

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Giese</i>	DATE <i>6-15-12</i>
--------------------	------------------------

DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <i>101480</i>	<input checked="" type="checkbox"/> Prepare reply for the Director's signature DATE DUE <i>6-25-12</i>		
2. DATE SIGNED BY DIRECTOR <i>cc: Mr. Teek, Singleton, Depas</i>	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____ <input type="checkbox"/> Necessary Action		
<i>* SAME ON Log # 481</i> <i>Cleared 7/2/12, letter attached!</i>			

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

PATRICK J. LEAHY, SENATOR, VERMONT
HERB KOHL, WISCONSIN
DIANNE FEINSTEIN, CALIFORNIA
CHARLES E. SCHUMER, NEW YORK
RICHARD J. DURBIN, ILLINOIS
SHELDON WHITEHOUSE, RHODE ISLAND
AMY KLOBUCHAR, MINNESOTA
AL FRANKEN, MINNESOTA
CHRISTOPHER A. COONS, DELAWARE
RICHARD BLUMENTHAL, CONNECTICUT
CHARLES E. GRAVELLY, IOWA
CHRIS G. HATCH, UTAH
JON KYL, ARIZONA
JEFF SESSIONS, ALABAMA
LINDSEY O. GRAHAM, SOUTH CAROLINA
JOHN CORNYN, TEXAS
MICHAEL S. LEE, UTAH
TOM COBURN, OKLAHOMA

United States Senate
COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510-6275

Bret A. Carter, Chief Counsel and Staff Director
Katie L. Davis, Assistant Chief Counsel and Staff Director

February 23, 2012

Anthony E. Keck
Director
South Carolina Department of Health and Human Services
P. O. Box 8206
Columbia, SC 29202-8206

Dear Director Keck:

In the United States, the federal and state governments spend roughly \$300 billion every year on the Medicaid program. Like the Medicare program, Medicaid suffers from systemic weaknesses that lead to fraud, waste, and abuse across the program, resulting in higher costs and less health care to those who are in need. I take seriously my responsibility to ensure that taxpayer dollars are appropriately spent on federal health care programs.

Medicaid is a vital program administered by the states and funded jointly by the federal and state governments. Through this partnership, Medicaid serves the most fragile of populations who depend upon the critical services provided. For many years, states have been allowed to provide services to Medicaid recipients through managed care entities to help control the increasing costs for services. Historically, managed care entities have proven to better coordinate the often complex health care needs of Medicaid beneficiaries.

In order for recipients to receive adequate services from these managed care entities, states must appropriately and correctly reimburse for services provided. Recently, questions have arisen regarding the process states have utilized in determining the appropriate payment to managed care entities by the Medicaid program.

The Medicaid statute 1903(m)(2)(iii) requires that state payments to managed care entities be made on an actuarially sound basis. In 2009, the Government Accountability Office (GAO) was asked to investigate CMS's oversight of the states compliance in meeting the statutory requirement. The GAO found that "CMS has been inconsistent in reviewing states' rate setting for compliance with the Medicaid managed care actuarial soundness requirements, which

specify that rates must be developed in accordance with actuarial principles, appropriate for the population and services, and certified by actuaries.¹”

In the 18 months since that report was issued, I have seen nothing to convince me CMS or the states have improved in their ability to confirm that managed care entities are appropriately and correctly reimbursing for the services provided. If an entity is paid too little, the access to and quality of care provided to beneficiaries is jeopardized. If an entity is paid too much, scarce Medicaid resources are diverted away from providing services to beneficiaries.

In order to better understand what your state is doing to ensure that resources are being properly spent through managed care entities, please provide the following information:

1. Does your state have an independent audit requirement for managed care entities? If so, under what professional auditing standards must these audits be conducted?
 - a) Does the auditor perform a financial audit to validate reported information on medical-loss ratio, administrative costs, profit, and reserves?
 - b) Does the auditor perform a performance/compliance audit to validate performance measures and adherence to contractual requirements?
 - c) Please provide a copy of the rules and/or regulations that establish this requirement in your state.
 - d) Please provide a list of all managed care entities operating in your state, number of times each has been audited, the date of the most recent audit, and a summary of the results.
2. Your state’s definition(s), per managed care entity contract language, of allowable medical costs (all items allowable in calculating the medical loss ratio);
3. Your state’s definition(s), per managed care entity contract language, of what allowable administrative costs are;
4. An example copy of the reporting document(s) that plans are required to provide your state for reporting on medical costs, administrative costs, and profit;
5. A certification stating whether the actuary performing work for your state is, or is not, also providing services to one or more of your plans;
6. Any guidance document, white-papers, or presentation from CMS with respect to defining medical-loss ratio, administrative costs, profit, and reserves; and

¹ GAO Report: “CMS’s Oversight of States’ Rate Setting Needs Improvement;”
<http://www.gao.gov/new.items/d10810.pdf>

7. Has your state contacted CMS to gain clarification and guidance on these issues in the past three years? If so, has CMS adequately aided your state?

Thank you for your prompt attention and response to the questions raised in this inquiry. In responding to the aforementioned questions, please repeat each enumerated request followed by your response. Please provide responses to the questions no later than March 16, 2012. Should you have any questions regarding this request, please contact Erika Smith on my staff at 202-224-5225.

Sincerely,

A handwritten signature in black ink that reads "Chuck Grassley". The signature is written in a cursive, slightly slanted style.

Charles E. Grassley
Ranking Member
Committee on the Judiciary

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

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OFFICE OF THE CLERK
U.S. SENATE
WASHINGTON, D.C. 20540-5000
TELEPHONE: (202) 512-2111
FACSIMILE: (202) 512-2112
WWW.SENATE.GOV

United States Senate
COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20540-5225

February 23, 2012

Anthony E. Keck
Director
South Carolina Department of Health and Human Services
P. O. Box 8206
Columbia, SC 29202-8206

Dear Director Keck:

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The Medicaid statute 1903(m)(2)(iii) requires that state payments to managed care entities be made on an actuarially sound basis. In 2009, the Government Accountability Office (GAO) was asked to investigate CMS's oversight of the states compliance in meeting the statutory requirement. The GAO found that "CMS has been inconsistent in reviewing states' rate setting for compliance with the Medicaid managed care actuarial soundness requirements, which

specify that rates must be developed in accordance with actuarial principles, appropriate for the population and services, and certified by actuaries.^{1,3}

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 - a) Does the auditor perform a financial audit to validate reported information on medical-loss ratio, administrative costs, profit, and reserves?
 - b) Does the auditor perform a performance/compliance audit to validate performance measures and adherence to contractual requirements?
 - c) Please provide a copy of the rules and/or regulations that establish this requirement in your state.
 - d) Please provide a list of all managed care entities operating in your state, number of times each has been audited, the date of the most recent audit, and a summary of the results.
2. Your state's definition(s), per managed care entity contract language, of allowable medical costs (all items allowable in calculating the medical loss ratio);
3. Your state's definition(s), per managed care entity contract language, of what allowable administrative costs are;
4. An example copy of the reporting document(s) that plans are required to provide your state for reporting on medical costs, administrative costs, and profit;
5. A certification stating whether the actuary performing work for your state is, or is not, also providing services to one or more of your plans;
6. Any guidance document, white-papers, or presentation from CMS with respect to defining medical-loss ratio, administrative costs, profit, and reserves; and

¹ GAO Report: "CMS's Oversight of States' Rate Setting Needs Improvement;" <http://www.gao.gov/new.items/d10810.pdf>

7. Has your state contacted CMS to gain clarification and guidance on these issues in the past three years? If so, has CMS adequately aided your state?

Thank you for your prompt attention and response to the questions raised in this inquiry. In responding to the aforementioned questions, please repeat each enumerated request followed by your response. Please provide responses to the questions no later than March 16, 2012. Should you have any questions regarding this request, please contact Erika Smith on my staff at 202-224-5225.

Sincerely,

A handwritten signature in cursive script that reads "Chuck Grassley". The signature is written in dark ink and is positioned to the right of the typed name.

Charles E. Grassley
Ranking Member
Committee on the Judiciary



July 2, 2012

The Honorable Charles E. Grassley
United States Senate
Committee on the Judiciary
Washington, DC 20510-6275

Dear Senator Grassley:

This letter is in response to your June 14, 2012 request regarding South Carolina's use of Medicaid funds to contract with managed care entities. Our responses should assist you in better understanding how South Carolina Medicaid is focused on being a good steward of taxpayer's dollars and improving quality outcomes. I appreciate the opportunity to respond to your questions.

Question 1 – Does South Carolina have an independent audit requirement for managed care entities? No, however, since January 1, 2012 South Carolina has contracted with Clifton Gunderson to perform a financial/administrative audit of MCOs currently operating in the state. We will be happy to provide you a copy of the results when completed.

Question 2 – Your state's definition(s), per managed care entity contract language, of allowable medical costs (all items allowable in calculating the medical-loss ratio); Not applicable, as we do not address this in our current contracts but will consider addressing this matter in our 2014 contracting period. Clifton Gunderson's financial/administrative audit of MCOs will be conducted following federal accounting requirements.

Question 3 – Your state's definition(s), per managed care entity contract language, of allowable administrative costs are; Not applicable

Question 4 – An example of the reporting document(s) that plans are required to provide your state for reporting on medical costs, administrative costs and profit; This is not a contract requirement, but is a South Carolina Department of Insurance requirement. I have included, as an example, a report from one of our largest health plans. This report includes their annual business statement from the previous calendar year (2010).

Question 5 – A certification stating whether the actuary performing work in your state is, or is not also providing services to one or more of your plans; Our actuarial contract is with Milliman, Inc. and in Section BB of the contract, under the conflict of interest clause it states that they will not work for a South Carolina health plan on any South Carolina Medicaid issue for as long as Milliman works for SCDHHS. (I have attached this conflict of interest documentation for your review).

Question 6 – Any guidance document, white-papers, or presentations from CMS with respect to defining medical-loss ratio, administrative costs, profit, and reserves; and Not applicable.

Question 7 – Has your state contacted CMS to gain clarification and guidance on these issues in the past three years? No, we are not aware of any contact.

Office of the Director

P. O. Box 8206 Columbia South Carolina 29202-8206
(803) 896-2504 Fax (803) 256-8235

The Honorable Charles E. Grassley
July 2, 2012
Page 2

In conclusion, it is important to note that earlier this year I convened a Coordinated Care Improvement Group consisting of representatives of the Managed Care Organizations, Medical Home Networks, provider groups and consumers to recommend performance objectives and specific performance improvements to our coordinated care model. The outcome of this effort can be expected to result in changes to our current coordinated care contracts to include incentives and withholds, all with an emphasis on better health, satisfaction and cost management. We are on track to complete this initiative before the end of this calendar year 2012.

I trust you find this information is helpful in your efforts to ensure that taxpayer dollars are being appropriately spent on all federal health care programs.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Keck', with a long horizontal line extending to the right.

Anthony E. Keck
Director

AEK/gc

Enclosures

Managed Care Health Plan Contact Information

MANAGED CARE PRIOR AUTHORIZATION PHONE NUMBERS	
Medical Homes Network:	
Carolina Medical Homes Phone: (800)733-1108	
Palmetto Physician Connections Phone: (888)781-4371, opt 6	
SC Solutions Phone: (888) 366-6243, opt 4	<p>Note: Enrollment into an MHN does not require prior approval (PA). It requires a 6-digit referral number from the PCP. Call the phone number listed only if the PCP refuses to issue a referral number.</p>
Managed Care Organizations:	
Absolute Total Care Phone: (866) 433-6041, opt 1, opt 2, opt 3, then the option specific to the service needing a PA	BlueChoice HealthPlan of SC Phone: (866) 902-1689, opt 2
First Choice by Select Health Phone: (888) 559-1010, opt 4	UnitedHealthcare CommunityPlan Phone: (800) 366-7304

Note: Failure to request PA prior to rendering services may result in non-payment.

MANAGED CARE PHARMACY SERVICES PHONE NUMBERS	
Medical Homes Network:	
Carolina Medical Homes, Palmetto Physician Connections, and SC Solutions Claims are adjudicated by the Medicaid agency. As such, contact SC Medicaid Pharmacy Services at (803) 898-2876 for assistance.	
Managed Care Organizations:	
Absolute Total Care - US Script Phone: (800) 460-8988, opt 1, opt 6	BlueChoice HealthPlan of SC - WellPoint Next Rx Phone: (800) 470-0933, opt 3
First Choice by Select Health - Perform Rx Phone: (866) 610-2773, opt 2 (Physician) or opt 3 (Pharmacist)	UnitedHealthcare CommunityPlan Phone: (800) 310-6826 (Physician PA) Phone: (877) 305-8952 (Pharmacy Assist.)

Managed Care Health Plan Contact Information

MANAGED CARE BUSINESS OFFICE PHONE NUMBERS

Medical Homes Network:	
Carolina Medical Homes 250 Berryhill Rd, Ste 202 Columbia, SC 29210 Phone: 803-509-5377	Palmetto Physician Connections 531 South Main St, Ste 307 Greenville, SC 29601 Phone: 888-781-4371
SC Solutions 132 West Park Blvd Columbia, SC 29210 Phone: 888-793-0006	
Managed Care Organizations:	
Absolute Total Care 1441 Main Street, 9th Floor Columbia, SC 29201 Phone: 803-933-3638	BlueChoice HealthPlan of SC PO Box 6170 Mail Code AX-305 Columbia, SC 29260 Phone: 800-327-3183, ext 25151
First Choice by Select Health 4390 Belle Oak Drive, Ste 400 North Charleston, SC 29405 Phone: 843-569-4872	UnitedHealthcare CommunityPlan 100 Executive Center Drive, Ste A-13 Columbia, SC 29210 Phone: 803-798-6210

Note: The above phone numbers are to be called for assistance with contracting issues.

MANAGED CARE MEMBER SERVICES	
Managed Care Organization	
Name	Member Services #
Absolute Total Care	866-433-6041
BlueChoice HealthPlan of SC	866-781-5094
First Choice by Select Health	888-276-2020
UnitedHealthcare CommunityPlan	800-414-9025
Medical Homes Network	
Name	Member Services #
Carolina Medical Homes	800-733-1108
Palmetto Physician Connections	888-781-4371
SC Solutions	888-366-6243



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

Select Health of South Carolina, Inc.

NALC Group Code	0000	0000	NALC Company Code	95458	Employer's ID Number	5740023456
Organized under the laws of	South Carolina	State of Domicile or Port of Entry	South Carolina			
Country of Domicile	United States					
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]				
Incorporated/Organized	09/28/1995	Commenced Business	12/01/1995			
Statutory Home Office	4390 Belle Oaks Drive, Suite 400		Charleston, SC 29405 (City, State and Zip Code)			
Main Administrative Office	4390 Belle Oaks Drive, Suite 400		Charleston, SC 29405 (City, State and Zip Code)			
Mail Address	4390 Belle Oaks Drive, Suite 400		Charleston, SC 29405 (City, State and Zip Code)			
Primary Location of Books and Records	4390 Belle Oaks Drive, Suite 400		Charleston, SC 29405 (City, State and Zip Code)			
Internet Web Site Address		www.SelectHealthSC.com	843-569-4688 (Area Code) (Telephone Number) (Extension)			
Statutory Statement Contact	Robbie L. Aubrey	(Name)		843-569-4688 (Area Code) (Telephone Number) (Extension)		
	rob.aubrey@selecthealthsc.com	(E-mail Address)		843-569-7228 (Fax Number)		

OFFICERS		
Name	Title	Name
J. Michael Larrigan	President	Steven H. Bohner
Robert H. Gilman	Secretary	
OTHER OFFICERS		
Cindy A. Helling	Executive Director	Robbie L. Aubrey
		Vice President / Chief Financial Officer

DIRECTORS OR TRUSTEES		
Mark T. Bullock Esquire	Donald J. Hefner	Joseph H. Bradley
Paul A. Tufano	Yvette D. Bright	Heratio R. Welch, Jr.

State of _____ South Carolina _____ ss

County of _____ Charleston _____

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, amended or referred to, is a full and true statement of all the assets and liabilities and of the condition and status of the said reporting entity as of the reporting period stated above, and of its income and disbursements therefrom for the period ended, and have been completed in accordance with the NALC Annual Statement Instructions and Accounting Practices and Procedures manual except for the extent that (1) state law may vary, 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 statement is not related to accounting practices and procedures, according to the best of their information, when the same are not in conflict with the state law. This is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulations in lieu of or in addition to the enclosed statement.

J. Michael Larrigan	Sean D. Poyson	Robbie L. Aubrey
President	Assistant Secretary	Vice President / Chief Financial Officer

Subscribed and sworn to before me this _____ day of _____ February, 2011

22

a. Is this an original filing? Yes [X] No []

b. If no:

1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

James T. Swank Notary Public
 December 9, 2012

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

ASSETS

	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
				Prior Year
1. Bonds (Schedule D):				
2. Stocks (Schedule D):	35,211,146		35,211,146	22,552,489
2.1 Preferred stocks	0		0	0
2.2 Common stocks	17,582,654		17,582,654	26,822,690
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0		0	0
3.2 Other than first liens	0		0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less encumbrances)	0		0	0
4.2 Properties held for the production of income (less encumbrances)	0		0	0
4.3 Properties held for sale (less encumbrances)	0		0	0
5. Cash (\$ _____, Schedule E-Part 1), cash equivalents (\$ _____, Schedule E-Part 2) and short-term investments (\$ _____, Schedule D):	78,873,886		78,873,886	61,777,465
6. Contract loans (including \$ _____ premium notes)	0		0	0
7. Derivatives	0		0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities	0		0	0
10. Securities lending reinvested collateral assets	0		0	0
11. Aggregate write-ins for invested assets	0		0	0
12. Schedules, cash and invested assets (Lines 1 to 11)	131,647,086		131,647,086	111,522,644
13. Title plants less \$ _____ charged off for Title Insurers only)	0		0	0
14. Investment income due and accrued	386,279		386,279	267,884
15. Premiums and considerations:				
15.1 Uncollected premiums and agent's balances in the course of collection:	23,094,700		23,094,700	22,218,945
15.2 Deferred premiums, agent's balances and investments booked but deferred and not yet due (including \$ _____ earned but unfiled premium)	0		0	0
15.3 Accrued retrospective premiums	0		0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	0		0	0
16.2 Funds held by or deposited with reinsured companies	0		0	0
16.3 Other amounts receivable under reinsurance contracts	0		0	0
17. Amounts receivable relating to uninsured plans	0		0	1,438,421
18.4 Current federal and foreign income tax recoverable and refund thereon	1,551,755		1,551,755	553,466
18.2 Net deferred tax asset	8,555,425	2,374,183	6,181,242	4,528,878
19. Guaranty funds receivable or on deposit	0		0	0
20. Electronic data processing equipment and software	729,241		129,241	58,302
21. Furniture and equipment, including health care delivery assets (\$ _____)	780,854	780,854	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0		0	0
23. Reinsurance from parent, subsidiaries and affiliates	0		0	0
24. Health care (\$ _____, \$46) and other amounts receivable	4,805,193	4,576,847	28,346	1,921,803
25. Aggregate write-ins for other than invested assets	1,171,423	984,269	207,154	74,363
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cash Accounts (Lines 12 to 25)	172,121,756	3,897,953	183,425,805	141,992,881
27. From Separate Accounts, Segregated Accounts and Protected Cash Accounts	0		0	0
28. Total (Lines 26 and 27)	172,121,756	3,897,953	183,425,805	141,992,881
DETAILS OF WRITES				
1101. _____	0		0	0
1102. _____	0		0	0
1103. _____	0		0	0
1104. _____	0		0	0
1105. _____	0		0	0
1106. _____	0		0	0
1107. _____	0		0	0
1108. Summary of remaining writes for Line 11 from overflow page	0		0	0
1199. Totals (Lines 1101 through 1108) (Line 11 above)	0		0	0
2501. Write-ins	90,682	90,682	0	0
2502. Deposits	51,287	51,287	0	0
2503. Deferred Compensation Investment	181,646	181,646	0	0
2504. Summary of remaining write-ins for Line 25 from overflow page	847,428	840,674	207,154	74,363
2599. Totals (Lines 2501 through 2503 plus 2504) (Line 25 above)	1,671,423	964,269	207,154	74,363

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year Total
	1 Covered	2 Uncovered	3 Total	
1. Claims unpaid (less \$ _____ reinsurance ceded)	65,082,888		65,082,888	67,226,729
2. Accrued medical incentive pool and bonus amounts _____	1,000,000		1,000,000	0
3. Unpaid claims adjustment expenses _____	981,007		981,007	1,007,001
4. Aggregate health policy reserves _____	0		0	0
5. Aggregate life policy reserves _____	0		0	0
6. Property/casualty unearned premium reserves _____	0		0	0
7. Aggregate health claim reserves _____	0		0	0
8. Premiums received in advance _____	43,637,609		43,637,609	42,008,889
9. General expenses due or accrued _____	4,320,153		4,320,153	2,549,268
10.1 Current federal and foreign income tax payable and interest thereon (including \$ _____ on realized capital gains (losses)) _____	0		0	0
10.2 Net deferred tax liability _____	0		0	0
11. Deded reinsurance premiums payable _____	0		0	0
12. Amounts withheld or retained for the account of others _____	13,701		13,701	14,547
13. Reimbursements and benefits not allocated _____	0		0	0
14. Borrowed money (including \$ _____ current) and interest thereon \$ _____ (including _____ current) _____	0		0	0
15. Amounts due to parent, subsidiaries and affiliates _____	1,911,728		1,911,728	912,889
16. Derivatives _____	0		0	0
17. Payable for securities _____	0		0	0
18. Payable for securities lending _____	0		0	0
19. Funds held under reinsurance treaties (with \$ _____ authorized reinsurers and \$ _____ unauthorized reinsurers) _____	0		0	0
20. Reinsurance in unauthorized covenants _____	0		0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates _____	0		0	0
22. Liability for amounts held under contractized plans _____	0		0	0
23. Aggregate write-ins for other liabilities (including \$ _____ current) _____	8,655,082	0	8,655,082	5,078,574
24. Total liabilities (Lines 1 to 23) _____	125,582,488	0	125,582,488	719,595,017
25. Aggregate write-ins for special surplus funds _____	0		0	0
26. Common capital stock _____	0		0	801,000
27. Preferred capital stock _____	0		0	0
28. Gross paid in and contributed surplus _____	0		0	71,888,000
29. Surplus notes _____	0		0	0
30. Aggregate write-ins for other than special surplus funds _____	0		0	0
31. Unassigned funds (surplus) _____	0		0	0
32. Less treasury stock, at cost _____	0		0	4,108,067
32.1 _____ shares common (value included in Line 28)	0		0	0
32.2 _____ shares preferred (value included in Line 27)	0		0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32) _____	0		0	0
34. Total liabilities, capital and surplus (Lines 24 and 33) _____	125,582,488	0	125,582,488	723,703,084
OVERS OF WRITINGS				
2301. Sale Ballot Checks _____	182,075		182,075	225,126
2302. Teaching Supplement _____	8,431,807		8,431,807	4,530,448
2303. Interest Payable _____	865,000		865,000	445,000
2398. Summary of remaining write-ins for Line 23 from overflow page _____	1,197,000	0	1,197,000	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above) _____	8,655,882	0	8,655,882	5,078,574
2501. _____	0		0	0
2502. _____	0		0	0
2803. _____	0		0	0
2598. Summary of remaining write-ins for Line 25 from overflow page _____	0		0	0
2899. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) _____	0		0	0
3001. _____	0		0	0
3002. _____	0		0	0
3003. _____	0		0	0
3098. Summary of remaining write-ins for Line 30 from overflow page _____	0		0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above) _____	0		0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year Total
	1 Unaudited	2 Total	
1. Member Months			
2. Net premium income (including \$ _____ non-health premium income)	XXX	2,415,771	2,125,365
3. Change in unearned premium reserves and reserve for rate credits	XXX	607,941,365	516,663,465
4. Fee-for-service (net of \$ _____ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	607,941,365	516,663,465
Hospital and Medical:			
8. Hospital/medical benefits		779,174,732	245,895,776
10. Other professional services		43,069,824	97,525,403
11. Outside referrals		25,965,529	21,578,887
12. Emergency room and out-of-area		38,444,550	30,989,043
13. Prescription drugs		90,679,820	80,654,611
14. Aggregate write-ins for other hospital and medical		74,929,282	57,589,504
15. Incentive pool, without adjustments and bonus amounts		1,172,000	729,000
16. Subtotal (Lines 8 to 15)		592,114,727	673,882,654
Less:			
17. Net reinsurance recoveries		2,349,219	1,025,764
18. Total hospital and medical (Lines 16 minus 17)		589,765,508	672,857,400
19. Non-health claims (net)			0
20. Claims adjustment expenses, including \$ _____ cost containment expenses		15,001,433	13,250,572
21. General administrative expenses		32,865,720	29,074,461
22. Increase in reserves for life and accident and health contracts (including increase in reserves for the only)		0	0
23. Total underwriting deductions (Lines 18 through 22)		597,639,241	515,072,203
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	40,302,124	1,591,552
25. Net investment income earned (Excluding of Net Investment Income, Line 17)		1,238,732	1,178,394
26. Net realized capital gains (losses) less capital gains tax of \$ _____		2,345,940	1,463,990
27. Net investment gains (losses) (Lines 25 plus 26)		\$,582,672	2,342,384
28. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ _____) (amount charged off \$ _____)		0	0
29. Aggregate write-ins for other income or expenses		0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Line 24 plus 27 plus 28)	XXX	13,884,756	3,939,836
31. Federal and foreign income taxes incurred	XXX	5,790,971	3,778,953
32. Net income (loss) (Lines 30 minus 31)	XXX	8,093,785	155,883
DETAILS OF WRITE-INS			
06601	XXX		0
06602	XXX		0
06603	XXX		0
06698 Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
06699 Totals (Lines 06601 through 06603 plus 06698) (Line 6 above)	XXX	0	0
0701	XXX		0
0702	XXX		0
0703	XXX		0
0709 Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
07099 Totals (Lines 0701 through 0703 plus 0709) (Line 7 above)	XXX	0	0
1401 Hospital Outpatient Surgery/Other		42,475,682	35,146,392
1402 Durable Medical Equipment		9,828,597	7,837,451
1403 Teaching Stipend		22,618,888	14,578,081
1498 Summary of remaining write-ins for Line 14 from overflow page		0	0
1499 Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)		74,923,222	57,559,924
2901			
2902			
2903			
2904 Summary of remaining write-ins for Line 29 from overflow page		0	0
2909 Totals (Lines 2901 through 2903 plus 2904) (Line 29 above)		0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

STATEMENT OF REVENUE AND EXPENSES (Continued)

	CAPITAL & SURPLUS ACCOUNT	
	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting year		
34. Net income or (loss) from Line 32	22,397,088	14,721,475
35. Change in valuation basis of aggregable policy and claim reserves	8,095,825	155,287
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	514,426	0
37. Change in net unrealized foreign exchange capital gain or (loss)	255,197	787,015
38. Change in net deferred income tax	0	0
39. Change in nonadmitted assets	1,795,518	2,981,781
40. Change in unallocated reinsurance	(957,515)	(1,748,450)
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles	0	0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)	0	0
44.3 Transferred to surplus	0	0
45. Surplus adjustments:		
45.1 Paid in	5,000,000	5,500,000
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital	0	0
46. Dividends to stockholders	0	0
47. Aggregate write-ups for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	15,445,254	7,676,293
49. Capital and surplus end of reporting year (Line 33 plus 48)	37,842,322	22,397,088
DETAILS OF WRITE-UPS		
4701.		
4702.		
4703.		
4708.	Summary of remaining write-ups for Line 47 from overview page	0
4709.	Totals (Lines 4701 through 4703 plus 4708 & Line 47 above)	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

CASH FLOW

	Cash from Operations	
	1 Current Year	2 Prior Year
1. Premiums collected net of reinsurance	806,042,318	519,453,344
2. Net investment income	1,310,287	1,302,637
3. Miscellaneous income	(11,585)	9,142
4. Total (Lines 1 through 3)	805,341,028	520,765,123
5. Benefit and loss related payments	550,910,571	444,780,987
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and agency fee write-ins for deductions	42,916,633	39,443,707
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of \$ _____ tax on capital gains (losses)	5,880,633	4,309,934
10. Total (Lines 5 through 9)	599,697,757	493,118,628
11. Net cash from operations (Line 4 minus Line 10)	6,643,271	57,436,492
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	24,238,008	25,573,963
12.2 Stocks	27,927,197	4,280,366
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	52,165,205	29,854,329
13. Cost of investments acquired (long-term only):		
13.1 Bonds	96,402,737	20,468,428
13.2 Stocks	18,286,258	25,252,376
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	114,689,000	45,720,804
14. Net increase (decrease) in contract loans and premium notes	52,688,393	40,738,302
15. Net cash from investments (Line 12.8 minus Line 13.7 plus Line 14)	(52,523,795)	(17,774,483)
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	1,427,237	(289,374)
16.2 Capital and paid in surplus, less treasury stock	6,000,000	5,500,000
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	3,519,703	(1,124,879)
16.6 Other cash provided (applied)	10,546,260	4,119,351
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.6 minus Line 16.5 plus Line 16.6)	17,493,423	23,783,816
18. RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.1. Net change in cash, cash equivalents and short-term investments	17,493,423	23,783,816
18.2. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	61,777,465	57,999,865
19.2 End of Year (Line 18 plus Line 19.1)	79,270,888	81,777,465

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	507,941,365	9,017,627	0	0	0	0	0	586,923,838	0	0
2. Change in unearned premium reserves and reserve for rate credit	0	0	0	0	0	0	0	0	0	0
3. Fee-for-service (net of \$ medical expense)	0	0	0	0	0	0	0	0	0	XXX
4. Risk revenue	0	0	0	0	0	0	0	0	0	XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	0	0	0	0	0	0	0
7. Total revenues (Lines 1 to 6)	507,941,365	9,017,627	0	0	0	0	0	586,923,838	0	0
8. Hospital/medical benefits	279,174,753	2,716,079	0	0	0	0	0	276,458,674	0	XXX
9. Other professional services	43,883,824	1,411,738	0	0	0	0	0	42,472,086	0	XXX
10. Outside referrals	25,888,529	310,339	0	0	0	0	0	25,578,190	0	XXX
11. Emergency room and out-of-area	36,414,550	659,711	0	0	0	0	0	35,754,839	0	XXX
12. Prescription drugs	80,679,821	2,206,582	0	0	0	0	0	78,473,239	0	XXX
13. Aggregate write-ins for other hospital and medical	74,823,252	1,053,726	0	0	0	0	0	73,769,527	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	1,172,600	0	0	0	0	0	0	1,172,600	0	XXX
15. Subtotal (Lines 8 to 14)	552,114,729	8,121,145	0	0	0	0	0	543,993,564	0	XXX
16. Net insurance recoveries	2,348,218	0	0	0	0	0	0	2,348,218	0	XXX
17. Total hospital and medical (Lines 15 minus 16)	549,766,510	8,121,145	0	0	0	0	0	541,645,346	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ cost containment expenses	16,007,011	499,508	0	0	0	0	0	14,527,503	0	0
20. General administrative expenses	32,865,723	413,187	0	0	0	0	0	32,452,536	0	0
21. Increase in reserves for accident and health contracts	0	0	0	0	0	0	0	0	0	XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
23. Total underwriting deductions (Lines 17 to 22)	587,639,244	9,015,833	0	0	0	0	0	588,823,424	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	10,302,121	1,701	0	0	0	0	0	10,300,414	0	0
DETAILS OF WRITE-INS										
0901.	0	0	0	0	0	0	0	0	0	XXX
0902.	0	0	0	0	0	0	0	0	0	XXX
0903.	0	0	0	0	0	0	0	0	0	XXX
0998. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0	0	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 8 above)	0	0	0	0	0	0	0	0	0	XXX
0901.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0902.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0903.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0998. Summary of remaining write-ins for Line 8 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 8 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Durable Medical Equipment	9,328,507	128,360	0	0	0	0	0	9,200,147	0	XXX
1302. Hospital Outpatient Surgery/Other	42,475,882	927,365	0	0	0	0	0	41,548,517	0	XXX
1303. Teaching Supplement	22,618,883	0	0	0	0	0	0	22,618,883	0	XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	74,823,252	1,055,725	0	0	0	0	0	73,767,527	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	9,034,609		17,082	9,017,527
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid	600,550,909		1,638,071	598,912,838
8. Other health				0
9. Health subtotal (Lines 1 through 8)	609,584,518	0	1,655,153	607,929,365
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	609,584,518	0	1,655,153	607,924,365

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ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 -- CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct	557,691,793	9,103,378						548,588,405		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	2,348,219							2,348,219		
1.4 Net	555,343,564	9,103,378	0	0	0	0	0	546,240,186	0	0
2. Paid medical incentive pools and bonuses	172,000							172,000		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	65,082,866	280,922	0	0	0	0	0	64,791,944	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	65,082,866	280,922	0	0	0	0	0	64,791,944	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	1,000,000							1,000,000		
6. Net healthcare receivables (a)	4,605,193							4,605,193		
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	67,226,729	1,273,156	0	0	0	0	0	65,953,573	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	67,226,729	1,273,156	0	0	0	0	0	65,953,573	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0							0		
11. Amounts recoverable from reinsurers December 31, prior year	0							0		
12. Incurred benefits:										
12.1 Direct	550,942,727	8,121,144	0	0	0	0	0	542,821,583	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	2,348,219	0	0	0	0	0	0	2,348,219	0	0
12.4 Net	548,594,508	8,121,144	0	0	0	0	0	540,473,384	0	0
13. Incurred medical incentive pools and bonuses	1,172,000	0	0	0	0	0	0	1,172,000	0	0

6

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

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	24,891,066	10,150						24,880,916		
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	0									
1.4. Net	24,891,066	10,150	0	0	0	0	0	24,880,916	0	0
2. Incurred but Unreported:										
2.1. Direct	40,191,800	260,772						39,911,028		
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	0									
2.4. Net	40,191,800	260,772	0	0	0	0	0	39,911,028	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct	0									
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1. Direct	65,082,866	260,922	0	0	0	0	0	64,791,944	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4. Net	65,082,866	260,922	0	0	0	0	0	64,791,944	0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) _____	999,942	8,103,496	1,200	269,722	1,011,142	1,273,158
2. Medicare Supplement _____					0	0
3. Dental Only _____					0	0
4. Vision Only _____					0	0
5. Federal Employees Health Benefits Plan _____					0	0
6. Title XVIII - Medicare _____					0	0
7. Title XIX - Medicaid _____	58,742,076	467,488,110	2,870,474	61,921,470	61,612,650	65,953,573
8. Other health _____					0	0
9. Health subtotal (Lines 1 to 8) _____	59,742,018	495,601,546	2,871,674	82,211,192	82,613,692	87,226,729
10. Healthcare receivables (a) _____	170,942	4,434,251			170,942	0
11. Other non-health _____					0	0
12. Medical incentive pools and bonus amounts _____		172,000		1,000,000	0	0
13. Totals (Lines 9-10+11+12) _____	59,912,960	499,999,797	2,871,674	83,211,192	82,784,634	87,226,729

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

14

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

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

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	0	0	0	0	0
2. 2006	0	0	0	0	0
3. 2007	XXX	0	0	0	0
4. 2008	XXX	XXX	2,088	2,867	2,867
5. 2009	XXX	XXX	XXX	9,806	11,099
6. 2010	XXX	XXX	XXX	XXX	7,820

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX	2,630	3,289	3,300
5. 2009	XXX	XXX	XXX	11,079	12,364
6. 2010	XXX	XXX	XXX	XXX	8,109

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2006	0	0		0.0	0	0.0			0	0.0
2. 2007	0	0		0.0	0	0.0			0	0.0
3. 2008	2,822	2,857	205	7.2	3,062	108.8			3,062	108.8
4. 2009	10,850	11,089	671	6.1	11,760	108.4	1		11,761	108.4
5. 2010	9,018	7,820	412	5.3	8,232	91.3	290	4	8,526	94.5

Pt 2C - Sn A - Paid Claims - MS
NONE

Pt 2C - Sn A - Paid Claims - DO
NONE

Pt 2C - Sn A - Paid Claims - VO
NONE

Pt 2C - Sn A - Paid Claims - FE
NONE

Pt 2C - Sn A - Paid Claims - XV
NONE

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

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

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	281,681	281,735	281,735	281,735	281,734
2. 2006	83,438	83,250	83,178	83,160	83,160
3. 2007	XXX	103,962	116,521	114,654	114,629
4. 2008	XXX	XXX	143,623	181,050	181,483
5. 2009	XXX	XXX	XXX	398,789	468,587
6. 2010	XXX	XXX	XXX	XXX	476,392

Section B - Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	308,573	308,647	308,647	308,647	308,647
2. 2006	83,497	103,312	103,304	103,375	103,375
3. 2007	XXX	119,613	131,172	130,315	130,280
4. 2008	XXX	XXX	178,550	217,170	217,604
5. 2009	XXX	XXX	XXX	461,549	536,218
6. 2010	XXX	XXX	XXX	XXX	539,314

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 8/1) Percent
1. 2006	111,148	83,160		0.0	83,160	83.8			83,160	83.8
2. 2007	150,306	114,629	(1)	0.0	114,628	76.3			114,628	76.3
3. 2008	263,402	181,483	11	0.0	181,494	88.9			181,494	88.9
4. 2009	805,814	468,587	1,901	0.4	470,488	93.0	2,870	82	473,400	93.6
5. 2010	888,924	476,392	12,616	2.6	489,008	81.8	62,921	914	552,943	92.3

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

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

Section A - Paid Health Claims - Other

Year In Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	0	0	0	0	0
2. 2006	5,552	8,608	8,608	8,608	8,608
3. 2007	XXX	8,311	8,847	8,847	8,847
4. 2008	XXX	XXX	6,793	7,197	7,197
5. 2009	XXX	XXX	XXX	0	0
6. 2010	XXX	XXX	XXX	XXX	0

Section B - Incurred Health Claims - Other

Year In Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	8,608	8,608	8,608	8,608	8,608
3. 2007	XXX	8,847	8,847	8,847	8,847
4. 2008	XXX	XXX	7,430	7,197	7,197
5. 2009	XXX	XXX	XXX	0	0
6. 2010	XXX	XXX	XXX	XXX	0

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Other

Years In Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2006	9,413	8,608	0.0	8,608	70.2			8,608	70.2	
2. 2007	9,369	8,847	0.0	8,847	94.4			8,847	94.4	
3. 2008	8,474	7,197	0.0	7,197	84.9			7,197	84.9	
4. 2009	0	0	0.0	0	0.0			0	0.0	
5. 2010	0	0	0.0	0	0.0			0	0.0	

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

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

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	261,681	261,735	261,735	261,735	261,734
2. 2006	88,988	89,858	99,787	99,788	99,788
3. 2007	XXX	112,273	124,368	123,511	123,476
4. 2008	XXX	XXX	152,504	191,104	191,537
5. 2009	XXX	XXX	XXX	408,595	479,676
6. 2010	XXX	XXX	XXX	XXX	484,212

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	308,573	308,647	308,647	308,647	308,647
2. 2006	100,105	109,920	110,002	109,983	109,983
3. 2007	XXX	128,460	140,019	139,162	139,127
4. 2008	XXX	XXX	188,510	227,696	228,101
5. 2009	XXX	XXX	XXX	472,628	548,582
6. 2010	XXX	XXX	XXX	XXX	547,423

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2006	120,661	99,768	0	0.0	99,768	82.8	0	0	99,768	82.8
2. 2007	139,875	123,476	(1)	0.0	123,475	77.3	0	0	123,475	77.3
3. 2008	274,498	191,537	216	0.1	191,753	69.9	0	0	191,753	69.9
4. 2009	516,664	479,676	2,572	0.5	482,248	93.3	2,671	42	485,161	93.9
5. 2010	607,942	484,212	13,828	2.7	497,240	81.8	63,211	938	661,389	92.3

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

Pt 2C - Sn B - Incurred Claims - MS
NONE

Pt 2C - Sn B - Incurred Claims - DO
NONE

Pt 2C - Sn B - Incurred Claims - VO
NONE

Pt 2C - Sn B - Incurred Claims - FE
NONE

Pt 2C - Sn B - Incurred Claims - XV
NONE

Part 2C - Sn C - Claims Expense Ratio MS
NONE

Part 2C - Sn C - Claims Expense Ratio DO
NONE

Part 2C - Sn C - Claims Expense Ratio VO
NONE

Part 2C - Sn C - Claims Expense Ratio FE
NONE

Part 2C - Sn C - Claims Expense Ratio XV
NONE

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	.0								
2. Additional policy reserves (a)	.0								
3. Reserve for future contingent benefits	.0								
4. Reserve for rate credits or experience rating refunds (including \$ _____ for investment income)	.0								
5. Aggregate write-ins for other policy reserves	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross)	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded	.0								
8. Totals (Net) (Page 3, Line 4)	.0	.0	.0	.0	.0	.0	.0	.0	.0
9. Present value of amounts not yet due on claims	.0								
10. Reserve for future contingent benefits	.0								
11. Aggregate write-ins for other claim reserves	.0			.0	.0	.0	.0	.0	.0
12. Totals (gross)	.0			.0	.0	.0	.0	.0	.0
13. Reinsurance ceded	.0								
14. Totals (Net) (Page 3, Line 7)	.0	.0	.0	.0	.0	.0	.0	.0	.0
DETAILS OF WRITE-INS									
0501. _____									
0502. _____									
0503. _____									
0588. Summary of remaining write-ins for Line 5 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
0589. Totals (Lines 0501 through 0503 plus 0588) (Line 5 above)	.0	.0	.0	.0	.0	.0	.0	.0	.0
1101. _____									
1102. _____									
1103. _____									
1198. Summary of remaining write-ins for Line 11 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	.0	.0	.0	.0	.0	.0	.0	.0	.0

NONE

13

(a) includes \$ _____ premium deficiency reserve.

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Chain Adjustment Expenses				5
	1	2	3	4	
	Cost Containment Expenses	Other Chain Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent \$ _____ for occupancy of own building)		740,827	1,359,739		2,100,567
2. Salaries, wages and other benefits		\$ 779,019	17,905,990		26,685,009
3. Commissions (less \$ _____ credited plus \$ _____ assumed)					0
4. Legal fees and expenses		34,189	552,348		586,547
5. Certifications and accreditation fees		112,204	307,742		419,946
6. Auditing, actuarial and other consulting services		653,720	2,297,724		2,951,444
7. Traveling expenses		348,031	781,922		929,953
8. Marketing and advertising		85,723	1,199,099		1,284,822
9. Postage, express and telephone		259,121	594,637		853,759
10. Printing and office supplies		112,916	521,120		699,936
11. Occupancy, depreciation and amortization		\$ 228,289	468,332		1,686,592
12. Equipment		779,691	955,714		1,175,425
13. Cost or depreciation of EDP equipment and software			692,201		692,201
14. Outsource services including EDP, claims, and other services		1,049,128	973,837		2,022,965
15. Boards, bureaus and association fees			166,666		359,626
16. Insurance, except on real estate		167,320	719,535		986,876
17. Collection and bank service charges		11,591	96,203		309,754
18. Group service and administration fees			(13,627)		(19,627)
19. Reimbursements by uninsured plans					0
20. Reimbursements from local intermediaries					0
21. Real estate expenses		29,271	94,591		83,862
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			1,597,934		1,597,934
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees					0
23.4 Payroll taxes		603,161	921,350		1,527,111
23.5 Other (excluding federal income and real estate taxes)			507,351		507,351
24. Investment expenses not included elsewhere				59,376	59,376
25. Aggregate write-ins for expenses	0	140,319	4,383,223	0	1,583,533
26. Total expenses incurred (Lines 1 to 25)	0	15,007,019	30,265,720	59,376	47,592,109
27. Less expenses unpaid December 31, current year		961,007	4,320,153		5,281,160
28. Add expenses unpaid December 31, prior year		1,007,031	2,549,268	0	3,556,299
29. Amounts receivable relating to uninsured plans, prior year		0	0	0	0
30. Amounts receivable relating to uninsured plans, current year		0	0	0	0
31. Total expenses paid (Lines 26 minus 27 plus 28 plus 30)	0	15,007,019	31,094,835	59,376	46,207,242
DETAILS OF WRITE-INS					
2801. Casual ling			813,992		813,992
2802. Miscellaneous Expenses		140,319	114,647		254,966
2803. Purchased Services			7,365		7,365
2898. Summary of remaining write-ins for Line 25 from overflow page	0	0	427,276	0	427,276
2899. Totals (Line 2801 through 2803 + 2898) (Line 26 above)	0	140,319	1,353,230	0	1,503,533

(4) Includes management fees of \$ _____, 15,007,013 to affiliates and \$ _____ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds		
1.1	Bonds exempt from U.S. tax	(6)	(6)
1.2	Other bonds (unaffiliated)	269,579	274,833
1.3	Bonds of affiliates	(6)	719,382
2.1	Preferred stocks (unaffiliated)	(6)	0
2.11	Preferred stocks of affiliates	(6)	0
2.2	Common stocks (unaffiliated)	(6)	0
2.21	Common stocks of affiliates	307,294	(87,284)
3.	Mortgage loans	(6)	0
4.	Real estate	(6)	0
5.	Contract loans	(6)	0
6.	Cash, cash equivalents and short-term investments	(6)	202,803
7.	Derivative instruments	(6)	0
8.	Other invested assets	(6)	0
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	1,179,464	1,298,102
11.	Investment expenses		
12.	Investment taxes, licenses and fees, excluding federal income taxes	(6)	29,376
13.	Interest expense	(6)	0
14.	Depreciation on real estate and other invested assets	(6)	0
15.	Aggregate write-ins for deductions from investment income	0	0
16.	Total deductions (Lines 11 through 15)	0	29,376
17.	Net investment income (Line 10 minus Line 16)		1,268,726

DETAILS OF WRITES-INS

0891.			
0892.			
0893.			
0896.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0898.	Totals (Lines 0891 through 0893) plus 0896 (Line 9 above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		

(a) Includes \$ 15,856 accrual of discount less \$ 210,046 amortization of premium and less \$ 246,385 paid for accrued interest on purchases.
 (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
 (c) Includes \$ 0 for company's occupancy of its own buildings, and excludes \$ 22,473 amortization of premium and less \$ 15,354 paid for accrued interest on purchases.
 (d) Includes \$ 0 accrual of discount less \$ 22,473 amortization of premium.
 (e) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to aggregated and Separate Accounts.
 (f) Includes \$ interest on capital notes and \$ interest on capital notes.
 (g) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds				
1.1	Bonds exempt from U.S. tax	759,369	298,369		
1.2	Other bonds (unaffiliated)	425,725	425,725		
1.3	Bonds of affiliates	0	0		
2.1	Preferred stocks (unaffiliated)	0	0		
2.11	Preferred stocks of affiliates	0	0		
2.2	Common stocks (unaffiliated)	1,630,633	1,630,633	789,623	0
2.21	Common stocks of affiliates	0	0	0	0
3.	Mortgage loans	0	0	0	0
4.	Real estate	0	0	0	0
5.	Contract loans	0	0	0	0
6.	Cash, cash equivalents and short-term investments	0	0	0	0
7.	Derivative instruments	0	0	0	0
8.	Other invested assets	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	29,201	29,201	789,623	0
10.	Total capital gains (losses)	2,314,723	2,343,938	789,623	0
DETAILS OF WRITES-INS					
0891.	Deferred Acquisition Valuation		29,201		
0892.					
0893.					
0896.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0898.	Totals (Lines 0891 through 0893) plus 0896 (Line 9 above)	0	29,201	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) _____	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks _____	0	0	0
2.2 Common stocks _____	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens _____	0	0	0
3.2 Other than first liens _____	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company _____	0	0	0
4.2 Properties held for the production of income _____	0	0	0
4.3 Properties held for sale _____	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) _____	0	0	0
6. Contract loans _____	0	0	0
7. Derivatives _____	0	0	0
8. Other invested assets (Schedule BA) _____	0	0	0
9. Receivables for securities _____	0	0	0
10. Securities lending restricted collateral assets _____	0	0	0
11. Aggregate write-ins for invested assets _____	0	0	0
12. Subtotal, cash and invested assets (Lines 1 to 11) _____	0	0	0
13. Title plants (for Title insurers only) _____	0	0	0
14. Investment income due and accrued _____	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection _____	0	0	0
15.2 Deferred premiums, agent's balances and adjustments booked but deferred and not yet due _____	0	0	0
15.3 Advanced retrospective premiums _____	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers _____	0	0	0
16.2 Funds held by or deposited with reinsured companies _____	0	0	0
16.3 Other amounts receivable under reinsurance contracts _____	0	0	0
17. Amounts receivable relating to uninsured plans _____	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon _____	0	0	0
18.2 Net deferred tax asset _____	2,374,183	3,634,629	1,460,440
19. Guaranty funds receivable or on deposit _____	0	0	0
20. Electronic data processing equipment and software _____	0	2,177	2,177
21. Furniture and equipment, including health care delivery assets _____	700,894	824,195	123,301
22. Net acquisition in assets and liabilities due to foreign exchange rates _____	0	0	0
23. Receivables from parent, subsidiaries and affiliates _____	0	0	0
24. Health care and other amounts receivable _____	4,576,847	2,539,876	2,036,971
25. Aggregate write-ins for other than invested assets _____	984,089	59,567	(924,522)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Call Accounts (Lines 12 to 25) _____	8,685,953	7,738,488	(947,465)
27. From Separate Accounts, Segregated Accounts and Protected Call Accounts _____	0	0	0
28. Total (Lines 26 and 27) _____	8,685,953	7,738,488	(947,465)
DETAILS OF WRITEMS			
1101. _____	0	0	0
1102. _____	0	0	0
1108. _____	0	0	0
1188. Summary of remaining write-ins for Line 11 from overflow page _____	0	0	0
1188. Total (Lines 1101 through 1103 plus 1188) (Line 11 above) _____	0	0	0
2301. Write-ins _____	90,862	38,372	(52,490)
2302. Deposits _____	51,287	52,632	1,345
2303. Deferred Compensation Investments _____	181,666	173,384	(8,282)
2304. Summary of remaining write-ins for Line 25 from overflow page _____	440,674	275,259	(165,415)
2304. Total (Lines 2301 through 2303 plus 2304) (Line 25 above) _____	964,289	539,597	(424,692)

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	194,542	189,723	182,068	184,617	205,073	2,348,831
2. Provider Service Organizations	0					
3. Preferred Provider Organizations	0					
4. Point of Service	0					
5. Indemnity Only	0					
6. Aggregate write-ins for other lines of business	8,248	7,765	7,880	6,784	0	68,796
7. Total	202,790	197,488	199,948	201,381	205,073	2,415,727
DETAILS OF WRITE-INS						
0601. Medicare Part D	0	7,765	7,880	6,784	0	68,796
0602. SCHIP	8,248					
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	8,248	7,765	7,880	6,784	0	68,796

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

EXHIBIT 4 – 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
Claims Unpaid (Reported)						
Carolina Health Centers, Inc.	10,019	0	0	0	0	10,019
Greenwood OB/Gyn, PA	10,144	0	0	0	0	10,144
Spartanburg Regional Medical Center	10,183	0	0	0	0	10,183
Grand Strand Pediatrics & Adolescent Med.	10,219	0	0	0	0	10,219
After Care Essentials	10,284	0	0	0	0	10,284
Palmetto Richland Lab Outreach	10,580	0	0	0	0	10,580
Coastal Pediatric Associates, PA	10,751	0	0	0	0	10,751
Trident Anesthesia Group, LLC	11,571	0	0	0	0	11,571
Charleston ENF Assoc., LLC	11,696	0	0	0	0	11,696
Baptist Easley Hospital	11,779	0	0	0	0	11,779
PPG-Physicians Group	12,353	0	0	0	0	12,353
South Carolina Heart Center	12,586	0	0	0	0	12,586
Self Regional Emergency Care	12,869	0	0	0	0	12,869
MUSC-OB/GYN Dept	13,215	0	0	0	0	13,215
Greenwood Genetic Center	13,307	0	0	0	0	13,307
Health First Rapid Care	13,491	0	0	0	0	13,491
Anned Health Child Health Center	13,621	0	0	0	0	13,621
Eastern Carolina Pediatrics Associates	13,765	0	0	0	0	13,765
Piedmont Medical Center	13,856	0	0	0	0	13,856
Carolinas Medical Center	14,004	0	0	0	0	14,004
Barwell County Hospital	14,170	0	0	0	0	14,170
Village Hospital	16,123	0	0	0	0	16,123
Comprehensive Neurological Services	17,367	0	0	0	0	17,367
Palmetto Pediatrics & Adolescent Clinic	17,685	0	0	0	0	17,685
MUSC-Pediatrics	18,012	0	0	0	0	18,012
Chesterfield General Hospital	18,277	0	0	0	0	18,277
Regional Maternal-Fetal Medicine	18,618	0	0	0	0	18,618
Pediatric Associates PA of Wershler Count	18,751	0	0	0	0	18,751
MUSC - Pediatric Primary Care	19,172	0	0	0	0	19,172
Laurens County Healthcare	19,282	0	0	0	0	19,282
Hampton Regional Medical Center	19,321	0	0	0	0	19,321
Associated Medical Specialist	19,672	0	0	0	0	19,672
CHS-University Medical Group	20,197	0	0	0	0	20,197
Palmetto Primary Care Physicians	20,379	0	0	0	0	20,379
Grand Strand Regional Med Ctr	20,414	0	0	0	0	20,414
North Hills Medical Center	22,018	0	0	0	0	22,018
Colleton Medical Center	22,936	0	0	0	0	22,936
Springs Memorial Hospital	24,221	0	0	0	0	24,221
Spartanburg Regional Healthcare System	26,234	0	0	0	0	26,234
East Cooper Regional Med. Ctr.	26,493	0	0	0	0	26,493
CHA Upstate Pediatrics	28,389	0	0	0	0	28,389
Pediatric Medical Group, Inc.	28,588	0	0	0	0	28,588
Sandhills Pediatrics	28,037	0	0	0	0	28,037
Laboratory Corp. of America	28,549	0	0	0	0	28,549
Sumter Pediatrics PA	31,966	0	0	0	0	31,966
Hilton Head Medical Center	32,246	0	0	0	0	32,246
McLeod Medical Center - Dillon	35,441	0	0	0	0	35,441
Ballance Thomson Hospital	36,901	0	0	0	0	36,901
Marion County Medical Center	40,838	0	0	0	0	40,838
Providence Hospital	41,010	0	0	0	0	41,010
Doctor's Care PA	44,945	0	0	0	0	44,945
Conway Hospital, Inc.	47,122	0	0	0	0	47,122
Mary Black Memorial Hospital	47,664	0	0	0	0	47,664
Waccamaw Community Hospital	52,306	0	0	0	0	52,306
Loris Community Hospital	54,444	0	0	0	0	54,444

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

EXHIBIT 4 – CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

1 Account	Aging Analysis of Unpaid Claims						7 Total
	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days		
Newberry County Memorial Hosp	55,137	0	0	0	0	55,137	
Cooney Medical Center	57,144	0	0	0	0	57,144	
Upstate Carolina Medical Center	59,444	0	0	0	0	59,444	
Clarendon Memorial Hospital	62,385	0	0	0	0	62,385	
University Pediatrics-Columbia	62,643	0	0	0	0	62,643	
Beaufort County Memorial Hospital	64,445	0	0	0	0	64,445	
Poplar Hospital	70,472	0	0	0	0	70,472	
Aiken Regional Medical Center	74,305	0	0	0	0	74,305	
MCG Hospitals & Clinics	77,789	0	0	0	0	77,789	
Lexington Medical Center	81,377	0	0	0	0	81,377	
The Regional Medical Center	85,733	0	0	0	0	85,733	
St Francis Hospital Inc.	85,880	0	0	0	0	85,880	
Carolina Pines Reg. Med Ctr	87,860	0	0	0	0	87,860	
Bon Secours-St. Francis Xavier	102,502	0	0	0	0	102,502	
Carolinas Hospital System	115,665	0	0	0	0	115,665	
Georgetown Memorial Hospital	125,211	0	0	0	0	125,211	
Tuomey Healthcare Systems	143,076	0	0	0	0	143,076	
KershawHealth	145,145	0	0	0	0	145,145	
Palmetto Baptist Medical Center - Columb	155,475	0	0	0	0	155,475	
AnMed Health	184,748	0	0	0	0	184,748	
Greenville Memorial Hospital	199,078	0	0	0	0	199,078	
McLeod Reg. Med. Ctr. of the Pee Dee	211,853	0	0	0	0	211,853	
Trident Medical Center	268,148	0	0	0	0	268,148	
Doctors Hospital Augusta	274,736	0	0	0	0	274,736	
Self Regional Healthcare	313,203	0	0	0	0	313,203	
Palmetto Richland Memorial Hospital	517,430	0	0	0	0	517,430	
Spartanburg Reg Med Ctr	829,420	0	0	0	0	829,420	
Medical University of SC	1,081,226	0	0	0	0	1,081,226	
0199999 Individually listed claims unpaid	6,821,440	0	0	0	0	6,821,440	
0299999 Aggregate accounts not individually listed-uncovered						0	
0399999 Aggregate accounts not individually listed-covered	18,069,509			50	88	18,069,627	
0499999 Subtotals	24,890,949	0	0	50	88	24,891,067	
0599999 Unreported claims and other claim reserves						40,181,800	
0699999 Total amounts withheld							
0799999 Total claims unpaid						65,082,867	
0899999 Accrued medical incentive pool and bonus amounts						1,000,000	

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

EXHIBIT 7 - PART 1- SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total Payments	3 Total Members Covered	4 Column 3 as a % of Total Members	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups	7,722,161	1.4	69,141	33.7		7,722,161
2. Intermediaries	0	0.0		0.0		
3. All other providers	0	0.0		0.0		
4. Total capitation payments	7,722,161	1.4	69,141	33.7	0	7,722,161
Other Payments:						
5. Fee-for-service	105,364,086	19.1	XXX	XXX		105,364,086
6. Contractual fee payments	437,652,124	79.4	XXX	XXX		437,652,124
7. Bonus/withhold arrangements - fee-for-service	0	0.0	XXX	XXX		
8. Bonus/withhold arrangements - contractual fee payments	172,000	0.0	XXX	XXX		172,000
9. Non-contingent salaries	0	0.0	XXX	XXX		
10. Aggregate cost arrangements	0	0.0	XXX	XXX		
11. All other payments	0	0.0	XXX	XXX		
12. Total other payments	543,188,210	88.6	XXX	XXX	0	543,188,210
13. Total (Line 4 plus Line 12)	550,910,371	100 %	XXX	XXX	0	550,910,371

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

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

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

EXHIBIT 8 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED

Description	1 Cost	2 Improvements	3 Accumulated Depreciation	4 Book Value Less Encumbrances	5 Assets Not Admitted	6 Net Admitted Assets
1. Administrative furniture and equipment	2,264,345		1,393,030	871,315	871,315	
2. Medical furniture, equipment and fixtures						
3. Pharmaceuticals and surgical supplies						
4. Durable medical equipment						
5. Other property and equipment						
6. Total	2,264,345	0	1,393,030	871,315	871,315	0

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Select Health of South Carolina, Inc. (the Company) was incorporated on September 28, 1995 in South Carolina for the purpose of providing prepaid managed care to Medicaid enrollees in the State of South Carolina. On September 29, 1999, AmeriHealth Merry Health Plan (AMHP) acquired all of the outstanding common stock of the Company. AMHP is a Pennsylvania partnership formed to develop and operate managed care business for Medicaid enrollees.

The Company operates under license issued by the State of South Carolina Department of Insurance (DOI). The Company's contract with the State of South Carolina Department of Health and Human Services (DHHS) relating to the Medicaid managed care program expires March 31, 2011.

Effective April 1, 2008, the Company entered into a separate contract with DHHS to provide free healthcare to children of working families under the Healthy Connections Kids program. The Company maintained this contract until September 30, 2010, when members enrolled in the Healthy Choice Kids (SCHKP) Program were transitioned into the Company's Medicaid product.

A. Accounting Practices

The accompanying statutory financial statements of the Company have been prepared in conformity with accounting practices prescribed and permitted by the South Carolina DOI. Such practices vary from U.S. generally accepted accounting principles (GAAP) principally in that certain assets, including related party receivables, reportable under GAAP are "non-admitted" and have been excluded from the accompanying statutory statements of admitted assets, liabilities and net worth and charged directly to net worth, certain investments which would be carried at estimated fair value under GAAP are carried at amortized cost in the accompanying statutory statements of admitted assets, liabilities and net worth, deferred tax assets are recognized for federal income tax purposes and changes in net deferred tax assets and liabilities are reflected as changes in net worth. Under GAAP, such deferred tax changes are reflected in operations.

The DOI recognizes only statutory accounting practices prescribed or permitted by the State of South Carolina 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 (NAIC SAAP) has been adopted as a component of prescribed or permitted practices by the State of South Carolina.

The Company's net income and net worth as stated on a NAIC SAP basis and on the basis of practices prescribed or permitted by the State of South Carolina are the same at December 31, 2010 and 2009.

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

The preparation of financial statements in conformity with accounting practices prescribed or permitted by the DOI requires management to make estimates and assumptions that affect the amounts reported in the statutory financial statements and accompanying notes. Some of the more significant estimates include accrued medical expenses, premium receivables, other-than-temporary impairments for investment securities and income taxes. Actual results could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

C. Accounting Policy

Cash, Cash Equivalents and Short-Term Investments

Cash and cash equivalents consist of all highly liquid investments with an original maturity of three months or less. Short-term investments consist primarily of investments with a maturity of 91 days to one year at the time of purchase. Interest and dividend income from cash, cash equivalents and short-term investments is included in investment income (loss) on the statutory statements of revenues and expenses.

Investments

Bonds and other debt instruments are stated at amortized cost or at values prescribed by the DOI. Bonds with an NAIC designation of 3 through 6 are reported at the lower of amortized cost or fair value. The amortized cost of bonds is adjusted for amortization of premiums and accretion of discounts using the scientific interest method. Equity securities are recorded at fair value. Changes in unrealized investment gains or losses on equity securities, net of applicable income taxes, are reflected directly in net worth and, accordingly, have no effect on net income. Realized investment gains and losses on the sale of investments are recognized on the specific identification basis as of the trade date. Realized losses also include losses for fair value declines that are considered to be other than temporary. Interest and dividend income are recognized when earned.

An invested asset is considered impaired when its fair value declines below cost. When the Company determines that an invested asset is other-than-temporarily impaired, the invested asset is written down to fair value, and the amount of the impairment is included in operations as a realized investment loss. The fair value then becomes the new cost basis of the investment, and any subsequent recoveries in fair value are recognized at disposition. Factors considered in determining whether a decline is other than temporary include the length of time and the extent to which fair value has been below cost, adverse conditions specifically related to the security, the industry

NOTES TO FINANCIAL STATEMENTS

or the geographic area, the financial condition and near-term prospects of the issuer, analysis and guidance provided by rating agencies and analysts, and changes in fair value subsequent to the balance sheet date.

A fixed maturity security is other-than-temporarily impaired if it is probable that the Company will not be able to collect all amounts due under the security's contractual terms or where the Company does not have the intent to hold the security. Equity securities are other-than-temporarily impaired when it becomes apparent that the Company will not recover its cost over a reasonable period of time.

The Company may, from time to time, sell invested assets subsequent to year-end that were considered temporarily impaired as of year-end. Such sales are generally due to subsequent events that result in a change in the Company's intent or ability to hold an invested asset. The types of events that may result in a sale include significant changes in the economic facts and circumstances related to the invested asset, significant unforeseen changes in the Company's liquidity needs, or changes in tax laws or the regulatory environment.

Fixed Assets

Furniture and leasehold improvements are designated as "nonadmitted assets" and are charged directly to net worth. Electronic Data Processing (EDP) equipment exceeding three percent of statutory net worth for the most recently filed statement with the state of South Carolina (adjusted to exclude EDP equipment) are designated as nonadmitted assets and are charged directly to net worth. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, which ranges from three to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. Maintenance and repairs are charged to operations when incurred.

Premiums Revenue

The Company records premium revenue (net of reinsurance premiums) based on membership records and premium rates for each membership category. Premiums are recognized as revenue in the period in which the Company is obligated to provide services to members. The Company receives additional premium revenue to address specific medical needs of certain plan members. This premium revenue includes amounts based on the estimated level of medical costs incurred, historical trends, and other relevant information.

DHHS makes monthly payments to the Company based on membership case mix. To the extent that these premium payments differ from recorded revenue, the amount of the difference is recorded as either unearned premium revenue or a premium receivable until such time that the differences are resolved.

Liabilities for Losses and Loss/Claim Adjustment Expenses

Accrued medical expenses include medical expenses billed and not paid and an estimate for costs incurred but not reported, which is actuarially determined. In addition, unpaid claims adjustment expenses are accrued based on an estimate of the cost to process these claims. To estimate the required claims incurred but not reported reserves, the Company uses the triangulation method. The method of triangulation makes estimates of completion factors, which are then applied to the total paid claims net of coordination of benefits to date for each incurred month. This provides an estimate of the total projected incurred claims and total amount outstanding or claims incurred but not reported. Consideration is also given to changes in turnaround time and claims processing, which may impact completion factors.

For the most current dates of service where there is insufficient paid claim data to rely solely on the completion factor method, the Company examines cost and utilization trends as well as plan changes, provider contracts, membership changes, and historical seasonal patterns to estimate the reserve required for these months. While the Company believes the accrual for medical expenses is adequate, actual results could differ from such estimates.

The Company maintains reinsurance for medical expenses with a commercial carrier that is more fully described in note 23.

Reclassifications

No 2009 balances have been reclassified to conform to the 2010 presentation.

- (2) Accounting Changes and Corrections of Errors
 - None
- (3) Business Combinations and Goodwill
 - None
- (4) Discontinued Operations
 - None
- (5) Investments
 - A. Mortgage Loans

NOTES TO FINANCIAL STATEMENTS

- None
- B. Debt Restructuring
- None
- C. Reverse Mortgages
- None
- D. Loan-Backed Securities

The Company has four securities that are considered to Loan-Backed as of December 31, 2010. Only one security, Banc Amer CMBS ("BA"), was considered impaired as of this date which is detailed in the schedule below. Note that this security is also currently rated SVO 1Z* (structured security) by the SVO.

BA has a concentration in commercial building loans, and its market value represents < 1% of the total fair market value of the SHSC investment portfolio. This information, combined with the market value recovery analysis below, was used to determine that a concentration of credit risk as defined by SSAP No. 27 does not exist as of the time of this filing.

Although BA is currently impaired by approximately \$(8), an Other Than Temporary Impairment was not recorded. BA does not meet the criteria specified by the Company's Investment Guidelines as established November 11, 2009 for OTTI. In addition, BA moved into a gain position of just over \$4 as of January 31, 2011.

Loan Backed Securities								
CISSIP	Securities Impaired Less Than 90 Days	Shares	Price per NYD per Share	Price per Interactive Data Corp	Value per Interactive Data Corp	Amortized cost/Book Value	Impairment Loss	Source of Repayment Assumptions
05947URGS	BANC AMER CMBS 2004-2	500,000	99.32	99.32	\$ 496,600	\$ 504,605	\$ (8,005)	Interactive Data Corporation

- E. Repurchase Agreements
- None
- F. Real Estate
- None
- G. Low-income housing tax credits (LIHTC)
- None
- (6) Joint Ventures, Partnerships and Limited Liability Companies
- None
- (7) Investment Income
- The Company admits all investment income due and accrued as amounts are all less than 90 days old.
- (8) Derivative Instruments
- None
- (9) Income Taxes

The Company is a South Carolina C corporation that is subject to state and federal income tax. Deferred income tax assets and liabilities represent the expected future Federal tax consequences of temporary differences generated by statutory accounting. Deferred income tax assets and liabilities are computed by means of identifying temporary differences, which are measured using a balance sheet approach whereby statutory and tax-basis balance sheets are compared.

Deferred income tax assets under NAIC SAP are admitted in an amount equal to the sum of (1) previously paid federal income taxes, which could be recovered through loss carrybacks for existing temporary differences, which reverse within a year, (2) the lesser of the amount of gross deferred tax assets expected to be realized within one year of the balance sheet date, or ten percent of statutory capital and surplus, and (3) the amount of gross deferred tax assets, after the application of (1) and (2) that can be offset against gross deferred tax liabilities. NAIC SAP requires that deferred tax assets can only be admitted through loss carrybacks to the extent that the Company paid or was allocated taxes as a separate legal entity. In addition, deferred tax assets that the

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

NOTES TO FINANCIAL STATEMENTS

Company expects to realize within one year of the balance sheet date on a separate legal entity basis cannot be admitted if the Company projects a tax loss.

Changes in deferred tax assets and deferred tax liabilities are recognized as a separate component of changes in net worth except to the extent allocated to changes in unrealized gains and losses. Changes in deferred tax assets and liabilities allocated to unrealized gains and losses are netted against the related changes in unrealized gains and losses and are also reported as a separate component of the change in net worth.

State income tax expense of \$1,598 and \$258 is recorded in administrative expenses on the accompanying statutory statements of revenue and expenses at December 31, 2010 and 2009, respectively.

For the years ended December 31, 2010 and 2009, the Company's provision for income tax expense and change in deferred income tax is summarized as follows:

	2010	2009
Current federal income taxes incurred	\$ 5,791	3,778
Change in deferred income tax	(1,796)	(2,981)
Total income tax expense reported	\$ 3,995	797

Income tax expense and change in deferred income tax in the accompanying financial statements is different from the amount computed by applying the federal tax rate of 35% and 34% to income before income taxes in December 31, 2010 and 2009, respectively. The reason for this difference and the related tax effects are summarized as follows:

	2010	2009
Computed "expected" tax expense	\$ 4,860	1,334
Increase (reduction) in taxes resulting from:		
Permanent items	35	214
Change in non-admitted assets	(958)	(535)
Other items, net	58	(216)
Actual tax expense	\$ 3,995	797

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	2010	2009
Deferred tax assets:		
Net operating loss carryforwards	\$ 182	216
Estimated claims incurred but not reported, deductible as paid for tax purposes	6,633	5,997
Property and equipment, principally due to differences in depreciation	2	
Capital loss	1	831
Impaired investment reserve	443	343
Nondeductible reserves and other	2,353	1,456
Nonadmitted assets	9,614	8,843
Total deferred tax assets	(2,374)	(3,835)
Nonadmitted deferred tax assets	7,240	5,008
Admitted deferred tax assets		
Deferred tax liabilities:		
Property and equipment, principally due to differences in depreciation	659	479
Unrealized gains		76
Total deferred tax liabilities		403
Net admitted deferred tax asset	\$ 6,581	4,529

NOTES TO FINANCIAL STATEMENTS

The change in deferred income taxes is comprised of the following:

	2010	2009	Change
Total deferred tax assets	\$ 9,614	\$ 8,843	771
Total deferred tax liabilities	659	479	180
Net deferred tax asset	\$ 8,955	\$ 8,364	591
Tax effect of unrealized gains			256
Unadjusted change in net deferred income tax			847
Change in federal tax rate from 2009			949
Change in net deferred income tax			\$ 1,796

At December 31, 2010, the Company has NOL carryforwards for income tax purposes of \$521, which are available to offset future federal and state taxable income, if any, through 2019. The U.S. Internal Revenue Code and related income tax regulations impose certain restrictions on the use of NOL carryforwards after an ownership change caused by a purchase transaction. The annual limitation on the use of the NOLs by the Company is approximately \$38 per year.

During 2008, the Internal Revenue Service (IRS) initiated an examination of Select for 2005-2007. In January 2009, the IRS assessed certain timing adjustments to the amounts reflected by Select on the 2006 and 2007 tax returns. The Company does not agree with these adjustments and has begun the appeal process. In addition, the IRS may make similar claims for the 2008 and 2009 tax returns.

Although the final resolution of the adjustments is uncertain, based on currently available information, management believes that the ultimate outcome will not have a material effect on the Company's financial position, cash flows and overall trends in results of operations. There is the possibility of a material impact on the results of operations in the period in which the matter is ultimately resolved if it is resolved unfavorably, or in the period in which an unfavorable outcome becomes probable and reasonably estimable.

(10) Information Concerning Parent, Subsidiaries, and Affiliates

The Company subcontracts the administrative portion of certain services related to its Medicaid programs, such as claims processing, to AMHP. AMHP subcontracts the majority of these services to Keystone Mercy Health Plan (KMHP), an affiliated company. Costs incurred related to these administrative services were \$14,953 and \$13,168 for the years ended December 31, 2010 and 2009, respectively, and are included in claims adjustment expenses on the accompanying statutory statements of revenues and expenses. Amounts due to AMHP were \$1,912 and \$913 at December 31, 2010 and 2009, respectively, and are included in due to affiliates on the accompanying statutory statements of admitted assets, liabilities and net worth.

The Company received capital contributions in the amount of \$6,000 and \$5,500 from AMHP during 2010 and 2009, respectively.

Effective May 1, 2008 until September 30, 2010 per description in Note (1) above, certain behavioral healthcare services were provided to the Company's Medicaid members by Community Behavioral Healthcare Network of Pennsylvania, Inc. (CBHNP), a subsidiary of AMHP. Costs incurred related to these services rendered by CBHNP were \$54 and \$62 for the years ended December 31, 2010 and 2009, respectively.

Independence Blue Cross (IBC), an affiliated company, maintains healthcare benefits plans under which the Company's employees receive healthcare benefits. Amounts incurred under these plans totaled \$2,443 and \$2,588 during 2010 and 2009, respectively.

(11) Debt

None

(12) Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan

Certain employees of the Company participate in the Pension Plan of the AmeriHealth Mercy Family of Companies, a noncontributory defined benefit pension plan that provides retirement benefits to employees of the Company based upon certain eligibility requirements as defined in the plan document. For eligible employees hired prior to January 1, 2001, pension benefits are based on participant's average earnings and length of service. For eligible employees hired after January 1, 2001, pension benefits are calculated based on a percentage of the participant's base salary plus commissions determined by years of service. The Company is allocated its share of the annual pension cost by AMHP based upon the Company's employees. Pension

NOTES TO FINANCIAL STATEMENTS

expense for the Company's employees under the plan was \$305 and \$348 for the years ended December 31, 2010 and 2009, respectively.

B. Defined Contribution Plan

The Company's employees are eligible to participate in the AmeriHealth Mercy Family of Companies 401(k) plan (401(k) Plan), a defined contribution plan covering substantially all employees of the Company. The Company matches employee contributions with an amount equal to 100% of such contribution up to 1% of the eligible employee's salary, plus 50% of such contribution on the next 5% of the eligible employee's salary. The Company's expense for the 401(k) Plan was \$336 and \$316 for the years ended December 31, 2010 and 2009, respectively.

C. Multiemployer Plans

None

D. Consolidated/Holding Company Plans

None

E. Postemployment Benefits and Compensated Absences

None

F. Impact of Medicare Modernization Act on Postretirement Benefits

None

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

On September 29, 1999 AMHP acquired all of the outstanding common stock of the Company in the amount of \$1,100. The Company has 1,000,000 common shares authorized and 601,000 shares outstanding.

In connection with its certificate of authority issued by the DOI, the Company is required to maintain a minimum net worth of \$750, of which \$600 must be capital. The Company is also required to maintain a security deposit of \$300. At December 31, 2010 and 2009, the Company is in compliance with these requirements.

(14) Contingencies

In the ordinary course of business, the Company is involved in and is subject to claims, contractual disputes with providers and other uncertainties. In the opinion of management, the ultimate disposition of these matters will not have a material effect on the Company's financial condition or results of operations.

The Company is covered under the managed care errors and omissions policy maintained by AMHP for certain claims with an aggregate limit of \$40,000. Professional liability coverage is on a claims-made basis and must be renewed or replaced with equivalent insurance if such claims incurred during its term but asserted after its expiration are to be insured.

(15) Leases

Effective June 1, 2007, the Company executed an operating lease agreement for office space expiring on May 31, 2015. The monthly base rent amount includes scheduled increases in base rent amounts as defined in the agreement. The Company is also responsible for real estate taxes, utilities, and all other expenses associated with the operation of its leased office facility. Recognition of rent expense on a straight-line basis in accordance with SSAP No. 22, *Leases*, results in deferred rent of \$145 and \$109 as of December 31, 2010 and 2009, respectively.

In addition, the Company leases certain other office space and equipment under noncancelable operating leases. Future minimum rental commitments under all noncancelable lease agreements as of December 31, 2010 are as follows:

2011	\$	1,188
2012		1,173
2013		1,198
2014		1,224
2015		517
2016 and thereafter		_____
	\$	5,300

Rent expense for operating leases amounted to \$1,164 and \$1,046 during the years ended December 31, 2010 and 2009, respectively.

NOTES TO FINANCIAL STATEMENTS

- (16) Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk
None
- (17) Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
None
- (18) Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
None
- (19) Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
None
- (20) Fair Value Measurements
A. Assessment Disclosure
- The Company's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by Statement of Statutory Accounting Principles No. 100, Fair Value Measurements. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. The fair value hierarchy is comprised of three priority levels, which are as follows:
- Level 1* – Unadjusted quoted market prices for identical assets or liabilities in active markets.
- Level 2* – Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3* – Unobservable inputs that cannot be corroborated by observable market data.
- The Company uses quoted values and other data provided by a nationally recognized independent pricing service IDC as inputs into its process for determining fair values of its investments. The pricing service obtains market quotations and actual transaction prices for securities that have quoted prices in active markets. For securities not actively traded, the pricing service prepares estimates of fair value measurements for those securities using its proprietary pricing applications which include available relevant market information, benchmark curves, benchmarking of like securities, sector groupings and matrix pricing. Additionally, the pricing service uses an Option Adjusted Spread model to develop prepayment and interest rate scenarios.
- In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset.
- Securities with fixed maturities other than U.S. Treasury securities generally do not trade in an active market. The fair value estimates of such fixed maturity investments are based on observable market information rather than market quotes. Accordingly, the estimates of fair value for such fixed maturities as provided by the pricing service are included in the amount disclosed in Level 2 of the hierarchy. The estimated fair values of U.S. Treasury securities are included in the amount disclosed in Level 1 as the estimates are based on unadjusted market prices.
- The Company's equity mutual funds trade on a major exchange. Accordingly, such equity securities are disclosed in Level 1.
1. Fair Value Hierarchy

NOTES TO FINANCIAL STATEMENTS

	December 31, 2010			Total fair value
	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	
Unrestricted investment securities:				
Equity securities:	\$			-
Large cap				-
Small cap				-
Equity mutual funds	17,562,054			17,562,054
Multi-management funds				-
Debt securities:				-
U.S. Treasury securities	16,540,723			16,540,723
Other U.S. government securities				-
Corporate debt securities	4,092,007			4,092,007
Other MBS/ABS	16,228,180			16,228,180
Municipal bonds	496,600			496,600
Restricted investment securities:				-
Fixed income mutual funds				-
Equity mutual funds				-
Debt securities:				-
Corporate debt securities				-
Municipal bond				-
Total assets	<u>\$ 337,080</u>	<u>-</u>	<u>-</u>	<u>337,080</u>
	<u>\$ 55,256,644</u>	<u>-</u>	<u>-</u>	<u>55,256,644</u>

2. Fair value measurements categorized in level 3
None
 3. Policy for transfers between levels are recognized
No transfers occurred during reporting period
 4. Valuation techniques and inputs used for Level 2 and Level 3
None
 5. Derivative Assets and Liabilities
None
- B. Disclosure removed by Statutory Accounting Principles Working Group
Not Applicable
- C. Additional disclosure of fair value information under other accounting pronouncements
None
- (21) Other Items
- A. Extraordinary Items
None
 - B. Troubled Debt Restructuring Debtors
None
 - C. Other Disclosures
None
 - D. Uncollectible Balances
None
 - E. Business Interruption Insurance Recoveries
None
 - F. State Transferable Tax Credits
None
 - G. Subprime Mortgage Related Risk Exposure
None

NOTES TO FINANCIAL STATEMENTS

(22) Events Subsequent
For statutory reporting purposes, management has evaluated events and transactions occurring subsequent to the balance sheet date through March 1, 2011, the date that the 2010 annual statement was filed with the NAIC, for potential recognition and disclosure. No events or transactions occurring subsequent to the balance sheet date meet the definition of a recognized or nonrecognized subsequent event under the scope of SSAP No. 9, *Subsequent Events*, and, therefore, do not require recognition or disclosure in the annual statement.

(23) Reinsurance
The Company maintains reinsurance (stop-loss) coverage for hospital inpatient medical expenses with a commercial insurance carrier. Under this agreement, the Company is reimbursed for 90% of the inpatient hospital costs exceeding \$150 per member per year through March 31, 2010 and \$225 per member per year thereafter. Under this policy, the maximum reinsurance recovery on a per member basis is \$2,000 per lifetime. The reinsurance coverage does not relieve the Company of its primary obligation to the plan members. Reinsurance premiums were \$1,653 and \$950 in 2010 and 2009, respectively, and are presented as reductions to premiums revenue in the accompanying statutory statements of revenues and expenses. Reinsurance recoveries amounted to \$2,348 and \$1,025 for the years ended December 31, 2010 and 2009, respectively, and are included in the accompanying statutory statements of revenues and expenses.

(24) Retrospectively Rated Contracts & Contracts Subject to Redetermination
Receivable from Centers for Medicare and Medicaid Services
CMS reimbursed the Company for costs incurred related to the catastrophic reinsurance subsidy and low-income member cost-sharing subsidy elements of the Medicare PDP. Accordingly, there was no insurance risk to the Company. Amounts received for these subsidies were not reflected as premiums revenue, but rather were accounted for as deposits, and a corresponding asset or liability was recorded. The Company administered and paid the subsidized portion of the claims on behalf of CMS, and a settlement occurred subsequent to year-end between CMS and the Company based on actual claims experience. Cash flows related to the catastrophic reinsurance and low income member cost sharing subsidies are presented within financing activities in the statutory statements of cash flows.

The receivables from CMS of \$0 and \$1,439 at December 31, 2010 and 2009, respectively, represent amounts due from CMS related to the catastrophic reinsurance and low-income member cost-sharing subsidies as well as amounts due from CMS as a result of the risk corridor provision.

(25) Change in Incurred Claims and Claim Adjustment Expenses
Activity in accrued medical expenses and unpaid claims adjustment expenses is summarized as follows:

	2010	2009
Balance, January 1	\$ 68,234	36,667
Incurred related to:		
Current year	570,539	491,261
Prior year	(5,785)	(5,203)
Total incurred	564,774	486,058
Paid related to:		
Current year	506,564	424,811
Prior year	39,400	29,680
Total paid	565,964	454,491
Balance, December 31	\$ 67,044	68,234

In 2010, reserves for incurred claims and unpaid claim adjustment expenses attributable to insured events of prior years decreased by \$5,785 from \$31,464 in 2009 to \$25,679 in 2010 as a result of the payment of claims and the reestimation of unpaid claims. In 2009, reserves for incurred claims and unpaid claim adjustment expenses attributable to insured events of prior years decreased by \$5,203 from \$36,667 in 2008 to \$31,464 in 2009 as a result of the payment of claims and the reestimation of unpaid claims. These adjustments are generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

(26) Intercompany Pooling Arrangements
None
(27) Structured Settlements
None

NOTES TO FINANCIAL STATEMENTS

(28) Health Care Receivables

Pharmacy Rebates Receivable

AMHP provides pharmacy benefit management services to the Company. AMHP has contractual arrangements with the drug manufacturers for rebates that cover the Company's membership. The Company receives those rebates collected by AMHP relating to the Company's membership. In accordance with SSAP No. 96, pharmacy rebates receivable of \$2,051 and \$976 at December 31, 2010 and 2009, respectively, were non-admitted.

Quarter Ended	As Invoiced Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Contingent	Pharmacy Rebate Receivables - Consolidated			
			Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 186 Days of Billing	Actual Rebates Received More Than 186 Days After Billing	
12/31/2010	\$ (383,000)	\$ -	\$ -	\$ -	\$ -	
9/30/2010	\$ 1,603,667	\$ 1,363,839	\$ -	\$ -	\$ -	
6/30/2010	\$ 1,963,067	\$ 1,843,183	\$ 8,462	\$ 1,680,261	\$ -	
3/31/2010	\$ 1,214,632	\$ 1,881,300	\$ 4,934	\$ 1,652,670	\$ 200,044	
12/31/2009	\$ 1,789,662	\$ 1,883,373	\$ 1,479	\$ 1,257,666	\$ 138,171	
9/30/2009	\$ 1,378,000	\$ 1,698,079	\$ 10,246	\$ 1,238,242	\$ 11,256	
6/30/2009	\$ 1,720,976	\$ 1,489,218	\$ 11,279	\$ 959,443	\$ 115,597	
3/31/2009	\$ 300,000	\$ 1,159,450	\$ 5,682	\$ 729,205	\$ 85,819	
12/31/2008	\$ 971,955	\$ 1,552,983	\$ 700	\$ 1,089,633	\$ 217,105	
9/30/2008	\$ 892,892	\$ 1,283,211	\$ 1,723	\$ 565,522	\$ 537,248	
6/30/2008	\$ 866,954	\$ 1,158,827	\$ 2,997	\$ 920,921	\$ 82,250	
3/31/2008	\$ 858,800	\$ 1,070,855	\$ 2,287	\$ 700,933	\$ 232,805	

(29) Participating Policies

None

(30) Premium Deficiency Reserves

None

(31) Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company. _____

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?
 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office of any affiliates regulated by a federal financial regulatory services agency (i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)) and identify the affiliate's primary federal regulator. Yes [] No [X]

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 KPMG, 1601 Market St., Philadelphia, PA 19103

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 74 of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?
 Yes [] No [X]

10.2 If the response to 10.1 is yes, provide information related to the exemption: _____

10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 144 of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation?
 Yes [] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption: _____

10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?
 Yes [] No [X]

10.6 If the response to 10.5 is yes, provide information related to this exemption: _____

10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?
 Yes [X] No [] N/A []

10.8 If the response to 10.7 is no or n/a, please explain: _____

11. What is the name, address and affiliation (office/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/actuarial certification?
 Richard Pathman, AnnuHealth Merit Health Plan, 200 Stevens Drive, Philadelphia, PA 19113, VP of Actuarial Services, employee of reporting entity.

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?
 Yes [] No [X]

12.11 Name of real estate holding company: _____

12.12 Number of parcels involved: _____

12.13 Total book/adjusted carrying value: \$ _____

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 12.1 What changes have been made during the year in the United States manager or the United States trustee of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?
 Yes [] No [X]

12.3 Have there been any changes made to any of the trust indentures during the year?
 Yes [] No [X]

12.4 If answer to 12.3 is yes, has the domiciliary or entity state approved the changes?
 Yes [] No [] N/A [X]

12.5 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or person 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.

12.6 If the response to 12.5 is no, please explain: _____

14.2 Has the code of ethics for senior managers been amended?
 Yes [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s): _____

14.3 Have any provisions of the code of ethics been waived for any of the specified officers?
 Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s): _____

GENERAL INTERROGATORIES

BOARD OF DIRECTORS

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

FINANCIAL

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

INVESTMENT

- 23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (Other than securities lending programs addressed in 23.31) Yes No If
- 23.2 If no, give full and complete information, including branch: Yes No If
- 23.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is sufficient or if balance sheet. (an alternative is to refer to Note 17 where this information is also provided) Yes No If
- 23.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes No If
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs: \$ Yes No If
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs: \$ Yes No If
- 23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No If
- 23.8 Does the reporting entity not-admit when the collateral received from the counterparty falls below 100%? Yes No If
- 23.9 Does the reporting entity or the reporting entity's securities lending report utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes No If

GENERAL INTERROGATORIES

OTHER

32.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any? \$ 128,042
 32.2 List the name of the organizations and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Medical Health Plans of South Carolina	\$ 60,000
Medical Health Plans of America	\$ 25,000

33.1 Amount of payments for legal expenses, if any? \$ 91,255
 33.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Young Client Rivers & Tisdell	\$ 81,250

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 137,242
 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Southern Strategy Group	\$ 37,250
Bryant Co., Inc	\$ 49,992

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
 1.2 If yes, indicate premium earned on U.S. business only \$ _____
 1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ _____
 1.31 Reason for excluding _____

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in item (1.2) above. \$ _____
 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$ _____
 1.6 Individual policies: \$ _____

Most current three years:
 1.61 Total premium earned \$ _____
 1.62 Total incurred claims \$ _____
 1.63 Number of covered lives _____
 All years prior to most current three years:
 1.64 Total premium earned \$ _____
 1.65 Total incurred claims \$ _____
 1.66 Number of covered lives _____

1.7 Group policies:
 Most current three years:
 1.71 Total premium earned \$ _____
 1.72 Total incurred claims \$ _____
 1.73 Number of covered lives _____
 All years prior to most current three years:
 1.74 Total premium earned \$ _____
 1.75 Total incurred claims \$ _____
 1.76 Number of covered lives _____

2. Health Test:

	1	Current Year	2	Prior Year	
2.1 Premium Numerator	\$	697,941,365	\$	516,883,465	Yes [X] No []
2.2 Premium Denominator	\$	697,941,365	\$	516,883,465	Yes [] No [X]
2.3 Premium Ratio (2.1/2.2)		1.000		1.000	Yes [X] No []
2.4 Reserve Numerator	\$	86,102,896	\$	67,236,729	
2.5 Reserve Denominator	\$	86,102,896	\$	67,236,729	
2.6 Reserve Ratio (2.4/2.5)		1.000		1.000	

3.1 Has the reporting entity received any endorsement or gift from confining hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]
 3.2 If yes, give particulars:

4.1 Have copies of all agreements setting the period and nature of hospitals', physicians', and dentists' care referred to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No []
 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No [X]
 5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No []
 5.2 If no, explain:

- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical \$ _____ 425,100
 - 5.32 Medical Only \$ _____
 - 5.33 Medicare Supplement \$ _____
 - 5.34 Dental and Vision \$ _____
 - 5.35 Other Limited Benefit Plan \$ _____
 - 5.36 Other \$ _____

8. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of bankruptcy including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
 All providers have executed hold-harmless agreements, agreements with providers requiring certification of services and incapacity protection as through the reinsurer.
 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No []
 7.2 If no, give details:

8. Provide the following information regarding participating providers:
 8.1 Number of providers at start of reporting year _____ 5,159
 8.2 Number of providers at end of reporting year _____ 6,335
 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]
 9.2 If yes, direct premium earned:
 9.21 Business with rate guarantees between 15-36 months _____
 9.22 Business with rate guarantees over 36 months _____

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [] No [X]
- 10.2 If yes:
- | | |
|---|------------|
| 10.2.1 Maximum amount payable bonuses | \$ _____ |
| 10.2.2 Amount actually paid for year bonuses | \$ 172,000 |
| 10.2.3 Maximum amount payable withhold | \$ _____ |
| 10.2.4 Amount actually paid for year withhold | \$ _____ |
- 11.1 Is the reporting entity organized as:
- | | |
|--|------------------|
| 11.1.2 A Medical Group/Staff Model, | Yes [] No [X] |
| 11.1.3 An Individual Practice Association (IPA), or, | Yes [X] No [] |
| 11.1.4 A Mixed Model (combination of above) ? | Yes [] No [X] |
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? \$ 500M CAROLINA
- 11.3 If yes, show the name of the state requiring such net worth. 2,300,000
- 11.4 If yes, show the amount required. Yes [] No [X]
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]
- 11.6 If the amount is calculated, show the calculation.

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

1	Name of Service Area
Abbeville, SC	
Aiken, SC	
Allendale, SC	
Anderson, SC	
Bamberg, SC	
Barnwell, SC	
Beaufort, SC	
Berkeley, SC	
Calhoun, SC	
Charleston, SC	
Cherokee, SC	
Christler, SC	
Christfield, SC	
Clemson, SC	
Colleton, SC	
Darlington, SC	
Dillon, SC	
Dorchester, SC	
Edgefield, SC	
Fairfield, SC	
Florence, SC	
Georgetown, SC	
Greenville, SC	
Greenwood, SC	
Hampton, SC	
Horry, SC	
Jasper, SC	
Kershaw, SC	
Lancaster, SC	
Larson, SC	
Lenoir, SC	
Lexington, SC	
McCormick, SC	
Marion, SC	
Marlboro, SC	
McKee, SC	
Mecklenburg, SC	
Monroe, SC	
Murphy, SC	
Orangeburg, SC	
Oconee, SC	
Pickens, SC	
Richland, SC	
Saluda, SC	
Spartanburg, SC	
Sumter, SC	
Union, SC	
Williamsburg, SC	
York, SC	

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

FIVE - YEAR HISTORICAL DATA

	2010	2009	2008	2007	2006
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	163,425,905	141,992,881	85,685,004	51,515,514	41,631,037
2. Total liabilities (Page 3, Line 24)	125,592,465	118,595,617	79,563,525	57,665,721	39,015,423
3. Statutory surplus	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
4. Total capital and surplus (Page 3, Line 33)	57,843,318	22,597,567	14,721,475	13,549,833	11,615,655
Income Statement (Page 4)					
5. Total revenues (Line 8)	897,941,565	516,663,455	275,192,133	159,674,405	101,590,126
6. Total medical and hospital expenses (Line 18)	599,766,598	472,827,471	296,469,575	127,653,067	97,590,001
7. Claims adjustment expenses (Line 20)	15,007,013	13,230,572	9,532,891	5,545,909	8,353,487
8. Total administrative expenses (Line 21)	92,865,720	29,014,161	24,025,018	20,425,841	15,598,556
9. Net underwriting gain (loss) (Line 24)	10,302,124	1,591,251	5,154,549	5,149,833	3,250,172
10. Net investment gain (loss) (Line 27)	3,582,672	2,342,364	(1,593,237)	1,576,032	671,788
11. Total other income (Lines 28 plus 29)	9	0	0	0	0
12. Net income or (loss) (Line 32)	8,083,625	155,287	845,831	4,038,790	772,294
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	8,673,201	37,438,692	34,770,147	1,466,447	12,008,507
Risk-Based Capital Analysis					
14. Total adjusted capital	37,843,318	22,397,067	14,721,475	13,549,833	11,615,655
15. Authorized level risk-based capital	22,245,907	19,677,005	9,785,280	5,315,279	4,127,782
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	205,073	202,730	182,356	88,372	85,526
17. Total members months (Column 8, Line 7)	2,415,177	2,125,346	1,300,898	1,013,982	950,857
Operating Percentage (Page 4)					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	90.4	91.5	86.1	79.9	80.8
20. Cost containment expenses	0.0	0.0	0.0	0.0	0.0
21. Other claims adjustment expenses	2.5	2.6	3.5	4.1	5.3
22. Total underwriting deductions (Line 23)	98.3	99.7	90.4	95.8	96.0
23. Total underwriting gain (loss) (Line 24)	1.7	0.3	1.3	3.2	4.0
Unpaid Claims Analysis					
24. Total claims incurred for prior years (Line 13, Col. 5)	62,442,730	31,535,122	19,059,965	10,576,939	8,143,758
25. Estimated liability of unpaid claims - prior year (Line 13, Col. 6)	67,226,729	35,189,245	16,356,694	11,276,866	10,659,420
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (a) listed included in Sch. DA Investment, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0

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



ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION

Select Health of South Carolina, Inc.

2, 4390 Belle Oaks Drive, Suite 400, Charleston, SC 29405

(LOCATION)

NAIC Group Code	0000	BUSINESS IN THE STATE OF South Carolina		DURING THE YEAR 2010						NAIC Company Code	95458
	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other	
		2 Individual	3 Group								
Total Members at end of:											
1. Prior Year	202,790	8,248							194,542		
2. First Quarter	167,488	7,765							169,723		
3. Second Quarter	199,948	7,880							192,068		
4. Third Quarter	201,381	6,764							194,617		
5. Current Year	205,073								205,073		
6. Current Year Member Months	2,415,727	68,766							2,346,961		
Total Member Ambulatory Encounters for Year:											
7. Physician	1,568,512	7,019							1,562,493		
8. Non-Physician	221,863	632							220,731		
9. Total	1,810,875	7,651	0	0	0	0	0	0	1,803,224	0	
10. Hospital Patient Days Incurred	85,336	421							84,915		
11. Number of Inpatient Admissions	19,487	120							19,367		
12. Health Premiums Written (b)	605,884,518	9,034,809							600,850,909		
13. Life Premiums Direct	0										
14. Property/Casualty Premiums Written	0										
15. Health Premiums Earned	607,898,849	8,273,906							603,622,944		
16. Property/Casualty Premiums Earned	0										
17. Amount Paid for Provision of Health Care Services	550,910,371	8,103,378							541,806,993		
18. Amount Incurred for Provision of Health Care Services	552,114,727	8,121,144							543,993,593		

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

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



ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION

Select Health of South Carolina, Inc.

2.

(LOCATION)

NAIC Group Code	0000	BUSINESS IN THE STATE OF		Consolidated		DURING THE YEAR 2010					NAIC Company Code	96458
	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10		
		2	3								Medicare Supplement	Value Only
	Total	Individual	Group									
Total Members at end of:												
1. Prior Year	202,790	8,248	0	0	0	0	0	0	194,542	0		
2. First Quarter	197,488	7,785	0	0	0	0	0	0	189,723	0		
3. Second Quarter	199,948	7,880	0	0	0	0	0	0	192,068	0		
4. Third Quarter	201,381	8,784	0	0	0	0	0	0	194,617	0		
5. Current Year	205,073	0	0	0	0	0	0	0	205,073	0		
6. Current Year Member Months	2,418,727	88,786	0	0	0	0	0	0	2,346,931	0		
Total Member Ambulatory Encounters for Year:												
7. Physician	1,569,512	7,019	0	0	0	0	0	0	1,562,493	0		
8. Non-Physician	221,363	632	0	0	0	0	0	0	220,731	0		
9. Total	1,810,875	7,651	0	0	0	0	0	0	1,803,224	0		
10. Hospital Patient Days Incurred	85,336	421	0	0	0	0	0	0	84,916	0		
11. Number of Inpatient Admissions	19,497	120	0	0	0	0	0	0	19,377	0		
12. Health Premiums Written (b)	809,894,518	9,034,809	0	0	0	0	0	0	800,559,809	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	807,880,848	8,273,995	0	0	0	0	0	0	598,622,944	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	550,910,371	9,103,378	0	0	0	0	0	0	541,806,993	0		
18. Amount Incurred for Provision of Health Care Services	652,114,727	8,121,144	0	0	0	0	0	0	543,993,583	0		

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

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

29.GT

Schedule S - Part 1 - Section 2

NONE

Schedule S - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

SCHEDULE S - PART 3 - SECTION 2

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Companies as of December 31, Current Year

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Company	5 Location	6 Type	7 Premiums	8 Unearned Premiums (Estimated)	9 Reserve Credit Taken Other than for Unearned Premiums	10 Outstanding Surplus Relief		12 Modified Coinsurance Reserve	13 Funds Withheld Under Coinsurance
									10 Current Year	11 Prior Year		
Total Authorized General Account - Non-Affiliates												
60735	74-0484030	04/01/2010	American National Insurance Company	One Woody Plaza, Galveston, TX	SR/TA	1,853,154	0	0	0	0	0	0
029999 - Total Authorized General Account - Non-Affiliates						1,853,154	0	0	0	0	0	0
039999 - Total Authorized General Account						1,853,154	0	0	0	0	0	0
079999 - Total Authorized and Unauthorized General Account						1,853,154	0	0	0	0	0	0
159999 Totals						1,853,154	0	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

SCHEDULE S - PART 4

Reinsurance Ceded To Unauthorized Companies

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Reserve Credit Taken	6 Paid and Unpaid Losses Recoverable (Debit)	7 Other Debits	8 Total (Cols. 5+6+7)	9 Letters of Credit	10 Trust Agreements	11 Funds Deposited by and Withheld from Reinsurers	12 Other	13 Miscellaneous Balances (Credit)	14 Sum of Cols. 9+10+11+12+13 But Not in Excess of Col. 8
NONE													
1199999 Total				0	0	0	0	0	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

Schedule S - Part 5
 Five-Year Exhibit of Reinsurance Ceded Business
 (000 Omitted)

	1 2010	2 2009	3 2008	4 2007	5 2006
A. OPERATIONS ITEMS					
1. Premiums	17	17	0	0	0
2. Title XVII-Medicare	0	0	0	0	0
3. Title XIX-Medicaid	1,636	933	438	289	225
4. Commissions and reinsurance expense allowance		0	0	0	0
5. Total hospital and medical expenses	546,787	472,627	295,469	127,553	97,350
B. BALANCE SHEET ITEMS					
6. Premiums receivable	0	0	0	0	0
7. Claims payable	0	0	0	0	0
8. Reinsurance recoverable on paid losses	0	0	0	0	0
9. Experience rating refunds due or unpaid	0	0	0	0	0
10. Commissions and reinsurance expense allowances unpaid	0	0	0	0	0
11. Unauthorized reinsurance offset	0	0	0	0	0
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F)	0	0	0	0	0
13. Letters of credit (L)	0	0	0	0	0
14. Trust agreements (T)	0	0	0	0	0
15. Other (O)	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

SCHEDULES - PART 6

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1	2	3
	As Reported (net of ceded)	Restatement Adjustments	Revised (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 12)	131,627,086		131,627,086
2. Accident and health premiums due and unpaid (Line 15)	23,094,700		23,094,700
3. Amounts recoverable from reinsurers (Line 18.1)	0		0
4. Net credit for ceded reinsurance	XXX	0	0
5. All other admitted assets (Balance)	8,684,017		8,684,017
6. Total assets (Line 28)	163,425,803	0	163,425,803
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 4)	65,082,866	0	65,082,866
8. Accrued medical incentive pool and bonus payments (Line 2)	1,000,000		1,000,000
9. Premiums received in advance (Line 8)	43,637,893		43,637,893
10. Funds held under reinsurance treaties with authorized and unauthorized reinsurers (Line 19)	0		0
11. Reinsurance in unauthorized companies (Line 20)	0		0
12. All other liabilities (Reserves)	15,681,811		15,681,811
13. Total liabilities (Line 24)	125,382,466	0	125,382,466
14. Total capital and surplus (Line 33)	37,845,318	XXX	37,845,318
15. Total liabilities, capital and surplus (Line 34)	163,425,804	0	163,425,804
NET CREDIT FOR CEDED REINSURANCE			
16. Claims unpaid	0		0
17. Accrued medical incentive pool	0		0
18. Premiums received in advance	0		0
19. Reinsurance recoverable on paid losses	0		0
20. Other ceded reinsurance recoverables	0		0
21. Total ceded reinsurance recoverables	0		0
22. Premiums receivable	0		0
23. Funds held under reinsurance treaties with authorized and unauthorized reinsurers	0		0
24. Unauthorized reinsurance	0		0
25. Other ceded reinsurance payables/forfeits	0		0
26. Total ceded reinsurance payables/forfeits	0		0
27. Total net credit for ceded reinsurance	0		0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by State and Territory

State, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Consideration ^a	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	
1. Alabama	AL	N							0
2. Alaska	AK	N							0
3. Arizona	AZ	N							0
4. Arkansas	AR	N							0
5. California	CA	N							0
6. Colorado	CO	N							0
7. Connecticut	CT	N							0
8. Delaware	DE	N							0
9. District of Columbia	DC	N							0
10. Florida	FL	N							0
11. Georgia	GA	N							0
12. Hawaii	HI	N							0
13. Idaho	ID	N							0
14. Illinois	IL	N							0
15. Indiana	IN	N							0
16. Iowa	IA	N							0
17. Kansas	KS	N							0
18. Kentucky	KY	N							0
19. Louisiana	LA	N							0
20. Maine	ME	N							0
21. Maryland	MD	N							0
22. Massachusetts	MA	N							0
23. Michigan	MI	N							0
24. Minnesota	MN	N							0
25. Mississippi	MS	N							0
26. Missouri	MO	N							0
27. Montana	MT	N							0
28. Nebraska	NE	N							0
29. Nevada	NV	N							0
30. New Hampshire	NH	N							0
31. New Jersey	NJ	N							0
32. New Mexico	NM	N							0
33. New York	NY	N							0
34. North Carolina	NC	N							0
35. North Dakota	ND	N							0
36. Ohio	OH	N							0
37. Oklahoma	OK	N							0
38. Oregon	OR	N							0
39. Pennsylvania	PA	N							0
40. Rhode Island	RI	N							0
41. South Carolina	SC	1	9,004,609		609,599,909		609,594,516		0
42. South Dakota	SD	N							0
43. Tennessee	TN	N							0
44. Texas	TX	N							0
45. Utah	UT	N							0
46. Vermont	VT	N							0
47. Virginia	VA	N							0
48. Washington	WA	N							0
49. West Virginia	WV	N							0
50. Wisconsin	WI	N							0
51. Wyoming	WY	N							0
52. American Samoa	AS	N							0
53. Guam	GU	N							0
54. Puerto Rico	PR	N							0
55. U.S. Virgin Islands	VI	N							0
56. Northern Mariana Islands	MP	N							0
57. Canada	CN	N							0
58. Aggregate Other Aton	OT	XX	9,004,609		609,599,909		609,594,516		0
59. Subtotal:		XX							0
60. Reporting entity contributions for Employees Benefit plans:		XX							0
61. Total (Direct Business)		(a)	9,004,609	0	609,599,909	0	609,594,516		0
DETAILS OF WRITINGS									
5801.		XX							0
5802.		XX							0
5803.		XX							0
5898. Summary of remaining writings for Line 58 from overview page:		XX	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		XX	0	0	0	0	0	0	0

(U) Licensed or Chartered - (L) Licensed Insurance Carrier or Domestic RRG; (R) Registered - Non-domestic RRG; (Q) Qualified - Qualified or Accepted Reinsurer; (E) Eligible - Reporting Entity eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by state, premiums by state, etc.: The Company only has business in the state of South Carolina

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

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

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

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

Allocated By Status and Territory

State, DC	Direct Business Only					Trade
	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Residual Income (Group and Individual)	4 Long Term Care (Group and Individual)	5 Deposit-Type Contracts	
1. Alabama	0	0	0	0	0	0
2. Alaska	0	0	0	0	0	0
3. Arizona	0	0	0	0	0	0
4. Arkansas	0	0	0	0	0	0
5. California	0	0	0	0	0	0
6. Colorado	0	0	0	0	0	0
7. Connecticut	0	0	0	0	0	0
8. Delaware	0	0	0	0	0	0
9. District of Columbia	0	0	0	0	0	0
10. Florida	0	0	0	0	0	0
11. Georgia	0	0	0	0	0	0
12. Hawaii	0	0	0	0	0	0
13. Idaho	0	0	0	0	0	0
14. Illinois	0	0	0	0	0	0
15. Indiana	0	0	0	0	0	0
16. Iowa	0	0	0	0	0	0
17. Kansas	0	0	0	0	0	0
18. Kentucky	0	0	0	0	0	0
19. Louisiana	0	0	0	0	0	0
20. Maine	0	0	0	0	0	0
21. Maryland	0	0	0	0	0	0
22. Massachusetts	0	0	0	0	0	0
23. Michigan	0	0	0	0	0	0
24. Minnesota	0	0	0	0	0	0
25. Mississippi	0	0	0	0	0	0
26. Missouri	0	0	0	0	0	0
27. Montana	0	0	0	0	0	0
28. Nebraska	0	0	0	0	0	0
29. Nevada	0	0	0	0	0	0
30. New Hampshire	0	0	0	0	0	0
31. New Jersey	0	0	0	0	0	0
32. New Mexico	0	0	0	0	0	0
33. New York	0	0	0	0	0	0
34. North Carolina	0	0	0	0	0	0
35. North Dakota	0	0	0	0	0	0
36. Ohio	0	0	0	0	0	0
37. Oklahoma	0	0	0	0	0	0
38. Oregon	0	0	0	0	0	0
39. Pennsylvania	0	0	0	0	0	0
40. Rhode Island	0	0	0	0	0	0
41. South Carolina	0	0	0	0	0	0
42. South Dakota	0	0	0	0	0	0
43. Tennessee	0	0	0	0	0	0
44. Texas	0	0	0	0	0	0
45. Utah	0	0	0	0	0	0
46. Vermont	0	0	0	0	0	0
47. Virginia	0	0	0	0	0	0
48. Washington	0	0	0	0	0	0
49. West Virginia	0	0	0	0	0	0
50. Wisconsin	0	0	0	0	0	0
51. Wyoming	0	0	0	0	0	0
52. American Samoa	0	0	0	0	0	0
53. Guam	0	0	0	0	0	0
54. Puerto Rico	0	0	0	0	0	0
55. U.S. Virgin Islands	0	0	0	0	0	0
56. Northern Mariana Islands	0	0	0	0	0	0
57. Canada	0	0	0	0	0	0
58. Mexico	0	0	0	0	0	0
59. Anywhere Other Than	0	0	0	0	0	0
60. Totals	0	0	0	0	0	0

NONE

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

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

PART 1 - ORGANIZATIONAL CHART

39

Organizational Structure	State of Incorporation	Employer ID	NAIC Code
1 Independence Blue Cross	PA	23-0370270	54704
2 IBC/HBS Caring Foundation For Children (50%)	PA	22-2724721	
3 Inter-County Hospitalization Plan, Inc. (50%)	PA	23-0724427	54763
4 Inter-County Health Plan, Inc. (50%)	PA	23-2063810	53252
5 AmeriHealth, Inc.	PA	23-2425461	
6 AmeriHealth Insurance Company of New Jersey	NJ	22-3338404	60061
7 Healthcare Delaware, Inc.	DE	51-0296135	95794
8 AmeriHealth Integrated Workers Compensation Management, Inc.	PA	23-2723299	
9 Independence Healthcare Management, Inc.	PA	23-2671650	
10 The AmeriHealth Agency, Inc.	PA	23-2800586	
11 AmeriHealth Administrators, Inc.	PA	23-2521508	
12 QCC Insurance Company	PA	23-2184623	93688
13 Verdign Health Solutions, LLC	PA	81-0681081	
14 FutureScripts, LLC*	PA	03-0592263	
15 FutureScripts Secure, LLC*	PA	16-1767416	
16 International Plan Solutions, LLC (40%)	DE	27-0204996	
17 Highway to Health, Inc.	DE	23-2903313	
18 Worldwide Insurance Services, Inc.	VA	54-1867679	
19 HTH Re, Ltd.	BM	98-0408753	
20 AmeriHealth Casualty Insurance Company	DE	06-1505051	10975
21 Independence Insurance, Inc.	DE	23-2865349	60254
22 AmeriHealth Services, Inc.	PA	23-2795357	
23 NS Assisted Living Communities, Inc.	PA	23-2824200	
24 CompServices, Inc.	PA	25-1686685	
25 CSI Services, Inc.	PA	25-1765486	
26 AmeriHealth Integrated Benefits, Inc.	DE	23-2317715	
27 AmeriHealth HMO, Inc.	PA	23-2314460	95044
28 AmeriHealth Integrated Case Management, Inc.	PA	23-2754696	
29 AmeriHealth Mercy Health Plan (50%)	PA	23-2839523	
30 Select Health of South Carolina, Inc.	SC	57-1032456	95458
31 Select Health of Georgia, Inc.	GA	20-2467931	
32 Shore Points AmeriHealth Mercy of Louisiana, LLC	LA	77-0632420	
33 AmeriHealth Mercy of Indiana, LLC	IN	20-4948091	
34 AmeriHealth Mercy Perform RX IPA of NY, LLC	NY	26-1809217	
35 AMHP Holdings Corp.	PA	26-1144363	
36 Community Behavioral Healthcare Network of Pennsylvania, Inc.	PA	25-1765391	
37 CBHNP Services, Inc.	PA	26-0885397	13630
38 Vista Health Plan, Inc.	PA	23-2408039	96660
39 Keystone Health Plan East, Inc.	PA	23-2405376	95056
40 Keystone Health Systems, Inc.	PA	23-2773183	
41 Keystone Benefits, Inc.	PA	23-2864737	
42 Keystone Mercy Health Plan (50%)	PA	23-2842344	

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

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

PART 1 - ORGANIZATIONAL CHART

43	Independence Holdings, Inc.	PA	23-2982367	
44	PRHP, Inc.	PR	66-0195325	53546
45	AmeriHealth Assurance, Ltd.	BM	98-0426648	
46	Region 6 Rx Corp.	PA	30-0326654	12812
47	InsPro Technologies Corp. (f/k/a Health Benefits Direct Corp.)	DE	98-0438502	
48	Independence Blue Cross Foundation	PA	36-4685801	

* The Sale of FutureScripts, LLC and FutureScripts Secure, LLC to Catalyst Health Solutions, Inc., a Delaware corporation closed on September 13, 2010

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Select Health of South Carolina, Inc.

SCHEDULE Y

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

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements		Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/(Liability)
	25-1785391	Community Behavioral Health Network Plan					83,681				83,681	
95458	57-1032458	Select Health of South Carolina, Inc.				(53,681)	(53,681)				(53,681)	
	23-2889523	Amer Health Mercy Health Plan			(6,000,000)		14,953,350			1,911,788	10,865,138	
95458	57-1032458	Select Health of South Carolina, Inc.		6,000,000			(14,953,350)			(1,911,788)	(10,865,138)	
9999999 Control Totals			0	0	0	0	0	0	XXX	0	0	0

OVERFLOW PAGE FOR WRITE-INS

M002 Additional Aggregate Lines for Page 02 Line 25

ASSETS - Assets

	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Col. 1 - 2)	Net Admitted Assets
2504. Employee Account's Receivable	580	580	0	0
2505. Prepaid Expenses	364,660	351,859	0	0
2506. Pension Asset	275,224	275,224	0	74,358
2507. South Caroli na Income Tax Receivable	207,154	0	207,154	0
2597. Summary of remaining write-ins for Line 25 from Page 2	647,828	640,574	207,154	74,358

M003 Additional Aggregate Lines for Page 03 Line 23

LAB - Liabilities

	1	2	3	4
	Covered	Uncovered	Total	Total
2204. South Carolina Department of Health and Human Services Rebalis Payable	1,197,000	0	1,197,000	0
2297. Summary of remaining write-ins for Line 23 from Page 02	1,197,000	0	1,197,000	0

M014 Additional Aggregate Lines for Page 14 Line 25

EXP - Underwriting and Investment Exhibit - Part 3

	1	2	3	4	5
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
2304. Donations	0	0	427,216	0	427,216
2397. Summary of remaining write-ins for Line 25 from Page 14	0	0	427,216	0	427,216

M016 Additional Aggregate Lines for Page 16 Line 25

NONADMITTED - Exhibit of Nonadmitted Assets

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
2504. Employee Account's Receivable	580	5,500	(4,920)
2505. Prepaid Expenses	364,660	369,139	(4,479)
2506. Pension Asset	275,224	275,224	0
2597. Summary of remaining write-ins for Line 25 from Page 16	640,574	275,259	365,315

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 – Enrollment By Product Type for Health Business Only	17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18
Exhibit 3 – Health Care Receivables	19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	20
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	21
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	22
Exhibit 7 – Part 1 – Summary of Transactions With Providers	23
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	23
Exhibit 8 – Furniture, Equipment and Supplies Owned	24
Exhibit of Capital Gains (Losses)	24
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	13
Exhibit of Premiums, Enrollment and Utilization (State Page)	16
Five-Year Historical Data	29
General Interrogatories	28
General Interrogatories	26
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	25
Overflow Page For Write-ins	41
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E18
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17
Schedule DA – Verification Between Years	SI11
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E19
Schedule DB – Part A – Verification Between Years	SI12
Schedule DB – Part B – Section 1	E20
Schedule DB – Part B – Section 2	E21
Schedule DB – Part B – Verification Between Years	SI12
Schedule DB – Part C – Section 1	SI13
Schedule DB – Part C – Section 2	SI14
Schedule DB – Part D	E22
Schedule DB – Verification	SI15
Schedule DL – Part 1	E23
Schedule DL – Part 2	E24
Schedule E – Part 1 – Cash	E25
Schedule E – Part 2 – Cash Equivalents	E26
Schedule E – Part 3 – Special Deposits	E27
Schedule E – Verification Between Years	SI16
Schedule S – Part 1 – Section 2	30
Schedule S – Part 2	31
Schedule S – Part 3 – Section 2	32
Schedule S – Part 4	33
Schedule S – Part 5	34
Schedule S – Part 6	35
Schedule T – Part 2 – Interstate Compact	37
Schedule T – Premiums and Other Considerations	36
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	38
Schedule Y - Part 2 – Summary of Insurer's Transactions With Any Affiliates	39
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Supplemental Exhibits and Schedules Interrogatories	40
Underwriting and Investment Exhibit – Part 1	8
Underwriting and Investment Exhibit – Part 2	9
Underwriting and Investment Exhibit – Part 2A	10
Underwriting and Investment Exhibit – Part 2B	11
Underwriting and Investment Exhibit – Part 2C	12
Underwriting and Investment Exhibit – Part 2D	13
Underwriting and Investment Exhibit – Part 3	14

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 – Enrollment By Product Type for Health Business Only	17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18
Exhibit 3 – Health Care Receivables	19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	20
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	21
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	22
Exhibit 7 – Part 1 – Summary of Transactions With Providers	23
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	23
Exhibit 8 – Furniture, Equipment and Supplies Owned	24
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	29
Five-Year Historical Data	28
General Interrogatories	26
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	25
Overflow Page For Write-ins	41
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By County	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17
Schedule DA – Verification Between Years	SI11
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E19
Schedule DB – Part A – Verification Between Years	SI12
Schedule DB – Part B – Section 1	E20
Schedule DB – Part B – Section 2	E21
Schedule DB – Part B – Verification Between Years	SI12
Schedule DB – Part C – Section 1	SI13
Schedule DB – Part C – Section 2	SI14
Schedule DB – Part D	E22
Schedule DB – Verification	SI15
Schedule DL – Part 1	E23
Schedule DL – Part 2	E24
Schedule E – Part 1 – Cash	E25
Schedule E – Part 2 – Cash Equivalents	E26
Schedule E – Part 3 – Special Deposits	E27
Schedule E – Verification Between Years	SI16
Schedule S – Part 1 – Section 2	30
Schedule S – Part 2	31
Schedule S – Part 3 – Section 2	32
Schedule S – Part 4	33
Schedule S – Part 5	34
Schedule S – Part 6	35
Schedule T – Part 2 – Interstate Compact	37
Schedule T – Premiums and Other Considerations	36
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	38
Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	39
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Supplemental Exhibits and Schedules Interrogatories	40
Underwriting and Investment Exhibit – Part 1	8
Underwriting and Investment Exhibit – Part 2	9
Underwriting and Investment Exhibit – Part 2A	10
Underwriting and Investment Exhibit – Part 2B	11
Underwriting and Investment Exhibit – Part 2C	12
Underwriting and Investment Exhibit – Part 2D	13
Underwriting and Investment Exhibit – Part 3	14

Notwithstanding any South Carolina law to the contrary, the parties recognize and agree that it is the intent of the parties, as sophisticated parties represented by counsel, that the limitation of liability section in this Agreement should be enforced in its entirety.

Y. No Third Party Distribution

Milliman's work is prepared solely for the internal business use of SCDHHS. Milliman's work may not be provided to third parties without Milliman's prior written consent except as required by law or a valid Freedom of Information Act request. Milliman does not intend to benefit any third party recipient of its work product, even if Milliman consents to the release of its work product to such third party.

Z. HIPAA Business Associate

Individually identifiable health information is to be protected in accordance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) as agreed upon in Appendix A.

AA. Portable Devices

All Protected Health Information (PHI) stored on portable devices must be encrypted. Portable devices include all transportable devices that perform computing or data storage, manipulation or transmission including, but not limited to, diskettes, CDs, DVDs, USB flash drives, laptops, PDAs, Blackberrys, cell phones, portable audio/video devices (such as iPods, and MP3 and MP4 players), and personal organizers.

BB. Conflict of Interest

Milliman must institute the following measures to safeguard the confidentiality of its relationship with SCDHHS to avoid any conflicts of interest:

1. Consultants and support staff that work in the Indianapolis and Milwaukee offices of Milliman will not work for a South Carolina health plan on any South Carolina Medicaid issue for as long as Milliman works for SCDHHS.
2. Consultants and support staff working with SCDHHS will not discuss or provide any information, public or private, to consultants working for South Carolina health plans without SCDHHS' written permission.
3. All data and other electronic materials that Milliman receives from SCDHHS will be kept on a separate, secure server that cannot be accessed by any Milliman consultant that is not working with SCDHHS.
4. Milliman will immediately disclose to SCDHHS any potential conflict of interest of which Milliman becomes aware.

A conflict of interest includes, but is not limited to, contractual relationships, ownership interests, or other relationships, such as a direct financial relationship, between Milliman and a health plan participating as a Medicaid provider in South Carolina.

CC. Indemnification-Third Party Claims

Notwithstanding any limitation in this Contract, Milliman shall defend and indemnify SCDHHS and all its respective officers, agents, and employees against all suits or claims of any nature (and all damages, settlement payments, attorneys' fees, costs, expenses, losses or liabilities attributable thereto) by any third party which arise out of, or result from, any grossly negligent act or omission of Milliman, its subcontractors, their employees, workmen, servants, or agents. Milliman shall be given written notice of any suit or claim. SCDHHS shall allow Milliman to defend such claim so long as such defense is diligently and capably prosecuted through legal counsel. SCDHHS shall allow Milliman to settle such suit or claim so long as (i) all settlement payments are made by (and any deferred settlement payments are the sole liability of) Milliman and (ii) the settlement imposes no non-monetary obligation upon SCDHHS. Milliman shall not admit liability or agree to a settlement or other disposition of the suit or claim, in whole or in part, without prior written consent of SCDHHS which shall not be unreasonably withheld. SCDHHS shall reasonably cooperate with Milliman defense of such suit or claim. The obligations of this paragraph shall survive termination of the parties agreement.

DD. Incorporation of Schedules/Appendices

All schedules/appendices referred to in this Contract are attached hereto, are expressly made a part hereof, and are incorporated as if fully set forth herein.