

**QUARTERLY STATEMENT  
OF THE  
Volunteer State Health Plan, Inc.**

**of  
Chattanooga  
in the state of  
Tennessee**

**TO THE  
Insurance Department  
OF THE STATE OF  
Tennessee**

**FOR THE QUARTER ENDED  
March 31, 2009**

**2009**



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**ASSETS**

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	50,959,044		50,959,044	27,615,542
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$....(18,782,351)), cash equivalents (\$.....0) and short-term investments (\$.....174,447,907) .....	155,665,556		155,665,556	66,737,947
6. Contract loans (including \$.....0 premium notes) .....				
7. Other invested assets .....				
8. Receivables for securities .....				
9. Aggregate write-ins for invested assets .....				
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	206,624,600		206,624,600	94,353,489
11. Title plants less \$.....0 charged off (for Title insurers only) .....				
12. Investment income due and accrued .....	655,499		655,499	390,187
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	13,274,805		13,274,805	5,885,037
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums) .....				
13.3 Accrued retrospective premiums .....				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....				
14.2 Funds held by or deposited with reinsured companies .....				
14.3 Other amounts receivable under reinsurance contracts .....				
15. Amounts receivable relating to uninsured plans .....	2,913,213		2,913,213	2,881,638
16.1 Current federal and foreign income tax recoverable and interest thereon .....				
16.2 Net deferred tax asset .....	11,156,964	1,213,949	9,943,015	13,069,574
17. Guaranty funds receivable or on deposit .....				
18. Electronic data processing equipment and software .....				
19. Furniture and equipment, including health care delivery assets (\$.....0) .....				
20. Net adjustments in assets and liabilities due to foreign exchange rates .....				
21. Receivables from parent, subsidiaries and affiliates .....				32,837,848
22. Health care (\$.....10,574,637) and other amounts receivable .....	10,574,637		10,574,637	2,225,049
23. Aggregate write-ins for other than invested assets .....				
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	245,199,718	1,213,949	243,985,769	151,642,822
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26. Total (Lines 24 and 25) .....	245,199,718	1,213,949	243,985,769	151,642,822
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....				
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....				
2301. ....				
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded) .....	150,010,134		150,010,134	62,220,304
2. Accrued medical incentive pool and bonus amounts .....				
3. Unpaid claims adjustment expenses .....	9,286,607		9,286,607	8,798,831
4. Aggregate health policy reserves .....	20,016,490		20,016,490	42,663,267
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserve .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....	804,709		804,709	818,453
9. General expenses due or accrued .....	3,498,444		3,498,444	4,497,863
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses)) .....				
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....	407,575		407,575	387,744
13. Remittances and items not allocated .....	39,846		39,846	129
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....	10,641,046		10,641,046	
16. Payable for securities .....	3,199,088		3,199,088	
17. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers) .....				
18. Reinsurance in unauthorized companies .....				
19. Net adjustments in assets and liabilities due to foreign exchange rates .....				
20. Liability for amounts held under uninsured plans .....	1,724,835		1,724,835	3,821,953
21. Aggregate write-ins for other liabilities (including \$.....0 current) .....	5,932,894		5,932,894	1,577,977
22. Total liabilities (Lines 1 to 21) .....	205,561,668		205,561,668	124,786,521
23. Aggregate write-ins for special surplus funds .....	X X X	X X X		
24. Common capital stock .....	X X X	X X X	10	10
25. Preferred capital stock .....	X X X	X X X		
26. Gross paid in and contributed surplus .....	X X X	X X X	44,299,990	44,299,990
27. Surplus notes .....	X X X	X X X		
28. Aggregate write-ins for other than special surplus funds .....	X X X	X X X	25,326,692	25,326,692
29. Unassigned funds (surplus) .....	X X X	X X X	(31,202,591)	(42,770,391)
30. Less treasury stock, at cost:				
30.1 .....0 shares common (value included in Line 24 \$.....0) .....	X X X	X X X		
30.2 .....0 shares preferred (value included in Line 25 \$.....0) .....	X X X	X X X		
31. Total capital and surplus (Lines 23 to 29 minus Line 30) .....	X X X	X X X	38,424,101	26,856,301
32. Total Liabilities, capital and surplus (Lines 22 and 31) .....	X X X	X X X	243,985,769	151,642,822
<b>DETAILS OF WRITE-INS</b>				
2101. Insured Premium Tax Payable .....	5,911,309		5,911,309	1,560,158
2102. Stale Dated Checks .....	16,133		16,133	17,534
2103. Exigency Post Settlement Activity .....	3,512		3,512	285
2198. Summary of remaining write-ins for Line 21 from overflow page .....	1,940		1,940	
2199. TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above) .....	5,932,894		5,932,894	1,577,977
2301. ....	X X X	X X X		
2302. ....	X X X	X X X		
2303. ....	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	X X X	X X X		
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	X X X	X X X		
2801. Legally Required Reserves .....	X X X	X X X	25,326,692	25,326,692
2802. ....	X X X	X X X		
2803. ....	X X X	X X X		
2898. Summary of remaining write-ins for Line 28 from overflow page .....	X X X	X X X		
2899. TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above) .....	X X X	X X X	25,326,692	25,326,692

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months .....	X X X	1,319,139		369,733
2. Net premium income (including \$.....0 non-health premium income) .....	X X X	289,304,795	(7,114)	77,924,108
3. Change in unearned premium reserves and reserves for rate credits .....	X X X			
4. Fee-for-service (net of \$.....0 medical expenses) .....	X X X			
5. Risk revenue .....	X X X			
6. Aggregate write-ins for other health care related revenues .....	X X X			
7. Aggregate write-ins for other non-health revenues .....	X X X			
8. Total revenues (Lines 2 to 7) .....	X X X	289,304,795	(7,114)	77,924,108
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		217,844,462	(318,072)	63,861,440
10. Other professional services .....		35,871,401	(2,080)	9,499,193
11. Outside referrals .....				
12. Emergency room and out-of-area .....		13,355,024	2,152	2,620,763
13. Prescription drugs .....				
14. Aggregate write-ins for other hospital and medical .....		3,797	113,008	139,336
15. Incentive pool, withhold adjustments and bonus amounts .....				
16. Subtotal (Lines 9 to 15) .....		267,074,684	(204,992)	76,120,732
<b>Less:</b>				
17. Net reinsurance recoveries .....				
18. Total hospital and medical (Lines 16 minus 17) .....		267,074,684	(204,992)	76,120,732
19. Non-health claims (net) .....				
20. Claims adjustment expenses, including \$.....6,408,173 cost containment expenses .....		21,146,970	1,683,526	18,622,849
21. General administrative expenses .....		10,893,893	2,387,877	11,153,144
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....		(22,646,777)		42,663,267
23. Total underwriting deductions (Lines 18 through 22) .....		276,468,770	3,866,411	148,559,992
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X	12,836,025	(3,873,525)	(70,635,884)
25. Net investment income earned .....		602,821	429,257	1,531,325
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....		4,568		
27. Net investment gains or (losses) (Lines 25 plus 26) .....		607,389	429,257	1,531,325
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....				
29. Aggregate write-ins for other income or expenses .....				
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X	13,443,414	(3,444,268)	(69,104,559)
31. Federal and foreign income taxes incurred .....	X X X	(1,250,493)	(1,212,621)	(7,328,071)
32. Net income (loss) (Lines 30 minus 31) .....	X X X	14,693,907	(2,231,647)	(61,776,488)
<b>DETAILS OF WRITE-INS</b>				
0601. ....	X X X			
0602. ....	X X X			
0603. ....	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X			
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X			
0701. ....	X X X			
0702. ....	X X X			
0703. ....	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X			
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	X X X			
1401. Exigency Post-Settlement Activity .....		3,797	113,008	139,336
1402. ....				
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page .....				
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....		3,797	113,008	139,336
2901. ....				
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....				
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....				

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

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
33. Capital and surplus prior reporting year .....	26,856,301	31,363,217	31,363,217
34. Net income or (loss) from Line 32 .....	14,693,907	(2,231,647)	(61,776,488)
35. Change in valuation basis of aggregate policy and claim reserves .....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....	452		
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....	(5,955,677)	(7,127)	16,858,525
39. Change in nonadmitted assets .....	2,829,118	7,127	(3,788,951)
40. Change in unauthorized reinsurance .....			
41. Change in treasury stock .....			
42. Change in surplus notes .....			
43. Cumulative effect of changes in accounting principles .....			
44. Capital Changes:			
44.1 Paid in .....			
44.2 Transferred from surplus (Stock Dividend) .....			
44.3 Transferred to surplus .....			
45. Surplus adjustments:			
45.1 Paid in .....			44,200,000
45.2 Transferred to capital (Stock Dividend) .....			
45.3 Transferred from capital .....			
46. Dividends to stockholders .....			
47. Aggregate write-ins for gains or (losses) in surplus .....			(2)
48. Net change in capital and surplus (Lines 34 to 47) .....	11,567,800	(2,231,647)	(4,506,916)
49. Capital and surplus end of reporting period (Line 33 plus 48) .....	38,424,101	29,131,570	26,856,301
<b>DETAILS OF WRITE-INS</b>			
4701. Rounding .....			(2)
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page .....			
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....			(2)

<b>Report #2A: TennCare Select Only</b>			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	210,231	210,231	1,213,001
<b>Estimated Revenues:</b>			
1. TennCare Capitation	85,780,752	85,780,752	348,691,309
2. Investment	-	-	-
3. Other Revenues	-	-	-
<b>4. Total Estimated Revenues (Lines 1 to 3)</b>	<b>85,780,752</b>	<b>85,780,752</b>	<b>348,691,309</b>
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	315,179	315,179	1,595,426
6. Fee-for Service Physician Services	13,467,219	13,467,219	61,326,683
7. Inpatient Hospital Services	22,964,853	22,964,853	86,302,245
8. Outpatient Hospital Services	8,241,860	8,241,860	36,211,459
9. Emergency Room Services	1,442,573	1,442,573	9,380,153
10. Dental Services	-	-	1,775
11. Vision Services	57,388	57,388	244,907
12. Pharmacy Services	-	-	-
13. Home Health Services	25,287,221	25,287,221	87,087,535
14. Chiropractic Services	-	-	-
15. Radiology Services	473,473	473,473	2,528,144
16. Laboratory Services	489,018	489,018	2,794,614
17. Durable Medical Equipment Services	4,702,590	4,702,590	12,486,079
18. Transportation Services	988,353	988,353	6,385,619
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Other Medical and Hospital Services - Write-Ins	1,720,035	1,720,035	10,163,707
<b>23. Subtotal Medical and Hospital (Lines 5 to 22)</b>	<b>80,149,762</b>	<b>80,149,762</b>	<b>316,508,346</b>
<b>Mental Health and Substance Abuse Services</b>			
24. Inpatient Psychiatric Facility Services	-	-	-
25. Inpatient Substance Abuse Treatment and Detox	-	-	-
26. Outpatient Mental Health Services	-	-	-
27. Outpatient Substance Abuse Treatment and Detox	-	-	-
28. Housing/Residential Treatment	-	-	-
29. Specialized Crisis Services	-	-	-
30. Psychiatric Rehab and Support Services	-	-	-
31. Case Management	-	-	-
32. Forensics	-	-	-
33. Other Judicial	-	-	-
34. Pharmacy	-	-	-
35. Lab Services	-	-	-
36. Transportation	-	-	-
37. Medical Incentive Pool and Withhold Adjustments	-	-	-
38. Occupancy, Depreciation and Amortization	-	-	-
39. Other Mental Health and Substance Abuse Services	-	-	-
40. PCP and Specialist Services	-	-	-
41. Other Mental Health Services - Write-Ins	-	-	-
<b>42. Subtotal MH &amp; SAS (Lines 24 to 41)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>43. Subtotal Hospital, Medical, MH &amp; SAS (Lines 23 and 42)</b>	<b>80,149,762</b>	<b>80,149,762</b>	<b>316,508,346</b>
<b>LESS:</b>			
44. Net Reinsurance Recoveries Incurred	-	-	-
45. Copayments	3,838	3,838	22,560
46. Subrogation and Coordination of Benefits	584,762	584,762	2,859,555
<b>47. Subtotal Reinsurance, Copay, Subrogation (Lines 44 to 46)</b>	<b>588,600</b>	<b>588,600</b>	<b>2,882,115</b>
<b>48. Total Hospital, Medical, MH &amp; SAS (Lines 43 and 47)</b>	<b>79,561,162</b>	<b>79,561,162</b>	<b>313,626,231</b>
<b>Administration:</b>			
49. Compensation	2,725,432	2,725,432	18,203,148
50. Marketing	-	-	-
51. Interest Expense	-	-	-
52. Premium Tax Expense	1,715,615	1,715,615	6,973,826
53. Occupancy, Depreciation, and Amortization	149,358	149,358	997,564
54. Other Administration - Write-Ins	1,193,455	1,193,455	7,971,092
<b>55. Total Administration Expenses (Lines 49 to 54)</b>	<b>5,783,860</b>	<b>5,783,860</b>	<b>34,145,630</b>
<b>56. Total Expenses (Lines 48 and 55)</b>	<b>85,345,022</b>	<b>85,345,022</b>	<b>347,771,861</b>
57. Extraordinary Item	-	-	-
58. Provision for Income Tax	152,506	152,506	321,807
<b>59. Net Income (Loss) (Line 4 Less Lines 56, 57 and 58)</b>	<b>283,224</b>	<b>283,224</b>	<b>597,641</b>
<b>Write-Ins for Other Expense</b>			
<b>Detail of Other Revenues</b>			
0301.	-	-	-
0399. Total Other Revenues	-	-	-
<b>Detail of Other Medical and Hospital:</b>			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	1,148,197	1,148,197	6,332,491
2202. Out of Area Claims Expense	1,162,866	1,162,866	1,651,461
2203. Bad Debt Expense	(591,028)	(591,028)	2,179,755
<b>2299. Total Other Medical and Hospital</b>	<b>1,720,035</b>	<b>1,720,035</b>	<b>10,163,707</b>
<b>Detail of Other MH &amp; SAS:</b>			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
<b>4199. Total Other MH &amp; SAS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Detail of Other Administration:</b>			
5401. Equipment Rental	499,917	499,917	3,338,953
5402. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	267,020	267,020	1,783,426
5403. Auditing, Actuarial, and Other Consulting	140,131	140,131	935,936
5404. Postage/Telephone	133,361	133,361	890,721
5405. Outsourced Services	112,526	112,526	751,558
5406. Printing and Stationary	40,500	40,500	270,498
<b>5499. Total Other Administration</b>	<b>1,193,455</b>	<b>1,193,455</b>	<b>7,971,092</b>

<b>Report #2A: BlueCare West Only</b>			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	578,912	578,912	369,733
<b>Estimated Revenues:</b>			
1. TennCare Capitation	123,402,361	123,402,361	78,007,924
2. Investment	267,617	267,617	282,694
3. Other Revenues	-	-	-
<b>4. Total Estimated Revenues (Lines 1 to 3)</b>	<b>123,669,978</b>	<b>123,669,978</b>	<b>78,290,618</b>
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	770,777	770,777	409,492
6. Fee-for Service Physician Services	31,398,357	31,398,357	41,179,485
7. Inpatient Hospital Services	35,475,672	35,475,672	13,957,028
8. Outpatient Hospital Services	17,443,153	17,443,153	7,874,076
9. Emergency Room Services	6,598,691	6,598,691	2,393,352
10. Dental Services	-	-	-
11. Vision Services	80,349	80,349	203,280
12. Pharmacy Services	-	-	-
13. Home Health Services	4,901,455	4,901,455	764,412
14. Chiropractic Services	-	-	-
15. Radiology Services	2,119,244	2,119,244	2,375,837
16. Laboratory Services	2,476,915	2,476,915	2,781,843
17. Durable Medical Equipment Services	2,267,408	2,267,408	1,271,999
18. Transportation Services	3,037,001	3,037,001	2,005,801
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Other Medical and Hospital Services - Write-Ins	(12,032,587)	(12,032,587)	21,790,394
<b>23. Subtotal Medical and Hospital (Lines 5 to 22)</b>	<b>94,536,435</b>	<b>94,536,435</b>	<b>97,006,999</b>
<b>Mental Health and Substance Abuse Services</b>			
24. Inpatient Psychiatric Facility Services	53,445	53,445	253,009
25. Inpatient Substance Abuse Treatment and Detox	3,917	3,917	17,127
26. Outpatient Mental Health Services	12,112	12,112	91,843
27. Outpatient Substance Abuse Treatment and Detox	-	-	-
28. Housing/Residential Treatment	14,390	14,390	-
29. Specialized Crisis Services	-	-	-
30. Psychiatric Rehab and Support Services	-	-	-
31. Case Management	-	-	-
32. Forensics	-	-	-
33. Other Judicial	-	-	-
34. Pharmacy	-	-	-
35. Lab Services	19	19	3,984
36. Transportation	-	-	-
37. Medical Incentive Pool and Withhold Adjustments	-	-	-
38. Occupancy, Depreciation and Amortization	-	-	-
39. Other Mental Health and Substance Abuse Services	322	322	8,005
40. PCP and Specialist Services	-	-	-
41. Other Mental Health Services - Write-Ins	-	-	-
<b>42. Subtotal MH &amp; SAS (Lines 24 to 41)</b>	<b>84,205</b>	<b>84,205</b>	<b>373,968</b>
<b>43. Subtotal Hospital, Medical, MH &amp; SAS (Lines 23 and 42)</b>	<b>94,620,640</b>	<b>94,620,640</b>	<b>97,380,967</b>
<b>LESS:</b>			
44. Net Reinsurance Recoveries Incurred	-	-	-
45. Copayments	24,729	24,729	6,140
46. Subrogation and Coordination of Benefits	-	-	-
<b>47. Subtotal Reinsurance, Copay, Subrogation (Lines 44 to 46)</b>	<b>24,729</b>	<b>24,729</b>	<b>6,140</b>
<b>48. Total Hospital, Medical, MH &amp; SAS (Lines 43 and 47)</b>	<b>94,595,911</b>	<b>94,595,911</b>	<b>97,374,827</b>
<b>Administration:</b>			
49. Compensation	6,536,608	6,536,608	6,090,467
50. Marketing	-	-	-
51. Interest Expense	-	-	-
52. Premium Tax Expense	2,468,047	2,468,047	1,560,158
53. Occupancy, Depreciation, and Amortization	358,217	358,217	333,768
54. Other Administration - Write-Ins	2,862,357	2,862,357	2,666,995
<b>55. Total Administration Expenses (Lines 49 to 54)</b>	<b>12,225,229</b>	<b>12,225,229</b>	<b>10,651,388</b>
<b>56. Total Expenses (Lines 48 and 55)</b>	<b>106,821,140</b>	<b>106,821,140</b>	<b>108,026,215</b>
57. Extraordinary Item	-	-	-
58. Provision for Income Tax	3,062,367	3,062,367	(1,367,077)
<b>59. Net Income (Loss) (Line 4 Less Lines 56, 57 and 58)</b>	<b>13,786,471</b>	<b>13,786,471</b>	<b>(28,368,520)</b>
<b>Write-Ins for Other Expense</b>			
Detail of Other Revenues			
0301.	-	-	-
0399. Total Other Revenues	-	-	-
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	858,774	858,774	413,128
2202. Out of Area Claims Expense	28,350	28,350	225,980
2203. Decrease in Reserves for Life and Accident and Health Contracts	(12,919,711)	(12,919,711)	21,151,286
2204.	-	-	-
<b>2299. Total Other Medical and Hospital</b>	<b>(12,032,587)</b>	<b>(12,032,587)</b>	<b>21,790,394</b>
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
<b>4199. Total Other MH &amp; SAS</b>	<b>-</b>	<b>-</b>	<b>-</b>
Detail of Other Administration:			
5401. Equipment Rental	1,198,991	1,198,991	1,117,158
5402. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	640,415	640,415	596,705
5403. Auditing, Actuarial, and Other Consulting	336,087	336,087	313,149
5404. Postage/Telephone	319,851	319,851	298,020
5405. Outsourced Services	269,879	269,879	251,459
5406. Printing and Stationary	97,134	97,134	90,504
<b>5499. Total Other Administration</b>	<b>2,862,357</b>	<b>2,862,357</b>	<b>2,666,995</b>

<b>Report #2A: BlueCare East Only</b>			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	740,227	740,227	
<b>Estimated Revenues:</b>			
1. TennCare Capitation	166,940,654	166,940,654	-
2. Investment	340,603	340,603	-
3. Other Revenues	-	-	-
<b>4. Total Estimated Revenues (Lines 1 to 3)</b>	<b>167,281,257</b>	<b>167,281,257</b>	<b>-</b>
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	1,364,701	1,364,701	-
6. Fee-for Service Physician Services	68,093,541	68,093,541	-
7. Inpatient Hospital Services	34,684,815	34,684,815	-
8. Outpatient Hospital Services	26,310,371	26,310,371	-
9. Emergency Room Services	6,541,260	6,541,260	-
10. Dental Services	-	-	-
11. Vision Services	193,697	193,697	-
12. Pharmacy Services	-	-	-
13. Home Health Services	5,445,141	5,445,141	-
14. Chiropractic Services	-	-	-
15. Radiology Services	3,225,712	3,225,712	-
16. Laboratory Services	4,083,788	4,083,788	-
17. Durable Medical Equipment Services	4,692,496	4,692,496	-
18. Transportation Services	3,311,428	3,311,428	-
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Other Medical and Hospital Services - Write-Ins	(7,373,482)	(7,373,482)	21,511,981
<b>23. Subtotal Medical and Hospital (Lines 5 to 22)</b>	<b>150,573,468</b>	<b>150,573,468</b>	<b>21,511,981</b>
<b>Mental Health and Substance Abuse Services</b>			
24. Inpatient Psychiatric Facility Services	331,878	331,878	-
25. Inpatient Substance Abuse Treatment and Detox	7,919	7,919	-
26. Outpatient Mental Health Services	60,522	60,522	-
27. Outpatient Substance Abuse Treatment and Detox	-	-	-
28. Housing/Residential Treatment	63,521	63,521	-
29. Specialized Crisis Services	-	-	-
30. Psychiatric Rehab and Support Services	479	479	-
31. Case Management	-	-	-
32. Forensics	-	-	-
33. Other Judicial	-	-	-
34. Pharmacy	-	-	-
35. Lab Services	934	934	-
36. Transportation	-	-	-
37. Medical Incentive Pool and Withhold Adjustments	-	-	-
38. Occupancy, Depreciation and Amortization	-	-	-
39. Other Mental Health and Substance Abuse Services	5,164	5,164	-
40. PCP and Specialist Services	-	-	-
41. Other Mental Health Services - Write-Ins	-	-	-
<b>42. Subtotal MH &amp; SAS (Lines 24 to 41)</b>	<b>470,417</b>	<b>470,417</b>	<b>-</b>
<b>43. Subtotal Hospital, Medical, MH &amp; SAS (Lines 23 and 42)</b>	<b>151,043,885</b>	<b>151,043,885</b>	<b>21,511,981</b>
<b>LESS:</b>			
44. Net Reinsurance Recoveries Incurred	-	-	-
45. Copayments	53,151	53,151	-
46. Subrogation and Coordination of Benefits	-	-	-
<b>47. Subtotal Reinsurance, Copay, Subrogation (Lines 44 to 46)</b>	<b>53,151</b>	<b>53,151</b>	<b>-</b>
<b>48. Total Hospital, Medical, MH &amp; SAS (Lines 43 and 47)</b>	<b>150,990,734</b>	<b>150,990,734</b>	<b>21,511,981</b>
<b>Administration:</b>			
49. Compensation	9,282,368	9,282,368	-
50. Marketing	-	-	-
51. Interest Expense	-	-	-
52. Premium Tax Expense	3,338,813	3,338,813	-
53. Occupancy, Depreciation, and Amortization	508,690	508,690	-
54. Other Administration - Write-Ins	4,064,713	4,064,713	-
<b>55. Total Administration Expenses (Lines 49 to 54)</b>	<b>17,194,584</b>	<b>17,194,584</b>	<b>-</b>
<b>56. Total Expenses (Lines 48 and 55)</b>	<b>168,185,318</b>	<b>168,185,318</b>	<b>21,511,981</b>
57. Extraordinary Item	-	-	-
58. Provision for Income Tax	(4,228,280)	(4,228,280)	-
<b>59. Net Income (Loss) (Line 4 Less Lines 56, 57 and 58)</b>	<b>3,324,219</b>	<b>3,324,219</b>	<b>(21,511,981)</b>
<b>Write-Ins for Other Expense</b>			
Detail of Other Revenues			
0301.	-	-	-
0399. Total Other Revenues	-	-	-
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	2,098,082	2,098,082	-
2202. Out of Area Claims Expense	255,502	255,502	-
2203. Decrease in Reserves for Life and Accident and Health Contracts	(9,727,066)	(9,727,066)	21,511,981
2204.	-	-	-
<b>2299. Total Other Medical and Hospital</b>	<b>(7,373,482)</b>	<b>(7,373,482)</b>	<b>21,511,981</b>
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
<b>4199. Total Other MH &amp; SAS</b>	<b>-</b>	<b>-</b>	<b>-</b>
Detail of Other Administration:			
5401. Equipment Rental	1,702,638	1,702,638	-
5402. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	909,424	909,424	-
5403. Auditing, Actuarial, and Other Consulting	477,264	477,264	-
5404. Postage/Telephone	454,207	454,207	-
5405. Outsourced Services	383,244	383,244	-
5406. Printing and Stationary	137,936	137,936	-
<b>5499. Total Other Administration</b>	<b>4,064,713</b>	<b>4,064,713</b>	<b>-</b>

**CASH FLOW**

		1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	259,254,506	113,749,449
2.	Net investment income .....	381,741	1,646,535
3.	Miscellaneous income .....		
4.	Total (Lines 1 to 3) .....	259,636,247	115,395,984
5.	Benefit and loss related payments .....	156,638,077	56,563,695
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	34,681,199	11,593,568
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	(1,250,493)	(7,328,071)
10.	Total (Lines 5 through 9) .....	190,068,783	60,829,192
11.	Net cash from operations (Line 4 minus Line 10) .....	69,567,464	54,566,792
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	1,212,928	7,000,000
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....	3,199,088	
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	4,412,016	7,000,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	24,596,094	8,319,000
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	24,596,094	8,319,000
14.	Net increase (or decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14) .....	(20,184,078)	(1,319,000)
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		44,200,000
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	39,544,223	(40,210,071)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) .....	39,544,223	3,989,929
<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) .....	88,927,609	57,237,721
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	66,737,947	9,500,226
19.2	End of period (Line 18 plus Line 19.1) .....	155,665,556	66,737,947

**Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

Description		Amount 1	Amount 2
20.0001	.....		

## EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1		Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
	Total	2	3	Medicare Supplement							
Total Members at end of:											
1. Prior Year .....	189,281									189,281	
2. First Quarter .....	443,854									443,854	
3. Second Quarter .....											
4. Third Quarter .....											
5. Current Year .....	443,854									443,854	
6. Current Year Member Months .....	1,319,139									1,319,139	
Total Member Ambulatory Encounters for Period:											
7. Physician .....	1,328,977									1,328,977	
8. Non-Physician .....	115,563									115,563	
9. Total .....	1,444,540									1,444,540	
10. Hospital Patient Days Incurred .....	69,873									69,873	
11. Number of Inpatient Admissions .....	16,696									16,696	
12. Health Premiums Written (a) .....	289,304,795									289,304,795	
13. Life Premiums Direct .....											
14. Property/Casualty Premiums Written .....											
15. Health Premiums Earned .....	289,304,795									289,304,795	
16. Property/Casualty Premiums Earned .....											
17. Amount Paid for Provision of Health Care Services .....	179,284,854									179,284,854	
18. Amount Incurred for Provision of Health Care Services .....											
Services .....	267,074,684									267,074,684	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....0.

**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
0199999	Individually Listed Claims Unpaid						
0299999	Aggregate Accounts Not Individually Listed - Uncovered	15,171,007	118,470	7,709	3,651	18,663	15,319,500
0399999	Aggregate Accounts Not Individually Listed - Covered						
0499999	Subtotals	15,171,007	118,470	7,709	3,651	18,663	15,319,500
0599999	Unreported claims and other claim reserves						134,690,634
0699999	Total Amounts Withheld						
0799999	Total Claims Unpaid						150,010,134
0899999	Accrued Medical Incentive Pool And Bonus Amounts						

**UNDERWRITING AND INVESTMENT EXHIBIT**

## ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1+3)	6 Estimated Claim Reserve and Claim Liability Dec.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 Dec.31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid	40,252,862	139,031,992	14,196,571	135,813,563	54,449,433	62,220,304
8. Other health						
9. Health subtotal (Lines 1 to 8)	40,252,862	139,031,992	14,196,571	135,813,563	54,449,433	62,220,304
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals	40,252,862	139,031,992	14,196,571	135,813,563	54,449,433	62,220,304

(a) Excludes \$ .....0 loans or advances to providers not yet expensed.

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## Notes to Financial Statement

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

The accompanying financial statements of Volunteer State Health Plan, Inc. (VSHP) or (the Company) are presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance (TDCI).

The TDCI, TennCare Division, recognizes only statutory accounting practices prescribed or permitted by the State of Tennessee for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Tennessee Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (NAIC SAP), version effective January 1, 2009, has been adopted as a component of prescribed or permitted practices by the State of Tennessee. Prescribed accounting practices are those practices which are incorporated directly or by reference to state laws, regulations and general administrative rules applicable to all insurance enterprises domiciled in a particular state. Permitted accounting practices include deviations from NAIC Statutory Accounting Principles (SAP) specifically requested by an insurer and granted by the Commissioner of Insurance. These statements have no deviations from NAIC SAP other than as described in the following paragraph.

Since 2004, VSHP has accepted the risk for uninsured claims overpayments for which the Company determined the State was not responsible. At the direction of the TDCI, TennCare Division, the Company recorded the uninsured claims overpayments as claims expense instead of reporting the net gain/(loss) on the general administrative expense line as required by NAIC SAP.

The Company, at the direction of the Commissioner of Insurance of the State of Tennessee, records premium and claims equivalents for the uninsured Exigency period (July 1, 2000 – June 30, 2001), instead of reporting the net gain/(loss) in the general administrative expense line of the current year column as required by NAIC SAP. If premium equivalents were not recorded, revenues would not decrease and claims would increase by \$863 YTD. Since 2003, activity has been settled monthly on a cash basis.

At the request of the TDCI, TennCare Division, VSHP no longer reports the ASO receivables and associated payables to the State of Tennessee for premium taxes. The rationale behind the exclusion is that these assets have no economic benefit to VSHP.

The TDCI, TennCare Division, allows a prescribed practice of admitting the most current 90 days of Health Care Receivables (per Tennessee Code Annotated (TCA) §56-32-212 (a) 5D). TDCI also accepts VSHP's reporting of admitted net deferred tax asset.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Tennessee is shown below:

	<u>2009</u>	<u>2008</u>
(1) Net Income Tennessee statutory basis	\$ 14,693,907	\$ (61,776,488)
(2) Tennessee Prescribed Practices (Income):		
Admission of Health Care Receivables	<u>0</u>	<u>0</u>
(3) Net Income, NAIC SAP	<u>\$ 14,693,907</u>	<u>\$ (61,776,488)</u>
(4) Statutory Surplus, State of Tennessee	38,424,101	26,856,301
(5) Tennessee Prescribed Practices (Surplus):		
Admission of Health Care Receivables		0
Admission of Deferred Tax Asset	<u>(9,943,015)</u>	<u>(13,069,574)</u>
(6) Statutory Surplus, NAIC SAP	<u>\$ 28,481,086</u>	<u>\$ 13,786,727</u>

#### B. Use of Estimates in the 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 expenses during the period. Actual results could differ from those estimates.

#### C. Accounting Policy

Health premiums are recognized at contractual rates and are earned during the month member coverage is provided. Expenses are charged to operations as they are incurred.

In accordance with Tennessee Code Annotated (TCA) §56-11-206(b), the maximum amount of dividends which can be paid by State of Tennessee insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to the greater of ten percent (10%) of net worth of the preceding December 31 or the net gain from operations for the preceding year. The Company may currently pay dividends of \$2,685,630 to BlueCross BlueShield

## Notes to Financial Statement

of Tennessee, Inc. (the Parent) based on the 2008 net worth. Any material dividend distributions require approval by the TDCI.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific amortization method.
- (3) The Company does not hold common stock.
- (4) The Company does not hold preferred stock.
- (5) The Company does not hold mortgage loans.
- (6) The Company does not hold loan-backed securities.
- (7) The Company does not hold investments in subsidiaries, controlled and affiliated companies.
- (8) The Company does not hold investments in joint ventures, partnerships or limited liability companies.
- (9) The Company does not carry derivatives.
- (10) The Company uses anticipated investment income as a factor in the premium deficiency calculation.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates. While management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability, are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company does not have a capitalization policy due to fixed assets being held by the Parent.

### 2. Accounting Changes and Corrections of Errors

The Company reclassified \$315,000 from prepaid expenses to health care receivables in the prior year column.

### 3. Business Combinations and Goodwill

#### A. Statutory Purchase Method

No business combinations taking the form of a statutory purchase have occurred.

#### B. Statutory Merger

No business combinations taking the form of a statutory merger have occurred.

#### C. Assumption Reinsurance

The Company has no goodwill resulting from assumption reinsurance.

#### D. Impairment Loss

The Company did not record an impairment loss relating to the above transaction types.

### 4. Discontinued Operations

Stabilization Plan was an ASO arrangement from July 1, 2002 through December 31, 2008. Effective January 1, 2009, these members were transitioned to an at-risk contract.

### 5. Investments

#### A. Mortgage Loans

The Company had no mortgage loans.

#### B. Debt Restructuring

The Company had no debt restructuring.

**Notes to Financial Statement**

## C. Reverse Mortgages

The Company had no reverse mortgages.

## D. Loan-Backed Securities

The Company had no loan-backed securities.

## E. Repurchase Agreements

The Company had no repurchase agreements.

## F. Real Estate

The Company had no real estate.

## G. Investments in Low Income Housing Tax Credits (LIHTC)

The Company had no investments in low income housing tax credits.

## 6. Joint Ventures, Partnerships and Limited Liability Companies

The Company had no investments in joint ventures, partnerships and limited liability companies.

## 7. Investment Income

A. No investment income due and accrued was excluded from surplus.

B. The total amount excluded was \$0.

## 8. Derivative Instruments

The Company had no derivative instruments.

## 9. Income Taxes

A. The components of the net deferred tax asset recognized in the Company's Assets, Liabilities, Surplus, and Other Funds are as follows:

	<u>March 31, 2009</u>	<u>December 31, 2008</u>
(1) Total of gross deferred tax assets (admitted and nonadmitted)	\$ 11,156,964	\$ 17,112,641
(2) Total of deferred tax liabilities	<u>0</u>	<u>0</u>
(3) Net deferred tax assets	11,156,964	17,112,641
(4) Deferred tax assets nonadmitted	1,213,949	4,043,067
(5) Net admitted deferred tax assets	<u>\$ 9,943,015</u>	<u>\$ 13,069,574</u>
(6) Increase (decrease) in nonadmitted asset	<u>\$ (2,829,118)</u>	<u>\$ 3,788,951</u>

B. No change

C. The change in net deferred income taxes is comprised of the following:

	<u>March 31, 2009</u>	<u>December 31, 2008</u>	<u>Change</u>
Total deferred tax assets (admitted and non-admitted)	\$ 11,156,964	\$ 17,112,641	\$ (5,955,677)
Total deferred tax liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Net deferred tax assets (deferred assets less liabilities)	<u>\$ 11,156,964</u>	<u>\$ 17,112,641</u>	<u>(5,955,677)</u>
Tax effect non-admitted assets			<u>0</u>
Change in net deferred income tax			<u>\$ 5,955,677</u>

D. The provision for federal income taxes incurred is different from that which would be obtained by applying the federal statutory income tax rate to income before taxes. The significant items causing this difference are as follows:

	<u>March 31, 2009</u>	<u>Effective Tax Rate</u>
Provision computed at federal statutory rate	\$ 4,705,184	35.0%
Change in net deferred income tax	5,955,677	44.3%
Federal and foreign income taxes incurred	<u>(1,250,493)</u>	<u>(9.3%)</u>

E. The Company has neither net capital loss carry-forwards nor net operating loss carry-forwards.

## Notes to Financial Statement

- F. (1) The Company's federal income tax return is consolidated with the following entities:
- BlueCross BlueShield of Tennessee, Inc.
  - Golden Security Insurance Company, Inc.
  - Group Insurance Services, Inc.
  - Southern Diversified Business Services, Inc.
  - RiverTrust Solutions, Inc.
  - Riverbend Government Benefits Administrator, Inc.
  - Shared Health, Inc.
  - Gordian Health Solutions, Inc.
  - BeneVive, Inc.
- (2) The method of tax allocation among the members of the affiliated group is subject to a written agreement, approved by the Board of Directors. Allocation is based on a percentage calculation. Intercompany tax balances are settled monthly.

### 10. Information Concerning Parent, Subsidiaries and Affiliates

- A. BCBST owns 100% of BeneVive, Inc. (BeneVive) and Southern Diversified Business Services, Inc. (SDBS). BCBST also owns a 20% interest in TriServ Alliance, LLC (TriServ) and approximately 12% interest in TZ Holdings, LP.

BeneVive owns 100% of the for-profit corporations Shared Health, Inc (Shared Health), Gordian Health Solutions, Inc. (Gordian), Riverbend Government Benefits Administrator, Inc. (Riverbend), Security Care, Inc., and RiverTrust Solutions, Inc. (RiverTrust). Shared Health is a health information technology company. Gordian mitigates the rising cost of health care by encouraging the formation of healthy lifestyle behaviors and providing case management for existing illnesses. Riverbend performs services as a Medicare Administrative Contractor or subcontractor for the Centers for Medicare and Medicaid Services (Medicare) pursuant to the Medicare Modernization Act of 2003. Security Care, Inc. is pursuing business with the Federal government as a Zone Program Integrity Contractor (ZPIC) to promote the prevention, detection and investigation of fraud in Medicare and Medicaid. RiverTrust is a Qualified Independent Contractor able to bid on Medicare appeals workloads.

Shared Health issued an additional 40 shares to BeneVive in 2009 in exchange for \$1,000,000. BCBST transferred \$1,756,949 in 2009 and \$18,082,749 in 2008 to BeneVive as additional capital contributions. These additional capital contributions were passed through to the following entities in the following amounts:

	<b>Three Months March 31, 2009</b>	<b>Twelve Months December 31, 2008</b>
Gordian	\$ 756,949	\$ 8,705,749
Riverbend	0	2,500,000
RiverTrust	0	2,100,000
Shared Health	1,000,000	4,450,000
BeneVive	0	327,000
<b>Total</b>	<b>\$ 1,756,949</b>	<b>\$ 18,082,749</b>

SDBS owns 100% of the following for-profit corporations: Golden Security Insurance Company (Golden Security), Group Insurance Services, Inc. (GIS), and Volunteer State Health Plan, Inc. (VSHP). Golden Security, an inactive corporation, is licensed to provide health, term life, disability and other insurance coverage to its policyholders. GIS is an insurance broker. BCBST participates in the TennCare<sup>SM</sup> program through its Managed Care Organization (MCO), VSHP, which is contracted by the State of Tennessee to provide services for TennCare<sup>SM</sup> members. BCBST transferred \$4,200,000 in 2008 to SDBS as additional capital contributions. These additional contributions were passed through SDBS to VSHP. In 2008, SDBS exchanged the 10% interest it owned in US Able Life (US Able) as well as the US Able profit sharing rights held by GIS for a 6.6% interest in Life and Specialty Ventures, LLC (LSV), which is the parent company of US Able.

TriServ is a limited liability company formed in 2007 by BCBST and six other non-investor owned Blue Cross and Blue Shield plans in the southern United States. TriServ's primary purpose is to jointly pursue an opportunity with TRICARE, a service of the U.S. Department of Defense, to administer the Managed Care Support contract for the South Region. BCBST transferred \$3,468,000 and \$2,400,000 to TriServ in 2009 and 2008, respectively.

TZ Holdings, LP (TZ) is a limited partnership formed in 2008 by BCBST, The Regence Group (an affiliation of four BlueCross and/or BlueShield plans in the Pacific Northwest) and Apax Partners (a global private equity investment group) as well as a small group of individuals and entities. Apax is the majority owner of TZ, and BCBST is a minority owner. BCBST has representation on the Board of Directors of the General Partner. TZ is the indirect parent company of The TriZetto Group, Inc. (TriZetto), a provider of information technology solutions that enable payers and other constituents in the healthcare supply chain to improve the coordination of benefits and care for healthcare consumers. TriZetto's payer-focused information technology offerings include enterprise and component software, hosting and business process outsourcing services and consulting. BCBST transferred \$113,850,000 to TZ in 2008 in exchange for its minority interest.

Tennessee Health Foundation, Inc. (THF), doing business as BlueCross BlueShield of Tennessee Health Foundation, is a public benefit nonprofit Tennessee corporation that promotes charitable

## Notes to Financial Statement

activities. BCBST appoints the board of directors of THF, which has been granted a 501(c) (3) tax exemption by the Internal Revenue Service.

Southern Health Plan, Inc. (SHP), doing business as BlueCross BlueShield of Tennessee Community Trust, is a Tennessee corporation created for the purpose of improving the quality of health care in Tennessee, primarily through contributions to other tax-exempt organizations. SHP has been granted a 501(c) (4) tax exemption by the Internal Revenue Service.

- B. The Company has administrative services agreements with the Parent for which the Parent provides administrative services and is reimbursed. A tax sharing agreement also exists. These amounts are settled on a monthly basis.
  - C. The Company paid the Parent for services performed under the administrative services agreements \$54,552,415 and \$43,837,831 in 2009 and 2008 respectively.
  - D. The Company reported \$10,641,046 as due to the Parent as of March 31, 2009 and \$32,837,848 as amount due from the Parent as of December 31, 2008.
  - E. The Company has no guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party that result in a material contingent exposure of the reporting entity's or any related party's assets or liabilities.
  - F. The Company has administrative services contracts with the Parent, under which the Parent receives a fee to provide all administrative services.
  - G. All outstanding shares of the Company are owned by SDBS, an insurance holding company domiciled in the State of Tennessee.
  - H. The Company deducted no amounts from the value of an upstream intermediate entity.
  - I. The Company has no investment in SCA entity that exceeds 10% of admitted assets.
  - J. The Company has no investments in impaired SCA entities.
  - K. The Company has no investments in foreign insurance subsidiaries.
  - L. The Company is not using the 'look-through' approach to admit any investment in an SCA entity, joint venture, partnership and or limited liability company.
11. Debt
- The Company has no debt.
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
- The Parent has a non-contributory pension plan covering substantially all of its subsidiary employees, including VSHP. All disclosures of retirement plans are included in the Parent's statement.
- A. Defined Benefit Plan
- All disclosures of retirement plans are included in the Parent's statement.
- B. Defined Contribution Plan
- All disclosures of retirement plans are included in the Parent's statement.
- C. Multiemployer Plans
- The Company does not participate in pension programs sponsored by other holding companies.
- D. Consolidated/Holding Company Plans
- The Company participates in the Parent's defined benefit plans or defined contribution plans.
- E. Postemployment Benefits and Compensated Absences
- All disclosures of retirement plans are included in the Parent's statement.
13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations.
- (1) The Company has 1,000 shares authorized, 1,000 shares issued and outstanding of common stock. Par or stated value is \$.01 per share.
  - (2) The Company has no preferred stock outstanding.

## Notes to Financial Statement

- (3) In accordance with Tennessee Code Annotated (TCA) §56-11-206(b) the maximum amount of dividends which can be paid by State of Tennessee insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to the greater of ten percent (10%) of net worth of the preceding December 31 or the net gain from operations for the preceding year. The company may currently pay dividends of \$2,685,630 to the Parent based on the 2008 net worth.
- (4) No dividends were paid by the Company.
- (5) Within the limitations of (3) above, there are no other restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) The Company's statutory deposit, required by the State of Tennessee, was \$25,326,692 at 3/31/09.
- (7) The Company has no advances to surplus not repaid.
- (8) The Company has no stock, including stock of affiliated companies, held for special purposes.
- (9) The Company has no special surplus funds.
- (10) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:
- |                                 |             |
|---------------------------------|-------------|
| a. unrealized gains and losses: | \$ 452      |
| b. nonadmitted asset values:    | \$1,213,949 |
| c. separate account business    | No change   |
| d. asset valuation              | No change   |
| e. provision for reinsurance:   | No change   |
- (11) The Company issued no surplus debentures or similar obligations.
- (12) No quasi reorganizations have occurred.
- (13) No quasi reorganizations have occurred in the past ten years.
14. Contingencies
- A. The Company had no contingent commitments.
- B. Assessments
- The Company receives periodic liquidated damage assessments from the State of Tennessee, primarily related to operational performance targets.
- C. The Company had no gain contingencies not recognized in the Company's financial statements.
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits
- Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.
- E. The Company has no other contingencies to be reported as required by SSAP No. 5.
15. Leases
- A. The Company has no lessee leasing arrangements.
- B. Leasing is not a part of the Company's business activities.
16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations Of Credit Risk
- (1) The Company has no financial instruments with off-balance sheet risk.
- (2) The Company does not use swaps, futures or options.
- (3) The Company has no financial instruments with off-balance sheet risk, and no counterparty exposure.
- (4) The Company has no financial instruments subject to credit risk and therefore is not required to post collateral.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
- A. The Company has no transfers of receivables reported as sales.
- B. The Company has no transfers and servicing of financial assets and extinguishment of liabilities.

## Notes to Financial Statement

C. The Company has no wash sales.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans

TennCare<sup>SM</sup> Select, effective July 1, 2001, and the Stabilization Plan, effective July 1, 2002, are ASO arrangements with the State. Cash and invested assets related to TennCare<sup>SM</sup> Select and the Stabilization Plan are reported in their appropriate categories on the balance sheet. Other assets related to TennCare<sup>SM</sup> Select and the Stabilization Plan are netted on p. 2, line 15. Assets deemed to have no economic benefit to VSHP, such as premium tax receivable from the State of Tennessee, are netted against premium tax payable to the State of Tennessee to avoid overstatement of assets and liabilities. Liabilities for the ASO plans are netted on page 3, line 20 in the category labeled "Liability for amounts held under uninsured accident and health plans", excluding any 'due to/from' transactions occurring between the ASO, insured business, and BCBST.

The amounts receivable relating to uninsured plans reflected on page Q2, line 15, are as follows:

Uninsured Receivables	Amount
a. TPL Recovery Expenses	\$1,817,585
b. Unbilled Expenses (timing differences)	809,911
c. Case Management	238,380
d. Miscellaneous	47,337
<b>Total Amounts Receivable Relating to Uninsured Plans</b>	<b>\$2,913,213</b>

The loss from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans were as follows during 2009:

	(1)	(2)	(3)
	ASO	Uninsured Portion of	Total
	<u>Uninsured</u>	<u>Partially Insured</u>	<u>ASO</u>
	<u>Plans</u>	<u>Plans</u>	<u>ASO</u>
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ (2,649,050)	0	\$ (2,649,050)
b. Total net other income or expenses (including interest paid to or received from plans)	(181)	0	(181)
c. Net loss from operations	<u>\$ (2,649,231)</u>	<u>0</u>	<u>\$ (2,649,231)</u>
d. Total Claims Payment Volume	\$ 140,088,979	0	\$ 140,088,979

B. ASC Plans

The Company operated under an Exigency agreement with the State for the period July 1, 2000 through June 30, 2001. At the direction of the TDCl, premium and claims equivalents are disseminated throughout the NAIC filing.

C. The Company had no Medicare or other similarly structured cost based reimbursement contract:

19. The Company had no premium written/produced by managing general agents or third party administrators.

20. Other Items

A. No extraordinary events occurred.

B. No troubled debt restructuring occurred.

C. Assets in the amount of \$26,300,155 at March 31, 2009, were on deposit with government authorities or trustees as required by law.

The Company elected to use rounding in reporting amounts in the statement.

D. The Company does not anticipate any uncollectible premium balances.

E. The Company had no business interruption insurance recoveries.

F. The Company had no state transferable tax credits.

G. The Company has no hybrid securities.

H. The Company has no subprime mortgage related risk exposure.

## Notes to Financial Statement

21. Events Subsequent
- The Company had no subsequent events.
22. Reinsurance
- A. The Company had no ceded reinsurance report
- B. The Company has not written off reinsurance balances.
- C. The Company has no amounts reported in its operations as a result of commutation of reinsurance with other companies.
23. Retrospectively Rated Contracts and Contracts Subject to Redetermination
- A. The Company does not accrue retrospective premium adjustments.
- B. The Company does not accrue retrospective premium adjustments.
- C. No premiums are subject to retrospective rating.
24. Change in Incurred Claims and Claim Adjustment Expenses
- Reserves as of December 31, 2008 were \$71.0 million. As of March 31, 2009, \$46.0 million has been paid for incurred claims and claims adjustments expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$17.3 million as a result of re-estimation of unpaid claims and claims adjustment expenses. Therefore, there has been a \$7.7 million favorable prior year development since December 31, 2008 to March 31, 2009. The change is the result of ongoing analysis of recent loss development trends. Original estimates are changed as additional information becomes known.
25. The Company has no intercompany pooling arrangements under which the pool participants cede substantially all of their direct and assumed business to a pool.
26. Structured settlements are not applicable to health entities.
27. Health Care Receivables
- A. The Company has no pharmaceutical rebate receivables
- B. The Company does not have any risk sharing receivables where the receivable and payable balances with a single provider are netted.
28. Participating Policies
- The Company has no participating policies where the company pays policy holders dividends.
29. Premium Deficiency Reserve
- As of March 31, 2009 the Company had liabilities of \$20,016,490 related to premium deficiency reserves. The company included a release of the premium deficiency reserve in the amount of \$22,646,777 between December 31, 2008 and March 31, 2009. The Company did consider anticipated investment income when calculating its premium deficiency reserves.
30. Anticipated Salvage and Subrogation
- The Company has no anticipated salvage and subrogation.

# GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted)

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes[ ] No[X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes[ ] No[ ] N/A[X]
  
- 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. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[ ] No[X]  
If yes, complete the Schedule Y - Part 1 - organizational chart.
  
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
- 4.2 If yes, provide the name of 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
.....	.....	.....

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes[ ] No[ ] N/A[X]  
If yes, attach an explanation.
  
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ..... 06/30/2006 .....
- 6.2 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. ..... 06/30/2006 .....
- 6.3 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). ..... 05/11/2007 .....
- 6.4 By what department or departments?  
Tennessee Department of Commerce and Insurance
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes[X] No[ ] N/A[ ]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[ ] N/A[ ]
  
- 7.1 Has this 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]
- 7.2 If yes, give full information
  
- 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 below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), 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 OTS	6 FDIC	7 SEC
.....	.....	Yes[ ] No[X]				

- 9.1 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[ ]
  - (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
  - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
  - (c) Compliance with applicable governmental laws, rules and regulations;
  - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
  - (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended? Yes[ ] No[X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[ ] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

### FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[ ] No[X]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ ..... 0

### INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes[ ] No[X]
- 11.2 If yes, give full and complete information relating thereto:
  
- 12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ ..... 0
- 13. Amount of real estate and mortgages held in short-term investments: \$ ..... 0
  
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes[ ] No[X]

## GENERAL INTERROGATORIES (Continued)

### INVESTMENT

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....		
14.22 Preferred Stock .....		
14.23 Common Stock .....		
14.24 Short-Term Investments .....		
14.25 Mortgages Loans on Real Estate .....		
14.26 All Other .....		
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) .....		
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....		

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]  
If no, attach a description with this statement.

16. 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 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
Regions Morgan Keegan Trust .....	1100 Ridgeway Loop Ste 100 Memphis, TN 38120 ...

16.2 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)
.....	.....	.....

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [X]

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

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

16.5 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	2 Name(s)	3 Address
4161 .....	Regions Morgan Keegan Trust .....	1100 Ridgeway Loop Ste 100 Memphis, TN 38120 .....

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

17.2 If no, list exceptions:

**SCHEDULE S - CEDED REINSURANCE**  
**Showing All New Reinsurance Treaties - Current Year to Date**

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			<b>NONE</b>			

# SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

## Current Year to Date - Allocated by States and Territories

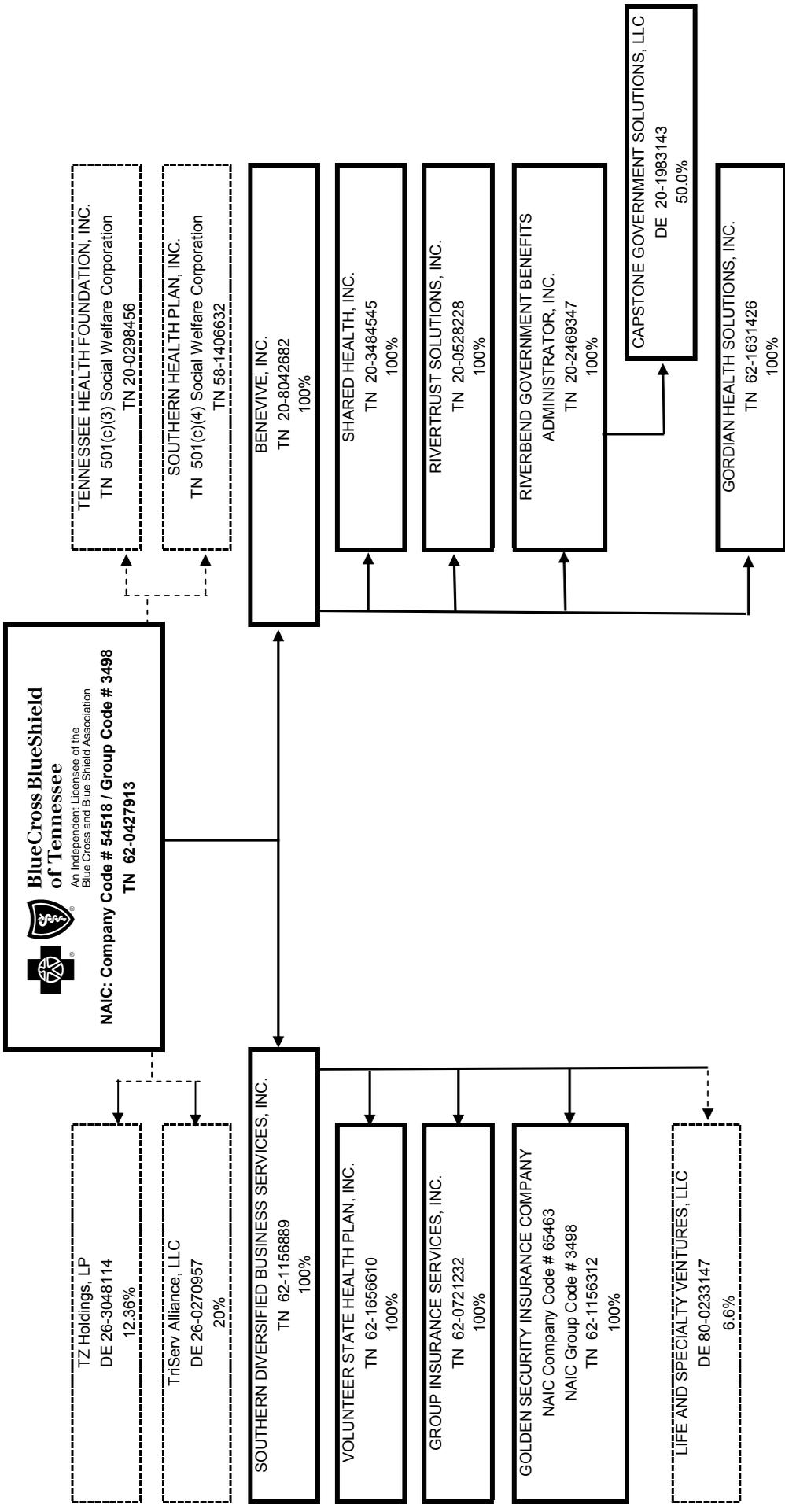
		Direct Business Only							
		1	2	3	4	5	6	7	8
State, Etc.	Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	L			289,304,795				289,304,795	
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X			289,304,795				289,304,795	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. Total (Direct Business)	(a) 1			289,304,795				289,304,795	
<b>DETAILS OF WRITE-INS</b>									
5801.	X X X								
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

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

# 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. 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 being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

**RESPONSE**

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



00000200936500001 (NAIC code not entered)

2009

Document Code: 365

**OVERFLOW PAGE FOR WRITE-INS**

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2104. Insured Payable to State of Tennessee .....	1,940		1,940	
2105. ....				
2197. Summary of remaining write-ins for Line 21 (Lines 2104 through 2196) .....	1,940		1,940	

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
0604. ....	X X X			
0605. ....	X X X			
0606. ....	X X X			
0607. ....	X X X			
0697. Summary of remaining write-ins for Line 6 (Lines 0604 through 0696) .....	X X X			

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

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
4704. ....			
4705. ....			
4706. ....			
4707. ....			
4708. ....			
4709. ....			
4710. ....			
4711. ....			
4712. ....			
4713. ....			
4714. ....			
4715. ....			
4716. ....			
4717. ....			
4718. ....			
4797. Summary of remaining write-ins for Line 47 (Lines 4704 through 4796) .....			

STATEMENT AS OF **March 31, 2009** OF THE **Volunteer State Health Plan, Inc.**  
**SCHEDULE A - VERIFICATION**

**Real Estate**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of acquired .....		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Current year change in encumbrances .....		
4. Total gain (loss) on disposals .....		
5. Deduct amounts received on disposals .....		
6. Total foreign exchange change in book/adjusted carrying value .....		
7. Deduct current year's other than temporary impairment recognized .....		
8. Deduct current year's depreciation .....		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8) .....		
10. Deduct total nonadmitted amounts .....		
11. Statement value at end of current period (Line 9 minus Line 10) .....		

**NONE**

**SCHEDULE B - VERIFICATION**

**Mortgage Loans**

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....		
2. Cost of acquired: .....		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Capitalized deferred interest and other .....		
4. Accrual of discount .....		
5. Unrealized valuation increase (decrease) .....		
6. Total gain (loss) on disposals .....		
7. Deduct amounts received on disposals .....		
8. Deduct amortization of premium and mortgage interest paid .....		
9. Total foreign exchange change in book value/recorded investment .....		
10. Deduct current year's other than temporary impairment recognized .....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) .....		
12. Total valuation allowance .....		
13. Subtotal (Line 11 plus Line 12) .....		
14. Deduct total nonadmitted amounts .....		
15. Statement value at end of current period (Line 13 minus Line 14) .....		

**NONE**

**SCHEDULE BA - VERIFICATION**

**Other Long-Term Invested Assets**

Description	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of acquired: .....		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Capitalized deferred interest and other .....		
4. Accrual of discount .....		
5. Unrealized valuation increase (decrease) .....		
6. Total gain (loss) on disposals .....		
7. Deduct amounts received on disposals .....		
8. Deduct amortization of premium and depreciation .....		
9. Total foreign exchange change in book/adjusted carrying value .....		
10. Deduct current year's other than temporary impairment recognized .....		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) .....		
12. Deduct total nonadmitted amounts .....		
13. Statement value at end of current period (Line 11 minus Line 12) .....		

**NONE**

**SCHEDULE D - VERIFICATION**

**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	27,615,542	26,433,012
2. Cost of bonds and stocks acquired .....	24,596,094	8,319,000
3. Accrual of discount .....	1,386	9,128
4. Unrealized valuation increase (decrease) .....		
5. Total gain (loss) on disposals .....	4,568	
6. Deduct consideration for bonds and stocks disposed of .....	1,212,928	7,000,000
7. Deduct amortization of premium .....	45,618	145,598
8. Total foreign exchange change in book/adjusted carrying value .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	50,959,044	27,615,542
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	50,959,044	27,615,542

## SCHEDULE D - PART 1B

### Showing the Acquisitions, Dispositions and Non-Trading Activity During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a) .....	76,721,231	602,016,338	453,286,157	(44,461)	225,406,951			76,721,231
2. Class 2 (a) .....								
3. Class 3 (a) .....								
4. Class 4 (a) .....								
5. Class 5 (a) .....								
6. Class 6 (a) .....								
7. Total Bonds .....	76,721,231	602,016,338	453,286,157	(44,461)	225,406,951			76,721,231
<b>PREFERRED STOCK</b>								
8. Class 1 .....								
9. Class 2 .....								
10. Class 3 .....								
11. Class 4 .....								
12. Class 5 .....								
13. Class 6 .....								
14. Total Preferred Stock .....								
15. Total Bonds & Preferred Stock .....	76,721,231	602,016,338	453,286,157	(44,461)	225,406,951			76,721,231

Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....698,314; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

**SCHEDULE DA - PART 1****Short - Term Investments Owned End of Current Quarter**

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals .....	174,447,907	X X X	174,448,136	212,381	420

**SCHEDULE DA - Verification****Short-Term Investments**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	49,105,689	3,417,945
2. Cost of short-term investments acquired .....	577,420,244	134,470,278
3. Accrual of discount .....		
4. Unrealized valuation increase (decrease) .....		
5. Total gain (loss) on disposals .....		
6. Deduct consideration received on disposals .....	452,077,797	88,782,534
7. Deduct amortization of premium .....	229	
8. Total foreign exchange change in book/adjusted carrying value .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	174,447,907	49,105,689
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	174,447,907	49,105,689

**SCHEDULE DB - PART F - SECTION 1**  
**Summary of Replicated (Synthetic) Assets Open**

1 Replication RSAT Number	2 Replicated (Synthetic) Asset		Components of the Replicated (Synthetic) Asset					Cash Instrument(s) Held			
	2 Description	3 NAIC Designation or Other Description	4 Statement Value	5 Fair Value	6 Derivative Instruments Open Description	7 Fair Value	8 CUSIP	9 Description	10 Statement Value	11 Fair Value	12 NAIC Designation or Other Description
					NONE						
9999999 Totals					XXX		XXX	XXX			XXX

**SCHEDULE DB - PART F - SECTION 2**  
**Reconciliation of Replicated (Synthetic) Assets Open**

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-To-Date	
	1	2	3	4	5	6	7	8	9	10
	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value
1. Beginning Inventory .....										
2. Add: Opened or Acquired Transactions .....										
3. Add: Increases in Replicated Asset Statement Value .....	XXX				XXX		XXX		XXX	
4. Less: Closed or Disposed of Transactions .....										
5. Less: Positions Disposed of for Failing Effectiveness Criteria .....										
6. Less: Decreases in Replicated (Synthetic) Asset Statement Value .....	XXX				XXX		XXX		XXX	
7. Ending Inventory .....										

**NONE**

**SCHEDULE E - Verification**  
(Cash Equivalents)

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year .....	.....	.....
2.	Cost of cash equivalents acquired .....	.....	.....
3.	Accrual of discount .....	.....	.....
4.	Unrealized valuation increase (decrease) .....	.....	.....
5.	Total gain (loss) on disposals .....	.....	.....
6.	Deduct consideration received on dis .....	.....	.....
7.	Deduct amortization of premium .....	.....	.....
8.	Total foreign exchange change in boc .....	.....	.....
9.	Deduct current year's other than temporary impairment recognized .....	.....	.....
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	.....	.....
11.	Deduct total nonadmitted amounts .....	.....	.....
12.	Statement value at end of current period (Line 10 minus Line 11) .....	.....	.....

**NONE**

**SCHEDULE A - PART 2**  
**Showing all Real Estate ACQUIRED and Additions Made During the Current Quarter**

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2 City	3 State						
<b>NONE</b>								
0399999 Totals .....								

**SCHEDULE A - PART 3**  
**Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"**

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Expended for Additions, Permanent Improvements and Changes in Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances Prior Year	9 Current Year's Depreciation	10 Current Year's Other Than Temporary Impairment Recognized	11 Current Year's Change in Encumbrances	12 Total Change in B/A C.V. (11 - 9 - 10)	13 Total Foreign Exchange Change in B/A C.V.	14 Book/Adjusted Carrying Value Less Encumbrances on Disposal	15 Amounts Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs and Expenses Incurred
	2 City	3 State																	
<b>NONE</b>																			
0399999 Totals .....																			

**SCHEDULE B - PART 2**

**Showing All Mortgage Loans ACQUIRED During the Current Quarter**

1 Loan Number	2 Location		4 Loan Type	5 Date Acquired	6 Rate of Interest	7 Actual Cost at Time of Acquisition	8 Additional Investment Made After Acquisition	9 Value of Land and Buildings
	3 City	3 State						
<b>NONE</b>								
3399999 Total Mortgages (sum of Lines 0899999, 1699999, 2499999 and 3299999)								

**SCHEDULE B - PART 3**

**Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter**

1 Loan Number	2 Location		4 Loan Type	5 Date Acquired	6 Disposal Date	7 Book/Recorded Value/Recorded Investment Excluding Accrued Interest Prior Year	8 Unrealized Valuation Increase (Decrease)	Change in Book Value/Recorded Investment				14 Book Value/Recorded Investment Excluding Accrued Interest on Disposal	15 Consideration	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal
	3 City	3 State						9 Current Year's (Amortization)/ Accretion	10 Current Year's Other Than Temporary Impairment Recognized	11 Capitalized Deferred Interest and Other	12 Total Change in Book Value (8+9-10+11)					
<b>NONE</b>																
0599999 Totals																

**SCHEDULE BA - PART 2**

**Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter**

1 CUSIP Identification	2 Name or Description		3 Location		4 City	5 State	6 Name of Vendor or General Partner	7 NAIC Designation	8 Date Originally Acquired	9 Type and Strategy	10 Actual Cost at Time of Acquisition	11 Additional Investment Made After Acquisition	12 Amount of Encumbrances	13 Commitment for Additional Investment	14 Percentage of Ownership
	1	2	3	4											
<b>NONE</b>															
4199999 TOTALS ..... XXX .....															

**SCHEDULE BA - PART 3**

**Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter**

1 CUSIP Identification	2 Name or Description	3 Location		4 City	5 State	6 Name of Purchaser or Nature of Disposal	7 Date Originally Acquired	8 Disposal Date	9 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	10 Unrealized Valuation Increase (Decrease)	11 Current Year's (Depreciation) or (Amortization)/ Accretion	12 Other Than Temporary Impairment Recognized	13 Capitalized Deferred Interest and Other	14 Total Change in B./A.C.V. (9 + 10 - 11 + 12)	15 Total Foreign Exchange Change in B./A.C.V.	16 Book/Adjusted Carrying Value Less Encumbrances on Disposal	17 Consideration	18 Foreign Exchange Gain (Loss) on Disposal	19 Realized Gain (Loss) on Disposal	20 Total Gain (Loss) on Disposal	Investment Income
		1	2																		
<b>NONE</b>																					
4199999 TOTALS .....																					

**SCHEDULE D - PART 3**

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Governments</b>									
36211V6Q8	GNMA POOL #0524779		03/26/2009	First Boston Corp	X X X	309,975	296,848.53	618	1
36295P4L3	GNMA POOL #0676827		03/26/2009	First Boston Corp	X X X	401,913	384,662.87	801	1
36296E5H5	GNMA POOL #0689448		03/26/2009	First Boston Corp	X X X	285,744	273,644.03	570	1
36297A3K7	GNMA POOL #0706502		03/26/2009	First Boston Corp	X X X	258,867	247,904.51	516	1
36297B4P3	GNMA POOL #0707430		03/26/2009	First Boston Corp	X X X	396,950	380,140.67	792	1
36297CVT3	GNMA POOL #0708126		03/27/2009	First Boston Corp	X X X	311,239	297,747.20	620	1
912828DV9	U S TREASURY NOTES		03/25/2009	Alex Brown & Sons	X X X	279,796	250,000.00	3,732	1
0399999	Subtotal - Bonds - U.S. Governments				X X X	2,244,484	2,130,947.81	7,649	X X X
<b>Bonds - All Other Governments</b>									
912828KE9	U S TREASURY NOTE		03/12/2009	Smith Barney	X X X	1,496,079	1,500,000.00	464	1
912828KF6	U S TREASURY NOTE		03/19/2009	VARIOUS	X X X	1,005,882	1,000,000.00	968	1
912828KH2	U S TREASURY NOTE		03/25/2009	Smith Barney	X X X	998,167	1,000,000.00		1
912828JY7	U S TREASURY NOTES		02/19/2009	Smith Barney	X X X	1,496,411	1,500,000.00	425	1
912828JZ4	U S TREASURY NOTES		02/19/2009	VARIOUS	X X X	1,248,686	1,250,000.00	875	1
1099999	Subtotal - Bonds - All Other Governments				X X X	6,245,225	6,250,000.00	2,732	X X X
<b>Bonds - U.S. Special Revenue, Special Assessment</b>									
31331GJY6	FEDERAL FARM CR BKS CONS SYS		02/25/2009	Added by SunGard	X X X	200,006	200,000.00	391	1
31331GLT4	FEDERAL FARM CR BKS CONS SYS		03/31/2009	Added by SunGard	X X X	406,060	400,000.00	2,583	1
3133XHK68	FEDERAL HOME LN BKS CONS		03/19/2009	FTN Financial Secs	X X X	384,955	350,000.00	7,524	1
3133XFJY3	FEDERAL HOME LN BKS CONS BD		03/06/2009	FTN Financial Secs	X X X	215,626	200,000.00	2,596	1
3133XRM49	FEDERAL HOME LN BKS CONS BD		02/19/2009	Added by SunGard	X X X	260,183	250,000.00	1,884	1
3128X8J89	FEDERAL HOME LN MTG CORP MTN		02/06/2009	Goldman Sachs NY	X X X	149,595	150,000.00		1
3128X8JU7	FEDERAL HOME LN MTG CORP MTN		02/13/2009	Greenwich Capital Mkts	X X X	175,131	175,000.00		1
3128X8KP6	FEDERAL HOME LN MTG CORP MTN		02/13/2009	Chemical Securities	X X X	299,955	300,000.00		1
3128X8LE0	FEDERAL HOME LN MTG CORP MTN		03/02/2009	Bear Stearns	X X X	199,980	200,000.00	94	1
3128X8QH8	FEDERAL HOME LN MTG CORP MTN		03/23/2009	Added by SunGard	X X X	400,660	400,000.00	178	1
3128X8QT2	FEDERAL HOME LN MTG CORP MTN		03/05/2009	Alex Brown & Sons	X X X	155,107	155,000.00		1
3137EABY4	FEDERAL HOME LN MTG CORP REF		02/18/2009	Morgan Stanley	X X X	109,600	110,000.00		1
31359MXH1	FEDERAL NATL MTG ASSN MTN		03/09/2009	Added by SunGard	X X X	102,597	100,000.00	269	1
31398AUJ4	FEDERAL NATL MTG ASSN MTN		03/17/2009	Morgan Stanley	X X X	499,425	500,000.00	1,917	1
31398AVQ2	FEDERAL NATL MTG ASSN MTN		02/26/2009	Chemical Securities	X X X	299,691	300,000.00		1
31416B4M7	FNMA POOL #0995528		03/20/2009	Bank of America	X X X	583,989	562,118.65	1,874	1
31416B4P0	FNMA POOL #0995530		03/20/2009	Bank of America	X X X	582,862	558,932.34	2,049	1
784422AA5	SLC STUDENT LN 07 2 CL A-1		02/12/2009	First Boston Corp	X X X	197,054	203,148.61	24	1
83149EAC1	SLM STUDENT LN 06 5 CL A3		03/18/2009	Robert Baird & Co	X X X	482,734	500,000.00	925	1
78442GHP4	SLM STUDENT LN TR 03-8 CL A-4		02/25/2009	Chase Greenwich	X X X	221,660	230,146.31	758	1
3199999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				X X X	5,926,870	5,844,345.91	23,066	X X X
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
00110AAD6	AEP TEX CENT TRANS 06-A CL A4		03/25/2009	Chemical Securities	X X X	307,172	300,000.00	3,705	1
00206RAQ5	AT&T INC GLOBAL NT		02/10/2009	Stifel Nicolaus	X X X	101,864	100,000.00	135	1
00209AAE6	AT&T WIRELESS SVCS INC SR NT		03/05/2009	First Boston Corp	X X X	214,468	200,000.00	394	1
06050BAG6	BANK AMER CORP MTN SER L		02/09/2009	Chemical Securities	X X X	248,255	250,000.00	175	1

## SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
06406HB88	BANK OF NEW YORK MELLON TERM		03/09/2009	Alex Brown & Sons	X X X	200,946	200,000.00	3,603	1
071813AZ2	BAXTER INTL INC SR NT		03/19/2009	VARIOUS	X X X	202,533	200,000.00	311	1
084664B J9	BERKSHIRE HATHAWAY FINANCE COR		03/26/2009	Goldman Sachs NY	X X X	199,534	200,000.00		1
110122AL2	BRISTOL MYERS SQUIBB CO SR NT		03/05/2009	Bear Stearns	X X X	133,005	125,000.00	456	1
166751AK3	CHEVRON CORP NT		02/26/2009	Bank of America	X X X	199,988	200,000.00		1
17248RAF3	CINGULAR WIRELESS LLC SR NT		03/19/2009	Montgomery Secs	X X X	79,971	75,000.00	1,341	1
17314AAF9	CITIGROUP FUNDING INC		03/23/2009	Salomon Brothers	X X X	398,924	400,000.00		1
17313JAE9	CITIGROUP INC FDIC GTD TGLP GT		02/09/2009	Bank of America	X X X	248,479	250,000.00	177	1
191216AL4	COCA COLA CO NT		03/03/2009	Salomon Brothers	X X X	99,545	100,000.00		1
20825CAS3	CONCOPHILLIPS GTD NT		02/11/2009	Dain Rauscher	X X X	102,684	100,000.00	185	1
22541LAC7	CREDIT SUISSE FB USA INC NT		03/09/2009	First Boston Corp	X X X	152,637	150,000.00	1,544	1
532457BD9	ELI LILLY & CO		03/03/2009	Alex Brown & Sons	X X X	149,847	150,000.00		1
36967HAL1	GENERAL ELEC CAP CORP MTN		03/09/2009	Morgan Stanley	X X X	199,938	200,000.00		1
37737ZAC1	GLAXOSMITHKLINE CAP INC GTD NT		03/05/2009	Dain Rauscher	X X X	104,550	100,000.00	1,549	1
38146FAG6	GOLDMAN SACHS GROUP INC/THE		02/12/2009	Goldman Sachs NY	X X X	200,046	200,000.00	91	1
44924EAB6	IBM INTL GROUP CAP LLC NT		03/05/2009	First Union Cap Mkts	X X X	132,330	125,000.00	2,420	1
585055AP1	MEDTRONIC INC SR NT		03/09/2009	Alex Brown & Sons	X X X	200,000	200,000.00		1
674599BW4	OCCIDENTAL PETE CORP SR NT		03/04/2009	Bear Stearns	X X X	139,859	125,000.00	3,354	1
69373UAB3	PACCAR INC		03/05/2009	Montgomery Secs	X X X	103,033	100,000.00	478	1
717081CZ4	PFIZER INC NT		03/17/2009	Salomon Brothers	X X X	199,726	200,000.00		1
842400FM0	SOUTHERN CALIF EDISON SER A		03/17/2009	Morgan Stanley	X X X	174,976	175,000.00		1
85744RAB8	STATE STR BK & TR CO FDIC GTD		03/17/2009	Goldman Sachs NY	X X X	400,000	400,000.00		1
85748KAA1	STATE STR CORP FDIC GTD TLGP		03/03/2009	Goldman Sachs NY	X X X	149,784	150,000.00		1
85744RAA0	STATE STREET CORP		03/17/2009	Goldman Sachs NY	X X X	399,808	400,000.00		1
913017BD0	UNITED TECHNOLOGIES CORP NT		03/18/2009	VARIOUS	X X X	213,471	200,000.00	702	1
91159HGJ3	US BANCORP MTN # TR 00153		03/09/2009	First Union Cap Mkts	X X X	254,108	250,000.00	1,344	1
92343VAJ3	VERIZON COMMUNICATIONS INC		03/13/2009	Lehman Bros Inc	X X X	199,374	200,000.00	798	1
949744AC0	WELLS FARGO & CO FDIC GTD TLGP		03/25/2009	First Union Cap Mkts	X X X	324,916	325,000.00		1
02586GAP3	AMERICAN EXPRESS 08-2 CL A		02/13/2009	Citigroup Global Markets	X X X	201,031	200,000.00	89	1
026609AM9	AMERICAN HOME PRODS CORP NT		02/10/2009	Salomon Brothers	X X X	106,557	100,000.00	2,857	1
34528AAE9	FORD CR AUTO 06-B A-4		03/06/2009	Robert Baird & Co	X X X	145,830	150,000.00	569	1
34528CAE5	FORD CR AUTO 06-C CL A4A		03/06/2009	Robert Baird & Co	X X X	96,520	100,000.00	372	1
302570AV8	FPL GROUP CAP INC GTD DEB		03/19/2009	Bear Stearns	X X X	265,913	250,000.00	898	1
428236AU7	HEWLETT PACKARD CO GLOBAL NT		03/04/2009	VARIOUS	X X X	150,895	150,000.00	77	1
43813HAD1	HONDA AUTO REC 07-2 CL A-4		03/25/2009	Chemical Securities	X X X	516,016	500,000.00	696	1FE
43812TAC8	HONDA AUTO REC 08-1 CL A-3		03/25/2009	Chemical Securities	X X X	510,156	500,000.00	745	1
438516AY2	HONEYWELL INTL INC SR NT		02/17/2009	Chemical Securities	X X X	99,736	100,000.00		1
481247AK0	JPMORGAN CHASE & CO FDIC NT		02/18/2009	Chemical Securities	X X X	134,916	135,000.00		1
52108HDF8	LB UBS COML MTG TR 01-C2 CL A2		03/05/2009	Montgomery Secs	X X X	150,703	150,000.00	804	1FE
64944QAA5	NEW YORK CMNTY BK FDIC GTD TLG		03/20/2009	VARIOUS	X X X	409,734	400,000.00	2,683	1
65475VAC4	NISSAN AUTO REC 09-1 CL A-3		02/19/2009	Bank of America	X X X	99,989	100,000.00		1
65476AAD7	NISSAN AUTO REC 09-A CL A-3A		03/19/2009	Montgomery Secs	X X X	139,985	140,000.00		1
66989HAA6	NOVARTIS CAPITAL CORP		03/19/2009	Spear Leeds & Kellogg	X X X	206,688	200,000.00	1,008	1
68389XAD7	ORACLE CORP NT		02/10/2009	First Union Cap Mkts	X X X	106,929	100,000.00	1,623	1
713448BK3	PEPSICO INC SR NT		02/25/2009	SBC Capital Mkts	X X X	199,576	200,000.00		1
90327KAC6	USAA AUTO OWNER TR 2008-3 A-3		03/06/2009	Chase Greenwich	X X X	202,590	200,000.00	618	1
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	10,179,515	10,025,000.00	35,801	X X X

**SCHEDULE D - PART 3**

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
8399997	Subtotal - Bonds - Part 3				X X X	24,596,094	24,250,293.72	69,248	X X X
8399998	Summary Item from Part 5 for Bonds (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
8399999	Subtotal - Bonds				X X X	24,596,094	24,250,293.72	69,248	X X X
8999998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
9799998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
9899999	Subtotal - Preferred and Common Stocks				X X X	X X X	X X X	X X X	X X X
9999999	Total - Bonds, Preferred and Common Stocks				X X X	24,596,094	X X X	69,248	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0.

## SCHEDULE D - PART 4

### Show All Long-Term Bonds and Stocks Sold, Redeemed, or Otherwise Disposed of by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value				16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Designation or Market Indicator (a)	
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11 + 12 - 13)								15 Total Foreign Exchange Change in B./A.C.V.
<b>Bonds - U.S. Governments</b>																					
3128XN156	FEDERAL HOME LN MTG CORP MTN		02/24/2009	Called	X X X	1,200,000	1,200,000.00	1,190,250	1,195,112		320		1,195,432		4,568	4,568	31,500	02/24/2011	1	X X X	
<b>Bonds - U.S. Special Revenue, Special Assessment</b>																					
7842GHP4	SLM STUDENT LN TR 03-8 CL A-4		03/15/2009	PRINCIPAL RECEIPT	X X X	12,928	12,928.26	12,452		477	477	12,928						33	03/15/2019	1	X X X
3199999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				X X X	12,928	12,928.26	12,452	1,195,112		477	12,928						33	X X X		X X X
8399997	Subtotal - Bonds - Part 4				X X X	1,212,928	1,212,928.26	1,202,702		797	1,208,360		4,568		4,568			31,533	X X X		X X X
8399998	Summary Item from Part 5 for Bonds (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
8399999	Subtotal - Bonds				X X X	1,212,928	1,212,928.26	1,202,702	1,195,112		797	1,208,360		4,568	4,568			31,533	X X X		X X X
8999996	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
9799998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
9899999	Subtotal - Preferred and Common Stocks				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
9999999	Total - Bonds, Preferred and Common Stocks				X X X	1,212,928	1,212,928.26	1,202,702	1,195,112		797	1,208,360		4,568	4,568			31,533	X X X		X X X

(a) For all common stock bearing the NAIC market indicator "U" provide the number of such issues .....0.

**SCHEDULE DB - PART A - SECTION 1**

**Showing all Options, Caps, Floors and Insurance Futures Options Owned at Current Statement Date**

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price Rate or Index	Date of Acquisition	Exchange or Counterparty	Cost/Option Premium	Book Value	*	Statement Value	Fair Value	Year to Date Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income
	<b>NONE</b>												
9999999 Total								.XXX					

**SCHEDULE DB - PART B - SECTION 1**

**Showing all Options, Caps, Floors and Insurance Futures Options Written and In-Force at Current Statement Date**

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price Rate or Index	Date of Issuance/ Purchase	Exchange or Counterparty	Consideration Received	Book Value	*	Statement Value	Fair Value	Year to Date Increase/ (Decrease) by Adjustment	Used to Adjust Basis	Other Investment/ Miscellaneous Income
	<b>NONE</b>												
9999999 Total								.XXX					

**SCHEDULE DB - PART C - SECTION 1**

**Showing all Collar, Swap and Forwards Open at Current Statement Date**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Description	Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price Rate or Index Rec (Pay)	Date of Opening Position or Agreement	Exchange or Counterparty	Cost or (Consideration Received)	Book Value	*	Statement Value	Fair Value	Year to Date Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income	Potential Exposure
	<b>NONE</b>													
9999999 Total								XXX						

**SCHEDULE DB - PART D - SECTION 1**

**Showing all Futures Contracts and Insurance Futures Contracts at Current Statement Date**

1	2	3	4	5	6	7	8	9	Variation Margin Information			13	
Description	Number of Contracts	Maturity Date	Original Value	Current Value	Variation Margin	Date of Opening Position	Exchange or Counterparty	Cash Deposit	10			Potential Exposure	
									Recognized	Used to Adjust Basis of Hedged Item	Deferred		
	<b>NONE</b>												
9999999 Total						XXX							

**SCHEDULE E - PART 1 - CASH****Month End Depository Balances**

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
<b>open depositories</b>								
Regions Bank .....	601 Market Street, Chattanooga, TN 37402 .....				6,132,825	1,987,933	3,101,890	X X X
Regions Bank .....	601 Market Street, Chattanooga, TN 37402 .....				1,531,464	1,534,536	1,599,474	X X X
Regions Bank .....	601 Market Street, Chattanooga, TN 37402 .....				5,869,967	(2,142,428)	(771,693)	X X X
Regions Bank .....	601 Market Street, Chattanooga, TN 37402 .....				(7,992,007)	(14,865,699)	(22,765,392)	X X X X X X
0199998 Deposits in .....	3 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories	X X X	X X X		22,994	31,216	53,370	X X X
0199999 Totals - Open Depositories .....		X X X	X X X		5,565,243	(13,454,442)	(18,782,351)	X X X
0299998 Deposits in .....	0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories	X X X	X X X					X X X
0299999 Totals - Suspended Depositories .....		X X X	X X X					X X X
0399999 Total Cash On Deposit .....		X X X	X X X		5,565,243	(13,454,442)	(18,782,351)	X X X
0499999 Cash in Company's Office .....		X X X	X X X	X X X				X X X
0599999 Total Cash .....		X X X	X X X		5,565,243	(13,454,442)	(18,782,351)	X X X

## SCHEDULE E - PART 2 - CASH EQUIVALENTS

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
<b>NONE</b>							
8699999 Total - Cash Equivalents .....							



00000200936500001 (NAIC code not entered) 2009

Document Code: 365

# MEDICARE PART D COVERAGE SUPPLEMENT

## Net of Reinsurance

For the Quarter Ended March 31, 2009

NAIC Group Code: 0000

NAIC Company Code: 00000

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected .....		X X X		X X X	
2. Earned Premiums .....		X X X		X X X	X X X
3. Claims Paid .....		X X X		X X X	
4. Claims Incurred .....		X X X		X X X	X X X
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a) .....	<b>NONE</b>		X X X		
6. Aggregate Policy Reserves - change .....				X X X	X X X
7. Expenses Paid .....				X X X	
8. Expenses Incurred .....		X X X		X X X	X X X
9. Underwriting Gain or Loss .....		X X X		X X X	X X X
10. Cash Flow Results .....	X X X	X X X	X X X	X X X	

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$.0 due from CMS or \$.0 due to CMS

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**EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID**

1 Name of debtor	2 1 - 30 days	3 31 - 60 days	4 61 - 90 days	5 Over 90 days	6 Nonadmitted	7 Admitted
0199999 Total Individuals.....						
Group Subscribers:						
State of Tennessee Premium Withhold Receivable 10%.....	9,827,368					9,827,368
Premium Accrual.....	3,447,437					3,447,437
0299997 Subtotal - Group Subscribers:.....	13,274,805	-	-	-	-	13,274,805
0299998 Premium due and unpaid not individually listed.....	-	-	-	-	-	-
0299999 Total group.....	13,274,805	-	-	-	-	13,274,805
0399999 Premiums due and unpaid from Medicare entities.....	-	-	-	-	-	-
0499999 Premiums due and unpaid from Medicaid entities.....	-	-	-	-	-	-
0599999 Accident and health premiums due and unpaid (Page 2, Line 13).....	13,274,805	-	-	-	-	13,274,805

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1 Name of debtor	2 1 - 30 days	3 31 - 60 days	4 61 - 90 days	5 Over 90 days	6 Nonadmitted	7 Admitted
0199998 Pharmaceutical Rebate Receivables - Not Individually Listed.....						
0199999 Subtotal - Pharmaceutical Rebate Receivables.....						
Provider Receivables	69,789	7,454	203,248			280,491
0299998 Claim Overpayment Receivables - Not Individually Listed.....	69,789	7,454	203,248			280,491
0299999 Subtotal - Claim Overpayment Receivables.....						
Loans and Advances to Providers						
Pathways of Tennessee, Inc.	250,000	250,000	250,000	429,003		1,179,003
0399998 Loans and Advances to Providers - Not Individually Listed.....	4,263,220	1,777,483	1,705,656	1,368,784		9,115,143
0399999 Subtotal - Loans and Advances to Providers.....	4,513,220	2,027,483	1,955,656	1,797,787	-	10,294,146
0499998 Capitation Arrangement Receivables - Not Individually Listed.....						
0499999 Subtotal - Capitation Arrangement Receivables.....						
0599998 Risk Sharing Receivables - Not Individually Listed.....						
0599999 Subtotal - Risk Sharing Receivables.....						
0699998 Other Receivables - Not Individually Listed.....						
0699999 Subtotal - Other Receivables.....	-	-	-	-	-	-
0799999 Gross health care receivables.....	4,583,009	2,034,937	2,158,904	1,797,787	-	10,574,637

EXHIBIT 3 - HEALTH CARE RECEIVABLES

	1	2	3	4	5	6	7
	Name of debtor	1 - 30 days	31 - 60 days	61 - 90 days	Over 90 days	Nonadmitted	Admitted
0199998	Pharmaceutical Rebate Receivables - Not Individually Listed.....						
0199999	Subtotal - Pharmaceutical Rebate Receivables.....						
	Provider Receivables	69,789	7,454	203,248			280,491
0299998	Claim Overpayment Receivables - Not Individually Listed.....	69,789	7,454	203,248			280,491
0299999	Subtotal - Claim Overpayment Receivables.....						
	<b>Loans and Advances to Providers</b>						
	Pathways of Tennessee, Inc.	250,000	250,000	250,000	429,003		1,179,003
	Volunteer Behavioral Healthcare System	1,050,000	-	-	-		1,050,000
	Frontier Health	312,500	312,500	312,500	-		937,500
	Case Management Inc.	184,250	184,250	184,250	360,474		913,224
	Helen Ross McNabb Center	300,000	300,000	300,000	-		900,000
	Professional Care Services of West Tennessee	225,000	225,000	225,000	225,000		900,000
	Cherokee Health	722,000	-	-	-		722,000
	Comprehensive Counseling Network	156,000	156,000	156,000	251,494		719,494
	Quinco CMHC	120,000	120,000	120,000	192,816		552,816
	Whitehaven SW Mental Health Center	90,750	90,750	90,750	181,500		453,750
	Gentiva	500,000	-	-	-		500,000
	Ridgeview Hospital & Center, Inc.	150,000	150,000	117,156	-		417,156
	Carey Counseling Center	100,000	100,000	100,000	-		300,000
	Fortwood Centers	100,000	100,000	100,000	-		300,000
	Centerstone Community Mental Centers Inc	225,000	-	-	-		225,000
	SET	-	-	-	157,500		157,500
	Aim Center	-	38,983	-	-		38,983
	Youth Town Villages	27,720	-	-	-		27,720
0399998	Loans and Advances to Providers - Not Individually Listed.....						
0399999	Subtotal - Loans and Advances to Providers.....	4,513,220	2,027,483	1,955,656	1,797,787	-	10,294,146
0499998	Capitation Arrangement Receivables - Not Individually Listed.....						
0499999	Subtotal - Capitation Arrangement Receivables.....						
0599998	Risk Sharing Receivables - Not Individually Listed.....						
0599999	Subtotal - Risk Sharing Receivables.....						
0699998	Other Receivables - Not Individually Listed.....						
0699999	Subtotal - Other Receivables.....						
0799999	Gross health care receivables.....	4,583,009	2,034,937	2,158,904	1,797,787	-	10,574,637

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted	
						7 Current	8 Non-Current
Individually listed receivables							
<b>NONE</b>							
0199999 Total - individually listed receivables							
0299999 Receivables not individually listed							
0399999 Total gross amounts receivable							

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

Affiliate	2 Description	3 Amount	5	
			4 Current	Non-Current
BlueCross BlueShield of Tennessee	ITS claims, Administrative Services and Miscellaneous	10,641,046	10,641,046	-
0199999 Total - Individually listed payables	.....XXX.....	10,641,046	10,641,046	-
0299999 Payables not individually listed	.....XXX.....	.....	.....	.....
0399999 Total gross payables	.....XXX.....	10,641,046	10,641,046	-

Report #2A: Stabilization Plan Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	9,318	9,318	2,500,560
<b>Estimated Revenues:</b>			
1. TennCare Capitation	(2,223,899)	(2,223,899)	497,990,610
2. Investment	-	-	-
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	(2,223,899)	(2,223,899)	497,990,610
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	1,368	1,368	1,988,864
6. Fee-for Service Physician Services	(333,411)	(333,411)	163,478,157
7. Inpatient Hospital Services	(353,177)	(353,177)	105,917,297
8. Outpatient Hospital Services	(123,893)	(123,893)	63,003,278
9. Emergency Room Services	(18,360)	(18,360)	15,799,339
10. Dental Services	(28)	(28)	3,116
11. Vision Services	(521)	(521)	358,555
12. Pharmacy Services	-	-	-
13. Home Health Services	(135,468)	(135,468)	55,266,366
14. Chiropractic Services	-	-	-
15. Radiology Services	(15,901)	(15,901)	9,859,762
16. Laboratory Services	(18,379)	(18,379)	9,834,192
17. Durable Medical Equipment Services	(44,464)	(44,464)	11,736,207
18. Transportation Services	(541)	(541)	13,647,758
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Other Medical and Hospital Services - Write-Ins	(848,890)	(848,890)	8,692,859
23. Subtotal Medical and Hospital (Lines 5 to 22)	(1,891,665)	(1,891,665)	459,582,750
<b>Mental Health and Substance Abuse Services</b>			
24. Inpatient Psychiatric Facility Services	-	-	-
25. Inpatient Substance Abuse Treatment and Detox	-	-	-
26. Outpatient Mental Health Services	-	-	-
27. Outpatient Substance Abuse Treatment and Detox	-	-	-
28. Housing/Residential Treatment	-	-	-
29. Specialized Crisis Services	-	-	-
30. Psychiatric Rehab and Support Services	-	-	-
31. Case Management	-	-	-
32. Forensics	-	-	-
33. Other Judicial	-	-	-
34. Pharmacy	-	-	-
35. Lab Services	-	-	-
36. Transportation	-	-	-
37. Medical Incentive Pool and Withhold Adjustments	-	-	-
38. Occupancy, Depreciation and Amortization	-	-	-
39. Other Mental Health and Substance Abuse Services	-	-	-
40. PCP and Specialist Services	-	-	-
41. Other Mental Health Services - Write-Ins	-	-	-
42. Subtotal MH & SAS (Lines 24 to 41)	-	-	-
43. Subtotal Hospital, Medical, MH & SAS (Lines 23 and 42)	(1,891,665)	(1,891,665)	459,582,750
<b>LESS:</b>			
44. Net Reinsurance Recoveries Incurred	-	-	-
45. Copayments	12,166	12,166	209,112
46. Subrogation and Coordination of Benefits	278,072	278,072	1,557,968
47. Subtotal Reinsurance, Copay, Subrogation (Lines 44 to 46)	290,238	290,238	1,767,080
48. Total Hospital, Medical, MH & SAS (Lines 43 and 47)	(2,181,903)	(2,181,903)	457,815,670
<b>Administration:</b>			
49. Compensation	2,068,365	2,068,365	33,741,779
50. Marketing	-	-	-
51. Interest Expense	-	-	-
52. Premium Tax Expense	(44,478)	(44,478)	9,959,812
53. Occupancy, Depreciation, and Amortization	113,350	113,350	1,849,109
54. Other Administration - Write-Ins	905,728	905,728	14,775,403
55. Total Administration Expenses (Lines 49 to 54)	3,042,965	3,042,965	60,326,103
56. Total Expenses (Lines 48 and 55)	861,062	861,062	518,141,773
57. Extraordinary Item	-	-	-
58. Provision for Income Tax	(1,079,736)	(1,079,736)	(7,052,907)
59. Not Income (Loss) (Line 4 Less Lines 56, 57 and 58)	(2,005,225)	(2,005,225)	(13,098,256)
<b>Write-Ins for Other Expense</b>			
<b>Detail of Other Revenues</b>			
0301.	-	-	-
0399. Total Other Revenues	-	-	-
<b>Detail of Other Medical and Hospital:</b>			
2201. Out of Area Claims Expense	(3,328)	(3,328)	1,076,337
2202. PT/OT/ST, Supplies, Prosthetics, etc.	(8,884)	(8,884)	5,226,939
2203. Bad Debt Expense	(836,678)	(836,678)	2,389,583
2299. Total Other Medical and Hospital	(848,890)	(848,890)	8,692,859
<b>Detail of Other MH &amp; SAS</b>			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
<b>Detail of Other Administration</b>			
5401. Equipment Rental	379,394	379,394	6,189,162
5402. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	202,644	202,644	3,305,800
5403. Auditing, Actuarial, and Other Consulting	106,347	106,347	1,734,873
5404. Postage/Telephone	101,210	101,210	1,651,061
5405. Outsourced Services	85,397	85,397	1,393,106
5406. Printing and Stationary	30,736	30,736	501,401
5499. Total Other Administration	905,728	905,728	14,775,403