



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2002
 OF THE CONDITION AND AFFAIRS OF THE
Magellan Behavioral Health of Ohio

NAIC Group Code 1260 1260 NAIC Company Code 11222 Employer's ID Number 31-1785222
(Current Period) (Prior Period)

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, Cincinnati, OH 45242
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 10101 Alliance Road #201
Cincinnati, OH 45242 513-794-7000
(City or Town, State and Zip Code) (Street and Number) (Area Code) (Telephone Number)

Mail Address 10101 Alliance Road #201, Cincinnati, OH 45242
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 10101 Alliance Road #201
Cincinnati, OH 45242 314-387-5615
(City or Town, State and Zip Code) (Street and Number) (Area Code) (Telephone Number)

Internet Website Address magellanhealth.com

Statement Contact Krista Lynn Doehring 314-387-5615
(Name) (Area Code) (Telephone Number) (Extension)
kldoehring@magellanhealth.com 314-387-5407
(E-mail Address) (FAX Number)

Policyowner Relations Contact _____
(Street and Number)

(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

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

VICE PRESIDENTS

Charlotte Amile Sanford Linton Clark Newlin Margaret Anne DeCarlis
Barbara Cahn

DIRECTORS OR TRUSTEES

Dennis Paul Moody Daniel Salvatore Messina

State of }
 County of } ss

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

Subscribed and sworn to before me this _____ day of 2003

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Magellan Behavioral Health of Ohio

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds	151,442		151,442	153,604
2. Stocks:				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$358,943 , Schedule E - Part 1) and short-term investments (\$0 , Schedule DA - Part 2)	358,943		358,943	350,406
6. Other long-term invested assets	0		0	0
7. Receivable for securities			0	0
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	510,384	0	510,384	504,010
10. Accident and health premiums due and unpaid			0	0
11. Health care receivables			0	0
12. Amounts recoverable from reinsurers			0	0
13. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
14. Investment income due and accrued	2,320		2,320	2,320
15. Amounts due from parent, subsidiaries and affiliates			0	0
16. Amounts receivable relating to uninsured accident and health plans			0	0
17. Furniture and equipment			0	0
18. Amounts due from agents			0	0
19. Federal and foreign income tax recoverable and interest thereon (including \$ net deferred tax asset)			0	0
20. Electronic data processing equipment and software			0	0
21. Other nonadmitted assets			0	0
22. Aggregate write-ins for other than invested assets	0	0	0	0
23. Total assets (Lines 9 plus 10 through 22)	512,705	0	512,705	506,330
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898)(Line 8 above)	0	0	0	0
2201.				
2202.				
2203.				
2298. Summary of remaining write-ins for Line 22 from overflow page	0	0	0	0
2299. Totals (Lines 2201 thru 2203 plus 2298)(Line 22 above)	0	0	0	0

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

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)			0	0
2. Accrued medical incentive pool and bonus payments			0	0
3. Unpaid claims adjustment expenses			0	0
4. Aggregate policy reserves			0	0
5. Aggregate claim reserves			0	0
6. Premiums received in advance			0	0
7. General expenses due or accrued			0	0
8. Federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)			0	0
9. Amounts withheld or retained for the account of others			0	0
10. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
11. Amounts due to parent, subsidiaries and affiliates	9,996		9,996	5,746
12. Payable for securities			0	0
13. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
14. Reinsurance in unauthorized companies			0	0
15. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
16. Liability for amounts held under uninsured accident and health plans			0	0
17. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
18 Total liabilities (Lines 1 to 17).....	9,996	0	9,996	5,746
19. Common capital stock	XXX	XXX	10	10
20 Preferred capital stock	XXX	XXX	0	0
21. Gross paid in and contributed surplus	XXX	XXX	499,990	499,990
22. Surplus notes	XXX	XXX	0	0
23. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
24. Unassigned funds (surplus)	XXX	XXX	2,708	585
25. Less treasury stock, at cost:				
25.1 shares common (value included in Line 19 \$)	XXX	XXX	0	0
25.2 shares preferred (value included in Line 20 \$)	XXX	XXX	0	0
26. Total capital and surplus (Lines 19 to 24 Less 25)	XXX	XXX	502,708	500,585
27. Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	512,705	506,330
DETAILS OF WRITE-INS				
1701.				
1702.				
1703.				
1798. Summary of remaining write-ins for Line 17 from overflow page	0	0	0	0
1799. Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above)	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	0	0
2. Net premium income	XXX	0	0
3. Change in unearned premium reserves and reserve for rate credits	XXX	0	0
4. Fee-for-service (net of \$ medical expenses)	XXX	0	0
5. Risk revenue	XXX	0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Total revenues (Lines 2 to 6)	XXX	0	0
Medical and Hospital:			
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
13. Aggregate write-ins for other medical and hospital	0	0	0
14. Incentive pool and withhold adjustments		0	0
15. Subtotal (Lines 8 to 14)	0	0	0
Less:			
16. Net reinsurance recoveries		0	0
17. Total medical and hospital (Lines 15 minus 16)	0	0	0
18. Claims adjustment expenses		0	0
19. General administrative expenses		2,835	0
20. Increase in reserves for accident and health contracts		0	0
21. Total underwriting deductions (Lines 17 through 20)	0	2,835	0
22. Net underwriting gain or (loss) (Lines 7 minus 21)	XXX	(2,835)	0
23. Net investment income earned		6,374	974
24. Net realized capital gains or (losses)			0
25. Net investment gains or (losses) (Lines 23 + 24)	0	6,374	974
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
27. Aggregate write-ins for other income or expenses	0	0	0
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)	0	3,540	974
29. Federal and foreign income taxes incurred	XXX	1,416	389
30. Net income (loss) (Lines 28 minus 29)	XXX	2,124	585
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
1301.			
1302.			
1303.			
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0
2701.			
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0	0

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
31. Capital and surplus prior reporting year	500,585	0
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
32. Net income or (loss) from Line 30	2,124	585
33. Change in valuation basis of aggregate policy and claim reserve		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	0	0
39. Change in treasury stock		0
40. Change in surplus notes	0	0
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		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	0	0
46. Net change in capital & surplus (Lines 32 to 45)	2,124	500,585
47. Capital and surplus end of reporting year (Line 31 plus 46)	502,708	500,585
DETAILS OF WRITE-INS		
4501.		
4502.		
4503.		
4598. Summary of remaining write-ins for Line 45 from overflow page	0	0
4599. Totals (Lines 4501 thru 4503 plus 4598) (Line 45 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums and revenues collected net of reinsurance	0	0
2. Claims and claims adjustment expenses	0	0
3. General administrative expenses paid	2,835	0
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(2,835)	0
6. Net investment income	8,537	(986)
7. Other income (expenses)	0	0
8. Federal and foreign income taxes (paid) recovered	(1,416)	(389)
9. Net cash from operations (Lines 5 to 8)	4,286	(1,375)
Cash from Investments		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds	0	0
10.2 Stocks	0	0
10.3 Mortgage loans	0	0
10.4 Real estate	0	0
10.5 Other invested assets	0	0
10.6 Net gains or (losses) on cash and short-term investments	0	0
10.7 Miscellaneous proceeds	0	0
10.8 Total investment proceeds (Lines 10.1 to 10.7)	0	0
11. Cost of investments acquired (long-term only):		
11.1 Bonds	0	153,965
11.2 Stocks	0	0
11.3 Mortgage loans	0	0
11.4 Real estate	0	0
11.5 Other invested assets	0	0
11.6 Miscellaneous applications	0	0
11.7 Total investments acquired (Lines 11.1 to 11.6)	0	153,965
12. Net Cash from investments (Line 10.8 minus Line 11.7)	0	(153,965)
Cash from Financing and Miscellaneous Sources		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in	0	500,000
13.2 Net transfers from affiliates	4,251	5,746
13.3 Borrowed funds received	0	0
13.4 Other cash provided	0	0
13.5 Total (Lines 13.1 to 13.4)	4,251	505,746
14. Cash applied:		
14.1 Dividends to stockholders paid	0	0
14.2 Net transfers to affiliates	0	0
14.3 Borrowed funds repaid	0	0
14.4 Other applications	0	0
14.5 Total (Lines 14.1 to 14.4)	0	0
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	4,251	505,746
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	8,537	350,406
17. Cash and short-term investments:		
17.1 Beginning of year	350,406	0
17.2 End of year (Line 16 plus Line 17.1)	358,943	350,406

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Magellan Behavioral Health of Ohio

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other
1. Net premium income	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0	0	0	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	0	0	0	0
4. Risk revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Total revenues (Lines 1 to 5)	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Medical/hospital benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
8. Other professional services	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Outside referrals	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Emergency room and out-of-area	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Prescription Drugs	0	0	0	0	0	0	0	0	0	0	0	0	0
12. Aggregate write-ins for other medical and hospital	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Incentive pool and withhold adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
14. Subtotal (Lines 7 to 13)	0	0	0	0	0	0	0	0	0	0	0	0	0
15. Net reinsurance recoveries	0	0	0	0	0	0	0	0	0	0	0	0	0
16. Total medical and hospital (Lines 14 minus 15)	0	0	0	0	0	0	0	0	0	0	0	0	0
17. Claims adjustment expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
18. General administrative expenses	2,835	0	0	0	0	0	0	0	0	0	0	0	2,835
19. Increase in reserves for accident and health contracts	0	0	0	0	0	0	0	0	0	0	0	0	0
20. Total underwriting deductions (Lines 16 to 19)	2,835	0	0	0	0	0	0	0	0	0	0	0	2,835
21. Total underwriting gain or (loss) (Line 6 minus Line 20)	(2,835)	0	0	0	0	0	0	0	0	0	0	0	(2,835)
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	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0	0
1201.													
1202.													
1203.													
1298. Summary of remaining write-ins for Line 12 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	0
1299. Totals (Lines 1201 thru 1203 plus 1298) (Line 12 above)	0	0	0	0	0	0	0	0	0	0	0	0	0

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Part 1 - Premiums

NONE

Part 2 - Claims Incurred

NONE

Part 2A - Claims Liability

NONE

Part 2B - Analysis of Claims

NONE

Pt 2C - Sn A - Paid Claims - GT

NONE

Pt 2C - Sn B - Incurred Claims - GT

NONE

Part 2C - Sn C - Claims Expense Ratio GT

NONE

Aggregate Reserve for A&H Contracts

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administration Expenses	3 Investment Expenses	4 Total
1. Rent (\$0 for occupancy of own building).....	.0	.0	.0	.0
2. Salaries, wages and other benefits.....	.0	.0	.0	.0
3. Commissions (less \$0 ceded plus \$0 assumed).....	.0	.0	.0	.0
4. Legal fees and expenses.....	.0	.0	.0	.0
5. Certifications and accreditation fees.....	.0	.0	.0	.0
6. Auditing, actuarial and other consulting services.....	.0	.0	.0	.0
7. Traveling expenses.....	.0	.0	.0	.0
8. Marketing and advertising.....	.0	.0	.0	.0
9. Postage, express and telephone.....	.0	.0	.0	.0
10. Printing and office supplies.....	.0	.0	.0	.0
11. Occupancy, depreciation and amortization.....	.0	.0	.0	.0
12. Equipment.....	.0	.0	.0	.0
13. Cost or depreciation of EDP equipment and software.....	.0	2,375	.0	2,375
14. Outsourced services including EDP, claims, and other services.....	.0	.0	.0	.0
15. Boards, bureaus and association fees.....	.0	.0	.0	.0
16. Insurance, except on real estate.....	.0	.0	.0	.0
17. Collection and bank service charges.....	.0	.0	.0	.0
18. Group service and administration fees.....	.0	.0	.0	.0
19. Reimbursements by uninsured accident and health plans.....	.0	.0	.0	.0
20. Reimbursements from fiscal intermediaries.....	.0	.0	.0	.0
21. Real estate expenses.....	.0	.0	.0	.0
22. Real estate taxes.....	.0	.0	.0	.0
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes.....	.0	200	.0	200
23.2 State premium taxes.....	.0	.0	.0	.0
23.3 Regulatory authority licenses and fees.....	.0	260	.0	260
23.4 Payroll taxes.....	.0	.0	.0	.0
23.5 Other (excluding federal income and real estate taxes).....	.0	.0	.0	.0
24. Investment expenses not included elsewhere.....	.0	.0	.0	.0
25. Aggregate write-ins for expenses.....	0	0	0	0
26. Total expenses incurred (Lines 1 to 25).....	.0	2,835	.0	(a)2,835
27. Add expenses unpaid December 31, prior year.....	.0	.0	.0	.0
28. Less expenses unpaid December 31, current year.....	.0	.0	.0	.0
29. Amounts receivable related to uninsured accident and health plans, prior year.....	.0	.0	.0	.0
30. Amounts receivable related to uninsured accident and health plans, current year.....	.0	.0	.0	.0
31. Total expenses paid (Lines 26 + 27 - 28 - 29 + 30)	0	2,835	0	2,835
DETAIL OF WRITE-INS				
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0	0

(a) Includes management fees of \$0 to affiliates and \$0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 4,025	4,025
1.1 Bonds exempt from U.S. tax	(a) 0	0
1.2 Other bonds (unaffiliated)	(a) 0	0
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 0	0
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	0	0
2.21 Common stocks of affiliates	0	0
3. Mortgage loans	(c) 0	0
4. Real estate	(d) 0	0
5. Contract loans	0	0
6. Cash/short-term investments	(e) 2,349	2,349
7. Derivative instruments	(f) 0	0
8. Other invested assets	0	0
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	6,374	6,374
11. Investment expenses		(g) 0
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 0
14. Depreciation on real estate and other invested assets		(i) 0
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		0
17. Net Investment Income - (Line 10 minus Line 16)		6,374
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ accrual of discount less \$ 2,162 amortization of premium and less \$ paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) 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 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds					0
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)					0
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)					0
2.21 Common stocks of affiliates					0
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments					0
7. Derivative instruments					0
8. Other invested assets					0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	0	0	0	0	0
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

Exhibit 1
NONE

Exhibit 2
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. has no contracts, and therefore no premiums for calendar years 2001 or 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 has no contracts for calendar years 2001 or 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 during fiscal years 2001 or 2002.

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

NOTES TO FINANCIAL STATEMENTS

The Company reported \$6,374 in net investment income for the current year, of which \$2,320 was due and accrued at December 31, 2002. All \$2,320 accrued is current (not over 90 days past due), and therefore was not excluded from surplus.

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. Allocated federal income taxes for the years ended December 31, 2002 and 2001, were \$1,416 and \$389, respectively.
- D. Not applicable
- E. The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

2002	\$1,416
2001	\$ 389
- F.
 1. For federal income tax reporting purposes, the Company's operations are included in Magellan Health Service's (MHS) consolidated federal tax returns.
 2. The Company maintains federal tax sharing arrangements with MHS. The current arrangement calls for an allocation based on MHS's effective tax rate before reflecting the allocation and after affecting for permanent differences. The allocated income tax expense is disclosed as 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 fiscal year 2001.
- C. Common Stock: 1,000 shares at \$.01/share.
Paid-In Capital: \$499,990.00
- D. As of December 31, 2002, the Company reported \$9,996 as due to the parent Company.
- 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 or other debt obligations.

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 limitations imposed by the State of Ohio Insurance Statute.
4. Within the limitations of above, there have not been restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

NOTES TO FINANCIAL STATEMENTS

5. There have not been 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.
8. The Company does not have any special surplus funds.
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 debentures or similar obligations outstanding.
11. The Company was not involved in any quasi-reorganization.
12. Not applicable

14. Contingencies

- A. The Company is not aware of any contingent liabilities as of December 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. Certain financial instruments potentially subject the Company to concentrations of credit risk. These financial instruments consist of cash and investments. The Company maintains its cash and investments with what it believes to be high quality financial institutions. The fair value of the Company's investments is substantially equivalent to their carrying value and, although there is some credit risk associated with these investments, the Company believes this risk is minimal.

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 does 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.
- D. At December 31, 2002 and 2001 the Company had admitted assets of \$0.00 and \$0.00, respectively, in accounts receivable for uninsured plans and amounts due from agents.
- E. The Company has not entered into any reinsurance agreements accounted for as a deposit.
- F. The Company has no multiple peril crop insurance.
- G. The Company has no mezzanine real estate loans.

NOTES TO FINANCIAL STATEMENTS

H. The Company has no health care receivables.

I. The Company had no material financial loss recognized, or that will be recognized, as a result of the events of September 11, 2001.

21. Events Subsequent

No significant events have occurred from December 31, 2002 through the filing of the Annual Statement.

22. Reinsurance

The Company has no contracts to date, therefore the Company has no reinsurance agreements.

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 has no contracts, and therefore has not incurred any losses or loss adjustment expenses.

25. InterCompany Pooling Arrangements

The Company has no intercompany pooling arrangements.

26. Structured Settlements

The Company has no structured settlements.

27. High Deductibles

The Company has no high deductibles.

28. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company has no discounting of liabilities for unpaid losses or unpaid loss adjustment expenses.

29. Asbestos/Environmental Reserves

The Company has no asbestos or environmental reserves.

30. Subscriber Savings Accounts

The Company has no subscriber savings accounts.

31. Financial Guaranty Insurance Exposures

The Company has no financial guaranty insurance exposure.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities	151,442	29.672	151,442	29.672
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	0	0.000	0	0.000
1.22 Issued by U.S. government sponsored agencies	0	0.000	0	0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	0	0.000	0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	0	0.000	0	0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.000	0	0.000
1.43 Revenue and assessment obligations	0	0.000	0	0.000
1.44 Industrial development and similar obligations	0	0.000	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA	0	0.000	0	0.000
1.512 Issued by FNMA and FHLMC	0	0.000	0	0.000
1.513 Privately issued	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	0	0.000	0	0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC	0	0.000	0	0.000
1.523 All other privately issued	0	0.000	0	0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	0	0.000	0	0.000
2.2 Unaffiliated foreign securities	0	0.000	0	0.000
2.3 Affiliated securities	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds	0	0.000	0	0.000
3.2 Preferred stocks:				
3.21 Affiliated	0	0.000	0	0.000
3.22 Unaffiliated	0	0.000	0	0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated	0	0.000	0	0.000
3.4 Other equity securities:				
3.41 Affiliated	0	0.000	0	0.000
3.42 Unaffiliated	0	0.000	0	0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	0	0.000	0	0.000
3.52 Unaffiliated	0	0.000	0	0.000
4. Mortgage loans:				
4.1 Construction and land development	0	0.000	0	0.000
4.2 Agricultural	0	0.000	0	0.000
4.3 Single family residential properties	0	0.000	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0.000
4.5 Commercial loans	0	0.000	0	0.000
5. Real estate investments:				
5.1 Property occupied by the company	0	0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)	0	0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)	0	0.000	0	0.000
6. Policy loans	0	0.000	0	0.000
7. Receivables for securities	0	0.000	0	0.000
8. Cash and short-term investments	358,943	70.328	358,943	70.328
9. Other invested assets	0	0.000	0	0.000
10. Total invested assets	510,384	100.000	510,384	100.000

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 []
- 1.2 If yes, did the reporting entity register and file with its 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 [] NA []
- 1.3 State Regulating? Ohio.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No []
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.
- 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. This date should be the date of the examined balance sheet and not the date the report was completed or released.
- 3.3 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).
- 3.4 By what department or departments?
- 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 common control (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 premiums) of:
- 4.11 sales of new business? Yes [] No []
- 4.12 renewals? Yes [] No []
- 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 premiums) of:
- 4.21 sales of new business? Yes [] No []
- 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 5.2 If yes, provide the name of the 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
.....
.....

- 6.1 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? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No []
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No []
- 7.2 If yes,
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
.....
.....

GENERAL INTERROGATORIES

(continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Since the company has written no contracts to date, the company will file an Audited Financials Exemption Affidavit with the Ohio Department of Insurance.....
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Per our discussion with a NAIC representative no actuarial opinion is necessary given that the company does not have any contracts as of December 31, 2002, and has not commenced business since its incorporation.....
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

11. 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 [X]
12. 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 []
13. 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 which is in or likely to conflict with the official duties of such person?. Yes [X] No []

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | | |
|--|---------------------------------------------------------|----------|---|
| | 14.11 To directors or other officers .. | \$ | 0 |
| | 14.12 To stockholders not officers ... | \$ | 0 |
| | 14.13 Trustees, supreme or grand (Fraternal only) | \$ | 0 |
- 14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | | |
|--|---------------------------------------------------------|----------|---|
| | 14.21 To directors or other officers ... | \$ | 0 |
| | 14.22 To stockholders not officers | \$ | 0 |
| | 14.23 Trustees, supreme or grand (Fraternal only) | \$ | 0 |
- 15.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|--|----------------------------------|----------|--|
| | 15.21 Rented from others | \$ | |
| | 15.22 Borrowed from others | \$ | |
| | 15.23 Leased from others | \$ | |
| | 15.24 Other | \$ | |
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 16.2 If answer is yes,
- | | | | |
|--|------------------------------------------------------|----------|--|
| | 16.21 Amount paid as losses or risk adjustment | \$ | |
| | 16.22 Amount paid as expenses | \$ | |
| | 16.23 Other amounts paid | \$ | |

GENERAL INTERROGATORIES

(continued)
INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred	.0	.0	.000		[]	[]	[]	[]
Common	1,000	1,000	0.010	XXX	XXX	XXX	XXX	XXX

18.1. 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, except as shown by Schedule E - Part 2 - Special Deposits? Yes [X] No []

18.2. If no, give full and complete information relating thereto:

19.1. 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, except as shown on the Schedule E - Part 2 - Special Deposits; 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 15.1) Yes [] No [X]

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

19.21	Loaned to others	\$
19.22	Subject to repurchase agreements	\$
19.23	Subject to reverse repurchase agreements	\$
19.24	Subject to dollar repurchase agreements	\$
19.25	Subject to reverse dollar repurchase agreements	\$
19.26	Pledged as collateral	\$
19.27	Placed under option agreements	\$
19.28	Letter stock or other securities restricted as to sale	\$
19.29	Other	\$

19.3. For each category above, if any of these assets are held by others, identify by whom held:

19.31	19.35
19.32	19.36
19.33	19.37
19.34	19.38
	19.39

For categories (19.21) and (19.23) above, and for any other securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4. For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

20.2. If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.

21.1. 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]

21.2. If yes, state the amount thereof at December 31 of the current year. \$

22. 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 [X] No []

22.01. 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
Wachovia Bank	8739 Research Drive - Charlotte, NC 28288

GENERAL INTERROGATORIES

(continued)
INVESTMENT

22.02 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)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?..... Yes [] No []

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....2,375

23.2 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
The Freedom Group.....	\$.....2,375
	\$.....
	\$.....
	\$.....

24.1 Amount of payments for legal expenses, if any?..... \$.....0

24.2 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
	\$.....
	\$.....
	\$.....

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

25.2 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
	\$.....
	\$.....
	\$.....

GENERAL INTERROGATORIES

(continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$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
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0
- 2.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]
- 2.2 If yes, give particulars:
- 3.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? Yes [] No [X]
- 3.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No [X]
- 4.1 Does the reporting entity have stop-loss reinsurance? Yes [] No [X]
- 4.2 If no, explain:
The Company does not have any business.
- 4.3 Maximum retained risk (see instructions)
- 4.31 Comprehensive Medical \$0
- 4.32 Medical Only \$0
- 4.33 Medicare Supplement \$0
- 4.34 Dental \$0
- 4.35 Other Limited Benefit Plan \$0
- 4.36 Other \$0
5. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
- 6.1 Does the reporting entity set up its claim liability for provider services on a service data base? Yes [] No [X]
- 6.2 If no, give details:
The Company does not have any business.
7. Provide the following Information regarding participating providers:
- 7.1 Number of providers at start of reporting year 0
- 7.2 Number of providers at end of reporting year 0
- 8.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]
- 8.2 If yes, direct premium earned:
- 8.21 Business with rate guarantees between 15-36 months
- 8.22 Business with rate guarantees over 36 months
- 9.1 Does the reporting entity have Bonus/Withhold Arrangements in its provider contract? Yes [] No [X]
- 9.2 If yes:
- 9.21 Maximum amount payable bonuses \$0
- 9.22 Amount actually paid for year bonuses \$0
- 9.23 Maximum amount payable withholds \$0
- 9.24 Amount actually paid for year withholds \$0
10. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
.....
.....
.....
.....

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	512,705	506,330	0	0	0
2. Total liabilities (Page 3, Line 18)	9,996	5,746	0	0	0
3. Statutory surplus	499,990	499,990	0	0	0
4. Total capital and surplus (Page 3, Line 26)	502,708	500,585	0	0	0
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	0	0	0	0	0
6. Total medical and hospital expenses (Line 17)	0	0	0	0	0
7. Total administrative expenses (Line 19)	2,835	0	0	0	0
8. Net underwriting gain (loss) (Line 22)	(2,835)	0	0	0	0
9. Net investment gain (loss) (Line 25)	6,374	974	0	0	0
10. Total other income (Lines 26 plus 27)	0	0	0	0	0
11. Net income (loss) (Line 30)	2,124	585	0	0	0
RISK - BASED CAPITAL ANALYSIS					
12. Total adjusted capital	502,708	500,585	0	0	0
13. Authorized control level risk-based capital	539	526	0	0	0
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	0	0	0	0	0
15. Total member months (Column 6, Line 7)	0	0	0	0	0
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Line 2, 3 and 5)					
16. Premiums earned (Line 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	0.0	0.0	0.0	0.0	0.0
18. Total underwriting deductions (Line 21)	0.0	0.0	0.0	0.0	0.0
19. Total underwriting gain (loss) (Line 22)	0.0	0.0	0.0	0.0	0.0
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	0	0	0	0	0
21. Estimated liability of unpaid claims – [prior year (Line 11, Col. 6)]	0	0	0	0	0

FIVE-YEAR HISTORICAL DATA (Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
26. Affiliated mortgage loans on real estate		0	0	0	0
27. All other affiliated		0	0	0	0
28. Total of above Lines 22 to 27	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States151,442 2. Canada0 3. Other Countries0 4. Totals151,442	152,625 0 0 152,625	153,965 0 0 153,965	150,000 0 0 150,000
States, Territories and Possessions (Direct and guaranteed)	5. United States0 6. Canada0 7. Other Countries0 8. Totals0	0 0 0 0	0 0 0 0	0 0 0 0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States0 10. Canada0 11. Other Countries0 12. Totals0	0 0 0 0	0 0 0 0	0 0 0 0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States0 14. Canada0 15. Other Countries0 16. Totals0	0 0 0 0	0 0 0 0	0 0 0 0
Public Utilities (unaffiliated)	17. United States0 18. Canada0 19. Other Countries0 20. Totals0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States0 22. Canada0 23. Other Countries0 24. Totals0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	25. Totals0 26. Total Bonds151,442	0 152,625	0 153,965	0 150,000
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States0 28. Canada0 29. Other Countries0 30. Totals0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States0 32. Canada0 33. Other Countries0 34. Totals0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States0 36. Canada0 37. Other Countries0 38. Totals0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals0 40. Total Preferred Stocks0	0 0	0 0	0 0
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States0 42. Canada0 43. Other Countries0 44. Totals0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States0 46. Canada0 47. Other Countries0 48. Totals0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States0 50. Canada0 51. Other Countries0 52. Totals0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals0 54. Total Common Stocks0 55. Total Stocks0	0 0 0	0 0 0	0 0 0
	56. Total Bonds and Stocks151,442	152,625	153,965	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year153,604	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 30	6.1 Column 17, Part 10
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 10
3.1 Column 16, Part 1(2,162)	6.3 Column 11, Part 2, Sec. 20
3.2 Column 12, Part 2, Sec. 10	6.4 Column 11, Part 40
3.3 Column 10, Part 2, Sec. 20	7. Book/adjusted carrying value at end of current period151,442
3.4 Column 10, Part 40	8. Total valuation allowance0
4. Total gain (loss), Col. 14, Part 40	9. Subtotal (Lines 7 plus 8)151,442
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 40	10. Total nonadmitted amounts0
	11. Statement value of bonds and stocks, current period151,442

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Magellan Behavioral Health of Ohio

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

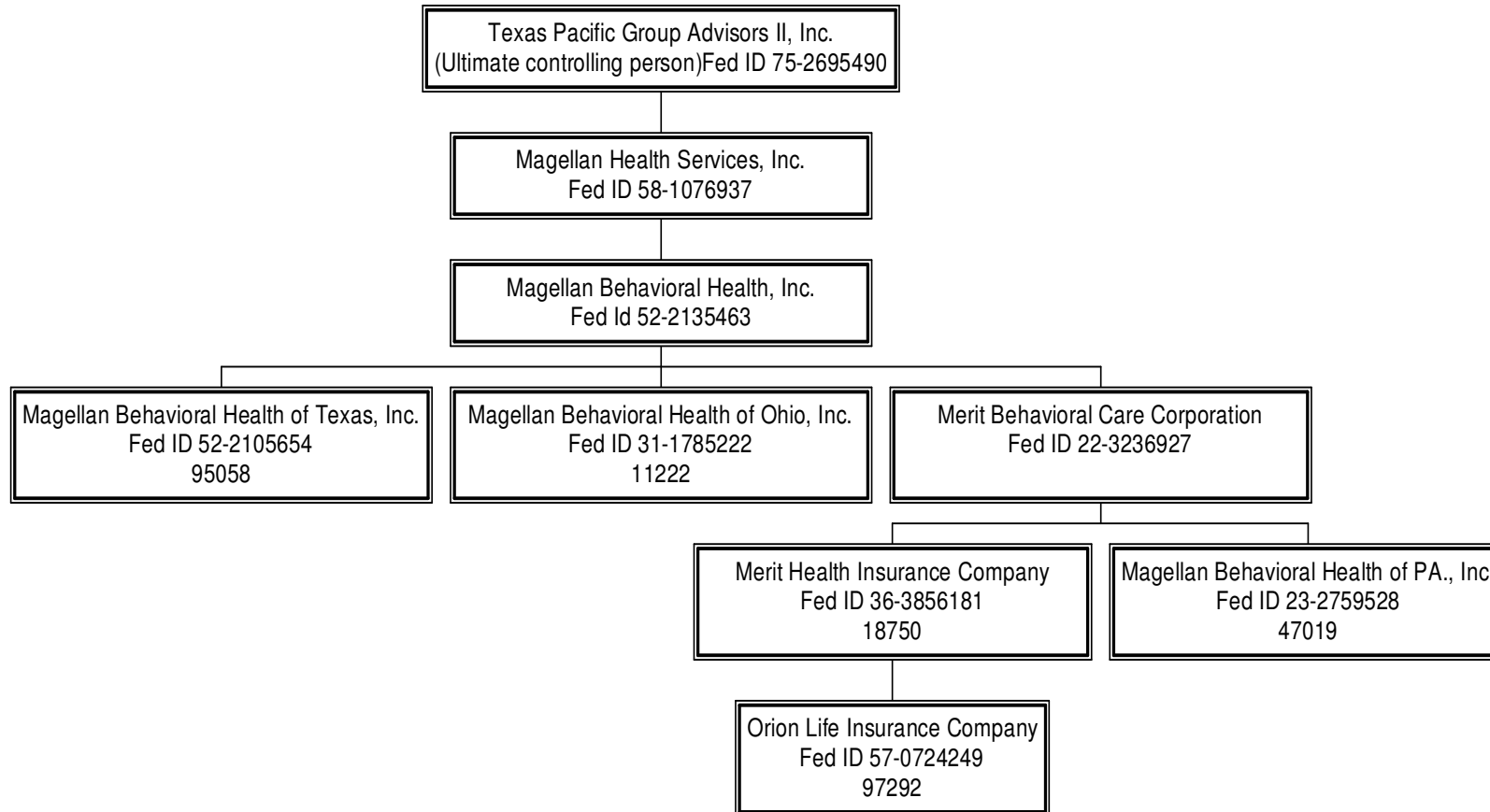
States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only				
			3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	
1. Alabama	AL	No					
2. Alaska	AK	No					
3. Arizona	AZ	No					
4. Arkansas	AR	No					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

Explanation of basis of allocation by states, premiums by state, etc.:

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

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

PART 1 - ORGANIZATIONAL CHART



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