

QUARTERLY STATEMENT AS OF September 30, 2009 OF THE CONDITION AND AFFAIRS OF THE Volunteer State Health Plan, Inc.

NAIC Group Code	0000 <small>(Current Period)</small>	0000 <small>(Prior Period)</small>	NAIC Company Code	Employer's ID Number	62-1656610
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee	
Country of Domicile	United States of America				
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]	Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]	Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]		
Incorporated/Organized	07/11/1996		Commenced Business	11/01/1996	
Statutory Home Office	1 Cameron Hill Circle <small>(Street and Number)</small>		Chattanooga, TN 37402 <small>(City, or Town, State and Zip Code)</small>		
Main Administrative Office	Chattanooga, TN 37402 <small>(City or Town, State and Zip Code)</small>		1 Cameron Hill Circle <small>(Street and Number)</small>		
Mail Address	1 Cameron Hill Circle 1.3 <small>(Street and Number or P.O. Box)</small>		(423)535-5600 <small>(Area Code) (Telephone Number)</small>		
Primary Location of Books and Records	Chattanooga, TN 37402 <small>(City, or Town, State and Zip Code)</small>		Chattanooga, TN 37402 <small>(City, or Town, State and Zip Code)</small>		
Internet Web Site Address	www.vshptn.com		(423)535-5600 <small>(Area Code) (Telephone Number)</small>		
Statutory Statement Contact	Dana Elaine Hull <small>(Name)</small>		(423)535-7919 <small>(Area Code)(Telephone Number)(Extension)</small>		
	Dana_Hull@BCBST.com <small>(E-Mail Address)</small>		(423)535-8331 <small>(Fax Number)</small>		

OFFICERS

Name	Title	#
Steven Edward Kerr	Vice President, Finance	#
Sonya Kay Nelson	President & CEO	
Steven Lee Coulter MD	Managing Director	
Robert Stanley DeMerritt	Chief Financial Officer	
David Matthew Moroney MD	VP and Chief Medical Officer	#
Daniel Paul Timblin	Treasurer	
Alaine Marie Zachary	Assistant Treasurer	
Shelia Dian Clemons	Secretary	
Katharine Anne Laurance	Assistant Secretary	
Amber Jeanine Cambron	Vice President, Operations	#

Other

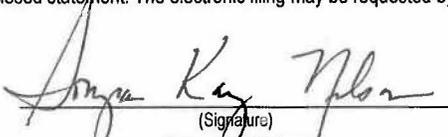
Judy Messer Slagle, Interim Chief Operating Officer #

DIRECTORS OR TRUSTEES

Vicky Brown Gregg, Chairman Steven Lee Coulter MD
John Francis Giblin

State of Tennessee
County of Hamilton ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the 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.



(Signature)
Sonya Kay Nelson
(Printed Name)
1.
President & CEO
(Title)



(Signature)
Shelia Dian Clemons
(Printed Name)
2.
Secretary
(Title)

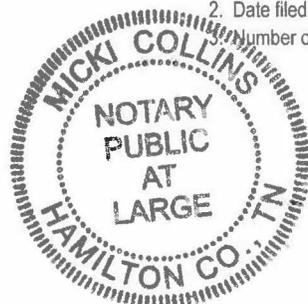


(Signature)
Robert Stanley DeMerritt
(Printed Name)
3.
Chief Financial Officer
(Title)

Subscribed and sworn to before me this 2ND day of FEB, 2009. 10



(Notary Public Signature)



a. Is this an original filing? Yes[] No[X]
b. If no, 1. State the amendment number 1
2. Date filed 01/27/2010
Number of pages attached 1

My Commission Expires
August 18, 2010

Notes to Financial Statement

14. Contingencies

A. Contingent Commitments

In the first quarter of 2008, BCBST raised \$200,000,000 in order to help finance the construction of BCBST's new headquarters in Chattanooga. The Industrial Development Board of the City of Chattanooga issued \$200,000,000 of taxable variable rate demand revenue bonds on March 14, 2008 and made these funds available to BCBST pursuant to a lease agreement between the issuer and BCBST. The payment of principal and interest on the bonds is secured by an irrevocable, direct-pay letter of credit issued by Bank of America, NA ("BOA"). The bonds bear interest at a weekly variable rate established by the Remarketing Agent (BOA). Interest is payable monthly in arrears. The bonds are subject to optional redemption. There are no mandatory sinking fund redemptions prior to maturity. However, the bonds are subject to mandatory redemption upon certain events as described in the Official Statement. The letter of credit will expire on March 14, 2013, unless extended as provided in the Reimbursement Agreement. Under the Reimbursement Agreement, the Company made certain covenants to the Letter of Credit Bank customary for transactions of this type. Under the Reimbursement Agreement, the Company is considered a "material subsidiary" if the Company's revenues exceed 7.5% of consolidated revenue for BCBST and its subsidiaries. Should the Company become a "material subsidiary" under the Reimbursement Agreement, BOA may require the Company to guaranty the BCBST financing, subject to prior approval of the Tennessee Department of Insurance. As of September 30, 2009, the Company was a "material subsidiary", as defined in the Reimbursement Agreement, and the Company is currently in discussions with BOA about whether or not a guaranty by the Company of the BCBST financing would be required.

B. Assessments

The Company receives periodic liquidated damage assessments from the State of Tennessee, primarily related to operational performance targets.

C. The Company had no gain contingencies not recognized in the Company's financial statements.

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

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

E. The Company has no other contingencies to be reported as required by SSAP No. 5.

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0215

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Sender's Copy

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1 From *Please print and press hard.*
Date _____ Sender's FedEx Account Number 0374-0057-2

Sender's Name _____ Phone (423) 535-5949

Company BLUECROSS BLUESHIELD OF TN

Address 801 PINE ST Dept./Floor/Suite/Room _____

City CHATTANOOGA State TN ZIP 37402-2517

2 Your Internal Billing Reference *First 24 characters will appear on invoice.*
OPTIONAL 760

3 To
Recipient's Name Ms. Lisa Jordan Phone () _____

Company TDCI

Recipient's Address TennCare Division Dept./Floor/Suite/Room _____

We cannot deliver to P.O. boxes or P.O. ZIP codes.
Address 500 James Robertson Pky St. 750
To request a package be held at a specific FedEx location, print FedEx address here.

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Simplify your shipping. Manage your account. Access all the tools you need.

4a Express Package Service *Packages up to 150 lbs.*

FedEx Priority Overnight
Next business morning.* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

FedEx Standard Overnight
Next business afternoon.* Saturday Delivery NOT available.

FedEx First Overnight
Earliest next business morning delivery to select locations.* Saturday Delivery NOT available.

FedEx 2Day
Second business day.* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

FedEx Express Saver
Third business day.* Saturday Delivery NOT available.

FedEx Envelope rate not available. Minimum charge: One-pound rate. * To most locations.

4b Express Freight Service *Packages over 150 lbs.*

FedEx 1Day Freight*
Next business day.* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

FedEx 2Day Freight
Second business day.* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

FedEx 3Day Freight
Third business day.* Saturday Delivery NOT available.

* Call for Confirmation. ** To most locations.

5 Packaging

FedEx Envelope*

FedEx Pak*
Includes FedEx Small Pak, FedEx Large Pak, and FedEx Sturdy Pak.

FedEx Box

FedEx Tube

Other

* Declared value limit \$500.

6 Special Handling *Include FedEx address in Section 3.*

SATURDAY Delivery
NOT Available for FedEx Standard Overnight, FedEx First Overnight, FedEx Express Saver, or FedEx 3Day Freight.

HOLD Weekday at FedEx Location
NOT Available for FedEx First Overnight.

HOLD Saturday at FedEx Location
Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.

Does this shipment contain dangerous goods?
One box must be checked.

No Yes
As per attached Shipper's Declaration.

Yes
Shipper's Declaration not required.

Dry Ice
Dry Ice, 9, UN 1845 _____ x _____ kg

Cargo Aircraft Only

Dangerous goods (including dry ice) cannot be shipped in FedEx packaging.

7 Payment *Bill to:* Enter FedEx Acct. No. or Credit Card No. below.

Sender
Acct. No. in Section 1 will be billed.

Recipient

Third Party

Credit Card

Cash/Check

FedEx Acct. No.
Credit Card No.

Exp. Date

Total Packages	Total Weight	Total Declared Value*
		\$.00

*Our liability is limited to \$100 unless you declare a higher value. See back for details. By using this Airbill you agree to the service conditions on the back of this Airbill and in the current FedEx Service Guide, including terms that limit our liability.

8 Residential Delivery Signature Options *if you require a signature, check Direct or Indirect.*

No Signature Required
Package may be left without obtaining a signature for delivery.

Direct Signature
Someone at the recipient's address may sign for delivery. *Fee applies.*

Indirect Signature
If no one is available at recipient's address, someone at a neighboring address may sign for delivery. *Fee applies.*

519

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