BARCODE: Statement of Actuarial Opinion
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COMPANY NAME: Preferred Health Partnership of Tennessee, Inc.

PREFERRED HEALTH PARTNERSHIP OF TENNESSEE, INC.

ACTUARIAL OPINION
December 31, 2008

I, Frank M. Amrine, am Actuarial Director and Appointed Actuary of Preferred Health Partnership of Tennessee, Inc. (PHPTN) and a member of the American Academy of Actuaries.

I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities and related items listed below, as shown in the annual statement of the company as prepared for filing with state regulatory officials, as of December 31, 2008.

A. Claims unpaid (Page 3, Line 1)			$	0
B. Accrued medical incentive pool and bonus amounts (Page 3, Line 2)			$	0
C. Unpaid claims adjustment expenses (Page 3, Line 3)			$	0
D. Aggregate health policy reserves				
Experience Rated Refunds	$	0		
Other Policy Reserves	$	0		
(Page 3, Line 4)			$	0
E. Aggregate life policy reserves (Page 3, Line 5)			$	0
F. Aggregate health claim reserves (Page 3, Line 7)			$	0
G. Actuarial liabilities included in Page 3, Line 21			$	0

I relied upon underlying records and/or summaries prepared by the responsible officers or employees of the organization. In other respects, my examination included such review of the assumptions and methods used and such tests of the calculations as I considered necessary.

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

A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles,
B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,
C. Meet the requirements of the laws of the State of Tennessee,
D. Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the company under the terms of its contacts and agreements,
E. Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end, and
F. Include appropriate provision for all actuarial items that ought to be established.

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PREFERRED HEALTH PARTNERSHIP OF TENNESSEE, INC.

ACTUARIAL OPINION
December 31, 2008

The Underwriting and Investment Exhibit - Part 2B was prepared consistent with section 3.6, "Follow-Up Studies," contained in Actuarial Standard of Practice No. 5, "Incurred Health and Disability Claims," adopted by the Actuarial Standards Board in December 2000.

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

This opinion was prepared for and is to be relied upon by only Preferred Health Partnership of Tennessee, Inc., Humana Inc., and the Tennessee Department of Commerce and Insurance.

Date: February 16, 2009

Frank M. Amrine, FSA, MAAA
Actuarial Director and Appointed Actuary
Preferred Health Partnership of Tennessee, Inc.
500 W. Main Street, 8th Floor
Louisville, KY 40202
(502) 580-2270

PHP TENN CARE

Reliance Certification
Preferred Health Partnership of Tennessee

I, Jeffery S. Collake, Chief Financial Officer, for Preferred Health Partnership of Tennessee ("the Company'), hereby affirm that the records and data related to all inforce policies and contracts as of December 31, 2008, were prepared under my direction and to the best of my knowledge and belief are accurate and complete and are the same as the records and data which form the basis for the Company's 2008 Annual Statement.

Jeffery S. Collake

Jeffery S. Collake
Chief Financial Officer
Preferred Health Partnership of TN

Date: 2/9/09

P.O. Box 22949 • Knoxville, TN 37933-0949 • tel: 865.470.7440 or 800.747.0008 • fax: 865.470.7484

PHPT TN

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STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

CERTIFICATE OF COMPLIANCE COVERING ADVERTISEMENT
OF ACCIDENT AND HEALTH POLICIES

This is to certify that to the best of my knowledge, information and belief, the advertisements which were disseminated by Preferred Health Partnership of TN, Inc. (Company Name), during the preceding statement year, complied with or were made to comply in all respects with the provisions of the Insurance Laws and Rules of Tennessee as prescribed in Tenn. Comp. R & Regs., Department of Commerce Insurance, ch. 0780-1-8.17 and the ruling issued thereunder by the State Commissioner of Commerce and Insurance of the State of Tennessee.

Authorized Officer — Date: 02/01/2009

Officers Title: Vice President - Marketing

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Subscribed and sworn to before me this 2/1/09 (date)

My Commission Expires 3/14/09 (date)

Notary Signature:

JENNIFER FUTRELL
NOTARY PUBLIC
STATE AT LARGE, KY
My commission expires:
March 14, 2009

Notary Seal

SUPPLEMENTAL EXHIBIT FOR THE YEAR 2008 OF THE Preferred Health Partnership of Tennessee, Inc.

SUPPLEMENTAL COMPENSATION EXHIBIT

For The Year Ended December 31, 2008

(To be filed by March 1)

PART 1 - INTERROGATORIES

1. The reporting insurer is a member of a group of insurers or other holding company system: Yes [X] No [ ] If yes, do the amounts below represent 1) total gross compensation paid to each individual by or on behalf of all companies which are part of the group: Yes [X]; or 2) allocation to each insurer: Yes [ ].

2. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity? Yes [ ] No [X]

3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commission whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or employment that will extend beyond a period of 12 months from the date of the agreement? Yes [ ] No [X]

PART 2 - OFFICERS AND EMPLOYEES COMPENSATION

1	2	Annual Compensation			
		3	4	5	6
Name and Principal Position	Year	Salary	Bonus	All Other Compensation	Totals
Michael Benedict McCallister	2008	2,967,308		821,785	3,789,093
President and CEO	2007	2,525,977		16,461,473	18,987,450
Director	2006	2,242,931		23,845,442	26,088,373
1. Thomas Joseph Liston	2008	675,063		2,126,537	2,801,600
Sr. Vice President	2007	629,552		1,394,939	2,024,491
	2006	539,789		1,158,745	1,698,534
2. James Elmer Murray	2008	1,608,846		26,440	1,635,286
Cheif Operating Officer	2007	1,479,315		5,200,972	6,680,287
	2006	1,173,273		3,010,630	4,183,903
3. James Harry Bloem	2008	1,304,665		8,353	1,313,018
Sr. VP, CFO & Treasurer	2007	1,184,689		4,240,910	5,425,599
	2006	968,469		3,806,218	4,774,687
4. William Joseph Tait	2008	634,217		141,300	775,517
Vice President	2007	537,403		4,043,885	4,581,288
	2006	429,885		1,275,004	1,704,889
5. Kathleen Stephenson Pellegrino	2008	487,817		149,958	637,775
Vice President & Asst. Secretary	2007	466,384		1,712,693	2,179,077
	2006	408,316		1,598,559	2,006,875
6. Larry Dale Savage	2008	521,209		71,701	592,910
Vice President	2007	494,030		8,099	502,129
	2006	400,541		2,155,903	2,556,444
7. John Gregory Catron	2008	349,027		222,213	571,240
Vice President	2007	334,401		371,257	705,658
	2006	277,571		350,122	627,693
8. Ralph Martin Wilson	2008	348,253		222,286	570,539
Vice President	2007	331,509		651,305	982,814
	2006	268,579	66,745	147,596	482,920
9. George Grant Bauernfeind	2008	395,597		93,650	489,247
Vice President	2007	382,326		1,036,556	1,418,882
	2006	333,349		380,190	713,539

PART 3 - DIRECTOR COMPENSATION

1	2	3	4
Name and Principal Position or Occupation	Compensation Paid or Deferred for Services as Director	All Other Compensation Paid or Deferred	Totals