

BEFORE THE DEPUTY INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	Pursuant to the Health Maintenance
	:	Organization Act, Act of December
The Request of Health Net of	:	29, 1972, P.L. 1701, No. 364, <u>as</u>
Pennsylvania, Inc. for Approval to	:	<u>amended</u> , December 19, 1980, P.L.
Surrender its Certificate of Authority	:	1300, No. 234, 40 P.S. §§1551
to Operate as a Health Maintenance	:	through 1567
Organization	:	
	:	
	:	Order Number ID-RC-06-05

DECISION AND ORDER

AND NOW, on this \_\_31st\_\_ day of March, 2006, Stephen J. Johnson, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania ("Deputy Commissioner"), hereby makes the following Decision and Order:

Pursuant to the Health Maintenance Organization Act, and in consideration of the documents, representations and reports received, as well as other inquiries and studies as permitted by law, the Deputy Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

1. Health Net of Pennsylvania, Inc. ("Health Net of PA") is a Health Maintenance Organization ("HMO") organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Shelton, Connecticut.
2. Health Net, Inc. is a HMO holding company organized under the laws of the state of Delaware with its principal place of business located in Woodlands Hills, California. Health Net, Inc. is the sole ultimate controlling person of Health Net of PA.

3. On February 7, 2006, the Insurance Department of the Commonwealth of Pennsylvania ("Department") received a request (which, together with all material received subsequently, is hereinafter referenced as "Request") from Health Net of PA to voluntarily surrender its Certificate of Authority to operate as a domestic HMO in this Commonwealth.
4. On February 18, 2006, the Department published notice in the *Pennsylvania Bulletin* that the Request was submitted by Health Net of PA, and such notice invited interested persons to submit comments to the Department regarding the Request for a thirty (30) day period, ending March 20, 2006.
5. During the 30 day period, the Department received no comments regarding the proposed Request.
6. On December 10, 1973, Health Net of PA was issued a Certificate of Authority by this Department and the Department of Health pursuant to the Health Maintenance Organization Act of December 29, 1972, P.L. 1701, No. 364, as amended (40 P.S. §1551, et seq.) to operate as a HMO in the Commonwealth of Pennsylvania.
7. As stated in the Request, Health Net of PA submitted a Plan of Withdrawal with the Consumer Services Bureau of the Pennsylvania Insurance Department on March 12, 2003.
8. As stated in the Request, Health Net of PA has had no active membership since January, 2004.
9. As stated in the Request, the purpose of this transaction is to surrender the authority to operate a HMO, but continue the corporate existence.
10. Health Net of PA has provided documentation that its Board of Directors has resolved to surrender its Certificate of Authority to act as a HMO in the Commonwealth of Pennsylvania and to continue the existence of the company.
11. Health Net of PA has provided documentation that the sole shareholder has resolved to surrender the Health Net of PA Certificate of Authority to act as a HMO in the Commonwealth of Pennsylvania and to cause Health Net of PA to continue to exist.
12. As stated in the Request, Health Net, Inc. has pledged to resolve all liabilities of Health Net of PA.

13. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

#### CONCLUSIONS OF LAW

1. Even though Health Net of PA does not currently have any members, Health Net, Inc. has pledged to resolve any member claims.
2. Inasmuch as Health Net of PA will be a going concern, the Department's approval of the Request will have no impact on any creditors of Health Net of PA.
3. Based on all the information and analyses received and the Department's independent review, the Request is reasonable and in accordance with law.
4. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.

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ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania ("Deputy Commissioner") hereby approves the Request for the voluntary surrender of the Certificate of Authority as filed on February 7, 2006, by Health Net of Pennsylvania, Inc. ("Health Net of PA"), subject to the following conditions:

1. Health Net of PA shall not engage in the business of providing a Health Maintenance Organization, or any other insurance company business, in the Commonwealth of Pennsylvania or in any other jurisdiction, without the prior approval of the Pennsylvania Insurance Department.
2. Health Net of PA shall return its Certificate of Authority to the Insurance Department within one year of the date of this Order.
3. The surrender shall be effective upon receipt of the Certificate of Authority by the Insurance Department.
4. Should Health Net of PA, as a continuing business corporation, determine that it would like to engage at some time in the future in the business of providing a Health Maintenance Organization or other insurance company, it

will be necessary to file a new application for an appropriate certificate of authority.

This Order is effective immediately.

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STEPHEN J. JOHNSON  
Deputy Insurance Commissioner  
Commonwealth of Pennsylvania