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# QUARTERLY STATEMENT

**AS OF MARCH 31, 2008**

OF THE CONDITION AND AFFAIRS OF THE

## Tennessee Behavioral Health, Inc.

NAIC Group Code 0000 (Current Period) . 0000 (Prior Period) NAIC Company Code 95780 Employer's ID Number 62-1621636

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

Country of Domicile United States

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

Incorporated/Organized 12/15/1995 Commenced Business 07/01/1996

Statutory Home Office 222 Second Ave. N. Suite 220 (Street and Number), Nashville, TN 37201 (City, State and Zip Code)

Main Administrative Office 222 Second Ave. N. Suite 220 (Street and Number) Nashville, TN 37201 (City or Town, State and Zip Code) 615-313-4463 (Area Code) (Telephone Number)

Mail Address 222 Second Ave. N. Suite 220 (Street and Number or P.O. Box), Nashville, TN 37201 (City or Town, State and Zip Code)

Primary Location of Books and Records 222 Second Ave. N. Suite 220 (Street and Number) Nashville, TN 37201 (City, State and Zip Code) 410-953-1643 (Area Code) (Telephone Number)

Internet Website Address N/A

Statutory Statement Contact Michael Fotinos (Name) 410-953-1643 (Area Code) (Telephone Number) (Extension)

mdfotinos@magellanhealth.com (E-Mail Address) 410-953-5205 (Fax Number)

## OFFICERS

| Name | Title | Name | Title |
|---|---|---|---|
| Russell C. Petrella | President | Andrew Mark Cummings | Secretary |

## OTHER OFFICERS

## DIRECTORS OR TRUSTEES

Mark Steven Demilio, Russell C. Petrella

State of Connecticut
County of Hartford ss Avon

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

| Russell C. Petrella<br>President | Andrew Mark Cummings<br>Secretary | |
|---|---|---|

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 21st day of May 2008

Raymonde A. Pelletier

RAYMONDE A. PELLETIER
*NOTARY PUBLIC*
MY COMMISSION EXPIRES AUG. 31, 2008

# ASSETS

| | Current Statement Date 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | 4 December 31 Prior Year Net Admitted Assets |
|---|---|---|---|---|
| 1. Bonds | 2,401,249 | | 2,401,249 | 2,401,583 |
| 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 ($ 48,740,675 ), cash equivalents ($ 0 ) and short-term investments ($ 0 ) | 48,740,675 | | 48,740,675 | 46,009,695 |
| 6. Contract loans, (including $ ..... premium notes) | | | 0 | 0 |
| 7. Other invested assets | 0 | 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) | 51,141,924 | 0 | 51,141,924 | 48,411,278 |
| 11. Title plants less $ ..... charged off (for Title insurers only) | | | 0 | 0 |
| 12. Investment income due and accrued | 9,863 | | 9,863 | 39,945 |
| 13. Premiums and considerations: | | | | |
| 13.1 Uncollected premiums and agents' balances in the course of collection | 3,494,420 | | 3,494,420 | 2,917,901 |
| 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 | | | 0 | 0 |
| 16.1 Current federal and foreign income tax recoverable and interest thereon | | | 0 | 0 |
| 16.2 Net deferred tax asset | | | 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 ($ ..... ) and other amounts receivable | | | 0 | 0 |
| 23. Aggregate write-ins for other than invested assets | 0 | 0 | 0 | 0 |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) | 54,646,207 | 0 | 54,646,207 | 51,369,124 |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 | 0 |
| 26. Total (Lines 24 and 25) | 54,646,207 | 0 | 54,646,207 | 51,369,124 |
| **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. Risk Share Receivable | | | 0 | 0 |
| 2302. | | | | |
| 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) | 0 | 0 | 0 | 0 |

# LIABILITIES, CAPITAL AND SURPLUS

| | Current Period | | | Prior Year |
|---|---|---|---|---|
| | 1<br>Covered | 2<br>Uncovered | 3<br>Total | 4<br>Total |
| 1. Claims unpaid (less $ ..... reinsurance ceded) | 23,377,766 | | 23,377,766 | 22,168,649 |
| 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 | 176,212 | | 176,212 | 295,786 |
| 10.1 Current federal and foreign income tax payable and interest thereon (including $ ..... on realized gains (losses)) | 5,048,431 | | 5,048,431 | 4,295,057 |
| 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 | 534,848 | | 534,848 | 319,972 |
| 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) | 9,286,983 | 0 | 9,286,983 | 9,466,818 |
| 22. Total liabilities (Lines 1 to 21) | 38,424,240 | 0 | 38,424,240 | 36,546,282 |
| 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 |
| 26. Gross paid in and contributed surplus | XXX | XXX | 12,682,036 | 12,682,036 |
| 27. Surplus notes | XXX | XXX | | 0 |
| 28. Aggregate write-ins for other than special surplus funds | XXX | XXX | 0 | 0 |
| 29. Unassigned funds (surplus) | XXX | XXX | 3,538,931 | 2,139,806 |
| 30. Less treasury stock, at cost: | | | | |
| 30.1 ..... shares common (value included in Line 24) $ ..... ) | XXX | XXX | | 0 |
| 30.2 ..... shares preferred (value included in Line 25) $ ..... ) | XXX | XXX | | 0 |
| 31. Total capital and surplus (Lines 23 to 29 minus Line 30) | XXX | XXX | 16,221,967 | 14,822,842 |
| 32. Total liabilities, capital and surplus (Lines 22 and 31) | XXX | XXX | 54,646,207 | 51,369,124 |
| **DETAILS OF WRITE-INS** | | | | |
| 2101. Premium Tax Payable | 864,550 | | 864,550 | 885,416 |
| 2102. Unclaimed Property | 193,018 | | 193,018 | 462,233 |
| 2103. Payable to State of Tennessee/Risk Share Payable | 8,229,415 | | 8,229,415 | 8,119,169 |
| 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) | 9,286,983 | 0 | 9,286,983 | 9,466,818 |
| 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<br>Uncovered | 2<br>Total | 3<br>Total | 4<br>Total |
| 1. Member Months | XXX | 1,803,000 | 1,784,006 | 7,150,707 |
| 2. Net premium income (including $ non-health premium income) | XXX | 48,960,002 | 49,108,180 | 196,803,938 |
| 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 | (110,246) | (1,542,760) | (4,216,102) |
| 7. Aggregate write-ins for other non-health revenues | XXX | 0 | 0 | 0 |
| 8. Total revenues (Lines 2 to 7) | XXX | 48,849,756 | 47,565,420 | 192,587,836 |
| **Hospital and Medical:** | | | | |
| 9. Hospital/medical benefits | | 20,742,333 | 19,377,188 | 77,851,181 |
| 10. Other professional services | | 20,935,067 | 21,119,501 | 82,331,665 |
| 11. Outside referrals | | | 0 | 0 |
| 12. Emergency room and out-of-area | | | 0 | 0 |
| 13. Prescription drugs | | | 0 | 0 |
| 14. Aggregate write-ins for other hospital and medical | 0 | 0 | 0 | 0 |
| 15. Incentive pool, withhold adjustments and bonus amounts | | | 0 | 0 |
| 16. Subtotal (Lines 9 to 15) | 0 | 41,677,400 | 40,496,689 | 160,182,846 |
| **Less:** | | | | |
| 17. Net reinsurance recoveries | | | 0 | 0 |
| 18. Total hospital and medical (Lines 16 minus 17) | 0 | 41,677,400 | 40,496,689 | 160,182,846 |
| 19. Non-health claims (net) | | | 0 | 0 |
| 20. Claims adjustment expenses, including $ cost containment expenses | | 489,600 | 491,082 | 1,968,039 |
| 21. General administrative expenses | | 4,935,850 | 5,050,154 | 20,641,748 |
| 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 | 47,102,850 | 46,037,925 | 182,792,633 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23) | XXX | 1,746,906 | 1,527,495 | 9,795,203 |
| 25. Net investment income earned | | 405,594 | 644,102 | 2,476,387 |
| 26. Net realized capital gains (losses) less capital gains tax of $ | | | 0 | 0 |
| 27. Net investment gains (losses) (Lines 25 plus 26) | 0 | 405,594 | 644,102 | 2,476,387 |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ ) (amount charged off $ | | | 0 | 0 |
| 29. Aggregate write-ins for other income or expenses | 0 | 0 | 0 | 0 |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) | XXX | 2,152,500 | 2,171,597 | 12,271,590 |
| 31. Federal and foreign income taxes incurred | XXX | 753,375 | 748,852 | 4,295,056 |
| 32. Net income (loss) (Lines 30 minus 31) | XXX | 1,399,125 | 1,422,745 | 7,976,534 |
| **DETAILS OF WRITE-INS** | | | | |
| 0601. Risk Share Revenue | XXX | (110,246) | (1,542,760) | (4,216,102) |
| 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 | (110,246) | (1,542,760) | (4,216,102) |
| 0701. | XXX | | | |
| 0702. | XXX | | | |
| 0703. | XXX | | | |
| 0798. Summary of remaining write-ins for Line 7 from overflow page | XXX | 0 | 0 | 0 |
| 0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) | XXX | 0 | 0 | 0 |
| 1401. | | | | |
| 1402. | | | | |
| 1403. | | | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | 0 | 0 | 0 | 0 |
| 1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) | 0 | 0 | 0 | 0 |
| 2901. | | | | |
| 2902. | | | | |
| 2903. | | | | |
| 2998. Summary of remaining write-ins for Line 29 from overflow page | 0 | 0 | 0 | 0 |
| 2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) | 0 | 0 | 0 | 0 |

# STATEMENT OF REVENUE AND EXPENSES (Continued)

| | | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>to Date | 3<br>Prior Year |
|---|---|---|---|---|
| | **CAPITAL AND SURPLUS ACCOUNT:** | | | |
| 33. | Capital and surplus prior reporting year | 14,822,842 | 19,290,585 | 19,290,585 |
| 34. | Net income or (loss) from Line 32 | 1,399,125 | 1,422,745 | 7,976,534 |
| 35. | Change in valuation basis of aggregate policy and claim reserves | | 0 | 0 |
| 36. | Change in net unrealized capital gains (losses) less capital gains tax of $ | | 0 | 0 |
| 37. | Change in net unrealized foreign exchange capital gain or (loss) | | 0 | 0 |
| 38. | Change in net deferred income tax | | 0 | 0 |
| 39. | Change in nonadmitted assets | | 30,172 | 55,723 |
| 40. | Change in unauthorized reinsurance | 0 | 0 | 0 |
| 41. | Change in treasury stock | | 0 | 0 |
| 42. | Change in surplus notes | 0 | 0 | 0 |
| 43. | Cumulative effect of changes in accounting principles | | 0 | 0 |
| 44. | Capital Changes: | | | |
| | 44.1 Paid in | | 0 | 0 |
| | 44.2 Transferred from surplus (Stock Dividend) | | 0 | 0 |
| | 44.3 Transferred to surplus | | 0 | 0 |
| 45. | Surplus adjustments: | | | |
| | 45.1 Paid in | | 0 | 0 |
| | 45.2 Transferred to capital (Stock Dividend) | 0 | 0 | 0 |
| | 45.3 Transferred from capital | | 0 | 0 |
| 46. | Dividends to stockholders | | 0 | (12,500,000) |
| 47. | Aggregate write-ins for gains or (losses) in surplus | 0 | 0 | 0 |
| 48. | Net change in capital & surplus (Lines 34 to 47) | 1,399,125 | 1,452,917 | (4,467,743) |
| 49. | Capital and surplus end of reporting period (Line 33 plus 48) | 16,221,967 | 20,743,502 | 14,822,842 |
| | **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<br>Current Year<br>To Date | 2<br>Prior Year Ended<br>December 31 |
|---|---|---|
| **Cash from Operations** | | |
| 1. Premiums collected net of reinsurance | 48,383,482 | 197,417,353 |
| 2. Net investment income | 436,010 | 2,498,903 |
| 3. Miscellaneous income | 0 | 0 |
| 4. Total (Lines 1 to 3) | 48,819,492 | 199,916,256 |
| 5. Benefits and loss related payments | 41,227,098 | 156,003,369 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | 0 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 4,861,413 | 20,643,975 |
| 8. Dividends paid to policyholders | | 0 |
| 9. Federal and foreign income taxes paid (recovered) net of $ ..... tax on capital gains (losses) | 0 | 6,461,692 |
| 10. Total (Lines 5 through 9) | 46,088,511 | 183,109,036 |
| 11. Net cash from operations (Line 4 minus Line 10) | 2,730,981 | 16,807,220 |
| **Cash from Investments** | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds | 0 | 2,600,000 |
| 12.2 Stocks | 0 | 0 |
| 12.3 Mortgage loans | 0 | 0 |
| 12.4 Real estate | 0 | 0 |
| 12.5 Other invested assets | 0 | 0 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | 0 | 0 |
| 12.7 Miscellaneous proceeds | 0 | 0 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 0 | 2,600,000 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds | 0 | 2,402,711 |
| 13.2 Stocks | 0 | 0 |
| 13.3 Mortgage loans | 0 | 0 |
| 13.4 Real estate | 0 | 0 |
| 13.5 Other invested assets | 0 | 0 |
| 13.6 Miscellaneous applications | 0 | 0 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 0 | 2,402,711 |
| 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) | 0 | 197,289 |
| **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 |
| 16.5 Dividends to stockholders | 0 | 12,500,000 |
| 16.6 Other cash provided (applied) | 0 | 0 |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) | 0 | (12,500,000) |
| **RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS** | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) | 2,730,981 | 4,504,509 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year | 46,009,694 | 41,505,185 |
| 19.2 End of period (Line 18 plus Line 19.1) | 48,740,675 | 46,009,694 |

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

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

# EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

| | 1 | Comprehensive (Hospital & Medical) | | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | 2 Individual | 3 Group | Medicare Supplement | Vision Only | Dental Only | Federal Employees Health Benefit Plan | Title XVIII Medicare | Title XIX Medicaid | Other |
| **Total Members at end of:** | | | | | | | | | | |
| 1. Prior Year | 595,655 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 595,655 | 0 |
| 2 First Quarter | 601,688 | | | | | | | | 601,688 | |
| 3 Second Quarter | 0 | | | | | | | | | |
| 4. Third Quarter | 0 | | | | | | | | | |
| 5. Current Year | 0 | | | | | | | | | |
| 6 Current Year Member Months | 1,803,000 | | | | | | | | 1,803,000 | |
| **Total Member Ambulatory Encounters for Period:** | | | | | | | | | | |
| 7. Physician | 64,979 | | | | | | | | 64,979 | |
| 8. Non-Physician | 158,696 | | | | | | | | 158,696 | |
| 9. Total | 223,675 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 223,675 | 0 |
| 10. Hospital Patient Days Incurred | 37,342 | | | | | | | | 37,342 | |
| 11. Number of Inpatient Admissions | 3,004 | | | | | | | | 3,004 | |
| 12. Health Premiums Written | 48,960,002 | | | | | | | | 48,960,002 | |
| 13. Life Premiums Direct | 0 | | | | | | | | | |
| 14. Property/Casualty Premiums Written | 0 | | | | | | | | | |
| 15. Health Premiums Earned | 48,960,002 | | | | | | | | 48,960,002 | |
| 16. Property/Casualty Premiums Earned | 0 | | | | | | | | | |
| 17. Amount Paid for Provision of Health Care Services | 40,468,283 | | | | | | | | 40,468,283 | |
| 18. Amount Incurred for Provision of Health Care Services | 41,677,400 | | | | | | | | 41,677,400 | |

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

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

**Aging Analysis of Unpaid Claims**

| 1<br>Account | 2<br>1 - 30 Days | 3<br>31 - 60 Days | 4<br>61 - 90 Days | 5<br>91 - 120 Days | 6<br>Over 120 Days | 7<br>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 | 23,377,766 |
| 0699999 Total Amounts Withheld | XXX | XXX | XXX | XXX | XXX | |
| 0799999 Total Claims Unpaid | XXX | XXX | XXX | XXX | XXX | 23,377,766 |
| 0899999 Accrued Medical Incentive Pool and Bonus Amounts | XXX | XXX | XXX | XXX | XXX | |

# 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 | 6 |
|---|---|---|---|---|---|---|
| | 1<br>On Claims Incurred Prior to January 1 of Current Year | 2<br>On Claims Incurred During the Year | 3<br>On Claims Unpaid Dec. 31 of Prior Year | 4<br>On Claims Incurred During the Year | Claims Incurred in Prior Years (Columns 1 + 3) | Estimated Claim Reserve and Claim Liability Dec. 31 of Prior 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 | 14,280,155 | 26,188,128 | 6,944,770 | 16,432,996 | 21,224,925 | 22,168,649 |
| 8. Other Health | | | | | 0 | 0 |
| 9. Health Subtotal (Lines 1 to 8) | 14,280,155 | 26,188,128 | 6,944,770 | 16,432,996 | 21,224,925 | 22,168,649 |
| 10. Healthcare receivables (a) | | | | | 0 | 0 |
| 11. Other non-health | | | | | 0 | 0 |
| 12. Medical incentive pools and bonus amounts | | | | | 0 | 0 |
| 13. Totals | 14,280,155 | 26,188,128 | 6,944,770 | 16,432,996 | 21,224,925 | 22,168,649 |

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

# NOTES TO FINANCIAL STATEMENTS

**Note 1 - Summary of Significant Accounting Policies**

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

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

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

**Note 3 - Business Combinations and Goodwill**

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

**Note 4 - Discontinued Operations**

No significant change.

**Note 5 - Investments**

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

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

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

**Note 7 - Investment Income**

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

**Note 8 - Derivative Instruments**

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

**Note 9 - Income Taxes**

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

# NOTES TO FINANCIAL STATEMENTS

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

F. Consolidated federal income tax
   1. For federal income tax reporting purposes, the Company's operations are included in Magellan Health Services, Inc.'s (Magellan's) consolidated federal tax returns. The Company files a separate state income tax return.
   2. The Company maintains federal tax sharing arrangements with Magellan. Through these arrangements, Magellan has allocated $753,375 of provision for income tax for the three months ended March 31, 2008. The current arrangement calls for an allocation based on Magellan's effective tax rate before reflecting the allocation and after effecting for permanent differences. This amount is included in the accompanying statement of revenue and expenses. Income taxes receivable and payable are included in due to affiliates in the accompanying statement of liabilities, capital and surplus.

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

A. Nature of relationship - The Company is a wholly owned subsidiary of Magellan Behavioral Health, Inc., which is directly owned by Magellan. The company holds no investments in any affiliated companies and makes no guarantees nor does it partake in any undertaking for the benefit of any affiliate.
B. Description of transactions – No significant change.
   a. Accounts payable paid by the parent (Magellan Health Service) - $300,512
   b. Management fees paid to Magellan and AdvoCare of Tennessee ("AdvoCare") – see below.
C. Dollar amount of transactions – The Company paid $4,406,400 in management fees to the parent for the three months ended March 31, 2008.
D. Amounts due to/from relates parties – Balances as of March 31, 2008
   a. Due to Magellan - $(35,925)
   b. Due to Advocare – ($280,379)
   c. Due to Premier – $(218,544)
E. Guarantees or undertakings for benefit of affiliate – No significant change
F. Material management or service contracts and cost sharing arrangements with related parties – No significant change.
G. Common ownership or control – No significant change.
H. No significant change
I. Investment in SCA that exceeds 10% - No significant change.
J. Investments in impaired SCA entities – No significant change.
K. Investment in a foreign insurance subsidiary – No significant change.

**Note 11 - Debt**

No significant change.

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

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

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

(1) – (9) No significant change.
(10) Surplus Notes – No significant change.

**Note 14 - Contingencies**

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

**Note 15 - Leases**

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

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

No significant change.

# NOTES TO FINANCIAL STATEMENTS

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

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

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

A. ASO Plans - No significant change.
B. ASC Plans – No significant change.
C. Medicare of Similarly Structured Cost Based Reimbursement contract – No significant change.

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

No significant change.

**Note 20 - Other Items**

A. Extraordinary items - No significant change.
B. Troubled Debt Restructuring: Debtor - No significant change.
C. Other Disclosures – No significant change
D. Uncollectible balance for assets covered under SSAP No. 6, SSAP No. 47, and SSAP No. 66 – No significant change
E. Business Interruption Insurance Recoveries – No significant change.
F. Additional disclosures for Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Plans – No significant change.

**Note 21 - Events Subsequent**

In January 2008 TennCare issued an RFP for the management by managed care organizations of the integrated delivery of behavioral and physical health to TennCare enrollees in the East and West Grand Regions. The RFP set forth intended start dates of November 1, 2008 for the West Grand Region and January 1, 2009 for the East Grand Region. On April 22, 2008, the State announced the winning bidders to the RFP process. The Company was not a winning bidder. Accordingly, the Company will not be providing services in the East Grand and West Grand regions after the implementation dates for the new contracts. It is possible that the Company will continue to manage TennCare Select Children in the East Grand and West Grand regions as it currently does in the Middle Grand region. There can be no assurance the TennCare will continue to contract with the Company for management of benefits for such recipients.

**Note 22 - Reinsurance**

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

**Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

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

**Note 24 - Change in Incurred Losses and Loss Adjustment Expenses**

Changes in reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years are as follows:

| | |
|---|---|
| Claims unpaid as of January 1, 2008 | $ 22,168,649 |
| Current year claims paid related to prior years | (14,280,156) |
| Current year change in claims incurred related to prior years | (943,724) |
| Claims unpaid as of March 31, 2008 related to prior years | $6,944,769 |

**Note 25 - Intercompany Pooling Arrangements**

No significant change.

**Note 26 - Structured Settlements**

No significant change.

# NOTES TO FINANCIAL STATEMENTS

**Note 27 - Health Care Receivables**

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

**Note 28 - Participating Policies**

A. Relative percentage of participating insurance - No significant change.
B. Method of accounting for policyholder dividends – No significant change
C. Amount of dividends – No significant change.
D. Amount of any additional income allocated to participating policyholders – No significant change.

**Note 29 - Premium Deficiency Reserves**

No significant change.

**Note 30 - Anticipated Salvage and Subrogation**

No significant change.

# GENERAL INTERROGATORIES

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

## PART 1 - COMMON INTERROGATORIES
## GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]

2.2 If yes, date of change: .....

If not previously filed, furnish herewith a certified copy of the instrument as amended.

3. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>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 [X]

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ..... 06/30/2006

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ..... 06/30/2006

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ..... 04/20/2007

6.4 By what department or departments?

Tennessee Department of Commerce and Insurance.....

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ ] No [ ] NA [X]

6.6 Have all of the recommendations within the latest financial examination report been complied with?..... Yes [X] 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 [X]

7.2 If yes, give full information:

.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?..... Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?..... Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

| 1<br>Affiliate Name | 2<br>Location<br>(City, State) | 3<br>FRB | 4<br>OCC | 5<br>OTS | 6<br>FDIC | 7<br>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 [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

## FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $

## INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [X]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $

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 [X]

14.2 If yes, please complete the following:

| | 1<br>Prior Year-End<br>Book/Adjusted<br>Carrying Value | 2<br>Current Quarter<br>Book/Adjusted<br>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 [X]

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, 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, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [ ] No [X]

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

| 1<br>Name of Custodian(s) | 2<br>Custodian Address |
|---|---|
| | |

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

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|---|---|---|
| | | |

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

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

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>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<br>Central Registration Depository | 2<br>Name(s) | 3<br>Address |
|---|---|---|
| | | |

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

17.2 If no, list exceptions:

.....

# SCHEDULE S - CEDED REINSURANCE

**Showing All New Reinsurance Treaties - Current Year to Date**

| 1<br>NAIC<br>Company<br>Code | 2<br>Federal<br>ID<br>Number | 3<br>Effective<br>Date | 4<br>Name of<br>Reinsurer | 5<br>Location | 6<br>Type of<br>Reinsurance Ceded | 7<br>Is Insurer<br>Authorized?<br>(Yes or No) |
|---|---|---|---|---|---|---|
| | | | ACCIDENT AND HEALTH AFFILIATES | | | |
| | | | ACCIDENT AND HEALTH NON-AFFILIATES | | | |
| | | | LIFE AND ANNUITY AFFILIATES | | | |
| | | | LIFE AND ANNUITY NON-AFFILIATES | | | |
| | | | PROPERTY/CASUALTY AFFILIATES | | | |
| | | | PROPERTY/CASUALTY NON-AFFILIATES | | | |

NONE

# SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

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

| States, Etc. | 1 Active Status | Direct Business Only 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 | 9 Deposit-Type Contracts |
|---|---|---|---|---|---|---|---|---|---|
| 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 | | | 48,960,002 | | | | 48,960,002 | |
| 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 | 0 |
| 59. Subtotal | XXX | 0 | 0 | 48,960,002 | 0 | 0 | 0 | 48,960,002 | 0 |
| 60. Reporting entity contributions for Employee Benefit Plans | XXX | | | | | | | 0 | |
| 61. Total (Direct Business) | (a) 1 | 0 | 0 | 48,960,002 | 0 | 0 | 0 | 48,960,002 | 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 | 0 |
| 5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above) | XXX | 0 | 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

# 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.

**Bar Code:**

1. 9 5 7 8 0 2 0 0 8 3 6 5 0 0 0 0 1

# OVERFLOW PAGE FOR WRITE-INS

# SCHEDULE A - VERIFICATION

**Real Estate**

NONE

| | 1<br>Year to Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 0 | 0 |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisitions | | |
| 2.2 Additional investment made after acquisitions | | |
| 3. Current year change in encumbrances | | |
| 4. Total gain (loss) on disposals | | 0 |
| 5. Deduct amounts received on disposals | | 0 |
| 6. Total foreign exchange change in book/adjusted carrying value | | 0 |
| 7. Deduct current year's other than temporary impairment recognized | | |
| 8. Deduct current year's depreciation | | |
| 9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) | 0 | 0 |
| 10. Deduct total nonadmitted amount | | 0 |
| 11. Statement value at end of current period (Line 9 minus Line 10) | 0 | 0 |

# SCHEDULE B – VERIFICATION

**Mortgage Loans**

NONE

| | 1<br>Year to Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 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 acquisitions | | 0 |
| 2.2 Additional investment made after acquisitions | | 0 |
| 3. Capitalized deferred interest and other | | |
| 4. Accrual of discount | | |
| 5. Unrealized valuation increase (decrease) | | |
| 6. Total gain (loss) on disposals | | 0 |
| 7. Deduct amounts received on disposals | | 0 |
| 8. Deduct amortization of premium and mortgage interest points and commitment fees | | |
| 9. Total foreign exchange change in book value/recorded investment excluding accrued interest | | |
| 10. Deduct current year's other than temporary impairment recognized | | 0 |
| 11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) | 0 | 0 |
| 12. Deduct total nonadmitted accounts | | 0 |
| 13. Statement value at end of current period (Line 11 minus Line 12) | 0 | 0 |

# SCHEDULE BA – VERIFICATION

**Other Long Term Invested Assets**

NONE

| | 1<br>Year to Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 0 | 0 |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisitions | | 0 |
| 2.2 Additional investment made after acquisitions | | 0 |
| 3. Capitalized deferred interest and other | | |
| 4. Accrual of discount | | 0 |
| 5. Unrealized valuation increase (decrease) | | |
| 6. Total gain (loss) on disposals | | 0 |
| 7. Deduct amounts received on disposals | | 0 |
| 8. Deduct amortization of premium and depreciation | | 0 |
| 9. Total foreign exchange change in book/adjusted carrying value | | 0 |
| 10. Deduct current year's other than temporary impairment recognized | | |
| 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 |
| 13. Statement value at end of current period (Line 11 minus Line 12) | 0 | 0 |

# SCHEDULE D – VERIFICATION

**Bonds and Stocks**

| | 1<br>Year to Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year | 2,401,583 | 2,600,002 |
| 2. Cost of bonds and stocks acquired | | 2,402,711 |
| 3. Accrual of discount | | 0 |
| 4. Unrealized valuation increase (decrease) | | 0 |
| 5. Total gain (loss) on disposals | | 0 |
| 6. Deduct consideration for bonds and stocks disposed of | | 2,600,000 |
| 7. Deduct amortization of premium | 334 | 1,130 |
| 8. Total foreign exchange change in book/adjusted carrying value | | 0 |
| 9. Deduct current year's other than temporary impairment recognized | | |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) | 2,401,249 | 2,401,583 |
| 11. Deduct total nonadmitted amounts | | 0 |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 2,401,249 | 2,401,583 |

# 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<br>Book/Adjusted Carrying Value Beginning of Current Quarter | 2<br>Acquisitions During Current Quarter | 3<br>Dispositions During Current Quarter | 4<br>Non-Trading Activity During Current Quarter | 5<br>Book/Adjusted Carrying Value End of First Quarter | 6<br>Book/Adjusted Carrying Value End of Second Quarter | 7<br>Book/Adjusted Carrying Value End of Third Quarter | 8<br>Book/Adjusted Carrying Value December 31 Prior Year |
|---|---|---|---|---|---|---|---|---|
| **BONDS** | | | | | | | | |
| 1. Class 1 (a) | 2,401,583 | | | (334) | 2,401,249 | 0 | 0 | 2,401,583 |
| 2. Class 2 (a) | 0 | | | | 0 | 0 | 0 | 0 |
| 3. Class 3 (a) | 0 | | | | 0 | 0 | 0 | 0 |
| 4. Class 4 (a) | 0 | | | | 0 | 0 | 0 | 0 |
| 5. Class 5 (a) | 0 | | | | 0 | 0 | 0 | 0 |
| 6. Class 6 (a) | 0 | | | | 0 | 0 | 0 | 0 |
| 7. Total Bonds | 2,401,583 | 0 | 0 | (334) | 2,401,249 | 0 | 0 | 2,401,583 |
| **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 and Preferred Stock | 2,401,583 | 0 | 0 | (334) | 2,401,249 | 0 | 0 | 2,401,583 |

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

Schedule DA - Part 1

NONE

Schedule DA - Verification

NONE

Schedule DB - Part 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

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

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 1 - CASH

**Month End Depository Balances**

| 1 | 2 | 3 | 4 | 5 | Book Balance at End of Each Month During Current Quarter | | | 9 |
|---|---|---|---|---|---|---|---|---|
| | | | | | 6 | 7 | 8 | |
| Depository | Code | Rate of Interest | Amount of Interest Received During Current Quarter | Amount of Interest Accrued at Current Statement Date | First Month | Second Month | Third Month | * |
| US Bank | | | 376,010 | 0 | 46,354,915 | 43,356,864 | 48,740,675 | XXX |
| 0199998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories | XXX | XXX | | | | | | XXX |
| 0199999 Totals - Open Depositories | XXX | XXX | 376,010 | 0 | 46,354,915 | 43,356,864 | 48,740,675 | XXX |
| 0399999 Total Cash on Deposit | XXX | XXX | 376,010 | 0 | 46,354,915 | 43,356,864 | 48,740,675 | XXX |
| 0499999 Cash in Company's Office | XXX | XXX | XXX | XXX | | | | XXX |
| 0599999 Total Cash | XXX | XXX | 376,010 | 0 | 46,354,915 | 43,356,864 | 48,740,675 | XXX |

# SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

| 1<br>Description | 2<br>Code | 3<br>Date Acquired | 4<br>Rate of Interest | 5<br>Maturity Date | 6<br>Book/Adjusted Carrying Value | 7<br>Amount of Interest Due & Accrued | 8<br>Amount Received During Year |
|---|---|---|---|---|---|---|---|
| 8799999 Totals | | | | | 0 | 0 | 0 |

NONE

**Tennessee Behavioral Health, Inc. - Middle/West Regions**
**BHO TennCare Operations Statement of Revenue and Expenses**
**For the Quarter Ending March 31, 2008**
**Report 2A**

| | Current Quarter | Year to Date Total |
|---|---|---|
| Member Months | 502,422 | 502,422 |
| **Revenues** | | |
| TennCare Capitation | 11,684,216 | 11,684,216 |
| Risk Share | (110,246) | (110,246) |
| Investment (Interest) | 115,594 | 115,594 |
| Other Revenues | 0 | 0 |
| **Total Revenues** | 11,689,565 | 11,689,565 |
| **Expenses** | | |
| Mental Health & Substance Services | | |
| Inpatient Psychiatric Facility services | 2,942,740 | 2,942,740 |
| Inpatient Substance Abuse Treatment and Detox | 102,496 | 102,496 |
| Outpatient Mental Health Services | 2,599,543 | 2,599,543 |
| Outpatient Substance Abuse Treatment and Detox | 210,430 | 210,430 |
| Housing/Residential Treatment | 978,716 | 978,716 |
| Specialized Crisis Services | 441,909 | 441,909 |
| Psychiatric Rehab and Support Services | 147,416 | 147,416 |
| Case Management | 1,790,820 | 1,790,820 |
| Forensics | | |
| Other Judicial | | |
| Pharmacy | | |
| Lab Services | 24,177 | 24,177 |
| Transportation | 218,829 | 218,829 |
| Medical Incentive Pool and Withhold Adjustments | | |
| Occupancy, Depreciation and Amortization | | |
| Other Mental Health and Substance Abuse Services | | 0 |
| PCP and Specialists Services | | |
| Subtotal | 9,457,075 | 9,457,075 |
| Reinsurance Expense Net of Recoveries | | |
| Less: | | |
| Copayments | | |
| Subrogation | | |
| Coordination of Benefits | | |
| Subtotal | | |
| **Total Medical and Substance Abuse** | 9,457,075 | 9,457,075 |
| **Claim Adjustment Expense** | 116,842 | 116,842 |
| Administration [1] | | |
| Rent | 14,858 | 14,858 |
| Salaries and Wages | 534,448 | 534,448 |
| Commissions | 1,609 | 1,609 |
| Contributions for benefit plans for employees | | |
| Payments to employees under non-funded benefit plans | | |
| Other employee welfare | | |
| Legal fees and expenses | 6,135 | 6,135 |
| Medical examination fees | | |
| Utilization management | | |
| Certifications and accreditation | 46 | 46 |
| Auditing, actuarial and other consulting services | 64,348 | 64,348 |
| Traveling expenses | 19,497 | 19,497 |
| Marketing and advertising | 12,805 | 12,805 |
| Postage, express, telegraph and telephone | 23,852 | 23,852 |
| Printing and stationary | 76,375 | 76,375 |
| Occupancy, depreciation and amortization | 243,621 | 243,621 |
| Rental of equipment | 378 | 378 |
| Outsourced services includes EDP, claims, and other services | (430) | (430) |
| Books and periodicals | | |
| Boards, bureaus and association fees | 3,191 | 3,191 |
| Insurance, except on real estate | | |
| Collection and bank service charges | 4,754 | 4,754 |
| Group service and administration fees | | |
| Reimbursements from fiscal intermediaries | | |
| Real estate expenses | | |
| Real estate taxes | 284 | 284 |
| Bad Debt Expense | | |
| Taxes, licenses and fees: | | |
| State and local insurance taxes | | |
| State premium taxes | 231,479 | 231,479 |
| Insurance department licenses and fees | | |
| Payroll taxes | | |
| Other (excluding federal income and real estate taxes) | 2,310 | 2,310 |
| Investment expenses not included elsewhere | | |
| Write-Ins | | |
| Total Administrative Expenses | 1,239,561 | 1,239,561 |
| Total Expenses | 10,813,479 | 10,813,479 |
| Income/(loss) before allocated income taxes | 876,086 | 876,086 |
| Benefit (provision) for income taxes | (306,630) | (306,630) |
| Net Income (Loss) | 569,456 | 569,456 |

**Tennessee Behavioral Health, Inc. - East Region**
**BHO TennCare Operations Statement of Revenue and Expenses**
**For the Quarter Ending March 31, 2008**
**Report 2A**

| | Current Quarter | Year to Date Total |
|---|---|---|
| Member Months | 1,300,578 | 1,300,578 |
| **Revenues** | | |
| TennCare Capitation | 37,275,786 | 37,275,786 |
| Risk Share | 0 | 0 |
| Investment (Interest) | 290,000 | 290,000 |
| Other Revenues | 0 | 0 |
| **Total Revenues** | 37,565,786 | 37,565,786 |
| **Expenses** | | |
| Mental Health & Substance Services | | |
| Inpatient Psychiatric Facility services | 9,444,366 | 9,444,366 |
| Inpatient Substance Abuse Treatment and Detox | 509,612 | 509,612 |
| Outpatient Mental Health Services | 8,464,645 | 8,464,645 |
| Outpatient Substance Abuse Treatment and Detox | 685,188 | 685,188 |
| Housing/Residential Treatment | 3,305,936 | 3,305,936 |
| Specialized Crisis Services | 1,240,344 | 1,240,344 |
| Psychiatric Rehab and Support Services | 413,765 | 413,765 |
| Case Management | 7,145,450 | 7,145,450 |
| Forensics | | |
| Other Judicial | | |
| Pharmacy | | |
| Lab Services | 49,916 | 49,916 |
| Transportation | 961,103 | 961,103 |
| Medical Incentive Pool and Withhold Adjustments | | |
| Occupancy, Depreciation and Amortization | | |
| Other Mental Health and Substance Abuse Services | 0 | 0 |
| PCP and Specialists Services | | |
| Subtotal | 32,220,325 | 32,220,325 |
| Reinsurance Expense Net of Recoveries | | |
| Less: | | |
| Copayments | | |
| Subrogation | | |
| Coordination of Benefits | | |
| Subtotal | | |
| **Total Medical and Substance Abuse** | 32,220,325 | 32,220,325 |
| **Claim Adjustment Expense** | 372,758 | 372,758 |
| Administration [1] | | |
| Rent | 47,402 | 47,402 |
| Salaries and Wages | 1,705,033 | 1,705,033 |
| Commissions | 5,134 | 5,134 |
| Contributions for benefit plans for employees | | |
| Payments to employees under non-funded benefit plans | | |
| Other employee welfare | | |
| Legal fees and expenses | 19,574 | 19,574 |
| Medical examination fees | | |
| Utilization management | | |
| Certifications and accreditation | 147 | 147 |
| Auditing, actuarial and other consulting services | 201,609 | 201,609 |
| Traveling expenses | 62,201 | 62,201 |
| Marketing and advertising | 40,850 | 40,850 |
| Postage, express, telegraph and telephone | 76,094 | 76,094 |
| Printing and stationary | (16,579) | (16,579) |
| Occupancy, depreciation and amortization | 777,215 | 777,215 |
| Rental of equipment | 1,207 | 1,207 |
| Outsourced services includes EDP, claims, and other services | (1,371) | (1,371) |
| Books and periodicals | | |
| Boards, bureaus and association fees | 10,182 | 10,182 |
| Insurance, except on real estate | | |
| Collection and bank service charges | 13,798 | 13,798 |
| Group service and administration fees | | |
| Reimbursements from fiscal intermediaries | | |
| Real estate expenses | | |
| Real estate taxes | 905 | 905 |
| Bad Debt Expense | | |
| Taxes, licenses and fees: | | |
| State and local insurance taxes | | |
| State premium taxes | 745,516 | 745,516 |
| Insurance department licenses and fees | | |
| Payroll taxes | | |
| Other (excluding federal income and real estate taxes) | 7,371 | 7,371 |
| Investment expenses not included elsewhere | | |
| Write-Ins | | |
| Total Administrative Expenses | 3,696,289 | 3,696,289 |
| Total Expenses | 36,289,371 | 36,289,371 |
| Income/(loss) before allocated income taxes | 1,276,415 | 1,276,415 |
| Benefit (provision) for income taxes | (446,745) | (446,745) |
| Net Income (Loss) | 829,670 | 829,670 |

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

**TennCare Partners Program**
**- State Capitation Payment**
**January-08**

| | Account Description | PBS | TBH MW | TBH East |
|---|---|---|---|---|
| Base Payment | Revenue-Risk | 7,806,769.01 | 3,858,154.65 | 12,135,274.76 |
| Current Month W/H | A/R State of Tennessee | (195,169.23) | (96,453.87) | (303,381.87) |
| Repayment of Prior Month's Withhold | A/R State of Tennessee | 201,328.43 | 99,763.55 | 331,297.81 |
| Liquidated Damages | Damages | (1,500.00) | - | (3,500.00) |
| Other | A/R State of Tennessee | - | - | - |
| Net Payment from State | Cash | (7,811,428.21) | (3,861,464.34) | (12,159,690.71) |

**TennCare Partners Program**
**- State Capitation Payment**
**February-08**

| | Account Description | PBS | TBH MW | TBH East |
|---|---|---|---|---|
| Base Payment | Revenue-Risk | 7,381,444.89 | 3,676,819.71 | 12,123,901.43 |
| Current Month W/H | A/R State of Tennessee | (184,536.12) | (91,920.49) | (303,097.54) |
| Repayment of Prior Month's Withhold | A/R State of Tennessee | 195,169.23 | 96,453.87 | 303,381.87 |
| Liquidated Damages | Damages | - | - | - |
| Other | A/R State of Tennessee | - | - | - |
| Net Payment from State | Cash | (7,392,077.99) | (3,681,353.08) | (12,124,185.76) |

**TennCare Partners Program**
**- State Capitation Payment**
**March-08**

| | Account Description | PBS | TBH MW | TBH East |
|---|---|---|---|---|
| Base Payment | Revenue-Risk | 8,087,551.20 | 4,015,151.55 | 12,569,228.40 |
| Current Month W/H | A/R State of Tennessee | (202,188.78) | (100,378.79) | (314,230.71) |
| Repayment of Prior Month's Withhold | A/R State of Tennessee | 184,536.12 | 91,920.49 | 303,097.54 |
| Liquidated Damages | Damages | (1,000.00) | - | (8,000.00) |
| Other | A/R State of Tennessee | - | - | - |
| Net Payment from State | Cash | (8,068,898.54) | (4,006,693.25) | (12,550,095.23) |

Tennessee Behavioral Health
2008 Premium Tax Calculation

| Date | Gross Revenue | Gross Withhold | Returned Withholds | Liquidated Damages | Other | Risk Share | Subtotal | Total | Taxable (1) | Tax |
|---|---|---|---|---|---|---|---|---|---|---|
| Jan-08 | 15,993,429.41 | (399,835.74) | 431,061.37 | (3,500.00) | - | - | 16,021,155.04 | 16,021,155.04 | 16,024,655.04 | 320,493.10 |
| Feb-08 | 15,800,721.14 | (395,018.03) | 399,835.74 | - | - | - | 15,805,538.85 | 15,805,538.85 | 15,805,538.85 | 316,110.78 |
| Mar-08 | 16,584,379.95 | (414,609.50) | 395,018.03 | (8,000.00) | - | - | 16,556,788.48 | 16,556,788.48 | 16,564,788.48 | 331,295.77 |
| | *48,378,530.50* | *(1,209,463.26)* | *1,225,915.13* | *(11,500.00)* | - | - | *48,383,482.37* | *48,383,482.37* | *48,394,982.37* | *967,899.65* |