



QUARTERLY STATEMENT

AS OF JUNE 30, 2009
OF THE CONDITION AND AFFAIRS OF THE

Preferred Health Partnership of Tennessee, Inc.

NAIC Group Code 0119 , 0119 NAIC Company Code 95749 Employer's ID Number 62-1546662
(Current Period) (Prior Period)

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 [X]
 Other [] Is HMO, Federally Qualified? Yes [X] No []

Incorporated/Organized 01/01/1994 Commenced Business 01/01/1994

Statutory Home Office 1420 Centerpoint Blvd. , Knoxville, TN 37932
(Street and Number) (City, State and Zip Code)

Main Administrative Office 1420 Centerpoint Blvd. Knoxville, TN 37932 865-670-7282
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address P.O. Box 740036 , Louisville, KY 40201-7436
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 500 West Main Street Louisville, KY 40202 502-580-1000
(Street and Number) (City, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.humana.com

Statutory Statement Contact Sophia Chen 502-580-3766
(Name) (Area Code) (Telephone Number) (Extension)
schen@humana.com 502-580-2099
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
<u>Michael Benedict McCallister</u>	<u>President & CEO</u>	<u>Joan Olliges Lenahan</u>	<u>VP & Corporate Secretary</u>
<u>James Harry Bloem</u>	<u>Sr. VP, CFO & Treasurer</u>	<u>Frank Murray Amrine</u>	<u>Appointed Actuary</u>

OTHER OFFICERS

<u>George Andreas Andrews M.D.</u>	<u>VP - CMO/Tennessee</u>	<u>George Grant Bauernfeind</u>	<u>Vice President</u>
<u>John Gregory Catron</u>	<u>Vice President</u>	<u>Douglas Edward Haaland</u>	<u>Mkt. Pres. - Sr. Prod./Tennessee</u>
<u>Thomas Joseph Liston</u>	<u>Sr. Vice President - Sr. Prod.</u>	<u>Clarence Evans Looney</u>	<u>Market President - Tennessee</u>
<u>Kathleen Stephenson Pellegrino</u>	<u>Vice President & Asst. Secretary</u>	<u>George Renaudin</u>	<u>VP & Div. Leader - Southern Div.</u>
<u>Larry Dale Savage</u>	<u>Regional CEO</u>	<u>William Joseph Tait</u>	<u>Vice President</u>
<u>Gary Dean Thompson</u>	<u>Vice President</u>	<u>Ralph Martin Wilson</u>	<u>Vice President</u>

DIRECTORS OR TRUSTEES

<u>James Harry Bloem</u>	<u>Michael Benedict McCallister</u>	<u>James Elmer Murray</u>
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State of Kentucky
 County of Jefferson SS

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.

Michael Benedict McCallister
 President & CEO

Joan Olliges Lenahan
 VP & Corporate Secretary

James Harry Bloem
 Sr. VP, CFO & Treasurer

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
7th day of August, 2009

Myra Carpenter, Notary Public
 August 9, 2009

STATEMENT AS OF JUNE 30, 2009 OF THE Preferred Health Partnership of Tennessee, Inc.

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	20,634,264		20,634,264	32,632,849
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 (\$114,951), cash equivalents (\$0) and short-term investments (\$2,212,324)	2,327,274		2,327,274	22,677,766
6. Contract loans (including \$premium notes)			0	0
7. Other invested assets	0		0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	22,961,538	0	22,961,538	55,310,615
11. Title plants less \$ charged off (for Title insurers only)			0	0
12. Investment income due and accrued	256,792		256,792	391,685
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection			0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans	256,431		256,431	246,068
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset	3,771,296	3,771,296	0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets (\$)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates			0	0
22. Health care (\$0) and other amounts receivable	1,688		1,688	24,050
23. Aggregate write-ins for other than invested assets	465	465	0	1,221,173
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	27,248,209	3,771,761	23,476,448	57,193,591
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	27,248,209	3,771,761	23,476,448	57,193,591
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepaid Expenses.....	465	465	0	0
2302. Performance Guarantee Receivable.....			0	1,221,173
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	465	465	0	1,221,173

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	0		0	0
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			0	17,649
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	1,915,078		1,915,078	3,624,467
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	2,741,553	0	2,741,553	8,859,678
22. Total liabilities (Lines 1 to 21)	4,656,631	0	4,656,631	12,501,794
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	1,000	1,000
25. Preferred capital stock	XXX	XXX	0	0
26. Gross paid in and contributed surplus	XXX	XXX	61,379,848	61,379,848
27. Surplus notes	XXX	XXX	0	0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	(42,561,031)	(16,699,051)
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24) \$)	XXX	XXX	0	0
30.2 shares preferred (value included in Line 25) \$)	XXX	XXX	0	0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	18,819,817	44,681,797
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	23,476,448	57,183,591
DETAILS OF WRITE-INS				
2101. Accrued Run-Out Costs	2,622,206		2,622,206	8,740,987
2102. Unclaimed Property	119,347		119,347	118,691
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	2,741,553	0	2,741,553	8,859,678
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 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	0
2. Net premium income (including \$ non-health premium income).....	XXX		0	0
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	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	0	0	0
Hospital and Medical:				
9. Hospital/medical benefits		(5,848,079)	0	(53,966)
10. Other professional services			0	0
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	(129,519)	(170,659)
15. Incentive pool, withhold adjustments and bonus amounts.....			0	0
16. Subtotal (Lines 9 to 15)	0	(5,848,079)	(129,519)	(224,625)
Less:				
17. Net reinsurance recoveries			0	0
18. Total hospital and medical (Lines 16 minus 17)	0	(5,848,079)	(129,519)	(224,625)
19. Non-health claims (net).....			0	0
20. Claims adjustment expenses, including \$ 0 cost containment expenses.....		0	1,003,509	(6,110)
21. General administrative expenses.....		0	2,360,006	(3,141,243)
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	(5,848,079)	3,233,996	(3,371,978)
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	5,848,079	(3,233,996)	3,371,978
25. Net investment income earned		656,071	1,259,326	2,992,277
26. Net realized capital gains (losses) less capital gains tax of \$ 202,747		376,530	147,562	(2,730,798)
27. Net investment gains (losses) (Lines 25 plus 26)	0	1,032,601	1,406,888	261,478
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	25,000
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	6,880,680	(1,827,108)	3,658,456
31. Federal and foreign income taxes incurred	XXX	2,742,194	(513,015)	(1,525,738)
32. Net income (loss) (Lines 30 minus 31)	XXX	4,138,486	(1,314,093)	5,184,194
DETAILS OF WRITE-INS				
0601.	XXX			
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	0	0	0
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. Recoveries.....			(129,519)	(170,659)
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	(129,519)	(170,659)
2901. Miscellaneous Income.....		0	0	25,000
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	25,000

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.....	44,681,797	39,149,233	39,149,233
34. Net income or (loss) from Line 32.....	4,138,486	(1,314,093)	5,184,194
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	127,775
37. Change in net unrealized foreign exchange capital gain or (loss).....		0	0
38. Change in net deferred income tax.....		(117,303)	(2,540,148)
39. Change in nonadmitted assets.....	(466)	151,795	2,760,743
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.....	(30,000,000)	0	0
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0	0
48. Net change in capital & surplus (Lines 34 to 47).....	(25,861,980)	(1,279,601)	5,532,564
49. Capital and surplus end of reporting period (Line 33 plus 48)	18,819,817	37,869,632	44,681,797
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 Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	0	(5,903,520)
2. Net investment income	869,234	3,595,647
3. Miscellaneous income	0	0
4. Total (Lines 1 to 3)	869,234	(2,307,873)
5. Benefit and loss related payments	(5,933,972)	(230,735)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	113,906	(2,918,724)
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ 202,747 tax on capital gains (losses)	2,944,940	(1,525,738)
10. Total (Lines 5 through 9)	(2,875,126)	(4,675,197)
11. Net cash from operations (Line 4 minus Line 10)	3,744,360	2,367,324
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	34,652,119	119,774,894
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	34,652,119	119,774,894
13. Cost of investments acquired (long-term only):		
13.1 Bonds	22,152,529	101,036,976
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	22,152,529	101,036,976
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	12,499,590	18,737,918
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	30,000,000	0
16.6 Other cash provided (applied)	(6,594,442)	(839,096)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(36,594,442)	(839,096)
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)	(20,350,492)	20,266,146
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	22,677,766	2,411,620
19.2 End of period (Line 18 plus Line 19.1)	2,327,274	22,677,766

STATEMENT AS OF JUNE 30, 2009 OF THE Preferred Health Partnership of Tennessee, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. First Quarter .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. Second Quarter .....	.0									
4. Third Quarter .....	.0									
5. Current Year .....	.0									
6. Current Year Member Months .....	.0									
Total Member Ambulatory Encounters for Period:										
7. Physician .....	.0									
8. Non-Physician .....	.0									
9. Total .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
10. Hospital Patient Days Incurred .....	.0									
11. Number of Inpatient Admissions .....	.0									
12. Health Premiums Written .....	.0									
13. Life Premiums Direct .....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned .....	.0									
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services	(5,933,973)								(5,933,973)	
18. Amount Incurred for Provision of Health Care Services	(5,848,079)								(5,848,079)	

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

STATEMENT AS OF JUNE 30, 2009 OF THE Preferred Health Partnership of Tennessee, Inc.

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	
0699999 Total Amounts Withheld	XXX	XXX	XXX	XXX	XXX	
0799999 Total Claims Unpaid	XXX	XXX	XXX	XXX	XXX	0
0899999 Accrued Medical Incentive Pool and Bonus Amounts	XXX	XXX	XXX	XXX	XXX	

NONE

STATEMENT AS OF JUNE 30, 2009 OF THE Preferred Health Partnership of Tennessee, Inc.

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) .....					.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	(5,848,079)	.0	.0	.0	(5,848,079)	.0
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	(5,848,079)	.0	.0	.0	(5,848,079)	.0
10. Healthcare receivables (a) .....					.0	.0
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts .....					.0	.0
13. Totals	(5,848,079)	0	0	0	(5,848,079)	0

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

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NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Insurance.

The Tennessee Insurance Department 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, for determining its solvency under the Tennessee Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Tennessee. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices. No deviations currently exist.

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:

	State of Domicile		2009		2008
1. Net Income, Tennessee basis	TN	\$	4,138,486	\$	5,184,194
2. State Prescribed Practices (Income):	TN		-		-
3. State Permitted Practices (Income):	TN		-		-
4. Net Income, NAIC SAP	TN	\$	4,138,486	\$	5,184,194
5. Statutory Surplus, Tennessee basis	TN	\$	21,442,023	\$	44,681,797
6. State Prescribed Practices (Surplus):	TN		-		-
7. State Permitted Practices (Surplus):	TN		-		-
8. Statutory Surplus, NAIC SAP	TN	\$	21,442,023	\$	44,681,797

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. These estimates are based on knowledge of current events and anticipated future events, and accordingly, actual results could differ from those estimates.

C. Accounting Policy

Short-term investments include investments mainly in U.S. Government obligations with a maturity of twelve months or less from the date of purchase. Short-term investments are recorded at amortized cost. The carrying value of short-term investments approximates fair value due to the short-term maturities of the investments.

Investments are valued and classified in accordance with methods prescribed by the NAIC. Bonds with an NAIC rating of 1 or 2 are carried at amortized cost, with all other bonds being recorded at the lower of amortized cost or fair value; redeemable preferred stocks are carried at amortized cost; and non-redeemable preferred stocks are carried at fair value.

The Company regularly evaluates investment securities for impairment. The Company considers factors affecting the investee, factors affecting the industry the investee operates within, and general debt and equity market trends. The Company also considers the length of time an investment's fair value has been below carrying value, the near term prospects for recovery to carrying value, and the Company's intent and ability to hold the investment until maturity or market recovery is realized. If and when a determination is made that a decline in fair value below the cost basis is other-than-temporary, the related investment is written down to its estimated fair value through earnings.

Amortization of bond premium or discount is computed using the scientific interest method.

Income from investments is recorded on an accrual basis. For the purpose of determining realized gains and losses, the cost of securities sold is based upon specific identification. Investment income due and accrued over 90 days past due is nonadmitted.

The Company recognizes an asset or liability for the deferred tax consequences of temporary differences between the tax bases of assets or liabilities and their reported amounts in the financial statements. The temporary differences will result in taxable or deductible amounts in future years when the reported amounts of the assets or liabilities are recovered or settled.

Premiums are reported as earned in the period in which members are entitled to receive services, and are net of retroactive membership adjustments. Retroactive membership adjustments result from enrollment changes not yet processed, or not yet reported by an employer group or the government. Premiums received prior to such period are recorded as advance premiums.

Benefits incurred and loss adjustment expenses include claim payments, capitation payments, pharmacy costs net of rebates, allocations of certain centralized expenses, legal and administrative costs to settle claims, and various other costs incurred to provide health insurance coverage to members, as well as estimates of future payments to hospitals and others for medical care provided prior to the date of the statements of admitted assets, liabilities and surplus. Capitation payments represent monthly contractual fees disbursed to participating primary care physicians, and other providers who are responsible for providing medical care to members. Pharmacy costs represent payments for members' prescription drug benefits, net of rebates from drug manufacturers.

The estimates of future medical benefit payments are developed using actuarial methods and assumptions based upon claim payment patterns, medical cost inflation, historical development such as claim inventory levels and claim receipt patterns, and other relevant factors. Corresponding administrative costs to process outstanding claims are estimated and accrued. Estimates

NOTES TO FINANCIAL STATEMENTS

of future payments relating to services incurred in the current and prior periods are continually reviewed by management and adjusted as necessary.

The Company assesses the profitability of its contracts for providing health insurance coverage to its members when current operating results or forecasts indicate probable future losses. The Company records a premium deficiency liability in current operations to the extent that the sum of expected future medical costs, claim adjustment expenses and maintenance costs exceed related future premiums. Investment income is not contemplated in the calculation of the premium deficiency liability.

Management believes the Company's benefits payable and loss adjustment expenses are adequate to cover future claims and loss adjustment expense payments required, however, such estimates are based on knowledge of current events and anticipated future events, and therefore, the actual liability could differ from the amounts provided

2. Accounting Changes and Corrections of Errors

Not Applicable.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not Applicable.

B. Statutory Merger

Not Applicable.

C. Assumption Reinsurance

Not Applicable.

D. Impairment Loss

Not Applicable.

4. Discontinued Operations

Not Applicable.

5. Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

Not Applicable.

B. Debt Restructuring

Not Applicable.

C. Reverse Mortgages

Not Applicable.

D. Loan-Backed Securities

Not Applicable.

E. Repurchase Agreements

Not Applicable.

F. Real Estate

Not Applicable.

G. Low-Income Housing Tax Credits (LIHTC)

Not Applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10.0 percent of its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. Investment Income

A. Due and accrued income was excluded from surplus on the following basis:

All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loan

NOTES TO FINANCIAL STATEMENTS

default.

B. The total amount excluded was \$0.

8. Derivative Instruments

Not Applicable.

9. Income Taxes

No material change since year-end December 31, 2008.

10. Information Concerning Parent, Subsidiaries and Affiliates

Not Applicable.

11. Debt

A. Capital Notes

The Company has no capital notes outstanding.

B. All other Debt

The Company has no debentures outstanding.

The Company does not have any reverse repurchase agreements

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

A. Defined Benefit Plan

Not Applicable.

B. Defined Contribution Plan

Not Applicable.

C. Multiemployer Plans

Not Applicable.

D. Consolidated/Holding Company Plans

The Company employees are eligible to participate in the Humana Retirement and Savings Plan ("the Plan"), a defined contribution plan, sponsored by Humana Inc. The Plan maintains two accounts, the Savings Account and the Retirement Account.

Humana Inc.'s total contributions paid to the Savings and Retirement accounts of the Humana Retirement and Savings Plan were \$78.0 million for 2008. As of December 31, 2008 the fair market value of the Humana Retirement and Savings Plan's assets was \$1.0 billion.

E. Post Employment Benefits and Compensated Absences

Not Applicable.

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Not Applicable

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

- 1) The company has \$.01 par value common stock with 100,000 shares authorized and 90,200 shares issued and outstanding.
- 2) The Company has no preferred stock outstanding.
- 3) Dividends are non cumulative and are paid as determined by the Board of Directors. Dividends are subject to the approval of the Department of Insurance if such dividend distribution exceeds the greater of the Company's prior year net operating profits or ten percent of policyholders surplus funds derived from realized net operating profits.
- 4) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- 5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- 6) Not Applicable.
- 7) Not Applicable.
- 8) Not Applicable.
- 9) Not Applicable.
- 10) Not Applicable.
- 11) Not Applicable.
- 12) Not Applicable.

14. Contingencies

A. Contingent Commitments

NOTES TO FINANCIAL STATEMENTS

Not Applicable.

B. Assessments

Not Applicable.

C. Gain Contingencies

Not Applicable.

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits

Not Applicable.

E. All Other Contingencies

During the ordinary course of business, the Company is subject to pending and threatened legal actions. Management of the Plan does not believe that any of these actions will have a material adverse effect on the Company's surplus, results of operations or cash flows. However, the likelihood or outcome of current or future legal proceedings cannot be accurately predicted, and they could adversely affect the Company's surplus, results of operations and cash flows.

The Company is not aware of any other material contingent liabilities as of June 30, 2009.

15. Leases

A. Lessee Operating Lease

Not Applicable.

B. Other Leases

Not Applicable.

16. Information about Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentration of Credit Risk

1) The Company has no investment in Financial Instruments with Off Balance Sheet Risk.

2) The Company has no investment in Financial Instruments with Concentration Credit Risk.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

Not Applicable.

B. Transfer and Servicing of Financial Assets

Not Applicable.

C. Wash Sales

Not Applicable.

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

A. ASO Plans

Not Applicable.

B. ASC Plans

Not Applicable.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

Not Applicable.

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

Not Applicable.

20. Other Items

A. Extraordinary Items

Not Applicable.

B. Troubled Debt Restructuring

Not Applicable.

C. Other Disclosures

NOTES TO FINANCIAL STATEMENTS

Not Applicable

- D. Disclose the nature of any portion of the balance that is reasonably possible to be uncollectible for assets covered by SSAP No. 6, Uncollected Premium Balances, Bill Receivable for Premiums, and Amounts Due From Agents and Brokers, SSAP No. 47, Uninsured Plans, or SSAP No. 66, Retrospectively Rated Contracts.

Not Applicable.

- E. Business Interruption Insurance Recoveries

Not Applicable.

- F. State Transferable Tax Credits

Not Applicable.

- G. Hybrid Securities

Not Applicable.

- H. Subprime Mortgage Related Risk Exposure

- (1) Direct exposure through investments in sub-prime mortgage loans.

The Company has no direct exposure through investment to sub-prime mortgage loans.

- (2) Indirect exposure to sub-prime mortgage risk through investments in the following securities:

- a. Residential mortgage backed securities – No substantial exposure noted.
- b. Collateralized debt obligations – No substantial exposure noted.
- c. Structured Securities (including principal protected notes) – No substantial exposure noted.
- d. Debt Securities of companies with significant sub-prime exposure – No substantial exposure noted
- e. Equity securities of companies with significant sub-prime exposure – No substantial exposure noted.
- f. Other Assets – No substantial exposure noted.

- (3) Underwriting exposure to sub-prime mortgage risk through Mortgage Guaranty coverage, Financial Guaranty coverage , Directors and Officers liability coverage, or Errors and Omissions liability coverage.

Not Applicable.

- (4) Classification of mortgage related securities is primarily based on information from outside data services, including rating agency actions. When considering our exposure, the Company evaluated the percentage of full documentation loans, percent of owner occupied properties, FICO scores, average margin for ARM loans, percent of loans with prepayment penalties, the existence of non-traditional underwriting standards, among other factors.

21. Events Subsequent

A dividend in the amount of \$30.0 million was paid by the Company on April 30, 2009.

22. Reinsurance

- A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10.0 percent or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (X)

If yes, give full details.

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10.0 percent or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?

Yes () No (X)

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. \$0
- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement? \$0

NOTES TO FINANCIAL STATEMENTS

- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.
\$0

- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes () No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$0

B. Uncollectible Reinsurance

Not Applicable.

C. Commutation of Ceded Reinsurance

Not Applicable.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. The Company estimates accrued retrospective premium adjustments for its Medicare business through a mathematical approach using an algorithm based upon settlement procedures defined by contracts with CMS.

- B. The Company records accrued retrospective premium as an adjustment to earned premiums.

- C. Not Applicable.

24. Change in Incurred Claims and Claim Adjustment Expenses

Incurred claims reported of \$ 5.8 million represents the release of reserves held to cover potential exposure following termination of business with the state of Tennessee.

25. Intercompany Pooling Arrangements

Not Applicable.

26. Structured Settlements

Not Applicable.

27. Health Care Receivables

- A. Pharmaceutical Rebate Receivables

Not Applicable.

- B. Risk Sharing Receivables

Not Applicable.

28. Participating Policies

Not Applicable.

29. Premium Deficiency Reserves

Not Applicable.

30. Anticipated Salvage and Subrogation

As of June 30, 2009, Preferred Health Partnership of Tennessee, Inc. had no liabilities related to premium deficiency reserves.

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
- 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. 12/31/2005
- 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. 12/31/2005
- 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). 07/19/2004
- 6.4 By what department or departments?
Tennessee Department of 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: \$

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 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?.....

Yes 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
JP Morgan Chase.....	4 New York Plaza, 15th Floor, New York, NY 10004-2413, Attn: Charles Tuzzolino.....

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

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
107105.....	Blackrock, Inc.....	40 East 52nd Street, New York, NY 10022.....

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes No

17.2 If no, list exceptions:

.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

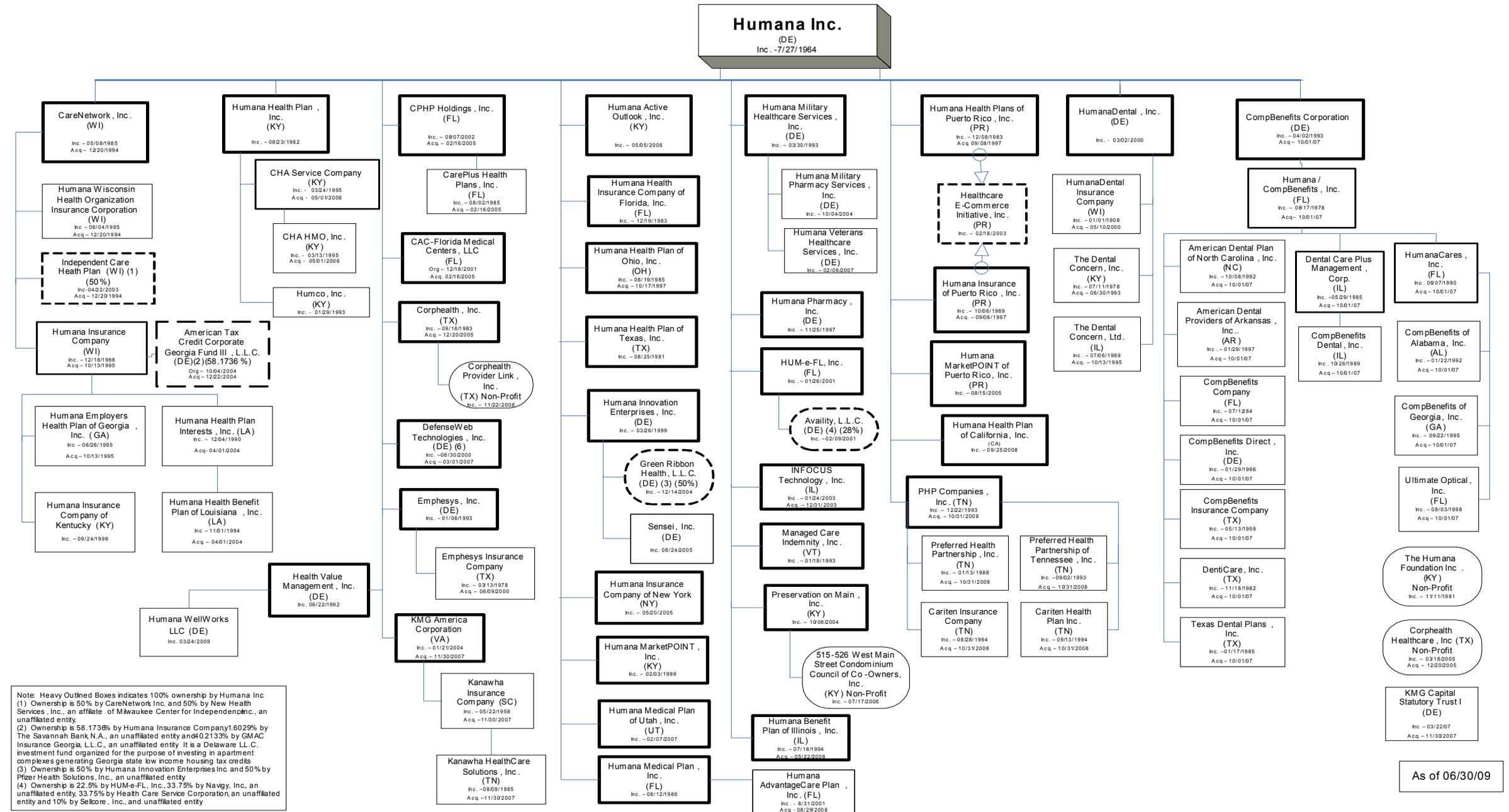
Current Year to Date - Allocated by States and Territories

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

(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



14

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 Statement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1. Business not written.

Bar Code:

1. 
9 5 7 4 9 2 0 0 9 3 6 5 0 0 0 0 2

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	0
2.2 Additional investment made after acquisition	0	0
3. Current year change in encumbrances	0	0
4. Total gain (loss) on disposals	0	0
5. Deduct amounts received on disposals	0	0
6. Total foreign exchange change in book/adjusted carrying value	0	0
7. Deduct current year's other than temporary impairment recognized	0	0
8. Deduct current year's depreciation	0	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	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest	0	0
10. Deduct current year's other than temporary impairment recognized	0	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	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	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and depreciation	0	0
9. Total foreign exchange change in book/adjusted carrying value	0	0
10. Deduct current year's other than temporary impairment recognized	0	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	32,632,846	54,143,000
2. Cost of bonds and stocks acquired	22,152,529	101,036,976
3. Accrual of discount	22,117	49,339
4. Unrealized valuation increase (decrease)	0	196,572
5. Total gain (loss) on disposals	579,277	(2,730,797)
6. Deduct consideration for bonds and stocks disposed of	34,652,119	119,774,895
7. Deduct amortization of premium	100,386	287,349
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	20,634,264	32,632,846
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	20,634,264	32,632,846

STATEMENT AS OF JUNE 30, 2009 OF THE Preferred Health Partnership of Tennessee, Inc.

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 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	49,835,603	7,013,067	36,082,800	(32,819)	49,835,603	20,733,051	.0	49,034,822
2. Class 2 (a).....	3,296,071		1,172,792	(9,742)	3,296,071	2,113,537	.0	3,307,116
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	53,131,674	7,013,067	37,255,592	(42,561)	53,131,674	22,846,588	0	52,341,938
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	53,131,674	7,013,067	37,255,592	(42,561)	53,131,674	22,846,588	0	52,341,938

(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 \$.....

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SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	2,212,323	XXX	2,212,323	104	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	19,709,091	.0
2. Cost of short-term investments acquired	50,179,597	105,119,307
3. Accrual of discount.....		.0
4. Unrealized valuation increase (decrease).....		.0
5. Total gain (loss) on disposals.....		.0
6. Deduct consideration received on disposals.....	67,676,364	85,410,216
7. Deduct amortization of premium.....		.0
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).....	2,212,324	19,709,091
11. Deduct total nonadmitted amounts.....		.0
12. Statement value at end of current period (Line 10 minus Line 11)	2,212,324	19,709,091

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

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

STATEMENT AS OF JUNE 30, 2009 OF THE Preferred Health Partnership of Tennessee, Inc.

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired 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)
912828-KJ-8	UNITED STATES TREASURY GOVERNMENT		04/23/2009	BANK OF AMERICA		2,233,220	2,250,000	2,582	1
0399999 - Total	- Bonds - U.S. Government					2,233,220	2,250,000	2,582	XXX
8399997 - Total	- Bonds - Part 3					2,233,220	2,250,000	2,582	XXX
8399999 - Total	- Bonds					2,233,220	2,250,000	2,582	XXX
8999999 - Total	- Preferred Stocks					0	XXX	0	XXX
9799999 - Total	- Common Stocks					0	XXX	0	XXX
9899999 - Total	- Preferred and Common Stocks					0	XXX	0	XXX
9999999 - Totals						2,233,220	XXX	2,582	XXX

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

E04

STATEMENT AS OF JUNE 30, 2009 OF THE Preferred Health Partnership of Tennessee, Inc.

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	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22		
										11	12	13	14	15									
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par 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)		
31359M-QV-8	FED NTL MTG ASSO AGCY FTST		04/27/2009	CITIGROUP GLOBAL MARKETS INC.		1,147,611	1,050,000	1,053,339	1,053,230		(245)		(245)		1,052,984		94,627	94,627	34,220	02/21/2013	1FE		
31359M-WJ-8	FED NTL MTG ASSO AGCY FTST		04/27/2009	GOLDMAN SACHS		608,649	550,000	548,614	548,624		92		92		548,716		59,933	59,933	13,637	10/15/2014	1FE		
912828-CE-8	UNITED STATES TREASURY GOVERNMENT		04/15/2009	MATURITY		2,250,000	2,250,000	2,245,446	2,247,009		2,991		2,991		2,250,000			0	35,156	04/15/2009	1		
0399999 - Bonds - U.S. Governments						4,006,260	3,850,000	3,847,399	3,848,863	0	2,838	0	2,838	0	3,851,700	0	154,560	154,560	83,013	XXX	XXX		
31414K-5V-8	FED NTL MTG ASSO FNMA		04/27/2009	VARIOUS		18,541,622	17,847,424	18,335,439			(12,530)		(12,530)		18,322,909		218,713	218,713	159,146	01/01/2038	1		
452151-QK-2	ILLINOIS STATE MUNI		04/27/2009	BLACKROCK INSTITUTIONAL MANAGEMENT		1,202,905	1,100,000	1,153,482	1,151,579		(3,809)		(3,809)		1,147,770		55,135	55,135	36,514	03/01/2013	1FE		
49118N-BZ-7	KY ASSET LIABILITY MUNI		06/24/2009	MORGAN STANLEY		1,032,560	1,000,000	999,990	999,987		(8)		(8)		999,980		32,580	32,580	30,628	09/01/2010	1FE		
880557-N8-2	TENN STATE SCHOOL BD AUTH MUNI		05/01/2009	MATURITY		1,200,000	1,200,000	1,203,780	1,202,445		(2,445)		(2,445)		1,200,000			0	24,000	05/01/2009	1FE		
3199999 - Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...						21,977,087	21,147,424	21,692,691	3,354,011	0	(18,792)	0	(18,792)	0	21,670,659	0	306,428	306,428	250,288	XXX	XXX		
06050B-AG-6	BANK OF AMERICA CORPORATE		04/27/2009	GOLDMAN SACHS		504,745	500,000	497,388			126		126		497,514		7,231	7,231	2,625	04/30/2012	1FE		
209615-CA-9	DOMINION RESOURCES GENERAL ELECTRIC CAPITAL		04/27/2009	FIDELITY INVESTMENTS		655,577	650,000	656,981	656,815		(335)		(335)		656,480		(903)	(903)	13,451	12/01/2014	2FE		
36962G-M6-8	CORP CORPORATE GOLDMAN SACHS & CO		04/27/2009	WALL STREET ACCESS DEUTSCHE BANK ALEX BROWN INC.		1,005,800	1,000,000	993,980	994,268		631		631		994,899		10,901	10,901	19,323	11/21/2011	1FE		
38146F-AA-9	CORPORATE HONEYWELL INTL		04/27/2009	WALL STREET ACCESS		423,040	405,000	419,580			(767)		(767)		418,813		4,227	4,227	5,448	06/15/2012	1FE		
438516-AZ-9	CORPORATE JP MORGAN CHASE		04/27/2009	WALL STREET ACCESS		126,654	125,000	124,554			(2)		(2)		124,551		2,102	2,102	1,215	02/15/2019	1FE		
481247-AK-0	CORPORATE KRAFT FOODS INC		04/27/2009	GOLDMAN SACHS		425,636	420,000	419,312			28		28		419,340		6,297	6,297	1,720	06/15/2012	1FE		
50075N-AB-0	CORPORATE ROCHE HOLDING INC		04/27/2009	WALL STREET ACCESS		524,355	500,000	519,355	518,310		(1,997)		(1,997)		516,312		8,043	8,043	13,984	11/01/2011	2FE		
771196-AS-1	CORPORATE TEN VAL AUTH		04/27/2009	RBC CAPITAL MARKETS		132,730	125,000	123,035			14		14		123,049		9,681	9,681	1,354	03/01/2019	1FE		
880591-DT-6	MUNI VERIZON COMMUNICATIONS		04/27/2009	FIRST TENNESSEE		2,285,080	2,000,000	2,227,300	2,217,219		(19,728)		(19,728)		2,197,491		87,589	87,589	58,469	05/23/2012	1FE		
92344G-AV-8	CORPORATE WELLS FARGO & CO		04/27/2009	JP MORGAN CHASE BANK		764,475	750,000	742,035	742,296		522		522		742,817		21,658	21,658	13,581	06/01/2013	1FE		
94974G-CE-9	CORPORATE STIFEL NICOLAUS AND CO.		04/27/2009			1,020,680	1,000,000	1,071,670	1,067,552		(8,336)		(8,336)		1,059,216		(38,536)	(38,536)	47,635	08/01/2011	1FE		
3899999 - Bonds - Industrial and Miscellaneous						7,868,772	7,475,000	7,795,190	6,196,460	0	(29,844)	0	(29,844)	0	7,750,482	0	118,290	118,290	178,805	XXX	XXX		
8399997 - Bonds - Part 4						33,852,119	32,472,424	33,335,280	13,399,334	0	(45,798)	0	(45,798)	0	33,272,841	0	579,278	579,278	512,106	XXX	XXX		
8399999 - Total - Bonds						33,852,119	32,472,424	33,335,280	13,399,334	0	(45,798)	0	(45,798)	0	33,272,841	0	579,278	579,278	512,106	XXX	XXX		
8999999 - Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX	
9799999 - Total - Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9899999 - 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						33,852,119	XXX	33,335,280	13,399,334	0	(45,798)	0	(45,798)	0	33,272,841	0	579,278	579,278	512,106	XXX	XXX		

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

E05

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

Schedule E - Part 2 - Cash Equivalents
NONE

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	0	0	1,187,433
REVENUES:			
1. TennCare Capitation	2,111,734	19,371,233	183,653,396
2. Investment	641,077	1,032,601	337,277
3. Other Revenue	0	0	25,000
IBNR / Capitation Revenue Receivable	(1,972,349)	(1,318,321)	23,890,602
Premium Tax	(302,935)	(873,765)	(106,453)
State Admin Revenue	0	0	0
4. TOTAL REVENUES (Lines 1 to 3)	477,527	18,211,749	207,799,822
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	0	0	0
6. Fee-For-Service Physician Services	(96,646)	1,113,482	23,341,972
7. Inpatient Hospital Services	(2,694,495)	4,719,505	106,119,164
8. Outpatient Services	1,217	9,017	61,582
9. Emergency Room Services	(50,101)	641,867	13,703,712
10. Mental Health Services	82	1,877	34,714
11. Dental Services (Capitated & FFS)	0	1,080	4,565
12. Vision Services (Capitated , FFS & Opthamology)	1,605	42,818	839,238
13. Pharmacy Services (Capitated & FFS)	0	0	3
14. Home Health Services	35,501	201,530	904,664
15. Chiropractic Services	0	0	0
16. Radiology Services	904	28,172	342,769
17. Laboratory Services	(89,916)	1,207,118	25,966,801
18. Durable Medical Equipment Services	(91,234)	1,093,052	9,676,268
19. Transportation Services (Capitated)	10,078	606,327	5,562,332
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. Other Medical and Hospital Services (Provide Detail)	0	0	0
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	40,268	695,193	7,878,678
Counselors/Therapists	0	0	0
Otolaryngology - FFS Office	3,922	61,427	1,516,014
Anesthesiology - FFS Hosp & Other	37,976	211,093	2,680,377
Gastroenterology	344	2,710	43,360
Preventive Medicine	8,042	122,066	3,494,403
Ped Emergency Medicine - FFS Hospital	0	0	0
Miscellaneous	(4,818)	161,057	2,557,641
IBNR	0	0	0
Risk Share	0	0	0
24. Subtotal (Lines 5 to 23)	(2,887,272)	10,919,391	204,728,259
25. Reinsurance Expenses Net of Recoveries	0	0	0
LESS:			
26. Copayments	0	0	0
27. Subrogation	0	0	654,838
27a Recoveries	0	0	739,318
28. Coordination of Benefits	0	0	0
29. Subtotal (Lines 26 to 28)	0	0	1,394,156
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	(2,887,272)	10,919,391	203,334,103

Report #2A (Continued): TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Administration:			
31. Compensation (Including Allocated Costs)	0	0	(762,856)
32. Marketing (Including Allocated Costs)	0	0	0
33. Premium Tax Expense	66,488	411,678	3,954,615
34. Occupancy, Depreciation and Amortization (Including Allocated Costs)	0	0	254,666
35. Other Administration (Provide detail)	0	0	0
Printing	0	0	9,926
Rent/Utilities	0	0	655,391
Franchise, Excise & Property Taxes	0	0	0
Postage	0	0	655,977
Legal Fees	0	0	2,890
Liquidated Damages	0	0	0
Outside Services	0	0	1,003,892
Board & Committee Fees	0	0	0
Auditing, actuarial and other consulting services	0	0	0
Books & Subscriptions	0	0	0
Dues, Fees & Licenses	0	0	14,600
Education & Seminars	0	0	0
Meals & Entertainment	0	0	0
Office Supplies	0	0	0
Minor Equipment	0	0	0
Travel	0	0	0
Wellness Program	0	0	0
Leases & Rentals of equipment	0	0	0
Repairs/Maintenance Agreements	0	0	0
Telephone/Beepers/Cellular Phones	0	0	0
Temp/Contract Personnel	0	0	0
Provision for Loss Contracts	0	0	0
Risk Banding Reserve	0	0	0
Program Run Out Expense	0	0	0
State Admin Revenue	0	0	(5,110,281)
Miscellaneous Expense	0	0	128,443
Total DIRECT Expenses	66,488	411,678	807,263
Other ALLOCATED Expenses (Provide detail)			
Rent/Utilities	0	0	0
Printing	0	0	0
Postage	0	0	0
Legal Fees	0	0	0
Outside Services	0	0	0
Board & Committee Fees	0	0	0
Survey Fees	0	0	0
Telephone/Beepers/Cellular Phones	0	0	0
Books & Subscriptions	0	0	0
Minor Equipment	0	0	0
Computer Supplies	0	0	0
Dues, Fees & Licenses	0	0	0
Education & Seminars	0	0	0
Meals & Entertainment	0	0	0
Office Supplies	0	0	0
Travel	0	0	0
Miscellaneous Expense	0	0	0
Franchise, Excise & Property Taxes & Sales/Use Tax	0	0	0
Insurance	0	0	0
Leases & Rentals of equipment	0	0	0
Repairs/Maintenance Agreements	0	0	0
Relocation Expense Total	0	0	0
Training and Orientation Total	0	0	0
Temp/Contract Personnel	0	0	0
Covenant Management Fees	0	0	0
Total ALLOCATED Expenses	0	0	0
36. TOTAL ADMINISTRATION (Lines 31 to 36)	66,488	411,678	807,263
FIT & Excise Tax	480,995	2,742,194	(1,525,738)
37. Total Other Expenses:	480,995	2,742,194	(1,525,738)
38. TOTAL EXPENSES (Lines 30 and 37 and 37A)	(2,339,789)	14,073,263	202,615,628
39. NET INCOME (LOSS) (Line 4 less Line 38)	2,817,316	4,138,486	5,184,194

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year	Year to Date Total
	Current Period	Year to Date Total	Total	
Member Months	0	0	0	0
REVENUES:				
1. TennCare Capitation	0	0	0	0
2. Investment	641,077	1,032,601	261,479	391,524
3. Other Revenue	0	0	25,000	0
IBNR / Capitation Revenue Receivable	0	0	0	0
Premium Tax	0	0	0	0
State Admin Revenue	0	0	0	0
4. TOTAL REVENUES (Lines 1 to 3)	641,077	1,032,601	286,479	391,524
EXPENSES:				
Medical and Hospital Services:				
5. Capitated Physician Services	0	0	0	0
6. Fee-For-Service Physician Services	0	0	0	0
7. Inpatient Hospital Services	(2,657,234)	(5,848,079)	(53,966)	(3,190,845)
8. Outpatient Services	0	0	0	0
9. Emergency Room Services	0	0	0	0
10. Mental Health Services	0	0	0	0
11. Dental Services (Capitated & FFS)	0	0	0	0
12. Vision Services (Capitated , FFS & Opthamology)	0	0	0	0
13. Pharmacy Services (Capitated & FFS)	0	0	0	0
14. Home Health Services	0	0	0	0
15. Chiropractic Services	0	0	0	0
16. Radiology Services	0	0	0	0
17. Laboratory Services	0	0	0	0
18. Durable Medical Equipment Services	0	0	0	0
19. Transportation Services (Capitated)	0	0	0	0
20. Outside Referrals	0	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0	0
23. Other Medical and Hospital Services (Provide Detail)				
Surgery - Orthopedic - FFS Office	0	0	0	0
MCO Delegated Services	0	0	0	0
Allergy & Immunology FFS Office & Other	0	0	0	0
Counselors/Therapists	0	0	0	0
Otolaryngology - FFS Office	0	0	0	0
Anesthesiology - FFS Hosp & Other	0	0	0	0
Gastroenterology	0	0	0	0
Preventive Medicine	0	0	0	0
Ped Emergency Medicine - FFS Hospital	0	0	0	0
Miscellaneous	0	0	0	0
IBNR	0	0	0	0
Risk Share	0	0	0	0
24. Subtotal (Lines 5 to 23)	(2,657,234)	(5,848,079)	(53,966)	(3,190,845)
25. Reinsurance Expenses Net of Recoveries	0	0	0	0
LESS:				
26. Copayments	0	0	0	0
27. Subrogation	0	0	0	0
27a Recoveries	0	0	170,659	0
28. Coordination of Benefits	0	0	0	0
29. Subtotal (Lines 26 to 28)	0	0	170,659	0
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	(2,657,234)	(5,848,079)	(224,625)	(3,190,845)

Report #2A (Continued): TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES				
	Current Year		Previous Year	Year to Date Total
	Current Period	Year to Date Total	Total	
Administration:				
31. Compensation (Including Allocated Costs)	0	0	(762,856)	
32. Marketing (Including Allocated Costs)	0	0	0	
33. Premium Tax Expense	0	0	0	
34. Occupancy, Depreciation and Amortization (Including Allocated Costs)	0	0	254,666	
35. Other Administration (Provide detail)				
Printing	0	0	9,926	
Rent/Utilities	0	0	655,391	
Franchise, Excise & Property Taxes	0	0	0	
Postage	0	0	655,977	
Legal Fees	0	0	2,890	
Liquidated Damages	0	0	0	
Outside Services	0	0	1,003,892	
Board & Committee Fees	0	0	0	
Auditing, actuarial and other consulting services	0	0	0	
Books & Subscriptions	0	0	0	
Dues, Fees & Licenses	0	0	14,600	
Education & Seminars	0	0	0	
Meals & Entertainment	0	0	0	
Office Supplies	0	0	0	
Minor Equipment	0	0	0	
Travel	0	0	0	
Wellness Program	0	0	0	
Leases & Rentals of equipment	0	0	0	
Repairs/Maintenance Agreements	0	0	0	
Telephone/Beepers/Cellular Phones	0	0	0	
Temp/Contract Personnel	0	0	0	
Provision for Loss Contracts	0	0	0	
Risk Banding Reserve	0	0	0	
Program Run Out Expense	0	0	0	
State Admin Revenue	0	0	(5,110,281)	0
Miscellaneous Expense	0	0	128,443	0
Total DIRECT Expenses	0	0	(3,147,352)	0
Other ALLOCATED Expenses (Provide detail)				
Rent/Utilities	0			0
Printing	0			0
Postage	0			0
Legal Fees	0			0
Outside Services	0			0
Board & Committee Fees	0			0
Survey Fees	0			0
Telephone/Beepers/Cellular Phones	0			0
Books & Subscriptions	0			0
Minor Equipment	0			0
Computer Supplies	0			0
Dues, Fees & Licenses	0			0
Education & Seminars	0			0
Meals & Entertainment	0			0
Office Supplies	0			0
Travel	0			0
Miscellaneous Expense	0	0	0	0
Franchise, Excise & Property Taxes & Sales/Use Tax	0			0
Insurance	0			0
Leases & Rentals of equipment	0			0
Repairs/Maintenance Agreements	0			0
Relocation Expense Total	0			0
Training and Orientation Total	0			0
Temp/Contract Personnel	0			0
Covenant Management Fees	0			0
Total ALLOCATED Expenses	0	0	0	0
36. TOTAL ADMINISTRATION (Lines 31 to 36)	0	0	(3,147,352)	0
FIT & Excise Tax	480,995	2,742,194	(1,525,738)	2,261,199
37. Total Other Expenses:	480,995	2,742,194	(1,525,738)	2,261,199
38. TOTAL EXPENSES (Lines 30 and 37 and 37A)	(2,176,239)	(3,105,885)	(4,897,715)	(929,646)
39. NET INCOME (LOSS) (Line 4 less Line 38)	2,817,316	4,138,486	5,184,194	1,321,170

0

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	0	0	1,187,433
REVENUES:			
1. TennCare Capitation	2,111,734	19,371,233	183,653,396
2. Investment	0	0	75,798
3. Other Revenue	0	0	0
IBNR / Capitation Revenue Receivable	(1,972,349)	(1,318,321)	23,890,602
Premium Tax	(302,935)	(873,765)	(106,453)
State Admin Revenue			
4. TOTAL REVENUES (Lines 1 to 3)	(163,550)	17,179,148	207,513,343
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	0	0	0
6. Fee-For-Service Physician Services	(96,646)	1,113,482	23,341,972
7. Inpatient Hospital Services	(37,261)	10,567,584	106,173,130
8. Outpatient Services	1,217	9,017	61,582
9. Emergency Room Services	(50,101)	641,867	13,703,712
10. Mental Health Services	82	1,877	34,714
11. Dental Services (Capitated & FFS)	0	1,080	4,565
12. Vision Services (Capitated, FFS & Ophthalmology)	1,605	42,818	839,238
13. Pharmacy Services (Capitated & FFS)	0	0	3
14. Home Health Services	35,501	201,530	904,664
15. Chiropractic Services	0	0	0
16. Radiology Services	904	28,172	342,769
17. Laboratory Services	(89,916)	1,207,118	25,966,801
18. Durable Medical Equipment Services	(91,234)	1,093,052	9,676,268
19. Transportation Services (Capitated)	10,078	606,327	5,562,332
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. Other Medical and Hospital Services (Provide Detail)	0	0	0
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	40,268	695,193	7,878,678
Counselors/Therapists	0	0	0
Otolaryngology - FFS Office	3,922	61,427	1,516,014
Anesthesiology - FFS Hosp & Other	37,976	211,093	2,680,377
Gastroenterology	344	2,710	43,360
Preventive Medicine	8,042	122,066	3,494,403
Ped Emergency Medicine - FFS Hospital	0	0	0
Miscellaneous	(4,818)	161,057	2,557,641
IBNR	0	0	0
Risk Share	0	0	0
24. Subtotal (Lines 5 to 23)	(230,038)	16,767,470	204,782,225
25. Reinsurance Expenses Net of Recoveries		0	0
LESS:		0	0
26. Copayments	0	0	654,838
27. Subrogation	0	0	568,659
27a Recoveries		0	0
28. Coordination of Benefits	0	0	1,223,497
29. Subtotal (Lines 26 to 28)		0	1,223,497
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	(230,038)	16,767,470	203,558,728

Report #2A (Continued): TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Administration:			
31. Compensation (Including Allocated Costs)	0	0	0
32. Marketing (Including Allocated Costs)	0	0	0
33. Premium Tax Expense	66,488	411,678	3,954,615
34. Occupancy, Depreciation and Amortization (Including Allocated Costs)	0	0	0
35. Other Administration (Provide detail)			
Printing	0	0	0
Rent/Utilities	0	0	0
Franchise, Excise & Property Taxes	0	0	0
Postage	0	0	0
Legal Fees	0	0	0
Liquidated Damages	0	0	0
Outside Services	0	0	0
Board & Committee Fees	0	0	0
Auditing, actuarial and other consulting services	0	0	0
Books & Subscriptions	0	0	0
Dues, Fees & Licenses	0	0	0
Education & Seminars	0	0	0
Meals & Entertainment	0	0	0
Office Supplies	0	0	0
Minor Equipment	0	0	0
Travel	0	0	0
Wellness Program	0	0	0
Leases & Rentals of equipment	0	0	0
Repairs/Maintenance Agreements	0	0	0
Telephone/Beepers/Cellular Phones	0	0	0
Temp/Contract Personnel	0	0	0
Provision for Loss Contracts	0	0	0
Risk Banding Reserve	0	0	0
Program Run Out Expense	0	0	0
State Admin Revenue	0	0	0
Miscellaneous Expense	0	0	0
Total DIRECT Expenses	66,488	411,678	3,954,615
Other ALLOCATED Expenses (Provide detail)			
Rent/Utilities	0	0	0
Printing	0	0	0
Postage	0	0	0
Legal Fees	0	0	0
Outside Services	0	0	0
Board & Committee Fees	0	0	0
Survey Fees	0	0	0
Telephone/Beepers/Cellular Phones	0	0	0
Books & Subscriptions	0	0	0
Minor Equipment	0	0	0
Computer Supplies	0	0	0
Dues, Fees & Licenses	0	0	0
Education & Seminars	0	0	0
Meals & Entertainment	0	0	0
Office Supplies	0	0	0
Travel	0	0	0
Miscellaneous Expense	0	0	0
Franchise, Excise & Property Taxes & Sales/Use Tax	0	0	0
Insurance	0	0	0
Leases & Rentals of equipment	0	0	0
Repairs/Maintenance Agreements	0	0	0
Relocation Expense Total	0	0	0
Training and Orientation Total	0	0	0
Temp/Contract Personnel	0	0	0
Covenant Management Fees	0	0	0
Total ALLOCATED Expenses			
36. TOTAL ADMINISTRATION (Lines 31 to 36)	66,488	411,678	3,954,615
FIT & Excise Tax	0	0	0
37. Total Other Expenses:			
38. TOTAL EXPENSES (Lines 30 and 37 and 37A)	(163,550)	17,179,148	207,513,343
39. NET INCOME (LOSS) (Line 4 less Line 38)	0	0	(0)

NAIC Report 2A Medical Expenses	PHPT Account Number	PHPT Account Name	Jan 09 - Jun 09	Jul 09 - Dec 09	
Line 10	50400	Mental Health			
Line 10	50406	Other Mkt (Partial & IOP)			
Line 10	53063	Psychiatry - FFS Office	0.00	0.00	0.00
Line 10	53163	Psychiatry - FFS Hosp	1,531.40	0.00	0.00
Line 10	53363	Psychiatry - Other	345.55	0.00	1,531.40
Line 11	56016	Capitation - Dental	0.00	0.00	345.55
Line 11	56035	Dental	0.00	0.00	0.00
Line 12	53139	Ophthalmology - FFS Hosp	1,080.25	0.00	0.00
Line 12	53339	Ophthalmology - Other	0.00	0.00	1,080.25
Line 12	56018	Capitation - Vision	42,817.66	0.00	0.00
Line 12	56100	Vision	0.00	0.00	42,817.66
Line 13	54000	Prescription Drugs	0.00	0.00	0.00
Line 13	54001	Pharmacy	0.00	0.00	0.00
Line 13		Pharmacy Rebate	0.00	0.00	0.00
Line 14	56050	Home Health	0.00	0.00	0.00
Line 14	56055	Home Infusion	0.00	0.00	0.00
Line 15	53009	Chiropractic - FFS Office	201,530.15	0.00	0.00
Line 16	53370	Radiation Oncology - Other	0.00	0.00	0.00
Line 16	53371	Radiology - Other	28,172.30	0.00	0.00
Line 17	53341	Pathology - Other	0.00	0.00	28,172.30
Line 17	55000	Lab & Xray	0.00	0.00	0.00
Line 18	56040	Durable Med Equip	1,057,433.35	0.00	0.00
Line 19	56000	Ambulance	691,416.28	0.00	1,057,433.35
Line 19	56017	Capitation - Transportation	606,327.13	0.00	691,416.28
Line 23 d	56080	MCO DELEGATED SVCS	0.00	0.00	606,327.13
Line 23 f	56104	5% Increase Spending Plan	0.00	0.00	0.00
Line 23 g	53011	Counselors/Therapists - FFS Office	0.00	0.00	0.00
Line 23 h	56051	Housing	0.00	0.00	0.00
Line 23 h	56053	Reimbursed Member Expenses	0.00	0.00	0.00
Line 23 i	53040	Otolaryngology - FFS Office	10,671.59	0.00	0.00
Line 23 i	53340	Otolaryngology - Other	43,134.47	0.00	10,671.59
Line 23 j	53305	Anesthesiology - Other	211,092.83	0.00	43,134.47
Line 23 k	53320	Gastroenterology - Other	2,709.94	0.00	211,092.83
Line 23 l	53362	Preventive Med - Other	122,066.21	0.00	2,709.94
Line 23 m	53388	Urology - Other	0.00	0.00	122,066.21
Line 23 n	53399	Other Specialist	0.00	0.00	0.00
Line 23 r	56105	Miscellaneous	0.00	0.00	0.00
Line 23c	53084	Surg Ortho - FFS	0.00	0.00	0.00
Line 23e	53003	Allergy & Immunology - FFS Office	25,236.44	0.00	0.00
Line 23e	53303	Allergy & Immunology - Other	669,956.17	0.00	25,236.44
Line 23g	53037	Occupational Hlth - FFS Office	0.00	0.00	669,956.17
Line 23o	53148	Ped Emerg Med - FFS Hosp	0.00	0.00	0.00
Line 23s	59600	IBNR + 55601	1,813,294.00	0.00	0.00
Line 23s		IBNR W/O	0.00	0.00	1,813,294.00
Line 23t	55900	Risk Share	0.00	0.00	0.00
Line 27	56085	Subrogation	0.00	0.00	0.00
Line 27a	56085	Recoveries	0.00	0.00	0.00
Line 5	52704	Other PCP - Capitation	0.00	0.00	0.00
Line 5	56019	Capitation - Specialist	0.00	0.00	0.00
Line 5	56019	Capitation - Specialist	0.00	0.00	0.00
Line 6	52000	Family Prac - FFS Office	0.00	0.00	0.00
Line 6	52001	Genl Prac - FFS Office	0.00	0.00	0.00
Line 6	52002	Internal Med - FFS Office	0.00	0.00	0.00
Line 6	52003	Pediatricians - FFS Office	0.00	0.00	0.00
Line 6	52004	Other PCP - FFS Office	0.00	0.00	0.00
Line 6	52301	Genl Prac - Other	562,084.24	0.00	0.00
Line 6	52303	Pediatricians - Other	0.00	0.00	562,084.24
Line 6	52304	Other PCP - Other	0.00	0.00	0.00
Line 6	52400	Do Not Use - IBNR - PCP	0.00	0.00	0.00
Line 6	53023	Gynecology - FFS Office	0.00	0.00	0.00
Line 6	53035	Obstetrics & Gynecology - FFS Office	0.00	0.00	0.00
Line 6	53119	Endocrinology - FFS Hosp	0.00	0.00	0.00
Line 6	53323	Gynecology - Other	0.00	0.00	0.00
Line 6	53329	Nephrology - Other	93,699.28	0.00	0.00
Line 6	53330	Neurology - Other	66,744.94	0.00	93,699.28
Line 6	53334	Obstetrics - Other	0.00	0.00	66,744.94
Line 6	53335	Obstetrics & Gynecology - Other	4,461.56	0.00	0.00
Line 6	56015	Capitation - Misc	0.00	0.00	4,461.56
Line 7	50000	I/P Hosp - Surgical	9,339.08	0.00	0.00
Line 7	50001	I/P Hosp - Medical	2,632,442.22	0.00	9,339.08
Line 7	50002	I/P Hosp - ICU/CCU	385,367.66	0.00	2,632,442.22
Line 7	50003	I/P Hosp - OB	0.00	0.00	385,367.66
Line 7	50004	I/P Hosp - Pediatrics	776,743.60	0.00	0.00
Line 7	50005	I/P Hosp - Other	3,858,085.65	0.00	776,743.60
Line 7	50100	Skilled Nursing Facility	0.00	0.00	3,858,085.65
Line 7	50404	Rehab	0.00	0.00	0.00
Line 7	52101	Genl Prac - FFS Hosp	30,681.32	0.00	0.00
Line 7	52102	Internal Med - FFS Hosp	0.00	0.00	30,681.32
Line 7	52104	Other PCP - FFS Hosp	0.00	0.00	0.00
Line 7	52205	Bonus Pool - Unallocated	0.00	0.00	0.00
Line 7	53078	surg gen - ff hosp	0.00	0.00	0.00
Line 7	53105	Anesthesiology - FFS Hosp	0.00	0.00	0.00
Line 7	53108	Cardiovascular Disease - FFS Hosp	150,656.97	0.00	0.00
Line 7	53114	Dermatology - FFS Hosp	0.00	0.00	150,656.97
Line 7	53128	Med Oncology - FFS Hosp	0.00	0.00	0.00
Line 7	53129	Nephrology - FFS Hosp	0.00	0.00	0.00
Line 7	53134	Obstetrics - FFS Hosp	0.00	0.00	0.00
Line 7	53135	Obstetrics & Gynecology - FFS Hosp	0.00	0.00	0.00
Line 7	53138	Occupational Therapy - FFS - Hosp	11,215.09	0.00	0.00
Line 7	53140	Otolaryngology - FFS Hosp	7,620.96	0.00	11,215.09
Line 7	53160	Physical Therapy - FFS Hosp	41,266.97	0.00	7,620.96
Line 7	53178	Surg General - FFS Hosp	0.00	0.00	41,266.97
Line 7	53181	Surg Neurological - FFS Hosp	0.00	0.00	0.00
Line 7	53188	Urology - FFS Hosp	0.00	0.00	0.00
Line 7	53308	Cardiovascular Disease - Other	53,511.13	0.00	0.00
Line 7	53314	Dermatology - Other	141.54	0.00	53,511.13
Line 7	53317	Diagnostic Radiology - Other	0.00	0.00	141.54
Line 7	53338	Occupational Therapy - Other	0.00	0.00	0.00
Line 7	53342	Pathology, Hematology - Other	0.00	0.00	0.00
Line 7	53360	Physical Therapy - Other	112,342.80	0.00	0.00
Line 7	53369	Pulmonary Disease - Other	13,426.73	0.00	112,342.80
Line 7	53378	Surg General - Other	1,505,591.12	0.00	13,426.73
Line 7	53383	Surg Oral & Maxillofacial Other	0.00	0.00	1,505,591.12
Line 7	53383	Surg Oral & Maxillofacial - Other	999.34	0.00	0.00
Line 7	53384	Surg Orthopedic - Other	0.00	0.00	999.34
Line 7	56055	Durable Med Equip	88,613.59	0.00	0.00
Line 7	56065	Medical Supplies	128,337.14	0.00	88,613.59
Line 7	56070	Ortho & Prosthetics	137,758.23	0.00	128,337.14
Line 7	56105	Misc Med Expense	-3,768.29	0.00	137,758.23
Line 7	56999	Do Not Use IBNR - Other Medical	0.00	0.00	-3,768.29
Line 8	51000	Output Surg - Hosp	0.00	0.00	0.00
Line 8	51001	Output Clinics	0.00	0.00	0.00
Line 8	51003	Output Surg - Other	9,017.38	0.00	0.00
Line 9	53318	Emerg Med - Other	241.82	0.00	9,017.38
Line 9	56045	Emerg Room	562,032.17	0.00	241.82
N/A	50300	Do Not Use - IBNR - Hosp	0.00	0.00	562,032.17
N/A	50403	Detox	0.00	0.00	0.00
N/A	53000	Ab Imaging - FFS Office	0.00	0.00	0.00
N/A	53299	Bonus Pool - Specialist	0.00	0.00	0.00
N/A	53400	Do Not Use - IBNR - Specialist	0.00	0.00	0.00
N/A	55500	Stoploss Expense	0.00	0.00	0.00
N/A	56025	Case Mgmt Svcs	0.00	0.00	0.00
N/A	56030	Claims Contra - Allianz	0.00	0.00	0.00
N/A	56031	Corporate Division Medical Alloc	0.00	0.00	0.00
N/A	56077	Prior Period Reversals	0.00	0.00	0.00
TOTAL MEDICAL EXPENSES			16,767,469.96	0.00	16,767,469.96
Pre 01-01-08 expenses not reflected on Income Stmt					160,889,308.00
					0
TOTAL LOB EXPENSES					177,656,777.96
Total Expenses on MLR					177,656,778.96
Variance					0

For the year 1/08 - 12/31/08

95,990,654
80,722,791
0
0
0
178,364
0
219,441
0
0
355,388
176,335,861
1,300,917
177,656,778

MEDICAL TARGET REPORT 12/2008

- UB 91 Payments by the Claims Processing System
- HCFA1500 Payments by the Claims Processing System
- Dental Payments by the Claims Processing System
- Capitation Payments
- Pharmacy Payments
- Subcontractor Payments for Medical Services
- Reinsurance Payments
- Other Payments Adjustments to Medical Costs
- IBNR Capitation Revenue
- Pharmacy Rebates
- Recovery not Reflected in Payments by the Claims System
- Total Payments for the month
- Remaining IBNR for the month
- *Payments and Remaining IBNR for the month

Medical Loss Ratio

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						
0299998 Premium due and unpaid not individually listed						
0299999 Total group		NONE				
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 12)						

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 Subtotal - Pharmaceutical Rebate Receivables - Not Individually Listed						
0199999 Subtotal - Pharmaceutical Rebate Receivables						
0299998 Subtotal - Claim Overpayment Receivables - Not Individually Listed						
0299999 Subtotal - Claim Overpayment Receivables						
0399998 Subtotal - Loans and Advances to Providers - Not Individually Listed			NONE			
0399999 Subtotal - Loans and Advances to Providers						
0499998 Subtotal - Capitation Arrangements Receivables - Not Individually Listed						
0499999 Subtotal - Capitation Arrangements Receivables						
0599998 Subtotal - Risk Sharing Receivables - Not Individually Listed						
0599999 Subtotal - Risk Sharing Receivables						
0699998 Subtotal - Other Receivables - Not Individually Listed						
0699999 Subtotal - Other Receivables						
0799999 Gross health care receivables						

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							
Preferred Health Partnership Companies, Inc Cariten Insurance Company Cariten Health Plan, Inc.							0
0199999 - Total Individually Listed Receivables	0	0	0	0	0	0	0
0299999 - Receivables not individually listed							
0399999 - Total gross amounts receivable	0	0	0	0	0	0	0