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HEALTH ANNUAL STATEMENT FOR THE YEAR ENDING DECEMBER 31, 2010 OF THE CONDITION AND AFFAIRS OF THE

Premier Behavioral Systems of Tennessee, LLC

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

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

Country of Domicile United States

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

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

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

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

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

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

Internet Website Address N/A

Statutory Statement Contact Michael Fotinos, 410-953-1643
 (Name) (Area Code) (Telephone Number) (Extension)
MDFotinos@magellanhealth.com, 410-953-5205
 (E-mail Address) (FAX Number)

OFFICERS

Name	Title	Name	Title
<u>Jon Rubin</u>	<u>Vice President & Treasurer</u>	<u>William R. Grimm</u>	<u>Director</u>

OTHER OFFICERS

DIRECTORS OR TRUSTEES

<u>Jon Rubin</u>	<u>William R. Grimm</u>	<u>Rene Lerer</u>
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State of Connecticut
 County of Hartford ss Avon

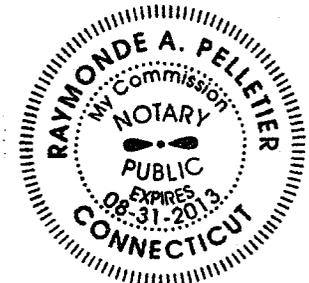
The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any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

Jon Rubin
 Vice President & Treasurer

William R. Grimm
 Director

Subscribed and sworn to before me this 23rd day of February 2011
Raymonde A. Pelleter

- 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 _____



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

	Current Quarter Total	Year to Date Total
Member Months	-	-
Revenues		
TennCare Capitation	-	(2,015)
Risk Share Revenue	(297,462)	(98,621)
Investment (Interest)	617	9,647
Other Revenues	-	15,997
Total Revenues	(296,846)	(74,992)
Expenses		
Mental Health & Substance Services		
Inpatient Psychiatric Facility services	-	-
Inpatient Substance Abuse Treatment and Detox	-	-
Outpatient Mental Health Services	(356,879)	(432,682)
Outpatient Substance Abuse Treatment and Detox	(21,500)	(26,066)
Housing/Residential Treatment	-	-
Specialized Crisis Services	-	-
Psychiatric Rehab and Support Services	-	-
Case Management	-	(23,594)
Forensics	-	-
Other Judicial	-	-
Pharmacy	-	-
Lab Services	(7,447)	(8,557)
Transportation	-	-
Medical Incentive Pool and Withhold Adjustments	-	-
Occupancy, Depreciation and Amortization	-	-
Other Mental Health and Substance Abuse Services	-	-
PCP and Specialists Services	-	-
Subtotal	(385,826)	(490,899)
Reinsurance Expense Net of Recoveries		
Less:		
Copayments		
Subrogation		
Coordination of Benefits		
Subtotal		
Total Medical and Substance Abuse	(385,826)	(490,899)
Claim Adjustment Expense	-	(20)
Administration ¹		
Rent	(3)	(3)
Salaries and Wages	(92)	(92)
Contributions for benefit plans for employees		
Payments to employees under non-funded benefit plans		
Other employee welfare	-	-
Legal fees and expenses	(1)	(1)
Medical examination fees	-	-
Utilization management	-	-
Certifications and accreditation	(0)	(0)
Auditing, actuarial and other consulting services	(10)	(10)
Traveling expenses	(3)	(3)
Marketing and advertising	(2)	(2)
Postage, express, telegraph and telephone	(4)	4
Printing and stationary	(2)	(2)
Occupancy, depreciation and amortization	(42)	1,743
Rental of equipment	-	-
Outsourced services includes EDP, claims, and other services	-	-
Books and periodicals	-	-
Boards, bureaus and association fees	-	200
Insurance, except on real estate	-	-
Collection and bank service charges	5,687	24,823
Group service and administration fees	-	-
Reimbursements from fiscal intermediaries	-	-
Real estate expenses	-	-
Real estate taxes	-	-
Bad Debt Expense	-	-
Taxes, licenses and fees:		
State and local insurance taxes	-	-
State premium taxes	-	239,823
Insurance department licenses and fees	-	-
Payroll taxes	-	-
Other (excluding federal income and real estate taxes)	(62,051)	(62,212)
Investment expenses not included elsewhere	-	-
Total Administrative Expenses	(56,524)	204,267
Total Expenses	(442,350)	(286,653)
Net Income (Loss)	145,504	211,660

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

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	900,466		900,466	1,908,229
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
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 (\$1,860,490 , Schedule E - Part 1), cash equivalents (\$0 , Schedule E - Part 2) and short-term investments (\$0 , Schedule DA).....	1,860,490		1,860,490	15,666,926
6. Contract loans (including \$ premium notes).....			0	0
7. Derivatives			0	0
8. Other invested assets (Schedule BA).....	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets.....			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	2,760,956	0	2,760,956	17,575,155
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	3,327		3,327	31,139
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	386,648
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premium).....			0	0
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$) and other amounts receivable			0	0
25. Aggregate write-ins for other than invested assets	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,764,283	0	2,764,283	17,992,942
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	2,764,283	0	2,764,283	17,992,942
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Risk Share Receivable.....			0	0
2502. ASO Receivable.....			0	0
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	131,009		131,009	1,085,160
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses			0	0
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	3,700		3,700	85,010
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital 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. Remittance 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	753		753	22,564
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans			0	0
23. Aggregate write-ins for other liabilities (including \$ current)	718,576	0	718,576	12,534,391
24. Total liabilities (Lines 1 to 23)	854,039	0	854,039	13,727,125
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	20,945,279	20,945,279
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	(19,035,034)	(16,679,462)
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	1,910,245	4,265,817
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	2,764,283	17,992,942
DETAILS OF WRITE-INS				
2301. Premium Tax Payable	805		805	(211,165)
2302. Risk Share Payable	578,138		578,138	12,617,010
2303. State Check Liability	139,634		139,634	128,546
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)	718,576	0	718,576	12,534,391
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	.0	564,027
2. Net premium income (including \$0 non-health premium income).....	XXX	(2,015)	32,280,088
3. Change in unearned premium reserves and reserve for rate credits.....	XXX		.0
4. Fee-for-service (net of \$ medical expenses).....	XXX		.0
5. Risk revenue.....	XXX		.0
6. Aggregate write-ins for other health care related revenues.....	XXX	(98,621)	4,146,177
7. Aggregate write-ins for other non-health revenues.....	XXX	15,997	.0
8. Total revenues (Lines 2 to 7).....	XXX	(84,640)	36,426,265
Hospital and Medical:			
9. Hospital/medical benefits.....		(443,326)	20,670,738
10. Other professional services.....		(47,573)	12,926,903
11. Outside referrals.....			.0
12. Emergency room and out-of-area.....			.0
13. Prescription drugs.....			.0
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....			.0
16. Subtotal (Lines 9 to 15).....	.0	(490,899)	33,597,641
Less:			
17. Net reinsurance recoveries.....			.0
18. Total hospital and medical (Lines 16 minus 17).....	.0	(490,899)	33,597,641
19. Non-health claims (net).....			.0
20. Claims adjustment expenses, including \$0 cost containment expenses.....		(20)	319,575
21. General administrative expenses.....		204,268	3,867,755
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		.0	.0
23. Total underwriting deductions (Lines 18 through 22).....	.0	(286,652)	37,784,971
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	202,012	(1,358,706)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		9,647	61,197
26. Net realized capital gains (losses) less capital gains tax of \$0.....			.0
27. Net investment gains (losses) (Lines 25 plus 26).....	.0	9,647	61,197
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)].....			.0
29. Aggregate write-ins for other income or expenses.....	.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	211,659	(1,297,509)
31. Federal and foreign income taxes incurred.....	XXX		.0
32. Net income (loss) (Lines 30 minus 31).....	XXX	211,659	(1,297,509)
DETAILS OF WRITE-INS			
0601. Risk Share Revenue.....	XXX	(98,621)	4,146,177
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	XXX	(98,621)	4,146,177
0701. Other Revenue.....	XXX	15,997	.0
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above).....	XXX	15,997	.0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	.0	.0	.0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	.0	.0	.0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior reporting year	4,265,817	8,723,349
34. Net income or (loss) from Line 32	211,659	(1,297,509)
35. Change in valuation basis of aggregate policy and claim reserves .....		.0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....		.0
37. Change in net unrealized foreign exchange capital gain or (loss) .....		.0
38. Change in net deferred income tax .....		.0
39. Change in nonadmitted assets	32,768	139,977
40. Change in unauthorized reinsurance .....	.0	.0
41. Change in treasury stock .....	.0	.0
42. Change in surplus notes .....	.0	.0
43. Cumulative effect of changes in accounting principles .....		.0
44. Capital Changes:		
44.1 Paid in .....	.0	.0
44.2 Transferred from surplus (Stock Dividend) .....		.0
44.3 Transferred to surplus .....		.0
45. Surplus adjustments:		
45.1 Paid in .....	.0	.0
45.2 Transferred to capital (Stock Dividend) .....	.0	.0
45.3 Transferred from capital .....		.0
46. Dividends to stockholders	(2,600,000)	(3,300,000)
47. Aggregate write-ins for gains or (losses) in surplus .....	.0	.0
48. Net change in capital and surplus (Lines 34 to 47)	(2,355,573)	(4,457,532)
49. Capital and surplus end of reporting year (Line 33 plus 48)	1,910,244	4,265,817
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page .....	.0	.0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	.0	.0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	(11,736,864)	33,432,100
2. Net investment income	49,088	102,180
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	(11,687,776)	33,534,280
5. Benefit and loss related payments	463,231	39,266,243
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	51,561	4,102,541
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	514,793	43,368,784
11. Net cash from operations (Line 4 minus Line 10)	(12,202,569)	(9,834,504)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	1,900,000	0
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)	1,900,000	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds	903,867	0
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)	903,867	0
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	996,133	0
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	2,600,000	3,300,000
16.6 Other cash provided (applied)	0	0
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(2,600,000)	(3,300,000)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(13,806,436)	(13,134,504)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	15,666,927	28,801,430
19.2 End of year (Line 18 plus Line 19.1)	1,860,490	15,666,927

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

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	(2,015)	0	0	0	0	0	0	(2,015)	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	(2,015)	0	0	0	0	0	0	(2,015)	0	0
8. Hospital/medical benefits	(443,326)							(443,326)		XXX
9. Other professional services	(47,573)							(47,573)		XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	0									XXX
12. Prescription drugs	0									XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	(490,899)	0	0	0	0	0	0	(490,899)	0	XXX
16. Net reinsurance recoveries	0									XXX
17. Total hospital and medical (Lines 15 minus 16)	(490,899)	0	0	0	0	0	0	(490,899)	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ cost containment expenses	(20)							(20)		
20. General administrative expenses	204,267							204,267		
21. Increase in reserves for accident and health contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
22. Increase in reserves for life contracts	0									
23. Total underwriting deductions (Lines 17 to 22)	(286,652)	0	0	0	0	0	0	(286,652)	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	284,637	0	0	0	0	0	0	284,637	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	0			0
2. Medicare Supplement				0
3. Dental only.....				0
4. Vision only.....				0
5. Federal Employees Health Benefits Plan				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid.....	(2,015)			(2,015)
8. Other health.....				0
9. Health subtotal (Lines 1 through 8)	(2,015)	0	0	(2,015)
10. Life				0
11. Property/casualty.....				0
12. Totals (Lines 9 to 11)	(2,015)	0	0	(2,015)

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	463,252							463,252		
1.2 Reinsurance assumed	.0									
1.3 Reinsurance ceded	.0									
1.4 Net	463,252	.0	.0	.0	.0	.0	.0	463,252	.0	.0
2. Paid medical incentive pools and bonuses	.0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	131,009	.0	.0	.0	.0	.0	.0	131,009	.0	.0
3.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net	131,009	.0	.0	.0	.0	.0	.0	131,009	.0	.0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	.0							.0		
4.2 Reinsurance assumed	.0							.0		
4.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year	.0									
6. Net healthcare receivables (a)	.0									
7. Amounts recoverable from reinsurers December 31, current year	.0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	1,085,160	.0	.0	.0	.0	.0	.0	1,085,160	.0	.0
8.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.4 Net	1,085,160	.0	.0	.0	.0	.0	.0	1,085,160	.0	.0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
10. Accrued medical incentive pools and bonuses, prior year	.0									
11. Amounts recoverable from reinsurers December 31, prior year	.0									
12. Incurred benefits:										
12.1 Direct	(490,899)	.0	.0	.0	.0	.0	.0	(490,899)	.0	.0
12.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.4 Net	(490,899)	.0	.0	.0	.0	.0	.0	(490,899)	.0	.0
13. Incurred medical incentive pools and bonuses	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0

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

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	.0									
1.2 Reinsurance assumed .....	.0									
1.3 Reinsurance ceded .....	.0									
1.4 Net .....	.0	0	0	0	0	0	0	0	0	0
2. Incurred but Unreported:										
2.1 Direct	131,009							131,009		
2.2 Reinsurance assumed .....	.0									
2.3 Reinsurance ceded .....	.0									
2.4 Net	131,009	0	0	0	0	0	0	131,009	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....	.0									
3.2 Reinsurance assumed .....	.0									
3.3 Reinsurance ceded .....	.0									
3.4 Net .....	.0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct	131,009	0	0	0	0	0	0	131,009	0	0
4.2 Reinsurance assumed .....	.0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded .....	.0	0	0	0	0	0	0	0	0	0
4.4 Net	131,009	0	0	0	0	0	0	131,009	0	0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....					.0	.0
2. Medicare Supplement .....					.0	.0
3. Dental Only.....					.0	.0
4. Vision Only.....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid.....	463,252		131,009		594,261	1,085,160
8. Other health .....					.0	.0
9. Health subtotal (Lines 1 to 8).....	463,252	.0	131,009	.0	594,261	1,085,160
10. Healthcare receivables (a).....					.0	.0
11. Other non-health.....					.0	.0
12. Medical incentive pools and bonus amounts .....					.0	.0
13. Totals (Lines 9 - 10 + 11 + 12)	463,252	0	131,009	0	594,261	1,085,160

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

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior.....	943,501	944,051	944,035	944,035	944,035
2. 2006.....	160,597	175,164	175,284	175,294	175,294
3. 2007.....	XXX	89,918	98,599	98,605	98,614
4. 2008.....	XXX	XXX	66,678	72,849	72,888
5. 2009.....	XXX	XXX	XXX	32,760	33,175
6. 2010.....	XXX	XXX	XXX	XXX	0

Section B - Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior.....	198,922	198,919	198,918	198,898	199,029
2. 2006.....	174,705	175,883	175,284	175,294	175,294
3. 2007.....	XXX	99,837	98,607	98,605	98,614
4. 2008.....	XXX	XXX	72,966	72,684	72,723
5. 2009.....	XXX	XXX	XXX	33,711	34,125
6. 2010.....	XXX	XXX	XXX	XXX	0

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2006.....	228,418	175,294	2,284	1.3	177,578	77.7	0	177,578	77.7	
2. 2007.....	129,814	98,614	1,298	1.3	99,912	77.0	0	99,912	77.0	
3. 2008.....	88,108	72,888	881	1.2	73,769	83.7	0	73,769	83.7	
4. 2009.....	32,280	33,175	320	1.0	33,495	103.8	0	33,495	103.8	
5. 2010.....	(2)	0	0	0.0	0	0.0	0	0	0.0	

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	943,501	944,051	944,035	944,035	944,035
2. 2006	160,597	175,164	175,284	175,294	175,294
3. 2007	XXX	89,918	98,599	98,605	98,614
4. 2008	XXX	XXX	66,678	72,849	72,888
5. 2009	XXX	XXX	XXX	32,760	33,175
6. 2010	XXX	XXX	XXX	XXX	0

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	198,922	198,919	198,918	198,898	199,029
2. 2006	174,705	175,883	175,284	175,294	175,294
3. 2007	XXX	99,837	98,607	98,605	98,614
4. 2008	XXX	XXX	72,966	72,684	72,723
5. 2009	XXX	XXX	XXX	33,711	34,125
6. 2010	XXX	XXX	XXX	XXX	0

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2006	228,418	175,294	2,284	1.3	177,578	77.7	0	0	177,578	77.7
2. 2007	129,814	98,614	1,298	1.3	99,912	77.0	0	0	99,912	77.0
3. 2008	88,108	72,888	881	1.2	73,769	83.7	0	0	73,769	83.7
4. 2009	32,280	33,175	320	1.0	33,495	103.8	0	0	33,495	103.8
5. 2010	(2)	0	0	0.0	0	0.0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	.0								
2. Additional policy reserves (a) .....	.0								
3. Reserve for future contingent benefits .....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income) .....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4) .....	.0			.0	.0	.0	.0	.0	.0
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0

NONE

(a) Includes \$ premium deficiency reserve.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....			(3)		(3)
2. Salaries, wages and other benefits.....			(92)		(92)
3. Commissions (less \$ceded plus \$ assumed.....)					0
4. Legal fees and expenses.....			(1)		(1)
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....			(10)		(10)
7. Traveling expenses.....			(3)		(3)
8. Marketing and advertising.....			(2)		(2)
9. Postage, express and telephone.....			4		4
10. Printing and office supplies.....			(2)		(2)
11. Occupancy, depreciation and amortization.....			1,743		1,743
12. Equipment.....					0
13. Cost or depreciation of EDP equipment and software.....					0
14. Outsourced services including EDP, claims, and other services.....					0
15. Boards, bureaus and association fees.....			199		199
16. Insurance, except on real estate.....					0
17. Collection and bank service charges.....			24,822		24,822
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....			239,823		239,823
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....					0
23.5 Other (excluding federal income and real estate taxes).....			(62,210)		(62,210)
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	(20)	0	0	(20)
26. Total expenses incurred (Lines 1 to 25).....	0	(20)	204,268	0 (a)	204,248
27. Less expenses unpaid December 31, current year.....			3,700		3,700
28. Add expenses unpaid December 31, prior year.....	0	0	85,010	0	85,010
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....	0	0	0	0	0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	(20)	285,578	0	285,558
DETAIL OF WRITE-INS					
2501. Claims processing expense allocated from parent.....		(20)			(20)
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 + 2598)(Line 25 above)	0	(20)	0	0	(20)

(a) Includes management fees of \$to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 51,438	9,647
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a) 0	
2.1 Preferred stocks (unaffiliated)	(b) 0	
2.11 Preferred stocks of affiliates	(b) 0	
2.2 Common stocks (unaffiliated)	(b) 0	
2.21 Common stocks of affiliates	(b) 0	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans	(d)	
6. Cash, cash equivalents and short-term investments	(e)	
7. Derivative instruments	(f)	
8. Other invested assets	(f)	
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	51,438	9,647
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		0
17. Net investment income (Line 10 minus Line 16)		9,647
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		0

- (a) Includes \$accrual of discount less \$11,629 amortization of premium and less \$2,349 paid for accrued interest on purchases.
- (b) Includes \$accrual of discount less \$amortization of premium and less \$0 paid for accrued dividends on purchases.
- (c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$paid for accrued interest on purchases.
- (d) Includes \$for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued interest on purchases.
- (f) Includes \$accrual of discount less \$amortization of premium.
- (g) Includes \$investment expenses and \$investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5. Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds			0		
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)			0		
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	0	0	0	0	0
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	0	0	0	0	0

NONE

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	32,768	32,768
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other than invested assets	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	0	32,768	32,768
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	0	32,768	32,768
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0
2501.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	0					
2. Provider Service Organizations.....	0					
3. Preferred Provider Organizations.....	0					
4. Point of Service.....	0					
5. Indemnity Only.....	0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	0	0	0	0	0	0
DETAILS OF WRITE-INS						
0601. Behavioral Health Organization.....	0	0	0	0	0	0
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

Exhibit 2 - A&H Premiums Due and Unpaid

NONE

Exhibit 3 - Health Care Receivables

NONE

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

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:							
NONE							
0199999 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

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total Payments	3 Total Members Covered	4 Column 3 as a % of Total Members	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups	0	0.0	0	0.0		
2. Intermediaries	0	0.0		0.0		
3. All other providers	0	0.0		0.0		
4. Total capitation payments	0	0.0	0	0.0	0	0
Other Payments:						
5. Fee-for-service	463,252	100.0	XXX	XXX		463,252
6. Contractual fee payments	0	0.0	XXX	XXX		
7. Bonus/withhold arrangements - fee-for-service	0	0.0	XXX	XXX		
8. Bonus/withhold arrangements - contractual fee payments	0	0.0	XXX	XXX		
9. Non-contingent salaries	0	0.0	XXX	XXX		
10. Aggregate cost arrangements	0	0.0	XXX	XXX		
11. All other payments	0	0.0	XXX	XXX		
12. Total other payments	463,252	100.0	XXX	XXX	0	463,252
13. Total (Line 4 plus Line 12)	463,252	100 %	XXX	XXX	0	463,252

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
NONE					
9999999 Totals			XXX	XXX	XXX

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

EXHIBIT 8 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED

Description	1 Cost	2 Improvements	3 Accumulated Depreciation	4 Book Value Less Encumbrances	5 Assets Not Admitted	6 Net Admitted Assets
1. Administrative furniture and equipment	NONE					
2. Medical furniture, equipment and fixtures						
3. Pharmaceuticals and surgical supplies						
4. Durable medical equipment						
5. Other property and equipment						
6. Total	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. ACCOUNTING PRACTICES

The accompanying financial statements of Premier Behavioral Systems of Tennessee, LLC. ("PBS" 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).

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State. Effective January 1, 2001, the State required that insurance companies domiciled in the State of Tennessee prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual – Version effective January 1, 2001 subject to any deviations prescribed or permitted by the State of Tennessee insurance commissioner.

B. USE OF ESTIMATES IN 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 expense during the period. Actual results could differ from those estimates.

C. ACCOUNTING POLICY

1. CASH AND SHORT TERM INVESTMENTS: Cash and short-term investments consist of cash on hand and in banks, along with commercial paper whose maturities at time of acquisition were one year or less and whose carrying value approximate their fair market value.
2. INVESTMENTS: Investment securities at December 31, 2010, consist of one U.S. Treasury Notes whose maturities at time of acquisition were less than one year and whose carrying value approximates the fair market value.
3. COMMON STOCK: Not applicable.
4. PREFERRED STOCK: Not applicable.
5. MORTGAGE LOANS: Not applicable.
6. LOAN BACKED SECURITIES: Not applicable
7. INVESTMENTS IN SUBSIDIARIES: Not applicable
8. INVESTMENTS IN JOINT VENTURE: Not applicable
9. ACCOUNTING POLICY FOR DERIVATIVES: Not applicable
10. INVESTMENT INCOME IN PREMIUM DEFICIENCY RESERVE CALCULATION: Not applicable
11. MEDICAL CLAIMS PAYABLE: The liability for medical claims payable includes estimated medical costs as of December 31, 2010 and expenses necessary to cover the ultimate net costs of investigating and settling all claims. The estimated medical claims payable includes the accumulation of estimates for claims reported prior to year-end and estimates of claims incurred but not reported.

Medical claims payable is computed in accordance with generally accepted actuarial practices and is based upon authorized healthcare services and past claims payment experience, together with historical utilization experience and management judgment. Estimates are monitored and reviewed and, as settlements are made or estimates are adjusted, differences are reflected by the Company in current operations.
12. PHARMACEUTICAL REBATE RECEIVABLES: Not applicable
13. REVENUE AND PREMIUMS RECEIVABLE: Capitation payments are recognized as revenue in the month due to the Company. The State of Tennessee TennCare mental health services program ("TennCare") retains a one month withhold – currently at 2.5% - on premiums paid to Premier pursuant to Section 4.7.2 of the Provider Risk Contract (the "Contract"). The purpose of this withhold is to assure the Contractor's compliance with all terms and conditions of the Contract. Additionally, retroactive membership adjustments are paid over a twelve month period. As these retroactive membership adjustments are material to the Company's results, the Company records an estimated receivable, based on historical payment patterns. This receivable is included as a component of Uncollected Premiums in the accompanying financial statements.

Per Section 4.7.1.2 of the Contract, the Company elected to participate in a profit/loss risk banding arrangement with the State of Tennessee. Effective January 2002, the company elected to use profit/loss risk banding option 2, under which losses up to ten percent are shared equally by the Company and the State ("option 2"). In January 2003, the company changed its election to Option 4, under which the states absorbs 100% of profits and losses. Effective January 2006, the profit/loss risk banding terms between the Company and the State were amended. Under the terms of the amendment, the Company and the State share gains above a medical loss ratio of 85% and losses above a medical loss ratio of 91%, equally. Risk share revenue is recognized on a monthly basis consistent with the applicable

NOTES TO FINANCIAL STATEMENTS

terms. The receivable related to the profit/loss risk banding is evaluated monthly, based on current estimates of medical costs. Based on this review, any required adjustment for prior period risk share revenue is recognized.

Note 2 - Accounting Changes and Corrections of Errors

- A. During 2010, there were no material changes in accounting principle and/or correction of errors.

Note 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.

Note 4 - Discontinued Operations

Not applicable.

Note 5 - Investments

- A. Mortgage Loan, 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. Investments in low-income tax credits – Not applicable.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

The Company does not have any Investments in Joint Ventures, Partnerships, or Limited Liability Companies.

Note 7 - Investment Income

- A. No investment income was non admitted
- B. No investment income was excluded from Surplus.

Note 8 - Derivative Instruments

- A. Market risk, credit risk and cash requirements of the derivative – Not applicable.
- B. Objectives for using derivatives – Not applicable.
- C. Accounting policies for recognizing and measuring derivatives used – Not applicable.
- 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 – Not applicable.
- 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 – Not applicable.
- F. Derivatives accounted for as cash flow hedges of a forecasted transaction – Not applicable.

Note 9 - Income Taxes

No provision has been made for federal and state income taxes since such taxes are the responsibility of the individual members.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. Nature of relationship -

The Company was organized in May 1996 by Premier Holdings, Inc (a wholly-owned subsidiary of AdvoCare), Columbia Behavioral Health, LLC ("CBH") and Managed Health Network, Inc. ("Foundation") for the purposes of contracting with the State of Tennessee Department of Mental Health and Mental Retardation to deliver mental health and substance abuse services to participants of TennCare. The contract was effective and operations of the Company commenced July 1, 1996 with the contract, as amended, having ended on August 31, 2009. Therefore, the Company has no on-going business as of December 31, 2009.

NOTES TO FINANCIAL STATEMENTS

In September 1997, the Company amended and restated its operating agreement by and between Premier Holdings, Inc and CBH whereby each of these entities would have both financial and governance rights equal to 50%. On April 11, 2006, Premier Holdings, Inc, purchased Columbia Behavioral Health, LLC.'s fifty percent ownership interest in the Company. As of April 1, 2006, Premier Holdings, ultimately a fully owned subsidiary of Magellan Health Services, has full ownership interest in the Company. The transaction was approved by the Department of Commerce and Insurance.

The State generally regulates the Company as a Health Maintenance Organization and the Company was licensed during October 2002 as a prepaid limited health service organization. The Company's contract with the State represents its only customer.

Magellan was required to implement the provisions of fresh-start reporting, as prescribed by the American Institute of Certified Public Accountants' Statement of Position 90-7, *Financial Reporting by Entities in Reorganization under the Bankruptcy Code*. The effects of Magellan's adoption of fresh-start reporting did not impact the Company's financial statements.

- B. Description of transactions – The Company generally has the following transactions with affiliated entities:
 - a. Accounts payable paid by the parent (Magellan Health Service) - \$
 - b. Management fees paid to Magellan and AdvoCare of Tennessee (“AdvoCare”) – see F. below description and amounts.
- C. Dollar amount of transactions – see B
- D. Amounts due to/from related parties – Balances as of December 31, 2010
 - a. Due to Magellan – \$753
- E. Guarantees or undertakings for benefit of affiliate – Not applicable.
- F. Material management or service contracts and cost sharing arrangements with related parties –

The Company contracts with AdvoCare of Tennessee, Inc. (“AdvoCare”), a related party, to manage the operations, administrative services and clinical services related to the provision of all mental health benefits, to provide case management services and to arrange primary care and outpatient services. For the year ended December 31, 2010, the Company incurred expense of approximately \$0 related to these services.

The Company contracts with Magellan Behavioral Health Systems, LLC. to process and pay medical claims. For the year ended December 31, 2010 the Company incurred expense of approximately \$0 related to these services.

- G. Common ownership or control – Not applicable.
- H. No significant change
- I. Investment in SCA that exceeds 10% - Not applicable.
- J. Investments in impaired SCA entities – Not applicable.
- K. Investment in a foreign insurance subsidiary – Not applicable.
- L. Investment in downstream noninsurance company – Not applicable.

Note 11 - Debt

The Company does not have any debt.

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

- A. Defined Benefit Plan – Not applicable.
- B. Defined Contribution Plans – Not applicable.
- C. Multiemployer Plan – Not applicable.
- D. Consolidated/Holding Company plans – Not applicable.
- E. Post-employment Benefits and Compensated Absences – Not applicable.
- F. Impact of Medicare Modernization Act on postretirement benefit – Not applicable.

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

The Company must establish and maintain a net worth and working capital which is the greater of either the amount as required by applicable statute; or four percent (4%) of the first one hundred fifty million dollars (\$150,000,000) of annual projected premium revenue plus one and one half percent (1.5%) of annual projected premium revenue over one hundred fifty million dollars (\$150,000,000) where net worth is calculated as net admitted assets in excess of liability as reported in accordance with statutory accounting principles. The Contractor shall establish and maintain the net worth and working capital balances required by applicable statute throughout the term of the contract As of December 31, 2010, the Company is subject to the minimum statutory requirement of \$1,500,000. The Company is in compliance with this requirement.

In July 2009, the Company issued a dividend of \$3,300,000 to its parent. The transaction was approved by the Department of Commerce and Insurance.

Note 14 - Contingencies

NOTES TO FINANCIAL STATEMENTS

The Company is party to various other legal proceedings incidental to its business. In the opinion of management, any ultimate liability with respect to these actions will not materially affect the financial position or results of the Company.

The Company is covered under Magellan's professional liability insurance. Coverage is limited to the period in which a claim is asserted, rather than when the incident giving rise to such claim occurred. Management has the intent to renew the insurance coverage, and historically has been able to renew such coverage. In the event Magellan was unable to obtain professional liability insurance at the expiration of the current policy period, it is possible that the Company would be uninsured for claims asserted after the expiration of the current policy period. The claims-made policy has been renewed through June 17, 2011.

Note 15 - Leases

- A. Lessee Operating Lease – Not applicable.
- B. Lessor Leases and Leveraged Leases – Not applicable.

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

The Company does not have any financial instruments with off-balance sheet risk. Certain financial instruments potentially subject the Company to concentrations of credit risk. These financial instruments consist primarily of cash and cash equivalents, investments and uncollected premiums. The Company maintains its cash and cash equivalents with what it believes to be high quality financial instruments. The fair value of the Company's investments is substantially equivalent to their carrying value and, although there is some credit risk associated with these investments, the Company believes the risk to be minimal. The Company's uncollected premiums as of year-end are current.

Note 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 – 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 – Not applicable.
- B. ASC Plans – Not applicable
- C. Medicare of Similarly Structured Cost Based Reimbursement contract – Not applicable.

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

Not applicable

Note 20 – Fair Value Measurements

Not applicable

Note 21 - Other Items

- A. Extraordinary items – Not applicable.
- B. Troubled Debt Restructuring: Debtor – Not applicable
- C. Other Disclosures –
 - a. On July 26, 2006, TennCare announced the managed care organizations which were awarded the contracts to provide integrated behavioral and physical health services in the Middle Region of the State. Since the Company was not a party to either of the contract awards, effective April 1, 2007, the Company will ceased providing services to TennCare members in the Middle region.
 - b. In January 2008 TennCare issued an RFP for the management by managed care organizations of the integrated delivery of behavioral and physical health to TennCare enrollees in the East and West Grand Regions. The RFP set forth intended start dates of November 1, 2008 for the West Grand Region and January 1, 2009 for the East Grand Region. On April 22, 2008, the State announced the winning bidders to the RFP process. The Company was not a winning bidder. Accordingly, the Company ceased providing services in the East Grand and West Grand regions after the implementation dates for the new contracts. The Company continued to manage TennCare Select Children in the East, Middle, and West Grand regions through August 31, 2009, at which time its contract with the State ended.
- D. Uncollectible balance for assets covered under SSAP No. 6, SSAP No. 47, and SSAP No. 66 – Not applicable.
- E. Business Interruption Insurance Recoveries – Not applicable..
- F. State Transferable Tax Credits – Not applicable.
- G. Amount of deposits admitted under Section 6603 of Internal Revenue Service Code – Not applicable
- H. Hybrid Securities – Not applicable.

NOTES TO FINANCIAL STATEMENTS

Note 22 - Events Subsequent

None

Note 23 - Reinsurance

- A. Ceded Reinsurance Report – Not applicable.
- B. Uncollectible Reinsurance – Not applicable.
- C. Commutation of Ceded Reinsurance – Not applicable.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable

Note 25 - Change in Incurred Claims and Claims Adjustment Expenses

Reserves as of December 31, 2009 were \$1,085,160. As of December 31, 2010, \$463,252 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$131,009 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been \$490,899 in favorable prior year development. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes know regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

Not applicable.

Note 27 - Structured Settlements

Not applicable.

Note 28 - Health Care Receivables

As of December 31, 2010, the Company has no health care receivables. Any such receivables are accounted for consistently with the appropriate NAIC regulations.

Note 29 - Participating Policies

Not applicable.

Note 30 - Premium Deficiency Reserves

Not applicable.

Note 31 - Anticipated Salvage and Subrogation

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No [X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] NA [X]
- 1.3 State Regulating?
- 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:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.06/30/2006
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.04/20/2007
- 3.3 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
- 3.4 By what department or departments? Tennessee Department of Commerce and Insurance.....
- 3.5 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]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] NA []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the 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

- 6.1 Has the 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]
- 6.2 If yes, give full information
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney - in - fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney - in - fact).

1 Nationality	2 Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

GENERAL INTERROGATORIES

- 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 the names and locations (city and state of the main office) of any affiliates regulated by a federal financial 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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.6 If the response to 10.5 is yes, provide information related to this exemption:
- 10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] NA []
- 10.8 If the response to 10.7 is no or n/a, please explain
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Michael J. Cellini, Senior Manager and Consulting Actuary, Ernst & Young LLP, 621 East Pratt Street, Baltimore, MD 21201
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved
- 12.13 Total book/adjusted carrying value \$
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []
- 14.1 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 []
- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- a. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- b. Compliance with applicable governmental laws, rules and regulations;
- c. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- d. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

15. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []
16. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
17. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

GENERAL INTERROGATORIES
FINANCIAL

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 19.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 19.11 To directors or other officers .. \$
 - 19.12 To stockholders not officers ... \$
 - 19.13 Trustees, supreme or grand (Fraternal only) \$
- 19.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 19.21 To directors or other officers ... \$
 - 19.22 To stockholders not officers \$
 - 19.23 Trustees, supreme or grand (Fraternal only) \$
- 20.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 20.2 If yes, state the amount thereof at December 31 of the current year:
- 20.21 Rented from others \$
 - 20.22 Borrowed from others \$
 - 20.23 Leased from others \$
 - 20.24 Other \$
- 21.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 21.2 If answer is yes:
- 21.21 Amount paid as losses or risk adjustment \$
 - 21.22 Amount paid as expenses \$
 - 21.23 Other amounts paid \$
- 22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$

INVESTMENT

- 23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 23.3)..... Yes [X] No []
- 23.2 If no, give full and complete information, relating thereto
- 23.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 23.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?..... Yes [] No [] NA [X]
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. \$
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs. \$
- 23.7 Does the company's security lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?..... Yes [] No [] NA [X]
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?..... Yes [] No [] NA [X]
- 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?..... Yes [] No [] NA [X]
- 24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3) Yes [] No [X]
- 24.2 If yes, state the amount thereof at December 31 of the current year:
- 24.21 Subject to repurchase agreements \$
 - 24.22 Subject to reverse repurchase agreements..... \$
 - 24.23 Subject to dollar repurchase agreements..... \$
 - 24.24 Subject to reverse dollar repurchase agreements... \$
 - 24.25 Pledged as collateral..... \$
 - 24.26 Placed under option agreements..... \$
 - 24.27 Letter stock or securities restricted as to sale..... \$
 - 24.28 On deposit with state or other regulatory body..... \$
 - 24.29 Other..... \$
- 24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.
- 26.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]
- 26.2 If yes, state the amount thereof at December 31 of the current year. \$

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

GENERAL INTERROGATORIES

27. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [] No [X]

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

1 Name of Custodian(s)	2 Custodian's Address

27.02 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)

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? Yes [] No [X]
 27.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

27.05 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 Number(s)	2 Name	3 Address

28.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]
 28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
28.2999 TOTAL		0

28.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

GENERAL INTERROGATORIES

29. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
29.1 Bonds.....	900,466		(900,466)
29.2 Preferred Stocks.....	0		0
29.3 Totals	900,466	0	(900,466)

29.4 Describe the sources or methods utilized in determining the fair values:

Fair values provided by US Bank Trust Division.....

30.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?..... Yes [X] No []

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?..... Yes [X] No []

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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

31.2 If no, list exceptions:

OTHER

32.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$

32.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1	2
Name	Amount Paid
.....
.....
.....

33.1 Amount of payments for legal expenses, if any?.....\$(1)

33.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
.....
.....
.....

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid
.....
.....
.....

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]

1.2 If yes, indicate premium earned on U. S. business only. \$0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above \$

1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$0

1.62 Total incurred claims \$0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$0

1.65 Total incurred claims \$0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$0

1.72 Total incurred claims \$0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$0

1.75 Total incurred claims \$0

1.76 Number of covered lives 0

2. Health Test:

		1 Current Year		2 Prior Year	
2.1 Premium Numerator	\$	(2,015)	\$	32,280,088	
2.2 Premium Denominator	\$	(2,015)	\$	32,280,088	
2.3 Premium Ratio (2.1/2.2)		1.000		1.000	
2.4 Reserve Numerator	\$	(2,015)	\$	1,085,160	
2.5 Reserve Denominator	\$	131,009	\$	1,085,160	
2.6 Reserve Ratio (2.4/2.5)		(0.015)		1.000	

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No []

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No [X]

5.1 Does the reporting entity have stop-loss reinsurance? Yes [] No [X]

5.2 If no, explain:
The company is a behavioral health organization. Reinsurance is not available.

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical \$

5.32 Medical Only \$

5.33 Medicare Supplement \$

5.34 Dental and Vision \$

5.35 Other Limited Benefit Plan \$

5.36 Other \$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Provider contracts prohibit balance billing of patients.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No []

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 0

8.2 Number of providers at end of reporting year 0

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months 0

9.22 Business with rate guarantees over 36 months 0

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?..... Yes [] No [X]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$.....
- 10.22 Amount actually paid for year bonuses \$.....
- 10.23 Maximum amount payable withholds \$.....
- 10.24 Amount actually paid for year withholds \$.....
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [] No [X]
- 11.13 An Individual Practice Association (IPA), or, Yes [] No [X]
- 11.14 A Mixed Model (combination of above) ?..... Yes [] No [X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [X] No []
- 11.3 If yes, show the name of the state requiring such net worth.
Tennessee
- 11.4 If yes, show the amount required. \$.....1,500,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]
- 11.6 If the amount is calculated, show the calculation

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area

- 13.1 Do you act as a custodian for health savings accounts?..... Yes [] No [X]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date..... \$.....
- 13.3 Do you act as an administrator for health savings accounts?..... Yes [] No [X]
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date..... \$.....

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

FIVE-YEAR HISTORICAL DATA

	1 2010	2 2009	3 2008	4 2007	5 2006
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	2,764,283	17,992,942	32,320,441	41,234,536	54,004,161
2. Total liabilities (Page 3, Line 24)	854,039	13,727,125	23,597,092	26,773,392	26,510,613
3. Statutory surplus	(19,035,034)	(16,679,462)	(14,521,930)	(8,784,135)	4,248,269
4. Total capital and surplus (Page 3, Line 33)	1,910,245	4,265,817	8,723,349	14,461,144	27,493,548
Income Statement (Page 4)					
5. Total revenues (Line 8)	(84,640)	36,426,265	86,267,398	124,457,272	218,418,128
6. Total medical and hospital expenses (Line 18)	(490,899)	33,597,641	71,126,264	100,492,100	175,623,421
7. Claims adjustment expenses (Line 20)	(20)	319,575	881,082	1,298,142	2,284,181
8. Total administrative expenses (Line 21)	204,268	3,867,755	9,330,364	13,770,796	23,844,732
9. Net underwriting gain (loss) (Line 24)	202,012	(1,358,706)	4,929,688	8,896,234	16,665,794
10. Net investment gain (loss) (Line 27)	9,647	61,197	505,262	2,071,362	2,060,686
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income or (loss) (Line 32)	211,659	(1,297,509)	5,434,949	10,967,596	18,726,480
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(12,202,569)	(9,834,504)	2,040,845	13,315,970	19,686,425
Risk - Based Capital Analysis					
14. Total adjusted capital	1,910,245	4,265,817	8,723,349	14,461,144	27,493,548
15. Authorized control level risk-based capital	7,674	2,616,315	3,266,488	4,357,670	6,836,843
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	0	0	64,573	254,154	606,786
17. Total members months (Column 6, Line 7)	0	564,027	2,657,890	4,058,012	7,265,772
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	24,356.8	104.1	80.7	77.4	76.9
20. Cost containment expenses	0.0	0.0	0.0	0.0	XXX
21. Other claims adjustment expenses	1.0	1.0	1.0	1.0	1.0
22. Total underwriting deductions (Line 23)	14,222.7	117.1	92.3	89.0	88.3
23. Total underwriting gain (loss) (Line 24)	(10,023.2)	(4.2)	5.6	6.9	7.3
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	594,261	6,321,088	8,931,553	15,969,698	26,649,561
25. Estimated liability of unpaid claims—[prior year (Line 13, Col. 6)]	1,085,160	6,434,189	10,771,583	15,314,598	25,731,403
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, C05, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain



ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION

Premier Behavioral Systems of Tennessee, LLC

2. _____

(LOCATION)

NAIC Group Code 0000

BUSINESS IN THE STATE OF Tennessee

DURING THE YEAR 2010

NAIC Company Code

0000

	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	
2. First Quarter	0								0	
3. Second Quarter	0								0	
4. Third Quarter	0								0	
5. Current Year	0								0	
6. Current Year Member Months	0								0	
Total Member Ambulatory Encounters for Year:										
7. Physician	0								0	
8. Non-Physician	0								0	
9. Total	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	0								0	
11. Number of Inpatient Admissions	0								0	
12. Health Premiums Written (b)	(2,015)								(2,015)	
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	(2,015)								(2,015)	
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	463,252								463,252	
18. Amount Incurred for Provision of Health Care Services	(490,899)								(490,899)	

(a) For health business: number of persons insured under PPO managed care products _____ and number of persons under indemnity only products _____

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

29.TN



ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION

Premier Behavioral Systems of Tennessee, LLC

2.

(LOCATION)

NAIC Group Code	BUSINESS IN THE STATE OF Consolidated			DURING THE YEAR 2010						NAIC Company Code	00000
	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	
	Total	Individual	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	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	0	0	0	0	0	0	0	0	0	
4. Third Quarter	0	0	0	0	0	0	0	0	0	0	
5. Current Year	0	0	0	0	0	0	0	0	0	0	
6. Current Year Member Months	0	0	0	0	0	0	0	0	0	0	
Total Member Ambulatory Encounters for Year:											
7. Physician	0	0	0	0	0	0	0	0	0	0	
8. Non-Physician	0	0	0	0	0	0	0	0	0	0	
9. Total	0	0	0	0	0	0	0	0	0	0	
10. Hospital Patient Days Incurred	0	0	0	0	0	0	0	0	0	0	
11. Number of Inpatient Admissions	0	0	0	0	0	0	0	0	0	0	
12. Health Premiums Written (b)	(2,015)	0	0	0	0	0	0	0	(2,015)	0	
13. Life Premiums Direct	0	0	0	0	0	0	0	0	0	0	
14. Property/Casualty Premiums Written	0	0	0	0	0	0	0	0	0	0	
15. Health Premiums Earned	(2,015)	0	0	0	0	0	0	0	(2,015)	0	
16. Property/Casualty Premiums Earned	0	0	0	0	0	0	0	0	0	0	
17. Amount Paid for Provision of Health Care Services	463,252	0	0	0	0	0	0	0	463,252	0	
18. Amount Incurred for Provision of Health Care Services	(490,899)	0	0	0	0	0	0	0	(490,899)	0	

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons under indemnity only products 0

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes of fees \$ 0

29.GT

Schedule S - Part 1 - Section 2

NONE

Schedule S - Part 2

NONE

Schedule S - Part 3 - Section 2

NONE

Schedule S - Part 4

NONE

Schedule S - Part 5

NONE

Schedule S - Part 6

NONE

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefit Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL								.0	.0
2. Alaska	AK								.0	.0
3. Arizona	AZ								.0	.0
4. Arkansas	AR								.0	.0
5. California	CA								.0	.0
6. Colorado	CO								.0	.0
7. Connecticut	CT								.0	.0
8. Delaware	DE								.0	.0
9. Dist. of Columbia	DC								.0	.0
10. Florida	FL								.0	.0
11. Georgia	GA								.0	.0
12. Hawaii	HI								.0	.0
13. Idaho	ID								.0	.0
14. Illinois	IL								.0	.0
15. Indiana	IN								.0	.0
16. Iowa	IA								.0	.0
17. Kansas	KS								.0	.0
18. Kentucky	KY								.0	.0
19. Louisiana	LA								.0	.0
20. Maine	ME								.0	.0
21. Maryland	MD								.0	.0
22. Massachusetts	MA								.0	.0
23. Michigan	MI								.0	.0
24. Minnesota	MN								.0	.0
25. Mississippi	MS								.0	.0
26. Missouri	MO								.0	.0
27. Montana	MT								.0	.0
28. Nebraska	NE								.0	.0
29. Nevada	NV								.0	.0
30. New Hampshire	NH								.0	.0
31. New Jersey	NJ								.0	.0
32. New Mexico	NM								.0	.0
33. New York	NY								.0	.0
34. North Carolina	NC								.0	.0
35. North Dakota	ND								.0	.0
36. Ohio	OH								.0	.0
37. Oklahoma	OK								.0	.0
38. Oregon	OR								.0	.0
39. Pennsylvania	PA								.0	.0
40. Rhode Island	RI								.0	.0
41. South Carolina	SC								.0	.0
42. South Dakota	SD								.0	.0
43. Tennessee	TN	L		(2,015)					(2,015)	.0
44. Texas	TX								.0	.0
45. Utah	UT								.0	.0
46. Vermont	VT								.0	.0
47. Virginia	VA								.0	.0
48. Washington	WA								.0	.0
49. West Virginia	WV								.0	.0
50. Wisconsin	WI								.0	.0
51. Wyoming	WY								.0	.0
52. American Samoa	AS								.0	.0
53. Guam	GU								.0	.0
54. Puerto Rico	PR								.0	.0
55. U.S. Virgin Islands	VI								.0	.0
56. Northern Mariana Islands	MP								.0	.0
57. Canada	CN								.0	.0
58. Aggregate other alien	OT	XXX	.0	.0	.0	.0	.0	.0	.0	.0
59. Subtotal		XXX	.0	(2,015)	.0	.0	.0	(2,015)	.0	.0
60. Reporting entity contributions for Employee Benefit Plans		XXX							.0	.0
61. Total (Direct Business)	(a)	1	0	(2,015)	0	0	0	(2,015)	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	.0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		XXX	0	0	0	0	0	0	0	0

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

Explanation of basis of allocation by states, premiums by state, etc.

(a) Insert the number of L responses except for Canada and other Alien.

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE T – PART 2
 INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN

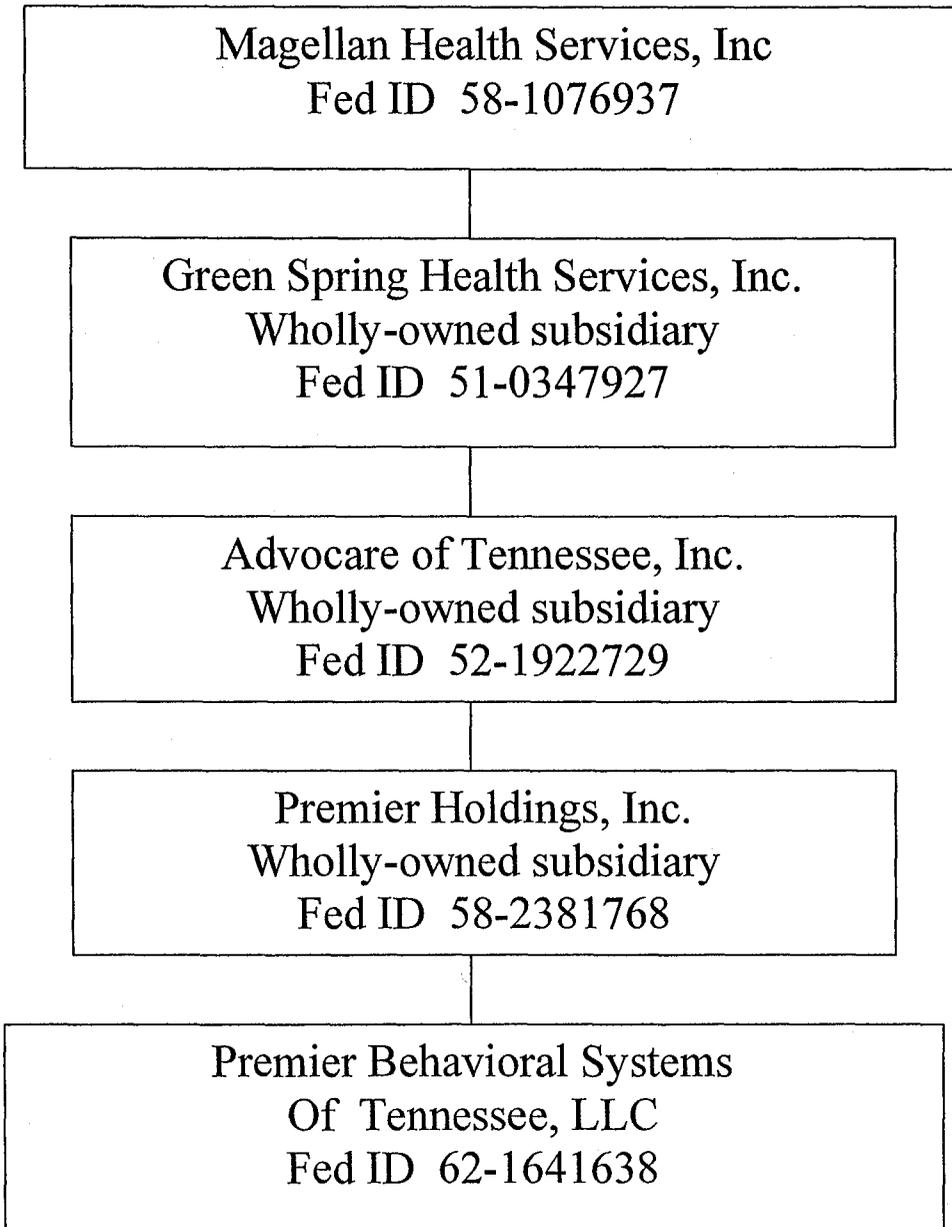
Allocated By States and Territories

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

NONE

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE Y
PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/(Liability)
	52-1922729	AdvoCare of Tennessee, Inc.					204,247				204,247	
	62-1641638	Premier Behavioral Systems of Tennessee									0	
	58-1076937	Magellan Health Services	2,600,000								2,600,000	
	62-1641638	Premier Behavioral Systems of Tennessee									0	
9999999 Control Totals			2,600,000	0	0	0	204,247	0	XXX	0	2,804,247	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING

- | | Responses |
|---|---------------------------|
| 1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1? |SEE EXPLANATION..... |
| 2. Will an actuarial opinion be filed by March 1? |YES..... |
| 3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1? |SEE EXPLANATION..... |
| 4. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required by March 1? |YES..... |

APRIL FILING

- | | |
|--|---------------------------|
| 5. Will Management's Discussion and Analysis be filed by April 1? |YES..... |
| 6. Will the Supplemental Investment Risks Interrogatories be filed by April 1? |YES..... |
| 7. Will the Accident and Health Policy Experience Exhibit be filed by April 1? |SEE EXPLANATION..... |

JUNE FILING

- | | |
|--|------------------|
| 8. Will an audited financial report be filed by June 1? |WAIVED..... |
| 9. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1? |WAIVED..... |

AUGUST FILING

- | | |
|--|------------------|
| 10. Will Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile by August 1? |WAIVED..... |
|--|------------------|

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 supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING

- | | |
|--|--------------|
| 11. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? |NO..... |
| 12. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC? |NO..... |
| 13. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC? |NO..... |
| 14. Will the Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? |NO..... |
| 15. Will the actuarial opinion on participating and non-participating policies as required in Interrogatories 1 and 2 on Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1? |NO..... |
| 16. Will the actuarial opinion on non-guaranteed elements as required in Interrogatories 3 to Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1? |NO..... |
| 17. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1? |NO..... |

APRIL FILING

- | | |
|--|--------------|
| 18. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1? |NO..... |
| 19. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC? |NO..... |
| 20. Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC? |NO..... |
| 21. Will the Supplemental Health Care Exhibit be filed with the state of domicile and the NAIC by April 1? |NO..... |
| 22. Will the regulator only (non-public) Supplemental Health Care Exhibit's Expense Allocation Report be filed with the state of domicile and the NAIC by April 1? |NO..... |

AUGUST FILING

- | | |
|--|--------------|
| 23. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1? |NO..... |
|--|--------------|

EXPLANATION:

1. The company has no employees.

3. Not required.

7. Not required.

11.

12.

13.

14.

15.

16.

17.

18.

19.

20.

21.

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

22.

23.

BAR CODE:

8.	 0 0 0 0 0 2 0 1 0 2 2 0 0 0 0 0 0
9.	 0 0 0 0 0 2 0 1 0 2 2 1 0 0 0 0 0
10.	 0 0 0 0 0 2 0 1 0 2 2 2 5 9 0 0 0
11.	 0 0 0 0 0 2 0 1 0 3 6 0 5 9 0 0 0
12.	 0 0 0 0 0 2 0 1 0 2 0 5 0 0 0 0 0
13.	 0 0 0 0 0 2 0 1 0 2 0 7 0 0 0 0 0
14.	 0 0 0 0 0 2 0 1 0 4 2 0 0 0 0 0 0
15.	 0 0 0 0 0 2 0 1 0 3 7 1 0 0 0 0 0
16.	 0 0 0 0 0 2 0 1 0 3 7 0 0 0 0 0 0
17.	 0 0 0 0 0 2 0 1 0 3 6 5 0 0 0 0 0
18.	 0 0 0 0 0 2 0 1 0 3 0 6 0 0 0 0 0
19.	 0 0 0 0 0 2 0 1 0 2 1 1 5 9 0 0 0
20.	 0 0 0 0 0 2 0 1 0 2 1 3 0 0 0 0 0
21.	 0 0 0 0 0 2 0 1 0 2 1 6 5 9 0 0 0
22.	 0 0 0 0 0 2 0 1 0 2 1 7 0 0 0 0 0
23.	 0 0 0 0 0 2 0 1 0 2 2 3 0 0 0 0 0

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SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	900,466	100.000	900,466	100.000
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC		0.000		0.000
1.513 All other		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521		0.000		0.000
1.523 All other		0.000		0.000
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)		0.000		0.000
2.2 Unaffiliated non-U.S. securities (including Canada)		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by company		0.000	0	0.000
5.2 Property held for the production of income (including \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)		0.000	0	0.000
6. Contract loans		0.000	0	0.000
7. Receivables for securities		0.000	0	0.000
8. Cash, cash equivalents and short-term investments		0.000		0.000
9. Other invested assets		0.000		0.000
10. Total invested assets	900,466	100.000	900,466	100.000

Schedule A - Verification

NONE

Schedule B - Verification

NONE

Schedule BA - Verification

NONE

Schedule D - Verification

NONE

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	900,466	900,459	903,867	900,000
	2. Canada				
	3. Other Countries				
	4. Totals	900,466	900,459	903,867	900,000
U. S. States, Territories and Possessions (Direct and guaranteed)	5. Totals	0	0	0	0
U.S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals	0	0	0	0
U.S. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans and Hybrid Securities (unaffiliated)	8. United States				
	9. Canada				
	10. Other Countries				
	11. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	12. Totals	0	0	0	0
	13. Total Bonds	900,466	900,459	903,867	900,000
PREFERRED STOCKS					
Industrial and Miscellaneous (unaffiliated)	14. United States				
	15. Canada				
	16. Other Countries				
	17. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	18. Totals	0	0	0	0
	19. Total Preferred Stocks	0	0	0	0
COMMON STOCKS					
Industrial and Miscellaneous (unaffiliated)	20. United States				
	21. Canada				
	22. Other Countries				
	23. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	24. Totals	0	0	0	0
	25. Total Common Stocks	0	0	0	0
	26. Total Stocks	0	0	0	0
	27. Total Bonds and Stocks	900,466	900,459	903,867	

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments											
1.1 Class 1	900,466					900,466	100.0	1,908,229	100.0	900,466	
1.2 Class 2						0	0.0	0	0.0		
1.3 Class 3						0	0.0	0	0.0		
1.4 Class 4						0	0.0	0	0.0		
1.5 Class 5						0	0.0	0	0.0		
1.6 Class 6						0	0.0	0	0.0		
1.7 Totals	900,466	0	0	0	0	900,466	100.0	1,908,229	100.0	900,466	0
2. All Other Governments											
2.1 Class 1						0	0.0	0	0.0		
2.2 Class 2						0	0.0	0	0.0		
2.3 Class 3						0	0.0	0	0.0		
2.4 Class 4						0	0.0	0	0.0		
2.5 Class 5						0	0.0	0	0.0		
2.6 Class 6						0	0.0	0	0.0		
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. U.S. States, Territories and Possessions, etc., Guaranteed											
3.1 Class 1						0	0.0	0	0.0		
3.2 Class 2						0	0.0	0	0.0		
3.3 Class 3						0	0.0	0	0.0		
3.4 Class 4						0	0.0	0	0.0		
3.5 Class 5						0	0.0	0	0.0		
3.6 Class 6						0	0.0	0	0.0		
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1 Class 1						0	0.0	0	0.0		
4.2 Class 2						0	0.0	0	0.0		
4.3 Class 3						0	0.0	0	0.0		
4.4 Class 4						0	0.0	0	0.0		
4.5 Class 5						0	0.0	0	0.0		
4.6 Class 6						0	0.0	0	0.0		
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed											
5.1 Class 1						0	0.0	0	0.0		
5.2 Class 2						0	0.0	0	0.0		
5.3 Class 3						0	0.0	0	0.0		
5.4 Class 4						0	0.0	0	0.0		
5.5 Class 5						0	0.0	0	0.0		
5.6 Class 6						0	0.0	0	0.0		
5.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Industrial and Miscellaneous (unaffiliated)											
6.1 Class 1						.0	.0	.0	.0		
6.2 Class 2						.0	.0	.0	.0		
6.3 Class 3						.0	.0	.0	.0		
6.4 Class 4						.0	.0	.0	.0		
6.5 Class 5						.0	.0	.0	.0		
6.6 Class 6						.0	.0	.0	.0		
6.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
7. Credit Tenant Loans											
7.1 Class 1						.0	.0	.0	.0		
7.2 Class 2						.0	.0	.0	.0		
7.3 Class 3						.0	.0	.0	.0		
7.4 Class 4						.0	.0	.0	.0		
7.5 Class 5						.0	.0	.0	.0		
7.6 Class 6						.0	.0	.0	.0		
7.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
8. Hybrid Securities											
8.1 Class 1						.0	.0	.0	.0		
8.2 Class 2						.0	.0	.0	.0		
8.3 Class 3						.0	.0	.0	.0		
8.4 Class 4						.0	.0	.0	.0		
8.5 Class 5						.0	.0	.0	.0		
8.6 Class 6						.0	.0	.0	.0		
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parent, Subsidiaries and Affiliates											
9.1 Class 1						.0	.0	.0	.0		
9.2 Class 2						.0	.0	.0	.0		
9.3 Class 3						.0	.0	.0	.0		
9.4 Class 4						.0	.0	.0	.0		
9.5 Class 5						.0	.0	.0	.0		
9.6 Class 6						.0	.0	.0	.0		
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	(d) 900,466	.0	.0	.0	.0	900,466	100.0	XXX	XXX	900,466	.0
10.2 Class 2	(d) 0	.0	.0	.0	.0	.0	0.0	XXX	XXX	0	.0
10.3 Class 3	(d) 0	.0	.0	.0	.0	.0	0.0	XXX	XXX	0	.0
10.4 Class 4	(d) 0	.0	.0	.0	.0	.0	0.0	XXX	XXX	0	.0
10.5 Class 5	(d) 0	.0	.0	.0	.0	.0	0.0	XXX	XXX	0	.0
10.6 Class 6	(d) 0	.0	.0	.0	.0	.0	0.0	XXX	XXX	0	.0
10.7 Totals	900,466	.0	.0	.0	.0	900,466	100.0	XXX	XXX	900,466	.0
10.8 Line 10.7 as a % of Col. 6	100.0	0.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Class 1	.0	1,908,229	.0	.0	.0	XXX	XXX	1,908,229	100.0	1,908,229	.0
11.2 Class 2	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.3 Class 3	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.4 Class 4	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.5 Class 5	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.6 Class 6	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.7 Totals	.0	1,908,229	.0	.0	.0	XXX	XXX	1,908,229	100.0	1,908,229	.0
11.8 Line 11.7 as a % of Col. 8	0.0	100.0	0.0	0.0	0.0	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Class 1	900,466	.0	.0	.0	.0	900,466	100.0	.0	0.0	900,466	XXX
12.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.7 Totals	900,466	.0	.0	.0	.0	900,466	100.0	.0	0.0	900,466	XXX
12.8 Line 12.7 as a % of Col. 6	100.0	0.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	100.0	0.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

(a) Includes \$ freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
 (b) Includes \$ current year, \$ prior year of bonds with Z designations and \$, current year, \$ prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
 (c) Includes \$ current year, \$ prior year of bonds with 5* designations and \$, current year, \$ prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.
 (d) 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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ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments											
1.1 Issuer Obligations	900,466					900,466	100.0	1,908,229	100.0	900,466	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
1.7 Totals	900,466	0	0	0	0	900,466	100.0	1,908,229	100.0	900,466	0
2. All Other Governments											
2.1 Issuer Obligations						0	0.0	0	0.0		
2.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
2.3 Defined						0	0.0	0	0.0		
2.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
2.5 Defined						0	0.0	0	0.0		
2.6 Other						0	0.0	0	0.0		
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. U.S. States, Territories and Possessions, etc., Guaranteed											
3.1 Issuer Obligations						0	0.0	0	0.0		
3.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
3.3 Defined						0	0.0	0	0.0		
3.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
3.5 Defined						0	0.0	0	0.0		
3.6 Other						0	0.0	0	0.0		
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1 Issuer Obligations						0	0.0	0	0.0		
4.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
4.3 Defined						0	0.0	0	0.0		
4.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
4.5 Defined						0	0.0	0	0.0		
4.6 Other						0	0.0	0	0.0		
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed											
5.1 Issuer Obligations						0	0.0	0	0.0		
5.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
5.3 Defined						0	0.0	0	0.0		
5.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
5.5 Defined						0	0.0	0	0.0		
5.6 Other						0	0.0	0	0.0		
5.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1A - SECTION 2 (Continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues											
Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Industrial and Miscellaneous											
6.1 Issuer Obligations						0	0.0	0	0.0		
6.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES:											
6.3 Defined						0	0.0	0	0.0		
6.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined						0	0.0	0	0.0		
6.6 Other						0	0.0	0	0.0		
6.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
7. Credit Tenant Loans											
7.1 Issuer Obligations						0	0.0	0	0.0		
7.2 Single Class Mortgage-Backed Securities						0	0.0	0	0.0		
7.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
8. Hybrid Securities											
8.1 Issuer Obligations						0	0.0	0	0.0		
8.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES:											
8.3 Defined						0	0.0	0	0.0		
8.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES:											
8.5 Defined						0	0.0	0	0.0		
8.6 Other						0	0.0	0	0.0		
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parent, Subsidiaries and Affiliates											
9.1 Issuer Obligations						0	0.0	0	0.0		
9.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES:											
9.3 Defined						0	0.0	0	0.0		
9.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined						0	0.0	0	0.0		
9.6 Other						0	0.0	0	0.0		
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	900,466	.0	.0	.0	.0	900,466	100.0	XXX	XXX	900,466	.0
10.2 Single Class Mortgage-Backed/Asset-Backed Securities	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.4 Other	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.6 Other	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.7 Totals	900,466	.0	.0	.0	.0	900,466	100.0	XXX	XXX	900,466	.0
10.8 Lines 10.7 as a % of Col. 6	100.0	0.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Issuer Obligations	.0	1,908,229	.0	.0	.0	XXX	XXX	1,908,229	100.0	1,908,229	.0
11.2 Single Class Mortgage-Backed/Asset-Backed Securities	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.4 Other	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.6 Other	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.7 Totals	.0	1,908,229	.0	.0	.0	XXX	XXX	1,908,229	100.0	1,908,229	.0
11.8 Line 11.7 as a % of Col. 8	0.0	100.0	0.0	0.0	0.0	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations						.0	0.0	1,908,229	100.0	.0	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities						.0	0.0	.0	0.0	.0	XXX
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined						.0	0.0	.0	0.0	.0	XXX
12.4 Other						.0	0.0	.0	0.0	.0	XXX
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined						.0	0.0	.0	0.0	.0	XXX
12.6 Other						.0	0.0	.0	0.0	.0	XXX
12.7 Totals	.0	.0	.0	.0	.0	.0	0.0	1,908,229	100.0	.0	XXX
12.8 Line 12.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	0.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	0.0	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations						.0	0.0	.0	0.0	XXX	.0
13.2 Single Class Mortgage-Backed/Asset-Backed Securities						.0	0.0	.0	0.0	XXX	.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined						.0	0.0	.0	0.0	XXX	.0
13.4 Other						.0	0.0	.0	0.0	XXX	.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined						.0	0.0	.0	0.0	XXX	.0
13.6 Other						.0	0.0	.0	0.0	XXX	.0
13.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

Schedule DA - Verification

NONE

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E - Verification

NONE

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 Codes			6 NAIC Designation	7 Actual Cost	8 Fair Value		10 Par Value	11 Book / Adjusted Carrying Value	12 Change in Book Adjusted Carrying Value				16 Interest				21 Dates		
		4 F o r e i g n C o d e	5 B o n d C H A R				9 Fair Value	13 Unrealized Valuation Increase/ (Decrease)			14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A.C.V.	17 Rate of	18 Effective Rate of	19 When Paid	20 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired	22 Maturity		
3133XJ-US-6	U.S. Treasury Note				1	903,867	0.2600	900,459	900,000	900,466		(3,401)			0.875	0.026	JJ	900,466	3,938	05/19/2010	01/31/2011
0199999	Total - U.S. Government - Issuer Obligations					903,867	XXX	900,459	900,000	900,466		(3,401)			XXX	XXX	XXX	900,466	3,938	XXX	XXX
0399999	Total - U.S. Government Bonds					903,867	XXX	900,459	900,000	900,466		(3,401)			XXX	XXX	XXX	900,466	3,938	XXX	XXX
7799999	Total - Issuer Obligations					903,867	XXX	900,459	900,000	900,466	0	(3,401)	0	0	XXX	XXX	XXX	900,466	3,938	XXX	XXX
8399999 Totals						903,867	XXX	900,459	900,000	900,466	0	(3,401)	0	0	XXX	XXX	XXX	900,466	3,938	XXX	XXX

Schedule D - Part 2 - Section 1

NONE

Schedule D - Part 2 - Section 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1 CUSIP Identifi- cation	2 Description	3 For eign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Maturity Date	
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B/A. C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B/A. C.V.							
3133XJ-US-5	FHLB Bond		03/12/2010	US Bank		1,900,000	1,900,000	1,987,039	1,908,229		(8,229)		(8,229)		1,900,000			0	47,500	03/12/2010	
0399999	- Bonds - U.S. Governments					1,900,000	1,900,000	1,987,039	1,908,229		(8,229)		(8,229)		1,900,000			0	47,500	XXX	
8399997	- Bonds - Part 4					1,900,000	1,900,000	1,987,039	1,908,229		(8,229)		(8,229)		1,900,000			0	47,500	XXX	
8399998	- Bonds - Part 5					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
8399999	- Total - Bonds					1,900,000	1,900,000	1,987,039	1,908,229	0	(8,229)	0	(8,229)	0	1,900,000	0	0	0	47,500	XXX	
8999998	- Preferred Stocks - Part 5					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
8999999	- Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
9799998	- Common Stocks - Part 5					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
9799999	- Total - Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
9899999	- Total - Preferred and Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
9999999	Totals					1,900,000	XXX	1,987,039	1,908,229	0	(8,229)	0	(8,229)	0	1,900,000	0	0	0	47,500	XXX	

Schedule D - Part 5

NONE

Schedule D - Part 6 - Section 1

NONE

Schedule D - Part 6 - Section 2

NONE

Schedule DA - Part 1

NONE

Schedule DB - Part A - Section 1

NONE

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

NONE

Schedule DB - Part A - Section 2

NONE

Sch. DB - Pt. A - Sn. 2 - Footnote (a)

NONE

Schedule DB - Part B - Section 1- Future

NONE

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

NONE

Schedule DB - Part B - Section 2- Future

NONE

Sch. DB - Pt. B - Sn. 2 - Footnotes

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

STATEMENT OF ACTUARIAL OPINION

February 25, 2011

Board of Directors
Premier Behavioral Systems of Tennessee, LLC

TABLE OF KEY INDICATORS

This Opinion is: Unqualified Qualified Adverse Inconclusive

IDENTIFICATION SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

SCOPE SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

RELIANCE SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

OPINION SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

RELEVANT COMMENTS

Revised Wording

The Actuarial Memorandum includes "Deviation from Standard" wording regarding conformity with an Actuarial Standard of Practice

IDENTIFICATION SECTION

I, Michael J. Cellini, Senior Manager and Consulting Actuary, am associated with the firm of Ernst & Young, LLP. I am a member of the American Academy of Actuaries and have been retained by Premier Behavioral Systems of Tennessee, LLC ("the Company") to render an opinion with regard to loss reserves, actuarial liabilities and related items. I was appointed on December 1, 2009 in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion.

SCOPE

I have reviewed the actuarial assumptions and actuarial methods used in determining the reserves and related actuarial items listed below and as shown in the Annual Statement of the Company, as prepared by the management of the Company for filing with state regulatory officials, as of December 31, 2010.

<u>Annual Statement Reference Item</u>	<u>Page—Line</u>	<u>Amount</u>
Claims Unpaid	3-1	\$131,009
Accrued Medical Incentive Pool and Bonus Payments	3-2	-0-
Unpaid Claims Adjustment Expenses	3-3	-0-
Aggregate Health Policy Reserves	3-4	-0-
Aggregate Life Policy Reserves	3-5	-0-
Property/Casualty Unearned Premium Reserves	3-6	-0-
Aggregate Health Claim Reserves	3-7	-0-
Other Actuarial Liabilities (actuarial liabilities only)	3-21	-0-
Specified actuarial items presented as assets in the annual statement		n/a

The reserves and related actuarial items listed above represent the estimates made by management of the Company for all unpaid claims as of December 31, 2010. Considerable uncertainty and variability are inherent in such estimates, and, accordingly, the subsequent development of the unpaid claims liability may not conform to the assumptions used in the determination of the unpaid claims liability and therefore may vary from the amounts in the foregoing table.

RELIANCE

In forming my opinion on the above-mentioned liabilities I have relied upon Michael Fotinos, Financial Director of the Company for the accuracy of the data, as expressed in the attached statement. I evaluated that data for reasonableness and consistency. I also reconciled that data to the Underwriting and Investment Exhibit - Part 2B of the company's current annual statement. I have also relied upon management's representations regarding the collectability of reinsurance recoverable amounts as expressed in the attached statement. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary.

OPINION

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

- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles, except that consideration of the adequacy of the Company's reserves and related actuarial items in conjunction with the assets which support them has not been performed;
- B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared;
- C. Meet the requirements of the laws of the State of Tennessee, and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed;
- D. Make good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements, although, consistent with the scope of my review, the adequacy of the Company's reserves and related actuarial items in conjunction with the assets which support them has not been considered;
- E. Are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the annual statement of the preceding year-end,
- F. Include appropriate provision for all actuarial items that ought to be established.

The Underwriting and Investment Exhibit – Part 2B was reviewed for reasonableness and consistency with the applicable Actuarial Standards of Practice.

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

RELEVANT COMMENTS

My review did not include asset adequacy analysis; as such analysis is not in the scope of my assignment. I have not reviewed any of the Company's assets and I have not formed any opinion as to their validity or value. My opinion rests on the assumption that the Company's December 31, 2010 statutory-basis unpaid claims liability is funded by valid assets that have suitably scheduled maturities and/or adequate liquidity to meet future cash flow requirements.

My review included the identification and evaluation of the effect on the foregoing reserves of capitated risk-sharing contracts with service providers; however, my review of such capitated risk-

sharing contracts did not include an assessment of the financial condition of the service providers. As such, the above opinion rests on the assumption that such service providers will fulfill their obligations under their respective contracts with the Company.

My review relates only to those reserves and related actuarial items identified herein, and I do not express an opinion on the Company's financial statements taken as a whole.

This opinion has been prepared solely for the Board and the management of the Company and for filing with insurance regulatory agencies of states in which the Company is licensed, and is not intended for any other purpose.

SIGNATURE



Michael J. Cellini, FCA, ASA, MAAA
Member, American Academy of Actuaries
Associate, Society of Actuaries
Consulting Actuary and Senior Manager
Ernst & Young, LLP
5 Times Square
New York, New York 10036
(212) 773-0873



February 21, 2011

Mr. Michael Cellini, ASA, MAAA
Ernst & Young LLP
5 Times Square
New York, NY 10036

I, Michael Fotinos, Finance Director for Premier Behavioral Systems of Tennessee, LLC ("the Company"), hereby affirm that the listings and summaries of claims, exposures and other relevant data as of December 31, 2010, prepared for and submitted to Michael Cellini, all of which are detailed in the attached schedule, were prepared under my direction and, to the best of my knowledge and belief, are accurate and complete, and are the same as or derived from the in force records and other data which form the basis for the Company's 2010 Annual Filing. I further affirm that the line of business classifications, claim incurral dates, claim payment dates, development intervals, reinsurance data and premium rate information contained in such listings, summaries, and related data are, to the best of my knowledge and belief, accurately stated. I further affirm that the Underwriting and Investment Exhibit of the Annual Statement was prepared consistent with the claim incurral and claim payment dates of the data provided to support determination of the liability for unpaid claims. I further affirm that the listings, summaries, line of business classifications, to the best of my knowledge and belief, are compiled on a basis consistent with comparable data at December 31, 2009.

Policy reserves, the liability for unpaid claims, and unearned premiums are net of reinsurance ceded amounts. All such reinsurance recoverable amounts are collectible at December 31, 2010. I am unaware of any material adverse change in the financial condition of the Company's reinsurers that might raise concern about their ability to honor their reinsurance commitments. The reinsurance contracts provided to you by the Company represent the Company's complete agreements with its ceding and assuming companies, and there are no modifications, either written or oral, of the terms of the Company's reinsurance contracts or additional reinsurance agreements that have not been provided to you.

I further affirm that, to the best of my knowledge and belief, the Company has no obligations or commitments at December 31, 2010 with respect to which actuarial reserves are required or appropriate, except those for which reserves and liabilities are included in the following exhibits and line items on page 3 of the Company's 2010 Annual Filing:

Claims unpaid

\$131,009

Michael D. Fotinos
Sr. Finance Director

Finance Department

6950 Columbia Gateway Drive
Columbia, Maryland 21046

410/953-1000 tel
410/953-5205 fax
www.MagellanHealth.com

**Premier Behavioral Systems
Reconciliation of Net Premium Income and Uncollected Premiums
A: December 31, 2010**

		<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Total</u>
Gross Revenue Paid	4	331,868.94	3,820.50	4,486.70	41,353.20	1,613.94	1,707.43	1,187.76	(26.93)	14,617.97	400,629.51
Change in Premium Tax AR	3	(289,977.71)	-	-	(34,034.00)	-	16,021.40	-	-	(14,642.22)	(322,632.53)
Change in Retro Revenue Accrual	1,2	(41,891.23)	(3,820.50)	(4,486.70)	(7,319.20)	(1,613.94)	(3,069.26)	(1,187.76)	26.93	(653.62)	(64,015.28)
Total Revenue		-	-	-	-	-	14,659.57	-	-	(677.87)	13,981.70

Retro Revenue Accrual

Balance, December 31, 2009	64,015.28
2010 Change in Balance	(64,015.28)
Balance, December 31, 2010	-

Premium Tax AR

Balance, December 31, 2009	322,632.53
2010 Change in Balance	(322,632.53)
Balance, December 31, 2010	-

Uncollected Premiums

1. Due to timing of priority status assessment being submitted to the State and entered into payments system, at the time of initial payment certain members who would qualify for payment at the higher priority rates are paid at the non priority rates. PBS records an accrual related to this misclassification.
2. Allowance for retroactive member additions. Comparison of remittance to eligibility
3. Effective July 1, 2009, the Premium Tax rate in Tennessee increased from 2.0% to 5.5%. Since this was not contemplated in the capitation rates, TennCare has agreed to reimburse Premier for any additional premium taxes it pays.
4. Capitation payment for May forward not received. Amounts were applied against \$22,800 in liquidated damages assessed in May.

PREMIER BEHAVIORAL SYSTEMS
12/31/2010 IBNR

	<u>Premier</u>
Reinvestment	131,009
TOTAL	131,009

**TennCare Partners Program
Reconciliation of IBNR per MLR to Quarterly Filing
December 31, 2010**

	<u>PBS</u>	<u>TBH</u>	<u>East</u>
IBNR Per MLR Report	-	-	-
<u>Adjustments</u>			
Reinvestment Reserve	<u>131,009</u>	<u>386,301</u>	<u>-</u>
Total Adjustments	131,009	386,301	-
IBNR Per Filing	131,009	386,301	-

**MEDICAL LOSS RATIO REPORT - TOTAL
MIDDLE WEST REGIONS**

BHO

Premier Behavioral Systems of Tennessee LLC

Reporting Month Dec-10	For The Period 6/1 - 12/31/01	For the Year Ended 12/31 12/31/2002	For the Year Ended 12/31 12/31/2003	For the Year Ended 12/31 12/31/2004	For the Year Ended 12/31 12/31/2005	For the Year Ended 12/31 12/31/2006	For the Year Ended 12/31 12/31/2007	For the Year Ended 12/31 12/31/2008	2009 Incurred Month								For the Year Ended 12/31 12/31/2009
									January	February	March	April	May	June	July	August	
Enrollment									63,066	73,125	72,588	71,997	71,223	71,777	71,091	70,882	
TennCare Capitation Payment	130,816,666	264,254,732	260,988,285	238,225,334	225,818,984	227,301,451	129,739,487	87,858,627	3,422,137	4,086,076	4,100,168	4,125,014	4,133,224	4,132,247	4,075,887	4,036,190	32,110,943
Payments for Mental Health and Substance Abuse Services for the Month																	
Inpatient Payments by the Claims Processing System	27,858,863	54,016,085	44,900,684	39,884,820	32,890,179	42,572,700	36,213,627	28,130,278	1,123,346	1,495,596	1,691,408	1,598,242	1,739,688	1,592,084	1,665,752	1,673,296	12,579,413
Outpatient Payments by the Claims Processing System	5,418,756	11,893,225	11,976,400	11,567,763	10,185,604	8,393,693	5,222,118	4,111,029	246,121	298,483	320,498	322,218	294,857	350,489	366,140	351,331	2,550,135
Supported Housing Payments by the Claims Processing System	4,209,064	9,323,418	9,595,862	8,420,438	6,244,804	6,599,543	2,845,454	2,271,848	51,345	41,112	47,047	42,773	31,647	28,291	29,294	27,719	299,228
Intensive Outpatient Payments by the Claims Processing System	1,394,975	3,600,084	3,750,679	3,257,165	2,628,259	2,271,512	1,299,298	722,617	49,735	68,700	81,340	67,221	60,145	70,192	78,059	63,549	538,941
Partial Hospitalization Payments by the Claims Processing System	329,834	566,819	442,666	274,453	192,264	62,427	33,922	14,891	0	2,744	1,510	2,529	2,841	1,304	2,967	833	14,728
In Home Payments by the Claims Processing System	1,359,835	5,710,162	5,837,312	5,157,441	5,116,850	2,512,215	3,947,590	4,693,164	460,668	522,639	565,044	578,537	615,783	615,228	589,513	554,837	4,502,248
Transportation Payments by the Claims Processing System	2,927,224	6,660,646	6,345,339	5,932,602	5,455,214	5,295,179	2,474,261	1,509,233	0	0	0	0	0	0	0	0	0
Twenty-Three Hour Payments by the Claims Processing System	39,901	21,736	48,787	55,924	14,734	5,957	2,889	0	0	0	0	0	0	0	0	0	0
CMHC Capitation Payments	42,450,204	89,045,956	88,471,430	80,841,148	68,263,767	67,004,988	37,210,573	26,074,862	1,188,370	1,298,348	1,382,684	1,407,866	1,360,298	1,354,268	1,343,278	1,318,117	10,653,228
Other Capitation Payments	17,089,540	36,529,021	41,274,968	35,977,965	30,068,386	21,787,292	0	0	0	0	0	0	0	0	0	0	0
Grant Payments	12,234,675	25,531,421	24,693,433	22,049,067	17,839,182	18,020,794	8,866,196	5,096,444	126,402	161,294	162,757	162,757	162,757	166,217	167,279	165,866	1,275,330
Non-FFS Inpatient	0	1,486,513	6,985,797	6,751,724	3,331,147	0	0	0	0	0	0	0	0	0	0	0	0
Subcontractor Payments for Mental Health and Substance Abuse Services	2,547,160	2,309,729	1,100,976	956,799	747,361	705,142	401,949	261,608	80,050	92,837	92,872	93,172	93,285	93,426	138,309	134,658	818,610
Reinsurance Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payments/Adjustments to Mental Health and Substance Abuse Costs	377,003	1,342,754	2,760,228	2,511,874	244,093	81,157	115,967	42,377	4,260	8,021	1,056	23,831	(8,236)	(92,293)	497	3,568	(59,295)
Less:																	
Pharmacy Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recoveries not Reflected in Payments by the Claims System	506,404	1,395,976	741,127	343,719	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Payments for the month	117,730,629	246,641,592	247,443,434	223,295,464	183,221,842	175,312,597	98,633,844	72,928,352	3,330,297	3,989,772	4,346,217	4,299,145	4,353,067	4,179,206	4,381,088	4,293,774	33,172,566
Remaining IBNR for the month	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments and Remaining IBNR for the month	117,730,629	246,641,592	247,443,434	223,295,464	183,221,842	175,312,597	98,633,844	72,928,352	3,330,297	3,989,772	4,346,217	4,299,145	4,353,067	4,179,206	4,381,088	4,293,774	33,172,566

Medical Loss Ratio	90.0%	93.3%	94.8%	93.7%	81.1%	77.1%	76.0%	83.0%	97.3%	97.6%	106.0%	104.2%	105.3%	101.1%	107.5%	106.4%	103.3%
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