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# QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2011  
OF THE CONDITION AND AFFAIRS OF THE

## Tennessee Behavioral Health, Inc.

NAIC Group Code	<u>0000</u>	<u>0000</u>	NAIC Company Code	<u>95780</u>	Employer's ID Number	<u>62-1621636</u>
	(Current Period)	(Prior Period)				
Organized under the Laws of	<u>Tennessee</u>		State of Domicile or Port of Entry	<u>Tennessee</u>		
Country of Domicile	<u>United States</u>					
Licensed as business type:	Life, Accident & Health [ <input type="checkbox"/> ]	Property/Casualty [ <input type="checkbox"/> ]	Hospital, Medical & Dental Service or Indemnity [ <input type="checkbox"/> ]			
	Dental Service Corporation [ <input type="checkbox"/> ]	Vision Service Corporation [ <input type="checkbox"/> ]	Health Maintenance Organization [ <input type="checkbox"/> ]			
	Other [ <input type="checkbox"/> ]	Is HMO, Federally Qualified? Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ]				
Incorporated/Organized	<u>12/15/1995</u>	Commenced Business	<u>07/01/1996</u>			
Statutory Home Office	<u>6950 Columbia Gateway Drive</u>		<u>Columbia, MD 21046</u>			
	(Street and Number)		(City, State and Zip Code)			
Main Administrative Office	<u>6950 Columbia Gateway Drive</u>		<u>Columbia, MD 21046</u>	<u>410-953-1643</u>		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Mail Address	<u>6950 Columbia Gateway Drive</u>		<u>Columbia, MD 21046</u>			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	<u>6950 Columbia Gateway Drive</u>		<u>Columbia, MD 21046</u>	<u>410-953-1643</u>		
	(Street and Number)		(City, State and Zip Code)	(Area Code) (Telephone Number)		
Internet Web Site Address	<u>N/A</u>					
Statutory Statement Contact	<u>Michael Fotinos</u>		<u>410-953-1643</u>			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	<u>MDFotinos@magellanhealth.com</u>		<u>410-953-5205</u>			
	(E-Mail Address)		(Fax Number)			

### OFFICERS

Name	Title	Name	Title
<u>Jonathan Rubin</u>	<u>Vice President &amp; Treasurer</u>	<u>Andrew Mark Cummings</u>	<u>Secretary</u>

### OTHER OFFICERS

### DIRECTORS OR TRUSTEES

<u>Jonathan Rubin</u>	<u>Ann McCabe</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.

Jonathan Rubin  
Jonathan Rubin  
Vice President & Treasurer

Andrew Mark Cummings  
Andrew Mark Cummings  
Secretary

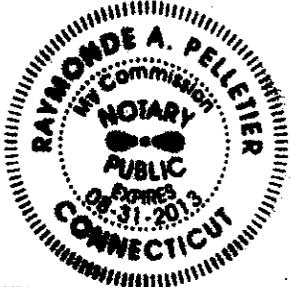
Subscribed and sworn to before me this  
14<sup>th</sup> day of November 2011

Raymonde A. Pelletier

Notary Public, State of New York  
No. 038172656  
Qualified in New York County  
Commission Expires Aug. 13, 2013

Is this an original filing? Yes [  ] No [  ]

1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_



TENNESSEE BEHAVIORAL HEALTH  
9/30/2011 IBNR

	TBH <u>East</u>	TBH <u>Middle/West</u>	TBH <u>Total</u>
Reinvestment	-	386,301	386,301
<b>TOTAL</b>	-	<b>386,301</b>	<b>386,301</b>

Income/(loss) before allocated income taxes  
Benefit (provision) for income taxes  
Net Income (Loss)

1,861  
(652)  
1,210

2,401  
(840)  
1,560

Tennessee Behavioral Health, Inc. - Middle/West Regions  
 BHO TennCare Operations Statement of Revenue and Expenses  
 For the Quarter Ending September 30, 2011  
 Report 2A

	Qtr 3 Total	Year to Date Total
Member Months	-	-
<b>Revenues</b>		
TennCare Capitation	-	-
Risk Share	898	898
Investment (Interest)	88	306
Other Revenues	-	-
<b>Total Revenues</b>	<b>985</b>	<b>1,204</b>
<b>Expenses</b>		
Mental Health & Substance Services		
Inpatient Psychiatric Facility services	-	-
Inpatient Substance Abuse Treatment and Detox	-	-
Outpatient Mental Health Services	(2,298)	(5,768)
Outpatient Substance Abuse Treatment and Detox	-	-
Housing/Residential Treatment	-	-
Specialized Crisis Services	-	-
Psychiatric Rehab and Support Services	-	-
Case Management	-	-
Forensics	-	-
Other Judicial	-	-
Pharmacy	-	-
Lab Services	-	-
Transportation	-	-
Medical Incentive Pool and Withhold Adjustments	-	-
Occupancy, Depreciation and Amortization	-	-
Other Mental Health and Substance Abuse Services	-	-
PCP and Specialists Services	-	-
Subtotal	(2,298)	(5,768)
Reinsurance Expense Net of Recoveries		
Less:		
Copayments	-	-
Subrogation	-	-
Coordination of Benefits	-	-
Subtotal	-	-
<b>Total Medical and Substance Abuse</b>	<b>(2,298)</b>	<b>(5,768)</b>
<b>Claim Adjustment Expense</b>	<b>-</b>	<b>-</b>
Administration <sup>1</sup>		
Rent	-	-
Salaries and Wages	-	-
Commissions	-	-
Contributions for benefit plans for employees	-	-
Payments to employees under non-funded benefit plans	-	-
Other employee welfare	-	-
Legal fees and expenses	-	-
Medical examination fees	-	-
Utilization management	-	-
Certifications and accreditation	-	-
Auditing, actuarial and other consulting services	-	-
Traveling expenses	-	-
Marketing and advertising	-	-
Postage, express, telegraph and telephone	-	-
Printing and stationary	-	-
Occupancy, depreciation and amortization	-	517
Rental of equipment	-	-
Outsourced services includes EDP, claims, and other services	-	-
Books and periodicals	-	-
Boards, bureaus and association fees	-	-
Insurance, except on real estate	-	-
Collection and bank service charges	1,289	3,863
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	-	-
Insurance department licenses and fees	-	57
Payroll taxes	-	-
Other (excluding federal income and real estate taxes)	133	133
Investment expenses not included elsewhere	-	-
Write-Ins	-	-
<b>Total Administrative Expenses</b>	<b>1,422</b>	<b>4,571</b>
<b>Total Expenses</b>	<b>(876)</b>	<b>(1,197)</b>
Income/(loss) before allocated income taxes	1,861	2,401
Benefit (provision) for income taxes	(652)	(840)
<b>Net Income (Loss)</b>	<b>1,210</b>	<b>1,560</b>

Tennessee Behavioral Health, Inc. - East Region  
 BHO TennCare Operations Statement of Revenue and Expenses  
 For the Quarter Ending September 30, 2011  
 Report 2A

	Qtr 3 Total	Year to Date Total
Member Months	-	-
<b>Revenues</b>		
TennCare Capitation	-	-
Risk Share	-	-
Investment (Interest)	220	768
Other Revenues	-	-
<b>Total Revenues</b>	<b>220</b>	<b>768</b>
<b>Expenses</b>		
Mental Health & Substance Services		
Inpatient Psychiatric Facility services		-
Inpatient Substance Abuse Treatment and Detox		-
Outpatient Mental Health Services	495	(9,166)
Outpatient Substance Abuse Treatment and Detox		-
Housing/Residential Treatment		-
Specialized Crisis Services		-
Psychiatric Rehab and Support Services		-
Case Management		-
Forensics		-
Other Judicial		-
Pharmacy		-
Lab Services		-
Transportation		-
Medical Incentive Pool and Withhold Adjustments		-
Occupancy, Depreciation and Amortization		-
Other Mental Health and Substance Abuse Services		-
PCP and Specialists Services		-
Subtotal	495	(9,166)
Reinsurance Expense Net of Recoveries		
Less:		
Copayments		
Subrogation		
Coordination of Benefits		
Subtotal		
<b>Total Medical and Substance Abuse</b>	<b>495</b>	<b>(9,166)</b>
<b>Claim Adjustment Expense</b>		-
Administration <sup>1</sup>		
Rent		-
Salaries and Wages		-
Commissions		-
Contributions for benefit plans for employees		-
Payments to employees under non-funded benefit plans		-
Other employee welfare		-
Legal fees and expenses		-
Medical examination fees		-
Utilization management		-
Certifications and accreditation		-
Auditing, actuarial and other consulting services		-
Traveling expenses		-
Marketing and advertising		-
Postage, express, telegraph and telephone		-
Printing and stationary		-
Occupancy, depreciation and amortization		1,297
Rental of equipment		-
Outsourced services includes EDP, claims, and other services		-
Books and periodicals		-
Boards, bureaus and association fees		-
Insurance, except on real estate		-
Collection and bank service charges	3,233	9,692
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		-
Insurance department licenses and fees		143
Payroll taxes		-
Other (excluding federal income and real estate taxes)		-
Investment expenses not included elsewhere		-
Write-Ins		-
<b>Total Administrative Expenses</b>	<b>3,233</b>	<b>11,132</b>
<b>Total Expenses</b>	<b>3,728</b>	<b>1,966</b>
Income/(loss) before allocated income taxes	(3,508)	(1,198)
Benefit (provision) for income taxes	1,228	419
<b>Net Income (Loss)</b>	<b>(2,280)</b>	<b>(779)</b>

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

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Tennessee Behavioral Health, Inc.

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	900,880		900,880	900,467
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances)			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances)			0	0
4.3 Properties held for sale (less \$ ..... encumbrances)			0	0
5. Cash (\$ ..... 1,609,772 ), cash equivalents (\$ ..... 0 ) and short-term investments (\$ ..... 0 )	1,609,772		1,609,772	1,622,273
6. Contract loans (including \$ ..... premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	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)	2,510,652	0	2,510,652	2,522,739
13. Title plants less \$ ..... charged off (for Title insurers only)			0	0
14. Investment income due and accrued	2,419		2,419	3,327
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums)			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)	2,513,071	0	2,513,071	2,526,067
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	2,513,071	0	2,513,071	2,526,067
<b>DETAILS OF WRITE-INS</b>				
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.			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

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Tennessee Behavioral Health, Inc.

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)	386,301		386,301	386,301
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses			0	0
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	6,206		6,206	6,207
9. General expenses due or accrued			0	0
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses))	27,566		27,566	27,145
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	24,770		24,770	685
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)	247,967	0	247,967	286,249
24. Total liabilities (Lines 1 to 23)	692,810	0	692,810	706,587
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	1,000	1,000
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	12,682,036	12,682,036
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	(10,862,774)	(10,863,556)
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	1,820,261	1,819,480
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	2,513,071	2,526,067
<b>DETAILS OF WRITE-INS</b>				
2301. Premium Tax Payable			0	(134)
2302. Unclaimed Property	124,966		124,966	162,484
2303. Payable to State of Tennessee/Risk Share Payable	123,001		123,001	123,899
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)	247,967	0	247,967	286,249
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 AS OF SEPTEMBER 30, 2011 OF THE Tennessee Behavioral Health, Inc.

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	.0	.0	.0
2. Net premium income (including \$ ..... non-health premium income).....	XXX		.0	.0
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		.0	.0
4. Fee-for-service (net of \$ ..... medical expenses).....	XXX		.0	.0
5. Risk revenue .....	XXX		.0	.0
6. Aggregate write-ins for other health care related revenues .....	XXX	898	66,988	21,003
7. Aggregate write-ins for other non-health revenues .....	XXX	.0	.0	.0
8. Total revenues (Lines 2 to 7) .....	XXX	898	66,988	21,003
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		(14,934)	(31,580)	(113,835)
10. Other professional services .....			.0	.0
11. Outside referrals .....			.0	.0
12. Emergency room and out-of-area .....			.0	.0
13. Prescription drugs .....			.0	.0
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....			.0	.0
16. Subtotal (Lines 9 to 15) .....	.0	(14,934)	(31,580)	(113,835)
<b>Less:</b>				
17. Net reinsurance recoveries .....			.0	.0
18. Total hospital and medical (Lines 16 minus 17) .....	.0	(14,934)	(31,580)	(113,835)
19. Non-health claims (net).....			.0	.0
20. Claims adjustment expenses, including \$ ..... cost containment expenses.....			.0	.0
21. General administrative expenses.....		15,702	61,262	65,874
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	769	29,682	(47,961)
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	129	37,306	68,963
25. Net investment income earned .....		1,073	7,351	8,594
26. Net realized capital gains (losses) less capital gains tax of \$ .....			.0	.0
27. Net investment gains (losses) (Lines 25 plus 26) .....	.0	1,073	7,351	8,594
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... ) .....			.0	.0
29. Aggregate write-ins for other income or expenses .....	.0	.0	.0	.0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	1,202	44,657	77,557
31. Federal and foreign income taxes incurred .....	XXX	421	15,630	27,145
32. Net income (loss) (Lines 30 minus 31) .....	XXX	781	29,027	50,412
<b>DETAILS OF WRITE-INS</b>				
0601. Risk Share Revenue.....	XXX	898	66,988	21,003
0602. ....	XXX			
0603. ....	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	898	66,988	21,003
0701. ....	XXX			
0702. ....	XXX			
0703. ....	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	.0	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	XXX	.0	.0	.0
1401. ....				
1402. ....				
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.0	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	.0	.0	.0	.0
2901. ....				
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....	.0	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	.0	.0	.0	.0

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Tennessee Behavioral Health, Inc.

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT:</b>			
33. Capital and surplus prior reporting year.....	1,819,480	7,560,284	7,560,284
34. Net income or (loss) from Line 32.....	781	29,027	50,412
35. Change in valuation basis of aggregate policy and claim reserves.....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....		0	0
37. Change in net unrealized foreign exchange capital gain or (loss).....		0	0
38. Change in net deferred income tax.....		0	0
39. Change in nonadmitted assets.....		(221,718)	8,784
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....		0	0
42. Change in surplus notes.....	0	0	0
43. Cumulative effect of changes in accounting principles.....		0	0
44. Capital Changes:			
44.1 Paid in.....		0	0
44.2 Transferred from surplus (Stock Dividend).....		0	0
44.3 Transferred to surplus.....		0	0
45. Surplus adjustments:			
45.1 Paid in.....		0	0
45.2 Transferred to capital (Stock Dividend).....	0	0	0
45.3 Transferred from capital.....		0	0
46. Dividends to stockholders.....		0	(5,800,000)
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	781	(192,692)	(5,740,804)
49. Capital and surplus end of reporting period (Line 33 plus 48)	1,820,261	7,367,593	1,819,480
<b>DETAILS OF WRITE-INS</b>			
4701. ....			
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Tennessee Behavioral Health, Inc.

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	(1)	(10,208,722)	(10,208,722)
2. Net investment income.....	2,918	18,928	19,554
3. Miscellaneous income.....	0	0	0
4. Total (Lines 1 to 3).....	2,918	(10,189,794)	(10,189,168)
5. Benefit and loss related payments.....	22,585	79,519	28,445
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	(8,517)	76,176	(150,399)
8. Dividends paid to policyholders.....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0	(484,504)
10. Total (Lines 5 through 9).....	14,069	155,695	(606,458)
11. Net cash from operations (Line 4 minus Line 10).....	(11,151)	(10,345,489)	(9,582,711)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	1,800,000	2,400,000	2,400,000
12.2 Stocks.....	0	0	0
12.3 Mortgage loans.....	0	0	0
12.4 Real estate.....	0	0	0
12.5 Other invested assets.....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0	0
12.7 Miscellaneous proceeds.....	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	1,800,000	2,400,000	2,400,000
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	1,801,350	903,867	903,867
13.2 Stocks.....	0	0	0
13.3 Mortgage loans.....	0	0	0
13.4 Real estate.....	0	0	0
13.5 Other invested assets.....	0	0	0
13.6 Miscellaneous applications.....	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	1,801,350	903,867	903,867
14. Net increase (or decrease) in contract loans and premium notes.....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(1,350)	1,496,133	1,496,133
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds.....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0	0
16.5 Dividends to stockholders.....	0	0	5,800,000
16.6 Other cash provided (applied).....	0	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	0	0	(5,800,000)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(12,501)	(8,849,356)	(13,886,578)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	1,622,272	15,508,849	15,508,849
19.2 End of period (Line 18 plus Line 19.1).....	1,609,771	6,659,493	1,622,272

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

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

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Tennessee Behavioral Health, Inc.

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
<b>Total Members at end of:</b>										
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	
5. Current Year .....	.0								.0	
6. Current Year Member Months	.0								.0	
<b>Total Member Ambulatory Encounters for Period:</b>										
7. Physician .....	.0									
8. Non-Physician .....	.0									
9. Total .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
10. Hospital Patient Days Incurred	.0									
11. Number of Inpatient Admissions	.0									
12. Health Premiums Written(a) .....	.0									
13. Life Premiums Direct .....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned .....	.0									
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services .....	(14,934)								(14,934)	
18. Amount Incurred for Provision of Health Care Services .....	(14,934)								(14,934)	

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



**UNDERWRITING AND INVESTMENT EXHIBIT**  
**ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE**

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec. 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 .....	(14,934)		386,301		371,367	386,301
8. Other health .....					0	0
9. Health subtotal (Lines 1 to 8) .....	(14,934)	0	386,301	0	371,367	386,301
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) .....	(14,934)	0	386,301	0	371,367	386,301

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

## NOTES TO FINANCIAL STATEMENTS

### Note 1 - Summary of Significant Accounting Policies

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

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

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

### Note 3 - Business Combinations and Goodwill

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

### Note 4 - Discontinued Operations

No significant change.

### Note 5 - Investments

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

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

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

### Note 7 - Investment Income

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

### Note 8 - Derivative Instruments

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

### Note 9 - Income Taxes

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

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Tennessee Behavioral Health, Inc.

**NOTES TO FINANCIAL STATEMENTS**

2. Amount of federal income taxes incurred in current year that are available for recoupment in the even of future net loss – No significant change.
- F. Consolidated federal income tax
1. For federal income tax reporting purposes, the Company's operations are included in Magellan Health Services, Inc.'s (Magellan's) consolidated federal tax returns. The Company files a separate state income tax return.
  2. The Company maintains federal tax sharing arrangements with Magellan. Through these arrangements, Magellan has allocated \$421 of income tax expense for the nine months ended September 30, 2011. The current arrangement calls for an allocation based on Magellan's effective tax rate before reflecting the allocation and after effecting for permanent differences. This amount is included in the accompanying statement of revenue and expenses. Income taxes receivable and payable are included in due to affiliates in the accompanying statement of liabilities, capital and surplus.

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

- A. Nature of relationship - The Company is a wholly owned subsidiary of Magellan Behavioral Health, Inc., which is directly owned by Magellan. The company holds no investments in any affiliated companies and makes no guarantees nor does it partake in any undertaking for the benefit of any affiliate.
- B. Description of transactions – No significant change.
  - a. Accounts payable paid by the parent (Magellan Health Service) - \$0
  - b. Management fees paid to Magellan and AdvoCare of Tennessee (“AdvoCare”) – see below.
- C. Dollar amount of transactions – The Company paid no management fees to the parent for the nine months ended September 30, 2011.
- D. Amounts due to/from related parties – Balances as of September 30, 2011
  - a. Due to Magellan - \$24,770
- E. Guarantees or undertakings for benefit of affiliate – No significant change
- F. Material management or service contracts and cost sharing arrangements with related parties – No significant change.
- G. Common ownership or control – No significant change.
- H. No significant change
- I. Investment in SCA that exceeds 10% - No significant change.
- J. Investments in impaired SCA entities – No significant change.
- K. Investment in a foreign insurance subsidiary – No significant change.

**Note 11 - Debt**

No significant change.

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

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

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

No significant change.

**Note 14 - Contingencies**

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

**Note 15 - Leases**

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

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

No significant change.

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

No significant change.

### Note 20 – Fair Value Measurements

Not applicable

### Note 21 - Other Items

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

### Note 22 - Events Subsequent

None.

### Note 23 - Reinsurance

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

### Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

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

### Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2010 were \$386,301. As of September 30, 2011, \$0 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are still at \$386,301.

### Note 26 - Intercompany Pooling Arrangements

No significant change.

### Note 27 - Structured Settlements

No significant change.

### Note 28 - Health Care Receivables

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

### Note 29 - Participating Policies

- A. Relative percentage of participating insurance - No significant change.
- B. Method of accounting for policyholder dividends – No significant change
- C. Amount of dividends – No significant change.

## NOTES TO FINANCIAL STATEMENTS

D. Amount of any additional income allocated to participating policyholders – No significant change.

### Note 30 - Premium Deficiency Reserves

No significant change.

### Note 31 - Anticipated Salvage and Subrogation

No significant change.

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes  No
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes  No
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes  No
- 2.2 If yes, date of change: .....
3. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes  No   
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes  No
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes  No  NA   
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 06/30/2006
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 04/20/2007
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 04/20/2007
- 6.4 By what department or departments?  
Tennessee Department of Commerce and Insurance.....
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes  No  NA
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes  No  NA
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes  No
- 7.2 If yes, give full information:  
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes  No
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes  No
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

**GENERAL INTERROGATORIES**

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?..... Yes  No
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
  - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
  - (c) Compliance with applicable governmental laws, rules and regulations;
  - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
  - (e) Accountability for adherence to the code.

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

9.2 Has the code of ethics for senior managers been amended?..... Yes  No

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

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

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

**FINANCIAL**

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

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

**INVESTMENT**

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

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

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

13. Amount of real estate and mortgages held in short-term investments:..... \$ .....

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?..... Yes  No

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....	\$ .....
14.24 Short-Term Investments .....	\$ .....	\$ .....
14.25 Mortgage Loans on Real Estate .....	\$ .....	\$ .....
14.26 All Other .....	\$ .....	\$ .....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....0	\$ .....0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?..... Yes  No

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes  No   
If no, attach a description with this statement.

**GENERAL INTERROGATORIES**

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?.....

Yes [ ] No [X]

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

1 Name of Custodian(s)	2 Custodian Address

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? .....

Yes [ ] No [X]

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

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

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

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

Yes [X] No [ ]

17.2 If no, list exceptions:

.....

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Tennessee Behavioral Health, Inc.

**GENERAL INTERROGATORIES**

**PART 2 - HEALTH**

1.	1 Amount
1. Operating Percentages:	
1.1 A&H loss percent .....	0.0%
1.2 A&H cost containment percent .....	0.0%
1.3 A&H expense percent excluding cost containment expenses .....	%
2.1 Do you act as a custodian for health savings accounts?	Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$.....
2.3 Do you act as an administrator for health savings accounts?	Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]
2.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$.....



STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Tennessee Behavioral Health, Inc.

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

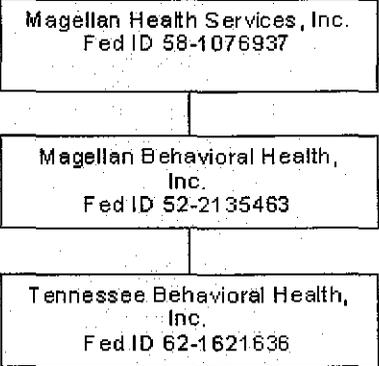
Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefit Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL								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. Dist. 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	L		0					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. U.S. Virgin Islands	VI								0	
56. Northern Mariana Islands	MP								0	
57. Canada	CN								0	
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal		XXX	0	0	0	0	0	0	0	0
60. Reporting entity contributions for Employee Benefit Plans		XXX							0	
61. Total (Direct Business)	(a) 1	0	0	0	0	0	0	0	0	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.

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

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART**



## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

**Explanation:**

1.

**Bar Code:**

1.



**OVERFLOW PAGE FOR WRITE-INS**

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STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Tennessee Behavioral Health, Inc.

**SCHEDULE A - VERIFICATION**

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Current year change in encumbrances	0	0
4. Total gain (loss) on disposals	0	0
5. Deduct amounts received on disposals	0	0
6. Total foreign exchange change in book/adjusted carrying value	0	0
7. Deduct current year's other than temporary impairment recognized	0	0
8. Deduct current year's depreciation	0	0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

**SCHEDULE B - VERIFICATION**

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest	0	0
10. Deduct current year's other than temporary impairment recognized	0	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance	0	0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

**SCHEDULE BA - VERIFICATION**

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and depreciation	0	0
9. Total foreign exchange change in book/adjusted carrying value	0	0
10. Deduct current year's other than temporary impairment recognized	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

**SCHEDULE D - VERIFICATION**

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	900,466	2,401,238
2. Cost of bonds and stocks acquired	1,801,350	903,867
3. Accrual of discount	495	0
4. Unrealized valuation increase (decrease)	0	0
5. Total gain (loss) on disposals	0	0
6. Deduct consideration for bonds and stocks disposed of	1,800,000	2,400,000
7. Deduct amortization of premium	1,431	4,639
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	900,880	900,466
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	900,880	900,466

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Tennessee Behavioral Health, Inc.

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a)	899,907	901,845	900,000	(871)	899,656	899,907	900,880	900,467
2. Class 2 (a)	0				0	0	0	0
3. Class 3 (a)	0				0	0	0	0
4. Class 4 (a)	0				0	0	0	0
5. Class 5 (a)	0				0	0	0	0
6. Class 6 (a)	0				0	0	0	0
7. Total Bonds	899,907	901,845	900,000	(871)	899,656	899,907	900,880	900,467
<b>PREFERRED STOCK</b>								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	899,907	901,845	900,000	(871)	899,656	899,907	900,880	900,467

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

Schedule DA - Part 1

**NONE**

Schedule DA - Verification

**NONE**

Schedule DB - Part 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 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 2

**NONE**

Schedule B - Part 3

**NONE**

Schedule BA - Part 2

**NONE**

Schedule BA - Part 3

**NONE**



STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Tennessee Behavioral Health, Inc.

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
313384-JY-6	FHLB discount bond		08/03/2011	Matured		900,000	900,000	899,505			495		495		900,000		0	0	0	08/03/2011	1
0599999	Bonds - U.S. Governments					900,000	900,000	899,505			495		495		900,000						XXX
8399997	Bonds - Part 4					900,000	900,000	899,505			495		495		900,000						XXX
8399999	Total - Bonds					900,000	900,000	899,505	0	0	495	0	495	0	900,000	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
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					900,000	XXX	899,505	0	0	495	0	495	0	900,000	0	0	0	0	0	XXX

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

Schedule DB - Part A - Section 1

**NONE**

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

**NONE**

Schedule DB - Part B - Section 1

**NONE**

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

**NONE**

Schedule DB - Part D

**NONE**

Schedule DL - Part 1

**NONE**

Schedule DL - Part 2

**NONE**



Schedule E - Part 2 - Cash Equivalents

**NONE**

Statement as of September 30, 2011 of the Tennessee Behavioral Health, Inc

**Accident and Health Premiums Due and Unpaid**

Individually list all debtors with account balances the greater of 10% of gross Premiums Receivable or \$5,000

Name of Debtor	1	2	3	4	5	6
	Not Currently Due	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Nonadmitted Admitted
<b>INDIVIDUALLY LIST ASSETS</b>						
State of Tennessee-Capitation Fee W/H	-	-	-	-	-	-
Subtotal-Individually Listed Receivables 0199999	-	-	-	-	-	-
Subtotal-Receivables not Listed Individually 0299999						
Subtotal-Gross Premium Receivable 0399999	-	-	-	-	-	-
Less-Allowance for Doubtful Accounts 0499999						
Total Premiums Receivable (Page 2, Line 12.1) 0599999	-	-	-	-	-	-

Statement as of September 30, 2011 of the Tennessee Behavioral Health, Inc

**HEALTH CARE RECEIVABLES**

Individually list all debtors with account balances greater of 10% of gross Health Care Receivables of \$5,000.

Name of Debtor	1 1-30 Days	2 31-60 Days	3 61-90 Days	4 Over 90 Days	5 Nonadmitted	6 Admitted
NONE	-	-	-	-	-	-
0199999 Individually Listed Receivables	-	-	-	-	-	-
0299999 Receivables Not Individually Listed						
0399999 Gross Health Care Receivable	-	-	-	-	-	-
0499999 Less Allowance for Doubtful Accounts						
0599999 Health Care Receivables (Page 2, Line 21)				-	-	-

Statement as of September 30, 2011 of the Tennessee Behavioral Health, Inc

**Amounts due from Parent, Subsidiaries and Affiliates**

Name of Debtor	1 1-30 Days	2 31-60 Days	3 61-90 Days	4 Over 90 Days	5 Nonadmitted	6 Admitted Current	7 Non-Current
	-	-	-	-	-	-	-
0199999 Gross Amounts Due from Affiliates	-	-	-	-	-	-	-
0399999 Amounts Due from Affiliates	-	-	-	-	-	-	-

Statement as of September 30, 2011 of the Tennessee Behavioral Health, Inc

Amounts due to Parent, Subsidiaries and Affiliates

Name of Creditor	1 Description	2 Amount	3 Current	4 Non-Current
MAGELLAN HEALTH SERVICES		24,770	24,770	-
		24,770	24,770	-
0199999 Gross Amounts Due to Affiliates		24,770	24,770	-
0399999 Amounts Due to Affiliates		24,770	24,770	-