DILL ROBERT
Form 3
February 07, 2008

FORM 3

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â DILL ROBERT
(Last) (First) (Middle)

SIMMONS FIRST NATIONAL CORP.,Â 501 MAIN STREET
(Street)

PINE BLUFF,Â ARÂ 71601
(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
01/28/2008

3. Issuer Name **and** Ticker or Trading Symbol
SIMMONS FIRST NATIONAL CORP [SFNC]

4. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Executive Vice President

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
SFNC	20,957	D	Â
SFNC	102	D	Â
SFNC	23,704	D	Â

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying	4. Conversion	5. Ownership	6. Nature of Indirect Beneficial

	Date Exercisable	Expiration Date	Derivative Security (Instr. 4) Title	Amount or Number of Shares	or Exercise Price of Derivative Security	Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	Ownership (Instr. 5)
Incentive Stock Option	03/25/2003	03/24/2008	Common	100	$ 16	D	Â
Incentive Stock Option	12/28/2003	12/27/2008	Common	200	$ 12.22	D	Â
Incentive Stock Option	07/28/2003	07/27/2008	Common	200	$ 10.56	D	Â
Incentive Stock Option	07/28/2004	07/27/2009	Common	200	$ 10.56	D	Â
Incentive Stock Option	05/07/2001	05/06/2011	Common	2,000	$ 12.13	D	Â
Incentive Stock Option	05/07/2002	05/06/2011	Common	2,000	$ 12.13	D	Â
Incentive Stock Option	05/07/2003	05/06/2011	Common	2,000	$ 12.13	D	Â
Incentive Stock Option	05/07/2004	05/06/2011	Common	2,000	$ 12.13	D	Â
Incentive Stock Option	05/07/2005	05/06/2011	Common	2,000	$ 12.13	D	Â
Incentive Stock Option	07/26/2004	07/25/2014	Common	400	$ 23.78	D	Â
Incentive Stock Option	07/26/2005	07/25/2014	Common	400	$ 23.78	D	Â
Incentive Stock Option	12/31/2005	07/25/2014	Common	400	$ 23.78	D	Â
Incentive Stock Option	12/31/2005	07/25/2014	Common	400	$ 23.78	D	Â
Incentive Stock Option	12/31/2005	07/25/2014	Common	400	$ 23.78	D	Â
Incentive Stock Option	05/23/2005	05/23/2015	Common	356	$ 24.5	D	Â
Incentive Stock Option	12/31/2005	05/23/2015	Common	178	$ 24.5	D	Â
Incentive Stock Option	12/31/2005	05/23/2015	Common	178	$ 24.5	D	Â
Incentive Stock Option	12/31/2005	05/23/2015	Common	178	$ 24.5	D	Â
Incentive Stock Option	05/22/2007	05/20/2016	Common	180	$ 26.19	D	Â
Incentive Stock Option	05/22/2008	05/20/2016	Common	180	$ 26.19	D	Â
Incentive Stock Option	05/22/2009	05/20/2016	Common	180	$ 26.19	D	Â
Incentive Stock Option	05/22/2010	05/20/2016	Common	180	$ 26.19	D	Â
Incentive Stock Option	05/22/2011	05/20/2016	Common	180	$ 26.19	D	Â
Incentive Stock Option	05/31/2008	05/30/2017	Common	180	$ 28.42	D	Â
Incentive Stock Option	05/31/2009	05/30/2017	Common	180	$ 28.42	D	Â
Incentive Stock Option	05/31/2010	05/30/2017	Common	180	$ 28.42	D	Â
Incentive Stock Option	05/31/2011	05/30/2017	Common	180	$ 28.42	D	Â
Incentive Stock Option	05/31/2012	05/30/2017	Common	180	$ 28.42	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DILL ROBERT SIMMONS FIRST NATIONAL CORP. 501 MAIN STREET PINE BLUFF,Â ARÂ 71601	Â	Â	Â Executive Vice President	Â

Signatures

/s/ Robert Dill by Piper P. Erwin	02/07/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
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Depreciation and amortization

15,854 1.2 7,510 1.0

Interest expense

5,978 0.4 2,254 0.3

Total operating expenses

1,249,559 90.5 680,913 88.6

Income before income taxes

131,792 9.5 87,566 11.4

Income tax expense

(47,870) (3.4) (31,791) (4.1)

Net income	$83,922	6.1%	$55,775	7.3%

Six Months Ended June 30,	2011		2010	
Revenue:				
Premium revenue	$2,748,869	98.8%	$1,505,720	98.4%
Management and other fees	27,665	1.0	20,778	1.4
Investment income				

Explanation of Responses:

6,706	0.2	2,423	0.2

Total revenue			
2,783,240	100.0%	1,528,921	100.0%

Operating expenses:

Medical expense	2,277,375	81.8	1,217,452	79.6
Selling, general and administrative	256,950	9.2	142,746	9.3
Depreciation and amortization	30,616	1.1	15,297	1.0
Interest expense	16,254	0.6	12,225	0.9
Total operating expenses	2,581,195	92.7	1,387,720	90.8

Income before income taxes

202,045 7.3 141,201 9.2

Income tax expense

(73,903) (2.7) (51,625) (3.3)

Net income

$128,142	4.6%	$89,576	5.9%

Membership

Our primary source of revenue is monthly premium payments we receive based on membership enrolled in one of our Medicare health plans. The following table summarizes our membership as of the dates specified:

	June 30, 2011	**December 31, 2010**	**June 30, 2010**
Medicare Advantage Membership			
Alabama	32,740	30,148	30,724
Florida	38,451	37,022	35,975
Pennsylvania	69,325	63,044	N/A
Tennessee	71,474	65,533	64,791
Texas	81,504	71,105	48,070
Other	42,954	37,752	17,876
Total	336,448	304,604	197,436
Medicare PDP Membership	835,246	724,394	394,599

Medicare Advantage. Our Medicare Advantage membership increased by 70.4% to 336,448 members at June 30, 2011 as compared to 197,436 members at June 30, 2010. Our Medicare Advantage net membership gain of 139,012 members since June 30, 2010 reflects the inclusion of Bravo Health members, focused sales and marketing

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efforts during the enrollment period, and better retention rates resulting from, we believe, the relative attractiveness of our various plans benefits.

PDP. PDP membership increased by 111.7% to 835,246 members at June 30, 2011 as compared to 394,599 at June 30, 2010, primarily as a result of the inclusion of Bravo Health s PDP and the auto-assignment of new members at the beginning of the year. We do not actively market our PDPs and have relied on CMS auto-assignments of dual-eligible beneficiaries for membership. We continue to receive assignments or otherwise enroll dual-eligible beneficiaries in our PDPs during lock-in and expect incremental growth for the balance of the year.

Medicaid. On May 1, 2011 the Company began serving STAR+PLUS members under the Texas Medicaid STAR+PLUS program which provides health care coverage to seniors and other persons with disabilities in the six-county service area in and around Fort Worth, Texas. We had 1,350 Medicaid STAR+PLUS members at June 30, 2011.

Comparison of the Three-Month Period Ended June 30, 2011 to the Three-Month Period Ended June 30, 2010

Revenue

Total revenue was $1.4 billion in the three-month period ended June 30, 2011 as compared with $768.5 million for the same period in 2010, representing an increase of $612.9 million, or 79.8%. The components of revenue were as follows:

Premium Revenue: Total premium revenue for the three months ended June 30, 2011 was $1.4 billion as compared with $756.3 million in the same period in 2010, representing an increase of $606.4 million, or 80.2%. The components of premium revenue and the primary reasons for changes were as follows:

Medicare Advantage: Medicare Advantage (including MA-PD) premiums were $1.1 billion for the three months ended June 30, 2011 as compared to $640.8 million in the second quarter of 2010, representing an increase of $477.3 million, or 74.5%. The increase in Medicare Advantage premiums in 2011 was primarily attributable to the inclusion of Bravo Health membership for the 2011 second quarter and to an 8.5% increase in membership in the HealthSpring health plans compared to the 2010 second quarter. Premiums per member per month (PMPM) for the 2011 second quarter averaged $1,113, which reflects an increase of 2.8% as compared to the 2010 second quarter. The increase in PMPM premiums in the current quarter was primarily the result of including PMPM premiums in the Bravo Health Pennsylvania and Mid-Atlantic markets and increased risk adjustment payments.

PDP: PDP premiums (after risk corridor adjustments) were $243.4 million in the three months ended June 30, 2011 compared to $115.4 million in the same period of 2010, an increase of $128.0 million, or 111.0%. The increase in premiums for the 2011 second quarter was primarily the result of the inclusion of Bravo Health Part D membership and premium revenue for the 2011 second quarter. Our average PMPM premiums (after risk corridor adjustments) were $97 in the 2011 second quarter, compared with $98 in the 2010 second quarter.

Management and other Fee Income: Management and other fee income was $15.2 million in the three months ended June 30, 2011 compared to $10.6 million in the same period of 2010, an increase of $4.6 million or 43.9%. The increase for the 2011 second quarter included a $3.0 million gain recorded to reflect the settlement of a contingent purchase price liability to the former Bravo Health shareholders that was lower than previously estimated.

Investment Income: Investment income in the 2011 second quarter increased $1.8 million compared with the 2010 second quarter as a result of increases in invested balances, including the invested assets of Bravo Health.

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Medical Expense

Medicare Advantage. Medicare Advantage (including MA-PD) medical expense for the three months ended June 30, 2011 increased $388.2 million, or 77.7%, to $887.4 million from $499.2 million for the comparable period of 2010, which was primarily attributable to membership increases in the 2011 period. For the three months ended June 30, 2011, the Medicare Advantage MLR was 79.4% as compared to 77.9% for the same period of 2010. The increase in the 2011 second quarter MLR was primarily the result of the inclusion of Bravo Health, which has historically experienced higher MLRs than the Company s other health plans, and as a result of increases in 2011 member benefits. The increase in MLR was partially offset by lower MLRs in certain of the Company s other health plans resulting from favorable inpatient utilization in the 2011 second quarter. Our Medicare Advantage medical expense calculated on a PMPM basis was $883 for the three months ended June 30, 2011, compared with $843 for the comparable 2010 quarter.

PDP. PDP medical expense for the three months ended June 30, 2011 increased $112.3 million to $217.5 million, compared to $105.2 million in the same period last year, which was primarily attributable to membership increases in the 2011 period as compared to the 2010 period. PDP MLR for the 2011 second quarter was 89.3%, compared to 91.2% in the 2010 first quarter. The MLR improvement in the 2011 second quarter was primarily the result of the inclusion of $6.1 million of 2010 rebates for Bravo Health, which were higher than previously estimated, which reduced medical expense in the period.

Selling, General, and Administrative Expense

Selling, general, and administrative, or SG&A, expense for the three months ended June 30, 2011 was $120.8 million as compared with $66.2 million for the same prior year period, an increase of $54.6 million, or 82.4%. The increase in the 2011 second quarter as compared to the prior year period was primarily the result of the inclusion of Bravo Health for the 2011 second quarter. As a percentage of revenue, SG&A expense increased approximately 10 basis points to 8.7% for the three months ended June 30, 2011 compared to the prior year period.

The Company now expects the majority of its sales and marketing expenses to be incurred in the first and fourth quarters of each year in connection with the annual Medicare enrollment cycle.

Depreciation and Amortization Expense

Depreciation and amortization expense in the 2011 second quarter increased $8.3 million to $15.9 million as compared to the 2010 second quarter, the majority of which increase relates to the amortization of identifiable intangible assets acquired in the Bravo Health transaction.

Interest Expense

Interest expense was $6.0 million in the 2011 second quarter, compared with $2.3 million in the 2010 second quarter. Interest expense increased $3.7 million in the 2011 second quarter, reflecting higher average debt amounts outstanding related to borrowings made to finance the Bravo Health acquisition.

The weighted average interest rate incurred on our borrowings during the three months ended June 30, 2011 and 2010 was 6.7% and 5.1%, respectively (4.6% and 3.4%, respectively, exclusive of amortization of deferred financing costs and credit facility fees).

Income Tax Expense

For the three months ended June 30, 2011, income tax expense was $47.9 million, reflecting an effective tax rate of 36.3%, as compared to $31.8 million, reflecting an effective tax rate of 36.3%, for the same period of 2010. The rate in the 2011 second quarter was lower than expected as a result of a greater concentration of the Company s profitability in its subsidiaries, which are taxed at lower state tax rates, and the gain related to the settlement of the Bravo Health purchase price liability not being subject to income taxes.

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Comparison of the Six-Month Period Ended June 30, 2011 to the Six-Month Period Ended June 30, 2010

Revenue

Total revenue was $2.8 billion in the six-month period ended June 30, 2011 as compared with $1.5 billion for the same period in 2010, representing an increase of $1.3 billion, or 82.0%. The components of revenue were as follows:

Premium Revenue: Total premium revenue for the six months ended June 30, 2011 was $2.7 billion as compared with $1.5 billion in the same period in 2010, representing an increase of $1.2 billion, or 82.6%. The components of premium revenue and the primary reasons for changes were as follows:

Medicare Advantage: Medicare Advantage (including MA-PD) premiums increased $1.0 billion, or 76.1%, to $2.2 billion for the six months ended June 30, 2011 as compared to the same period of 2010. The increase in Medicare Advantage premiums in 2011 was primarily attributable to increases in membership, including the additional Bravo Health membership. PMPM premiums for the current six month period averaged $1,112, which reflects an increase of 3.7% as compared to the 2010 period. The PMPM premium increase in the current period was primarily the result of including PMPM premiums in the Bravo Health Pennsylvania and Mid-Atlantic markets and increased risk adjustment payments.

PDP: PDP premiums (after risk corridor adjustments) were $528.4 million in the six months ended June 30, 2011 compared to $244.9 million in the same period of 2010, an increase of $283.5 million, or 115.8%. The increase in premiums for the current six month period was primarily the result of Bravo Health Part D membership and premiums for the 2011 period. Our average PMPM premiums (after risk corridor adjustments) were $106 in the current six month period, as compared to $105 during the 2010 comparable period.

Medical Expense

Medicare Advantage. Medicare Advantage (including MA-PD) medical expense for the six months ended June 30, 2011 increased $789.6 million, or 80.3%, to $1.8 billion from $983.9 million for the comparable period of 2010, which was primarily attributable to membership increases in the 2011 period as compared to the 2010 period. For the six months ended June 30, 2011, the Medicare Advantage MLR was 79.9% versus 78.1% for the same period of 2010. The increase in the MLR in the current period was primarily attributable to the inclusion of Bravo Health, which has historically experienced higher MLRs than the Company s other health plans, and as a result of increases in 2011 member benefits. The increase in MLR was partially offset by lower MLRs in certain of the Company s other health plans resulting from favorable inpatient utilization in the 2011 period. Our Medicare Advantage medical expense calculated on a PMPM basis was $889 for the six months ended June 30, 2011, compared with $837 for the comparable 2010 period.

PDP. PDP medical expense for the six months ended June 30, 2011 increased $268.5 million to $501.4 million, compared to $232.9 million in the same period last year. PDP MLR for the 2011 six month period was 94.9%, compared to 95.1% in the same period in 2010. The decrease in PDP MLR for the current period was primarily the result of the inclusion of $6.1 million of Bravo Health rebates relating to 2010, which were higher than previously estimated, which reduced medical expense in the period.

Selling, General, and Administrative Expense

SG&A expense for the six months ended June 30, 2011 was $257.0 million as compared with $142.7 million for the same prior year period, an increase of $114.2 million, or 80.0%. The increase in the 2011 period as compared to the prior year period was primarily the result of the inclusion of Bravo Health. As a percentage of revenue, SG&A expense decreased approximately 10 basis points for the six months ended June 30, 2011 to 9.2% as compared to 9.3% for the prior year period.

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Depreciation and Amortization Expense

Depreciation and amortization expense in the 2011 six month period increased $15.3 million to $30.6 million as compared to the same period in 2010, the majority of which increase relates to the amortization of identifiable intangible assets acquired in the Bravo Health transaction.

Interest Expense

Interest expense was $16.3 million in the 2011 six month period, compared with $12.2 million in the 2010 same period. Interest expense in the 2010 period included debt extinguishment costs of $7.1 million resulting from the Company s entering into a new credit facility in the 2010 first quarter. Additionally, interest expense for the 2011 period includes $1.1 million of amortized deferred financing fees, the expensing of which was accelerated in the 2011 first quarter as a result of the early repayment of debt. Net of the 2010 extinguishment costs and the 2011 accelerated amortization expense amounts, interest expense increased $10.0 million in the 2011 period, reflecting higher average debt amounts outstanding related to borrowings made to finance the Bravo Health acquisition.

The weighted average interest rate incurred on our borrowings during the six month periods ended June 30, 2011 and 2010 were 6.6% and 5.3%, respectively (4.6% and 3.7%, respectively, exclusive of amortization of deferred financing costs and credit facility fees).

Income Tax Expense

For the six months ended June 30, 2011, income tax expense was $73.9 million, reflecting an effective tax rate of 36.6%, versus $51.6 million, reflecting an effective tax rate of 36.6%, for the same period of 2010.

Segment Information

We report our business in four segments: Medicare Advantage; stand-alone PDP; other; and Corporate. Medicare Advantage (MA-PD) consists of Medicare-eligible beneficiaries receiving healthcare benefits, including prescription drugs, through a coordinated care plan qualifying under Part C and Part D of the Medicare Program. Stand-alone PDP consists of Medicare-eligible beneficiaries receiving prescription drug benefits on a stand-alone basis in accordance with Medicare Part D. The Company s other segment is insignificant and includes the Company s Medicaid and commercial insurance lines of business. The Company commenced its Medicaid operations in 2011 while its commercial insurance operations have been insignificant since 2008. The Corporate segment consists of corporate expenses not allocated to the other reportable segments. These segment groupings are also consistent with information used by our chief executive officer in making operating decisions.

The results of each segment are measured and evaluated by earnings before interest expense, depreciation and amortization expense, and income taxes (EBITDA). We do not allocate certain corporate overhead amounts (classified as SG&A expense) or interest expense to our segments. We evaluate interest expense, income taxes, and asset and liability details on a consolidated basis as these items are managed in a corporate shared service environment and are not the responsibility of segment operating management.

Revenue includes premium revenue, management and other fee income, and investment income.

Asset and equity details by reportable segment have not been disclosed, as the Company does not internally report such information.

Financial data by reportable segment for the three and six months ended June 30 is as follows (in thousands):

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	MA-PD	PDP	Other	Corporate	Total
Three months ended June 30, 2011					
Revenue	$ 1,136,651	$ 243,453	$ 1,232	$ 15	$ 1,381,351
EBITDA	157,363	10,466	(2,614)	(11,591)	153,624
Depreciation and amortization expense	12,983	674		2,197	15,854
Three months ended June 30, 2010					
Revenue	$ 652,898	$ 115,395	$ 176	$ 10	$ 768,479
EBITDA	99,662	4,162	(291)	(6,203)	97,330
Depreciation and amortization expense	6,238			1,272	7,510
Six months ended June 30, 2011					
Revenue	$ 2,253,178	$ 528,459	$ 1,574	$ 29	$ 2,783,240
EBITDA	281,163	(7,013)	(4,990)	(20,245)	248,915
Depreciation and amortization expense	25,521	1,353		3,742	30,616
Six months ended June 30, 2010					
Revenue	$ 1,283,302	$ 244,871	$ 722	$ 26	$ 1,528,921
EBITDA	181,831	(601)	(9)	(12,498)	168,723
Depreciation and amortization expense	12,430	31		2,836	15,297

We use segment EBITDA as an analytical indicator for purposes of assessing segment performance, as is common in the healthcare industry. Segment EBITDA should not be considered as a measure of financial performance under generally accepted accounting principles and segment EBITDA, as presented, may not be comparable to other companies.

A reconciliation of reportable segment EBITDA to net income included in the consolidated statements of income for the three and six months ended June 30 is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
EBITDA	$ 153,624	$ 97,330	$ 248,915	$ 168,723
Income tax expense	(47,870)	(31,791)	(73,903)	(51,625)
Interest expense	(5,978)	(2,254)	(16,254)	(12,225)
Depreciation and amortization	(15,854)	(7,510)	(30,616)	(15,297)
Net Income	$ 83,922	$ 55,775	$ 128,142	$ 89,576

Liquidity and Capital Resources

We finance our operations primarily through internally generated funds. We generate cash primarily from premium revenue and our primary uses of cash are payment of medical and SG&A expenses and principal and interest on indebtedness. We anticipate that our current level of cash on hand, internally generated cash flows, and borrowings available under our revolving credit facility will be sufficient to fund our working capital needs, our debt service, and anticipated capital expenditures over at least the next 12 months.

The reported changes in cash and cash equivalents for the six month period ended June 30, 2011, compared to the same period of 2010, were as follows (in thousands):

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	Six Months Ended June 30,	
	2011	2010
Net cash used in operating activities	$ (36,381)	$ (40,794)
Net cash used in investing activities	(37,279)	(236,080)
Net cash provided by (used in) financing activities	143,178	(58,852)
Net increase (decrease) in cash and cash equivalents	$ 69,518	$ (335,726)

Our primary sources of liquidity are cash flows provided by our operation s proceeds from the sale or maturities of our investment securities, our revolving credit facility, and available cash on hand, although the Company s access to and use of internally generated cash flows may be limited by regulatory requirements stipulating that the Company s regulated insurance subsidiaries maintain minimum levels of capital. See Statutory Capital Requirements .

Cash Flows from Operating Activities

We used cash in operating activities of $36.4 million during the six months ended June 30, 2011, compared to using cash of $40.8 million during the six months ended June 30, 2010. The favorable variance in cash flow from operations for the 2011 period was primarily the result of increases in net income and non-cash expenses included in net income, such as depreciation and amortization. Cash flows from operations typically lag net income for the first half of the year as a result of the timing and amount of the expected risk adjustment payment from CMS.

Cash Flows from Investing and Financing Activities

For the six months ended June 30, 2011, the primary investing activities consisted of expenditures of $102.9 million to purchase investment securities and restricted investments, the receipt of $83.3 million in proceeds from the sale or maturity of investment securities and restricted investments, and $17.8 million spent on property and equipment additions. The investing activity in the prior year period consisted primarily of expenditures of $359.8 million to purchase investment securities and restricted investments, the receipt of $129.8 million in proceeds from the sale or maturity of investment securities and restricted investments, and $5.5 million spent on property and equipment additions.

During the six months ended June 30, 2011, cash flows from the Company s financing activities consisted primarily of proceeds of $301.5 million received from the sale of the Company s common stock, the expenditure of $282.1 million for the repayment of existing long-term debt, $113.9 million of funds received in excess of funds withdrawn from CMS for the benefit of members, and $22.9 million in proceeds received from the exercise of employee stock options. The financing activity in the prior year period consisted primarily of the expenditure of $266.3 million for the repayment of existing long-term debt, the receipt of $200.0 million in proceeds from the issuance of debt, and $28.5 million of funds received in excess of funds withdrawn from CMS for the benefit of members.

Cash and Cash Equivalents

At June 30, 2011, the Company s cash and cash equivalents were $261.0 million, $171.5 million of which was held in unregulated subsidiaries (including approximately $38.1 million in proceeds from the previously discussed offering of the Company s common stock). Substantially all of the Company s liquidity is in the form of cash and cash equivalents, a portion of which ($89.5 million at June 30, 2011) is held by the Company s regulated insurance subsidiaries, which amounts are required by law and by our credit agreement to be invested in low-risk, short-term, highly-liquid investments (such as government securities, money market funds, deposit accounts, and overnight repurchase agreements).

The Company invests in securities ($572.7 million at June 30, 2011), primarily corporate, asset-backed and government debt securities, that it generally intends, and has the ability, to hold to maturity. Because the Company is not relying on these investment securities for near-term liquidity, short term fluctuations in market pricing

generally do not affect the Company s ability to meet its liquidity needs. To date, the Company has not experienced any material issuer defaults on its investment securities.

Statutory Capital Requirements

The Company s regulated insurance subsidiaries are required to maintain satisfactory minimum net worth requirements established by their respective state departments of insurance. At June 30, 2011, the statutory minimum net worth requirements and actual statutory net worth were as follows (in thousands):

Regulated Insurance Subsidiary	**Statutory Net Worth**	
	Minimum	**Actual**
Alabama HMO	$ 1,112	$ 64,977
Bravo Health Insurance (DE)	11,327 (1)	59,853
Bravo Health Mid-Atlantic HMO (MD)	16,754 (1)	16,800
Bravo Health Pennsylvania HMO	51,956 (1)	88,513
Bravo Health Texas HMO	14,985 (1)	38,946
Florida HMO	12,257	33,618
HealthSpring Accident and Health (TX)	68,118 (1)	156,165
Tennessee HMO	17,198	105,958

(1) Minimum statutory net worth calculated at 200% of authorized control level.

Each of these subsidiaries was in compliance with applicable statutory requirements as of June 30, 2011. Notwithstanding the foregoing, the state departments of insurance can require our regulated insurance subsidiaries to maintain minimum levels of statutory capital in excess of amounts required under the applicable state law if they determine that maintaining additional statutory capital is in the best interest of the Company s members.

The Company s regulated insurance subsidiaries are restricted from making distributions without appropriate regulatory notifications and approvals or to the extent such dividends would put them out of compliance with statutory net worth requirements.

Indebtedness

Indebtedness at June 30, 2011 and December 31, 2010 consists of the following (in thousands):

	June 30, 2011	**December 31, 2010**
Debt outstanding under credit agreements	$ 344,786	$ 626,875
Less: current portion of long-term debt	(37,350)	(61,226)
Long-term debt less current portion	$ 307,436	$ 565,649

February 2010 Credit Facility

On February 11, 2010, the Company entered into a $350.0 million credit agreement (the Prior Credit Agreement), which, subject to the terms and conditions set forth therein, provided for a five-year, $175.0 million term loan credit facility and a four-year, $175.0 million revolving credit facility (the Prior Credit Facilities). Proceeds from the Prior Credit Facilities, together with cash on hand, were used to fund the repayment of $237.0 million in term loans outstanding under the Company s 2007 credit agreement as well as transaction expenses related thereto.

Borrowings under the Prior Credit Agreement accrued interest on the basis of either a base rate or a LIBOR rate plus, in each case, an applicable margin depending on the Company s debt-to-EBITDA leverage ratio. The Company also paid a commitment fee of 0.375% on the actual daily unused portions of the Prior Credit Facilities.

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In connection with entering into the Prior Credit Agreement, the Company wrote-off unamortized deferred financing costs of approximately $5.1 million incurred in connection with the 2007 credit agreement. The Company also terminated its interest rate swap agreements, which resulted in a payment of approximately $2.0 million to the swap counterparties. Such amounts are classified as interest expense and are reflected in the financial results of the Company for the quarter ended June 30, 2010.

Bravo Health Acquisition Indebtedness

In connection with the acquisition of Bravo Health, the Company and its existing lenders and certain additional lenders amended and restated the Prior Credit Agreement in the form of the Amended and Restated Credit Agreement (Restated Credit Agreement) on November 30, 2010 to provide for, among other things, the acquisition financing. As amended, the Restated Credit Agreement provides for the following:

- $355.0 million in term loan A indebtedness maturing in February 2015 consisting of:
  - $175.0 million of term loan A indebtedness as Existing Term Loan A ($166.3 million of which was outstanding prior to the Bravo Health acquisition);
  - $180.0 million of new term loan A indebtedness as New Term Loan A (funded at the closing of the acquisition);
- $175.0 million revolving credit facility maturing in February 2014 (the Revolving Credit Facility, $100.0 million of which was drawn at the closing); and
- $200.0 million of new term loan B indebtedness maturing in November 2016 (New Term Loan B which was funded at the closing).

The Revolving Credit Facility, Existing Term Loan A, New Term Loan A, and New Term Loan B are sometimes referred to herein as the Credit Facilities.

Borrowings under the Restated Credit Agreement accrue interest on the basis of either a base rate or LIBOR plus, in each case, an applicable margin depending on the Company s total debt to adjusted EBITDA leverage ratio (450 basis points for LIBOR borrowings under New Term Loan B and 375 basis points for LIBOR borrowings under the other Credit Facilities at June 30, 2011). With respect to New Term Loan B indebtedness, the Restated Credit Agreement includes a minimum LIBOR of 1.5%. The Company also is required to pay a commitment fee of 0.375% per annum, which may increase to 0.500% per annum if the Company s total debt to adjusted EBITDA leverage ratio is greater than 0.75 to 1.00, on the daily unused portions of the Revolving Credit Facility. The Revolving Credit Facility matures, the commitments thereunder terminate, and all amounts then outstanding thereunder are payable on February 11, 2014. The Revolving Credit Facility, which is available for working capital and general corporate purposes including capital expenditures and permitted acquisitions, was undrawn as of June 30, 2011.

Under the Restated Credit Agreement, Existing Term Loan A and New Term Loan A are payable in quarterly principal installments. Prior to June 30, 2013, each quarterly principal installment payable in respect of each of Existing Term Loan A and New Term Loan A will be in an amount equal to 2.5% of the aggregate initial principal amount of Existing Term Loan A or New Term Loan A, as the case may be, and for principal installments payable on June 30, 2013 and thereafter, that percentage increases to 3.75%. The entire outstanding principal balance of each of Existing Term Loan A and New Term Loan A is due and payable at maturity on February 11, 2015.

Under the Restated Credit Agreement, New Term Loan B is payable in quarterly principal installments, each in an amount equal to 0.25% of the aggregate initial principal amount (as adjusted for certain prepayments) of New Term Loan B. The entire outstanding principal balance of New Term Loan B is due and payable on November 30, 2016.

The net proceeds from certain asset sales, casualty and condemnation events, and certain incurrences of indebtedness (subject, in the cases of asset sales and casualty and condemnation events, to certain reinvestment

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rights), a portion of the net proceeds from equity issuances and, under certain circumstances, the Company s excess cash flow, are required to be used to make prepayments in respect of loans outstanding under the Credit Facilities. During March 2011, the Company used $263.4 million of the net proceeds from the underwritten public offering of its common stock for the repayment of indebtedness.

In connection with entering into the Prior Credit Agreement, the Company incurred financing costs of approximately $7.3 million which were recorded in February 2010. In connection with entering into the Restated Credit Agreement, the Company incurred financing costs of approximately $19.5 million, which were paid in November 2010. These amounts have been accounted for as deferred financing fees and are being amortized over the term of the Restated Credit Agreement using the interest method. During the three months ended March 31, 2011, the Company recorded $1.1 million of related amortization expense which amortization was accelerated as a result of the $263.4 million repayment of debt discussed above. Such amortization expense is classified as interest expense in the financial results of the Company for the six months ended June 30, 2011. The unamortized balance of such costs at June 30, 2011 totaled $20.4 million and is included in other assets on the accompanying consolidated balance sheet.

Off-Balance Sheet Arrangements

At June 30, 2011, we did not have any off-balance sheet arrangement requiring disclosure.

Contractual Obligations

During the six months ended June 30, 2011, the Company repaid debt in the amount of $282.1 million and reduced approximately $43.5 million of future interest related to such debt. Additionally, in July 2011, the Company entered into a new lease agreement for approximately 75,000 square feet of office space in Nashville, Tennessee. The Company expects the lease to commence in the 2012 second quarter. The Company s Enterprise headquarters will relocate to this new space. The term of the new lease is ten years with average annual rent of $1.3 million.

Except for the aforementioned repayment of debt, reduction of future interest related to such debt, and the entering into of a new lease agreement, we did not experience any material changes to contractual obligations outside the ordinary course of business during the six months ended June 30, 2011.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements requires our management to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Our estimates are based on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Changes in estimates are recorded if and when better information becomes available. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

We believe that the accounting policies discussed below are those that are most important to the presentation of our financial condition and results of operations and that require our management s most difficult, subjective, and complex judgments. For a more complete discussion of these and other critical accounting policies and estimates of the Company, see our 2010 Form 10-K.

Medical Expense and Medical Claims Liability

Medical expense is recognized in the period in which services are provided and includes an estimate of the cost of medical expense that has been incurred but not yet reported, or IBNR . Medical expense includes claim payments, capitation payments, risk sharing payments and pharmacy costs, net of rebates, as well as estimates of future payments of claims incurred, net of reinsurance. Capitation payments represent monthly contractual fees

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disbursed to physicians and other providers who are responsible for providing medical care to members. Pharmacy costs represent payments for members prescription drug benefits, net of rebates from drug manufacturers. Rebates are recognized when earned, according to the contractual arrangements with the respective vendors.

Medical claims liability includes medical claims reported to the plans but not yet paid as well as an actuarially determined estimate of claims that have been incurred but not yet reported.

The IBNR component of total medical claims liability is based on our historical claims data, current enrollment, health service utilization statistics, and other related information. Estimating IBNR is complex and involves a significant amount of judgment. Accordingly, it represents our most critical accounting estimate. The development of IBNR includes the use of standard actuarial developmental methodologies, including completion factors and claims trends, which take into account the potential for adverse claims developments, and considers favorable and unfavorable prior period developments. Actual claims payments will differ, however, from our estimates. A worsening or improvement of our claims trend or changes in completion factors from those that we assumed in estimating medical claims liabilities at June 30, 2011 would cause these estimates to change in the near term and such a change could be material.

As discussed above, actual claim payments will differ from our estimates. The period between incurrence of the expense and payment is, as with most health insurance companies, relatively short, however, with over 90% of claims typically paid within 60 days of the month in which the claim is incurred. Although there is a risk of material variances in the amounts of estimated and actual claims, the variance is known quickly. Accordingly, we expect that substantially all of the estimated medical claims payable as of the end of any fiscal period (whether a quarter or year end) will be known and paid during the next fiscal period.

Our policy is to record the best estimate of medical expense IBNR. Using actuarial models, we calculate a minimum amount and maximum amount of the IBNR component. To most accurately determine the best estimate, our actuaries determine the point estimate within their minimum and maximum range by similar medical expense categories within lines of business. The medical expense categories we use are in-patient facility, outpatient facility, all professional expense, and pharmacy.

We apply different estimation methods depending on the month of service for which incurred claims are being estimated. For the more recent months, which account for the majority of the amount of IBNR, we estimate our claims incurred by applying the observed trend factors to the trailing twelve-month PMPM costs. For prior months, costs have been estimated using completion factors. In order to estimate the PMPMs for the most recent months, we validate our estimates of the most recent months utilization levels to the utilization levels in older months using actuarial techniques that incorporate a historical analysis of claim payments, including trends in cost of care provided, and timeliness of submission and processing of claims.

The following table illustrates the sensitivity of the completion and claims trend factors and the impact on our operating results caused by changes in these factors that management believes are reasonably likely based on our historical experience and June 30, 2011 data (dollars in thousands):

Completion Factor (a)		**Claims Trend Factor (b)**	
Increase (Decrease) in Factor	**Increase (Decrease) in Medical Claims Liability**	**Increase (Decrease) in Factor**	**Increase (Decrease) in Medical Claims Liability**
3%	$ (9,606)	(3)%	$ (6,600)
2	(6,479)	(2)	(4,394)
1	(3,278)	(1)	(2,194)
(1)	3,358	1	2,188

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(a) Impact due to change in completion factor for the most recent three months. Completion factors indicate how complete claims paid to date are in relation to estimates for a given reporting period. Accordingly, an increase in completion factor results in a decrease in the remaining estimated liability for medical claims.

(b) Impact due to change in annualized medical cost trends used to estimate PMPM costs for the most recent three months.

Each month, we re-examine the previously established medical claims liability estimates based on actual claim submissions and other relevant changes in facts and circumstances. As the liability estimates recorded in prior periods become more exact, we increase or decrease the amount of the estimates, and include the changes in medical expenses in the period in which the change is identified. In every reporting period, our operating results include the effects of more completely developed medical claims liability estimates associated with prior periods.

In establishing medical claims liability, we also consider premium deficiency situations and evaluate the necessity for additional related liabilities. At June 30, 2011 the Company had recorded total premium deficiency liabilities of $2.2 million for two of its smaller health plans, including its start-up Medicaid health plan. We expect these health plans to continue to require premium deficiency accruals for the near-term. There were no required premium deficiency accruals at December 31, 2010.

Premium Revenue Recognition

We generate revenues primarily from premiums we receive from CMS to provide healthcare benefits to our members. We receive premium payments on a PMPM basis from CMS to provide healthcare benefits to our Medicare members, which premiums are fixed (subject to retroactive risk adjustment) on an annual basis by contracts with CMS. Although the amount we receive from CMS for each member is fixed, the amount varies among Medicare plans according to, among other things, plan benefits, demographics, geographic location, age, gender, and the relative risk score of the membership.

We generally receive premiums on a monthly basis in advance of providing services. Premiums collected in advance are deferred and reported as deferred revenue. We recognize premium revenue during the period in which we are obligated to provide services to our members. Any amounts that have not been received are recorded on the balance sheet as accounts receivable.

Our Medicare premium revenue is subject to periodic adjustment under what is referred to as CMS s risk adjustment payment methodology based on the health risk of our members. Risk adjustment uses health status indicators to correlate the payments to the health acuity of the member, and consequently establishes incentives for plans to enroll and treat less healthy Medicare beneficiaries. Under the risk adjustment payment methodology, coordinated care plans must capture, collect, and report diagnosis code information to CMS. After reviewing the respective submissions, CMS establishes the payments to Medicare plans generally at the beginning of the calendar year, and then adjusts premium levels on two separate occasions on a retroactive basis. The first retroactive risk premium adjustment for a given fiscal year generally occurs during the third quarter of such fiscal year. This initial settlement (the Initial CMS Settlement) represents the updating of risk scores for the current year based on the prior year s dates of service. CMS then issues a final retroactive risk premium adjustment settlement for that fiscal year in the following year (the Final CMS Settlement). We estimate and record on a monthly basis both the Initial CMS Settlement and the Final CMS Settlement.

We develop our estimates for risk premium adjustment settlement utilizing historical experience and predictive actuarial models as sufficient member risk score data becomes available over the course of each CMS plan year. Our actuarial models are populated with available risk score data on our members. Risk premium adjustments are based on member risk score data from the previous year. Risk score data for members who entered our plans during the current plan year, however, is not available for use in our models; therefore, we make assumptions regarding the risk scores of this subset of our member population.

All such estimated amounts are periodically updated as additional diagnosis code information is reported to CMS and adjusted to actual amounts when the ultimate adjustment settlements are either received from CMS or the Company receives notification from CMS of such settlement amounts.

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As a result of the variability of factors, including plan risk scores, that determine such estimations, the actual amount of CMS s retroactive risk premium settlement adjustments could be materially more or less than our estimates. Consequently, our estimate of our plans risk scores for any period and our accrual of settlement premiums related thereto, may result in favorable or unfavorable adjustments to our Medicare premium revenue and, accordingly, our profitability. There can be no assurance that any such differences will not have a material effect on any future quarterly or annual results of operations.

The following table illustrates the sensitivity of the Final CMS Settlements and the impact on premium revenue caused by differences between actual and estimated settlement amounts that management believes are reasonably likely, based on our historical experience and premium revenue for the six months ending June 30, 2011 (dollars in thousands):

Increase (Decrease) in Estimate	Increase (Decrease) In Settlement Receivable
1.5%	$32,749
1.0	21,832
0.5	10,916
(0.5)	(10,916)

Goodwill and Indefinite-Life Intangible Assets

Goodwill represents the excess of cost over fair value of assets of businesses acquired. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead are tested for impairment at least annually. An impairment loss is recognized to the extent that the carrying amount exceeds the asset s fair value. This determination is made at the reporting unit level and consists of two steps. First, the Company determines the fair value of the reporting unit and compares it to its carrying amount. Second, if the carrying amount of the reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the unit s goodwill over the implied fair value of that goodwill. In the event a reporting unit has zero or negative carrying amounts the second step of the test is applied to such reporting unit if it is more likely than not that goodwill impairment exists. The implied fair value of goodwill is determined by allocating the fair value of the reporting units in a manner similar to a purchase price allocation. The residual fair value after this allocation is the implied fair value of the reporting unit s goodwill. Goodwill currently exists at seven of our reporting units Alabama, Bravo Health Insurance Company, Florida, Tennessee, Pennsylvania, Texas-Bravo Health, and Texas-HealthSpring.

Goodwill valuations have been determined using an income approach based on the present value of future cash flows of each reporting unit. In assessing the recoverability of goodwill, we consider historical results, current operating trends and results, and we make estimates and assumptions about premiums, medical cost trends, margins and discount rates based on our budgets, business plans, economic projections, anticipated future cash flows and regulatory data. Each of these factors contains inherent uncertainties and management exercises substantial judgment and discretion in evaluating and applying these factors.

Although we believe we have sufficient current and historical information available to us to test for impairment, it is possible that actual cash flows could differ from the estimated cash flows used in our impairment tests. We could also be required to evaluate the recoverability of goodwill prior to the annual assessment if we experience various triggering events, including significant declines in margins or sustained and significant market capitalization declines. These types of events and the resulting analyses could result in goodwill impairment charges in the future. Impairment charges, although non-cash in nature, could adversely affect our financial results in the periods of such charges. In addition, impairment charges may limit our ability to obtain financing in the future.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As of June 30, 2011 and December 31, 2010, we had the following assets that may be sensitive to changes in interest rates (in thousands):

Asset Class	June 30, 2011	December 31, 2010
Investment securities, available for sale	$ 572,656	$ 551,207
Restricted investments	28,698	29,136

We have not purchased any of our investments for trading purposes. Investment securities, which consist primarily of debt securities, have been categorized as either available for sale or held to maturity. Held to maturity securities are those securities that the Company does not intend to sell, nor expect to be required to sell, prior to maturity. Investment securities are classified as non-current assets based on the Company s intention to reinvest such assets upon sale or maturity and to not use such assets in current operations. These investment securities consist of highly liquid government and corporate debt obligations, the majority of which mature in five years or less. The investments are subject to interest rate risk and will decrease in value if market rates increase. Because of the relatively short-term nature of our investments and our portfolio mix of variable and fixed rate investments, however, we would not expect the value of these investments to decline significantly as a result of a sudden change in market interest rates. Moreover, because of our intention not to sell these investments prior to their maturity, we would not expect foreseeable changes in interest rates to materially impair their carrying value. Restricted investments consist of deposits, certificates of deposit, government securities, and mortgage backed securities, deposited or pledged to state departments of insurance in accordance with state rules and regulations. At June 30, 2011 and December 31, 2010, these restricted assets are recorded at amortized cost and classified as long-term regardless of the contractual maturity date because of the restrictive nature of the states requirements.

Assuming a hypothetical and immediate 1% increase in market interest rates at June 30, 2011, the fair value of our fixed income investments would decrease by approximately $16.0 million. Similarly, a 1% decrease in market interest rates at June 30, 2011 would result in an increase of the fair value of our investments of approximately $14.0 million. Unless we determined, however, that the increase in interest rates caused more than a temporary impairment in our investments, or unless we were compelled by a currently unforeseen reason to sell securities, such a change should not affect our future earnings or cash flows.

We are subject to market risk from exposure to changes in interest rates based on our financing, investing, and cash management activities. At June 30, 2011, we had $344.8 million of outstanding indebtedness, bearing interest at variable rates at specified margins above either the agent bank s alternate base rate or its LIBOR rate, at our election. Holding other variables constant, including levels of indebtedness, a 0.125% increase in interest rates would have an estimated negative impact on pre-tax earnings and cash flows for the next twelve month period of $262,000. Although changes in the alternate base rate or the LIBOR rate would affect the costs of funds borrowed in the future, we believe the effect, if any, of reasonably possible near-term changes in interest rates on our consolidated financial position, results of operations or cash flow would not be material.

Item 4. Controls and Procedures.

Our senior management carried out the evaluation required by Rule 13a-15 under the Exchange Act, under the supervision and with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act (Disclosure Controls). Based on the evaluation, our senior management, including our CEO and CFO, concluded that, as of June 30, 2011, our Disclosure Controls were effective.

There has been no change in our internal control over financial reporting identified in connection with the evaluation that occurred during the quarter ended June 30, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Our management, including our CEO and CFO, does not expect that our Disclosure Controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, with the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error and mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of controls.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

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PART II OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently involved in any pending legal proceeding that we believe is material to our financial condition or results of operations. We are, however, involved from time to time in routine legal matters and other claims incidental to our business, including employment-related claims; claims relating to our health plans contractual relationships with providers, members, and vendors; and claims relating to marketing practices of sales agents and agencies that are employed by, or independent contractors to, our health plans.

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should consider carefully the risks and uncertainties previously reported and described under the caption Part I Item 1A. Risk Factors in the 2010 Form 10-K, the occurrence of any of which could materially and adversely affect our business, prospects, financial condition, and operating results. The risks previously reported and described in our 2010 Form 10-K are not the only risks facing our business. Additional risks and uncertainties not currently known to us or that we currently consider to be immaterial also could materially and adversely affect our business, prospects, financial condition, and operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Equity Securities

During the quarter ended June 30, 2011, the Company repurchased the following shares of its common stock:

Period	Total Number of Shares Purchased	Average Price Paid per Share ($)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ($)
04/01/11 04/30/11				
05/01/11 05/31/11	166	43.27		
06/01/11 06/30/11	2,490	46.10		
Total	2,656	45.92		

Shares reflected as purchased in the table above are shares withheld by the Company to satisfy the payment of tax obligations related to the vesting of shares of restricted stock.

In May 2010, the Company s Board of Directors authorized a stock repurchase program to repurchase up to $100.0 million of the Company s common stock. The program expired on June 30, 2011. During the quarter ended June 30, 2011, the Company did not repurchase any shares pursuant to the repurchase program.

Our ability to purchase common stock and to pay cash dividends is limited by our credit agreement. As a holding company, our ability to repurchase common stock and to pay cash dividends is also dependent on the availability of cash dividends from our regulated insurance subsidiaries, which are restricted by the laws of the states in which we operate, as well as limitations under our credit agreement.

Item 3. Defaults Upon Senior Securities.

Inapplicable.

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Item 5. Other Information.

Inapplicable.

Item 6. Exhibits.

See Exhibit Index following signature page.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		HEALTHSPRING, INC.
Date: August 5, 2011	By:	/s/ KAREY L. WITTY Karey L. Witty
		Executive Vice President and Chief
		Financial Officer (Principal Financial
		and Accounting Officer)

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EXHIBIT INDEX

31.1	Certifications of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certifications of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following materials from HealthSpring, Inc. s Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, formatted in XBRL (eXtensible Business Reporting Language); (i) Condensed Consolidated Balance Sheets at June 30, 2011 and December 31, 2010, (ii) Condensed Consolidated Balance Sheets (Parenthetical) at June 30, 2011 and December 31,2010, (iii) Condensed Consolidated Statements of Income for the three and six months ended June 30, 2011 and 2010, (iv) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2011 and 2010, and (v) Notes to Condensed Consolidated Financial statements*.

* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under these sections.