

**QUARTERLY STATEMENT  
OF THE  
Volunteer State Health Plan, Inc.**

**of  
Chattanooga  
in the state of  
Tennessee**

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

**FOR THE QUARTER ENDED  
September 30, 2013**

**2013**

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**QUARTERLY STATEMENT**  
**AS OF September 30, 2013**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**Volunteer State Health Plan, Inc.**

NAIC Group Code 3498 (Current Period) 3498 (Prior Period) NAIC Company Code 14046 Employer's ID Number 62-1656610

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

Country of Domicile United States of America

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

Incorporated/Organized 07/11/1996 Commenced Business 11/01/1996

Statutory Home Office 1 Cameron Hill Circle Chattanooga, TN, US 37402-0001  
 (Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 1 Cameron Hill Circle  
 (Street and Number) Chattanooga, TN, US 37402-0001  
 (City or Town, State, Country and Zip Code) (423)535-5600  
 (Area Code) (Telephone Number)

Mail Address 1 Cameron Hill Circle Chattanooga, TN, US 37402-0001  
 (Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1 Cameron Hill Circle  
 (Street and Number) Chattanooga, TN, US 37402-0001  
 (City or Town, State, Country and Zip Code) (423)535-5600  
 (Area Code) (Telephone Number)

Internet Web Site Address www.bluecare.bcbst.com

Statutory Statement Contact Susan Hatcher McGehee (423)535-3419  
 (Name) (Area Code)(Telephone Number)(Extension)  
Susan\_McGehee@bcbst.com (423)535-8331  
 (E-Mail Address) (Fax Number)

**CORPORATE OFFICERS**

Name	Title
Scott Christian Pierce	President & CEO
Brian Edward Stana	Treasurer
Shelia Dian Clemons	Secretary
Alaine Marie Zachary	Assistant Treasurer
Katharine Anne Laurance	Assistant Secretary

**ADMINISTRATIVE OFFICERS**

Amber Jeanine Cambron, VP, Chief Operating Officer  
 Reid Allen Smiley, VP, Chief Financial Officer  
 Toliver Ralph Woodard, Jr., Controller & Chief Accounting Officer  
 David Matthew Moroney, MD, VP, Chief Medical Officer  
 James Howard Srite, Actuary

**DIRECTORS OR TRUSTEES**

William Morgan Gracey, Chairperson  
 Jason David Hickey #  
 John Francis Giblin  
 # New Director

State of Tennessee  
 County of Hamilton ss

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

(Signature)	(Signature)	(Signature)
Scott Christian Pierce	Reid Allen Smiley	Shelia Dian Clemons
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President & Chief Executive Officer	Chief Financial Officer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me this 11<sup>th</sup> day of November, 2013

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

Yes[X] No[ ]  
0  
0

(Notary Public Signature)

**My Commission Expires:**  
**January 8, 2014**



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**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 .....	378,082,300	0	378,082,300	265,079,879
2. Stocks:				
2.1 Preferred stocks .....	0	0	0	0
2.2 Common stocks .....	0	0	0	0
3. Mortgage loans on real estate:				
3.1 First liens .....	0	0	0	0
3.2 Other than first liens .....	0	0	0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances) .....	0	0	0	0
5. Cash (\$.....10,251,255), cash equivalents (\$.....0) and short-term investments (\$.....85,041,540) .....	95,292,795	0	95,292,795	175,953,804
6. Contract loans (including \$.....0 premium notes) .....	0	0	0	0
7. Derivatives .....	0	0	0	0
8. Other invested assets .....	0	0	0	0
9. Receivables for securities .....	507,928	0	507,928	60,554
10. Securities lending reinvested collateral assets .....	0	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	473,883,023	0	473,883,023	441,094,237
13. Title plants less \$.....0 charged off (for Title insurers only) .....	0	0	0	0
14. Investment income due and accrued .....	1,713,360	0	1,713,360	1,505,343
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	0	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums) .....	0	0	0	0
15.3 Accrued retrospective premiums .....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	0	0	0	0
16.2 Funds held by or deposited with reinsured companies .....	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	0	0	0	0
17. Amounts receivable relating to uninsured plans .....	300,880	0	300,880	2,771,776
18.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0	0
18.2 Net deferred tax asset .....	6,395,405	451,888	5,943,517	5,028,413
19. Guaranty funds receivable or on deposit .....	0	0	0	0
20. Electronic data processing equipment and software .....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$.....0) .....	0	0	0	0
22. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	0	0	0	0
24. Health care (\$.....0) and other amounts receivable .....	3,918,771	3,918,771	0	0
25. Aggregate write-ins for other than invested assets .....	41,375	41,375	0	0
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	486,252,814	4,412,034	481,840,780	450,399,769
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0	0
28. TOTAL (Lines 26 and 27) .....	486,252,814	4,412,034	481,840,780	450,399,769
<b>DETAILS OF WRITE-INS</b>				
1101. ....	0	0	0	0
1102. ....	0	0	0	0
1103. ....	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501. Prepaid Expenses .....	41,375	41,375	0	0
2502. ....	0	0	0	0
2503. ....	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	41,375	41,375	0	0

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded) .....	173,425,337	0	173,425,337	142,904,068
2. Accrued medical incentive pool and bonus amounts .....	1,303,918	0	1,303,918	1,002,133
3. Unpaid claims adjustment expenses .....	6,244,874	0	6,244,874	7,000,900
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....	0	0	0	0
5. Aggregate life policy reserves .....	0	0	0	0
6. Property/casualty unearned premium reserve .....	0	0	0	0
7. Aggregate health claim reserves .....	0	0	0	0
8. Premiums received in advance .....	0	0	0	0
9. General expenses due or accrued .....	7,513,039	0	7,513,039	8,068,135
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses)) .....	105,509	0	105,509	105,509
10.2 Net deferred tax liability .....	0	0	0	0
11. Ceded reinsurance premiums payable .....	0	0	0	0
12. Amounts withheld or retained for the account of others .....	4,410	0	4,410	7,702
13. Remittances and items not allocated .....	5,059,825	0	5,059,825	4,694,337
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates .....	17,949,737	0	17,949,737	23,894,182
16. Derivatives .....	0	0	0	0
17. Payable for securities .....	340,428	0	340,428	0
18. Payable for securities lending .....	0	0	0	0
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers) .....	0	0	0	0
20. Reinsurance in unauthorized and certified (\$.....0) companies .....	0	0	0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0	0	0
22. Liability for amounts held under uninsured plans .....	435,208	0	435,208	212,641
23. Aggregate write-ins for other liabilities (including \$.....0 current) .....	27,378,774	0	27,378,774	44,793,432
24. Total liabilities (Lines 1 to 23) .....	239,761,059	0	239,761,059	232,683,039
25. Aggregate write-ins for special surplus funds .....	X X X	X X X	0	0
26. Common capital stock .....	X X X	X X X	10	10
27. Preferred capital stock .....	X X X	X X X	0	0
28. Gross paid in and contributed surplus .....	X X X	X X X	155,299,990	155,299,990
29. Surplus notes .....	X X X	X X X	17,000,000	17,000,000
30. Aggregate write-ins for other than special surplus funds .....	X X X	X X X	35,640,000	34,850,000
31. Unassigned funds (surplus) .....	X X X	X X X	34,139,721	10,566,730
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0) .....	X X X	X X X	0	0
32.2 .....0 shares preferred (value included in Line 27 \$.....0) .....	X X X	X X X	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32) .....	X X X	X X X	242,079,721	217,716,730
34. Total Liabilities, capital and surplus (Lines 24 and 33) .....	X X X	X X X	481,840,780	450,399,769
<b>DETAILS OF WRITE-INS</b>				
2301. Insured Premium Tax Payable .....	23,918,500	0	23,918,500	22,335,378
2302. Pending Escheatment To State .....	427,124	0	427,124	542,258
2303. Liquidated Damages Accrual .....	0	0	0	16,272
2398. Summary of remaining write-ins for Line 23 from overflow page .....	3,033,150	0	3,033,150	21,899,524
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	27,378,774	0	27,378,774	44,793,432
2501. ....	X X X	X X X	0	0
2502. ....	X X X	X X X	0	0
2503. ....	X X X	X X X	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X	0	0
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X	0	0
3001. Legally Required Reserves .....	X X X	X X X	35,640,000	34,850,000
3002. ....	X X X	X X X	0	0
3003. ....	X X X	X X X	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X	0	0
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X	35,640,000	34,850,000

**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	3,495,352	3,591,595	4,779,443
2. Net premium income (including \$.....0 non-health premium income) .....	X X X	1,255,400,858	1,265,497,768	1,690,789,890
3. Change in unearned premium reserves and reserves for rate credits .....	X X X	0	0	0
4. Fee-for-service (net of \$.....0 medical expenses) .....	X X X	0	0	0
5. Risk revenue .....	X X X	0	0	0
6. Aggregate write-ins for other health care related revenues .....	X X X	0	0	0
7. Aggregate write-ins for other non-health revenues .....	X X X	0	0	0
8. Total revenues (Lines 2 to 7) .....	X X X	1,255,400,858	1,265,497,768	1,690,789,890
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....	0	776,678,718	789,568,089	1,052,046,144
10. Other professional services .....	0	227,017,073	217,017,338	284,647,776
11. Outside referrals .....	0	0	0	0
12. Emergency room and out-of-area .....	0	29,857,005	32,997,788	44,552,627
13. Prescription drugs .....	0	0	0	0
14. Aggregate write-ins for other hospital and medical .....	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts .....	0	1,135,823	1,504,503	2,004,503
16. Subtotal (Lines 9 to 15) .....	0	1,034,688,619	1,041,087,718	1,383,251,050
<b>Less:</b>				
17. Net reinsurance recoveries .....	0	0	0	0
18. Total hospital and medical (Lines 16 minus 17) .....	0	1,034,688,619	1,041,087,718	1,383,251,050
19. Non-health claims (net) .....	0	0	0	0
20. Claims adjustment expenses, including \$.....41,848,521 cost containment expenses .....	0	68,342,694	70,150,883	93,269,676
21. General administrative expenses .....	0	113,634,886	111,750,488	151,980,763
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....	0	0	0	0
23. Total underwriting deductions (Lines 18 through 22) .....	0	1,216,666,199	1,222,989,089	1,628,501,489
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X	38,734,659	42,508,679	62,288,401
25. Net investment income earned .....	0	1,949,677	2,154,894	2,840,552
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....	0	(243,631)	900,118	981,986
27. Net investment gains or (losses) (Lines 25 plus 26) .....	0	1,706,046	3,055,012	3,822,538
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....	0	0	0	0
29. Aggregate write-ins for other income or expenses .....	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X	40,440,705	45,563,691	66,110,939
31. Federal and foreign income taxes incurred .....	X X X	14,450,400	15,955,505	23,319,278
32. Net income (loss) (Lines 30 minus 31) .....	X X X	25,990,305	29,608,186	42,791,661
<b>DETAILS OF WRITE-INS</b>				
0601. ....	X X X	0	0	0
0602. ....	X X X	0	0	0
0603. ....	X X X	0	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X	0	0	0
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X	0	0	0
0701. ....	X X X	0	0	0
0702. ....	X X X	0	0	0
0703. ....	X X X	0	0	0
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X	0	0	0
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	X X X	0	0	0
1401. ....	0	0	0	0
1402. ....	0	0	0	0
1403. ....	0	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	0	0
2901. ....	0	0	0	0
2902. ....	0	0	0	0
2903. ....	0	0	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0	0
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	0	0	0

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

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
33. Capital and surplus prior reporting year .....	217,716,730	175,035,109	175,035,109
34. Net income or (loss) from Line 32 .....	25,990,305	29,608,186	42,791,661
35. Change in valuation basis of aggregate policy and claim reserves .....	0	0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....	(16,950)	22,836	58,099
37. Change in net unrealized foreign exchange capital gain or (loss) .....	0	0	0
38. Change in net deferred income tax .....	1,087,228	(275,555)	30,973
39. Change in nonadmitted assets .....	(2,697,592)	(533,545)	44,492
40. Change in unauthorized and certified reinsurance .....	0	0	0
41. Change in treasury stock .....	0	0	0
42. Change in surplus notes .....	0	0	0
43. Cumulative effect of changes in accounting principles .....	0	(163,015)	(80,590)
44. Capital Changes:			
44.1 Paid in .....	0	0	0
44.2 Transferred from surplus (Stock Dividend) .....	0	0	0
44.3 Transferred to surplus .....	0	0	0
45. Surplus adjustments:			
45.1 Paid in .....	0	0	0
45.2 Transferred to capital (Stock Dividend) .....	0	0	0
45.3 Transferred from capital .....	0	0	0
46. Dividends to stockholders .....	0	0	0
47. Aggregate write-ins for gains or (losses) in surplus .....	0	0	(163,014)
48. Net change in capital and surplus (Lines 34 to 47) .....	24,362,991	28,658,907	42,681,621
49. Capital and surplus end of reporting period (Line 33 plus 48) .....	242,079,721	203,694,016	217,716,730
<b>DETAILS OF WRITE-INS</b>			
4701. Change in Accounting Principle - SSAP 101 Non-admitted Assets adjusted as of 01/01/2012 .....	0	0	(163,015)
4702. Rounding .....	0	0	1
4703. ....	0	0	0
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0	0
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	0	0	(163,014)



<b>Report #2A: TennCare Select Only</b>			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	142,224	423,634	557,694
<b>Estimated Revenues:</b>			
1. TennCare Capitation	100,411,141	293,770,441	391,204,361
2. Investment	-	-	-
3. Other Revenues	-	-	-
<b>4. Total Estimated Revenues (Lines 1 to 3)</b>	<b>100,411,141</b>	<b>293,770,441</b>	<b>391,204,361</b>
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	285,823	852,045	1,144,154
6. Fee-for Service Physician Services	10,933,000	32,214,168	42,349,564
7. Inpatient Hospital Services	17,766,404	55,790,558	75,253,799
8. Outpatient Hospital Services	7,770,125	20,797,287	33,085,868
9. Emergency Room Services	1,116,698	3,197,049	4,836,867
10. Dental Services	319	1,159	629
11. Vision Services	110,620	296,158	338,224
12. Pharmacy Services	-	-	-
13. Home Health Services	28,903,118	82,246,833	103,066,160
14. Chiropractic Services	-	-	-
15. Radiology Services	273,357	864,979	1,129,116
16. Laboratory Services	275,921	832,355	1,482,485
17. Durable Medical Equipment Services	5,890,253	16,323,880	20,415,555
18. Transportation Services	881,642	2,544,627	3,381,368
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	60,425	136,488	291,046
23. HCBS Services	-	4,664	3,090
24. Other Medical and Hospital Services - Write-Ins	(759,232)	2,678,748	9,922,275
<b>25. Subtotal Medical and Hospital (Lines 5 to 24)</b>	<b>73,508,473</b>	<b>218,780,998</b>	<b>296,700,200</b>
<b>Mental Health and Substance Abuse Services</b>			
26. Inpatient Psychiatric Facility Services	1,419,976	3,821,134	4,141,233
27. Inpatient Substance Abuse Treatment and Detox	3,847	5,627	23,079
28. Outpatient Mental Health Services	3,660,790	10,848,030	14,023,158
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	3,028,177	6,539,974	6,295,608
31. Specialized Crisis Services	302,809	876,163	1,122,279
32. Psychiatric Rehab and Support Services	109,593	339,575	569,240
33. Case Management	2,138,795	6,713,121	8,626,326
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	21,433	61,756	89,632
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	2,100,489	5,969,632	8,698,929
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
<b>44. Subtotal MH &amp; SAS (Lines 26 to 43)</b>	<b>12,785,909</b>	<b>35,175,012</b>	<b>43,589,484</b>
<b>45. Subtotal Hospital, Medical, MH&amp;SAS (Lines 25 and 44)</b>	<b>86,294,382</b>	<b>253,956,010</b>	<b>340,289,684</b>
<b>LESS:</b>			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	280	1,412	1,150
48. Subrogation and Coordination of Benefits	11,181	86,952	278,671
<b>49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)</b>	<b>11,461</b>	<b>88,364</b>	<b>279,821</b>
<b>50. Total Hospital, Medical, MH&amp;SAS (Lines 45 and 49)</b>	<b>86,282,921</b>	<b>253,867,646</b>	<b>340,009,863</b>
<b>Administration:</b>			
51. Compensation	4,035,169	12,402,429	16,283,318
52. Marketing	44,303	136,170	178,780
53. Interest Expense	-	-	-
54. Premium Tax Expense	6,761,050	17,594,644	21,549,548
55. Occupancy, Depreciation, and Amortization	290,817	893,852	1,173,552
56. Other Administration - Write-Ins	1,983,239	6,095,646	8,003,054
<b>57. Total Administration Expenses (Lines 51 to 56)</b>	<b>13,114,578</b>	<b>37,122,741</b>	<b>47,188,252</b>
<b>58. Total Expenses (Lines 50 and 57)</b>	<b>99,397,499</b>	<b>290,990,387</b>	<b>387,198,115</b>
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	368,100	993,378	1,413,121
<b>61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)</b>	<b>645,542</b>	<b>1,786,676</b>	<b>2,593,125</b>
<b>Write-Ins for Other Expense</b>			
<b>Detail of Other Revenues</b>			
0301.	-	-	-
<b>0399. Total Other Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Detail of Other Medical and Hospital:</b>			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	1,207,917	4,002,776	7,078,675
2202. Bad Debt Expense	(1,967,149)	(1,324,028)	2,843,600
2203. Out of Area Claims Expense	-	-	-
<b>2299. Total Other Medical and Hospital</b>	<b>(759,232)</b>	<b>2,678,748</b>	<b>9,922,275</b>
<b>Detail of Other MH &amp; SAS:</b>			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
<b>4199. Total Other MH &amp; SAS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Detail of Other Administration:</b>			
5601. Equipment Rental	736,117	2,262,515	2,970,484
5602. Outsourced Services	542,395	1,667,097	2,188,755
5603. Auditing, Actuarial, and Other Consulting	265,581	816,283	1,071,709
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	224,959	691,432	907,791
5605. Postage/Telephone	149,214	458,620	602,128
5606. Printing and Stationary	64,973	199,699	262,187
<b>5699. Total Other Administration</b>	<b>1,983,239</b>	<b>6,095,646</b>	<b>8,003,054</b>

<b>Report #2A: BlueCare West Only</b>			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	527,240	1,585,087	2,155,841
<b>Estimated Revenues:</b>			
1. TennCare Capitation	184,347,670	552,827,265	747,668,383
2. Investment	252,816	856,237	1,577,712
3. Other Revenues	-	194,968	134,000
<b>4. Total Estimated Revenues (Lines 1 to 3)</b>	<b>184,600,486</b>	<b>553,878,470</b>	<b>749,380,095</b>
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	-	-	-
6. Fee-for-Service Physician Services	37,144,653	99,727,966	120,931,590
7. Inpatient Hospital Services	20,390,968	76,568,480	102,837,780
8. Outpatient Hospital Services	14,934,579	47,502,399	78,188,509
9. Emergency Room Services	5,392,566	17,607,300	26,130,721
10. Dental Services	355	355	389
11. Vision Services	178,592	457,140	465,787
12. Pharmacy Services	-	-	-
13. Home Health Services	7,161,230	19,298,947	23,123,053
14. Chiropractic Services	-	-	-
15. Radiology Services	1,662,945	4,563,936	5,701,293
16. Laboratory Services	1,952,737	5,356,719	8,924,634
17. Durable Medical Equipment Services	2,831,492	7,754,401	9,781,802
18. Transportation Services	3,869,415	10,200,862	12,724,151
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	165,000	461,063	400,000
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	32,728,112	98,338,078	125,931,153
23. HCBS Services	12,852,120	35,824,111	39,188,179
24. Other Medical and Hospital Services - Write-Ins	3,518,078	10,147,496	10,716,596
<b>25. Subtotal Medical and Hospital (Lines 5 to 24)</b>	<b>144,782,842</b>	<b>433,809,253</b>	<b>565,045,637</b>
<b>Mental Health and Substance Abuse Services</b>			
26. Inpatient Psychiatric Facility Services	2,257,689	6,419,170	7,302,334
27. Inpatient Substance Abuse Treatment and Detox	81,195	248,752	322,127
28. Outpatient Mental Health Services	1,533,212	4,752,174	5,916,538
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	914,872	2,299,361	2,839,387
31. Specialized Crisis Services	1,416,434	2,918,807	3,351,984
32. Psychiatric Rehab and Support Services	361,279	918,195	1,214,563
33. Case Management	2,781,203	8,561,850	12,177,587
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	44,290	113,117	125,402
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,940,376	5,706,104	6,681,971
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
<b>44. Subtotal MH &amp; SAS (Lines 26 to 43)</b>	<b>11,330,550</b>	<b>31,937,530</b>	<b>39,931,893</b>
<b>45. Subtotal Hospital, Medical, MH&amp;SAS (Lines 25 and 44)</b>	<b>156,113,392</b>	<b>465,746,783</b>	<b>604,977,530</b>
<b>LESS:</b>			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	11,350	39,658	57,079
48. Subrogation and Coordination of Benefits	(7)	(7)	(7,514)
<b>49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)</b>	<b>11,343</b>	<b>39,651</b>	<b>49,565</b>
<b>50. Total Hospital, Medical, MH&amp;SAS, (Lines 45 and 49)</b>	<b>156,102,049</b>	<b>465,707,132</b>	<b>604,927,965</b>
<b>Administration:</b>			
51. Compensation	10,439,921	32,122,959	42,850,054
52. Marketing	114,623	352,688	470,465
53. Interest Expense	-	-	-
54. Premium Tax Expense	11,395,901	31,939,656	41,129,131
55. Occupancy, Depreciation, and Amortization	752,413	2,315,127	3,088,237
56. Other Administration - Write-Ins	5,131,098	15,788,048	21,060,285
<b>57. Total Administration Expenses (Lines 51 to 56)</b>	<b>27,833,956</b>	<b>82,518,478</b>	<b>108,598,172</b>
<b>58. Total Expenses (Lines 50 and 57)</b>	<b>183,936,005</b>	<b>548,225,610</b>	<b>713,526,137</b>
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	254,101	2,019,898	12,646,748
<b>61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)</b>	<b>410,380</b>	<b>3,632,962</b>	<b>23,207,210</b>
<b>Write-Ins for Other Expense</b>			
<b>Detail of Other Revenues</b>			
0301. Pay-for-Performance Bonus	-	194,968	134,000
0399. Total Other Revenues	-	194,968	134,000
<b>Detail of Other Medical and Hospital:</b>			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	3,426,927	9,882,195	10,004,601
2202. Bad Debt Expense	91,151	265,301	711,733
2203. Out of Area Claims Expense	-	-	262
2299. Total Other Medical and Hospital	3,518,078	10,147,496	10,716,596
<b>Detail of Other MH &amp; SAS:</b>			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
<b>Detail of Other Administration:</b>			
5601. Equipment Rental	1,904,502	5,860,031	7,816,922
5602. Outsourced Services	1,403,303	4,317,872	5,759,776
5603. Auditing, Actuarial, and Other Consulting	687,118	2,114,216	2,820,234
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	582,025	1,790,848	2,388,880
5605. Postage/Telephone	386,050	1,187,850	1,584,519
5606. Printing and Stationary	168,100	517,231	689,954
5699. Total Other Administration	5,131,098	15,788,048	21,060,285

<b>Report #2A: BlueCare East Only</b>			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	634,610	1,910,265	2,623,603
<b>Estimated Revenues:</b>			
1. TennCare Capitation	235,559,542	706,745,740	942,958,969
2. Investment	308,998	1,046,512	1,928,353
3. Other Revenues	-	108,192	86,000
<b>4. Total Estimated Revenues (Lines 1 to 3)</b>	<b>235,868,540</b>	<b>707,900,444</b>	<b>944,973,322</b>
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	-	-	-
6. Fee-for-Service Physician Services	51,763,272	142,202,074	187,108,166
7. Inpatient Hospital Services	26,713,839	100,286,784	149,370,450
8. Outpatient Hospital Services	14,545,608	50,710,150	74,222,991
9. Emergency Room Services	3,650,183	12,240,733	18,374,588
10. Dental Services	1,315	3,304	12,921
11. Vision Services	232,033	601,187	705,197
12. Pharmacy Services	-	-	-
13. Home Health Services	9,168,625	24,277,530	29,033,578
14. Chiropractic Services	-	-	-
15. Radiology Services	2,171,853	6,304,120	7,546,803
16. Laboratory Services	2,513,898	6,009,398	14,151,829
17. Durable Medical Equipment Services	4,909,746	13,796,618	19,774,446
18. Transportation Services	4,124,799	11,681,667	15,619,070
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	338,010	674,760	1,604,503
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	33,665,854	116,114,079	162,130,414
23. HCBS Services	14,826,519	31,348,288	34,305,991
24. Other Medical and Hospital Services - Write-Ins	3,379,200	11,168,829	11,465,998
<b>25. Subtotal Medical and Hospital (Lines 5 to 24)</b>	<b>172,004,754</b>	<b>527,419,521</b>	<b>725,426,945</b>
<b>Mental Health and Substance Abuse Services</b>			
26. Inpatient Psychiatric Facility Services	1,701,541	4,614,954	5,540,788
27. Inpatient Substance Abuse Treatment and Detox	147,750	387,915	423,296
28. Outpatient Mental Health Services	3,030,464	9,779,594	13,406,443
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	1,800,060	3,583,871	3,223,157
31. Specialized Crisis Services	784,269	2,336,531	3,430,660
32. Psychiatric Rehab and Support Services	908,147	2,527,424	3,632,795
33. Case Management	3,880,860	11,490,235	13,780,428
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	50,894	151,991	206,548
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	2,160,963	6,786,053	9,418,977
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
<b>44. Subtotal MH &amp; SAS (Lines 26 to 43)</b>	<b>14,464,948</b>	<b>41,658,568</b>	<b>53,063,092</b>
<b>45. Subtotal Hospital, Medical, MH&amp;SAS (Lines 25 and 44)</b>	<b>186,469,702</b>	<b>569,078,089</b>	<b>778,490,037</b>
<b>LESS:</b>			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	25,099	90,585	130,735
48. Subrogation and Coordination of Benefits	-	-	(4,374)
<b>49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)</b>	<b>25,099</b>	<b>90,585</b>	<b>126,361</b>
<b>50. Total Hospital, Medical, MH&amp;SAS, (Lines 45 and 49)</b>	<b>186,444,603</b>	<b>568,987,504</b>	<b>778,363,676</b>
<b>Administration:</b>			
51. Compensation	12,750,037	40,248,775	55,682,873
52. Marketing	139,987	441,905	611,361
53. Interest Expense	-	-	-
54. Premium Tax Expense	15,145,710	41,520,216	51,867,473
55. Occupancy, Depreciation, and Amortization	918,906	2,900,761	4,013,108
56. Other Administration - Write-Ins	6,266,493	19,781,786	27,367,460
<b>57. Total Administration Expenses (Lines 51 to 56)</b>	<b>35,221,133</b>	<b>104,893,443</b>	<b>139,542,275</b>
<b>58. Total Expenses (Lines 50 and 57)</b>	<b>221,665,736</b>	<b>673,880,947</b>	<b>917,905,951</b>
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	5,141,200	12,155,954	9,547,460
<b>61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)</b>	<b>9,061,604</b>	<b>21,863,543</b>	<b>17,519,911</b>
<b>Write-Ins for Other Expense</b>			
<b>Detail of Other Revenues</b>			
0301. Pay-for-Performance Bonus	-	108,192	86,000
0399. Total Other Revenues	-	108,192	86,000
<b>Detail of Other Medical and Hospital:</b>			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	3,267,793	10,844,572	10,596,102
2202. Bad Debt Expense	111,407	324,257	869,896
2203. Out of Area Claims Expense	-	-	-
2299. Total Other Medical and Hospital	3,379,200	11,168,829	11,465,998
<b>Detail of Other MH &amp; SAS:</b>			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
<b>Detail of Other Administration:</b>			
5601. Equipment Rental	2,325,926	7,342,381	10,157,948
5602. Outsourced Services	1,713,822	5,410,120	7,484,725
5603. Auditing, Actuarial, and Other Consulting	839,162	2,649,028	3,664,844
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	710,813	2,243,860	3,104,307
5605. Postage/Telephone	471,474	1,488,328	2,059,054
5606. Printing and Stationary	205,296	648,069	896,582
5699. Total Other Administration	6,266,493	19,781,786	27,367,460

**CASH FLOW**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance .....	1,255,400,858	1,282,313,206	1,707,605,328
2. Net investment income .....	5,219,690	3,724,027	5,083,760
3. Miscellaneous income .....	0	0	0
4. TOTAL (Lines 1 to 3) .....	1,260,620,548	1,286,037,233	1,712,689,088
5. Benefit and loss related payments .....	1,003,865,565	1,049,229,629	1,399,823,307
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	180,605,239	183,051,046	246,686,432
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	14,450,400	15,955,505	23,457,374
10. TOTAL (Lines 5 through 9) .....	1,198,921,204	1,248,236,180	1,669,967,113
11. Net cash from operations (Line 4 minus Line 10) .....	61,699,344	37,801,053	42,721,975
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	156,939,546	158,985,701	184,545,156
12.2 Stocks .....	0	0	0
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	(827)	0	0
12.7 Miscellaneous proceeds .....	0	5,938,219	902,380
12.8 TOTAL investment proceeds (Lines 12.1 to 12.7) .....	156,938,719	164,923,920	185,447,536
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	273,664,533	196,588,389	266,225,791
13.2 Stocks .....	0	0	0
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	0	0
13.5 Other invested assets .....	0	0	0
13.6 Miscellaneous applications .....	122,164	121,499	121,692
13.7 TOTAL investments acquired (Lines 13.1 to 13.6) .....	273,786,697	196,709,888	266,347,483
14. Net increase (or decrease) in contract loans and premium notes .....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(116,847,978)	(31,785,968)	(80,899,947)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0	0
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied) .....	(25,512,375)	19,485,162	29,612,391
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) .....	(25,512,375)	19,485,162	29,612,391
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(80,661,009)	25,500,247	(8,565,581)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....	175,953,804	184,519,385	184,519,385
19.2 End of period (Line 18 plus Line 19.1) .....	95,292,795	210,019,632	175,953,804

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

20.0001 .....	0	0	0
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## EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	2 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
		Individual	3 Group							
Total Members at end of:										
1. Prior Year .....	393,856	0	0	0	0	0	0	0	393,856	0
2. First Quarter .....	387,653	0	0	0	0	0	0	0	387,653	0
3. Second Quarter .....	387,658	0	0	0	0	0	0	0	387,658	0
4. Third Quarter .....	388,005	0	0	0	0	0	0	0	388,005	0
5. Current Year .....	0	0	0	0	0	0	0	0	0	0
6. Current Year Member Months .....	3,495,352	0	0	0	0	0	0	0	3,495,352	0
Total Member Ambulatory Encounters for Period:										
7. Physician .....	3,437,466	0	0	0	0	0	0	0	3,437,466	0
8. Non-Physician .....	298,910	0	0	0	0	0	0	0	298,910	0
9. Total .....	3,736,376	0	0	0	0	0	0	0	3,736,376	0
10. Hospital Patient Days Incurred .....	236,519	0	0	0	0	0	0	0	236,519	0
11. Number of Inpatient Admissions .....	32,870	0	0	0	0	0	0	0	32,870	0
12. Health Premiums Written (a) .....	1,255,400,858	0	0	0	0	0	0	0	1,255,400,858	0
13. Life Premiums Direct .....	0	0	0	0	0	0	0	0	0	0
14. Property/Casualty Premiums Written .....	0	0	0	0	0	0	0	0	0	0
15. Health Premiums Earned .....	1,255,400,858	0	0	0	0	0	0	0	1,255,400,858	0
16. Property/Casualty Premiums Earned .....	0	0	0	0	0	0	0	0	0	0
17. Amount Paid for Provision of Health Care Services .....	1,003,401,222	0	0	0	0	0	0	0	1,003,401,222	0
18. Amount Incurred for Provision of Health Care Services .....	1,034,688,619	0	0	0	0	0	0	0	1,034,688,619	0

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

**CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**

Aging Analysis of Unpaid Claims

	1	2	3	4	5	6	7
	Account	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 days	Over 120 Days	Total
0199999	Individually Listed Claims Unpaid	0	0	0	0	0	0
0399999	Aggregate Accounts Not Individually Listed - Covered	50,745,514	1,464,819	104,630	0	0	52,314,963
0499999	Subtotals	50,745,514	1,464,819	104,630	0	0	52,314,963
0599999	Unreported claims and other claim reserves						121,110,374
0799999	Total Claims Unpaid						173,425,337
0899999	Accrued Medical Incentive Pool And Bonus Amounts						1,303,918

# UNDERWRITING AND INVESTMENT EXHIBIT

## ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1+3)	6  Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)	0	0	0	0	0	0
2. Medicare Supplement	0	0	0	0	0	0
3. Dental only	0	0	0	0	0	0
4. Vision only	0	0	0	0	0	0
5. Federal Employees Health Benefits Plan	0	0	0	0	0	0
6. Title XVIII - Medicare	0	0	0	0	0	0
7. Title XIX - Medicaid	130,563,927	872,837,295	(4,170,099)	177,595,436	126,393,828	142,904,068
8. Other health	0	0	0	0	0	0
9. Health subtotal (Lines 1 to 8)	130,563,927	872,837,295	(4,170,099)	177,595,436	126,393,828	142,904,068
10. Healthcare receivables (a)	234,568	1,569,805	0	0	234,568	1,434,678
11. Other non-health	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts	834,038	0	0	1,303,918	834,038	1,002,133
13. Totals (Lines 9 - 10 + 11 + 12)	131,163,397	871,267,490	(4,170,099)	178,899,354	126,993,298	142,471,523

(a) Excludes \$.....2,114,398 loans or advances to providers not yet expensed.

**Notes to Financial Statement****1. Summary of Significant Accounting Policies**

- A. The accompanying financial statements of Volunteer State Health Plan, Inc. (VSHP or the Company), doing business as BlueCare Tennessee, are presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance (TDCI).

The TDCI 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. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed and permitted practices by the State of Tennessee. Prescribed accounting practices are those practices which are incorporated directly or by reference to state laws, regulations and general administrative rules applicable to all insurance enterprises domiciled in Tennessee. Permitted accounting practices include deviations from NAIC Statutory Accounting Principles (SAP) and state prescribed accounting practices specifically requested by an insurer and granted by the TDCI. These statements have no deviations from NAIC SAP other than as described in the following paragraphs.

The Company has accepted the risk for uninsured claims overpayments for which the Company determined the State of Tennessee was not responsible. At the direction of the TDCI, the Company records the uninsured claims overpayments as claims expense rather than reporting the net gain or loss on the general administrative expense line as required by NAIC SAP.

At the direction of the TDCI, the Company does not report the receivables and associated payables related to premium taxes for Administrative Services Only (ASO) business. The rationale behind the offset of these assets and liabilities is that they have no economic impact on the Company. The offset for ASO plans became effective in 2003. This treatment has no impact on net income or surplus.

Tennessee Code Annotated (T.C.A.) § 56-32-112(a)(5)(D) allows the admission of the most current 90 days of all health care receivables, which differs from NAIC SAP that requires non-admission of health care receivables related to claims overpayments that do not meet the right of offset conditions.

At the direction of the TDCI, the Company discloses gross transactions with the affiliates listed on Schedule Y of the Annual Statement. This treatment has no impact on net income or surplus.

There are no differences between NAIC SAP and practices prescribed and permitted by the State of Tennessee with regards to the Company's net income or capital and surplus as of September 30, 2013 or December 31, 2012.

	<u>State of Domicile</u>	<u>September 30, 2013</u>	<u>December 31, 2012</u>
<b><u>NET INCOME</u></b>			
(1) VSHP state basis (Page 4, Line 32, Columns 2&4)	TN	\$ 25,990,305	\$ 42,791,661
(2) State prescribed practices that increase/(decrease) NAIC SAP:	TN	0	0
(3) State permitted practices that increase/(decrease) NAIC SAP:	TN	0	0
(4) NAIC SAP (1-2-3=4)	TN	<u>\$ 25,990,305</u>	<u>\$ 42,791,661</u>
<b><u>SURPLUS</u></b>			
(5) VSHP state basis (Page 3, Line 33, Columns 3&4)	TN	\$242,079,721	\$217,716,730
(6) State prescribed practices that increase/(decrease) NAIC SAP:	TN	0	0
(7) State permitted practices that increase/(decrease) NAIC SAP:	TN	0	0
(8) NAIC SAP (5-6-7=8)	TN	<u>\$242,079,721</u>	<u>\$217,716,730</u>

B. No Change

C. No Change

**2. Accounting Changes and Corrections of Errors**

No Change

**3. Business Combinations and Goodwill**

A. No Change

B. No Change

C. No Change

D. No Change

**4. Discontinued Operations**

No Change

**5. Investments**

A. No Change

B. No Change



**Notes to Financial Statement**

C. No Change

D. Loan-Backed Securities

- (1) Prepayment assumptions are consistent with current market and economic conditions and were obtained from Bloomberg, bond portfolio managers, pricing services and custodians. Fair values are obtained from custodians using actual market quotes, if available, or matrix pricing of securities with similar terms.
- (2) The Company has not recognized any other-than-temporary impairments (OTTI) during the nine months ended September 30, 2013:

	<b>Amortized Cost Basis Before OTTI</b>	<b>OTTI Recognized in Loss</b>	<b>Fair Value</b>
OTTI recognized 1 <sup>st</sup> Quarter:			
a. Intent to sell	\$ 0	\$ 0	\$ 0
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost	0	0	0
c. Total 1 <sup>st</sup> Quarter	0	0	0
OTTI recognized 2 <sup>nd</sup> Quarter:			
d. Intent to sell	0	0	0
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost	0	0	0
f. Total 2 <sup>nd</sup> Quarter	0	0	0
OTTI recognized 3 <sup>rd</sup> Quarter:			
g. Intent to sell	0	0	0
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost	0	0	0
i. Total 3 <sup>rd</sup> Quarter	\$ 0	\$ 0	\$ 0

- (3) The Company has not recognized any other-than-temporary impairments on loan-backed securities during the nine months ended September 30, 2013.

1	2	3	4	5	6	7
CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost After OTTI	Fair Value at Time of OTTI	Date of Financial Statement Where Reported
None	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	None

- (4) Aggregate unrealized losses and related fair value of loan-backed securities where fair value was less than amortized cost at September 30, 2013 and for which OTTI has not been recognized is as follows:
- |   |                        |               |
|---|------------------------|---------------|
| a. The aggregate amount of unrealized losses:                             | 1. Less than 12 months | \$ 65,310     |
|   | 2. 12 months or longer | \$ 15,488     |
| b. The aggregate related fair value of securities with unrealized losses: | 3. Less than 12 months | \$ 36,361,813 |
|   | 4. 12 months or longer | \$ 2,265,622  |
- (5) Management uses a variety of methods and procedures, both quantitative and qualitative, to review and analyze the Company's investment portfolio to identify, on a quarterly basis, securities that management believes to be other-than-temporarily impaired.

E. The Company had no repurchase agreements or securities lending transactions during the nine months ended September 30, 2013.

F. No Change

G. No Change

## Notes to Financial Statement

**6. Joint Ventures, Partnerships and Limited Liability Companies**

- A. No Change
- B. No Change

**7. Investment Income**

- A. No Change
- B. No Change

**8. Derivative Instruments**

- A. No Change
- B. No Change
- C. No Change
- D. No Change
- E. No Change
- F. No Change

**9. Income Taxes**

- A. No Change
- B. No Change
- C. No Change
- D. No Change
- E. No Change
- F. No Change
- G. No Change

**10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

- A. The Company is a wholly owned subsidiary of Southern Diversified Business Services, Inc. (SDBS). BlueCross BlueShield of Tennessee, Inc. (BCBST) owns 100% of SDBS.

Effective September 26, 2013, BCBST acquired a 76% ownership interest in Healthbox Nashville I, LLC, a venture capital fund, with an investment of \$809,017. There were no other changes to the members of BCBST's holding company group since December 31, 2012 (see Schedule Y on page Q15).

- B. The Company paid BCBST for services performed under administrative services and tax sharing agreements. Payments are net of reimbursements to BCBST for Cover Tennessee, MedAdvantage and other operations.
- C. For the nine months ended September 30, 2013 and the year ended December 31, 2012, the Company paid \$100,481,793 and \$125,324,238, respectively.
- D. No Change
- E. No Change
- F. No Change
- G. No Change
- H. No Change
- I. No Change
- J. No Change
- K. No Change
- L. No Change

**11. Debt**

- A. No Change
- B. No Change

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

- A. All disclosures related to defined benefit plans are included in the quarterly statement of BCBST.
- B. No Change
- C. No Change
- D. No Change

## Notes to Financial Statement

E. No Change

F. No Change

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

(1) No Change

(2) No Change

(3) No Change

(4) No Change

(5) No Change

(6) No Change

(7) No Change

(8) No Change

(9) No Change

(10) No Change

(11) No Change

(12) No Change

(13) No Change

### 14. Contingencies

A. Effective December 22, 2011 under the terms of the letter of credit issued with BCBST's \$200,000,000 debt financing, the Company entered into a springing guaranty agreement whereby the Company would have become a guarantor of BCBST's \$200,000,000 debt financing if any of the following events occurred:

1. BCBST's Risk Based Capital (RBC) Ratio falls below 6.0x; or
2. VSHP's net assets exceed 20% of the consolidated net assets of BCBST and its subsidiaries; or
3. An event of default occurs under the financing agreements.

Effective March 1, 2013, the letter of credit was replaced with a direct purchase option financing agreement whereby Bank of America N.A. purchased the debt. The Company is not a guarantor under the direct purchase arrangement and the Company's springing guaranty agreement is no longer in effect.

B. No Change

C. No Change

D. No Change

E. No Change

### 15. Leases

A. No Change

B. No Change

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

No Change

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

A. No Change

B. During the nine months ended September 30, 2013, the Company had no transfers and servicing of financial assets or extinguishments of liabilities (Statement of Statutory Accounting Principles (SSAP) No. 103, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*).

C. During the nine months ended September 30, 2013, the Company had no wash sales involving transactions for securities with an unrated NAIC designation or a designation of 3 or below (SSAP No. 103).

## Notes to Financial Statement

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

#### A. ASO Plans

TennCare Select and the Stabilization Plan are ASO arrangements with the State of Tennessee, effective July 1, 2001 and July 1, 2002, respectively. Cash and invested assets related to TennCare Select and the Stabilization Plan are reported in the appropriate categories on the Assets statement. Premium tax receivable from the State of Tennessee is netted against premium tax payable to the State of Tennessee for premium taxes related to ASO plans. Other assets and liabilities related to TennCare Select and the Stabilization Plan are netted and reported either on page 2, line 17, Amounts receivable relating to uninsured plans or on page 3, line 22, Liability for amounts held under uninsured plans.

The gains from operations from ASO uninsured plans and the uninsured portion of partially insured plans were as follows during 2013:

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ 2,780,054	\$ 0	\$ 2,780,054
b. Total net other income or expenses (including interest paid to or received from plans)	0	0	0
c. Net gain from operations	\$ 2,780,054	\$ 0	\$ 2,780,054
d. Total claim payment volume	\$ 256,076,717	\$ 0	\$ 256,076,717

B. No Change

C. No Change

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

No Change

### 20. Fair Value Measurement

A&B. The Company holds only investment grade bonds and fixed income exchange-traded funds (ETFs) approved by the Securities Valuation Office of the NAIC for bond treatment. These securities are reported at amortized cost in accordance with SSAP No. 26, *Bonds, Excluding Loan-backed and Structured Securities*. The Company is not required to report any of its assets or liabilities at fair value under SSAP No. 100, *Fair Value Measurements*.

C. The following tables provide information about the fair value of the Company's financial assets as of September 30, 2013 and December 31, 2012:

Type of Financial Instrument	September 30, 2013					Not Practicable (Carrying Value)
	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	
Bonds:						
U.S. government and government agencies and authorities	\$ 77,725,637	\$ 77,707,079	\$ 70,252,701	\$ 7,472,936	\$ 0	\$ 0
States, municipalities and political subdivisions	5,065,106	5,103,897	2,109,350	2,955,756	0	0
Foreign securities, including Canada	28,160,564	28,064,204	14,343,533	13,817,031	0	0
Agency mortgage-backed securities	30,065,390	29,975,043	0	30,065,390	0	0
Commercial mortgage-backed securities	16,832,445	16,830,647	0	16,832,445	0	0
Asset-backed securities	61,650,244	61,643,797	0	61,650,244	0	0
Total return bond index ETF	8,540,745	8,844,071	8,540,745	0	0	0
Investment grade corporate bonds	150,405,071	149,913,562	77,092,710	73,312,361	0	0
Total bonds	378,445,202	378,082,300	172,339,039	206,106,163	0	0
Short-term investments	85,042,236	85,041,540	77,446,273	7,595,963	0	0
Total bonds and short-term investments	\$ 463,487,438	\$ 463,123,840	\$ 249,785,312	\$ 213,702,126	\$ 0	\$ 0

## Notes to Financial Statement

Type of Financial Instrument	December 31, 2012					Not Practicable (Carrying Value)
	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	
Bonds issued by U.S. government and government agencies and authorities	\$ 56,278,480	\$ 56,070,665	\$ 42,803,550	\$ 13,474,930	\$ 0	\$ 0
Bonds issued by foreign governments, including Canada	12,241,682	12,174,324	1,001,100	11,240,582	0	0
Agency mortgage-backed securities	23,875,907	23,942,171	0	23,875,907	0	0
Commercial mortgage-backed securities	13,797,997	13,808,908	0	13,797,997	0	0
Asset-backed securities	33,448,870	33,425,506	0	33,448,870	0	0
Investment grade corporate bonds	126,893,103	125,658,305	27,560,837	99,332,266	0	0
<b>Total bonds</b>	<b>266,536,039</b>	<b>265,079,879</b>	<b>71,365,487</b>	<b>195,170,552</b>	<b>0</b>	<b>0</b>
Short-term investments	75,245,193	75,245,384	75,245,193	0	0	0
<b>Total bonds and short-term investments</b>	<b>\$ 341,781,232</b>	<b>\$ 340,325,263</b>	<b>\$ 146,610,680</b>	<b>\$ 195,170,552</b>	<b>\$ 0</b>	<b>\$ 0</b>

As of June 30, 2013, the Company elected to change the presentation for short-term investments as included on the preceding tables to include money-market funds. The Company has not restated amounts included in the December 31, 2012 table above; however, if these amounts were restated, short-term investments as of December 31, 2012 would have an aggregate fair value of \$169,312,532 and admitted assets total of \$169,312,724. The classification for all short-term investments as of December 31, 2012 would remain at Level 1.

Valuation techniques for estimating fair value are generally categorized into three types. The market approach uses prices and other relevant information from market transactions involving identical or comparable assets. The income approach converts future amounts, such as cash flows or earnings, to a single present value. The cost approach is based on the amount that would be required to replace the asset or the service capacity of the asset. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is reasonably available. The Company applied valuation techniques on a consistent basis to similar assets at September 30, 2013 and December 31, 2012.

Fair values are based on quoted market prices when available. In instances where there is little or no market activity for the same or similar instruments, management estimates fair value using methods, models and assumptions a hypothetical market participant would use to determine a current transaction price. These valuation techniques involve estimation and judgment which could become significant with increasingly complex instruments or pricing models. The degree of judgment utilized in measuring fair value generally correlates to the level of pricing observability. Pricing observability is generally impacted by a number of factors including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, and overall market conditions. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

A description of the inputs and methods used to determine fair value for all financial assets is as follows:

**Level 1 assets** – Fair values are determined using unadjusted quoted prices in active markets provided by independent pricing services.

**Level 2 assets** - Fair values are determined using prices provided by independent pricing services, which may use quoted market prices of similar securities or models that incorporate inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds.

When determining fair value, the Company obtains an understanding of the methods, models and inputs used by independent pricing services and has controls in place to validate that amounts provided represent current exit prices. In addition management periodically reviews securities in the portfolio with the Company's investment managers. If unusual fluctuations or significant variances in the pricing provided from different sources are noted, management may obtain additional information from other pricing services, or request an investigation into the valuation of the security by the pricing service to validate the quoted price. There were no adjustments to quoted market prices obtained from independent pricing services during the periods ended September 30, 2013 and December 31, 2012.

- D. The Company held no financial assets or liabilities for which it was not practicable to estimate the fair value at September 30, 2013 or December 31, 2012.

### 21. Other Items

- A. No Change  
B. No Change

**Notes to Financial Statement**

## C. Other Disclosures

Expenses are shown on the Statement of Revenue and Expenses, net of administrative fees from ASO contracts. The following provides a comparison of expenses excluding ASO administrative fees and premium tax for the nine months ended September 30, 2013 and 2012:

<u>Line#</u>	<u>Administrative Expenses:</u>	<u>September 30, 2013</u>	<u>September 30, 2012</u>	<u>% Change</u>
20	Claims adjustment expense	\$ 68,342,694	\$ 70,150,883	
21	General administrative expense	113,634,886	111,750,488	
	Total expense	181,977,580	181,901,371	
	ASO administrative fees	39,090,877	39,015,023	
	Premium tax	(85,341,323)	(85,892,091)	
	Expenses before ASO admin fees and excluding premium tax	<u>\$ 135,727,134</u>	<u>\$ 135,024,303</u>	0.5%

D. No Change

E. No Change

F. No Change

G. No Change

H. No Change

**22. Events Subsequent**

No Change

**23. Reinsurance**

A. No Change

B. No Change

C. No Change

**24. Retrospectively Rated Contracts and Contracts Subject to Redetermination**

A. No Change

B. No Change

C. No Change

D. No Change

**25. Change in Incurred Claims and Claim Adjustment Expenses**

As of December 31, 2012, the reserve for unpaid insured claims, medical incentive pool and claim adjustment expenses, net of gross healthcare receivables, was \$149,472,423. Through September 30, 2013, \$137,608,628 was paid for expenses attributable to insured events of prior years. The re-estimation of reserves for unpaid insured claims, medical incentive pool and claim adjustment expenses, net of gross healthcare receivables for 2012 and prior based on the latest information known regarding individual claims, as well as the ongoing analysis of recent loss development trends, resulted in a favorable prior-year development of \$16,238,809. The reserve remaining for prior years is \$(4,375,014) as of September 30, 2013 due to the estimation that recoveries will exceed payouts.

**26. Intercompany Pooling Arrangements**

A. No Change

B. No Change

C. No Change

D. No Change

E. No Change

F. No Change

G. No Change

**27. Structured Settlements**

No Change

**28. Health Care Receivables**

A. No Change

B. No Change

## **Notes to Financial Statement**

**29. Participating Policies**

No Change

**30. Premium Deficiency Reserves**

No Change

**31. Anticipated Salvage and Subrogation**

No Change

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes[ ] No[X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes[ ] No[ ] N/A[X]
  
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]
- 2.2 If yes, date of change: .....
  
- 3.1 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[ ] No[X]
- 3.2 If the response to 3.1 is yes, provide a brief description of those changes:
  
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes[ ] No[ ] N/A[X]  
If yes, attach an explanation.
  
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .....12/31/2011.....
- 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. .....12/31/2011.....
- 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). .....03/27/2013.....
- 6.4 By what department or departments?  
Tennessee Department of Commerce and Insurance
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes[ ] No[ ] N/A[X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] 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[X]
- 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[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide 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 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 FDIC	6 SEC
.....	.....	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

- 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[X] 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[X] No[ ]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
The annual review of the Code of Business Conduct resulted in non-substantive language clarifications and an updated CEO message and Company profile. The primary content and standards of the Code were unchanged. The updated Code was effective January 2013.
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[ ] No[X]
- 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[X]
- 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[X]
- 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[X]
- 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 .....	0	0
14.22 Preferred Stock .....	0	0
14.23 Common Stock .....	0	0
14.24 Short-Term Investments .....	0	0
14.25 Mortgages Loans on Real Estate .....	0	0
14.26 All Other .....	0	0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) .....	0	0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	0	0

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?  
 If no, attach a description with this statement. Yes[ ] No[ ] N/A[X]

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:  
 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ ..... 0  
 16.2 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ ..... 0  
 16.3 Total payable for securities lending reported on the liability page \$ ..... 0

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

17.1 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
Bank of New York Mellon .....	One Mellon Center, Pittsburgh, PA 15258 .....

17.2 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)

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes[ ] No[X]

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

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

17.5 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
Exempt .....	Income Research and Management .....	Two International Place 23rd Floor, Boston, MA 02110-4106 .....
705 .....	Raymond James .....	50 Front Street, Memphis, TN 38103 .....
102920 .....	JP Morgan .....	270 Park Avenue 4th Floor, New York NY 10017 .....
7927 .....	Northern Trust Guaranteed Advisors .....	50 S. LaSalle Street, Chicago, IL 60675 .....
Exempt .....	Pimco .....	840 Newport Center Drive, Newport Beach, CA 92660 .....

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

18.2 If no, list exceptions:

## GENERAL INTERROGATORIES

### PART 2 - HEALTH

1. Operating Percentages:	
1.1 A&H loss percent	..... 85.752%
1.2 A&H cost containment percent	..... 3.333%
1.3 A&H expense percent excluding cost containment expenses	..... 11.162%
2.1 Do you act as a custodian for health savings accounts?	Yes[ ] No[X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$..... 0
2.3 Do you act as an administrator for health savings accounts?	Yes[ ] No[X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$..... 0

**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 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			<b>NONE</b>			

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS****Current Year to Date - Allocated by States and Territories**

		Direct Business Only								
State, Etc.		1	2	3	4	5	6	7	8	9
		Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama (AL)	N	0	0	0	0	0	0	0	0
2.	Alaska (AK)	N	0	0	0	0	0	0	0	0
3.	Arizona (AZ)	N	0	0	0	0	0	0	0	0
4.	Arkansas (AR)	N	0	0	0	0	0	0	0	0
5.	California (CA)	N	0	0	0	0	0	0	0	0
6.	Colorado (CO)	N	0	0	0	0	0	0	0	0
7.	Connecticut (CT)	N	0	0	0	0	0	0	0	0
8.	Delaware (DE)	N	0	0	0	0	0	0	0	0
9.	District of Columbia (DC)	N	0	0	0	0	0	0	0	0
10.	Florida (FL)	N	0	0	0	0	0	0	0	0
11.	Georgia (GA)	N	0	0	0	0	0	0	0	0
12.	Hawaii (HI)	N	0	0	0	0	0	0	0	0
13.	Idaho (ID)	N	0	0	0	0	0	0	0	0
14.	Illinois (IL)	N	0	0	0	0	0	0	0	0
15.	Indiana (IN)	N	0	0	0	0	0	0	0	0
16.	Iowa (IA)	N	0	0	0	0	0	0	0	0
17.	Kansas (KS)	N	0	0	0	0	0	0	0	0
18.	Kentucky (KY)	N	0	0	0	0	0	0	0	0
19.	Louisiana (LA)	N	0	0	0	0	0	0	0	0
20.	Maine (ME)	N	0	0	0	0	0	0	0	0
21.	Maryland (MD)	N	0	0	0	0	0	0	0	0
22.	Massachusetts (MA)	N	0	0	0	0	0	0	0	0
23.	Michigan (MI)	N	0	0	0	0	0	0	0	0
24.	Minnesota (MN)	N	0	0	0	0	0	0	0	0
25.	Mississippi (MS)	N	0	0	0	0	0	0	0	0
26.	Missouri (MO)	N	0	0	0	0	0	0	0	0
27.	Montana (MT)	N	0	0	0	0	0	0	0	0
28.	Nebraska (NE)	N	0	0	0	0	0	0	0	0
29.	Nevada (NV)	N	0	0	0	0	0	0	0	0
30.	New Hampshire (NH)	N	0	0	0	0	0	0	0	0
31.	New Jersey (NJ)	N	0	0	0	0	0	0	0	0
32.	New Mexico (NM)	N	0	0	0	0	0	0	0	0
33.	New York (NY)	N	0	0	0	0	0	0	0	0
34.	North Carolina (NC)	N	0	0	0	0	0	0	0	0
35.	North Dakota (ND)	N	0	0	0	0	0	0	0	0
36.	Ohio (OH)	N	0	0	0	0	0	0	0	0
37.	Oklahoma (OK)	N	0	0	0	0	0	0	0	0
38.	Oregon (OR)	N	0	0	0	0	0	0	0	0
39.	Pennsylvania (PA)	N	0	0	0	0	0	0	0	0
40.	Rhode Island (RI)	N	0	0	0	0	0	0	0	0
41.	South Carolina (SC)	N	0	0	0	0	0	0	0	0
42.	South Dakota (SD)	N	0	0	0	0	0	0	0	0
43.	Tennessee (TN)	L	0	0	1,255,400,858	0	0	0	1,255,400,858	0
44.	Texas (TX)	N	0	0	0	0	0	0	0	0
45.	Utah (UT)	N	0	0	0	0	0	0	0	0
46.	Vermont (VT)	N	0	0	0	0	0	0	0	0
47.	Virginia (VA)	N	0	0	0	0	0	0	0	0
48.	Washington (WA)	N	0	0	0	0	0	0	0	0
49.	West Virginia (WV)	N	0	0	0	0	0	0	0	0
50.	Wisconsin (WI)	N	0	0	0	0	0	0	0	0
51.	Wyoming (WY)	N	0	0	0	0	0	0	0	0
52.	American Samoa (AS)	N	0	0	0	0	0	0	0	0
53.	Guam (GU)	N	0	0	0	0	0	0	0	0
54.	Puerto Rico (PR)	N	0	0	0	0	0	0	0	0
55.	U.S. Virgin Islands (VI)	N	0	0	0	0	0	0	0	0
56.	Northern Mariana Islands (MP)	N	0	0	0	0	0	0	0	0
57.	Canada (CAN)	N	0	0	0	0	0	0	0	0
58.	Aggregate other alien (OT)	XXX	0	0	0	0	0	0	0	0
59.	Subtotal	XXX	0	0	1,255,400,858	0	0	0	1,255,400,858	0
60.	Reporting entity contributions for Employee Benefit Plans	XXX	0	0	0	0	0	0	0	0
61.	Total (Direct Business)	(a) 1	0	0	1,255,400,858	0	0	0	1,255,400,858	0
<b>DETAILS OF WRITE-INS</b>										
5801.		XXX	0	0	0	0	0	0	0	0
5802.		XXX	0	0	0	0	0	0	0	0
5803.		XXX	0	0	0	0	0	0	0	0
5898.	Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

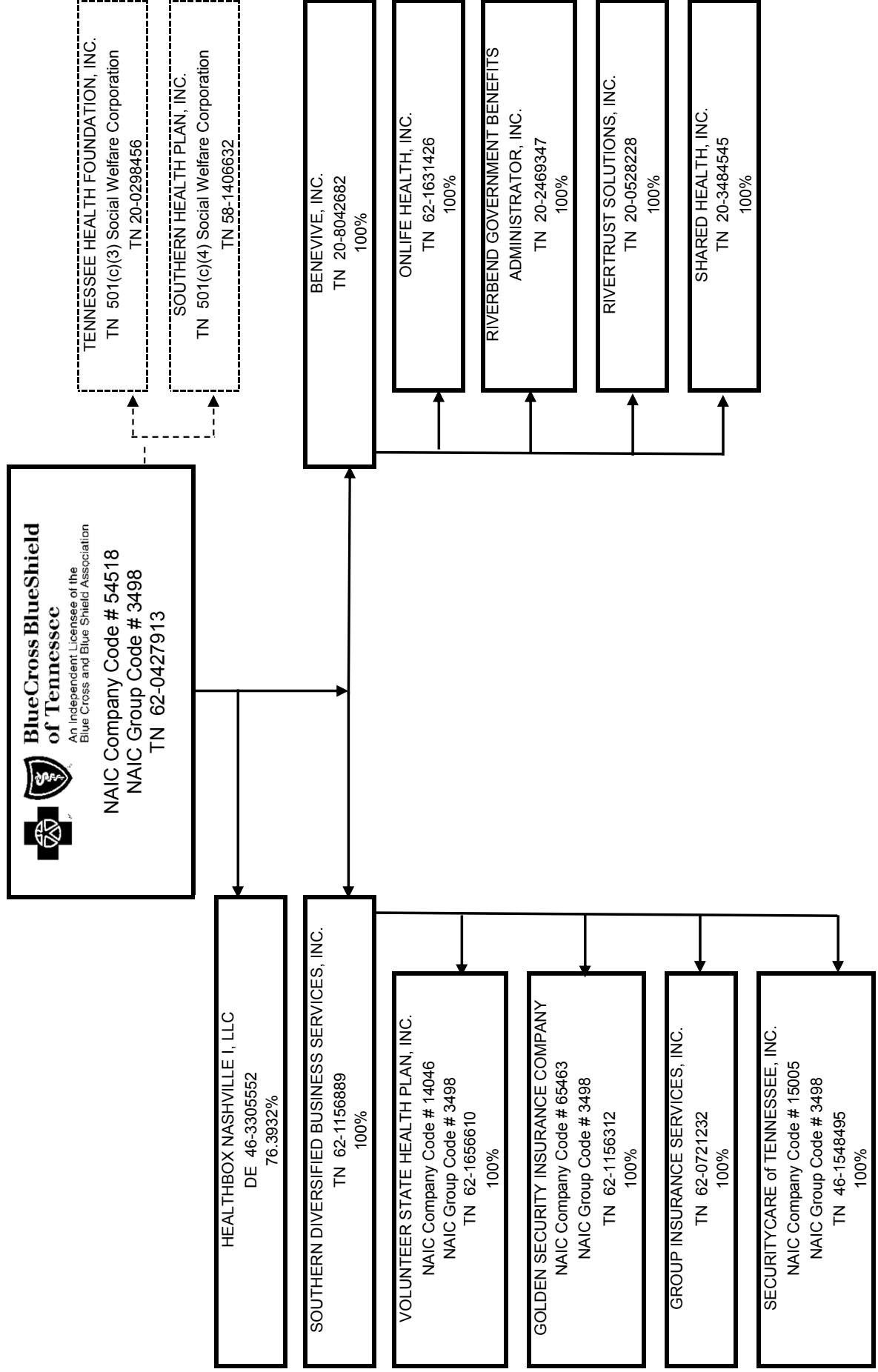
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

## MEMBERS OF A HOLDING COMPANY GROUP

### PART 1 - ORGANIZATIONAL CHART



## SCHEDULE Y

### PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Comp-any Code	Federal ID Number	FEDERAL RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domic-iliary Loca-tion	Relation-ship to Report-ing Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies) / Person(s)	
3498	BlueCross BlueShield of Tennessee	54518 00000	62-0427913 62-1156889				BlueCross BlueShield of Tennessee, Inc. Southern Diversified Business Services, Inc. Volunteer State Health Plan, Inc.	TN TN TN	UIP UDP	BlueCross BlueShield of Tennessee, Inc. Southern Diversified Business Services, Inc.	Ownership Ownership	0.0 100.0	BlueCross BlueShield of Tennessee, Inc. BlueCross BlueShield of Tennessee, Inc.	
3498	BlueCross BlueShield of Tennessee	14046	62-1656610				SecurityCare of Tennessee, Inc.	TN	IA	Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
3498	BlueCross BlueShield of Tennessee	15005	46-1548495				Golden Security Insurance Company	TN	IA	Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		65463 00000	62-1156312 62-0721232				Group Insurance Services	TN TN	NIA	Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	20-8042682				BeneVive, Inc.	TN	NIA	BlueCross BlueShield of Tennessee, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	20-3484545				Shared Health, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	20-0528228				RiverTrust Solutions, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	20-2469347				Riverbend Government Benefits Administrator, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	62-1631426				Onlife Health, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	42-3305552				Healthbox Nashville I, LLC	DE	NIA	BlueCross BlueShield of Tennessee, Inc.	Ownership, Influence	76.4	BlueCross BlueShield of Tennessee, Inc.	
		00000	20-0298456				Tennessee Health Foundation, Inc.	TN	OTH	BlueCross BlueShield of Tennessee, Inc.	Board of Directors	0.0	BlueCross BlueShield of Tennessee, Inc.	1
		00000	58-1406632				Southern Health Plan	TN	OTH	BlueCross BlueShield of Tennessee, Inc.	Board of Directors	0.0	BlueCross BlueShield of Tennessee, Inc.	2

#### Explanation

Asterisk														
0000001	BlueCross BlueShield of Tennessee, Inc.													
0000002	BlueCross BlueShield of Tennessee, Inc. doing business as BlueCross BlueShield of Tennessee Community Trust													

## 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



14046201336500003

2013

Document Code: 365

**OVERFLOW PAGE FOR WRITE-INS****LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2304. Due State of Tennessee - Premium Payable .....	3,033,150	0	3,033,150	21,899,524
2397. Summary of remaining write-ins for Line 23 (Lines 2304 through 2396) .....	3,033,150	0	3,033,150	21,899,524



STATEMENT AS OF **September 30, 2013** OF THE **Volunteer State Health Plan, Inc.**  
**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 .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	0	0
2.2 Additional investment made after acquisition .....	0	0
3. Current year change in encumbrances .....	0	0
4. Total gain (loss) on disposals .....	0	0
5. Deduct amounts received on disposals .....	0	0
6. Total foreign exchange change in book/adjusted carrying value .....	0	0
7. Deduct current year's other than temporary impairment recognized .....	0	0
8. Deduct current year's depreciation .....	0	0
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8) .....	0	0
10. Deduct total nonadmitted amounts .....	0	0
11. Statement value at end of current period (Line 9 minus Line 10) .....	0	0

**SCHEDULE B - VERIFICATION**

**Mortgage Loans**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	0	0
2.2 Additional investment made after acquisition .....	0	0
3. Capitalized deferred interest and other .....	0	0
4. Accrual of discount .....	0	0
5. Unrealized valuation increase (decrease) .....	0	0
6. Total gain (loss) on disposals .....	0	0
7. Deduct amounts received on disposals .....	0	0
8. Deduct amortization of premium and mortgage interest point .....	0	0
9. Total foreign exchange change in book value/recorded investment .....	0	0
10. Deduct current year's other than temporary impairment recognized .....	0	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) .....	0	0
12. Total valuation allowance .....	0	0
13. Subtotal (Line 11 plus Line 12) .....	0	0
14. Deduct total nonadmitted amounts .....	0	0
15. Statement value at end of current period (Line 13 minus Line 14) .....	0	0

**SCHEDULE BA - VERIFICATION**

**Other Long-Term Invested Assets**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	0	0
2.2 Additional investment made after acquisition .....	0	0
3. Capitalized deferred interest and other .....	0	0
4. Accrual of discount .....	0	0
5. Unrealized valuation increase (decrease) .....	0	0
6. Total gain (loss) on disposals .....	0	0
7. Deduct amounts received on disposals .....	0	0
8. Deduct amortization of premium and depreciation .....	0	0
9. Total foreign exchange change in book/adjusted carrying value .....	0	0
10. Deduct current year's other than temporary impairment recognized .....	0	0
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) .....	0	0
12. Deduct total nonadmitted amounts .....	0	0
13. Statement value at end of current period (Line 11 minus Line 12) .....	0	0

**SCHEDULE D - VERIFICATION**

**Bonds and Stocks**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	265,079,879	184,988,386
2. Cost of bonds and stocks acquired .....	273,664,533	266,225,791
3. Accrual of discount .....	76,891	37,207
4. Unrealized valuation increase (decrease) .....	0	20,648
5. Total gain (loss) on disposals .....	(244,536)	1,103,678
6. Deduct consideration for bonds and stocks disposed of .....	156,939,546	184,545,156
7. Deduct amortization of premium .....	3,554,921	2,629,164
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	121,511
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	378,082,300	265,079,879
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11) .....	378,082,300	265,079,879

## 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	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a)	422,840,696	548,926,660	507,523,015	(13,001,605)	419,551,306	422,840,696	451,242,736	437,091,297
2. Class 2 (a)	0	0	0	11,881,104	0	0	11,881,104	0
3. Class 3 (a)	0	0	0	0	0	0	0	0
4. Class 4 (a)	0	0	0	0	0	0	0	0
5. Class 5 (a)	0	0	0	0	0	0	0	0
6. Class 6 (a)	0	0	0	0	0	0	0	0
7. Total Bonds	422,840,696	548,926,660	507,523,015	(1,120,501)	419,551,306	422,840,696	463,123,840	437,091,297
<b>PREFERRED STOCK</b>								
8. Class 1	0	0	0	0	0	0	0	0
9. Class 2	0	0	0	0	0	0	0	0
10. Class 3	0	0	0	0	0	0	0	0
11. Class 4	0	0	0	0	0	0	0	0
12. Class 5	0	0	0	0	0	0	0	0
13. Class 6	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	422,840,696	548,926,660	507,523,015	(1,120,501)	419,551,306	422,840,696	463,123,840	437,091,297

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....38,029,730; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

**SCHEDULE DA - PART 1****Short - Term Investments**

	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
9199999. Totals .....	85,041,540	X X X	85,088,779	114,056	11,293

**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 .....	169,312,724	86,557,761
2. Cost of short-term investments acquired .....	1,414,283,006	2,537,843,673
3. Accrual of discount .....	1,132	4,416
4. Unrealized valuation increase (decrease) .....	(1,132)	(4,416)
5. Total gain (loss) on disposals .....	903	(182)
6. Deduct consideration received on disposals .....	1,498,485,213	2,455,000,852
7. Deduct amortization of premium .....	69,880	87,676
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	85,041,540	169,312,724
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11) .....	85,041,540	169,312,724

## SCHEDULE DB - PART A - VERIFICATION

### Options, Caps, Floors, Collars, Swaps and Forwards

1.	Book Adjusted Carrying Value, December 31, prior year (Line 9, prior year) .....	0
2.	Cost Paid/(Consideration Received) on additions .....	0
3.	Unrealized Valuation increase/(decrease) .....	0
4.	Total gain (loss) on termination recognized .....	0
5.	Considerations received/(paid) on terminations .....	0
6.	Amortization .....	0
7.	Adjustment to the Book/Adjusted Carrying Value of hedged item .....	0
8.	Total foreign exchange change in Book/Adjusted Carrying value .....	0
9.	Book/Adjusted Carrying Value at End of Current Period (Lines 1 + 2 + 3 + 4 - 5 + 6 + 7 + 8) .....	0
10.	Deduct nonadmitted assets .....	0
11.	Statement value at end of current period (Line 9 minus Line 10) .....	0

NONE

## SCHEDULE DB - PART B - VERIFICATION

### Futures Contracts

1.	Book/Adjusted Carrying Value, December 31 of prior year (Line 6, prior year) .....				0
2.	Cumulative cash change (Section 1, Broker Name/Net Cash Deposits Footnote - Cumulative Cash Change column) .....				0
3.1	Add:				
	Change in variation margin on open contracts - Highly Effective Hedges				
	3.11 Section 1, Column 15, current year to date minus .....	0			
	3.12 Section 1, Column 15, prior year .....	0	0		
	Change in variation margin on open contracts - All Other				
	3.13 Section 1, Column 18, current year to date minus .....	0			
	3.14 Section 1, Column 18, prior year .....	0	0	0	
3.2	Add:				
	Change in adjustment to basis of hedged item				
	3.21 Section 1, Column 17, current year to date minus .....	0			
	3.22 Section 1, Column 17, prior year .....	0	0		
	Change in amount recognized				
	3.23 Section 1, Column 19, current year to date minus .....				
	3.24 Section 1, Column 19, prior year .....		0	0	
3.3	Subtotal (Line 3.1 minus Line 3.2) .....				0
4.1	Cumulative variation Margin on terminated contracts during the year .....			0	
4.2	Less:				
	4.21 Amount used to adjust basis of hedged item .....	0			
	4.22 Amount recognized .....	0	0		
4.3	Subtotal (Line 4.1 minus Line 4.2) .....				0
5.	Dispositions gains (losses) on contracts terminated in prior year:				
	5.1 Total gain (loss) recognized for terminations in prior year .....				0
	5.2 Total gain (loss) adjusted into the hedged item(s) for terminations in prior year .....				0
6.	Book/Adjusted Carrying Value at end of current period (Lines 1 + 2 + 3.3 - 4.3 - 5.1 - 5.2) .....				0
7.	Deduct total nonadmitted amounts .....				0
8.	Statement value at end of current period (Line 6 minus Line 7) .....				0

NONE

# SCHEDULE DB - PART C - SECTION 1

## Replication (Synthetic Asset) Transactions Open as of Current Statement Date

1 Number	Replication (Synthetic Asset) Transactions				Components of the Replication (Synthetic Asset) Transactions										
	2 Description	3 NAIC Designation or Other Description	4 Notional Amount	5 Book/Adjusted Carrying Value	6 Fair Value	7 Effective Date	8 Maturity Date	9 Description	10 Book/Adjusted Carrying Value	11 Fair Value	12 CUSIP	13 Description	14 NAIC Designation or Other Description	15 Book/Adjusted Carrying Value	16 Fair Value
<b>NONE</b>															
9999999 Totals				0	0	XXX	XXX	XXX	0	0	XXX	XXX	XXX	0	0

## SCHEDULE DB - PART C - SECTION 2

### Replication (Synthetic Asset) Transactions Open

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-To-Date	
	1	2	3	4	5	6	7	8	9	10
	Number of Positions	Total Replication (Synthetic Asset) Statement Value	Number of Positions	Total Replication (Synthetic Asset) Statement Value	Number of Positions	Total Replication (Synthetic Asset) Statement Value	Number of Positions	Total Replication (Synthetic Asset) Statement Value	Number of Positions	Total Replication (Synthetic Asset) Statement Value
1. Beginning Inventory	0	0	0	0	0	0	0	0	0	0
2. Add: Opened or Acquired Transactions	0	0	0	0	0	0	0	0	0	0
3. Add: Increases in Replication (Synthetic Asset) Transactions										
Statement Value	X X X	0	<b>NONE</b>		X X X	0	X X X	0	X X X	0
4. Less: Closed or Disposed of Transactions	0	0	0	0	0	0	0	0	0	0
5. Less: Positions Disposed of for Failing Effectiveness Criteria	0	0	0	0	0	0	0	0	0	0
6. Less: Decreases in Replication (Synthetic Asset) Transactions	X X X	0	X X X	0	X X X	0	X X X	0	X X X	0
7. Ending Inventory	0	0	0	0	0	0	0	0	0	0

**SCHEDULE DB - VERIFICATION****Verification of Book/Adjusted Carrying Value, Fair Value and Potential Exposure of all Open Derivative Contracts**

		Book/Adjusted Carrying Value Check	
1.	Part A, Section 1, Column 14 .....	0	
2.	Part B, Section 1, Column 15 plus Part B, Section 1 Footnote - Total Ending Cash Balance .....	0	
3.	Total (Line 1 plus Line 2) .....		0
4.	Part D, Section 1, Column 5 .....	0	
5.	Part D, Section 1, Column 6 .....	0	
6.	Total (Line 3 minus Line 4 minus Line 5) .....		0

		Fair Value Check	
7.	Part A, Section 1, Column 16 .....	0	
8.	Part B, Section 1, Column 13 .....	0	
9.	Total (Line 7 plus Line 8) .....		0
10.	Part D, Section 1, Column 8 .....	0	
11.	Part D, Section 1, Column 9 .....	0	
12.	Total (Line 9 minus Line 10 minus Line 11) .....		0

**NONE**

		Potential Exposure Check	
13.	Part A, Section 1, Column 21 .....	0	
14.	Part B, Section 1, Column 20 .....	0	
15.	Part D, Section 1, Column 11 .....	0	
16.	Total (Line 13 plus Line 14 minus Line 15) .....		0

**SCHEDULE E - Verification**  
(Cash Equivalents)

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year .....	2,698,694	35,159,655
2.	Cost of cash equivalents acquired .....	42,567,113	3,793,799,709
3.	Accrual of discount .....	570	1,563
4.	Unrealized valuation increase (decrease) .....	(570)	(1,563)
5.	Total gain (loss) on disposals .....	0	0
6.	Deduct consideration received on disposals .....	45,265,807	3,826,260,670
7.	Deduct amortization of premium .....	0	0
8.	Total foreign exchange change in book/adjusted carrying value .....	0	0
9.	Deduct current year's other than temporary impairment recognized .....	0	0
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	0	2,698,694
11.	Deduct total nonadmitted amounts .....	0	0
12.	Statement value at end of current period (Line 10 minus Line 11) .....	0	2,698,694



**SCHEDULE A - PART 2**  
**Showing all Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter**

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2	3 State						
<b>NONE</b>								
0399999 Totals					0	0	0	0

**SCHEDULE A - PART 3**  
**Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"**

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Expended for Additions, Permanent Improvements and Changes in Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances Prior Year	9 Current Year's Depreciation	10 Current Year's Other Than Temporary Impairment Recognized	11 Current Year's Change in Encumbrances	12 Total Change in B/A C.V. (11 - 9 - 10)	13 Total Foreign Exchange Change in B/A C.V.	14 Book/Adjusted Carrying Value Less Encumbrances on Disposal	15 Amounts Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs and Expenses Incurred			
	2	3 State																				
<b>NONE</b>																						
0399999 Totals														0	0	0	0	0	0	0	0	0

**SCHEDULE B - PART 2**  
**Showing All Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter**

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Rate of Interest	7 Actual Cost at Time of Acquisition	8 Additional Investment Made After Acquisition	9 Value of Land and Buildings
	2 City	3 State						
<b>NONE</b>								
3399999 Total Mortgages (sum of Lines 0899999, 1699999, 2499999 and 3299999) .....								
								0

**SCHEDULE B - PART 3**  
**Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter**

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Disposal Date	7 Book Value/Recorded Investment Excluding Accrued Interest Prior Year	8 Unrealized Valuation Increase (Decrease)	9 Current Year's (Amortization)/ Accretion	10 Current Year's Other Than Temporary Impairment Recognized	11 Capitalized Deferred Interest and Other	12 Total Change in Book Value (8-9+10+11)	13 Total Foreign Exchange Change in Book Value	14 Book Value/Recorded Investment Excluding Accrued Interest on Disposal	15 Consideration	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal
	2 City	3 State															
<b>NONE</b>																	
0599999 Totals .....																	
																	0

**SCHEDULE BA - PART 2**

**Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter**

1	2	3	4	5	6	7	8	9	10	11	12	13	
CUSIP Identification	Name or Description	Location		Name of Vendor or General Partner	NAIC Designation	Date Originally Acquired	Type and Strategy	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Amount of Encumbrances	Commitment for Additional Investment	Percentage of Ownership	
		City	State										
				<b>NONE</b>									
4199999	TOTALS							0	0	0	0	.XXX	

**SCHEDULE BA - PART 3**

**Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
CUSIP Identification	Name or Description	Location		Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in B/A.C.V. (9 + 10 - 11 + 12)	Total Foreign Exchange Change in B/A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income
		City	State																
4199999	TOTALS						0	0	0	0	0	0	0	0	0	0	0	0	0

## SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Governments</b>									
912828RF9	U S TREASURY NOTE		09/26/2013	Morgan Stanley	XXX	8,324,857	8,244,000	6,832	1
912828VG2	U S TREASURY NOTE		09/04/2013	VARIOUS	XXX	15,974,931	16,052,000	14,521	1
059999	Subtotal - Bonds - U.S. Governments				XXX	24,299,788	24,296,000	21,353	XX
<b>Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>									
645913AU8	NEW JERSEY STATE ECON DEV AUTH LE		09/18/2013	VARIOUS	XXX	932,176	980,000	0	1FE
249999	Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions				XXX	932,176	980,000	0	XXX
<b>Bonds - U.S. Special Revenue, Special Assessment</b>									
313383Q79	FEDERAL HOME LN BK CONS BD		07/17/2013	Barclays Cap	XXX	1,800,136	1,800,000	0	1
313383QF1	FEDERAL HOME LN BK CONS BD		07/17/2013	Barclays Cap	XXX	1,200,030	1,200,000	0	1
313383V81	FEDERAL HOME LN BK CONS BD		08/08/2013	Deutsche Bank Secs	XXX	2,999,880	3,000,000	0	1
31398JG80	FHLMC MULTICLASS MTG 3563 CA		09/09/2013	Morgan Stanley	XXX	1,363,756	1,297,463	1,297	1
319999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				XXX	7,363,802	7,297,463	1,297	XXX
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
801060AB0	SANOFI	F	09/12/2013	VSHP - Pledged Assets	XXX	966,540	1,000,000	5,451	1FE
89152UAG7	TOTAL CAPITAL SA	F	09/12/2013	VSHP - Pledged Assets	XXX	996,620	1,000,000	2,066	1FE
961214BZ5	WESTPAC BANKING CORP	F	09/12/2013	VSHP - Pledged Assets	XXX	978,590	1,000,000	2,889	1FE
02582JFR6	AMERICAN EXPRESS CREDIT AC 9 A		08/07/2013	Morgan Stanley	XXX	4,006,094	4,000,000	5,572	1FE
03065CAB5	AMERICREDIT AUTOMOBILE RE 4 A2		08/07/2013	RBS SECURITIES INC, GREEN	XXX	1,749,924	1,750,000	0	1FE
05947UZR8	BANC AMER CMBS 2005-5		09/04/2013	VARIOUS	XXX	2,809,215	2,626,000	4,171	1FM
14912L5U1	CATERPILLAR FINANCIAL SERVICES		08/27/2013	Barclays Cap	XXX	2,000,000	2,000,000	0	1FE
17305EFD2	CITIBANK CREDIT CARD ISS A5 A5		08/07/2013	Citigroup GBL	XXX	4,000,000	4,000,000	0	1FE
191216BA7	COCA-COLA CO THE		09/12/2013	VSHP - Pledged Assets	XXX	485,510	500,000	3,067	1FE
34529GAU8	FORD CREDIT FLOORPLAN MAS 5 A1		07/25/2013	Credit Suisse	XXX	180,218	180,000	113	1FE
43813CAC4	HONDA AUTO RECEIVABLES 20 4 A3		09/19/2013	Citigroup GBL	XXX	2,193,057	2,194,000	158	1FE
44890PAB1	HYUNDAI AUTO LEAS 13-B A2 144A		08/07/2013	Merrill Lynch	XXX	2,999,757	3,000,000	0	1FE
24422ESC4	JOHN DEERE CAPITAL CORP		07/23/2013	Deutsche Bank Secs	XXX	2,000,000	2,000,000	0	1FE
57629WB58	MASSMUTUAL GLOBAL FUNDING 144A		07/26/2013	Morgan Stanley	XXX	985,184	987,000	0	1FE
58933YAG0	MERCK & CO INC		09/12/2013	Non Broker Trade	XXX	968,930	1,000,000	4,225	1FE
59022HJL7	MERRILL LYNCH MORTGAGE CIP1 A4		08/15/2013	JPMorgan Securities Inc,	XXX	1,221,169	1,145,000	2,408	1FE
60688LAC9	MMAF EQUIPMENT 13-AA A3 144A		08/07/2013	JPMorgan Securities Inc,	XXX	1,859,797	1,860,000	0	1FE
627180AA3	MURRAY STREET INVESTMENT TRUST		09/17/2013	VARIOUS	XXX	1,438,814	1,350,000	15,477	1FE
74153WCA5	PRICOA GLOBAL FUNDING I 144A		08/20/2013	Merrill Lynch	XXX	1,600,000	1,600,000	0	1FE
828807CA3	SIMON PROPERTY GROUP LP		09/26/2013	VARIOUS	XXX	2,288,655	1,684,000	68,850	1FE
92867NAD0	VOLKSWAGEN AUTO LEASE TRU A A3		07/17/2013	First Boston Corp	XXX	2,169,718	2,170,000	0	1FE
931142DF7	WAL-MART STORES INC		09/12/2013	VSHP - Pledged Assets	XXX	968,040	1,000,000	4,875	1FE
94985H5G5	WELLS FARGO BANK NA		07/22/2013	Wells Fargo Securities LL	XXX	2,000,000	2,000,000	0	1FE
98158KAC3	WORLD OMNI AUTO RECEIVABL A A3		07/17/2013	Credit Suisse	XXX	14,459	14,453	3	1FE
389999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				XXX	40,860,291	40,060,453	119,325	XXX
839999	Subtotal - Bonds - Part 3				XXX	73,456,057	72,633,916	141,975	XXX
839999	Subtotal - Bonds				XXX	73,456,057	72,633,916	141,975	XXX
989999	Subtotal - Preferred and Common Stocks				XXX	0	XXX	0	XXX
999999	Total - Bonds, Preferred and Common Stocks				XXX	73,456,057	XXX	141,975	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0.



## SCHEDULE D - PART 4

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

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	11 Change in Book/Adjusted Carrying Value				15 Total Foreign Exchange Change in B./A.C.V.	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 Stated Contractual 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)									
4625M8N7	JP MORGAN CHASE COMMERCIAL A3		09/16/2013	PRINCIPAL RECEIPT	XXX	959,782	959,782	1,022,055	1,014,703	0	(54,921)	0	(64,921)	0	959,782	0	0	0	29,532	05/15/2041	IFM	
494368AX1	KIMBERLY-CLARK CORP		08/15/2013	MATURITY	XXX	400,000	400,000	430,936	410,626	0	(10,626)	0	(10,626)	0	400,000	0	0	0	20,000	08/15/2013	IFE	
65476LAB7	NISSAN AUTO LEASE TRUST B A2A		09/16/2013	PRINCIPAL RECEIPT	XXX	249,336	249,336	249,375	0	0	(39)	0	(39)	0	249,336	0	0	0	572	06/15/2015	IFE	
654748AB8	NISSAN AUTO RECEIVABLES O A A2		09/16/2013	PRINCIPAL RECEIPT	XXX	159,755	159,755	159,738	0	0	17	0	17	0	159,755	0	0	0	392	09/15/2015	IFE	
65475UA88	NISSAN AUTO RECEIVABLES O A A2		09/16/2013	PRINCIPAL RECEIPT	XXX	179,701	179,701	179,685	0	0	2	0	2	0	179,701	0	0	0	647	10/15/2014	IFE	
65475QA87	NISSAN AUTO RECEIVABLES O B A2		09/16/2013	PRINCIPAL RECEIPT	XXX	153,879	153,879	153,864	0	0	4	0	4	0	153,879	0	0	0	759	09/15/2014	IFE	
65476GAB8	NISSAN AUTO RECEIVABLES O B A2		09/16/2013	PRINCIPAL RECEIPT	XXX	653,749	653,749	653,979	653,972	0	(23)	0	(23)	0	653,749	0	0	0	1,700	04/15/2015	IFE	
74153WB17	NUCOR CORP		09/12/2013	VSHP - Pledged Assets	XXX	3,370,470	3,000,000	3,639,720	3,632,816	0	(87,265)	0	(87,265)	0	3,545,551	0	(175,081)	(175,081)	137,042	12/01/2017	IFE	
828807C14	PRICOA GBL MTD #TR00033144A		09/27/2013	MATURITY	XXX	450,000	450,000	425,583	445,354	0	4,646	0	4,646	0	450,000	0	0	0	1,677	09/27/2013	IFE	
92243VDS	SMOK PROPERTY GROUP LP		09/26/2013	VARIOUS	XXX	2,382,884	2,372,000	2,446,168	2,500,000	0	(10,054)	0	(10,054)	0	2,436,113	0	(63,229)	(63,229)	51,719	09/15/2017	IFE	
98158KAC3	VERIZON COMMUNICATIONS		09/12/2013	Non Broker Trade	XXX	2,499,275	2,500,000	2,500,000	2,500,000	0	0	0	0	0	2,500,000	0	(725)	(725)	43,889	11/01/2016	IFE	
13069DP3	WORLD OMNI AUTO RECEIVABLE A A3		09/16/2013	PRINCIPAL RECEIPT	XXX	173,261	173,261	174,154	154,191	0	(662)	0	(662)	0	173,261	0	0	0	1,219	05/15/2015	IFE	
	CANADIAN IMP BK COMM NY		09/13/2013	MATURITY	XXX	2,000,000	2,000,000	2,025,300	2,011,518	0	(11,516)	0	(11,516)	0	2,000,000	0	0	0	29,000	09/13/2013	IFE	
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					XXX	38,174,359	37,506,532	38,913,291	23,717,197	0	(370,277)	0	(370,277)	0	38,405,636	0	(231,279)	(231,279)	740,627	XXX	XXX	
8399997 Subtotal - Bonds - Part 4					XXX	49,983,772	49,175,138	50,981,340	29,585,955	0	(520,011)	0	(520,011)	0	50,214,002	0	(230,232)	(230,232)	902,672	XXX	XXX	
8399999 Subtotal - Bonds					XXX	49,983,772	49,175,138	50,981,340	29,585,955	0	(520,011)	0	(520,011)	0	50,214,002	0	(230,232)	(230,232)	902,672	XXX	XXX	
9899999 Subtotal - Preferred and Common Stocks					XXX	0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9999999 Total - Bonds, Preferred and Common Stocks					XXX	49,983,772	49,175,138	50,981,340	29,585,955	0	(520,011)	0	(520,011)	0	50,214,002	0	(230,232)	(230,232)	902,672	XXX	XXX	

(a) For all common stock bearing the NAIC market indicator "U" provide the number of such issues.....0.

**SCHEDULE DB - PART A - SECTION 1**

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23																					
Description	Description of Item(s) Hedged, Used for Income Generation or Replicated	Schedule/ Exhibit Identifier	Type(s) of Risk(s) (e)	Exchange, Counterparty or Central Clearinghouse	Trade Date	Date of Maturity or Expiration	Number of Contracts	National Amount	Strike Price, Rate or Indexed Received (Paid)	Cumulative Prior Year(s) Initial Cost of Premium (Received) Paid	Current Year Initial Cost of Premium (Received) Paid	Current Year Income	Book/ Adjusted Carrying Value	Code	Fair Value	Unrealized Valuation Increase/ (Decrease)	Total Foreign Exchange Change in B/A/C.V.	Current Years (Amortization) Accretion	Adjustment to Carrying Value of Hedged Item	Potential Exposure	Credit Quality of Reference Entity	Hedge Effectiveness at inception and at Quarter end (b)																					
144999 Totals																						0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(a)

1	2
Code	Description of Hedged Risk(s)
	<b>NONE</b>

(b)

1	2
Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period
0000	

# SCHEDULE DB - PART B - SECTION 1

## Future Contracts Open as of the Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	Highly Effective Hedges			18	19	20	21	22																				
Ticker Symbol	Number of Contracts	Notional Amount	Description	Description of Item(s) Hedged, Used for Income Generation or Replicated	Schedule/ Exhibit Identifier	Type(s) of Risk(s) (a)	Date of Maturity or Expiration	Exchange	Trade Date	Transaction Price	Reporting Date Price	Fair Value	Book/ Adjusted Carrying Value	15	16	17	All Other	Change in Variation Margin Gain (Loss) Recognized in Current Year	Potential Exposure	Hedge Effectiveness at Inception and at Quarter-end (b)	Value of One (1) Point																				
1449999 Totals																					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1	2	3	4
Broker Name	Beginning Cash Balance	Cumulative Cash Change	Ending Cash Balance
9999999 Total - Net Cash Deposits	0	0	0

(a)	1	2
Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period	
	NONE	
0000		



**SCHEDULE DB - PART D - SECTION 1**

Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

1 Description of Exchange, Counterparty or Central Clearinghouse	2 Master Agreement (Y or N)	3 Credit Support Annex (Y or N)	4 Fair Value of Acceptable Collateral	Book/Adjusted Carrying Value		7 Exposure net of Collateral	Fair Value		11 Potential Exposure	12 Off-Balance Sheet Exposure
				5 Contracts With Book/ Adjusted Carrying Value > 0	6 Contracts With Book/ Adjusted Carrying Value < 0		8 Contracts With Fair Value > 0	9 Contracts With Fair Value < 0		
<b>NONE</b>										
0999999 Total (Sum of 0199999, 0299999, 0399999, 0499999, 0599999, 0699999 & 0799999)				0	0	0	0	0	0	0

**SCHEDULE DB - PART D - SECTION 2**

Collateral for Derivative Instruments Open as of Current Statement Date

**Collateral Pledged by Reporting Entity**

1 Exchange, Counterparty or Central Clearinghouse	2 Type of Asset Pledged	3 CUSIP Identification	4 Description	5 Fair Value	6 Par Value	7 Book/Adjusted Carrying Value	8 Maturity Date	9 Type of Margin (I, V or IV)
<b>NONE</b>				0	0	0	XXX	XXX
0199999 Total				0	0	0	XXX	XXX

**SCHEDULE DB - PART D - SECTION 2**

Collateral for Derivative Instruments Open as of Current Statement Date

**Collateral Pledged to Reporting Entity**

1 Exchange, Counterparty or Central Clearinghouse	2 Type of Asset Pledged	3 CUSIP Identification	4 Description	5 Fair Value	6 Par Value	7 Book/Adjusted Carrying Value	8 Maturity Date	9 Type of Margin (I, V or IV)
<b>NONE</b>				0	0	XXX	XXX	XXX
0299999 Total				0	0	XXX	XXX	XXX

## SCHEDULE DL - PART 1 SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

1 CUSIP Identification	2 Description	3 Code	4 NAIC Designation / Market Indicator	5 Fair Value	6 Book/Adjusted Carrying Value	7 Maturity Dates
<b>NONE</b>						
9999999 Grand Totals .....				0	0	X X X .....

**General Interrogatories:**

1. Total activity for the year to date Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
2. Average balance for the year to date Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation: NAIC 1 \$.....0, NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

## SCHEDULE DL - PART 2 SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

1 CUSIP Identification	2 Description	3 Code	4 NAIC Designation / Market Indicator	5 Fair Value	6 Book/Adjusted Carrying Value	7 Maturity Dates
<b>NONE</b>						
9999999 Grand Totals .....				0	0	X X X .....

General Interrogatories:

1. Total activity for the year to date Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
2. Average balance for the year to date Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0

**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	
<b>open depositories</b>									
US Bank TNCare Select .....	Nashville, TN .....		0.000	0	0	14,762,617	8,127,746	7,914,104	X X X
US Bank Stabilization .....	Nashville, TN .....		0.000	0	0	2,379,844	2,366,204	2,363,114	X X X
0199998 Deposits in .....5 depositories that do not exceed the allowable limit in any one depository (see Instructions) - open depositories .....		X X X	X X X	(106)	0	1,053,752	(100,353)	(25,963)	X X X
0199999 Totals - Open Depositories .....		X X X	X X X	(106)	0	18,196,213	10,393,597	10,251,255	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	0	0	0	0	0	X X X
0299999 Totals - Suspended Depositories .....		X X X	X X X	0	0	0	0	0	X X X
0399999 Total Cash On Deposit .....		X X X	X X X	(106)	0	18,196,213	10,393,597	10,251,255	X X X
0499999 Cash in Company's Office .....		X X X	X X X	X X X	X X X	0	0	0	X X X
0599999 Total Cash .....		X X X	X X X	(106)	0	18,196,213	10,393,597	10,251,255	X X X

## SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
<b>NONE</b>							
8699999 Total - Cash Equivalents .....					0	0	0



## MEDICARE PART D COVERAGE SUPPLEMENT

### Net of Reinsurance

NAIC Group Code: 3498

NAIC Company Code: 14046

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected .....	0	X X X	0	X X X	0
2. Earned Premiums .....	0	X X X	0	X X X	X X X
3. Claims Paid .....	0	X X X	0	X X X	0
4. Claims Incurred .....	0	X X X	0	X X X	X X X
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a) .....	<b>NONE</b>		0	X X X	0
6. Aggregate Policy Reserves - change .....	<b>NONE</b>		0	X X X	X X X
7. Expenses Paid .....	<b>NONE</b>		0	X X X	0
8. Expenses Incurred .....	0	X X X	0	X X X	X X X
9. Underwriting Gain or Loss .....	0	X X X	0	X X X	X X X
10. Cash Flow Results .....	X X X	X X X	X X X	X X X	0

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$.....0 due from CMS or \$.....0 due to CMS

## Statement of Actuarial Opinion

**NONE**



**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.....						
0299999 Total group.....						
0399999 Premiums due and unpaid from Medicare entities.....						
<b>Medicaid Entities:</b> ..... .....	<b>NONE</b>					
0499997 Subtotal - Medicaid Entities:.....	-	-	-	-	-	-
0499999 Premiums due and unpaid from Medicaid entities.....	-	-	-	-	-	-
0599999 Accident and health premiums due and unpaid (Page 2, Line 13).....	-	-	-	-	-	-

## 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.....						
Provider Receivables						
0299998 Claim Overpayment Receivables - Not Individually Listed.....	-	-	-	1,804,373	1,804,373	-
0299999 Subtotal - Claim Overpayment Receivables.....	-	-	-	1,804,373	1,804,373	-
<b>Loans and Advances to Providers</b>						
3000001 SouthEast Transportation	2,114,398					
0399998 Loans and Advances to Providers - Not Individually Listed.....					2,114,398	
0399999 Subtotal - Loans and Advances to Providers.....	2,114,398				2,114,398	
0499998 Capitation Arrangement Receivables - Not Individually Listed.....						
0499999 Subtotal - Capitation Arrangement Receivables.....						
0599998 Risk Sharing Receivables - Not Individually Listed.....						
0599999 Subtotal - Risk Sharing Receivables.....						
0699998 Other Receivables - Not Individually Listed.....						
0699999 Subtotal - Other Receivables.....						
0799999 Gross health care receivables.....	2,114,398			1,804,373	3,918,771	

**EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES**

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted		
						7 Current	8 Non-Current	
Individually listed receivables								
0199999 Total - individually listed receivables	<b>NONE</b>							
0299999 Receivables not individually listed								
0399999 Total gross amounts receivable								

**EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES**

Affiliate	2 Description	3 Amount	5	
			4 Current	Non-Current
BlueCross BlueShield of Tennessee	Administrative Expense offset and Federal Income Tax Expense	17,949,736	17,949,736	-
0199999 Total - Individually listed payables	.....XXX.....	17,949,736	17,949,736	-
0299999 Payables not individually listed	.....XXX.....	.....	.....	.....
0399999 Total gross payables	.....XXX.....	17,949,736	17,949,736	-

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1 Cameron Hill Circle  
Chattanooga, TN 37402-2555  
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Via FedEx USA Airbill # 8041 2784 9238

November 15, 2013

Ms. Lisa Jordan  
Department of Commerce and Insurance  
TennCare<sup>SM</sup> Division  
500 James Robertson Parkway - Suite 750  
Nashville, TN 37243-1169

RE: NAIC 3<sup>rd</sup> Quarter 2013 Statement for Volunteer State Health Plan, Inc. (VSHP)

Dear Ms. Jordan:

Enclosed is the NAIC 3<sup>rd</sup> Quarter 2013 Statement for Volunteer State Health Plan, Inc. This report is a combination of all of the VSHP insured TennCare business. TennCare Select and the Stabilization Plan have been treated as ASO business throughout the report. Supplemental statements of revenues and expenses for TennCare Select, BlueCare West, and BlueCare East appear on pages 5.1, 5.2, and 5.3, respectively.

Enclosed are reconciliations of the Statement of Revenue and Expense to current contract supplemental exhibits.

Please feel free to call me (423-535-6773) if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads 'Ann Tate'.

Ann Tate  
Coordinator, Health Plan Accounting

**VSHP September 2013 YTD**

	<u>TennCare Select Supplement 5.1</u>	<u>BlueCare West Supplement 5.2</u>	<u>BlueCare East Supplement 5.3</u>	<u>Other</u>	<u>Total</u>
<b>TennCare Revenue</b>	\$ 293,770,441	\$ 552,827,265	\$ 706,745,740	\$ (321,793)	\$ 1,553,021,653
<b>Investment Income</b>		856,237	1,046,512	(196,703)	1,706,046
<b>Other Revenues</b>		194,968	108,192		303,160
<b>Total Revenues</b>	<u>293,770,441</u>	<u>553,878,470</u>	<u>707,900,444</u>	<u>(518,496)</u>	<u>1,555,030,859</u>
<b>Claims Expenses</b>	253,867,646	465,707,132	568,987,504	(310,112)	1,288,252,170
<b>Administrative Expenses</b>	37,122,741	82,518,478	104,893,443	1,803,322	226,337,984
<b>Pre-Tax Gain/(Loss)</b>	<u>2,780,054</u>	<u>5,652,860</u>	<u>34,019,497</u>	<u>(2,011,706)</u>	<u>40,440,705</u>
<b>Federal Income Tax</b>	993,378	2,019,898	12,155,954	(718,830)	14,450,400
<b>Net Gain/(Loss)</b>	<u>\$ 1,786,676</u>	<u>\$ 3,632,962</u>	<u>\$ 21,863,543</u>	<u>\$ (1,292,876)</u>	<u>\$ 25,990,305</u>



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Recipient's Name: **Ms. Lisa Jordan** Phone: \_\_\_\_\_

Company: **Dept of Commerce + Insurance**

Address: **TenCare Division**

Address: **500 James Robertson Pkwy Ste 750**

City: **Nashville** State: **TN** ZIP: **37243-1109**

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