

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> <i>* SAME DA Log #481</i> <i>Cleared 7/2/12, letter attached!</i>	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____ <input type="checkbox"/> Necessary Action

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 (CHAIRMAN)
HEIDI 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. GRASSLEY, IOWA
ORRIN 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

Betty A. Gault, Chief Counsel and Staff Director
KIMBERLY DAVIS, Deputy 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, reading "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

ACTION REFERRAL



TO	DATE
Giese	6-15-12

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 101480	<input checked="" type="checkbox"/> Prepare reply for the Director's signature DATE DUE 6-25-12
2. DATE SIGNED BY DIRECTOR cc: Mr. Felt, Singleton, Depa	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____ <input type="checkbox"/> Necessary Action

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

1000 Senate Office Building
Senate Floor
Washington, DC 20510
Tel: 202-512-1000
Fax: 202-512-2000
www.senate.gov

U.S. SENATE
OFFICE OF THE CLERK
1000 Senate Office Building
Washington, DC 20510
Tel: 202-512-1000
Fax: 202-512-2000
www.senate.gov

United States Senate
COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510-8275

For a complete listing of all Senate offices,
please visit the Senate website at
www.senate.gov

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.¹³

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

¹³ 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 dark ink, reading "Chuck Grassley". The signature is written in a cursive, flowing style with a large initial "C".

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.

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', followed by a long horizontal line.

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	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.	
Palmetto Physician Connections Phone: (888)781-4371, opt 6		
SC Solutions Phone: (888) 366-6243, opt 4		
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 CONDITION AND AFFAIRS OF THE**

Select Health of South Carolina, Inc.

NAIC Group Code <u>0000</u>		Current Period <u>0000</u>	Other Period _____	NAIC Company Code <u>95458</u>	Employer's ID Number <u>5740023456</u>
Organized under the laws of _____		State of Domicile or Port of Entry _____		South Carolina	
Country of Domicile _____		United States			
Licensed as business type: Life, Accident & Health <input type="checkbox"/> Property/Casualty <input type="checkbox"/> Hospital, Medical & Dental Service or Indemnity <input type="checkbox"/>					
Dental Service Corporation <input type="checkbox"/> Vision Service Corporation <input type="checkbox"/> Health Maintenance Organization <input checked="" type="checkbox"/>					
Other <input type="checkbox"/> Is HMO, Federally Qualified? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>					
Incorporated/Organized _____	09/28/1995		Commenced Business _____	12/01/1996	
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		843-569-4658 (Area Code) (Telephone Number) (Extension)	
Statutory Statement Contact _____		Robbie L. Aubrey		843-569-4658 (Area Code) (Telephone Number) (Extension)	
rob.aubrey@selecthealthsc.com		(Email Address)		843-569-7228 (Fax Number)	

OFFICERS			
Name _____	Title _____	Name _____	Title _____
J. Michael Kerrigan	President	Steven H. Bohner	Treasurer
Robert H. Galtman	Secretary		
OTHER OFFICERS			
Cindy A. Heiling	Executive Director	Robbie L. Aubrey	Vice President/Chief Financial Officer

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

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 affairs 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 NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that (1) state law, any order, or (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when made, and that it 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 Kerrigan President	Sean D. Poyson Assistant Secretary	Robbie L. Aubrey Vice President/Chief Financial Officer
Subscribed and sworn to before me this _____ day of _____ February, 2011		
22		
Jesse T. Stewart Notary Public December 9, 2012		

a. Is this an original filing? Yes ☒ No ☐
b. If no:
1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

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
1. Bonds (Schedule D):				
2. Stocks (Schedule D):	35,271,146		35,271,146	22,552,489
2.1 Preferred stocks	0		0	0
2.2 Common stocks	17,582,654		17,582,654	26,622,680
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 (\$ _____ (5,740,622), Schedule E-Part 1), cash equivalents (\$ _____ 0, Schedule E-Part 2) and short-term investments (\$ _____ 24,613,598, Schedule DA)	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 (segregated 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	0	131,647,086	111,532,644
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 Unallocated premiums and agent's balances in the course of collection	23,094,700		23,094,700	22,210,945
15.2 Deferred premiums, agent's balances and investments booked but deferred and not yet due (including \$ _____ earned but unallocated 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 interest thereon	1,351,755		1,351,755	553,466
18.2 Net deferred tax asset	8,565,425	2,374,183	6,191,242	4,528,878
19. Guaranty funds receivable or on deposit	0		0	0
20. Electronic data processing equipment and software	129,241		129,241	58,302
21. Furniture and equipment, including health care delivery assets (\$ _____ 0)	780,854	780,854	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0		0	0
23. Reimbursables from parent, subsidiaries and affiliates	0		0	0
24. Health care (\$ _____ 26,346) 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	74,358
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected C&I Accounts (Lines 12 to 25)	172,121,756	3,895,953	168,225,803	141,992,881
27. Protected C&I Accounts (Lines 12 to 25)	0		0	0
28. Total (Lines 26 and 27)	172,121,756	3,895,953	168,225,803	141,992,881
DETAILS OF WRITE-INS				
1101. _____	0		0	
1102. _____	0		0	
1103. _____	0		0	
1104. _____	0		0	
1105. _____	0		0	
1106. _____	0		0	
1107. _____	0		0	
1108. _____	0		0	
1109. _____	0		0	
1110. _____	0		0	
1111. _____	0		0	
1112. _____	0		0	
1113. _____	0		0	
1114. _____	0		0	
1115. _____	0		0	
1116. _____	0		0	
1117. _____	0		0	
1118. _____	0		0	
1119. _____	0		0	
1120. _____	0		0	
1121. _____	0		0	
1122. _____	0		0	
1123. _____	0		0	
1124. _____	0		0	
1125. _____	0		0	
1126. _____	0		0	
1127. _____	0		0	
1128. _____	0		0	
1129. _____	0		0	
1130. _____	0		0	
1131. _____	0		0	
1132. _____	0		0	
1133. _____	0		0	
1134. _____	0		0	
1135. _____	0		0	
1136. _____	0		0	
1137. _____	0		0	
1138. _____	0		0	
1139. _____	0		0	
1140. _____	0		0	
1141. _____	0		0	
1142. _____	0		0	
1143. _____	0		0	
1144. _____	0		0	
1145. _____	0		0	
1146. _____	0		0	
1147. _____	0		0	
1148. _____	0		0	
1149. _____	0		0	
1150. _____	0		0	
1151. _____	0		0	
1152. _____	0		0	
1153. _____	0		0	
1154. _____	0		0	
1155. _____	0		0	
1156. _____	0		0	
1157. _____	0		0	
1158. _____	0		0	
1159. _____	0		0	
1160. _____	0		0	
1161. _____	0		0	
1162. _____	0		0	
1163. _____	0		0	
1164. _____	0		0	
1165. _____	0		0	
1166. _____	0		0	
1167. _____	0		0	
1168. _____	0		0	
1169. _____	0		0	
1170. _____	0		0	
1171. _____	0		0	
1172. _____	0		0	
1173. _____	0		0	
1174. _____	0		0	
1175. _____	0		0	
1176. _____	0		0	
1177. _____	0		0	
1178. _____	0		0	
1179. _____	0		0	
1180. _____	0		0	
1181. _____	0		0	
1182. _____	0		0	
1183. _____	0		0	
1184. _____	0		0	
1185. _____	0		0	
1186. _____	0		0	
1187. _____	0		0	
1188. _____	0		0	
1189. _____	0		0	
1190. _____	0		0	
1191. _____	0		0	
1192. _____	0		0	
1193. _____	0		0	
1194. _____	0		0	
1195. _____	0		0	
1196. _____	0		0	
1197. _____	0		0	
1198. _____	0		0	
1199. _____	0		0	
1200. _____	0		0	
1201. _____	0		0	
1202. _____	0		0	
1203. _____	0		0	
1204. _____	0		0	
1205. _____	0		0	
1206. _____	0		0	
1207. _____	0		0	
1208. _____	0		0	
1209. _____	0		0	
1210. _____	0		0	
1211. _____	0		0	
1212. _____	0		0	
1213. _____	0		0	
1214. _____	0		0	
1215. _____	0		0	
1216. _____	0		0	
1217. _____	0		0	
1218. _____	0		0	
1219. _____	0		0	
1220. _____	0		0	
1221. _____	0		0	
1222. _____	0		0	
1223. _____	0		0	
1224. _____	0		0	
1225. _____	0		0	
1226. _____	0		0	
1227. _____	0		0	
1228. _____	0		0	
1229. _____	0		0	
1230. _____	0		0	
1231. _____	0		0	
1232. _____	0		0	
1233. _____	0		0	
1234. _____	0		0	
1235. _____	0		0	
1236. _____	0		0	
1237. _____	0		0	
1238. _____	0		0	
1239. _____	0		0	
1240. _____	0		0	
1241. _____	0		0	
1242. _____	0		0	
1243. _____	0		0	
1244. _____	0		0	
1245. _____	0		0	
1246. _____	0		0	
1247. _____	0		0	
1248. _____	0		0	
1249. _____	0		0	
1250. _____	0		0	
1251. _____	0		0	
1252. _____	0		0	
1253. _____	0		0	
1254. _____	0		0	
1255. _____	0		0	
1256. _____	0		0	
1257. _____	0		0	
1258. _____	0		0	
1259. _____	0		0	
1260. _____	0		0	
1261. _____	0		0	
1262. _____	0		0	
1263. _____	0		0	
1264. _____	0		0	
1265. _____	0		0	
1266. _____	0		0	
1267. _____	0		0	
1268. _____	0		0	
1269. _____	0		0	
1270. _____	0		0	
1271. _____	0		0	
1272. _____	0		0	
1273. _____	0		0	
1274. _____	0		0	
1275. _____	0		0	
1276. _____	0		0	
1277. _____	0		0	
1278. _____	0		0	
1279. _____	0		0	
1280. _____	0		0	
1281. _____	0		0	
1282. _____	0		0	
1283. _____	0		0	
1284. _____	0		0	
1285. _____	0		0	
1286. _____	0		0	
1287. _____	0		0	
1288. _____	0		0	
1289. _____	0		0	
1290. _____	0		0	
1291. _____	0		0	
1292. _____	0		0	
1293. _____	0		0	
1294. _____	0		0	
1295. _____	0		0	
1296. _____	0		0	
1297. _____	0		0	
1298. _____	0		0	
1299. _____	0		0	
1300. _____	0		0	
1301. _____	0		0	
1302. _____	0		0	
1303. _____	0		0	
1304. _____	0		0	
1305. _____	0		0	
1306. _____	0		0	
1307. _____	0		0	
1308. _____	0		0	
1309. _____	0		0	
1310. _____	0		0	
1311. _____	0		0	
1312. _____	0		0	
1313. _____	0		0	
1314. _____	0		0	
1315. _____	0		0	
1316. _____	0		0	
1317. _____	0		0	
1318. _____	0		0	
1319. _____	0		0	
1320. _____	0		0	
1321. _____	0		0	
1322. _____	0		0	
1323. _____	0		0	
1324. _____	0		0	
1325. _____	0		0	
1326. _____	0		0	
1327. _____	0		0	
1328. _____	0		0	
1329. _____	0		0	
1330. _____	0		0	
1331. _____	0		0	
1332. _____	0		0	
1333. _____	0		0	
1334. _____	0		0	
1335. _____	0		0	
1336. _____	0		0	
1337. _____	0		0	
1338. _____	0		0	
1339. _____	0		0	
1340. _____	0		0	
1341. _____	0		0	
1342. _____	0		0	
1343. _____	0		0	
1344. _____	0		0	
1345. _____	0		0	
1346. _____	0		0	
1347. _____	0		0	
1348. _____	0		0	
1349. _____	0		0	
1350. _____	0		0	
1351. _____	0		0	
1352. _____	0		0	
1353. _____	0		0	
1354. _____	0		0	
1355. _____	0		0	
1356. _____	0		0	
1357. _____	0		0	
1358. _____	0		0	
1359. _____	0		0	
1360. _____	0		0	
1361. _____	0		0	
1362. _____	0		0	
1363. _____	0		0	
1364. _____	0		0	
1365. _____	0		0	
1366. _____	0		0	
1367. _____	0			

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

LIABILITIES, CAPITAL AND SURPLUS

	Current Year		Prior Year	
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (line 5 _____ reinsurance ceded)				
2. Accrued medical incentive pool and bonus amounts _____	65,002,866		65,002,866	67,226,729
3. Unpaid claims adjustment expenses _____	1,000,000		1,000,000	0
4. Aggregate health policy reserves _____	961,007		961,007	1,007,001
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	42,006,559
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
10.2 Net deferred tax liability _____			0	0
11. Ceded reinsurance premiums payable _____			0	0
12. Amounts withheld or retained for the account of others _____	13,701		13,701	14,547
13. Reimbursements and benefits not allocated _____			0	0
14. Borrowed money (including \$ _____ current) and interest thereon \$ _____ (including _____ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates _____	1,911,726		1,911,726	912,809
16. Derivatives _____			0	0
17. Payable for securities _____			0	0
18. Payable for securities lending _____			0	0
18. Funds held under reinsurance treaties (with \$ _____ authorized reimbursements and \$ _____ unauthorized reimbursements)			0	0
20. Reinsurance in unauthorized corporations _____			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates _____			0	0
22. Liability for amounts held under contractured plans _____			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) _____	125,582,485	0	125,582,485	119,595,017
25. Aggregate write-ins for special surplus funds _____	XXX	XXX	0	0
26. Common capital stock _____	XXX	XXX	691,009	691,009
27. Preferred capital stock _____	XXX	XXX	0	0
28. Gross paid in and contributed surplus _____	XXX	XXX	23,888,000	17,558,000
29. Surplus notes _____	XXX	XXX	0	0
30. Aggregate write-ins for other than special surplus funds _____	XXX	XXX	0	0
31. Unassigned funds (surplus) _____	XXX	XXX	13,554,316	4,108,067
32. Less treasury stock, at cost _____				
32.1 _____ shares common (value included in line 28)	XXX	XXX		0
32.2 _____ shares preferred (value included in line 27)	XXX	XXX		0
33. Total capital and surplus (lines 25 to 31 minus line 32) _____	XXX	XXX	27,843,316	22,597,067
34. Total liabilities, capital and surplus (lines 24 and 33) _____	XXX	XXX	153,425,804	141,592,084
OVERS OR WRITE-INS				
2501. Sale dated checks _____	182,075		182,075	225,126
2502. Teaching Supplement _____	8,431,007		8,431,007	4,500,448
2503. Interest Payable _____	865,000		865,000	445,000
2596. Summary of remaining write-ins for line 23 from overflow page _____	1,197,000	0	1,197,000	0
2599. Totals (lines 2501 through 2503 plus 2596) (line 23 above) _____	8,655,082	0	8,655,082	5,078,574
2501. _____	XXX	XXX		
2502. _____	XXX	XXX		
2503. _____	XXX	XXX		
2596. Summary of remaining write-ins for line 25 from overflow page _____	XXX	XXX	0	0
2599. Totals (lines 2501 through 2503 plus 2596) (line 25 above) _____	XXX	XXX	0	0
3001. _____	XXX	XXX		
3002. _____	XXX	XXX		
3003. _____	XXX	XXX		
3096. Summary of remaining write-ins for line 30 from overflow page _____	XXX	XXX	0	0
3099. Totals (lines 3001 through 3003 plus 3096) (line 30 above) _____	XXX	XXX	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
	1 Unaudited	2 Total	3 Total
1. Member Mortality			
2. Net premium income (including \$ _____ 0 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 revenue (Lines 2 to 7)	XXX	607,941,365	516,663,465
Hospital and Medical:			
8. Hospital/medical benefits		779,174,732	245,856,776
10. Other professional services		43,083,824	97,525,403
11. Outside referrals		25,865,529	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	0	74,923,282	57,559,504
15. Incentive pool, without adjustments and bonus amounts		1,172,000	729,000
16. Subtotal (Lines 8 to 15)	0	552,114,727	473,882,654
Less:			
17. Net reinsurance recoveries		2,348,219	1,025,764
18. Total hospital and medical (Lines 16 minus 17)	0	549,766,508	472,857,400
19. Non-health claims (net)			0
20. Claims adjustment expenses, including \$ _____ 0 cost containment expenses		15,007,413	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 life only)		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	597,639,241	515,072,203
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	40,302,124	1,591,262
25. Net investment income earned (Excludable 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	1,465,990
27. Net investment gains (losses) (Lines 25 plus 26)	0	\$,582,672	2,342,384
28. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ _____) (amount charged off \$ _____)			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 (Lines 24 plus 27 plus 28 plus 29)	XXX	15,884,756	3,938,636
31. Federal and foreign income taxes incurred	XXX	5,790,971	3,778,583
32. Net income (loss) (Lines 30 minus 31)	XXX	8,093,025	15,160
DETAILS OF WRITE-INS			
0601.	XXX		0
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX	4	0
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. Hospital Outpatient Surgery/Other		42,475,682	35,146,302
1402. Durable Medical Equipment		5,828,597	7,837,463
1403. Teaching Supplement		22,618,685	14,576,081
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	74,923,282	57,559,504
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	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	22,397,088	14,721,475
34.	Net income or (loss) from Line 32	8,095,825	155,287
35.	Change in valuation basis of aggregable policy and claim reserves	0	0
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$	514,426	787,075
37.	Change in net unrealized foreign exchange capital gain or (loss)	0	0
38.	Change in net deferred income tax	1,795,518	2,981,781
39.	Change in nonadmitted assets	(957,515)	(1,748,450)
40.	Change in unaffiliated reinsurance	0	0
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.	Aggregable write-ins for gains or (losses) in surplus	0	0
48.	Net change in capital & surplus (Lines 34 to 47)	15,445,254	7,575,293
49.	Capital and surplus end of reporting year (Line 33 plus 48)	37,842,322	22,397,088
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4704.	Summary of remaining write-ins for Line 47 from overview page	0	0
4799.	Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	806,042,316	519,453,347
2. Net investment income	1,310,247	1,302,637
3. Miscellaneous income	(11,385)	9,142
4. Total (Lines 1 through 3)	806,341,038	520,765,086
5. Benefits and loss related payments	550,910,371	441,780,957
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and agency fee write-ins for deductions	42,916,533	36,443,707
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of \$ _____ tax on capital gains (losses)	5,840,633	4,309,934
10. Total (Lines 5 through 9)	599,667,737	482,118,698
11. Net cash from operations (Line 4 minus Line 10)	6,673,301	37,436,082
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	24,238,006	25,573,563
12.2 Stocks	27,927,187	2,280,366
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)	52,165,193	27,853,929
13. Cost of investments acquired (long-term only):		
13.1 Bonds	96,402,737	20,468,426
13.2 Stocks	16,286,256	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 acquisitions	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	112,688,993	45,720,802
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7)	(60,523,800)	(17,736,453)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	1,427,227	(288,374)
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	0	0
16.6 Other cash provided (applied)	3,519,773	(1,124,079)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.6 minus Line 16.5 plus Line 16.6)	10,946,940	4,175,351
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	17,636,423	23,723,610
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	61,777,465	37,998,855
19.2 End of year (Line 18 plus Line 19.1)	79,413,888	61,777,465

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	588,923,838	0	0
2. Change in unearned premium reserves and reissue for rate credit	0	0	0	0	0	0	0	0	0	0
3. Fee-for-service (net of \$ medical expenses)	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	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	507,941,365	9,017,627	0	0	0	0	0	588,923,838	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	1,141,738	0	0	0	0	0	42,742,086	0	XXX
10. Outside referrals	25,888,520	310,339	0	0	0	0	0	25,578,181	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	2,206,562	0	0	0	0	0	78,473,259	0	XXX
13. Aggregate write-ins for other hospital and medical	14,823,252	1,053,726	0	0	0	0	0	13,769,526	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	1,172,000	0	0	0	0	0	0	1,172,000	0	XXX
15. Subtotal (Lines 8 to 14)	553,114,729	8,121,145	0	0	0	0	0	543,993,564	0	XXX
16. Net reinsurance 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	16,037,011	499,508	0	0	0	0	0	14,537,503	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	9,015,830	0	0	0	0	0	588,823,424	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	10,302,121	1,702	0	0	0	0	0	10,302,414	0	0
DETAILS OF WRITE-INS										
0501.	0	0	0	0	0	0	0	0	0	XXX
0502.	0	0	0	0	0	0	0	0	0	XXX
0503.	0	0	0	0	0	0	0	0	0	XXX
0598. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 8 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0698. Summary of remaining write-ins for Line 8 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (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	927,385	0	0	0	0	0	41,548,497	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)	74,423,272	1,055,745	0	0	0	0	0	73,362,527	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	609,559,909		1,638,071	598,923,838
8. Other health				0
9. Health subtotal (Lines 1 through 8)	609,594,518	0	1,653,153	607,941,365
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	609,594,518	0	1,653,153	607,941,365

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 XVI/III Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct	557,691,783	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	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	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	540,473,364	0	0
13. Incurred medical incentive pools and bonuses	1,172,000	0	0	0	0	0	0	1,172,000	0	0

(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	280,772						39,911,028		
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	0									
2.4. Net	40,191,800	280,772	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	280,922	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	280,922	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	6
	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	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior 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	487,486,110	2,870,474	61,921,470	61,612,650	65,953,673
8. Other health _____					0	0
9. Health subtotal (Lines 1 to 8) _____	59,742,018	495,601,546	2,871,674	62,211,192	62,613,692	67,226,729
10. Healthcare receivables (a) _____	170,942	4,434,261			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	499,999,807	2,871,674	63,211,192	62,784,634	67,226,729

(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 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	11,093
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	2,530	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	2,622	2,857	205	7.2	3,062	116.8			3,062	116.8
4. 2009	10,850	11,089	571	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

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

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	261,681	261,735	261,735	261,735	261,734
2. 2006	83,436	83,250	83,178	83,160	83,160
3. 2007	XXX	103,962	116,521	114,624	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	83,467	103,312	103,304	103,375	103,975
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. 9/1) Percent
1. 2006	111,148	83,160		0.0	83,160	83.8			83,160	83.8
2. 2007	150,306	114,628	(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	81.6	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	0	0	0	0	0
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. 5/4) 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	0.0	8,608	70.2			8,608	70.2
2. 2007	9,369	8,847	0.0	0.0	8,847	94.4			8,847	94.4
3. 2008	8,474	7,197	0.0	0.0	7,197	84.9			7,197	84.9
4. 2009	0	0	0.0	0.0	0	0.0			0	0.0
5. 2010	0	0	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	89,787	89,768	89,768
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	406,595	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	306,573	306,647	306,647	306,647	306,647
2. 2006	100,105	109,920	110,002	109,983	109,983
3. 2007	XXX	128,460	140,619	139,162	139,127
4. 2008	XXX	XXX	186,510	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	89,768	0	0.0	89,768	82.8	0	0	89,768	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	98	661,399	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	NONE							
10. Reserve for future contingent benefits.....	0								
11. Aggregate write-ins for other claim reserves.....	0								
12. Totals (gross).....	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.									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (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

(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

	Claim Adjustment Expenses		General Administrative Expenses	Investment Expenses	Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ _____ for occupancy of own building)					
2. Salaries, wages and other benefits		740,827	1,359,739		2,100,567
3. Commissions (less \$ _____ credited plus \$ _____ assumed)		\$ 779,019	17,905,990		20,685,009
4. Legal fees and expenses		34,189	552,348		586,537
5. Certifications and accreditation fees		112,204	307,742		419,946
6. Auditing, actuarial and other consulting services		693,720	2,297,724		2,991,454
7. Traveling expenses		548,031	781,922		1,329,953
8. Marketing and advertising		85,753	1,199,099		1,284,852
9. Postage, express and telephone		259,121	594,637		853,758
10. Printing and office supplies		112,816	921,120		1,033,936
11. Occupancy, depreciation and amortization		\$ 228,289	468,332		1,086,592
12. Equipment		779,651	955,774		1,735,425
13. Cost of depreciation of EOP equipment and software			692,201		692,201
14. Outsource services including EOP, claims, and other services		1,049,128	973,037		2,022,165
15. Boards, bureaus and association fees			156,666		156,666
16. Insurance, except on real estate		167,328	219,535		386,876
17. Collection and bank service charges		11,551	96,203		107,754
18. Group service and administration fees			(13,657)		(13,657)
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes		29,271	94,591		123,862
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		1,524,511
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	4,383,220	0	4,523,539
26. Total expenses incurred (Lines 1 to 25)	0	15,007,015	30,285,720	59,376	47,352,109
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	2,559,268	0	3,566,299
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	15,053,027	31,094,835	59,376	46,207,242
DETAILS OF WRITE-INS					
2501. Counciling			819,992		819,992
2502. Miscellaneous Expenses		140,319	114,847		255,166
2503. Purchased Services			7,365		7,365
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	427,276	0	427,276
2599. Totals (Line 2501 through 2503 + 2598) (Line 26 above)	0	140,319	1,353,220	0	1,503,539

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

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
U.S. Government bonds			
1.1 Bonds exempt from U.S. tax		(a) 289,579	
1.2 Other bonds (unaffiliated)		(a) 542,546	
1.3 Bonds of affiliates		(a) 0	
2.1 Preferred stocks (unaffiliated)		(a) 0	
2.2 Preferred stocks of affiliates		(a) 0	
2.21 Common stocks of affiliates		(a) 307,294	
2.21 Common stocks of affiliates		(a) 0	
3. Mortgage loans		(a) 0	
4. Real estate		(a) 0	
5. Contract loans		(a) 0	
6. Cash, cash equivalents and short-term investments		(a) 159,955	
7. Derivative instruments		(a) 0	
8. Other invested assets		(a) 0	
9. Aggregate write-ins for investment income		0	
10. Total gross investment income		1,179,464	1,298,102
Investment expenses			
11. Investment taxes, licenses and fees, excluding federal income taxes			(a) 59,376
12. Interest expense			(a) 0
13. Depreciation on real estate and other invested assets			(a) 0
14. Aggregate write-ins for deductions from investment income			(a) 0
15. Total deductions (Lines 11 through 15)			59,376
16. Net investment income (Line 10 minus Line 15)			1,238,722
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0906.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0908.	Totals (Lines 0901 through 0903) plus 0906 (Line 9 above)	0	0
1501.			
1502.			
1503.			
1506.	Summary of remaining write-ins for Line 15 from overflow page		
1508.	Totals (Lines 1501 through 1503) plus 1506 (Line 15 above)		0

(a) Includes \$	15,855	accrual of discount less \$	210,046	amortization of premium and less \$	216,365	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	interest on encumbrances.		paid for accrued interest on purchases.
(d) Includes \$	0	accrual of discount less \$	0	amortization of premium and less \$	15,354	paid for accrued interest on purchases.
(e) Includes \$		investment expenses and \$		amortization of premium.		
(f) Includes \$		investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.				
(g) Includes \$		interest on surplus notes and \$		interest on capital notes.		
(h) Includes \$		depreciation on real estate and \$		depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
U.S. Government bonds					
1.1 Bonds exempt from U.S. tax	759,399		759,399		
1.2 Other bonds (unaffiliated)	425,725		425,725		
1.3 Bonds of affiliates	0		0		
2.1 Preferred stocks (unaffiliated)	0		0		
2.2 Preferred stocks of affiliates	0		0		
2.2 Common stocks of affiliates	1,630,633		1,630,633	789,623	0
2.21 Common stocks of affiliates	0		0		
3. Mortgage loans	0		0		
4. Real estate	0		0		
5. Contract loans	0		0		
6. Cash, cash equivalents and short-term investments	0		0		
7. Derivative instruments	0		0		
8. Other invested assets	0		0		
9. Aggregate write-ins for capital gains (losses)	29,201		29,201	0	0
10. Total capital gains (losses)	2,314,733		2,343,935	789,623	0
DETAILS OF WRITE-INS					
0901.					
0901.	Deferred Compensation Valuation	29,201	29,201		
0902.					
0903.					
0906.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0908.	Totals (Lines 0901 through 0903) plus 0906 (Line 9 above)	0	29,201	29,201	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 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 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 insured 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	3,634,623	1,460,440
19. Quarry 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 adjustment 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 listed assets _____	984,689	587,567	(397,122)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) _____	8,685,953	7,738,438	(947,515)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts _____	0	0	0
28. Total (Lines 26 and 27) _____	8,685,953	7,738,438	(947,515)
DETAILS OF WRITEMS			
1101. _____			0
1102. _____			0
1103. _____			0
1104. Summary of remaining write-ins for Line 11 from overflow page _____	0	0	0
1105. Total (Lines 1101 through 1103 plus 1104) (Line 11 above) _____	0	0	0
2501. Write-ins _____	90,882	38,372	(52,510)
2502. Deposits _____	51,287	52,632	1,345
2503. Deferred Compensation (Investment) _____	181,666	173,384	(8,282)
2504. Summary of remaining write-ins for Line 25 from overflow page _____	440,674	275,239	(165,435)
2505. Total (Lines 2501 through 2503 plus 2504) (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	2,346,931
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	6,764	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	6,764	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	6,764	0	68,796

EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

[illegible]

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

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1	2	3	4	5	6	7
Name of Debtor	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Admitted
Pharmaceutical rebate receivables						
AmeriHealth Mayor Health Plan Performance				2,051,291	2,051,291	0
029999 - Totals - Pharmaceutical rebate receivables	0	0	0	2,051,291	2,051,291	0
029999 - Aggregate of amounts not individually listed above,	1,498	1,612	11,639	2,539,175	2,529,558	28,345
029999 - Totals - Claim Overpayment Receivables	1,498	1,612	11,639	2,539,175	2,529,558	28,345
029999 - Gross health care receivables	1,498	1,612	11,639	4,580,466	4,578,849	28,345

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	
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 ENT Assoc., LLC	11,696	0	0	0	0	11,696
Baptist Easton 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	13,855	0	0	0	0	13,855
Carolinas Medical Center	14,004	0	0	0	0	14,004
Barnwell 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	17,665	0	0	0	0	17,665
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 Kershaw Count	18,751	0	0	0	0	18,751
MUSC - Pediatric Primary Care	18,172	0	0	0	0	18,172
Laurens County Healthcare	19,292	0	0	0	0	19,292
Hampton Regional Medical Center	19,321	0	0	0	0	19,321
Associated Medical Specialists	19,672	0	0	0	0	19,672
PHS-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
Springe 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	28,398	0	0	0	0	28,398
Pediatrics 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
Wallace Thomson Hospital	36,301	0	0	0	0	36,301
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
Doonee 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
Roper 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	143,078	0	0	0	0	143,078
KershawHealth	145,145	0	0	0	0	145,145
Palmetto Baptist Medical Center - Columb.	155,475	0	0	0	0	155,475
Armed 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	274,738	0	0	0	0	274,738
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	1,091,226	0	0	0	0	1,091,226
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	68	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 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliates	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Non-admitted	Admitted	
						7 Current	8 Non-Current
NONE							
0199999 Individually listed receivables	0	0	0	0	0	0	0
0299999 Receivables not individually listed							
0399999 Total gross amounts receivable	0	0	0	0	0	0	0

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

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

[illegible]

EXHIBIT 7 - PART 1- SUMMARY OF TRANSACTIONS WITH PROVIDERS

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

999999 Totals

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

EXHIBIT 8 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED

Description	1	2	3	4	5	6
	Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	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 Mercy 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 admitted 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 premiums revenue (net of reinsurance premiums) based on membership records and premiums 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 premiums revenue to address specific medical needs of certain plan members. This premiums 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 premiums revenue or a premiums 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 incurrence 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 12 Months	Shares	Price per Share	Price per Share	Value per Share	Amortized Cost/Book Value
			NAV	Interactive Data Corp.	Interactive Data Corp.	Unrealized Loss
05947URGS	BANC AMER CMBS 2004-2	500,000	99.32	99.32	\$ 496,600	\$ 504,605
						\$ (8,005)
						Source of Repayment Assumptions
						Interactive Data Corporation

E. Repurchase Agreements

None

F. Real Estate

None

G. Low-income housing tax credits (LHITC)

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

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		
Total deferred tax assets	9,614	8,843
Nonadmitted deferred tax assets	(2,374)	(3,835)
Admitted deferred tax assets	7,240	5,008
Deferred tax liabilities:		
Property and equipment, principally due to differences in depreciation	659	76
Unrealized gains		403
Total deferred tax liabilities	659	479
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

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

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		—
	\$	<u>5,300</u>

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			
	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Total fair value
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	\$ 337,080	-	-	337,080
	\$ 55,256,644	-	-	55,256,644

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	570,559	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 SGA# No. 96, pharmacy rebates receivable of \$2,051 and \$976 at December 31, 2010 and 2009, respectively, were non-admitted.

Pharmacy Rebate Receivables- Consolidated					
Quarter Ended	Is Included Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Included or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 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	\$ 11,273	\$ 959,443	\$ 115,597
3/31/2009	\$ 300,000	\$ 1,159,420	\$ 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	\$ 920,971	\$ 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

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes ☐ No ☒ X
- 1.2 If yes, did the reporting entity register and file with the domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes ☐ No ☒ X
- 1.3 State Regulating? _____ Yes ☐ No ☒ X
- 2.1 Has any change been made during the year of this statement in the charter, bylaws, articles of incorporation, or deed of settlement of the reporting entity? Yes ☐ No ☒ X
- 2.2 If yes, date of change: _____ Yes ☐ No ☒ X
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____ 12/31/2008
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. The date should be the date of the examined balance sheet and not the date the report was completed or released. _____ 12/31/2008
- 3.3 State as of what date the latest financial examination report became available to other states or the public, then either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). _____ 10/01/2008
- 3.4 By what department or departments? SOUTH CAROLINA DEPARTMENT OF INSURANCE _____
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes ☐ No ☐ N/A ☒ X
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes ☐ No ☐ N/A ☒ X
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under contract with the reporting entity (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premium) of: _____ Yes ☐ No ☒ X
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premium) of: _____ Yes ☐ No ☒ X
- 4.12 sales of new business? _____ Yes ☐ No ☒ X
- 4.21 sales of new business? _____ Yes ☐ No ☒ X
- 4.22 renewals? _____ Yes ☐ No ☒ X
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? _____ Yes ☐ No ☒ X
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviations) for any entity that has consented to act as a result of the merger or consolidation. _____ Yes ☐ No ☒ X

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes ☐ No ☒ X
- 6.2 If yes, give full information _____ Yes ☐ No ☒ X
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes ☐ No ☒ X
- 7.2 If yes, _____ Yes ☐ No ☒ X

7.21 State the percentage of foreign control _____

7.22 State the nationality(ies) of the foreign person(s) or entity(ies), or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact).

1	2
Nationality	Type of Entity

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

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 responses to 8.1 is yes, please identify the name of the bank holding company.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If responses 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.

1	2	3	4	5	6	7
Attache 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? _____

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?

- 10.2 If the response to 10.1 is yes, provide information related to the exemption. Yes [] No [X]

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?

- 10.4 If the response to 10.3 is yes, provide information related to this exemption. Yes [] No [X]

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 174 of the Model Regulation, or substantially similar state law or regulation?

- 10.6 If the response to 10.5 is yes, provide information related to this exemption. Yes [] No [X]

- 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/certification? Richard Pathman, ArnoldHealth Merity Health Plan, 200 Stevens Drive, Philadelphia, PA 19113, VP of Actuarial Services, employees of reporting entity.

12. 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/registered carrying value \$ _____

12. If yes, provide explanation. _____

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustee of the reporting entity? _____

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

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

13.4 If answer to (13.3) is yes, has the domiciliary or entity state approved the changes? Yes [] No [] N/A []

14. Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity.

c. Compliance with applicable governmental laws, rules and regulations.

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.1 If the response to 14.1 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

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 []
16. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?	Yes [x] No []
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 persons?	Yes [x] No []

- | | | | |
|------|--|-------|--|
| 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 <input type="checkbox"/> No <input type="checkbox"/> |
| 20.2 | If yes, state the amount thereof at December 31 of the current year: | _____ | |
| | 20.21 Borrowed from others | _____ | |
| | 20.22 Borrowed from others | _____ | |
| | 20.23 Leased from others | _____ | |
| | 20.24 Other _____ | _____ | |
| 21.1 | Does this statement include payments for assessments as described in the Annual Statement Instructions other than quarterly fund or guaranty association assessments? | _____ | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 21.2 | If answer is yes: | _____ | |
| | 21.21 Amount paid as losses or risk adjustment | _____ | |
| | 21.22 Amount paid as expense | _____ | |
| | 21.23 Other amounts paid _____ | _____ | |
| 22.1 | Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? | _____ | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 22.2 | If yes, indicate any amounts receivable from parent included in the Page 2 amount: | _____ | |

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 23.3) _____

23.2 If no, give full and complete information, relating thereto _____

Yes { } No { }

- 26.2

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

GENERAL INTERROGATORIES

24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3).

Yes [] No [X]

24.2 If yes, state the amount thereof at December 31 of the current year.

- 24.21 Subject to repurchase agreements \$ _____
- 24.22 Subject to reverse repurchase agreements \$ _____
- 24.23 Subject to other repurchase agreements \$ _____
- 24.24 Subject to reverse dollar repurchase agreements \$ _____
- 24.25 Pledged as collateral \$ _____
- 24.26 Pledged under option agreements \$ _____
- 24.27 Letter stock or securities restricted as to sale \$ _____
- 24.28 On deposit with state or other regulatory body \$ _____
- 24.29 Other \$ _____

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

25.1 Does the reporting entity have any hedging transactions reported on Schedule DDT?

Yes [] No [X]

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

Yes [] No [] N/A [X]

26.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]

26.2 If yes, state the amount thereof at December 31 of the current year.

\$ _____

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

Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian's Address
the BNY	One Enterprise Center, 225 Water Street, Suite 700, Jacksonville, FL 32202
Regions Bank	1201 Main Street, Suite 1280, Columbia, SC 29601

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

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

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year?

Yes [] No [X]

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
None-not a broker/dealer, individual employee of the Company with investment decisions	Robbie L. Aubrey	4590 Battle Oaks Drive, Suite 400, R. Charleston, SC 29405

GENERAL INTERROGATORIES

Yes [] No [x]

Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)]? If yes, complete the following schedule:

0

28.3 For each mutual fund listed in the table above, complete the following schedule:

[illegible]

29. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (% of Fair Value over Statement (%))
29.1 Bonds	18,025,004	120,357,226	532,144
29.2 Preferred Stocks	0	120,357,226	532,144
29.3 Totals	18,025,004	120,357,226	0

29.4 Describe the sources or methods utilized in determining the fair values:

Unadjusted quoted market prices for identical assets or liabilities in active markets

30.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [] No []

2003 If the answer is "yes," describe the reporting entity's processes for determining a reliable pricing source for purposes of disclosure of fair values for Schedule D.

Yes [] No []

Fair values for securities pricing obtained from the SVO

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

Yes [X] No []

31.2 If no, list exceptions:

1
2
3
4
5

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

GENERAL INTERROGATORIES

OTHER

32.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any? \$ 125,042

32.2 List the name of the organization 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
Medicaid Health Plans of South Carolina	\$ 60,000
Medicaid 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 Clement Rivers & Tisdelle	\$ 84,250

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

- Most current three years:
- 1.61 Total premium earned _____ 0
- 1.62 Total incurred claims _____ 0
- 1.63 Number of covered lives _____ 0
- All years prior to most current three years:
- 1.64 Total premium earned _____ 0
- 1.65 Total incurred claims _____ 0
- 1.66 Number of covered lives _____ 0

Most current three years:	
1,71 Total premium earned	\$ _____ 0
1,72 Total insured claims	\$ _____ 0
1,73 Number of covered lives	_____ 0
As years prior to most current three years:	
1,74 Total premium earned	\$ _____ 0
1,75 Total insured claims	\$ _____ 0
1,76 Number of covered lives	_____ 0

	1 Current Year	2 Prior Year
2.1 Permitted Numerator	\$ 607,941,365	\$ 516,883,465
2.2 Permitted Denominator	\$ 607,941,365	\$ 516,883,465
2.3 Permitted Ratio (2.1/2.2)	1.000	1.000
2.4 Reserve Numerator	\$ 66,002,866	\$ 67,224,729
2.5 Reserve Denominator	\$ 66,002,866	\$ 67,224,729
2.6 Reserve Ratio (2.4/2.5)	1.000	1.000

- | | | | |
|-----|---|-----------|----------|
| 4.1 | Have copies of all agreements stating the period and nature of hospital, physicians', and dentist's care offered 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 arrangements? | Yes [X] | No [] |
| 5.2 | If no, explain: | | |

- | | | |
|--------------------------------|----|---------|
| 5.31 Comprehensive Medical | \$ | 250,000 |
| 5.32 Medical Only | \$ | |
| 5.33 Medicare Supplement | \$ | |
| 5.34 Dental and Vision | \$ | |
| 5.35 Other United Benefit Plan | \$ | |
| 5.36 Other | \$ | |

- | Yes | No |
|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> |

- 9.1 Does the reporting entity have business subject to premium rate guarantees? 5.150
- 9.2 If yes, did premium exact: 6.355
- 9.2.1 Number of providers at start of reporting year 15
- 9.2.2 Number of providers at end of reporting year 15
- 9.3 Yes ☐ No ☒ 15

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

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?
10.2 If yes:

Yes ☐ No ☒

11.1 Is the reporting entity organized as:

- 10.21 Maximum amount payable bonuses
10.22 Amount actually paid for year bonuses
10.23 Maximum amount payable withhold
10.24 Amount actually paid for year withhold

\$ 172,000
\$
\$
\$

Yes ☐ No ☒
Yes ☒ No ☐
Yes ☐ No ☒
Yes ☒ No ☐
SOUTH CAROLINA

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

- 11.12 A Medical Group/Staff Model,
11.13 An Individual Practice Association (IPA), or,
11.14 A Mixed Model (combination of above)?

Yes ☐ No ☒
Yes ☒ No ☐
Yes ☐ No ☒
Yes ☒ No ☐
SOUTH 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 ☒

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?
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
Chesler, SC
Charlottesville, SC
Clemson, SC
Colleton, SC
Darlington, SC
Dillon, SC
Dorchester, SC
Edgefield, SC
Fairfield, SC
Florence, SC
Georgetown, SC
Greenville, SC
Greenwood, SC
Hampden, SC
Horry, SC
Jasper, SC
Kershaw, SC
Lancaster, SC
Larson, SC
Laurens, SC
Lexington, SC
McCormick, SC
Marion, SC
Marlboro, SC
McKee, SC
Mecklenburg, SC
Monroe, SC
Orangeburg, SC
Piedmont, SC
Richland, SC
Spartanburg, SC
Sumter, SC
Union, SC
Williamsburg, SC
York, SC

13.1 Do you act as a custodian for health savings accounts?
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?
13.4 If yes, please provide the balance of the funds administered as of the reporting date.

Yes ☐ No ☒
Yes ☐ No ☒
Yes ☐ No ☒
Yes ☐ No ☒

FIVE - YEAR HISTORICAL DATA

Balance Sheet (Pages 2 and 3)	1 2010	2 2009	3 2008	4 2007	5 2006
1. Total admitted assets (Page 2, Line 28) _____	163,425,905	141,992,881	85,685,004	51,515,614	41,631,037
2. Total liabilities (Page 3, Line 24) _____	125,592,485	118,595,617	70,963,529	37,665,721	30,015,423
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 23) _____	37,843,318	22,597,567	14,721,475	13,649,893	11,615,615
Income Statement (Page 4)					
5. Total revenues (Line 8) _____	807,941,365	516,663,455	275,192,133	159,614,405	120,590,176
6. Total medical and hospital expenses (Line 18) _____	599,766,598	472,627,471	236,469,575	127,555,067	97,590,001
7. Claims adjustment expenses (Line 20) _____	15,007,013	13,230,572	9,532,891	5,545,909	8,333,487
8. Total administrative expenses (Line 21) _____	92,865,720	29,014,161	24,025,018	20,425,841	15,586,556
9. Net underwriting gain (loss) (Line 24) _____	10,302,124	1,591,251	5,154,849	5,149,853	3,250,112
10. Net investment gain (loss) (Line 27) _____	3,582,672	2,342,384	(1,593,237)	1,576,052	671,738
11. Total other income (Lines 28 plus 29) _____	9	0	0	0	0
12. Net income or (loss) (Line 32) _____	8,083,025	155,287	845,831	4,038,790	772,294
Cash Flow (Page 6)					
13. Net cash from operations (Line 11) _____	8,673,201	37,428,692	34,770,147	1,466,447	12,006,607
Risk-Based Capital Analysis					
14. Total adjusted capital _____	37,843,318	22,597,067	14,721,475	13,649,893	11,615,615
15. Authorized certified level risk-based capital _____	22,245,907	19,677,005	9,785,200	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	88,872	85,526
17. Total members months (Column 8, Line 7) _____	2,415,172	2,125,346	1,380,898	1,013,982	590,657
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 5 and 5) x 100.0					
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	95.0
23. Total underwriting gain (loss) (Line 24) _____	1.7	0.3	1.9	3.2	1.0
Unpaid Claims Analysis					
(ULI Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5) _____	62,442,730	31,525,122	19,093,965	10,376,939	8,149,758
25. Estimated liability of unpaid claims - prior year (Line 13, Col. 6) _____	67,226,729	35,189,265	16,395,694	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 (optional included in Sch. DA Verification, 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 the 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	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	202,790	8,248							194,542	
2. First Quarter	187,488	7,765							189,723	
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	68,796							2,346,931	
Total Member Ambulatory Encounters for Year:										
7. Physician	1,588,512	7,019							1,582,493	
8. Non-Physician	221,863	632							220,731	
9. Total	1,810,375	7,651	0	0	0	0	0	0	1,803,224	0
10. Hospital Patient Days Incurred	85,338	421							84,915	
11. Number of Inpatient Admissions	19,487	120							19,377	
12. Health Premiums Written (b)	809,884,518	9,034,809							800,559,909	
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	807,896,849	8,273,906							809,622,944	
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.

NAIC Group Code	0000	BUSINESS IN THE STATE OF Consolidated		DURING THE YEAR 2010				(LOCATION)			NAIC Company Code	96458
	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10		
		2	3									
	Total	Individual	Group	Medicare Supplement	Medicare Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other		
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	1,589,512	7,019	0	0	0	0	0	0	1,582,493	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	84,915	0		
11. Number of Inpatient Admissions	19,497	120	0	0	0	0	0	0	19,377	0		
12. Health Premiums Written (b)	809,594,518	9,034,809	0	0	0	0	0	0	800,559,809	0		
13. Life Premiums Ceded	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	807,898,849	8,273,595	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	552,114,727	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 \$ _____

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

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 Company as of December 31, Current Year

[illegible]

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

SCHEDULE S - PART 4

Reinsurance Ceded To Unauthorized Companies

[illegible]

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.....	546,367	472,627	256,460	127,553	97,350
B. BALANCE SHEET ITEMS					
6. Premiums receivable.....		0	0	0	0
7. Claims payable.....		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
10. Commissions and reinsurance expense allowances unpaid.....		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.

SCHEDULE S - PART 6

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1	2	3
ASSETS (Page 2, Col. 3)	As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
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 _____	X00	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 1) _____	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) _____	43,637,803		43,637,803
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 (Balance) _____	15,881,811		15,881,811
13. Total liabilities (Line 24) _____	125,592,680	0	125,592,680
14. Total capital and surplus (Line 33) _____	37,845,518	X00	37,845,518
15. Total liabilities, capital and surplus (Line 34) _____	163,425,804	0	163,425,804
NET CREDIT FOR CEDED REINSURANCE			
16. Claims unpaid _____	0		
17. Accrued medical incentive pool _____	0		
18. Premiums received in advance _____	0		
19. Reinsurance recoverable on paid losses _____	0		
20. Other ceded reinsurance recoverables _____	0		
21. Total ceded reinsurance recoverables _____	0		
22. Premiums receivable _____	0		
23. Funds held under reinsurance treaties with authorized and unauthorized reinsurers _____	0		
24. Unauthorized reinsurance _____	0		
25. Other ceded reinsurance payables/credits _____	0		
26. Total ceded reinsurance payables/credits _____	0		
27. Total net credit for ceded reinsurance _____	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	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	N	9,004,609	600,559,909			609,564,518	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 Alien	OT	XX	9,004,609	600,559,909	0	0	609,564,518	0
59. Subtotal:		XX						
60. Reporting entity contributions for Employee Benefit Plans		XX						
61. Total (Direct Business)	(a) 1	9,004,609	0	600,559,909	0	0	609,564,518	0
DETAILS OF WRITES								
5901.	XX							0
5902.	XX							0
5903.	XX							0
5998. Summary of remaining writes for Line 53 from overflow page	XX	0	0	0	0	0	0	0
5999. Total (Lines 5901 through 5903 plus 5998) (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 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					Total
	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability (Group and Individual)	4 Long Term Care (Group and Individual)	5 Deposit Type Contracts	
1. Alabama	AL					0
2. Alaska	AK					0
3. Arizona	AZ					0
4. Arkansas	AR					0
5. California	CA					0
6. Colorado	CO					0
7. Connecticut	CT					0
8. Delaware	DE					0
9. District of Columbia	DC					0
10. Florida	FL					0
11. Georgia	GA					0
12. Hawaii	HI					0
13. Idaho	ID					0
14. Illinois	IL					0
15. Indiana	IN					0
16. Iowa	IA					0
17. Kansas	KS					0
18. Kentucky	KY					0
19. Louisiana	LA					0
20. Maine	ME					0
21. Maryland	MD					0
22. Massachusetts	MA					0
23. Michigan	MI					0
24. Minnesota	MN					0
25. Mississippi	MS					0
26. Missouri	MO					0
27. Montana	MT					0
28. Nebraska	NE					0
29. Nevada	NV					0
30. New Hampshire	NH					0
31. New Jersey	NJ					0
32. New Mexico	NM					0
33. New York	NY					0
34. North Carolina	NC					0
35. North Dakota	ND					0
36. Ohio	OH					0
37. Oklahoma	OK					0
38. Oregon	OR					0
39. Pennsylvania	PA					0
40. Rhode Island	RI					0
41. South Carolina	SC					0
42. South Dakota	SD					0
43. Tennessee	TN					0
44. Texas	TX					0
45. Utah	UT					0
46. Vermont	VT					0
47. Virginia	VA					0
48. Washington	WA					0
49. West Virginia	WV					0
50. Wisconsin	WI					0
51. Wyoming	WY					0
52. American Samoa	AS					0
53. Guam	GU					0
54. Puerto Rico	PR					0
55. U.S. Virgin Islands	VI					0
56. Northern Mariana Islands	MP					0
57. Canada	CA					0
58. Anywhere Other Than	OT					0
59. Totals		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

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	66-0193325	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	98-0438302	
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					83,881				83,881	
95458	57-1032458	Select Health of South Carolina, Inc.					(53,881)				(53,881)	
	23-2859523	AmeriHealth 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			(14,968,350)			(1,911,788)	(10,865,138)	
9999999 Control Totals												
			0	0	0	0	0	0	XXX	0	0	0

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES











The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory question.

	Responses
MARCH FILING	
1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES _____
2. Will an actuarial opinion be filed by March 1?	YES _____
3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1?	YES _____
4. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required by March 1?	YES _____
APRIL FILING	
5. Will Management's Discussion and Analysis be filed by April 1?	YES _____
6. Will the Supplemental Investment Risks Interrogatories be filed by April 1?	YES _____
7. Will the Accident and Health Policy Experience Exhibit be filed by April 1?	YES _____
JUNE FILING	
8. Will an audited financial report be filed by June 1?	YES _____
9. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1?	YES _____
AUGUST FILING	
10. Will Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile by August 1?	YES _____
MARCH FILING	
11. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	NO _____
12. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC?	NO _____
13. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC?	NO _____
14. Will the Schedule SIS (Schedule Information Supplement) be filed with the state of domicile by March 1?	NO _____
15. Will the actuarial opinion on participating and non-participating policies as required in Interrogatories 1 and 2 on Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1?	NO _____
16. Will the actuarial opinion on non-guaranteed elements as required in Interrogatory 3 to Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1?	NO _____
17. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	NO _____
APRIL FILING	
18. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?	NO _____
19. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC?	NO _____
20. Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC?	NO _____
21. Will the Supplemental Health Care Exhibit be filed the state of domicile and the NAIC by April 1?	YES _____
22. Will the regulator only (non-public) Supplemental Health Care Exhibit Expense Allocation Report be filed with the state of domicile and the NAIC by April 1?	YES _____
AUGUST FILING	
23. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1?	YES _____

Explanation:

11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
Bar code:	
11.	
12.	

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	

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 Accounts Receivable	560	560	0	0
2505, Prepaid Expenses	364,560	364,560	0	0
2506, Pension Asset	275,224	275,224	0	74,358
2507, South Carol Ina Income Tax Receivable	207,154		207,154	0
2587, Summary of remaining write-ins for Line 25 from Page 2	647,828	640,674	207,154	74,358

M003 Additional Aggregate Lines for Page 03 Line 23.

*LAB - Liabilities

	1	2	3	4
	Covered	Uncovered	Total	Total
2504, Payable				
2504, Payable	1,197,000		1,197,000	0
2587, 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
2584, Donations	0	0	427,216	0	427,216
2587, 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 Accounts Receivable	560	5,100	5,560
2505, Prepaid Expenses	364,560	369,159	(5,599)
2506, Pension Asset	275,224		(275,224)
2587, Summary of remaining write-ins for Line 25 from Page 16	640,674	275,259	(365,415)

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	15
Exhibit of Premiums, Enrollment and Utilization (State Page)	16
Five-Year Historical Data	29
General Interrogatories	28
Jurat Page	26
Liabilities, Capital and Surplus	1
Notes To Financial Statements	3
Overflow Page For Write-ins	25
Schedule A -- Part 1	41
Schedule A -- Part 2	E01
Schedule A -- Part 3	E02
Schedule A – Verification Between Years	E03
Schedule B -- Part 1	SI02
Schedule B -- Part 2	E04
Schedule B -- Part 3	E05
Schedule B – Verification Between Years	E06
Schedule BA – Part 1	SI02
Schedule BA – Part 2	E07
Schedule BA – Part 3	E08
Schedule BA – Verification Between Years	E09
Schedule D – Part 1	SI03
	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
Joint 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

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

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.