EXHIBIT A

STATE OF TENNESSEE

DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION

OF

HEALTHSPRING OF TENNESSEE, INC.

(NAIC # 11522)

NASHVILLE, TENNESSEE

AS OF

December 31, 2014

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Nashville, Tennessee
April 29, 2016

Honorable Julie Mix McPeak
Commissioner of Commerce and Insurance
State of Tennessee
500 James Robertson Parkway
Nashville, Tennessee 37243

Dear Commissioner:

Pursuant to your instructions and in accordance with Tenn. Code Ann. § 56-32-115, regulations, and resolutions adopted by the National Association of Insurance Commissioners (NAIC), a financial examination has been made concerning the condition and affairs of:

HEALTHSPRING OF TENNESSEE, INC.
(NAIC # 11522)
530 Great Circle Road
Nashville, Tennessee 37228

hereinafter generally referred to as the "Company" or "HMO", and a report thereon is submitted as follows:

INTRODUCTION

This examination was arranged by the Tennessee Department of Commerce and Insurance (TDCI) and commenced on April 30, 2015. The examination was announced through the NAIC's Financial Examination Electronic Tracking System (FEETS) and was conducted by duly authorized representatives of the TDCI as part of the coordinated Cigna-HealthSpring subgroup facilitated by the Texas Department of Insurance.

The previous examination was made as of December 31, 2010, by duly authorized representatives of the TDCI. The previous examination resulted in no change to the Company's surplus.

SCOPE OF EXAMINATION

This full-scope, multi-state examination of HealthSpring of Tennessee, Inc. covers the period from January 1, 2011, to the close of business on December 31, 2014, and includes any material transactions and/or events occurring subsequent to the examination date and noted during the course of the examination.

Concurrent examinations of the Company's affiliates, HealthSpring Life & Health Insurance Company, Inc. (domiciled in the State of Texas) and HealthSpring of Florida, Inc. (domiciled in the State of Florida) were conducted by the Texas Department of Insurance and the Florida Office of Insurance Regulations, respectively. The Connecticut Insurance Department was the lead state for the Cigna Corporation ("Cigna"), Delaware (Group Code 901) coordinated examination, and the Texas Department of Insurance was the facilitating state for this coordinated examination of the Cigna-HealthSpring Subgroup.

The work completed by the Texas Department of Insurance and Florida Office of Insurance Regulation supporting their 2014 examination of HealthSpring Life & Health Insurance Company, Inc. and HealthSpring of Florida, Inc., respectively, was accepted to support conclusions in certain areas of this examination. In particular, reviews related to corporate governance, internal controls and risk mitigation strategies over investments, reserving, claims handling, and other assets were utilized.

The work completed by the Connecticut Insurance Department supporting its 2013 examination of the Connecticut General Life Insurance Company (CGLIC), was accepted to support conclusions in certain areas of this examination. In particular, reviews related to corporate governance and audit assessments were utilized.

This was a risk-focused examination of the financial condition of the Company. This examination was performed in compliance with the 2015 NAIC *Financial Condition Examiner's Handbook* (Handbook) which requires the examiners to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. The examination included identifying and evaluating significant risks that could cause the Company's surplus to be materially misstated, both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process, including assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

Corporate records, external reference materials, and various aspects of the Company's operating procedures and financial records were reviewed and tested during the course of this examination and are commented upon in the following sections of this report. In addition, the workpapers of the Company's Certified Public Accountant (CPA) were reviewed and utilized, where possible, to facilitate efficiency in the examination.

This examination report includes significant findings of fact and general information about the Company and its financial condition.

HISTORY

The Company was incorporated on January 24, 1995, as a for-profit corporation under the provisions of the Tennessee Business Corporation Act and was organized as a health maintenance organization (HMO) pursuant to Title 56, Chapter 32 of the Tennessee Code Annotated for the purpose of providing managed health care services to residents of Tennessee.

At its incorporation, the Company was authorized to issue two thousand (2,000) shares of common stock, with each share to have a par value of $5.00. In February 1995, the Company received $1,000,000 from HealthSpring Management, Inc. (HSMI) (formerly known as Health Net Management, Inc., formerly known as TCM, Inc.), in exchange for ten (10) shares of the HMO's common stock. Payment consisted of a $900,000 capital surplus note and $100,000 cash for paid-in capital.

Effective February 14, 1995, and prior to the commencement of business, the Company accepted the assignment of "all agreements, contracts and undertakings" of Health Net HMO, Inc., a Tennessee not-for-profit corporation, formerly known as Total Care, Inc., which did business under the same name as the HMO. The surviving HMO agreed to "perform fully and timely all of the duties and responsibilities" of the not-for-profit corporation.

Effective April 19, 1995, the Company was issued a Certificate of Authority by the TDCI to transact business in the State of Tennessee under the name of Health Net HMO, Inc.

The HMO's Charter was amended on September 21, 2001, approved by the TDCI on September 26, 2001, and filed with the Tennessee Secretary of State on September 28, 2001, in order to effect the name change to "HealthSpring, Inc.". The Company was granted a new Certificate of Authority on October 10, 2001. At the same time, the name of the immediate parent corporation was changed from Health Net Management, Inc. to "HealthSpring Management, Inc."

During 2003, thirty-five percent (35%) of the fifty percent (50%) of outside ownership of HMSI, the HMO's immediate parent corporation, had been acquired by the prior ultimate parent corporation, NewQuest, LLC. The outside ownership was vested in Baptist Hospital, Inc., Saint Thomas HealthServices, Inc., Tenet HealthCare Corporation and TennQuest.

In October, 2004, a new ultimate parent corporation named HealthSpring, Inc. (formerly known as NewQuest Holdings, Inc.) was incorporated as a Delaware Corporation. HealthSpring, Inc. (formerly known as NewQuest Holdings, Inc.) owned 100 percent (100%) of NewQuest, Inc., which at the time owned 100 percent (100%) of NewQuest, LLC, which owns 100 percent (100%) of HMSI, which owns 100 percent (100%) of the Company. The new ultimate parent corporation had been formed to complete the recapitalization of the HMO's indirect parent, NewQuest, LLC on March 1, 2005.

On February 17, 2005, HealthSpring, Inc. (formerly known as NewQuest Holdings, Inc.) was approved to become the new ultimate parent corporation of the HMO, through a plan of acquisition approved by the Commissioner of the Tennessee Department of Commerce and Insurance, effective March 1, 2005. Effective March 1, 2005, HealthSpring, Inc. (formerly known as NewQuest Holdings, Inc.) acquired the remaining fifteen percent (15%) of outside ownership.

The Company's Charter was amended on August 23, 2005, and filed with the Tennessee Secretary of State on September 20, 2005, in order to effect the name change to "HealthSpring of Tennessee, Inc.".

On January 31, 2012, HealthSpring, Inc. was acquired by Connecticut General Corporation. Connecticut General Corporation's immediate parent is Cigna Holdings, Inc., which is 100 percent (100%) owned by Cigna. As of the exam date, the Company's ultimate parent is Cigna. This transaction was approved by the TDCI.

At December 31, 2014, the Company had two thousand (2,000) shares authorized, with ten (10) shares issued and outstanding to the Company's immediate parent, HMSI, a Delaware corporation, which is an indirect wholly-owned subsidiary of Cigna.

MANAGEMENT AND CONTROL

MANAGEMENT

Directors

The Company's Bylaws provide that all the business and affairs of the Company shall be managed and corporate powers shall be exercised by the Board of Directors ("Board"). The number of directors shall be six (6), per the Bylaws.

The Company's Board, as of December 31, 2014, was composed of the following individuals:

Name	Address	Employer
Gregory Allen	Brentwood, TN	HealthSpring, Inc.
Robert Dawson	Johns Island, SC	HealthSpring, Inc.
Gregory Miller	Brentwood, TN	HealthSpring USA, LLC
Ryan McGroarty	Media, PA	HealthSpring, Inc.
Heather Peterson	Franklin, TN	HealthSpring USA, LLC
Jay Hurt	Kingwood, TX	GulfQuest, LP

The administrative and executive functions of the Company are performed by staff provided by HealthSpring USA, LLC and HMSI, under recitals of management agreements. See "Agreements with Parent, Subsidiaries, and Affiliates" section, later in this report.

Officers

Per the Bylaws, officers shall be elected annually by the Board. However, during the examination period, the Company's officers were elected by the Company's shareholders, which was not in compliance with Tenn. Code Ann. § 48-18-401 and the Company's Bylaws. See "Comments and Recommendations" section later in this report for additional information.

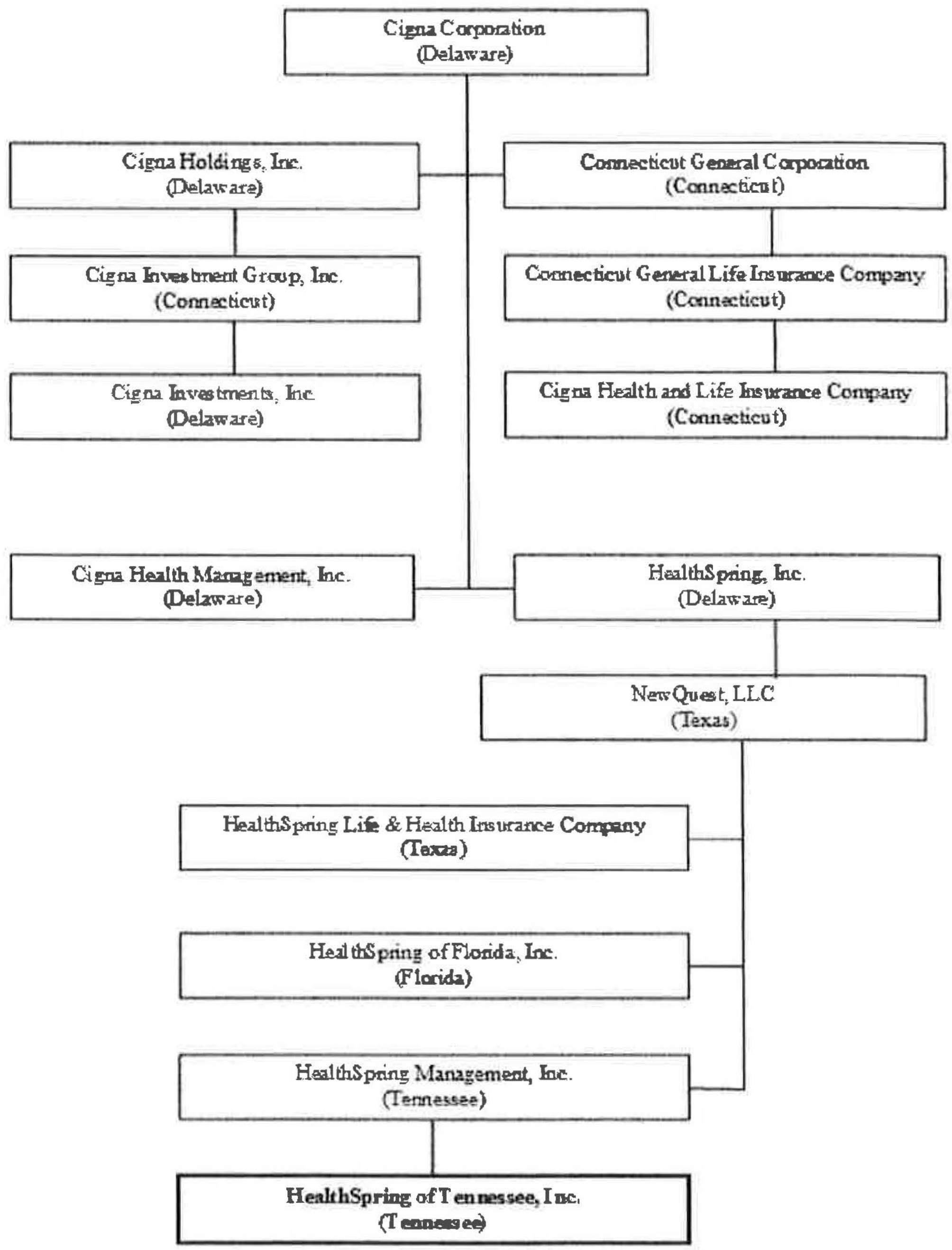
The officers of the Company, as of December 31, 2014, were as follows:

Name	**Position**
Matthew Morris	CEO
Gregory Allen	President & Chairman, Secretary
Ryan McGroarty	CFO
Gregory Miller	COO
Eugene Chambers, M.D.	Medical Director
Robert Dawson	Vice President
Jay Hurt	Vice President
David Holladay	President – Government Pharmacy Services
Richard Appel	Compliance Officer
David Terry	Chief Actuary
Scott Lambert	Vice President & Treasurer
Maureen Ryan	Vice President, Assistant Treasurer
Jumana Siddiqui	Assistant Treasurer
Kevin Oleksak	Assistant Secretary
Rhiannon Bernier	Assistant Secretary
Anna Krishful	Assistant Secretary

CONTROL

The Company is a member of a health maintenance organization holding company system as defined by Tenn. Code Ann. § 56-11-101(b)(6), and as such, is subject to the "Insurance Holding Company System Act of 1986," set forth in Tenn. Code Ann. §§ 56-11-101, *et seq.* Direct control of the Company is based on the ownership of the Company's outstanding common capital stock, which is solely owned by HMSI. The Company is ultimately controlled by Cigna, a Delaware corporation, and is a holding company for a group of companies, which are major providers of group, life and health insurance, managed care products and services, and retirement products and services. All required holding company filings during the examination period have been made by the Company's ultimate parent, Cigna. An abbreviated organizational chart follows.

ORGANIZATIONAL CHART



DIVIDENDS

During the examination period, the Company paid the following dividends to HMSI:

Type	Year	Amount
Ordinary	2013	$50,000,000
Ordinary	2011	15,000,000
		$65,000,000

In accordance with Tenn. Code Ann. §§ 56-11-105 and 56-11-106, the Company notified the TDCI of its ordinary dividends prior to payment.

CORPORATE RECORDS

Charter and Bylaws

There were no amendments made to the Company's Charter or Bylaws during the examination period.

Meeting Minutes

The minutes of the meetings of the Board and of the shareholder were reviewed for the period under examination. They were found to be complete as to necessary detail and appear to adequately reflect the acts of the respective parties. The review of the minutes indicated that all investment transactions were approved by the Board.

CONFLICTS OF INTEREST AND PECUNIARY INTERESTS

A review of compliance with Tenn. Code Ann. § 56-3-103 found that no director or officer of the Company had pecuniary interest in the investment or disposition of Company funds.

Cigna's Code of Ethics ("Code") contains four (4) primary principles: (1) to comply with applicable laws, rules and regulations; (2) avoid potential conflicts of interest; (3) protect Cigna's assets; and (4) behave ethically. All employees, officers and directors are required to sign an affirmation statement on an annual basis confirming their understanding of and compliance with the Code and disclose any known or suspected violations of the Code. No exceptions were noted.

AGREEMENTS WITH PARENT, SUBSIDIARIES, AND AFFILIATES

The following agreements with affiliated companies were in effect at December 31, 2014:

Management Agreement

Effective July 1, 1996, the Company entered into a Management Agreement with HMSI. Pursuant to the terms of this agreement, HMSI is to provide management, administrative and marketing services for the Tennessee market. Effective April 1, 2003, certain duties of HMSI were assigned to HealthSpring USA ("HS USA"), whereby HS USA receives ninety-eight percent (98%) of fees received by HMSI.

Management Service Agreement

Effective June 1, 2004, the Company entered into a Management Service Agreement with HS USA. The agreement is for the benefit plans of the Illinois and Mississippi markets (for Illinois market, it is applicable to the extent not provided by NewQuest of Illinois as described below). The Company appointed HS USA to perform management of risks that the Company has undertaken with third parties, including negotiation, monitoring, and the quality assurance of contracts with third-party providers (including medical management, credentialing, support services, administrative, financial, data processing, general accounting, and others). The fee is based on operating revenues derived by territory and by benefit plan.

Management Service Agreement

Effective June 1, 2004, the Company entered into a Management Service Agreement with NewQuest Management of Illinois, LLC ("NewQuest of Illinois"). The agreement is for the benefit plans of the Illinois market. The Company appointed NewQuest of Illinois to perform management of risks that the Company has undertaken with third parties, including negotiation, monitoring, and the quality assurance of contracts with third-party providers (including medical management, credentialing, support services, administrative, financial, data processing, general accounting, and others). The fee is to be paid directly by the Company, and varies on premiums by each benefit plan.

Network Access Agreement

The Company and various other subsidiaries of Cigna entered into a Network Access Agreement with Connecticut General Life Insurance Company (CGLIC). This agreement allows CGLIC and participating third-party administrators and HMOs to utilize the provider networks of other participants in the agreement. A participating company acting as a "Healthplan" under this agreement may also perform claim payment, provider credentialing and re-credentialing, utilization management, quality management, and ongoing participant services associated with access to its provider network.

Intercompany Service Agreement

The Company entered into an agreement with Cigna Health Management, Inc., formerly International Rehabilitation Associates, Inc. (d.b.a. Intracorp), CGLIC, and other HMO affiliates, whereby Intracorp provides medical utilization review services, including pre-service certification, pre-admission certification, continued stay review, case management services, demand management, retrospective claims review, and disease management to various affiliates. The Company entered into the agreement with Intracorp for the provision of a nurse information line service.

Investment Advisory Agreement

Effective December 17, 2012, the Company entered into an agreement with Cigna Investments, Inc. (CI). Pursuant to the agreement, CI acts as investment advisor to the Company. CI shall make and carry out decisions with respect to acquisitions, holdings, and the dispositions of securities. The Company pays annual fees to CI based upon the Company's proportionate share of the costs and expenses of CI incurred in providing advisory services to all parties to the agreement.

Investment Pooling Agreement

On January 31, 2012, the Company was added to an Investment Advisory Agreement with CI. The agreement was originated on October 1, 2004, among various subsidiaries of Cigna. The intent of the agreement was to facilitate the effective management of the participants' short-term assets which consisted of investment assets and associated cash held in one or more custodial accounts, demand accounts, and deposit accounts. The Company is liable in respect to obligations of the account only to the extent of its proportionate interest in the account at the time.

Consolidated Federal Income Tax Agreement

Effective January 31, 2012, the Company entered into an agreement with Cigna and other subsidiaries of Cigna. The agreement facilitates the filing of a consolidated federal income tax return as an affiliated group. Pursuant to this agreement, the Company makes tax payments to Cigna based on its taxable income. In the case of a taxable loss, Cigna will pay the Company a refund based on its taxable loss, but only to the extent that Cigna is able to utilize the loss in the consolidated tax return. Tax expenses or benefits are allocated as though each entity had filed a separate return. Settlements between the affiliates occur quarterly with the filing of estimated tax returns. A final annual adjustment occurs upon the filing of the consolidated tax return.

Pharmacy Rebate Agreement

Effective August 20, 2013, the Company entered into a Pharmacy Rebate Affiliate Agreement with HealthSpring Life & Health Company. The agreement provides guidance to accounting of the pharmacy rebate allocations amongst the parties.

Fee Sharing Agreement

Effective September 24, 2014, the Company entered into a Fee Sharing Agreement with Cigna. The agreement relates to the fee imposed by the US Department of Treasury on an annual basis on entities that are engaged in the business of providing health insurance ("ACA fee") and requires remittance in the form of a single payment on behalf of all entities. The agreement allows Cigna to pay each year to the Treasury the fee owed collectively by all covered entities in the group. The agreement was approved by the TDCI on September 29, 2014. Amendment one to the agreement was approved by the TDCI on February 13, 2015.

Line of Credit Agreement

Effective January 31, 2012, the Company entered into an agreement with Cigna Holdings, Inc. Under this agreement, Cigna Holdings, Inc. would loan funds to the Company, from time to time, to ensure that the Company would be able to meet its operational cash obligations, while earning additional investment income. Cigna Holdings, Inc. agrees to provide to the Company a line of credit in the amount of $30,000,000. Loans shall bear interest at an interest rate equivalent to the average daily thirty (30) day commercial paper dealer rate, plus a percentage override of one quarter (.25) of one percent (1%) per annum. In accordance with Tenn. Code Ann. § 56-11-106(a)(2)(A), this agreement was filed with the TDCI and approved on July 23, 2012.

Effective January 31, 2012, the Company entered into an agreement with Cigna. Under this agreement, the Company would loan funds to Cigna, from time to time. The Company agreed to provide to Cigna a line of credit in the amount of $30,000,000.

No loans were outstanding during the examination period from either party.

FIDELITY BOND AND OTHER INSURANCE

The Company is listed as a named insured on a Fidelity/Crime policy and an Errors and Omissions Professional Liability policy carried by Cigna.

The fidelity coverage is in excess of the minimum amount suggested in the NAIC Handbook. However, the bond did not include a one (1) year discovery period as required by Tenn. Code Ann. § 56-32-106(b). See the "Comments and Recommendations" section later in this report for further detail.

Additionally, the following insurance coverages were maintained by the Company's parent at December 31, 2014:

Commercial Auto Liability	Umbrella Liability
Workers' Compensation	Directors' & Officers Liability
Commercial General Liability	Property Insurance

PENSION PLANS AND OTHER EMPLOYEE BENEFITS

The Company has no employees; therefore, it has no direct pension costs.

TERRITORY AND PLAN OF OPERATION

Territory

The Company is a HMO which is licensed in Arkansas, Illinois, Mississippi, and Tennessee. Principal products and services include managed care products and services that focus on Medicare and are administered by the Centers for Medicare and Medicaid Services (CMS). In 2013, the commercial product was discontinued. In 2014, the Company expanded into Medicaid in the State of Illinois.

The Certificate of Authority issued by the State of Tennessee was inspected and found to be in force both at the time of examination and inspection.

Listed below are the Company's 2014 direct premiums written by state by line of business:

State	Medicare	Medicaid	Total Premiums
Illinois	$220,805,560	$50,598,553	$271,404,113
Mississippi	99,443,493	0	99,443,493
Tennessee	995,261,064	0	995,261,064
Totals	$1,315,510,117	$50,598,553	$1,366,108,670

No business was written in the State of Arkansas.

Plan of Operation

The Company arranges for a variety of health care services including basic physician and hospital services, outpatient services, emergency room treatment, as well as mental health and substance abuse treatments through its affiliates.

The Company contracts with physicians, group practices, skilled care facilities, hospitals, health care practitioners, and other ancillary providers to furnish health care services to its members.

GROWTH OF COMPANY

The Company's development, since the previous examination, is depicted in the following table:

Year	Total Revenues	Medical & Hospital Expenses	Net Income	Admitted Assets	Capital & Surplus
2014	$1,366,188,356	$1,130,421,420	$5,050,360	$286,053,860	$117,600,372
2013	$1,170,128,656	$985,236,120	$9,461,697	$259,967,649	$116,026,663
2012	$1,052,197,932	$820,409,879	$50,956,803	$270,221,134	$157,386,121
2011	$981,496,106	$773,269,480	$39,098,295	$207,146,279	$106,435,943

The following table shows the total number of members for the period under examination:

Year	Members
2014	129,215
2013	111,581
2012	96,031
2011	89,538

LOSS EXPERIENCE

The loss experience of the Company, since the previous examination, as reported in its annual statements, is as follows:

Year	Total Revenues	Medical & Hospital Expenses	Medical Loss Ratio	Total Administrative Expenses	Combined Ratio
2014	$1,366,188,356	$1,130,421,420	82.74%	$188,142,918	96.51%
2013	$1,170,128,656	$985,236,120	84.20%	$141,230,711	96.27%
2012	$1,052,197,932	$820,409,879	77.97%	$123,411,653	89.70%
2011	$981,496,106	$773,269,480	78.78%	$125,024,678	91.52%

REINSURANCE

The Company did not assume nor cede reinsurance as of the examination date.

COMMITMENTS AND CONTINGENCIES

From the examination data made available, it appears that the only matters of law in which the Company was involved, during the period under review, were those arising out of the normal course of business and the outcome of such actions should not have a material effect on the financial position of the Company.

STATUTORY DEPOSITS

The Company maintained the following deposits at December 31, 2014:

Where Deposited and Description	Par Value	Statement Value	Market Value
Arkansas			
Wisconsin St, 5%, Due 5/01/16	$300,000	$311,573	$317,985
Illinois			
USTN, 2.25%, Due 3/31/16	330,000	332,474	337,689
Mississippi			
Apple Inc, 2.4%, Due 5/3/23	500,000	456,961	486,016
Tennessee			
FHLMC, 2.875%, Due 2/9/15	2,700,000	2,701,839	2,705,940
Minnesota St, 5.0%, Due 8/1/24	500,000	566,253	615,781
Wisconsin St, 5.0%, Due 5/1/15	250,000	252,981	253,906
Wisconsin St, 5.0%, Due 5/1/16	100,000	103,858	106,015
USTN, 2.375%, Due 2/28/2015	500,000	500,559	501,800
Apple Inc, 2.4%, Due 5/3/2023	2,500,000	2,272,134	2,430,078
Chevron Corp, 3.191%, Due 6/24/2023	2,000,000	1,942,652	2,037,188
General Electric Co, 3.375%, Due 3/11/2024	1,000,000	989,510	1,033,125
Oracle Corp, 3.4%, Due 7/8/2024	500,000	498,908	511,016
Met Govt Nashville Davidson Cnty Tn Ser A, 5%, Due 1/1/2015	435,000	434,219	435,000
Met Govt Nashville Davidson Cnty Tn Ser A, 5%, Due 1/1/2019	565,000	563,985	565,000
Totals for Tennessee	$11,050,000	$10,826,898	$11,194,849
Totals for All States	$12,180,000	$11,927,906	$12,336,539

The deposits listed above are for the benefit of all policyholders, claimants and creditors of the Company. The deposits were verified by direct correspondence with the regulating jurisdiction.

ACCOUNTS AND RECORDS

The Company's data processing is performed at locations in Tennessee and Alabama.

The Company's 2014 general ledger was reconciled to the amended 2014 annual statement.

The Company is audited annually by PricewaterhouseCoopers, LLP. There is no violation of Tenn. Comp. R. & Regs. 0780-01-65.07(3).

Actuarial Review

We relied on actuarial work completed by the Texas Department of Insurance, which reviewed the assumptions and methodologies used by the Company to establish their actuarial liabilities. They concluded that the methods used are appropriate and that the established actuarial liabilities, as of December 31, 2014, are adequate.

FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, and statement of revenues and expenses at December 31, 2014, together with a reconciliation of capital and surplus for the period under review, as reported by the Company and as established by this examination:

ASSETS

	Assets	Non Admitted Assets	Net Admitted Assets
Bonds	$199,038,996	$0	$199,038,996
Cash, cash equivalents and short term investments	5,265,555	0	5,265,555
Subtotals, cash and invested assets	204,304,551	0	204,304,551
Investment income due and accrued	1,893,319	0	1,893,319
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	38,042,076	0	38,042,076
Amounts receivable relating to uninsured plans	13,002,076	0	13,002,076
Current federal and foreign income tax recoverable and interest thereon	514,960		514,960
Net deferred tax asset	1,870,386	0	1,870,386
Receivable from parent, subsidiary and affiliates	9,506,437	9,506,437	0
Health care and other amounts receivable	30,694,671	4,975,000	25,719,671
Aggregate write-ins for other than invested assets:			
State income tax recoverable	706,821	0	706,821
Total assets	$300,535,297	$14,481,437	$286,053,860

LIABILITIES, CAPITAL AND SURPLUS

Liabilities		
Claims unpaid		$120,739,583
Accrued medical incentive pool and bonus amounts		10,277,262
Unpaid claims adjustment expenses		2,010,844
Aggregate health policy reserves, including the liability of $896,001 for medical loss ratio rebate per the Public Health Service Act		2,311,074
Premiums received in advance		184,817
General expenses due or accrued		577,943
Amounts withheld or retained for the accounts of others		191,227
Amounts due to parent, subsidiaries and affiliates		31,995,038
Aggregate write-ins for other liabilities:		
Penalties		165,700
Total liabilities		168,453,488
Capital and Surplus		
Aggregate write-ins for special surplus funds	$26,862,569	
Common capital stock	50	
Gross paid in and contributed surplus	30,364,510	
Surplus notes	900,000	
Unassigned funds	59,473,243	
Total capital and surplus		117,600,372
Total liabilities, capital and surplus		$286,053,860

STATEMENT OF REVENUES AND EXPENSES

Revenue		
Net premium income	$1,366,108,670	
Aggregate write-ins for other health care related revenues	79,686	
Total revenues		$1,366,188,356
Expenses		
Hospital/medical benefits	996,647,986	
Other professional services	10,919,167	
Emergency room and out-of-area	16,273,855	
Prescription drugs	109,288,684	
Incentive pool, withhold adjustments and bonus amounts	(2,708,272)	
Claims adjustment expenses	32,011,602	
Increase in reserves for life and accident and health contracts		
General administrative expenses	188,142,918	
Total underwriting deductions		1,350,948,854
Net underwriting gain (loss)		15,239,502
Net investment income earned	6,302,446	
Net realized capital gains (losses)	660,195	
Net investment gains (losses)		6,962,641
Net gain (loss) from agents' or premium balances charged off		(2,912,546)
Aggregate write-ins for other income or expenses		(16,600)
Net income (loss) before federal income taxes		19,272,997
Federal income taxes incurred		14,222,637
Net income (loss)		$5,050,360

RECONCILIATION OF CAPITAL AND SURPLUS

	2014	2013	2012	2011
Capital and surplus December 31, previous year	$116,026,663	$157,386,121	$106,435,943	$77,752,522
Net income (loss)	$5,050,360	$ 9,461,697	$50,956,803	$39,098,295
Change in net deferred income tax	3,986,971	1,142,175	623,227	328,048
Change in non-admitted assets	(7,463,622)	(1,963,330)	(629,852)	4,257,078
Dividends to stockholders	0	(50,000,000)	0	(15,000,000)
Net change in capital and surplus	$1,573,709	($41,359,458)	$50,950,178	$28,683,421
Capital and surplus December 31, current year	$117,600,372	$116,026,663	$157,386,121	$106,435,943

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Although minor differences were found in various items, none were considered to produce a material effect on surplus funds either singly or in the aggregate.

COMMENTS AND RECOMMENDATIONS

During our examination we made the following suggestions and recommendations to the Company with regard to record keeping and other procedures relating to its operations:

Comments

We recommend that the Company comply with Tenn. Code Ann. § 56-32-106(b) in that the fidelity bond shall include a one (1) year discovery period. Additionally, while the minimum amount of the bond shall be at $100,000, as per the above statute, we recommend that the Company maintain coverage of the bond in the amount as suggested by the NAIC Handbook.

Recommendations

We recommend that the Company comply with Tenn. Code Ann. § 48-18-401 and its Bylaws in that the officers shall be elected by the Board, unless otherwise permitted by the Company's Bylaws.

SUBSEQUENT EVENTS

In 2015, the Company received a total of $25,000,000 in capital contributions from NewQuest, LLC, consisting of $20,000,000 in bonds and $5,000,000 in cash.

On September 3, 2015, Anthem, Inc. filed a Form A to acquire Cigna and its subsidiaries for approximately $54,200,000,000. The proposed acquisition was under review by the U.S. Department of Justice. The Form A was approved by the TDCI on February 2, 2016.

On January 21, 2016, CMS notified Cigna-HealthSpring, including the Company, of immediate sanctions imposed on the Cigna-HealthSpring Medicare Advantage and Prescription Drug Plan business. The CMS audit period covered operations between May 2015 and August 2015. The audit identified deficiencies in the operations of Cigna-HealthSpring entities' Medicare Parts C and D appeals and grievances, Medicare Part D formulary and benefit administration, and compliance program. CMS ordered Cigna-HealthSpring to immediately suspend enrollment of new members and marketing to new members. The suspension did not impact current Cigna-HealthSpring enrollees' benefits or plans.

On February 12, 2016, Cigna-HealthSpring filed a Corrective Action Plan (CAP) with CMS and simultaneously filed a Request for Hearing. The CAP was approved by CMS and is in full implementation. The CAP involves reporting to and ongoing monitoring by CMS to ensure remediation is occurring as set forth in the approved CAP.

CONCLUSION

The customary insurance examination practices and procedures, as established by the National Association of Insurance Commissioners, have been utilized in connection with the verification and valuation of assets and the determination of liabilities in the financial statement of this report.

In such manner, it was determined that, as of December 31, 2014, the Company had net admitted assets of $286,053,860 and liabilities of $168,453,488. Thus, there existed for the additional protection of the policyholders, the amount of $117,600,372 in capital and surplus.

The courteous cooperation of the Company, extended during the course of the examination, is hereby acknowledged.

In addition to the undersigned, David A. Palmer, CFE, Insurance Examiner, of Lewis & Ellis, Inc., Actuaries & Consultants, and Bryant Cummings, Assistant Chief Examiner, of the Tennessee Department of Commerce and Insurance participated in the work of this examination.

Respectfully submitted,

Katerina Bolbas, CFE
Examiner-in-Charge
Lewis & Ellis Inc., Actuaries & Consultants
Representing the State of Tennessee

AFFIDAVIT

The undersigned deposes and says that she has duly executed the attached examination report of HealthSpring of Tennessee, Inc., dated April 29, 2016, and made as of December 31, 2014, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says she is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of her knowledge, information and belief.

Katerina Bølbas, CFE
Examiner-in-Charge
Lewis & Ellis Inc., Actuaries & Consultants
Representing the State of Tennessee

VIVIAN M. DUBOSE
Notary Public - Notary Seal
State of Missouri, St Charles County
Commission # 14827782
My Commission Expires Jan 22, 2018

State Missouri

County St Louis

Subscribed to and sworn before me

this 15 day of June, 2016

Notary Vivian M DuBose

My Commission Expires: 1/22/2018

EXHIBIT B

June 17, 2016

E. Joy Little
Director of Financial Examinations/Chief Examiner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, TN 37243-1135

RE: HealthSpring of Tennessee, Inc. – Report of Examination

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for HealthSpring of Tennessee, Inc. By signing below, we indicate acceptance of the report, as transmitted, and without rebuttal.

Sincerely,

Ryan McGroarty, Chief Financial Officer