

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

**United States  
Securities And Exchange Commission  
Washington, DC 20549**

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**FORM 10-Q**

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(Mark One)

**R 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 Number: 1-8865**

**SIERRA HEALTH SERVICES, INC.  
(Exact Name of Registrant as Specified in Its Charter)**

**Nevada  
(State or Other Jurisdiction  
of Incorporation or Organization)**

**88-0200415  
(I.R.S. Employer Identification No.)**

**2724 North Tenaya Way, Las Vegas, NV  
(Address of Principal Executive Offices)**

**89128  
(Zip Code)**

**Registrant's Telephone Number, Including Area Code: (702) 242-7000**

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 12 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 R No o

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 R

Accelerated filer o

Non-accelerated filer o

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

The number of shares outstanding of the registrant's Common Stock as of April 26, 2007 was 55,967,000.

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**Sierra Health Services, Inc.**  
**Quarterly Report on Form 10-Q**  
**For The Period Ended March 31, 2007**

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**Part I. Financial Information****Item 1. Financial Statements**

**Sierra Health Services, Inc. And Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
*(in thousands, except per share data)*  
*(Unaudited)*

	March 31, 2007	December 31, 2006
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 77,242	\$ 58,918
Investments	345,460	323,846
Accounts receivable (less allowance for doubtful accounts: 2007 - \$6,728; 2006 - \$5,518)	24,881	21,308
Current portion of deferred tax asset	47,955	29,861
Prepaid expenses and other current assets	126,757	110,020
Total current assets	622,295	543,953
Property and equipment, net	70,269	71,893
Restricted cash and investments	19,470	19,428
Goodwill	14,782	14,782
Deferred tax asset (less current portion)	25,983	18,656
Note receivable (less valuation allowance: 2007 and 2006 - \$15,000)	47,000	47,000
Other assets	90,349	93,700
Total assets	\$ 890,148	\$ 809,412
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accrued and other current liabilities	\$ 97,801	\$ 99,314
Trade accounts payable	1,902	1,552
Accrued payroll and taxes	23,906	25,925
Medical claims payable	219,170	222,895
Premium deficiency reserve	45,309	1,076
Unearned premium revenue	121,958	52,075
Current portion of long-term debt	132	116
Total current liabilities	510,178	402,953
Long-term debt (less current portion)	70,523	118,734
Other liabilities	90,712	71,007
Total liabilities	671,413	592,694
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value, 1,000 shares authorized; none issued or outstanding		
Common stock, \$.005 par value, 120,000 shares authorized; 2007 - 73,525;	¾	¾

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2006 - 70,835 shares issued; 2007 - 55,948; 2006 - 53,824 shares  
outstanding

	368	354
Treasury stock at cost: 2007 - 17,577; 2006 - 17,011 common stock shares	(620,951)	(600,539)
Additional paid-in capital	464,804	436,643
Accumulated other comprehensive loss	(8,559)	(8,635)
Retained earnings	383,073	388,895
Total stockholders' equity	218,735	216,718
Total liabilities and stockholders' equity	\$ 890,148	\$ 809,412

See accompanying Notes to Condensed Consolidated Financial Statements

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**Sierra Health Services, Inc. And Subsidiaries**  
**Condensed Consolidated Statements Of Operations**

*(In thousands, except per share data)*

*(Unaudited)*

	Three Months Ended March 31,	
	2007	2006
Operating revenues:		
Medical premiums	\$ 468,074	\$ 414,444
Professional fees	14,642	12,915
Investment and other revenues	11,921	10,889
Total	494,637	438,248
Operating expenses:		
Medical expenses	435,311	336,519
General and administrative expenses	59,192	