



QUARTERLY STATEMENT

AS OF MARCH 31, 2010
OF THE CONDITION AND AFFAIRS OF THE

Premier Behavioral Systems of Tennessee, LLC

NAIC Group Code 0000 (Current Period), (Prior Period) NAIC Company Code 00000 Employer's ID Number 62-1641638

Organized under the Laws of Tennessee, State of Domicile or Port of Entry Tennessee

Country of Domicile United States

Licensed as business type: Life, Accident & Health [] Property/Casualty [] Hospital, Medical & Dental Service or Indemnity []
 Dental Service Corporation [] Vision Service Corporation [] Health Maintenance Organization []
 Other [] Is HMO, Federally Qualified? Yes [] No []

Incorporated/Organized 05/15/1996 Commenced Business 07/01/1996

Statutory Home Office 6950 Columbia Gateway Drive Columbia, MD 21046
(Street and Number) (City, State and Zip Code)

Main Administrative Office 6950 Columbia Gateway Drive Columbia, MD 21046 410-953-1643
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 6950 Columbia Gateway Drive Columbia, MD 21046
(Street and Number or P.O. Box) (City, State and Zip Code)

Primary Location of Books and Records 6950 Columbia Gateway Drive Columbia, MD 21046 410-953-1643
(Street and Number) (City, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address N/A

Statutory Statement Contact Michael Fotinos 410-953-1643
(Name) (Area Code) (Telephone Number) (Extension)
mdfotinos@magellanhealth.com 410-953-5205
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
Jonathan Rubin	Vice President and Treasurer	William R. Grimm	Director

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Jonathan Rubin	William R. Grimm	Rene Lerer
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State of Connecticut
 County of Hartford ss Avon

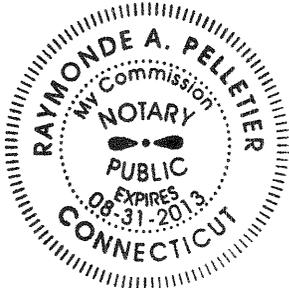
The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any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

Jonathan Rubin
 Jonathan Rubin
 Vice President and Treasurer

William R. Grimm
 William R. Grimm
 Director

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

Subscribed and sworn to before me this 20th day of May, 2010
Raymonde A. Pelletier



Premier Behavioral Health of TN, LLC.
BHO TennCare Operations Statement of Revenue and Expenses
For the Quarter Ending March 31, 2010
Report 2A

	Current Quarter	Year to Date Total
Member Months	-	-
Revenues		
TennCare Capitation	-	-
Risk Share Revenue	49,774	49,774
Investment (Interest)	-	-
	8,132	8,132
Total Revenues	57,906	57,906
Expenses		
Mental Health & Substance Services		
Inpatient Psychiatric Facility services	-	-
Inpatient Substance Abuse Treatment and Detox	-	-
Outpatient Mental Health Services	12,685	12,685
Outpatient Substance Abuse Treatment and Detox	764	764
Housing/Residential Treatment	-	-
Specialized Crisis Services	-	-
Psychiatric Rehab and Support Services	-	-
Case Management	(2,477)	(2,477)
Forensics	-	-
Other Judicial	-	-
Pharmacy	-	-
Lab Services	314	314
Transportation	-	-
Medical Incentive Pool and Withhold Adjustments	-	-
Occupancy, Depreciation and Amortization	-	-
Other Mental Health and Substance Abuse Services	-	-
PCP and Specialists Services		
Subtotal	11,286	11,286
Reinsurance Expense Net of Recoveries		
Less:		
Copayments		
Subrogation		
Coordination of Benefits		
Subtotal		
Total Medical and Substance Abuse	11,286	11,286
Claim Adjustment Expense		-
Administration ¹		
Rent	-	-
Salaries and Wages	-	-
Contributions for benefit plans for employees	-	-
Payments to employees under non-funded benefit plans	-	-
Other employee welfare	-	-
Legal fees and expenses	-	-
Medical examination fees	-	-
Utilization management	-	-
Certifications and accreditation	-	-
Auditing, actuarial and other consulting services	-	-
Traveling expenses	-	-
Marketing and advertising	-	-
Postage, express, telegraph and telephone	-	-
Printing and stationary	-	-
Occupancy, depreciation and amortization	-	-
Rental of equipment	-	-
Outsourced services includes EDP, claims, and other services	-	-
Books and periodicals	-	-
Boards, bureaus and association fees	200	200
Insurance, except on real estate	-	-
Collection and bank service charges	6,688	6,688
Group service and administration fees	-	-
Reimbursements from fiscal intermediaries	-	-
Real estate expenses	-	-
Real estate taxes	-	-
Bad Debt Expense	-	-
Taxes, licenses and fees:		
State and local insurance taxes	-	-
State premium taxes	995	995
Insurance department licenses and fees	-	-
Payroll taxes	-	-
Other (excluding federal income and real estate taxes)	-	-
Investment expenses not included elsewhere	-	-
Total Administrative Expenses	7,883	7,883
Total Expenses	19,170	19,170
Net Income (Loss)	38,736	38,736

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

STATEMENT AS OF MARCH 31, 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

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			0	1,908,229
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$5,435,097), cash equivalents (\$0) and short-term investments (\$0)	5,435,097		5,435,097	15,666,926
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	0
10. Aggregate write-ins for invested assets	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10)	5,435,097	0	5,435,097	17,575,155
12. Title plants less \$charged off (for Title insurers only)			0	0
13. Investment income due and accrued			0	31,139
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	46,472		46,472	386,648
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
14.3 Accrued retrospective premiums			0	0
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers			0	0
15.2 Funds held by or deposited with reinsured companies			0	0
15.3 Other amounts receivable under reinsurance contracts			0	0
16. Amounts receivable relating to uninsured plans			0	0
17.1 Current federal and foreign income tax recoverable and interest thereon			0	0
17.2 Net deferred tax asset			0	0
18. Guaranty funds receivable or on deposit			0	0
19. Electronic data processing equipment and software			0	0
20. Furniture and equipment, including health care delivery assets (\$)			0	0
21. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
22. Receivables from parent, subsidiaries and affiliates	47,590	47,590	0	0
23. Health care (\$) and other amounts receivable			0	0
24. Aggregate write-ins for other than invested assets	0	0	0	0
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24)	5,529,158	47,590	5,481,569	17,992,942
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
27. Total (Lines 25 and 26)	5,529,158	47,590	5,481,569	17,992,942
DETAILS OF WRITE-INS				
1001.				
1002.				
1003.				
1098. Summary of remaining write-ins for Line 10 from overflow page	0	0	0	0
1099. Totals (Lines 1001 through 1003 plus 1098)(Line 10 above)	0	0	0	0
2401. Risk Share Receivable			0	0
2402. ASO Receivable			0	0
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498)(Line 24 above)	0	0	0	0

STATEMENT AS OF MARCH 31, 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	751,610		751,610	1,085,160
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses			0	0
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	85,010		85,010	85,010
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	22,564		22,564	22,564
16. Derivatives			0	0
17. Payable for securities			0	0
18. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
19. Reinsurance in unauthorized companies			0	0
20. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
21. Liability for amounts held under uninsured plans			0	0
22. Aggregate write-ins for other liabilities (including \$ current)	332,654	0	332,654	12,534,391
23. Total liabilities (Lines 1 to 22)	1,191,838	0	1,191,838	13,727,125
24. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
25. Common capital stock	XXX	XXX	0	0
26. Preferred capital stock	XXX	XXX	0	0
27. Gross paid in and contributed surplus	XXX	XXX	23,245,279	20,945,279
28. Surplus notes	XXX	XXX	0	0
29. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
30. Unassigned funds (surplus)	XXX	XXX	(18,955,548)	(16,679,462)
31. Less treasury stock, at cost:				
31.1 shares common (value included in Line 25) \$)	XXX	XXX	0	0
31.2 shares preferred (value included in Line 26) \$)	XXX	XXX	0	0
32. Total capital and surplus (Lines 24 to 30 minus Line 31)	XXX	XXX	4,289,731	4,265,817
33. Total liabilities, capital and surplus (Lines 23 and 32)	XXX	XXX	5,481,569	17,992,942
DETAILS OF WRITE-INS				
2201. Premium Tax Payable	(230,079)		(230,079)	(211,165)
2202. Risk Share Payable	429,743		429,743	12,617,010
2203. State Check Liability	132,991		132,991	128,546
2298. Summary of remaining write-ins for Line 22 from overflow page	0	0	0	0
2299. Totals (Lines 2201 through 2203 plus 2298) (Line 22 above)	332,654	0	332,654	12,534,391
2401.	XXX	XXX		
2402.	XXX	XXX		
2403.	XXX	XXX		
2498. Summary of remaining write-ins for Line 24 from overflow page	XXX	XXX	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	XXX	XXX	0	0
2901.	XXX	XXX		
2902.	XXX	XXX		
2903.	XXX	XXX		
2998. Summary of remaining write-ins for Line 29 from overflow page	XXX	XXX	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	XXX	XXX	0	0

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.....	XXX	0	208,779	564,027
2. Net premium income (including \$ non-health premium income).....	XXX		11,793,591	32,280,088
3. Change in unearned premium reserves and reserve for rate credits.....	XXX		0	0
4. Fee-for-service (net of \$ medical expenses).....	XXX		0	0
5. Risk revenue.....	XXX		0	0
6. Aggregate write-ins for other health care related revenues.....	XXX	49,774	121,192	4,146,177
7. Aggregate write-ins for other non-health revenues.....	XXX	0	0	0
8. Total revenues (Lines 2 to 7).....	XXX	49,774	11,914,783	36,426,265
Hospital and Medical:				
9. Hospital/medical benefits.....		16,280	6,203,551	20,670,738
10. Other professional services.....		(4,994)	5,021,682	12,926,903
11. Outside referrals.....			0	0
12. Emergency room and out-of-area.....			0	0
13. Prescription drugs.....			0	0
14. Aggregate write-ins for other hospital and medical.....	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0	0
16. Subtotal (Lines 9 to 15).....	0	11,286	11,225,233	33,597,641
Less:				
17. Net reinsurance recoveries.....			0	0
18. Total hospital and medical (Lines 16 minus 17).....	0	11,286	11,225,233	33,597,641
19. Non-health claims (net).....			0	0
20. Claims adjustment expenses, including \$ cost containment expenses.....			117,936	319,575
21. General administrative expenses.....		7,883	1,251,140	3,867,755
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....			0	0
23. Total underwriting deductions (Lines 18 through 22).....	0	19,170	12,594,309	37,784,971
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	30,604	(679,526)	(1,358,706)
25. Net investment income earned.....		8,132	15,984	61,197
26. Net realized capital gains (losses) less capital gains tax of \$.....			0	0
27. Net investment gains (losses) (Lines 25 plus 26).....	0	8,132	15,984	61,197
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ (amount charged off \$)].....			0	0
29. Aggregate write-ins for other income or expenses.....	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	38,736	(663,542)	(1,297,509)
31. Federal and foreign income taxes incurred.....	XXX		0	0
32. Net income (loss) (Lines 30 minus 31).....	XXX	38,736	(663,542)	(1,297,509)
DETAILS OF WRITE-INS				
0601. Risk Share Revenue.....	XXX	49,774	121,192	4,146,177
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	XXX	49,774	121,192	4,146,177
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above).....	XXX	0	0	0
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	0	0	0	0
2901.				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year	4,265,817	8,723,349	8,723,349
34. Net income or (loss) from Line 32	38,736	(663,542)	(1,297,509)
35. Change in valuation basis of aggregate policy and claim reserves		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0	0
37. Change in net unrealized foreign exchange capital gain or (loss)		0	0
38. Change in net deferred income tax		0	0
39. Change in nonadmitted assets	(14,822)	(563,195)	139,977
40. Change in unauthorized reinsurance	0	0	0
41. Change in treasury stock		0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles		0	0
44. Capital Changes:			
44.1 Paid in		0	0
44.2 Transferred from surplus (Stock Dividend)		0	0
44.3 Transferred to surplus		0	0
45. Surplus adjustments:			
45.1 Paid in		0	0
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital		0	0
46. Dividends to stockholders		0	(3,300,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital and surplus (Lines 34 to 47)	23,914	(1,226,738)	(4,457,532)
49. Capital and surplus end of reporting period (Line 33 plus 48)	4,289,731	7,496,611	4,265,817
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	(11,797,318)	12,472,784	33,432,100
2. Net investment income	47,500	50,164	102,180
3. Miscellaneous income	0	0	0
4. Total (Lines 1 to 3)	(11,749,818)	12,522,948	33,534,280
5. Benefit and loss related payments	344,837	12,541,048	39,266,243
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	37,174	1,927,536	4,102,541
8. Dividends paid to policyholders		0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0	0
10. Total (Lines 5 through 9)	382,011	14,468,584	43,368,784
11. Net cash from operations (Line 4 minus Line 10)	(12,131,829)	(1,945,636)	(9,834,504)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	1,900,000	0	0
12.2 Stocks	0	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	0
12.7 Miscellaneous proceeds	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,900,000	0	0
13. Cost of investments acquired (long-term only):			
13.1 Bonds	0	0	0
13.2 Stocks	0	0	0
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	0	0
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	1,900,000	0	0
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0	0
16.5 Dividends to stockholders	0	0	3,300,000
16.6 Other cash provided (applied)	0	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	0	0	(3,300,000)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(10,231,829)	(1,945,636)	(13,134,504)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	15,666,927	28,801,430	28,801,430
19.2 End of period (Line 18 plus Line 19.1)	5,435,098	26,855,794	15,666,927

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

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

STATEMENT AS OF MARCH 31, 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1		2		3	4	5	6	7	8	9	10
	Total	Individual	Comprehensive (Hospital & Medical)	Group								
Total Members at end of:												
1. Prior Year	0	0	0	0	0	0	0	0	0	0	0	0
2. First Quarter	0											
3. Second Quarter	0											
4. Third Quarter	0											
5. Current Year	0											
6. Current Year Member Months	0										0	
Total Member Ambulatory Encounters for Period:												
7. Physician	0										0	
8. Non-Physician	0										0	
9. Total	0	0	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	0										0	
11. Number of Inpatient Admissions	0										0	
12. Health Premiums Written(a)	0										0	
13. Life Premiums Direct	0										0	
14. Property/Casualty Premiums Written	0										0	
15. Health Premiums Earned	0										0	
16. Property/Casualty Premiums Earned	0										0	
17. Amount Paid for Provision of Health Care Services	344,837										344,837	
18. Amount Incurred for Provision of Health Care Services	11,286										11,286	

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

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims unpaid (Reported)						
0199999 Individually listed claims unpaid	0	0	0	0	0	0
0299999 Aggregate accounts not individually listed-uncovered						0
0399999 Aggregate accounts not individually listed-covered						0
0499999 Subtotals	0	0	0	0	0	0
0599999 Unreported claims and other claim reserves	XXX	XXX	XXX	XXX	XXX	751,610
0699999 Total amounts withheld	XXX	XXX	XXX	XXX	XXX	751,610
0799999 Total claims unpaid	XXX	XXX	XXX	XXX	XXX	751,610
0899999 Accrued medical incentive pool and bonus amounts	XXX	XXX	XXX	XXX	XXX	751,610

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 and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid	344,837		751,610		1,096,447	1,085,160
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	344,837	0	751,610	0	1,096,447	1,085,160
10. Healthcare receivables (a)					0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals	344,837	0	751,610	0	1,096,447	1,085,160

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

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

- A. Accounting Practices – The accompanying financial statements of Premier Behavioral Systems of Tennessee, LLC (the “Company” or “Premier”) have been prepared in conformity with the National Association of Insurance Commissioners (NAIC) Annual Statement Instructions, the NAIC Accounting Practices and Procedures Manual and the accounting practices prescribed or permitted by the State of Tennessee Department of Commerce and Insurance, which represents a comprehensive basis of accounting other than generally accepted accounting principles (GAAP).
- B. Use of Estimates in the Preparation of the Financial Statements – No significant change.
- C. Accounting Policy – No significant change.

Note 2 - Accounting Changes and Corrections of Errors

- A. Material changes in accounting principles and/or correction of errors - No significant change.

Note 3 - Business Combinations and Goodwill

- A. Statutory Purchase Method - No significant change.
- B. Statutory Merger - No significant change.
- C. Assumption Reinsurance - No significant change.
- D. Impairment Loss - No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

- A. Mortgage Loan, including Mezzanine Real Estate Loans - No significant change.
- B. Debt Restructuring – No significant change.
- C. Reverse Mortgages – No significant change.
- D. Loan Backed Securities – No significant change.
- E. Repurchase Agreements – No significant change.
- F. Real Estate – No significant change.
- G. Investments in low-income tax credits – No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

- A. Investments in Joint Ventures, Partnerships, and Limited Liability Companies that exceed 10% of the admitted assets of the insurer - No significant change.
- B. Impaired Investments in Joint Ventures, Partnerships, and Limited Liability Companies – No significant change.

Note 7 - Investment Income

- A. Bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued - No significant change.
- B. The total amount excluded was \$0.

Note 8 - Derivative Instruments

- A. Market risk, credit risk and cash requirements of the derivative - No significant change.
- B. Objectives for using derivatives – No significant change.
- C. Accounting policies for recognizing and measuring derivatives used – No significant change.
- D. Net gain or loss recognized in unrealized gains and losses during the reporting period representing the component of the derivative instruments gain of loss – No significant change.
- E. Net gain or loss recognized in unrealized gains and losses during the reporting period resulting from derivatives that no longer qualify for hedge accounting – No significant change.
- F. Derivatives accounted for as cash flow hedges of a forecasted transaction – No significant change.

Note 9 - Income Taxes

- A. Components of the net deferred tax asset or deferred tax liability – No significant change.
- B. Deferred tax liabilities that are not recognized - No significant change
- C. Components of current income taxes incurred – No significant change.
- D. Significant book to tax adjustments - No significant change
- E.
 - 1. Amounts, origination dates and expiration dates of operating loss and tax credit carry forward amounts available for tax purposes – No significant change.

NOTES TO FINANCIAL STATEMENTS

2. Amount of federal income taxes incurred in current year that are available for recoupment in the even of future net loss – No significant change.

F. Consolidated federal income tax – No significant change.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. Nature of relationship – No significant change.
B. Description of transactions –
 a. Accounts payable paid by the parent (Magellan Health Service) - \$0
 b. Management fees paid to Magellan and AdvoCare of Tennessee (“AdvoCare”) – see below.
C. Dollar amount of transactions – The Company paid \$0 in management fees to the parent for the three months ended March 31, 2010..
D. Amounts due to/from related parties – Balances as of March 31, 2010
 a. Due from TBH – \$0
 b. Due to Advocare – (\$22,564)
 c. Due from Magellan – \$47,590
E. Guarantees or undertakings for benefit of affiliate – No significant change
F. Material management or service contracts and cost sharing arrangements with related parties – No significant change.
G. Common ownership or control – No significant change.
H. No significant change
I. Investment in SCA that exceeds 10% - No significant change.
J. Investments in impaired SCA entities – No significant change.
K. Investment in a foreign insurance subsidiary – No significant change.

Note 11 - Debt

No significant change.

Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan - No significant change.
B. Defined Contribution Plans – No significant change.
C. Multiemployer Plan – No significant change.
D. Consolidated/Holding Company plans – No significant change
E. Post-employment Benefits and Compensated Absences – No significant change.

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

No significant change.

Note 14 - Contingencies

- A. Contingent Commitments - No significant change.
B. Assessments – No significant change.
C. Gain contingencies – No significant change.
D. All Other contingencies – No significant change.

Note 15 - Leases

- A. Lessee Operating Lease - No significant change.
B. Lessor Leases and Leveraged Leases – No significant change.

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

No significant change.

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

- A. Transfers of Receivables reported as Sales - No significant change.
B. Transfer and Servicing of Financial Assets – No significant change
C. Wash Sales – The Company has not engaged in any Wash Sales during the current calendar quarter or year.

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

- A. ASO Plans - No significant change.
B. ASC Plans – No significant change.

NOTES TO FINANCIAL STATEMENTS

- C. Medicare of Similarly Structured Cost Based Reimbursement contract – No significant change.

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

No significant change.

Note 20 - Other Items

- A. Extraordinary items - No significant change.
B. Troubled Debt Restructuring: Debtor - No significant change.
C. Other Disclosures – No significant change.
 a. In January 2008 TennCare issued an RFP for the management by managed care organizations of the integrated delivery of behavioral and physical health to TennCare enrollees in the East and West Grand Regions. The RFP set forth intended start dates of November 1, 2008 for the West Grand Region and January 1, 2009 for the East Grand Region. On April 22, 2008, the State announced the winning bidders to the RFP process. The Company was not a winning bidder. Accordingly, the Company ceased providing services in the East Grand and West Grand regions after the implementation dates for the new contracts, with the exception of TennCare Select Children, which it continued to manage through August 31, 2009. As of September 1, 2009, the Company no longer manages any TennCare recipients.
 b. Effective February 2009, all TennCare Select members that was enrolled with Tennessee Behavioral Health, an affiliate of the Company, was moved to Premier.
D. Uncollectible balance for assets covered under SSAP No. 6, SSAP No. 47, and SSAP No. 66 – No significant change
E. Business Interruption Insurance Recoveries – No significant change.
F. Hybrid Securities – No significant change.
G. State Transferable tax credits – No significant change.
H. Impact of Medicare Modernization Act – No significant change.

Note 21 - Events Subsequent

None

Note 22 - Reinsurance

- A. Ceded Reinsurance Report - No significant change.
B. Uncollectible Reinsurance – No significant change
C. Commutation of Ceded Reinsurance – No significant change.

Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. Method used by the reporting entity to estimate accrued retrospective premium adjustments - No significant change.
B. Amount of net premiums that are subject to retrospective rating features – No significant change.

Note 24 - Change in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2009 were \$1,085,160. As of March 31, 2010 \$344,837 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$751,610 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been \$11,286 in unfavorable prior year development. The increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes know regarding individual claims.

Note 25 - Intercompany Pooling Arrangements

No significant change.

Note 26 - Structured Settlements

No significant change.

Note 27 - Health Care Receivables

- A. Pharmaceutical Rebate Receivables - No significant change.
B. Risk Sharing Receivables – No significant change.

Note 28 - Participating Policies

- A. Relative percentage of participating insurance - No significant change.
B. Method of accounting for policyholder dividends – No significant change
C. Amount of dividends – No significant change.

NOTES TO FINANCIAL STATEMENTS

D. Amount of any additional income allocated to participating policyholders – No significant change.

Note 29 - Premium Deficiency Reserves

No significant change.

Note 30 - Anticipated Salvage and Subrogation

No significant change.

GENERAL INTERROGATORIES

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
- 1.2 If yes, has the report been filed with the domiciliary state? Yes No
- 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
- 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
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
- 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 NA
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. 04/20/2007
- 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). 04/20/2007
- 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 No NA
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No NA
- 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
- 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
- 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
- 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

GENERAL INTERROGATORIES

- 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 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
- 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
- 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
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$ 47,590

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
- 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:.....\$
13. Amount of real estate and mortgages held in short-term investments:.....\$

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?..... Yes No
- 14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$	\$
14.24 Short-Term Investments	\$	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ 0	\$ 0
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
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No
If no, attach a description with this statement.

GENERAL INTERROGATORIES

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 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?.....

Yes [] No [X]

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

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

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:

.....

GENERAL INTERROGATORIES
PART 2 - HEALTH

1.

1
 Amount

1. Operating Percentages:

1.1 A&H loss percent.....	0.0%
1.2 A&H cost containment percent.....	0.0%
1.3 A&H expense percent excluding cost containment expenses.....	%

2.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

2.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$

2.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

2.4 If yes, please provide the balance of funds administered as of the reporting date. \$

STATEMENT AS OF MARCH 31, 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefit Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	
1. Alabama	AL								0
2. Alaska	AK								0
3. Arizona	AZ								0
4. Arkansas	AR								0
5. California	CA								0
6. Colorado	CO								0
7. Connecticut	CT								0
8. Delaware	DE								0
9. Dist. Columbia	DC								0
10. Florida	FL								0
11. Georgia	GA								0
12. Hawaii	HI								0
13. Idaho	ID								0
14. Illinois	IL								0
15. Indiana	IN								0
16. Iowa	IA								0
17. Kansas	KS								0
18. Kentucky	KY								0
19. Louisiana	LA								0
20. Maine	ME								0
21. Maryland	MD								0
22. Massachusetts	MA								0
23. Michigan	MI								0
24. Minnesota	MN								0
25. Mississippi	MS								0
26. Missouri	MO								0
27. Montana	MT								0
28. Nebraska	NE								0
29. Nevada	NV								0
30. New Hampshire	NH								0
31. New Jersey	NJ								0
32. New Mexico	NM								0
33. New York	NY								0
34. North Carolina	NC								0
35. North Dakota	ND								0
36. Ohio	OH								0
37. Oklahoma	OK								0
38. Oregon	OR								0
39. Pennsylvania	PA								0
40. Rhode Island	RI								0
41. South Carolina	SC								0
42. South Dakota	SD								0
43. Tennessee	TN	L							0
44. Texas	TX								0
45. Utah	UT								0
46. Vermont	VT								0
47. Virginia	VA								0
48. Washington	WA								0
49. West Virginia	WV								0
50. Wisconsin	WI								0
51. Wyoming	WY								0
52. American Samoa	AS								0
53. Guam	GU								0
54. Puerto Rico	PR								0
55. U.S. Virgin Islands	VI								0
56. Northern Mariana Islands	MP								0
57. Canada	CN								0
58. Aggregate other alien	OT	.XXX	0	0	0	0	0	0	0
59. Subtotal		.XXX	0	0	0	0	0	0	0
60. Reporting entity contributions for Employee Benefit Plans.		.XXX							0
61. Total (Direct Business)	(a) 1	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
5801.		.XXX							
5802.		.XXX							
5803.		.XXX							
5898. Summary of remaining write-ins for Line 58 from overflow page		.XXX	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		.XXX	0	0	0	0	0	0	0

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

(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**

Magellan Health Services, Inc
Fed ID 58-1076937

Green Spring Health Services, Inc.
Wholly-owned subsidiary
Fed ID 51-0347927

Advocare of Tennessee, Inc.
Wholly-owned subsidiary
Fed ID 52-1922729

Premier Holdings, Inc.
Wholly-owned subsidiary
Fed ID 58-2381768

Premier Behavioral Systems
Of Tennessee, LLC
Fed ID 62-1641638

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 supplemental 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

Explanation:

1.

Bar Code:

1.



OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Current year change in encumbrances		0
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		0
8. Deduct current year's depreciation		0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
NONE		
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

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	1,908,229	1,950,532
2. Cost of bonds and stocks acquired		0
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals		0
6. Deduct consideration for bonds and stocks disposed of	1,900,000	0
7. Deduct amortization of premium	8,229	42,303
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	0	1,908,229
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	0	1,908,229

STATEMENT AS OF MARCH 31, 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

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
BONDS								
1. Class 1 (a)	1,908,229		1,900,000	(8,229)	0	0	0	1,908,229
2. Class 2 (a)	0				0	0	0	0
3. Class 3 (a)	0				0	0	0	0
4. Class 4 (a)	0				0	0	0	0
5. Class 5 (a)	0				0	0	0	0
6. Class 6 (a)	0				0	0	0	0
7. Total Bonds	1,908,229	0	1,900,000	(8,229)	0	0	0	1,908,229
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	1,908,229	0	1,900,000	(8,229)	0	0	0	1,908,229

(a) 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 \$; NAIC 2 \$; NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

Schedule DA - Part 1

NONE

Schedule DA - Verification

NONE

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B- Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

Schedule D - Part 3

NONE

STATEMENT AS OF MARCH 31, 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Per Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)		
313341US-5	FHLB Bond	03/12/2010	US Bank		1,900,000	1,900,000	1,987,039	1,908,229		(8,229)		(8,229)		1,900,000				0	47,500	03/12/2010	XXX	
9999999	Bonds - U.S. Governments				1,900,000	1,900,000	1,987,039	1,908,229		(8,229)		(8,229)		1,900,000				0	47,500	XXX	XXX	
9999999	Bonds - Part 4				1,900,000	1,900,000	1,987,039	1,908,229		(8,229)		(8,229)		1,900,000				0	47,500	XXX	XXX	
9999999	Total - Bonds				1,900,000	1,900,000	1,987,039	1,908,229		(8,229)		(8,229)		1,900,000				0	47,500	XXX	XXX	
9999999	Total - Preferred Stocks				0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9999999	Total - Common Stocks				0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9999999	Total - Preferred and Common Stocks				0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9999999	Totals				1,900,000	XXX	1,987,039	1,908,229	0	(8,229)	0	(8,229)	0	1,900,000	0	0	0	0	47,500	XXX	XXX	

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

Schedule DB - Part A - Section 1

NONE

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

NONE

Schedule DB - Part B - Section 1

NONE

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

NONE

Schedule DB - Part D

NONE

Schedule E - Part 2 - Cash Equivalents

NONE

Medicare Part D Coverage Supplement

NONE

Statement as of March 31, 2010 of the Premier Behavioral Systems of TN, LLC

Accident and Health Premiums Due and Unpaid

Individually list all debtors with account balances the greater of 10% of gross Premiums Receivables or \$5,000

Name of Debtor	1 Not Currently Due	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Nonadmitted	6 Admitted
INDIVIDUALLY LIST ASSETS							
State of Tennessee	-	-	-	46,472	-	-	46,472
Subtotal- Individually Listed Receivables 0199999	-	-	-	46,472	-	-	46,472
Subtotal- Receivables not Individually Listed 0299999							
Subtotal- Gross Premium Receivable 0399999	-	-	-	46,472	-	-	46,472
Less- Allowance for Doubtful Accounts 0499999							
Total Premiums Receivable (Page 2, Line 12.1) 0599999	-	-	-	46,472	-	-	46,472

Statement as of March 31, 2010 of the Premier Behavioral Systems of TN, LLC

HEALTH CARE RECEIVABLES

Individually list all debtors with account balances greater of 10% of gross Health Care Receivables of \$5,000.

Name of Debtor	1 1-30 Days	2 31-60 Days	3 61-90 Days	4 Over 90 Days	5 Nonadmitted	6 Admitted
None	-	-	-	-	-	-
0199999 Individually Listed Receivables	-	-	-	-	-	-
0299999 Receivables Not Individually Listed	-	-	-	-	-	-
0399999 Gross Health Care Receivable	-	-	-	-	-	-
0499999 Less Allowance for Doubtful Accounts	-	-	-	-	-	-
0599999 Health Care Receivables (Page 2, Line 21)	-	-	-	-	-	-

Statement as of March 31, 2010 of the Premier Behavioral Systems of TN, LLC

Amounts due from Parent, Subsidiaries and Affiliates

Name of Debtor	1 1-30 Days	2 31-60 Days	3 61-90 Days	4 Over 90 Days	5 Nonadmitted	Admitted	
						6 Current	7 Non-Current
Magellan Health Services	-	-	-	47,590	47,590	-	-
01999999 Gross Amounts Due from Affiliates	-	-	-	47,590	47,590	-	-
03999999 Amounts Due from Affiliates	-	-	-	47,590	47,590	-	-

Statement as of March 31, 2010 of the Premier Behavioral Systems of TN, LLC

Amounts due to Parent, Subsidiaries and Affiliates

Name of Creditor	1 Description	2 Amount	2 Current	4 Non-Current
AdvoCare of Tennessee	Management Fees	22,564	22,564	-
0199999 Gross Amounts Due to Affiliates		22,564	22,564	-
0399999 Amounts Due to Affiliates		-	22,564	-