



# HEALTH QUARTERLY STATEMENT

AS OF MARCH 31, 2002  
OF THE CONDITION AND AFFAIRS OF THE

## Magellan Behavioral Health of Ohio

NAIC Group Code	1260 <small>(Current Period)</small>	1260 <small>(Prior Period)</small>	NAIC Company Code	11222	Employer's ID Number	31-1785222
Organized under the Laws of	Ohio			State of Domicile or Port of Entry	Ohio	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health [ ]		Property/Casualty [ ]		Dental Service Corporation [ ]	
	Vision Service Corporation [ ]		Other [ X ]		Health Maintenance Organization [ ]	
	Hospital, Medical & Dental Service or Indemnity [ ]		Is HMO, Federally Qualified? Yes [ ] No [ X ]			
Incorporated	06/27/2001		Commenced Business			
Statutory Home Office	10101 Alliance Road #201 <small>(Street and Number)</small>			Cincinnati, OH 45242 <small>(City or Town, State and Zip Code)</small>		
Main Administrative Office	10101 Alliance Road #201 <small>(Street and Number)</small>			Cincinnati, OH 45242 <small>(City or Town, State and Zip Code)</small>		
	513-794-7000 <small>(Area Code) (Telephone Number)</small>					
Mail Address	10101 Alliance Road #201 <small>(Street and Number or P.O. Box)</small>			Cincinnati, OH 45242 <small>(City or Town, State and Zip Code)</small>		
Primary Location of Books and Records	10101 Alliance Road #201 <small>(Street and Number)</small>			Cincinnati, OH 45242 <small>(City or Town, State and Zip Code)</small>		
	314-595-3433 <small>(Area Code) (Telephone Number)</small>					
Internet Website Address	magellanhealth.com					
Statement Contact	Krista Lynn Doebling <small>(Name)</small>			314-595-3433 <small>(Area Code) (Telephone Number) (Extension)</small>		
	kldoebling@magellanhealth.com <small>(E-mail Address)</small>			314-595-3551 <small>(FAX Number)</small>		
Policyowner Relations Contact						

### OFFICERS

President	Dennis Paul Moody	Secretary	Megan Mary Arthur
Treasurer	Edward Joseph Christie		

### VICE PRESIDENTS

Charlotte Amile Sanford	Linton Clark Newlin	Margaret Anne DeCarlis
Barbara W Cahn		

### DIRECTORS OR TRUSTEES

Dennis Paul Moody	Daniel Salvatore Messina	
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State of ..... } ss  
County of .....

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, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Dennis Paul Moody President	Edward Joseph Christie Treasurer	Megan Mary Arthur Secretary
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Subscribed and sworn to before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 2002  
\_\_\_\_\_

ASSETS

	Current Period			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds .....	153,064		153,064	153,604
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			(a)	
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ .....354,101 ) and short-term investments (\$ ..... ) .....	354,101		354,101	350,406
6. Other long-term invested assets .....				
7. Receivable for securities .....				
8. Aggregate write-ins for invested assets .....				
9. Subtotals, cash and invested assets (Lines 1 to 8) .....	507,165		507,165	504,010
10. Accident and health premiums due and unpaid .....				
11. Health care receivables .....				
12. Amounts recoverable from reinsurers .....				
13. Net adjustment in assets and liabilities due to foreign exchange rates .....				
14. Investment income due and accrued .....	773		773	2,320
15. Amounts due from parent, subsidiaries and affiliates .....				
16. Amounts receivable relating to uninsured accident and health plans .....				
17. Furniture and equipment .....				
18. Amounts due from agents .....				
19. Federal and foreign income tax recoverable and interest thereon (including \$ ..... net deferred tax asset) .....				
20. Electronic data processing equipment and software.....				
21. Other nonadmitted assets .....				
22. Aggregate write-ins for other than invested assets .....				
23. Total assets (Lines 9 plus 10 through 22)	507,938		507,938	506,330
DETAILS OF WRITE-INS				
0801. ....				
0802. ....				
0803. ....				
0898. Summary of remaining write-ins for Line 8 from overflow page .....				
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)				
2201. ....				
2202. ....				
2203. ....				
2298. Summary of remaining write-ins for Line 22 from overflow page .....				
2299. Totals (Lines 2201 thru 2203 plus 2298) (Line 22 above)				

(a) \$ ..... health care delivery assets included in Line 4.1, Column 3

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)				
2. Accrued medical incentive pool and bonus payments .....				
3. Unpaid claims adjustment expenses .....				
4. Aggregate policy reserves .....				
5. Aggregate claim reserves .....				
6. Premiums received in advance .....				
7. General expenses due or accrued .....				
8. Federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses) (including \$ ..... net deferred tax liability) .....				
9. Amounts withheld or retained for the account of others .....				
10. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....				
11. Amounts due to parent, subsidiaries and affiliates .....	7,127		7,127	5,746
12. Payable for securities .....				
13. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....				
14. Reinsurance in unauthorized companies .....				
15. Net adjustments in assets and liabilities due to foreign exchange rates .....				
16. Liability for amounts held under uninsured accident and health plans .....				
17. Aggregate write-ins for other liabilities (including \$ ..... current) .....				
18 Total liabilities (Lines 1 to 17).....	7,127		7,127	5,746
19. Common capital stock .....	XXX	XXX	10	10
20 Preferred capital stock .....	XXX	XXX		
21. Gross paid in and contributed surplus .....	XXX	XXX	499,990	499,990
22. Surplus notes .....	XXX	XXX		
23. Aggregate write-ins for other than special surplus funds .....	XXX	XXX		
24. Unassigned funds (surplus) .....	XXX	XXX	811	585
25. Less treasury stock, at cost: 25.1 .....shares common (value included in Line 19) \$ ..... ) .....	XXX	XXX		
25.2 .....shares preferred (value included in Line 20) \$ ..... ) .....	XXX	XXX		
26. Total capital and surplus (Lines 19 to 25) .....	XXX	XXX	500,811	500,585
27. Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	507,938	506,330
DETAILS OF WRITE-INS				
1701. ....				
1702. ....				
1703. ....				
1798. Summary of remaining write-ins for Line 17 from overflow page .....				
1799. Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above)				
2301. ....	XXX	XXX		
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	XXX	XXX		
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	0	
2. Net premium income .....	XXX	0	
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	0	
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		
7. Total revenues (Lines 2 to 6) .....	XXX		
<b>Medical and Hospital:</b>			
8. Hospital/medical benefits .....	0	0	
9. Other professional services .....	0	0	
10. Outside referrals .....	0	0	
11. Emergency room and out-of-area .....	0	0	
12. Prescription drugs .....	0	0	0
13. Aggregate write-ins for other medical and hospital .....			
14. Incentive pool and withhold adjustments .....	0	0	
15. Subtotal (Lines 8 to 14) .....			
<b>Less:</b>			
16. Net reinsurance recoveries .....	0	0	
17. Total medical and hospital (Lines 15 minus 16) .....			
18. Claims adjustment expenses .....	0	0	
19. General administrative expenses.....	0	1,230	
20. Increase in reserves for accident and health contracts .....	0	0	
21. Total underwriting deductions (Lines 17 through 20) .....		1,230	
22. Net underwriting gain or (loss) (Lines 7 minus 21) .....	XXX	(1,230)	
23. Net investment income earned .....	0	1,608	974
24. Net realized capital gains or (losses) .....			
25. Net investment gains or (losses) (Lines 23 plus 24) .....	0	1,608	974
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....	0	0	
27. Aggregate write-ins for other income or expenses .....			
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27) .....	0	378	974
29. Federal and foreign income taxes incurred .....	XXX	151	389
30. Net income (loss) (Lines 28 minus 29) .....	XXX	227	585
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX		
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) .....	XXX		
1301. ....			
1302. ....			
1303. ....			
1398. Summary of remaining write-ins for Line 13 from overflow page .....			
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above) .....			
2701. ....			
2702. ....			
2703. ....			
2798. Summary of remaining write-ins for Line 27 from overflow page .....			
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above) .....			

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year to Date	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT:</b>		
31. Capital and surplus prior reporting period .....	500,585	
<b>GAINS AND LOSSES TO CAPITAL &amp; SURPLUS:</b>		
32. Net income or (loss) from Line 30 .....	227	585
33. Change in valuation basis of aggregate policy and claim reserves .....	0	
34. Net unrealized capital gains and losses .....	0	
35. Change in net unrealized foreign exchange capital gain or (loss) .....	0	
36. Change in net deferred income tax .....	0	
37. Change in nonadmitted assets .....	0	
38. Change in unauthorized reinsurance .....		
39. Change in treasury stock .....	0	
40. Change in surplus notes .....		
41. Cumulative effect of changes in accounting principles .....	0	
42. Capital Changes:		
42.1 Paid in .....	0	10
42.2 Transferred from surplus (Stock Dividend) .....	0	
42.3 Transferred to surplus .....	0	
43. Surplus adjustments:		
43.1 Paid in .....	0	499,990
43.2 Transferred to capital (Stock Dividend) .....	0	
43.3 Transferred from capital .....	0	
44. Dividends to stockholders .....	0	
45. Aggregate write-ins for gains or (losses) in surplus .....		
46. Net change in capital & surplus (Lines 32 to 45) .....	227	500,585
47. Capital and surplus end of reporting period (Line 31 plus 46)	500,811	500,585
<b>DETAILS OF WRITE-INS</b>		
4501. ....		
4502. ....		
4503. ....		
4598. Summary of remaining write-ins for Line 45 from overflow page .....		
4599. Totals (Lines 4501 thru 4503 plus 4598) (Line 45 above)		

CASH FLOW

	1 Current Year to Date	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums and revenues collected net of reinsurance .....		
2. Claims and claims adjustment expenses .....		
3. General administrative expenses paid .....	1,230	
4. Other underwriting income (expenses) .....		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	(1,230)	
6. Net investment income .....	3,695	(986)
7. Other income (expenses) .....		
8. Federal and foreign income taxes (paid) recovered .....	(151)	(389)
9. Net cash from operations (Lines 5 to 8) .....	2,314	(1,375)
<b>Cash from Investments</b>		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds .....		
10.2 Stocks .....		
10.3 Mortgage loans .....		
10.4 Real estate .....		
10.5 Other invested assets .....		
10.6 Net gains or (losses) on cash and short-term investments .....		
10.7 Miscellaneous proceeds .....		
10.8 Total investment proceeds (Lines 10.1 to 10.7) .....		
11. Cost of investments acquired (long-term only):		
11.1 Bonds .....		153,965
11.2 Stocks .....		
11.3 Mortgage loans .....		
11.4 Real estate .....		
11.5 Other invested assets .....		
11.6 Miscellaneous applications .....		
11.7 Total investments acquired (Lines 11.1 to 11.6) .....		153,965
12. Net Cash from investments (Line 10.8 minus Line 11.7) .....		(153,965)
<b>Cash from Financing and Miscellaneous Sources</b>		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in .....		500,000
13.2 Net transfers from affiliates .....	1,381	5,746
13.3 Borrowed funds received .....		
13.4 Other cash provided .....		
13.5 Total (Lines 13.1 to 13.4) .....	1,381	505,746
14. Cash applied:		
14.1 Dividends to stockholders paid .....		
14.2 Net transfers to affiliates .....	0	
14.3 Borrowed funds repaid .....		
14.4 Other applications .....		
14.5 Total (Lines 14.1 to 14.4) .....	0	
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5) .....	1,381	505,746
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15) .....	3,695	350,406
17. Cash and short-term investments:		
17.1 Beginning of period .....	350,406	
17.2 End of period (Line 16 plus Line 17.1) .....	354,101	350,406

Prem., Enrollment

**NONE**

Claims Payable

**NONE**

Underwriting and Investment Exhibit

**NONE**

## NOTES TO FINANCIAL STATEMENTS

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies

- A. The accompanying financial statements of the Company have been prepared in conformity with the accounting practices and procedures prescribed or permitted by the National Association of Insurance Commissioners and the State of Ohio. No known differences exist between the NAIC and State of Ohio.
- B. The accompanying financial statements of the Company have been prepared in conformity with the annual statement instructions and accounting practices and procedures, which require the use of management's estimates.
- C. Magellan Behavioral Health of Ohio, Inc. had no contracts and therefore no premiums for fiscal year 2001 or the first quarter of fiscal year 2002.

In addition, the following accounting policies were utilized:

- 1) The Company does not own any short term investments.
- 2) Bonds are stated at amortized cost and are amortized using the straight-line method.
- 3) The Company does not own any common stock.
- 4) The Company does not own any preferred stock.
- 5) The Company does not hold any mortgage loans.
- 6) The Company does not own any loaned-backed securities.
- 7) The Company does not have any subsidiaries.
- 8) The Company does not participate in any joint ventures.
- 9) The Company does not own any derivatives.
- 10) Anticipated investment income is not a factor in the premium deficiency calculation.
- 11) The Company had no contracts for fiscal year 2001 or the first quarter of fiscal year 2002, therefore no estimates were made for losses and loss/claim adjustments.

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

The Company had no material changes in accounting principles and/or corrections of errors.

#### 3. Business Combinations and Goodwill

The Company was not involved in any business combinations and has no goodwill.

#### 4. Discontinued Operations

The Company has no discontinued operations.

#### 5. Investments

- A. The Company does not have any mortgage loans.
- B. The Company was not involved in any debt restructuring.
- C. The Company does not have any reverse mortgages.
- D. The Company does not have any loan-backed securities.
- E. The Company does not have any repurchase agreements.

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

The Company was not involved in any joint ventures, partnerships or limited liability companies.

#### 7. Investment Income

The Company had \$1,608 in net investment income for the quarter, of which \$773 was due and accrued at the end of the year. All \$773 accrued is current (not over 90 days past due) and therefore was not excluded from surplus.



## NOTES TO FINANCIAL STATEMENTS

### 8. Derivative Instruments

The Company does not own any derivative instruments.

### 9. Income Taxes

- A. The Company does not have any deferred tax assets or deferred tax liabilities.
- B. Not applicable
- C. The federal income tax expense for first quarter of fiscal year 2002 is \$151.
- D. Not applicable
- E. Not applicable
- F.
  - 1. For federal income tax reporting purposes, the Company's operations are included in Magellan Health Services' (MHS) consolidated federal tax returns.
  - 2. The Company has maintained federal tax sharing arrangements with its parent company (MHS). The current arrangement calls for an allocation based on Magellan's effective tax rate before reflecting the allocation and after affecting for permanent differences. These amounts are included in federal and foreign income taxes incurred in the statement of revenue and expenses. Income taxes payable is included in amounts due to parent, subsidiaries, and affiliates in the statement of liabilities, capital and surplus.

### 10. Information Concerning Parent, Subsidiaries and Affiliates

- A. Magellan Behavioral Health of Ohio, Inc. is a wholly owned subsidiary of Magellan Behavioral Health, Inc., which is a wholly owned subsidiary of Magellan Health Services, Inc.
- B. Magellan Behavioral Health, Inc. purchased all shares of capital stock of Magellan Behavioral Health of Ohio and contributed paid-in capital during the fiscal year 2001.
- C. Common Stock: 1,000 shares at \$.01/share.  
Paid-In Capital: \$499,990.00
- D. As of March 31, 2002, the Company reported \$7,127 as due to the parent Company. Amounts due to parent are settled within 90 days of the quarter end.
- E. The Company does not have any guarantees or undertakings for the benefit of an affiliate.
- F. The Company does not have an agreement for administrative services with its parent corporation, Magellan Behavioral Health, Inc.
- G. There is no control relationship that exists.
- H. The Company does not own any securities issued by its parent or affiliates.
- I. There are no investments in SCA entities.
- J. There are no investments in impaired SCA entities.

### 11. Debt

The Company does not have any capital notes.

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

The Company does not have any deferred compensation or retirement plans for officers or employees.

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

- 1. The Company has not issued preferred stock.
- 2. The Company does not have any preferred stock outstanding.
- 3. Dividends are subject to limitation imposed by the State of Ohio Insurance Statute.
- 4. Within the limitations of above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- 5. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- 6. The Company does not have any advances to surplus.
- 7. The Company does not hold any stock for employee stock options or other special purposes.

## NOTES TO FINANCIAL STATEMENTS

8. The Company does not have any special surplus fund.
9. The Company did not reduce unassigned funds by unrealized gains or losses, non-admitted asset values or provision for reinsurance.
10. The Company does not have any surplus debenture or similar obligations outstanding.
11. The Company was not involved in any quasi-reorganization.
12. Non applicable

### 14. Contingencies

- A. The Company is not aware of any contingent liabilities as of March 31, 2002.
- B. The Company has not committed any reserves to cover any contingent liabilities.
- C. The Company is not aware of any gain contingencies.
- D. The Company is not aware of any pending loss legal proceedings in which it would be a party.

### 15. Leases

The Company does not have any lease obligations at this time.

### 16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

The Company does not have any financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk.

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

The Company has not sold, transferred or serviced any financial assets, nor has it extinguished any liabilities.

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

The Company does not have any uninsured A&H plans or partially insured plans.

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

The Company did not utilize a general agent or third party administrator.

### 20. Other Items

- A. The Company has no extraordinary items.
- B. The Company has no troubled debt restructuring.
- C. All amounts in this statement have been reported in whole dollars, except for designated schedules where 000' s are omitted, rounded off to the nearer thousand of dollars.

### 21. Events Subsequent

No significant events exist as of the annual statement filing date.

### 22. Reinsurance

For the quarter ended March 31, 2002 the Company had no contracts therefore the Company had no reinsurance agreements.

## NOTES TO FINANCIAL STATEMENTS

### **23. Retrospectively Rated Contracts & Contracts Subject to Redetermination**

The Company has not retrospectively rated contracts nor does it have any contracts subject to redetermination.

### **24. Change in Incurred Losses and Loss Adjustment Expenses**

The Company had no change in incurred losses or loss in adjustment expenses.

### **25. InterCompany Pooling Arrangements**

The Company had no intercompany pooling arrangements.

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES  
GENERAL

1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes No [X]

1.2 If yes, explain:

2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes No [X]

2.2 If yes, has the report been filed with the domiciliary state? Yes No

3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No [X]

3.2 If yes, date of change: If not previously filed, furnish herewith a certified copy of the instrument as amended.

4. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes No [X] If yes, attach an organizational chart.

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 entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes No [X] NA If yes, attach an explanation.

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

7.4 By what department or departments?

8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes No [X]

8.2 If yes, give full information:

GENERAL INTERROGATORIES

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

INVESTMENT

9.1 Has there been any change in the reporting entity's own preferred or common stock? ..... Yes [ ] No [X]

9.2 If yes, explain:  
.....

10.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [X]

10.2 If yes, give full and complete information relating thereto:  
.....

11. Amount of real estate and mortgages held in other invested assets in Schedule BA: .....\$ .....0

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

13.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [ ] No [X]

13.2 If yes, please complete the following:

	1	2
	Prior Year-End Statement Value	Current Quarter Statement Value
13.21 Bonds .....	\$ .....	\$ .....
13.22 Preferred Stock .....	\$ .....	\$ .....
13.23 Common Stock .....	\$ .....	\$ .....
13.24 Short-term Investments .....	\$ .....	\$ .....
13.25 Mortgages, Loans or Real Estate .....	\$ .....	\$ .....
13.26 All Other .....	\$ .....	\$ .....
13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26).....	\$ .....	\$ .....
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above .....	\$ .....	\$ .....
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above .....	\$ .....	\$ .....

14.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [X]

14.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ]

If no, attach a description with this statement.

15. Excluding items in Schedule E, 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 Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [ ] No [X]

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

1	2
Name of Custodian(s)	Custodian Address

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

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
First Union National Bank.....	8739 Research Drive Charlotte, NC 28288.....	We are in the process of determining compliance.....

15.3 Have there been any changes, including name changes in the custodian(s) identified in 15.1 during the current year? ..... Yes [ ] No [ ]

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

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

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

1	2	3
Central Registration Depository	Name(s)	Address

SCHEDULE A - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period .....	NONE			
2. Increase (decrease) by adjustment .....				
3. Cost of acquired .....				
4. Cost of additions to and permanent improvements .....				
5. Total profit (loss) on sales .....				
6. Increase (decrease) by foreign exchange adjustment .....				
7. Amount received on sales .....				
8. Book/adjusted carrying value at end of current period .....				
9. Total valuation allowance .....				
10. Subtotal (Lines 8 plus 9) .....				
11. Total nonadmitted amounts .....				
12. Statement value, current period (Page 2, real estate lines, current period)				

SCHEDULE B - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/recorded investment excluding accrued interest on mortgages owned, beginning of period .....	NONE			
2. Amount loaned during period:				
2.1. Actual cost at time of acquisitions .....				
2.2. Additional investment made after acquisitions .....				
3. Accrual of discount and mortgage interest points and commitment fees .....				
4. Increase (decrease) by adjustment .....				
5. Total profit (loss) on sale .....				
6. Amounts paid on account or in full during the period .....				
7. Amortization of premium .....				
8. Increase (decrease) by foreign exchange adjustment .....				
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....				
10. Total valuation allowance .....				
11. Subtotal (Lines 9 plus 10) .....				
12. Total nonadmitted amounts .....				
13. Statement value of mortgages owned at end of current period				

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, beginning of period .....	NONE			
2. Cost of acquisitions during period:				
2.1. Actual cost at time of acquisitions .....				
2.2. Additional investment made after acquisitions .....				
3. Accrual of discount .....				
4. Increase (decrease) by adjustment .....				
5. Total profit (loss) on sale .....				
6. Amounts paid on account or in full during the period .....				
7. Amortization of premium .....				
8. Increase (decrease) by foreign exchange adjustment .....				
9. Book/adjusted carrying value of long-term invested assets at end of current period .....				
10. Total valuation allowance .....				
11. Subtotal (Lines 9 plus 10) .....				
12. Total nonadmitted amounts .....				
13. Statement value of long-term invested assets at end of current period				

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Statement Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Statement Value End of First Quarter	6 Statement Value End of Second Quarter	7 Statement Value End of Third Quarter	8 Statement Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 .....	153,604	0	0	(540)	153,064			153,604
2. Class 2 .....								
3. Class 3 .....								
4. Class 4 .....								
5. Class 5 .....								
6. Class 6 .....								
7. Total Bonds	153,604			(540)	153,064			153,604
<b>PREFERRED STOCK</b>								
8. Class 1 .....								
9. Class 2 .....								
10. Class 3 .....								
11. Class 4 .....								
12. Class 5 .....								
13. Class 6 .....								
14. Total Preferred Stock								
15. Total Bonds and Preferred Stock	153,604			(540)	153,064			153,604

Schedule DA - Part 1  
**NONE**

Schedule DA - Part 2  
**NONE**

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

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

Schedule S  
**NONE**



SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	2	Direct Business Only Year-to-Date			
				3	4	5	6
States, Etc.		Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premium
1. Alabama	AL	No		0	0	0	0
2. Alaska	AK	No		0	0	0	0
3. Arizona	AZ	No		0	0	0	0
4. Arkansas	AR	No		0	0	0	0
5. California	CA	No		0	0	0	0
6. Colorado	CO	No		0	0	0	0
7. Connecticut	CT	No		0	0	0	0
8. Delaware	DE	No		0	0	0	0
9. District of Columbia	DC	No		0	0	0	0
10. Florida	FL	No		0	0	0	0
11. Georgia	GA	No		0	0	0	0
12. Hawaii	HI	No		0	0	0	0
13. Idaho	ID	No		0	0	0	0
14. Illinois	IL	No		0	0	0	0
15. Indiana	IN	No		0	0	0	0
16. Iowa	IA	No		0	0	0	0
17. Kansas	KS	No		0	0	0	0
18. Kentucky	KY	No		0	0	0	0
19. Louisiana	LA	No		0	0	0	0
20. Maine	ME	No		0	0	0	0
21. Maryland	MD	No		0	0	0	0
22. Massachusetts	MA	No		0	0	0	0
23. Michigan	MI	No		0	0	0	0
24. Minnesota	MN	No		0	0	0	0
25. Mississippi	MS	No		0	0	0	0
26. Missouri	MO	No		0	0	0	0
27. Montana	MT	No		0	0	0	0
28. Nebraska	NE	No		0	0	0	0
29. Nevada	NV	No		0	0	0	0
30. New Hampshire	NH	No		0	0	0	0
31. New Jersey	NJ	No		0	0	0	0
32. New Mexico	NM	No		0	0	0	0
33. New York	NY	No		0	0	0	0
34. North Carolina	NC	No		0	0	0	0
35. North Dakota	ND	No		0	0	0	0
36. Ohio	OH	No	Yes	0	0	0	0
37. Oklahoma	OK	No	0	0	0	0	0
38. Oregon	OR	No	0	0	0	0	0
39. Pennsylvania	PA	No	0	0	0	0	0
40. Rhode Island	RI	No	0	0	0	0	0
41. South Carolina	SC	No	0	0	0	0	0
42. South Dakota	SD	No	0	0	0	0	0
43. Tennessee	TN	No	0	0	0	0	0
44. Texas	TX	No	0	0	0	0	0
45. Utah	UT	No	0	0	0	0	0
46. Vermont	VT	No	0	0	0	0	0
47. Virginia	VA	No	0	0	0	0	0
48. Washington	WA	No	0	0	0	0	0
49. West Virginia	WV	No	0	0	0	0	0
50. Wisconsin	WI	No	0	0	0	0	0
51. Wyoming	WY	No	0	0	0	0	0
52. American Samoa	AS	No	0	0	0	0	0
53. Guam	GU	No	0	0	0	0	0
54. Puerto Rico	PR	No	0	0	0	0	0
55. U.S. Virgin Islands	VI	No	0	0	0	0	0
56. Canada	CN	No	0	0	0	0	0
57. Aggregate Other Alien	OT	XXX	XXX				
58. Total (Direct Business)		XXX	(a) 1				
DETAILS OF WRITE-INS							
5701. ....							
5702. ....							
5703. ....							
5798. Summary of remaining write-ins for Line 57 from overflow page .....							
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)							

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

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

Texas Pacific Group Advisors II, Inc, 75-2695490 (Ultimate controlling person)  
Magellan Health Services, Inc, 58-1076937  
Magellan Behavioral Health Inc, 52-2135463  
Magellan Behavioral Health of Texas, Inc, 95058, 52-2105654  
Magellan Behavioral Health of Ohio, Inc, 11222, 31-1785222  
Merit Behavioral Care Corporation, 22-3236927  
Merit Health Insurance Company, 18750, 36-3856181  
Orion Life Insurance Company, 97292, 57-0724249  
American Biodyne, Inc, 94-3178047  
Magellan Behavioral Health of PA, Inc, 47019, 23-2759528

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing on 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.

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

Yes

Explanation:

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

