

MAGELLAN HEALTH SERVICES INC
Form 10-Q
April 27, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2007

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-6639

MAGELLAN HEALTH SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of other jurisdiction of
incorporation or organization)
55 Nod Road, Avon, Connecticut
(Address of principal executive offices)

58-1076937
(IRS Employer
Identification No.)
06001
(Zip code)

(860) 507-1900
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

The number of shares of the registrant's Ordinary Common Stock outstanding as of March 31, 2007 was 39,104,548.

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MAGELLAN HEALTH SERVICES, INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION**Item 1. Financial Statements.**
MAGELLAN HEALTH SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	December 31, 2006	March 31, 2007 (unaudited)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 163,737	\$ 208,954
Restricted cash	141,032	156,520
Accounts receivable, less allowance for doubtful accounts of \$1,502 and \$1,443 at December 31, 2006 and March 31, 2007, respectively	70,440	75,043
Short-term investments (restricted investments of \$27,443 and \$36,673 at December 31, 2006 and March 31, 2007, respectively)	52,529	50,594
Deferred income taxes	69,058	69,058
Other current assets (restricted deposits of \$20,025 and \$21,218 at December 31, 2006 and March 31, 2007, respectively)	38,778	38,503
Total Current Assets	535,574	598,672
Property and equipment, net	100,255	95,968
Long-term investments - restricted	2,996	3,029
Deferred income taxes	113,169	96,427
Other long-term assets	5,758	5,786
Goodwill	374,381	373,562
Other intangible assets, net	75,387	71,335
Total Assets	\$ 1,207,520	\$ 1,244,779
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 22,361	\$ 23,527
Accrued liabilities	84,390	66,329
Medical claims payable	156,079	170,751
Other medical liabilities	30,336	37,463
Current maturities of long-term debt and capital lease obligations	27,907	26,433
Total Current Liabilities	321,073	324,503
Long-term debt and capital lease obligations	14,006	7,590
Deferred credits and other long-term liabilities	108,700	118,179
Minority interest	174	174
Total Liabilities	443,953	450,446
Preferred stock, par value \$.01 per share		
Authorized 10,000 shares Issued and outstanding none		
Ordinary common stock, par value \$.01 per share		
Authorized 100,000 shares at December 31, 2006 and March 31, 2007 Issued and outstanding 37,792 shares and 39,105 shares at December 31, 2006 and March 31, 2007, respectively	378	391
Multi-Vote common stock, par value \$.01 per share		
Authorized 40,000 shares Issued and outstanding none		
Other Stockholders' Equity:		
Additional paid-in capital	476,645	498,701
Retained earnings	281,166	289,858