

**QUARTERLY STATEMENT
OF THE
AMERIGROUP Tennessee, Inc.**

**of
Nashville
in the state of
Tennessee**

**TO THE
Insurance Department
OF THE STATE OF
Tennessee**

**FOR THE QUARTER ENDED
June 30, 2008**

2008

HEALTH

2008



QUARTERLY STATEMENT
AS OF June 30, 2008
OF THE CONDITION AND AFFAIRS OF THE
AMERIGROUP Tennessee, Inc.

NAIC Group Code 1156, 1156, NAIC Company Code 12941, Employer's ID Number 20-4776597
Organized under the Laws of Tennessee, State of Domicile or Port of Entry Tennessee
Country of Domicile United States of America
Licensed as business type: Life, Accident & Health, Property/Casualty, Hospital, Medical & Dental Service or Indemnity, Dental Service Corporation, Vision Service Corporation, Health Maintenance Organization, Other, Is HMO Federally Qualified?
Incorporated/Organized 04/26/2006, Commenced Business 04/01/2007
Statutory Home Office 22 Century Boulevard, Ste 310, Nashville, TN 37214
Main Administrative Office 4425 Corporation Lane, Virginia Beach, VA, (757)473-2721
Mail Address 4425 Corporation Lane, Virginia Beach, VA 23462
Primary Location of Books and Records 4425 Corporation Lane, Virginia Beach, VA 23462, (757)473-2721
Internet Website Address www.amerigroupcorp.com
Statutory Statement Contact Margaret Mary Roomsburg, mroomsb@amerigroupcorp.com, (757)473-2721, (757)557-6742

OFFICERS

Table with 3 columns: Name, Title, #. Includes Charles Brian Shipp (President/CEO), William Gardner Wood, M.D. (Vice President/CMO), Michael Anthony Scarbrough (Vice President/COO), Stanley Forrest Baldwin (Vice President/Secretary), Nicholas Joseph Pace, II (Vice President/Asst Secretary), Richard Charles Zoretic (Vice President/Asst Secretary), Scott Wayne Anglin (Vice President/Treasurer), James Ward Truess (Vice President/Asst Treasurer), Karen Lint Shields (Vice President/Asst Treasurer).

OTHERS

Alvin Brock King, Vice President; Linda Kaye Whitley-Taylor, Vice President #; Margaret Mary Roomsburg, Vice President

DIRECTORS OR TRUSTEES

Charles Brian Shipp, Alvin Brock King; Nicholas Joseph Pace, II

State of Virginia, County of Virginia Beach ss

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

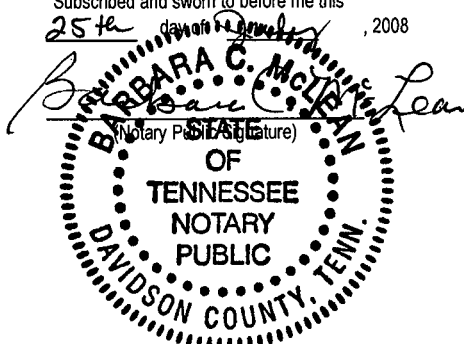
Signature of Charles Brian Shipp, President/CEO

Signature of Stanley Forrest Baldwin, Vice President/Secretary

Signature of Margaret Mary Roomsburg, Vice President

Subscribed and sworn to before me this 25th day of June, 2008

- a. Is this an original filing? Yes[X] No[]
b. If no, 1. State the amendment number, 2. Date filed, 3. Number of pages attached



NANCY M. NEWSOM
NOTARY PUBLIC
Commonwealth of Virginia
My Commission Expires April 30, 2009

My Commission Expires JAN. 23, 2010

191631

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	27,420,447		27,420,447	24,095,124
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....10,385,783), cash equivalents (\$.....0) and short-term investments (\$.....38,176,552)	48,562,335		48,562,335	70,813,926
6. Contract loans (including \$.....0 premium notes)				
7. Other invested assets				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	75,982,782		75,982,782	94,909,050
11. Title plants less \$.....0 charged off (for Title insurers only)				
12. Investment income due and accrued	438,990		438,990	647,933
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	52,538,838		52,538,838	8,578,766
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	29,407	29,407		
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans	189,435		189,435	
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset				
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	2,082,938	1,506,609	576,329	628,972
19. Furniture and equipment, including health care delivery assets (\$.....0)	2,177,655	2,177,655		
20. Net adjustments in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				
22. Health care (\$.....111,462) and other amounts receivable	5,250,826	3,639,363	1,611,463	2,838,088
23. Aggregate write-ins for other than invested assets	2,202,108	2,202,108		
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	140,892,979	9,555,142	131,337,837	107,602,809
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	140,892,979	9,555,142	131,337,837	107,602,809
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301. Prepaid Expenses - Short-term	279,108	279,108		
2302. Intangibles	1,923,000	1,923,000		
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	2,202,108	2,202,108		

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	90,087,350		90,087,350	72,252,049
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	2,253,424		2,253,424	1,857,512
4. Aggregate health policy reserves				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance				
9. General expenses due or accrued	572,828		572,828	225,254
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	5,877,659		5,877,659	5,830,783
16. Payable for securities				
17. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
18. Reinsurance in unauthorized companies				
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Liability for amounts held under uninsured plans				
21. Aggregate write-ins for other liabilities (including \$.....0 current)	2,054,755		2,054,755	3,376,097
22. Total liabilities (Lines 1 to 21)	100,846,016		100,846,016	83,541,695
23. Aggregate write-ins for special surplus funds	X X X	X X X		
24. Common capital stock	X X X	X X X	1,000	1,000
25. Preferred capital stock	X X X	X X X		
26. Gross paid in and contributed surplus	X X X	X X X	93,800,914	66,613,358
27. Surplus notes	X X X	X X X		
28. Aggregate write-ins for other than special surplus funds	X X X	X X X		
29. Unassigned funds (surplus)	X X X	X X X	(63,310,093)	(42,553,244)
30. Less treasury stock, at cost:				
30.1 .. 0 shares common (value included in Line 24 \$.....0)	X X X	X X X		
30.2 .. 0 shares preferred (value included in Line 25 \$.....0)	X X X	X X X		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	30,491,821	24,061,114
32. Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	131,337,837	107,602,809
DETAILS OF WRITE-INS				
2101. Accrued Premium Tax	2,017,772		2,017,772	2,048,900
2102. Accrued Expenses	36,983		36,983	1,208,518
2103. Non Risk Payable				118,679
2198. Summary of remaining write-ins for Line 21 from overflow page				
2199. TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	2,054,755		2,054,755	3,376,097
2301.	X X X	X X X		
2302.	X X X	X X X		
2303.	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	X X X	X X X		
2802.	X X X	X X X		
2803.	X X X	X X X		
2898. Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899. TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

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	X X X	1,112,146	543,675	1,642,504
2. Net premium income (including \$.....0 non-health premium income)	X X X	312,860,060	127,311,654	382,864,891
3. Change in unearned premium reserves and reserves for rate credits	X X X			
4. Fee-for-service (net of \$.....0 medical expenses)	X X X			
5. Risk revenue	X X X			
6. Aggregate write-ins for other health care related revenues	X X X			
7. Aggregate write-ins for other non-health revenues	X X X			
8. Total revenues (Lines 2 to 7)	X X X	312,860,060	127,311,654	382,864,891
Hospital and Medical:				
9. Hospital/medical benefits		203,373,155	100,848,850	243,319,790
10. Other professional services		6,110,804	1,086,344	6,589,154
11. Outside referrals				
12. Emergency room and out-of-area		27,866,981	15,956,290	32,329,994
13. Prescription drugs		372,681		194
14. Aggregate write-ins for other hospital and medical		57,224,353	2,515,507	77,388,415
15. Incentive pool, withhold adjustments and bonus amounts				
16. Subtotal (Lines 9 to 15)		294,947,974	120,406,991	359,627,547
Less:				
17. Net reinsurance recoveries		(269,976)	(825,538)	(1,147,753)
18. Total hospital and medical (Lines 16 minus 17)		295,217,950	121,232,529	360,775,300
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$.....6,020,590 cost containment expenses		7,854,211	3,295,414	10,471,572
21. General administrative expenses		38,373,192	13,302,871	41,393,542
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)				
23. Total underwriting deductions (Lines 18 through 22)		341,445,353	137,830,814	412,640,414
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(28,585,293)	(10,519,160)	(29,775,523)
25. Net investment income earned		1,728,323	900,759	3,115,015
26. Net realized capital gains (losses) less capital gains tax of \$.....0		4,983		18,956
27. Net investment gains or (losses) (Lines 25 plus 26)		1,733,306	900,759	3,133,971
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]				
29. Aggregate write-ins for other income or expenses				
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(26,851,987)	(9,618,401)	(26,641,552)
31. Federal and foreign income taxes incurred	X X X			
32. Net income (loss) (Lines 30 minus 31)	X X X	(26,851,987)	(9,618,401)	(26,641,552)
DETAILS OF WRITE-INS				
0601.	X X X			
0602.	X X X			
0603.	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701.	X X X			
0702.	X X X			
0703.	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401. Home Health Care, DME, Transportation, Etc.		57,224,353	2,515,507	77,388,415
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page				
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		57,224,353	2,515,507	77,388,415
2901.				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page				
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)				

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	24,061,114	(261,411)	(261,411)
34. Net income or (loss) from Line 32	(26,851,987)	(9,618,401)	(26,641,552)
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0			
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax			
39. Change in nonadmitted assets	6,095,138	(1,425,909)	(15,650,281)
40. Change in unauthorized reinsurance			
41. Change in treasury stock			
42. Change in surplus notes			
43. Cumulative effect of changes in accounting principles			
44. Capital Changes:			
44.1 Paid in		1,000	1,000
44.2 Transferred from surplus (Stock Dividend)			
44.3 Transferred to surplus			
45. Surplus adjustments:			
45.1 Paid in	27,187,556	24,720,871	66,613,358
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders			
47. Aggregate write-ins for gains or (losses) in surplus			
48. Net change in capital and surplus (Lines 34 to 47)	6,430,707	13,677,561	24,322,525
49. Capital and surplus end of reporting period (Line 33 plus 48)	30,491,821	13,416,150	24,061,114
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page			
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)			

CASH FLOW

		1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations			
1.	Premiums collected net of reinsurance	268,899,988	374,286,125
2.	Net investment income	1,942,249	2,486,038
3.	Miscellaneous income		
4.	Total (Lines 1 to 3)	270,842,237	376,772,163
5.	Benefit and loss related payments	280,200,271	288,811,363
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	44,563,373	49,132,035
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	324,763,644	337,943,398
11.	Net cash from operations (Line 4 minus Line 10)	(53,921,407)	38,828,765
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	17,400,000	11,000,000
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	17,400,000	11,000,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	20,720,340	35,076,168
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications	4,983	18,956
13.7	Total investments acquired (Lines 13.1 to 13.6)	20,725,323	35,095,124
14.	Net increase (or decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(3,325,323)	(24,095,124)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock	26,933,701	66,501,000
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	8,061,438	(10,420,715)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	34,995,139	56,080,285
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(22,251,591)	70,813,926
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	70,813,926	
19.2	End of period (Line 18 plus Line 19.1)	48,562,335	70,813,926

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

Description		Amount 1	Amount 2
20.0001	Depreciation	856,123	536,955
20.0002	Non-cash Capital Contributions	253,855	113,358

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							
Total Members at end of:										
1. Prior Year	186,629								186,629	
2. First Quarter	186,356							412	185,944	
3. Second Quarter	186,303							584	185,719	
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	1,112,146							2,400	1,109,746	
Total Member Ambulatory Encounters for Period:										
7. Physician	516,464							1,516	514,948	
8. Non-Physician	399,090							1,150	397,940	
9. Total	915,554							2,666	912,888	
10. Hospital Patient Days Incurred	30,772							312	30,460	
11. Number of Inpatient Admissions	4,944							37	4,907	
12. Health Premiums Written (a)	312,860,060							3,233,873	309,626,187	
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	312,860,060							3,233,873	309,626,187	
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	278,337,132							959,569	277,377,563	
18. Amount Incurred for Provision of Health Care Services	294,947,974							3,002,240	291,945,734	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....3,233,873.

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**Aging Analysis of Unpaid Claims**

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
0199999 Individually Listed Claims Unpaid						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	9,185,057	1,115,851	(76,897)	(3,023)	(81,004)	10,139,984
0499999 Subtotals	9,185,057	1,115,851	(76,897)	(3,023)	(81,004)	10,139,984
0599999 Unreported claims and other claim reserves						79,947,366
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						90,087,350
0899999 Accrued Medical Incentive Pool And Bonus Amounts						

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1	2	3	4	Claims Incurred in Prior Years (Columns 1+3)	Estimated Claim Reserve and Claim Liability Dec.31 of Prior Year
	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		
Line of Business						
1. Comprehensive (hospital & medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare		959,790		2,042,450		
7. Title XIX - Medicaid	72,607,218	205,040,099	10,095,672	77,949,228	82,702,890	72,252,049
8. Other health						
9. Health subtotal (Lines 1 to 8)	72,607,218	205,999,889	10,095,672	79,991,678	82,702,890	72,252,049
10. Healthcare receivables (a)		1,512,570				288,112
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals	72,607,218	204,487,319	10,095,672	79,991,678	82,702,890	71,963,937

(a) Excludes \$.....2,174,500 loans or advances to providers not yet expensed.

Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

The Financial Statements of AMERIGROUP Tennessee, Inc. (the Company) is presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance.

The Tennessee Department of Commerce and Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Tennessee for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Tennessee Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual, version effective March 1, 2008 (NAIC SSAP) has been adopted as a component of prescribed or permitted practices by the state of Tennessee.

B. Use of Estimates in the Preparation of the Financial Statements

No Change

C. Accounting Policy

No Change

2. Accounting Changes and Corrections of Errors

A. Disclosure for Insurers Upon Initial Implementation of Codification:

None

3. Business Combinations and Goodwill

On April 22, 2008, AMERIGROUP Tennessee, Inc. was notified that it had not been awarded a contract to provide full-risk managed care services to TennCare recipients in West Tennessee. As a result, the existing administrative services only (±ASO±) arrangement for the West Tennessee region will terminate on October 31, 2008 under its current terms with claims run-out and transition activities continuing into 2009. Unamortized identifiable intangible assets acquired as part of the November 1, 2007 acquisition of substantially all of the assets of MMCC totaling \$846 at June 30, 2008, on a GAAP basis, will be amortized over the remaining life of the ASO arrangement and will be written off in the 4th quarter 2008 in the statutory filing. The related goodwill acquired of \$8,044, net of a purchase price adjustment of \$1,500 for early termination of the ASO contract, was written-off during the three ended June 30, 2008.

4. Discontinued Operations

None

5. Investments

No Change

6. Joint Ventures, Partnerships and Limited Liability Companies

No Change

7. Investment Income

No Change

8. Derivative Instruments

No Change.

9. Income Taxes

No Change

10. Information Concerning Parent, Subsidiaries and Affiliates

AMERIGROUP Corporation owns 100% of the outstanding shares of the Company and provides administrative and financial support services to the Company. Inter-company management fees are charged to the Company in accordance with a Management Services Agreement based on generally accepted accounting principles. As of June 30, 2008, the Company owed \$5,572,819 to AMERIGROUP Corporation.

Notes to Financial Statement

This amount was due to the difference between the estimated amount paid for Management fees to the parent and the final amount due. Also, as of June 30, 2008, the Company owed \$304,840 to AMERIGROUP Health Solutions, Inc. for disease management services.

11. Debt

The Company has no debt outstanding.

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

No Change

13. Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations.

No Change

14. Contingencies

None

15. Leases

No Change

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial with Concentrations of Credit Risk.

None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.

No Change

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

None

20. Other Items

None

21. Events Subsequent

None

22. Reinsurance

No Change.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

None

24. Change in Incurred Claims and Claim Adjustment Expenses

No Change

25. Intercompany Pooling Arrangements

None

26. Structured Settlements

None

Notes to Financial Statement

27. Health Care Receivables

Health Care Receivables consist of provider advances, claims overpayments and ASO claims payment receivable from the state of Tennessee. The admitted portion of health care receivables on consists of ASO claims payment receivable.

28. Participating Policies

None

29. Premium Deficiency Reserves.

None

30. Salvage and Subrogation

None

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes No
- 1.2 If yes, has the report been filed with the domiciliary state? Yes No N/A

- 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? If yes, attach an explanation. Yes No N/A

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 03/31/2008
- 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.
- 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).
- 6.4 By what department or departments?
- 6.5 Have any financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes No N/A
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A

- 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
.....	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

- 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: \$..... 0

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: \$..... 0
- 13. Amount of real estate and mortgages held in short-term investments: \$..... 0

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No
- 14.2 If yes, please complete the following:

GENERAL INTERROGATORIES (Continued)

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

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes[] No[X]
 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]
 If no, attach a description with this statement.

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 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[]
 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
U.S. Bank	EX DC-WNWW, 1025 Connecticut Avenue, Suite 517, Washington, DC 20036

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

1 Central Registration Depository	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:

SCHEDULE S - CEDED REINSURANCE
Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			NONE			

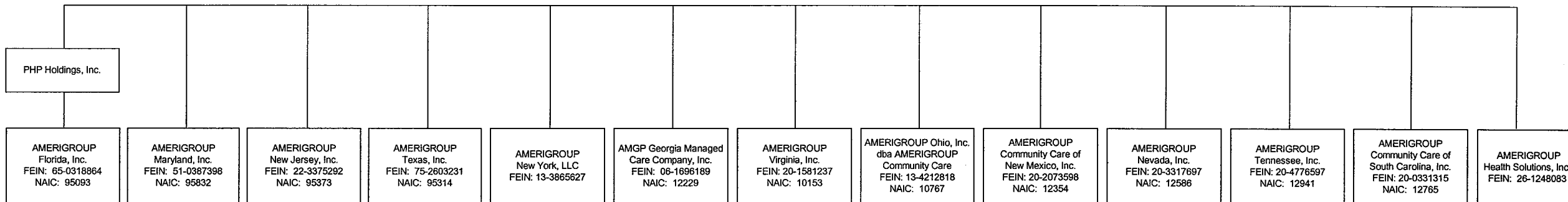
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

1	State, Etc.	Active Status	Direct Business Only							
			2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	N								
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	L		3,233,873	309,626,187				312,860,060	
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Mariana Islands (MP)	N								
57.	Canada (CN)	N								
58.	Aggregate other alien (OT)	XXX								
59.	Subtotal	XXX		3,233,873	309,626,187				312,860,060	
60.	Reporting entity contributions for Employee Benefit Plans	XXX								
61.	Total (Direct Business)	(a) 1		3,233,873	309,626,187				312,860,060	
DETAILS OF WRITE-INS										
5801.		XXX								
5802.		XXX								
5803.		XXX								
5898.	Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX								

(a) Insert the number of yes responses except for Canada and Other Alien.

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



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

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



12941200836500002

2008

Document Code: 365

NONE

SCHEDULE A - VERIFICATION**Real Estate**

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

NONE**SCHEDULE B - VERIFICATION****Mortgage Loans**

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

NONE**SCHEDULE BA - VERIFICATION****Other Long-Term Invested Assets**

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

NONE**SCHEDULE D - VERIFICATION****Bonds and Stocks**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	24,095,124	
2. Cost of bonds and stocks acquired	20,717,251	35,068,872
3. Accrual of discount	3,089	7,296
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	4,983	18,956
6. Deduct consideration for bonds and stocks disposed of	17,400,000	11,000,000
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	27,420,447	24,095,124
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	27,420,447	24,095,124

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
BONDS								
1. Class 1 (a)	73,537,883	192,458,563	200,401,223	1,776	73,537,883	65,596,999		89,965,117
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	73,537,883	192,458,563	200,401,223	1,776	73,537,883	65,596,999		89,965,117
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	73,537,883	192,458,563	200,401,223	1,776	73,537,883	65,596,999		89,965,117

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 \$.....3,000,000; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

QS102

SCHEDULE DA - PART 1**Short - Term Investments Owned End of Current Quarter**

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999. Totals	38,176,552	X X X	38,176,552	1,055,089	8,622

SCHEDULE DA - Verification**Short-Term Investments**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	65,869,994	.....
2. Cost of short-term investments acquired	302,773,462	..... 414,215,641
3. Accrual of discount	45,003	.....
4. Unrealized valuation increase (decrease) .....	.....	..... 129,079
5. Total gain (loss) on disposals .....	.....	.....
6. Deduct consideration received on disposals	330,511,907	..... 348,474,726
7. Deduct amortization of premium .....	.....	.....
8. Total foreign exchange change in book/adjusted carrying value .....	.....	.....
9. Deduct current year's other than temporary impairment recognized ...	.....	.....
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	38,176,552	..... 65,869,994
11. Deduct total nonadmitted amounts .....	.....	.....
12. Statement value at end of current period (Line 10 minus Line 11)	38,176,552	..... 65,869,994

SI04 **Schedule DB Part F Section 1** **NONE**

SI05 **Schedule DB Part F Section 2** **NONE**

SI06 **Schedule E - Verification (Cash Equivalents)** **NONE**

E01 **Schedule A Part 2** **NONE**

E01 **Schedule A Part 3** **NONE**

E02 **Schedule B Part 2** **NONE**

E02 **Schedule B Part 3** **NONE**

E03 **Schedule BA Part 2** **NONE**

E03 **Schedule BA Part 3** **NONE**

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
3133XQJR4	Federal Home Loan Bank		05/21/2008	Suntrust	X X X	3,488,450	3,500,000.00	16,188	1
3136F9GV9	Federal National Mortgage Assoc.		04/16/2008	UBS	X X X	4,000,000	4,000,000.00		1
0399999 Subtotal - Bonds - U.S. Governments					X X X	7,488,450	7,500,000.00	16,188	X X X
Bonds - Special Revenue, Special Assessment									
679110CY0	OK Student Loan		06/30/2008	Suntrust	X X X	4,733,701	5,000,000.00		1
3199999 Subtotal - Bonds - Special Revenue, Special Assessment					X X X	4,733,701	5,000,000.00		X X X
6099997 Subtotal - Bonds - Part 3					X X X	12,222,151	12,500,000.00	16,188	X X X
6099998 Summary Item from Part 5 for Bonds (N/A to Quarterly)					X X X	X X X	X X X	X X X	X X X
6099999 Subtotal - Bonds					X X X	12,222,151	12,500,000.00	16,188	X X X
6599998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)					X X X	X X X	X X X	X X X	X X X
7299998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly)					X X X	X X X	X X X	X X X	X X X
7399999 Subtotal - Preferred and Common Stocks					X X X		X X X		X X X
7499999 Total - Bonds, Preferred and Common Stocks					X X X	12,222,151	X X X	16,188	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

QE04

SCHEDULE D - PART 4

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

1 CUSIP Identification	2 Description	3 F o r e i g n Disposal Date	4 Name of Purchaser	5 Number of Shares of Stock	6 Consideration	7 Par Value	8 Actual Cost	9 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Designation or Market Indicator (a)	
									11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B./A.C.V.								
Bonds - U.S. Governments																					
31331YLG3	Federal Farm Credit Bank	04/02/2008	CALLED @ 100.0000000	X X X	3,000,000	3,000,000.00	2,997,600					227		227	2,997,827		2,173	2,173	33,750	07/02/2010	1
31331YLT5	Federal Farm Credit Bank	04/03/2008	CALLED @ 100.0000000	X X X	3,000,000	3,000,000.00	3,000,000								3,000,000				36,563	01/03/2012	1
3128XWVL6	Federal Home Loan Mortgage Corp.	06/24/2008	CALLED @ 100.0000000	X X X	3,400,000	3,400,000.00	3,397,960								3,398,226		1,774	1,774	80,750	06/24/2011	1
31359MZA0	Federal National Mortgage Assoc.	05/20/2008	CALLED @ 100.0000000	X X X	1,500,000	1,500,000.00	1,498,125								1,498,964		1,036	1,036	39,000	11/20/2009	1
0399999	Subtotal - Bonds - U.S. Governments			X X X	10,900,000	10,900,000.00	10,893,685						744		10,895,017		4,983	4,983	190,063	X X X	X X X
6099997	Subtotal - Bonds - Part 4			X X X	10,900,000	10,900,000.00	10,893,685						744		10,895,017		4,983	4,983	190,063	X X X	X X X
6099998	Summary Item from Part 5 for Bonds (N/A to Quarterly)			X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
6099999	Subtotal - Bonds			X X X	10,900,000	10,900,000.00	10,893,685						744		10,895,017		4,983	4,983	190,063	X X X	X X X
6599998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)			X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
7299998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)			X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
7399999	Subtotal - Preferred and Common Stocks			X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
7499999	Total - Bonds, Preferred and Common Stocks			X X X	10,900,000	X X X	10,893,685						744		10,895,017		4,983	4,983	190,063	X X X	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

E06 Schedule DB Part A Section 1 NONE

E06 Schedule DB Part B Section 1 NONE

E07 Schedule DB Part C Section 1 NONE

E07 Schedule DB Part D Section 1 NONE

SCHEDULE E - PART 1 - CASH**Month End Depository Balances**

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
open depositories								
Wachovia				149	2,398,575	(276,281)	10,070,349	X X X X X X
0199998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories	X X X	X X X		2,776	69,811	131,250	315,434	X X X
0199999 Totals - Open Depositories	X X X	X X X		2,925	2,468,386	(145,031)	10,385,783	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories	X X X	X X X						X X X
0299999 Totals - Suspended Depositories	X X X	X X X						X X X
0399999 Total Cash On Deposit	X X X	X X X		2,925	2,468,386	(145,031)	10,385,783	X X X
0499999 Cash in Company's Office	X X X	X X X	X X X	X X X				X X X
0599999 Total Cash	X X X	X X X		2,925	2,468,386	(145,031)	10,385,783	X X X

E09 **Schedule E Part 2 Cash Equivalents** **NONE**

Supp1 **Medicare Part D Coverage Supplement** **NONE**

ACT **Actuarial Statement** **NONE**

AEP **Amended Explanation** **NONE**

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**QUARTERLY DISKETTE TRANSMITTAL FORM AND CERTIFICATION
(HEALTH)**

Name of Insurer AMERIGROUP Tennessee, Inc.

Date 09/01/2008 FEIN 20-4776597
 NAIC Group # 1156 NAIC Company # 12941

THIS FORM IS REQUIRED FOR ALL DISKETTE TRANSMITTALS. PLEASE PROVIDE ANY ADDITIONAL COMMENTS THAT MAY HELP TO IDENTIFY DISKETTE CONTENT.

	QTR. 1	QTR. 2	QTR. 3
A01. Is this the first time you've submitted this filing? (Y/N)	N/A	Yes	N/A
A02. Is this being re-filed at the request of the NAIC or a state insurance department? (Y/N)	N/A	N/A	N/A
A03. Is this being re-filed due to changes to the data originally filed? (Y/N)	N/A	N/A	N/A
A04. Other? (Y/N)	N/A	N/A	N/A
(If "yes" attach an explanation.)			

B. Additional comments if necessary for clarification:

C. Diskette Contact Person: Margaret Mary Roomsburg

Phone: (757)473-2721-

Address: 4425 Corporation Lane, Virginia Beach, VA 23462

D. Software Vendor: SunGard iWORKS, LLC
Version: 2008.Q.2

E. Have material validation failures been addressed in the explanation file? Yes[X] No[]

F. The undersigned hereby certifies, according to the best of his/her knowledge and belief: that the diskettes submitted with this form were prepared in compliance with the NAIC specifications, that the diskettes have been tested against the validations included with these specifications, and that quarterly statement information required to be contained on diskette is identical to the information in the 2008 Quarterly Statement blank filed with the insurer's domiciliary state insurance department. In addition, the diskettes have been scanned through a virus detection software package, and no viruses are present on the diskettes. The virus detection software used was (name): McAfee VirusScan Enterprise

(version number): 8.0.0

(Signed) _____

Type Name and Title: Margaret Mary Roomsburg, Vice President

Medical Services Monitoring Report

Medical Services Monitoring Report

Medical Services Monitoring Report

GRAND REGION WEST

MCO

TLC Amerigroup	2008																TOTAL
	Reporting Month				Incurred Month												
	2004 TOTAL	2005 TOTAL	2006 TOTAL	2007 TOTAL	January	February	March	April	May	June	July	August	September	October	November	December	
Enrollment	2,361,496	2,252,741	2,061,873	2,046,299	172,885	171,002	170,632	169,719	167,252	163,047	0	0	0	0	0	0	1,014,538
Payments for Medical Services for the Month																	
UB 92 Payments by the Claims Processing System	188,187,133	187,659,155	177,858,050	187,668,756	18,012,668	15,901,967	15,819,366	13,824,653	10,378,081	3,369,306	0	0	0	0	0	0	77,306,042
HCFA1500 Payments by the Claims Processing System	125,501,270	122,585,242	115,011,951	119,709,441	10,802,489	10,068,822	9,537,091	9,363,190	6,708,821	1,775,322	0	0	0	0	0	0	48,255,735
Dental Payments by the Claims Processing System	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capitation Payments	10,749,117	12,224,527	12,172,604	12,037,419	576,551	586,240	3,974,803	602,592	1,408,928	1,333,452	0	0	0	0	0	0	8,482,566
Pharmacy Payments	0	0	0	0													0
Subcontractor Payments for Medical Services	0	0	0	0													0
Reinsurance Payment	3,812,768	1,505,199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payments/Adjustments to Medical Costs	3,302,486	3,246,761	3,635,734	3,112,457	137,057	414,852	(139,164)	164,139	(91,170)	263,295	0	0	0	0	0	0	749,009
Less:	0	0	0	0													0
BHO Capitation Revenue	0	0	0	0													0
Pharmacy Rebates	0	0	0	0													0
Recoveries not Claims Payments	0	(315,140)	0	0													0
Total Payments for the month	331,552,774	326,905,744	308,678,338	322,528,073	29,528,765	26,971,882	29,192,097	23,954,574	18,404,659	6,741,374	0	0	0	0	0	0	134,793,352
Remaining IBNR for the month	1,249	53,281	299,503	2,251,159	1,123,916	1,552,822	2,851,618	4,998,038	11,235,591	23,565,973	0	0	0	0	0	0	45,327,959
Payments and Remaining IBNR for the month	331,554,023	326,959,024	308,977,841	324,779,232	30,652,681	28,524,703	32,043,715	28,952,612	29,640,251	30,307,348	0	0	0	0	0	0	180,121,310
Per Member Expense	140.40	145.14	149.85	158.72	177.30	166.81	187.79	170.59	177.22	185.88	-	-	-	-	-	-	177.54
Per Member Month Exp. For Quarter							177.29			177.79			#DIV/0!				#DIV/0!
Per Member Month Exp. For Quarter in 2004							160.07			158.20			160.19				156.43
Per Member Month Exp. For Quarter in 2003							147.79			144.74			155.61				151.28
Percent Change from 2003 to 2004							0.083098			0.092968			0.02948				0.034059
Medical Services Budget for 2005 Quarter							173.37			172.91			164.92				161.76
(Over)/Under Budget							(4)			(5)			#DIV/0!				#DIV/0!

Statement of Actuarial Opinion

I, A. Kirk Twiss, am associated with the firm of Reden & Anders, Ltd., and am a Member of the American Academy of Actuaries. Reden & Anders, Ltd. has been retained by Memphis Managed Care Corp. (MMCC) with regard to claim liabilities and related items. I meet the Academy qualification standards for rendering the opinion and I am familiar with the valuation requirements applicable to MMCC.

I have examined the actuarial assumptions and actuarial methods used in determining claim liabilities listed below, as shown in the quarterly statement of MMCC, as prepared for filing with state regulatory officials as of June 30, 2008:

Claims Unpaid (restated April 2002) (Page 3, Line 1)	\$0
---	-----

Remaining IBNR as of 6/30/2008 (MFT report)	\$47,933,149
--	--------------

I have relied on listings and summaries of claims and other relevant data, as prepared by MMCC. I relied on Jim Proctor, CFO for the accuracy of the data as expressed in the attached statement. In other respects, my examination included such review of the actuarial assumptions and actuarial methods used and such tests of the actuarial calculations as I considered necessary.

I have not reviewed the financial position of any party related by contract to MMCC. I have assumed that such parties are in a financial position to meet all liabilities resulting from such contracts.

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

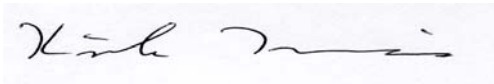
1. Are in accordance with presently accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles;
2. Are based on actuarial assumptions which produce reserves at least as great as those called for in any contract provisions and appropriate to the purpose for which the Statement was prepared;
3. Meet the requirements of the insurance laws and regulations of the state of Tennessee and are at least as great as the minimum aggregate amounts required by Tennessee;
4. Make a good and sufficient provision for all unpaid claims of the organization under the terms of its contracts and agreements;

5. Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end; and
6. Include provision for all actuarial items which ought to be established.

I have reviewed the Underwriting and Investment Exhibit, Part 2B. The schedule was prepared consistent with *Section 3.6, Follow-Up Studies* contained in Actuarial Standard of Practice No. 5, *Incurred Health Claim Liabilities*.

The reserves and related actuarial items identified above make adequate provision for the anticipated cash flows related to the contractual obligations and expenses of MMCC, when considered in conjunction with the assets held by MMCC with respect to such reserves and related actuarial items, including, but not limited to, the cash flows on such assets and the considerations anticipated to be received under such policies and contracts.

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



A. Kirk Twiss
Fellow, Society of Actuaries
Member, American Academy of Actuaries

Reden & Anders
200 W. Madison Street, Suite 2000
Chicago, IL 60606
(312) 429-3905

AKT:bc

September 3, 2008

AMERIGROUP Tennessee, Inc.
Report 2A - TennCare Income Statement
Grand Region West Tennessee CRA 2.30.14.3.3 and 2.30.14.3.4

	Current Period	Year-To-Date Total	Previous Year Total
Member Months	499,914	837,730	337,816
Revenues:			
TennCare Capitation	136,538,814	241,582,195	87,277,680
Investment	-	(220)	220
Other Revenues	-	-	-
Total Estimated Revenues	136,538,814	241,581,975	87,277,900
Expenses:			
Hospital and Medical (w/o Mental Health)			
Capitated Physician Services	3,344,972	5,137,798	1,153,653
Fee for Service Physician Services	9,764,374	23,177,901	7,178,058
Inpatient Hospital Services	21,439,007	39,421,039	8,997,282
Outpatient Services	1,320,480	2,287,800	2,319,275
Emergency Room Services	6,931,158	14,841,415	4,650,891
Mental Health Services	12,275	19,881	3,785
Dental Services	55,981	117,517	43,838
Vision Services	612,896	1,282,406	447,965
Pharmacy Services	-	-	-
Home Health Services	2,950,474	5,940,270	1,529,629
Chiropractic Services	-	-	-
Radiology Services	4,801,056	9,333,555	2,993,082
Laboratory Services	2,324,995	4,775,155	1,677,050
Durable Medical Equipment Services	82,764	170,941	75,209
Transportation Services	439,310	725,772	243,067
Outside Referrals	-	-	-
Medical incentive Pool and Withhold Adjustments	-	-	-
Occupancy Depreciation and Amortization	-	-	-
Other Medical and Hospital Services	35,099,466	71,169,026	16,572,049
IBNR	39,799,603	47,933,149	34,485,394
Subtotal Medical and Hospital	128,978,812	226,333,626	82,370,225
LESS:			
Net Reinsurance Recoveries Incurred	-	-	-
Copayments	-	-	-
Subrogation and Corrdination of Benefits	-	-	-
Subtotal Reinsurance, Copay, Subrogation	-	-	-
Total Hospital, Medical, MHS&S	128,978,812	226,333,626	82,370,225
Administation:			
Compensation	2,339,850	4,950,719	1,732,402
Marketing	8,627	12,527	10,975
Interest Expense	-	-	-
Premium Tax Expense	1,835,981	3,758,257	1,039,462
Occupancy, Depreciation, and Amortization	226,500	443,386	216,500
Other Administration - Write-Ins	8,193,657	9,637,232	974,996
Total Administration Expenses	12,604,615	18,802,121	3,974,335
Total Expenses	141,583,426	245,135,747	86,344,560
Extraordinary Item	-	-	-
Provision for Income Tax	-	-	-
Net Income (Loss)	(5,044,612)	(3,553,772)	933,340

EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199999 Total individuals						
0299998 Premium due and unpaid not individually listed						
0299999 Total group						
0399999 Premium due and unpaid from Medicare entities.....	80,587					80,587
0499999 Premium due and unpaid from Medicaid entities.....	52,458,251					52,458,251
0599999 Accident and health premiums due and unpaid (Page 2, Line 13)	52,538,838					52,538,838

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 -90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199998 Pharmaceutical Rebate Receivables - Not Individually Listed						
0199999 Subtotal - Pharmaceutical Rebate Receivables						
0299998 Claim Overpayment Receivables - Not Individually Listed	1,327,010	137,853			1,464,863	
0299999 Subtotal - Claim Overpayment Receivables	1,327,010	137,853			1,464,863	
0399998 Loans and Advances to Providers - Not Individually Listed	35,000	470,000	160,000	1,509,500	2,174,500	-
0399999 Subtotal - Loans and Advances to Providers	35,000	470,000	160,000	1,509,500	2,174,500	-
0499998 Capitation Arrangements Receivables - Not Individually Listed						
0499999 Subtotal - Capitation Arrangements Receivables.....						
0599998 Risk Sharing Receivables - Not Individually Listed						
0599999 Subtotal - Risk Sharing Receivables						
Other Receivable						
Amount due from seller	1,500,000					1,500,000
0699998 Other Receivables - Not Individually Listed	111,463					111,463
0699999 Subtotal - Other Receivables	1,611,463					1,611,463
0799999 Gross health care receivables	2,973,474	607,853	160,000	1,509,500	3,639,363	1,611,463

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Debtor	2 1 - 30 Days	3	4 30 - 60 Days	5 Over 90 Days	6 Nonadmitted	Admitted		
						7 Current	8 Non-Current	
0299999 Receivables not individually listed		NONE						
0399999 Total gross amounts receivable								

AMERIGROUP Tennessee, Inc.-Grand Region Middle
 Cash Reconciliation-Middle Region-Medicaid only
 June 30, 2008

Month Received	Cash Received	Recorded	rate cell before accrual	Ten percent	90% collected	10% collected	Liquidated	Damages	ASO Claims	Refund Checks	ASO fees	Other A/R	Cash difference
	Medicaid Cash	Medicaid Premium Q7, C9, L15							Not Reported	Not Reported		Not Reported	
Beginning Balance (Prem. Rec)													
January	38,187,482.70	42,330,569.66	42,330,569.65	4,233,056.97	38,097,512.69				89,852.01		118.00		0.01
February	41,566,456.92	41,469,916.91	41,469,916.91	4,146,991.69	37,322,925.22	4,265,231.70		(21,700.00)					0.00
March	42,799,838.79	42,828,093.51	42,828,093.51	4,282,809.35	38,545,284.16	4,315,054.63		(60,500.00)					(0.00)
April	37,762,637.95	41,924,192.30	41,924,192.30	4,192,419.23	37,731,773.07			(1,500.00)	39,291.11	(7,070.23)	144.00		-
May	54,799,322.47	42,160,050.26	42,160,050.27	4,216,005.03	37,944,045.24	16,855,277.23							(0.00)
June	50,670,647.01	98,913,364.19	51,615,102.20	5,161,510.22	46,453,591.98	4,216,005.03						1,050.00	0.00
				-	-								-
				-	-								-
				-	-								-
				-	-								-
				-	-								-
Total	\$ 265,786,385.84	\$ 309,626,186.83	\$ 262,327,924.84	\$ 26,232,792.48	\$ 236,095,132.36	\$ 29,651,568.59	\$ (83,700.00)	\$ 129,143.12	\$ (7,070.23)	\$ 262.00	\$ 1,050.00	\$ 0.00	

Cash that should be included on premium tax return	
Medicaid Premiums	309,626,186.83
Change in Premium Receivable	(43,960,072.88)
ASO Claims	129,143.12
Refund Checks	(7,070.23)
ASO fees	262.00
TPL Recovery	1,050.00
Medicare Receivable	80,587.00
	<u>265,870,085.84</u>
1Q08 Cash Included	(122,635,978.41)
	<u>143,234,107.42</u>
Total Cash Collected	143,234,107.42
1Q08 Cash Collected	\$ (122,553,778.41)
add back liquidated damages	\$ 1,500.00
	<u>143,234,107.43</u>
	(0.01)

2,864,682.15

\$ 5,161,510.22 June 10%
 46,488,256.09 Settlement Contract
 808,485.23 New Rate Increase Adjustment for April-June Retro Mbr Mos.
 80,587.00 Risk Score Adjustment
 \$ 52,538,838.53 Balance @ 06/30/08

AMERIGROUP Tennessee, Inc.-Grand Region Middle
 Cash Reconciliation-Middle Region-Medicaid only
 June 30, 2008

Month Received	Cash Received	Recorded	rate cell before accrual	Ten percent	90% collected	10% collected	Liquidated	Damages	ASO Claims	Refund Checks	ASO fees	Other AIR	Cash difference
	Medicaid Cash	Medicaid Premium Q7, C9, L15							Not Reported	Not Reported		Not Reported	
Beginning Balance (Prem. Rec)													
January	38,187,482.70	42,330,569.66	42,330,569.65	4,233,056.97	38,097,512.69				89,852.01		118.00		0.01
February	41,566,456.92	41,469,916.91	41,469,916.91	4,146,991.69	37,322,925.22	4,265,231.70		(21,700.00)					0.00
March	42,799,838.79	42,828,093.51	42,828,093.51	4,282,809.35	38,545,284.16	4,315,054.63		(60,500.00)					(0.00)
April	37,762,637.95	41,924,192.30	41,924,192.30	4,192,419.23	37,731,773.07			(1,500.00)	39,291.11	(7,070.23)	144.00		-
May	54,799,322.47	42,160,050.26	42,160,050.27	4,216,005.03	37,944,045.24	16,855,277.23							(0.00)
June	50,670,647.01	98,913,364.19	51,615,102.20	5,161,510.22	46,453,591.98	4,216,005.03						1,050.00	0.00
				-	-								-
				-	-								-
				-	-								-
				-	-								-
				-	-								-
Total	\$ 265,786,385.84	\$ 309,626,186.83	\$ 262,327,924.84	\$ 26,232,792.48	\$ 236,095,132.36	\$ 29,651,568.59	\$ (83,700.00)	\$ 129,143.12	\$ (7,070.23)	\$ 262.00	\$ 1,050.00	\$ 0.00	

Cash that should be included on premium tax return	
Medicaid Premiums	309,626,186.83
Change in Premium Receivable	(43,960,072.88)
ASO Claims	129,143.12
Refund Checks	(7,070.23)
ASO fees	262.00
TPL Recovery	1,050.00
Medicare Receivable	80,587.00
	<u>265,870,085.84</u>
1Q08 Cash Included	(122,635,978.41)
	<u>143,234,107.42</u>
Total Cash Collected	143,234,107.42
1Q08 Cash Collected	\$ (122,553,778.41)
add back liquidated damages	\$ 1,500.00
	<u>143,234,107.43</u>
	(0.01)

2,864,682.15

\$	5,161,510.22	June 10%
	46,488,256.09	Settlement Contract
	808,485.23	New Rate Increase Adjustment for April-June Retro Mbr Mos.
	80,587.00	Risk Score Adjustment
\$	<u>52,538,838.53</u>	Balance @ 06/30/08

AMERIGROUP Tennessee, Inc.
Report 2A - TennCare Income Statement
Middle Tennessee CRA 2.30.14.3.3 and 2.30.14.3.4

	Current Period	Year-To-Date Total	Previous Year Total
Member Months	556,163	1,109,746	1,650,504
Revenues:			
TennCare Capitation	182,997,607	309,626,187	384,864,891
Investment	696,973	1,733,527	3,133,750
Other Revenues	-	-	-
Total Estimated Revenues	183,694,579	311,359,713	387,998,642
Expenses:			
Hospital and Medical (w/o Mental Health)			
Capitated Physician Services	2,832	129,963	610,660
Fee-for Service Physician Services	64,678,524	111,932,064	147,415,840
Inpatient Hospital Services	33,244,938	78,060,024	86,360,108
Outpatient Hospital Services	9,941,699	20,697,064	27,174,358
Emergency Room Services	8,049,182	15,691,371	18,144,107
Dental Services	-	-	-
Vision Services	379,983	816,480	1,142,456
Pharmacy Services	-	-	-
Home Health Services	-	-	-
Chiropractic Services	-	-	-
Radiology Services	2,982,519	4,915,043	8,611,837
Laboratory Services	2,370,883	3,795,737	5,866,717
Durable Medical Equipment Services	1,283,598	2,205,305	2,771,355
Transportation Services	6,064,519	9,905,020	13,920,008
Outside Referrals	-	-	-
Medical Incentive Pool and Withhold Adj	-	-	-
Occupancy, Depreciation and Amortization	-	-	-
Other Medical and Hospital Services - Write-Ins	-	-	-
Subtotal Medical and Hospital	128,998,679	248,148,071	312,017,445
Mental Health and Substance Abuse Services			
Inpatient Psychiatric Facility Services	4,222,522	8,576,203	7,277,088
Inpatient Substance Abuse Treatment and Detox	611,606	1,249,677	1,134,599
Outpatient Mental Health Services	4,267,614	5,995,398	10,203,385
Outpatient Substance Abuse Treatment and Detox	4,633,156	5,169,816	1,104,385
Housing/Residential Treatment	1,126,215	1,645,004	1,366,760
Specialized Crisis Services	83,785	98,098	49,935
Psychiatric Rehab and Support Services	10,636,181	21,003,844	25,861,080
Case Management	21,517	(17,733)	483,154
Forensics	-	-	-
Other Judicial	-	-	-
Pharmacy	-	-	-
Lab Services	-	-	-
Transportation	51,496	77,354	129,716
Medical Incentive Pool and Withhold Adjustments	-	-	-
Occupancy, Depreciation and Amortization	-	-	-
Other Mental Health and Substance Abuse Services	-	-	-
PCP and Specialist Services	-	-	-
Other Mental Health Services - Write-Ins	-	-	-
Subtotal MH&SAS	25,654,092	43,797,662	47,610,099
Subtotal Hospital, Medical, MH&SAS	154,652,771	291,945,733	359,627,545
LESS:			
Net Reinsurance Recoveries Incurred	(149,005)	(269,661)	(1,147,754)
Copayments	-	-	-
Subrogation and Coordination of Benefits	-	-	-
Subtotal Reinsurance, Copay, Subrogation	(149,005)	(269,661)	(1,147,754)
Total Hospital, Medical, MHS&S	154,801,776	292,215,394	360,775,298
Administration:			
Compensation	5,388,625	10,087,645	14,188,815
Marketing	43,751	91,411	137,955
Interest Expense	0	-	-
Premium Tax Expense	3,659,952	6,192,524	7,697,298
Occupancy, Depreciation, and Amortization	204,390	412,737	408,640
Other Administration - Write-Ins	14,582,600	25,053,247	30,365,526
Total Administration Expenses	23,879,319	41,837,564	52,798,234
Total Expenses	178,681,095	334,052,958	413,573,532
Extraordinary Item	-	-	-
Provision for Income Tax	-	-	-
Net Income (Loss)	5,013,485	(22,693,244)	(25,574,890)
Write-Ins for Other Expense			
Detail of Other Medical and Hospital:			
	-	-	-
	-	-	-
	-	-	-
Total Other Medical and Hospital	-	-	-
Detail of Other MH and SAS:			
	-	-	-
	-	-	-
	-	-	-
Total Other MH and SAS	-	-	-
Detail of Other Administration:			
Purch Svc Accts	933,805	1,152,503	964,475
Miscellaneous Expenses	517,744	786,580	915,448
Postage and Delivery	335,327	488,625	435,593
Printing and Reproduction	408,186	700,622	339,184
Management Fee-Ind	11,834,465	20,736,172	25,461,567
Other Administration < \$480,000 YTD	553,074	1,188,745	2,249,259
Total Other Administration	14,582,600	25,053,247	30,365,526

AMERIGROUP Tennessee, Inc.
 Report 2A - TennCare Income Statement
 Grand Region West Tennessee CRA 2.30.14.3.3 and 2.30.14.3.4

	Current Period	Year-To-Date Total	Previous Year Total
Member Months	<u>499,914</u>	<u>1,003,520</u>	<u>337,816</u>
Revenues:			
TennCare Capitation	136,538,814	271,390,645	87,277,680
Investment	-	(220)	220
Other Revenues	-	-	-
Total Estimated Revenues	<u>136,538,814</u>	<u>271,390,425</u>	<u>87,277,900</u>
Expenses:			
Hospital and Medical (w/o Mental Health)			
Capitated Physician Services	3,344,972	5,137,798	1,153,653
Fee for Service Physician Services	9,764,374	23,177,901	7,178,058
Inpatient Hospital Services	21,439,007	39,421,039	8,997,282
Outpatient Services	1,320,480	2,287,800	2,319,275
Emergency Room Services	6,931,158	14,841,415	4,650,891
Mental Health Services	12,275	19,881	3,785
Dental Services	55,981	117,517	43,838
Vision Services	612,896	1,282,406	447,965
Pharmacy Services	-	-	-
Home Health Services	2,950,474	5,940,270	1,529,629
Chiropractic Services	-	-	-
Radiology Services	4,801,056	9,333,555	2,993,082
Laboratory Services	2,324,995	4,775,155	1,677,050
Durable Medical Equipment Services	82,764	170,941	75,209
Transportation Services	439,310	725,772	243,067
Outside Referrals	-	-	-
Medical incentive Pool and Withhold Adjustments	-	-	-
Occupancy Depreciation and Amortization	-	-	-
Other Medical and Hospital Services	35,099,466	71,169,026	16,572,049
IBNR	<u>39,799,603</u>	<u>77,741,599</u>	<u>34,485,394</u>
Subtotal Medical and Hospital	<u>128,978,812</u>	<u>256,142,076</u>	<u>82,370,225</u>
LESS:			
Net Reinsurance Recoveries Incurred	-	-	-
Copayments	-	-	-
Subrogation and Corrdination of Benefits	-	-	-
Subtotal Reinsurance, Copay, Subrogation	<u>-</u>	<u>-</u>	<u>-</u>
Total Hospital, Medical, MHS&S	<u>128,978,812</u>	<u>256,142,076</u>	<u>82,370,225</u>
Administration:			
Compensation	2,339,850	4,950,719	1,732,402
Marketing	8,627	12,527	10,975
Interest Expense	-	-	-
Premium Tax Expense	1,835,981	3,758,257	1,039,462
Occupancy, Depreciation, and Amortization	226,500	443,386	216,500
Other Administration - Write-Ins	8,193,657	9,637,232	974,996
Total Administration Expenses	<u>12,604,615</u>	<u>18,802,121</u>	<u>3,974,335</u>
Total Expenses	<u>141,583,426</u>	<u>274,944,197</u>	<u>86,344,560</u>
Extraordinary Item	-	-	-
Provision for Income Tax	-	-	-
Net Income (Loss)	<u>(5,044,612)</u>	<u>(3,553,772)</u>	<u>933,340</u>

AMERIGROUP[®]

C O R P O R A T I O N

Representation Concerning Matters Pertaining to Examination of Statutory Actuarial Items

To: Reden & Anders

FROM: AMERIGROUP Tennessee, Inc.

In connection with your examination of the unpaid claim liability to be included in the statutory annual statement of AMERIGROUP Tennessee, Inc. (Company) as of June 30, 2008, I represent that to the best of my knowledge and belief:

1. All information which would affect the actuarial items examined has been given to you;
2. Basic records, listings, summaries and other information furnished to you, and underlying the calculation of the actuarial items identified below, are accurate and complete;
3. No methods or procedures employed by the Company, now or in the past, would preclude the accurate determination of the actuarial items examined; and
4. At-risk providers are in a financial position to meet all liabilities under any incentive contracts with payers.

I understand that you have relied on these items to perform your analysis and have not audited the accuracy or completeness of these items.

With respect to assets and liabilities of AMERIGROUP Tennessee, Inc. as of June 30, 2008, I represent that to the best of my knowledge and belief, the statutory statement, together with related exhibits, schedules and explanation therein contained, annexed or referred to, is a complete and fair statement of all the assets and liabilities and the condition of affairs of the Company as of June 30, 2008.

Signed Kathleen A Tottle

Name Kathleen Tottle

Title SVP, Corporate Actuarial

Date 8/15/08

Address 4425 Corporation Lane, VA 23462

Phone Number 757-321-3557

Signed Margaret Roomsburg

Name Margaret Roomsburg

Title SVP and Chief Accounting Officer

Date 8/15/08

Address 4425 Corporation Lane, VA 23462

Phone Number 757-473-2721

AMERIGROUP Tennessee, Inc.
STATEMENT OF ACTUARIAL OPINION – JUNE 30, 2008

I, John C. Lloyd, a member of the American Academy of Actuaries, am a Principal with the firm of Reden & Anders, which has been retained by AMERIGROUP Tennessee, Inc. (Company) to render this opinion. I meet the Academy qualification standards for rendering the opinion and am familiar with the valuation requirements applicable to life and health insurance companies.

I have examined the actuarial assumptions and actuarial methods used in determining reserves and related actuarial items listed below, as shown in the June 2008 statement of the Company, as prepared for filing with state regulatory officials. Tabulated below are those reserves and related actuarial items.

Claims unpaid (less \$ reinsurance ceded) (Page 3, Line 1)	\$ 90,087,350
Accrued medical incentive pool and bonus payments (Page 3, Line 2)	\$ 0
Unpaid claims adjustment expenses (Page 3, Line 3)	\$ 2,253,424
Aggregate health policy reserves (Page 3, Line 4)	\$ 0
Aggregate health claim reserves (Page 3, Line 7)	\$ 0

In forming my opinion on the reserves above, I relied upon data prepared by Margaret Roomsburg, SVP - Chief Accounting Officer and Kathleen Tottle, SVP - Corporate Actuary, as certified in the attached statements. I evaluated that data for reasonableness and consistency. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary.

My review covered the effect on reserves of incentive contracts with service providers and potential provider insolvencies. My review included consideration of the potential impact on reserves of contractual arrangements between the Company and service providers. Based on that review and the opinion provided by the Company regarding the separate amounts included to cover potential performance default by at-risk providers, I believe the amounts shown above appropriately recognize the financial impact of contracts between service providers and the Company and the financial strength of at-risk providers.

In my opinion the reserves and related actuarial values concerning the statement items identified above:

- (a) Are computed in accordance with presently accepted actuarial standards consistently applied and are fairly stated, in accordance with sound actuarial principles;
- (b) Are based on actuarial assumptions that produce reserves at least as great as those called for in any contract provision as to reserve basis and method, and are in accordance with all other contract provisions;
- (c) Meet the requirements of the Insurance Law and regulation of the state of Tennessee; and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed;

AMERIGROUP Tennessee, Inc.
STATEMENT OF ACTUARIAL OPINION – JUNE 30, 2008
(Continued)

- (d) Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements;
- (e) Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end; and
- (f) Include provision for all actuarial reserves and related statement items which ought to be established.

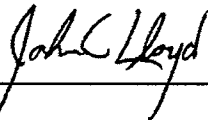
The reserves and related items, when considered in light of the assets held by the company with respect to such reserves and related actuarial items including, but not limited to, the investment earnings on the assets, and the considerations anticipated to be received and retained under the policies and contracts, make adequate provision, according to presently accepted actuarial standards of practice, for the anticipated cash flows required by the contractual obligations and related expenses of the company.

The Underwriting and Investment Exhibit – Part 2B was prepared consistent with “*Section 3.6, Follow-Up Studies*” contained in Actuarial Standard of Practice No. 5, *Incurred Health and Disability Claims* which was adopted by the Actuarial Standards Board in December 2000 (Effective May 1, 2001).

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

This opinion is updated quarterly as required by statute. To the best of my knowledge, there have been no material changes from the applicable date of the annual statement to the date of the rendering of this opinion which should be considered in reviewing this opinion.

The impact of the unanticipated events subsequent to the date of this opinion is beyond the scope of this opinion.



John C. Lloyd
Principal, Reden & Anders – Atlanta
Fellow, Society of Actuaries
Member, American Academy of Actuaries

Reden & Anders
2170 Satellite Blvd, Suite 150
Atlanta, GA 30097
(678) 417-4906

August 26, 2008

AMERIGROUP Tennessee, Inc.
 MLR Reconciliation to NAIC Filing
 June 30, 2008

UNPAID CLAIMS

	Middle Tennessee	AMERIVANTAGE	West Tennessee	NAIC Filing	Page, Col, Line
Claims unpaid (less reinsurance ceded)	88,044,900	2,042,450		90,087,350	Q3, C3, L1
Unpaid claims adjustment expenses	2,199,968	53,456		2,253,424	Q3, C3, L3
TOTAL	90,244,868	2,095,906	-	92,340,774	

Middle Tennessee Unpaid Claims Total			90,244,868	
IBNR on MLR report			<u>86,981,723</u>	
Difference			3,263,146	
Held checks included in paid on MLR report			<u>3,062,643</u>	
Difference			200,502	
IPA Settlement included in claims payment			(105,653)	
Vision included in claims payment			<u>(88,033)</u>	
Unreconciled difference			6,816	

HOSPITAL AND MEDICAL

Total expenses on MLR report			<u>652,990,696</u>		
Total hospital and medical PY Dec 31				360,775,300	Q4, C4, L18
Total hospital and medical Cur YTD				<u>295,217,950</u>	Q4, C2, L18
Total from NAIC filing				655,993,250	
Less 2008 Medicare expenses				<u>3,002,240</u>	Q9, C2 + C4, L6
NAIC net of Medicare expenses			652,991,010		
Unreconciled difference			(314)		

