Part 1, Column 12.....	0
7.2 Totals, Part 3, Column 10.....	0
8. Deduct current year's depreciation:	
8.1 Totals, Part 1, Column 11.....	0
8.2 Totals, Part 3, Column 9.....	0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8).....	0
10. Deduct total nonadmitted amounts.....	0
11. Statement value at end of current period (Line 9 minus Line 10).....	0

**NONE**

## SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....	0
2. Cost of acquired:	
2.1 Actual cost at time of acquisition (Part 2, Column 7).....	0
2.2 Additional investment made after acquisition (Part 2, Column 8).....	0
3. Capitalized deferred interest and other:	
3.1 Totals, Part 1, Column 12.....	0
3.2 Totals, Part 3, Column 11.....	0
4. Accrual of discount.....	0
5. Unrealized valuation increase (decrease):	
5.1 Totals, Part 1, Column 9.....	0
5.2 Totals, Part 3, Column 8.....	0
6. Total gain (loss) on disposals, Part 3, Column 18.....	0
7. Deduct amounts received on disposals, Part 3, Column 15.....	0
8. Deduct amortization of premium and mortgage interest points and commitment fees.....	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest:	
9.1 Totals, Part 1, Column 13.....	0
9.2 Totals, Part 3, Column 13.....	0
10. Deduct current year's other than temporary impairment recognized:	
10.1 Totals, Part 1, Column 11.....	0
10.2 Totals, Part 3, Column 10.....	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0
12. Total valuation allowance.....	0
13. Subtotal (Line 11 plus Line 12).....	0
14. Deduct total nonadmitted amounts.....	0
15. Statement value of mortgages owned at end of current period (Line 13 minus Line 14).....	0

**NONE**

## SCHEDULE BA - VERIFICATION BETWEEN YEARS

Other Long-Term Invested Assets

1. Book/adjusted carrying value, December 31 of prior year.....	0
2. Cost of acquired:	
2.1 Actual cost at time of acquisition (Part 2, Column 8).....	0
2.2 Additional investment made after acquisition (Part 2, Column 9).....	0
3. Capitalized deferred interest and other:	
3.1 Totals, Part 1, Column 16.....	0
3.2 Totals, Part 3, Column 12.....	0
4. Accrual of discount.....	
5. Unrealized valuation increase (decrease):	
5.1 Totals, Part 1, Column 13.....	0
5.2 Totals, Part 3, Column 9.....	0
6. Total gain (loss) on disposals, Part 3, Column 19.....	0
7. Deduct amounts received on disposals, Part 3, Column 16.....	0
8. Deduct amortization of premium and depreciation.....	
9. Total foreign exchange change in book/adjusted carrying value:	
9.1 Totals, Part 1, Column 17.....	0
9.2 Totals, Part 3, Column 14.....	0
10. Deduct current year's other than temporary impairment recognized:	
10.1 Totals, Part 1, Column 15.....	0
10.2 Totals, Part 3, Column 11.....	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0
12. Deduct total nonadmitted amounts.....	
13. Statement value at end of current period (Line 11 minus Line 12).....	0

**NONE**

## SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book /adjusted carrying value, December 31 of prior year.....	978,451
2. Cost of bonds and stocks acquired, Part 3, Column 7.....	0
3. Accrual of discount.....	0
4. Unrealized valuation increase (decrease):	
4.1 Part 1, Column 12.....	0
4.2 Part 2, Section 1, Column 15.....	0
4.3 Part 2, Section 2, Column 13.....	0
4.4 Part 4, Column 11.....	0
5. Total gain (loss) on disposals, Part 4, Column 19.....	0
6. Deduction consideration for bonds and stocks disposed of, Part 4, Column 7.....	0
7. Deduct amortization of premium.....	40,271
8. Total foreign exchange change in book/adjusted carrying value:	
8.1 Part 1, Column 15.....	0
8.2 Part 2, Section 1, Column 19.....	0
8.3 Part 2, Section 2, Column 16.....	0
8.4 Part 4, Column 15.....	0
9. Deduct current year's other than temporary impairment recognized:	
9.1 Part 1, Column 14.....	0
9.2 Part 2, Section 1, Column 17.....	0
9.3 Part 2, Section 2, Column 14.....	0
9.4 Part 4, Column 13.....	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7+8-9).....	938,180
11. Deduct total nonadmitted amounts.....	
12. Statement value at end of current period (Line 10 minus Line 11).....	938,180

**SCHEDULE D - SUMMARY BY COUNTRY**

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description	1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>				
Governments (Including all obligations guaranteed by governments)	1. United States .....	938,180	939,969	980,199
	2. Canada .....			
	3. Other Countries .....			
	4. Totals	938,180	939,969	980,199
U. S. States, Territories and Possessions (Direct and guaranteed)	5. Totals	0	0	0
U.S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals	0	0	0
U.S. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. Totals	0	0	0
Industrial and Miscellaneous and Hybrid Securities (unaffiliated)	8. United States .....			
	9. Canada .....			
	10. Other Countries .....			
	11. Totals	0	0	0
Parent, Subsidiaries and Affiliates	12. Totals	0	0	0
	13. <b>Total Bonds</b>	938,180	939,969	980,199
<b>PREFERRED STOCKS</b>				
Industrial and Miscellaneous (unaffiliated)	14. United States .....			
	15. Canada .....			
	16. Other Countries .....			
	17. Totals	0	0	0
Parent, Subsidiaries and Affiliates	18. Totals	0	0	0
	19. <b>Total Preferred Stocks</b>	0	0	0
<b>COMMON STOCKS</b>				
Industrial and Miscellaneous (unaffiliated)	20. United States .....			
	21. Canada .....			
	22. Other Countries .....			
	23. Totals	0	0	0
Parent, Subsidiaries and Affiliates	24. Totals	0	0	0
	25. <b>Total Common Stocks</b>	0	0	0
	26. <b>Total Stocks</b>	0	0	0
	27. <b>Total Bonds and Stocks</b>	938,180	939,969	980,199

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**SCHEDULE D - PART 1A - SECTION 1**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>1. U.S. Governments</b>											
1.1 Class 1		938,180				938,180	100.0	978,329	100.0	938,180	
1.2 Class 2							0.0		0.0		
1.3 Class 3							0.0		0.0		
1.4 Class 4							0.0		0.0		
1.5 Class 5							0.0		0.0		
1.6 Class 6							0.0		0.0		
1.7 Totals	0	938,180	0	0	0	938,180	100.0	978,329	100.0	938,180	0
<b>2. All Other Governments</b>											
2.1 Class 1							0.0		0.0		
2.2 Class 2							0.0		0.0		
2.3 Class 3							0.0		0.0		
2.4 Class 4							0.0		0.0		
2.5 Class 5							0.0		0.0		
2.6 Class 6							0.0		0.0		
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>3. U.S. States, Territories and Possessions, etc., Guaranteed</b>											
3.1 Class 1							0.0		0.0		
3.2 Class 2							0.0		0.0		
3.3 Class 3							0.0		0.0		
3.4 Class 4							0.0		0.0		
3.5 Class 5							0.0		0.0		
3.6 Class 6							0.0		0.0		
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed</b>											
4.1 Class 1							0.0		0.0		
4.2 Class 2							0.0		0.0		
4.3 Class 3							0.0		0.0		
4.4 Class 4							0.0		0.0		
4.5 Class 5							0.0		0.0		
4.6 Class 6							0.0		0.0		
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>5. U.S. Special Revenue &amp; Special Assessment Obligations, etc., Non-Guaranteed</b>											
5.1 Class 1							0.0		0.0		
5.2 Class 2							0.0		0.0		
5.3 Class 3							0.0		0.0		
5.4 Class 4							0.0		0.0		
5.5 Class 5							0.0		0.0		
5.6 Class 6							0.0		0.0		
5.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

**SCHEDULE D - PART 1A - SECTION 1 (Continued)**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 Over 1 Year Through 5 Years	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>6. Industrial and Miscellaneous (unaffiliated)</b>											
6.1 Class 1						0	0.0	0	0.0		
6.2 Class 2						0	0.0	0	0.0		
6.3 Class 3						0	0.0	0	0.0		
6.4 Class 4						0	0.0	0	0.0		
6.5 Class 5						0	0.0	0	0.0		
6.6 Class 6						0	0.0	0	0.0		
6.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>7. Hybrid Securities</b>											
7.1 Class 1						0	0.0	0	0.0		
7.2 Class 2						0	0.0	0	0.0		
7.3 Class 3						0	0.0	0	0.0		
7.4 Class 4						0	0.0	0	0.0		
7.5 Class 5						0	0.0	0	0.0		
7.6 Class 6						0	0.0	0	0.0		
7.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>8. Parent, Subsidiaries and Affiliates</b>											
8.1 Class 1						0	0.0	0	0.0		
8.2 Class 2						0	0.0	0	0.0		
8.3 Class 3						0	0.0	0	0.0		
8.4 Class 4						0	0.0	0	0.0		
8.5 Class 5						0	0.0	0	0.0		
8.6 Class 6						0	0.0	0	0.0		
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**SCHEDULE D - PART 1A - SECTION 1 (Continued)**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1	2	3	4	5	6	7	8	9	10	11
	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 9.7	Total from Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed (B)
<b>9. Total Bonds Current Year</b>						938,180	100.0	XXX	XXX	938,180	0
9.1 Class 1	(d)	938,180	0	0	0	0	0.0	XXX	XXX	0	0
9.2 Class 2	(d)	0	0	0	0	0	0.0	XXX	XXX	0	0
9.3 Class 3	(d)	0	0	0	0	0	0.0	XXX	XXX	0	0
9.4 Class 4	(d)	0	0	0	0	0	0.0	XXX	XXX	0	0
9.5 Class 5	(d)	0	0	0	0	0	0.0	XXX	XXX	0	0
9.6 Class 6	(d)	0	0	0	0	0	0.0	XXX	XXX	0	0
9.7 Totals		938,180	0	0	0	938,180	100.0	XXX	XXX	938,180	0
9.8 Line 9.7 as a % of Col. 6		100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
<b>10. Total Bonds Prior Year</b>						978,329	XXX	978,329	100.0	978,329	0
10.1 Class 1		978,329	0	0	0	0	0.0	XXX	XXX	0	0
10.2 Class 2		0	0	0	0	0	0.0	XXX	XXX	0	0
10.3 Class 3		0	0	0	0	0	0.0	XXX	XXX	0	0
10.4 Class 4		0	0	0	0	0	0.0	XXX	XXX	0	0
10.5 Class 5		0	0	0	0	0	0.0	XXX	XXX	0	0
10.6 Class 6		0	0	0	0	0	0.0	XXX	XXX	0	0
10.7 Totals		978,329	0	0	0	978,329	XXX	978,329	100.0	978,329	0
10.8 Line 10.7 as a % of Col. 8		100.0	0.0	0.0	0.0	100.0	XXX	100.0	XXX	100.0	0.0
<b>11. Total Publicly Traded Bonds</b>						978,329	0.0	978,329	100.0	978,329	0
11.1 Class 1		978,329	0	0	0	0	0.0	XXX	XXX	0	XXX
11.2 Class 2		0	0	0	0	0	0.0	XXX	XXX	0	XXX
11.3 Class 3		0	0	0	0	0	0.0	XXX	XXX	0	XXX
11.4 Class 4		0	0	0	0	0	0.0	XXX	XXX	0	XXX
11.5 Class 5		0	0	0	0	0	0.0	XXX	XXX	0	XXX
11.6 Class 6		0	0	0	0	0	0.0	XXX	XXX	0	XXX
11.7 Totals		978,329	0	0	0	978,329	0.0	978,329	100.0	978,329	0
11.8 Line 11.7 as a % of Col. 6		100.0	0.0	0.0	0.0	100.0	XXX	100.0	XXX	100.0	XXX
11.9 Line 11.7 as a % of Line 9.7, Col. 6, Section 9		0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	0.0	XXX
<b>12. Total Privately Placed Bonds</b>						0	0.0	0	0.0	0	0
12.1 Class 1		0	0	0	0	0	0.0	0	0.0	0	0
12.2 Class 2		0	0	0	0	0	0.0	0	0.0	0	0
12.3 Class 3		0	0	0	0	0	0.0	0	0.0	0	0
12.4 Class 4		0	0	0	0	0	0.0	0	0.0	0	0
12.5 Class 5		0	0	0	0	0	0.0	0	0.0	0	0
12.6 Class 6		0	0	0	0	0	0.0	0	0.0	0	0
12.7 Totals		0	0	0	0	0	0.0	0	0.0	0	0
12.8 Line 12.7 as a % of Col. 6		0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	0.0	XXX
12.9 Line 12.7 as a % of Line 9.7, Col. 6, Section 9		0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	0.0	XXX

(a) Includes \$ ..... freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.  
 (b) Includes \$ ..... current year, \$ ..... prior year of bonds with Z designations and \$ ..... prior year of bonds with Z\* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z\*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.  
 (c) Includes \$ ..... current year, \$ ..... prior year of bonds with 5\* designations and \$ ..... prior year of bonds with 6\* designations. "5\*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6\*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.  
 (d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ .....; NAIC 2 \$ .....; NAIC 3 \$ .....; NAIC 4 \$ .....; NAIC 5 \$ .....; NAIC 6 \$ .....

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**SCHEDULE D - PART 1A - SECTION 2**

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

	1	2	3	4	5	6	7	8	9	10	11
	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 9.5	Total from Col 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed
<b>1. U.S. Governments</b>											
1.1 Issuer Obligations	0	938,180	0	0	0	938,180	100.0	978,329	100.0	938,180	0
1.2 Residential Mortgage-Backed Securities											
1.3 Commercial Mortgage-Backed Securities											
1.4 Other Loan-Backed and Structured Securities											
1.5 Totals	0	938,180	0	0	0	938,180	100.0	978,329	100.0	938,180	0
<b>2. All Other Governments</b>											
2.1 Issuer Obligations											
2.2 Residential Mortgage-Backed Securities											
2.3 Commercial Mortgage-Backed Securities											
2.4 Other Loan-Backed and Structured Securities											
2.5 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>3. U.S. States, Territories and Possessions Guaranteed</b>											
3.1 Issuer Obligations											
3.2 Residential Mortgage-Backed Securities											
3.3 Commercial Mortgage-Backed Securities											
3.4 Other Loan-Backed and Structured Securities											
3.5 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed</b>											
4.1 Issuer Obligations											
4.2 Residential Mortgage-Backed Securities											
4.3 Commercial Mortgage-Backed Securities											
4.4 Other Loan-Backed and Structured Securities											
4.5 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>5. U.S. Special Revenue &amp; Special Assessment Obligations, etc., Non-Guaranteed</b>											
5.1 Issuer Obligations											
5.2 Residential Mortgage-Backed Securities											
5.3 Commercial Mortgage-Backed Securities											
5.4 Other Loan-Backed and Structured Securities											
5.5 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>6. Industrial and Miscellaneous</b>											
6.1 Issuer Obligations											
6.2 Residential Mortgage-Backed Securities											
6.3 Commercial Mortgage-Backed Securities											
6.4 Other Loan-Backed and Structured Securities											
6.5 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>7. Hybrid Securities</b>											
7.1 Issuer Obligations											
7.2 Residential Mortgage-Backed Securities											
7.3 Commercial Mortgage-Backed Securities											
7.4 Other Loan-Backed and Structured Securities											
7.5 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>8. Parent, Subsidiaries and Affiliates</b>											
8.1 Issuer Obligations											
8.2 Residential Mortgage-Backed Securities											
8.3 Commercial Mortgage-Backed Securities											
8.4 Other Loan-Backed and Structured Securities											
8.5 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**SCHEDULE D - PART 1A - SECTION 2 (Continued)**

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.5	8 Total From Col. 6 Prior Year	9 % From Col. 6 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>9. Total Bonds Current Year</b>											
9.1 Issuer Obligations	0	938,180	0	0	0	938,180	100.0	XXX	XXX	938,180	0
9.2 Residential Mortgage-Backed Securities	0	0	0	0	0	0	0.0	XXX	XXX	0	0
9.3 Commercial Mortgage-Backed Securities	0	0	0	0	0	0	0.0	XXX	XXX	0	0
9.4 Other Loan-Backed and Structured Securities	0	0	0	0	0	0	0.0	XXX	XXX	0	0
9.5 Totals	0	938,180	0	0	0	938,180	100.0	XXX	XXX	938,180	0
9.6 Lines 9.5 as a % of Col. 6	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
<b>10. Total Bonds Prior Year</b>											
10.1 Issuer Obligations	0	978,329	0	0	0	978,329	XXX	978,329	100.0	978,329	0
10.2 Residential Mortgage-Backed Securities	0	0	0	0	0	0	XXX	0	0.0	0	0
10.3 Commercial Mortgage-Backed Securities	0	0	0	0	0	0	XXX	0	0.0	0	0
10.4 Other Loan-Backed and Structured Securities	0	0	0	0	0	0	XXX	0	0.0	0	0
10.5 Totals	0	978,329	0	0	0	978,329	XXX	978,329	100.0	978,329	0
10.6 Line 10.5 as a % of Col. 8	0.0	100.0	0.0	0.0	0.0	100.0	XXX	100.0	XXX	100.0	0.0
<b>11. Total Publicly Traded Bonds</b>											
11.1 Issuer Obligations							0.0	978,329	100.0	0	XXX
11.2 Residential Mortgage-Backed Securities							0.0	0	0.0	0	XXX
11.3 Commercial Mortgage-Backed Securities							0.0	0	0.0	0	XXX
11.4 Other Loan-Backed and Structured Securities							0.0	0	0.0	0	XXX
11.5 Totals	0	0	0	0	0	0	0.0	978,329	100.0	0	XXX
11.6 Line 11.5 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	0.0	XXX
11.7 Line 11.5 as a % of Line 9.5, Col. 6, Section 9	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	0.0	XXX
<b>12. Total Privately Placed Bonds</b>											
12.1 Issuer Obligations							0.0	0	0.0	XXX	0
12.2 Residential Mortgage-Backed Securities							0.0	0	0.0	XXX	0
12.3 Commercial Mortgage-Backed Securities							0.0	0	0.0	XXX	0
12.4 Other Loan-Backed and Structured Securities							0.0	0	0.0	XXX	0
12.5 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0
12.6 Line 12.5 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	0.0	0.0
12.7 Line 12.5 as a % of Line 9.5, Col. 6, Section 9	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	0.0	0.0

Schedule DA - Verification

**NONE**

Schedule DB - Part A - Verification

**NONE**

Schedule DB - Part B - Verification

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part C - Section 2

**NONE**

Schedule DB - Verification

**NONE**

Schedule E - Verification

**NONE**

Schedule A - Part 1

**NONE**

Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 1

**NONE**

Schedule B - Part 2

**NONE**

Schedule B - Part 3

**NONE**

Schedule BA - Part 1

**NONE**

Schedule BA - Part 2

**NONE**

Schedule BA - Part 3

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 Codes			7 Actual Cost	8 Rate Used To Obtain Fair Value	9 Fair Value	10 Par Value	11 Book / Adjusted Carrying Value	12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A.C.V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired	22 Dates																	
		4 F	5 O	6 R																																	
31333H-W8-7	FEB note				980,199	4.8750	939,969	900,000	938,180	0	(40,271)			4.875	XX	0	2,072	43,875	12/13/2013	XX																	
0799999 - U.S. Government	U.S. Government - Issuer Obligations				980,199	XX	939,969	900,000	938,180	0	(40,271)			XX	XX	XX	2,072	43,875	XX	XX																	
0999999 - SubTotals - U.S. Government					980,199	XX	939,969	900,000	938,180	0	(40,271)			XX	XX	XX	2,072	43,875	XX	XX																	
7799999 - SubTotals - Issuer Obligations					980,199	XX	939,969	900,000	938,180	0	(40,271)			XX	XX	XX	2,072	43,875	XX	XX																	
																			8399999 Totals			980,199	XX	939,969	900,000	938,180	0	(40,271)			XX	XX	XX	2,072	43,875	XX	XX

Schedule D - Part 2 - Section 1

**NONE**

Schedule D - Part 2 - Section 2

**NONE**

Schedule D - Part 3

**NONE**

Schedule D - Part 4

**NONE**

Schedule D - Part 5

**NONE**

Schedule D - Part 6 - Section 1

**NONE**

Schedule D - Part 6 - Section 2

**NONE**

Schedule DA - Part 1

**NONE**

Schedule DB - Part A - Section 1

**NONE**

Sch. DB - Pt. A - Sn. 1 - Footnote (a)

**NONE**

Schedule DB - Part A - Section 2

**NONE**

Sch. DB - Pt. A - Sn. 2 - Footnote (a)

**NONE**

Schedule DB - Part B - Section 1- Future

**NONE**

Sch. DB - Pt. B - Sn. 1 - Footnotes

**NONE**

Schedule DB - Part B - Section 2- Future

**NONE**

Sch. DB - Pt. B - Sn. 2 - Footnotes

**NONE**

Schedule DB - Part D

**NONE**

Schedule DL - Part 1

**NONE**

Schedule DL - Part 2

**NONE**



Schedule E - Part 2 - Cash Equivalents

**NONE**

Schedule E - Part 3

**NONE**



SUPPLEMENTAL EXHIBIT FOR THE YEAR 2012 OF THE Premier Behavioral Systems of Tennessee, LLC

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2012

(To Be Filed by April 1)

OF The Premier Behavioral Systems of Tennessee, LLC
City, State, Zip Code Nashville, TN 37201
NAIC Group Code 0000 NAIC Company Code 00000 Employer's ID Number 62-1641638

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

- 1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$ 1,677,638
2. Ten largest exposures to a single issuer/borrower/investment.

Table with 4 columns: Issuer, Description of Exposure, Amount, Percentage of Total Admitted Assets. Row 2.01 shows FHLB Bond with amount 938,180 and percentage 55.9%.

- 3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

Table with 6 columns: Bonds (NAIC-1 to NAIC-6), Preferred Stocks (P/RP-1 to P/RP-6), Amount, Percentage. NAIC-1 has amount 938,180 and percentage 55.9%.

- 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.

4.02 Total admitted assets held in foreign investments \$ 0.0 %
4.03 Foreign-currency-denominated investments \$ 0.0 %
4.04 Insurance liabilities denominated in that same foreign currency \$ 0.0 %



**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)**

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  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  No

If response to 12.01 is yes, responses are 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 interest less than 2.5% of the reporting entity's total admitted assets? ..... Yes  No

If response to 13.01 is yes, responses are not required for the remainder of Interrogatory 13.

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)**

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets?..... Yes [X] No [ ]  
If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets?..... Yes [X] No [ ]  
If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]  
If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)**

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)**

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-end		1st Quarter	At End of Each Quarter	
	1	2		2nd Quarter	3rd Quarter
20.01 Securities lending agreements (do not include assets held as collateral for such transactions).....	\$.....	0.0 %	\$.....	\$.....	\$.....
20.02 Repurchase agreements.....	\$.....	0.0 %	\$.....	\$.....	\$.....
20.03 Reverse repurchase agreements.....	\$.....	0.0 %	\$.....	\$.....	\$.....
20.04 Dollar repurchase agreements.....	\$.....	0.0 %	\$.....	\$.....	\$.....
20.05 Dollar reverse repurchase agreements.....	\$.....	0.0 %	\$.....	\$.....	\$.....

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned		%	Written		%
	1	2		3	4	
21.01 Hedging.....	\$.....	0.0 %	\$.....	0.0 %		
21.02 Income generation.....	\$.....	0.0 %	\$.....	0.0 %		
21.03 Other.....	\$.....	0.0 %	\$.....	0.0 %		

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-end		1st Quarter	At End of Each Quarter	
	1	2		2nd Quarter	3rd Quarter
22.01 Hedging.....	\$.....	0.0 %	\$.....	\$.....	\$.....
22.02 Income generation.....	\$.....	0.0 %	\$.....	\$.....	\$.....
22.03 Replications.....	\$.....	0.0 %	\$.....	\$.....	\$.....
22.04 Other.....	\$.....	0.0 %	\$.....	\$.....	\$.....

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year-end		1st Qtr	At End of Each Quarter	
	1	2		2nd Qtr	3rd Qtr
23.01 Hedging.....	\$.....	0.0 %	\$.....	\$.....	\$.....
23.02 Income generation.....	\$.....	0.0 %	\$.....	\$.....	\$.....
23.03 Replications.....	\$.....	0.0 %	\$.....	\$.....	\$.....
23.04 Other.....	\$.....	0.0 %	\$.....	\$.....	\$.....

## STATEMENT OF ACTUARIAL OPINION

February 26, 2013

Board of Directors  
Premier Behavioral Systems of Tennessee, LLC

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### TABLE OF KEY INDICATORS

This Opinion is:  Unqualified     Qualified     Adverse     Inconclusive

#### IDENTIFICATION SECTION

Prescribed Wording Only     Prescribed Wording with Additional Wording     Revised Wording

#### SCOPE SECTION

Prescribed Wording Only     Prescribed Wording with Additional Wording     Revised Wording

#### RELIANCE SECTION

Prescribed Wording Only     Prescribed Wording with Additional Wording     Revised Wording

#### OPINION SECTION

Prescribed Wording Only     Prescribed Wording with Additional Wording     Revised Wording

#### RELEVANT COMMENTS

Revised Wording

The Actuarial Memorandum includes "Deviation from Standard" wording regarding conformity with an Actuarial Standard of Practice

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### IDENTIFICATION SECTION

I, Michael J. Cellini, Senior Manager and Consulting Actuary, am associated with the firm of Ernst & Young, LLP. I am a member of the American Academy of Actuaries and have been retained by Premier Behavioral Systems of Tennessee, LLC ("the Company") to render an opinion with regard to loss reserves, actuarial liabilities and related items. I was appointed on June 11, 2012 in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion.

**SCOPE**

I have reviewed the actuarial assumptions and actuarial methods used in determining the reserves and related actuarial items listed below and as shown in the Annual Statement of the Company, as prepared by the management of the Company for filing with state regulatory officials, as of December 31, 2012.

<u>Annual Statement Reference Item</u>	<u>Page—Line</u>	<u>Amount</u>
Claims Unpaid	3-1	-0-
Accrued Medical Incentive Pool and Bonus Payments	3-2	-0-
Unpaid Claims Adjustment Expenses	3-3	-0-
Aggregate Health Policy Reserves	3-4	-0-
Aggregate Life Policy Reserves	3-5	-0-
Property/Casualty Unearned Premium Reserves	3-6	-0-
Aggregate Health Claim Reserves	3-7	-0-
Other Actuarial Liabilities (actuarial liabilities only)	3-21	-0-
Specified actuarial items presented as assets in the annual statement		n/a

The reserves and related actuarial items listed above represent the estimates made by management of the Company for all unpaid claims as of December 31, 2012. Considerable uncertainty and variability are inherent in such estimates, and, accordingly, the subsequent development of the unpaid claims liability may not conform to the assumptions used in the determination of the unpaid claims liability and therefore may vary from the amounts in the foregoing table.

**RELIANCE**

In forming my opinion on the above-mentioned liabilities I have relied upon Michael Fotinos, Vice President Finance of the Company for the accuracy of the data, as expressed in the attached statement. I evaluated that data for reasonableness and consistency. I also reconciled that data to the Underwriting and Investment Exhibit - Part 2B of the company's current annual statement. I have also relied upon management's representations regarding the collectability of reinsurance recoverable amounts as expressed in the attached statement. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary.

## OPINION

In my opinion, the amounts carried in the balance sheet on account of the items identified above:

- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles, except that consideration of the adequacy of the Company's reserves and related actuarial items in conjunction with the assets which support them has not been performed;
- B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared;
- C. Meet the requirements of the laws of the State of Tennessee, and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed;
- D. Make good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements, although, consistent with the scope of my review, the adequacy of the Company's reserves and related actuarial items in conjunction with the assets which support them has not been considered;
- E. Are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the annual statement of the preceding year-end, and
- F. Include appropriate provision for all actuarial items that ought to be established.

The Underwriting and Investment Exhibit – Part 2B was reviewed for reasonableness and consistency with the applicable Actuarial Standards of Practice.

Actuarial methods, considerations, and analyses used in forming my opinion conform to the relevant Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

## RELEVANT COMMENTS

My review did not include asset adequacy analysis; as such analysis is not in the scope of my assignment. I have not reviewed any of the Company's assets and I have not formed any opinion as to their validity or value. My opinion rests on the assumption that the Company's December 31, 2012 statutory-basis unpaid claims liability is funded by valid assets that have suitably scheduled maturities and/or adequate liquidity to meet future cash flow requirements.

My review included the identification and evaluation of the effect on the foregoing reserves of capitated risk-sharing contracts with service providers; however, my review of such capitated risk-

sharing contracts did not include an assessment of the financial condition of the service providers. As such, the above opinion rests on the assumption that such service providers will fulfill their obligations under their respective contracts with the Company.

My review relates only to those reserves and related actuarial items identified herein, and I do not express an opinion on the Company's financial statements taken as a whole.

This opinion has been prepared solely for the Board and the management of the Company and for filing with insurance regulatory agencies of states in which the Company is licensed, and is not intended for any other purpose.

**SIGNATURE**

A handwritten signature in cursive script that reads 'Michael J. Cellini'.

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Michael J. Cellini, FCA, ASA, MAAA  
Member, American Academy of Actuaries  
Associate, Society of Actuaries  
Consulting Actuary and Senior Manager  
Ernst & Young, LLP  
5 Times Square  
New York, New York 10036  
(212) 773-0873



Getting Better All the Time™

February 26, 2013

Mr. Michael Cellini, ASA, MAAA  
Ernst & Young LLP  
5 Times Square  
New York, NY 10036

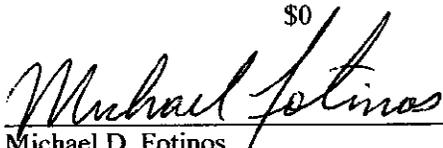
I, Michael Fotinos, Vice President Finance for Premier Behavioral Systems of Tennessee, LLC ("the Company"), hereby affirm that the listings and summaries of claims, exposures and other relevant data as of December 31, 2012, prepared for and submitted to Michael Cellini, all of which are detailed in the attached schedule, were prepared under my direction and, to the best of my knowledge and belief, are accurate and complete, and are the same as or derived from the in force records and other data which form the basis for the Company's 2012 Annual Filing. I further affirm that the line of business classifications, claim incurral dates, claim payment dates, development intervals, reinsurance data and premium rate information contained in such listings, summaries, and related data are, to the best of my knowledge and belief, accurately stated. I further affirm that the Underwriting and Investment Exhibit of the Annual Statement was prepared consistent with the claim incurral and claim payment dates of the data provided to support determination of the liability for unpaid claims. I further affirm that the listings, summaries, line of business classifications, to the best of my knowledge and belief, are compiled on a basis consistent with comparable data at December 31, 2011.

Policy reserves, the liability for unpaid claims, and unearned premiums are net of reinsurance ceded amounts. All such reinsurance recoverable amounts are collectible at December 31, 2012. I am unaware of any material adverse change in the financial condition of the Company's reinsurers that might raise concern about their ability to honor their reinsurance commitments. The reinsurance contracts provided to you by the Company represent the Company's complete agreements with its ceding and assuming companies, and there are no modifications, either written or oral, of the terms of the Company's reinsurance contracts or additional reinsurance agreements that have not been provided to you.

I further affirm that, to the best of my knowledge and belief, the Company has no obligations or commitments at December 31, 2012 with respect to which actuarial reserves are required or appropriate, except those for which reserves and liabilities are included in the following exhibits and line items on page 3 of the Company's 2012 Annual Filing:

Claims unpaid

\$0

  
\_\_\_\_\_  
Michael D. Fotinos  
Vice President Finance

Premier Behavioral Systems of Tennessee, LLC  
Management's Discussion and Analysis  
Supplement to the Annual Statement  
For the Year Ended December 31, 2012

Premier Behavioral Systems of Tennessee, LLC (the "Company" or "Premier") was organized in May 1996. Financial and governance rights equal to fifty percent each were held and owned by Premier Holdings, Inc. (ultimately, a wholly owned subsidiary of Magellan Health Services, Inc. ("Magellan") and Columbia Behavioral Health, LLC ("CBH"). In April 2006, Premier Holdings purchased CBH's fifty percent interest in the Company. Magellan manages behavioral healthcare programs for payers across various segments of the healthcare industry. Premier was organized for the purpose of contracting with the State of Tennessee Department of Mental Health and Developmental Disabilities ("TDMHDD") to deliver mental health and substance abuse services to participants of TennCare Partners Program ("TennCare"). The Company's contract with TDMHDD was effective and operations of the Company commenced July 1, 1996. Effective July 1, 2004, the Company amended its contract with the State to continue to cover members located in the Middle and West regions of the State. This contract was extended through August 31, 2009, at which time the Company ceased providing services to TennCare members.

On July 26, 2006, TennCare announced the managed care organizations which were awarded the contracts to provide integrated behavioral and physical health services in the Middle Region of the State. Since the Company was not a party to either of the contract awards, effective April 1, 2007, the Company ceased providing services to TennCare members in the Middle region, with the exception of TennCare Select members.

In January 2008 TennCare issued an RFP for the management by managed care organizations of the integrated delivery of behavioral and physical health to TennCare enrollees in the East and West Grand Regions. The RFP set forth intended start dates of November 1, 2008 for the West Grand Region and January 1, 2009 for the East Grand Region. On April 22, 2008, the State announced the winning bidders to the RFP process. The Company was not a winning bidder. Accordingly, the Company ceased providing services in the East Grand and West Grand regions after the implementation dates for the new contracts. The Company continued to manage TennCare Select Children in the East, Middle, and West Grand regions through the August 31, 2009 contract term.

Financial Condition

Assets:

The Company's total admitted assets were \$1.7million and \$2.0 million at December 31, 2012 and 2011 respectively. The company's cash balance decreased by \$.3 million over 2011 as it paid a dividend to its parent companu

Liabilities:

The Company's total liabilities were \$.1 million at December 31, 2012 and 2011. The Company's only liability is Unclaimed property, which will be remitted in accordance with unclaimed property statutes.

Capital Surplus:

Capital and surplus for the Company was \$1.6 million and \$1.9 million at December 31, 2012 and 2011, respectively. During 2012, the Company paid a \$350,000 dividend to its parent company. The company is subject to the minimum statutory requirement of \$1.5 million.

