

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

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| IN RE: | : | Pursuant to Subchapter F of Chapter 59 |
| | : | of the Nonprofit Corporation Law of |
| Application of Healthcentral Preferred | : | 1988, Act of December 21, 1988, P.L. |
| Requesting Approval to Surrender its | : | 1444, <u>as amended</u> , 15 Pa. C.S. §§ 5971 |
| Certificate of Authority, Issue a | : | -5979 |
| Liquidating Dividend and Voluntarily | : | |
| Dissolve | : | |
| | | Order No. ID-RC-02-21 |

DECISION AND ORDER

AND NOW, on this __17th__ day of September, 2002, Stephen J. Johnson, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”), hereby makes the following Order:

Pursuant to the Nonprofit Corporation Law, and in consideration of the documents, presentations 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. Healthcentral Preferred is a domestic nonprofit risk assuming preferred provider organization that is not a licensed insurer (“RANLI PPO”) organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business at Harrisburg, Pennsylvania.
2. Health Central, Inc. (“Health Central”) is a domestic nonprofit health maintenance organization organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business at Harrisburg, Pennsylvania. Health Central is the sole member/owner of Healthcentral Preferred.
3. The following are the member/owners of Health Central (the “Members”):

Ephrata Community Hospital Foundation
Ephrata, Pennsylvania

Lancaster Health Alliance
Lancaster, Pennsylvania

The Reading Hospital and Medical Center
West Reading, Pennsylvania

Summit Health
Chambersburg, Pennsylvania

Wellspan Health
York, Pennsylvania

4. On June 19, 2002, 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 Healthcentral Preferred to voluntarily dissolve pursuant to Chapter 59, Subchapter F of the Nonprofit Corporation Law of 1988, 15 Pa.C.S. §§5971-5979 (“BCL”).
5. On August 17, 2002, the Department published notice in the Pennsylvania Bulletin that the Request was submitted by Healthcentral Preferred, and such notice invited interested persons to submit comments to the Department regarding the Request for a seventeen day period, ending September 3, 2002.
6. During the seventeen day period, the Department received no comments regarding the Request.
7. Healthcentral Preferred has provided evidence that its Board of Directors has resolved to surrender its Certificate of Authority to operate a RANLI PPO in the Commonwealth of Pennsylvania, voluntarily dissolve the corporate existence of the company, and provide for the distribution of the remaining assets to the Members after all outstanding expenses and obligations have been satisfied.
8. Healthcentral Preferred has provided evidence that Health Central has accepted and consented to the Resolution of the Board of Directors to surrender the Healthcentral Preferred Certificate of Authority to operate a RANLI PPO in the Commonwealth of Pennsylvania, voluntarily dissolve the corporate existence of the company, and provide for the distribution of the remaining assets to the Members after all outstanding expenses and obligations have been satisfied.
9. As stated in the Request, Healthcentral Preferred has caused notice to appear in publications of general interest advising the public and policyholders of the proposed dissolution.
10. As stated in the Request, Healthcentral Preferred has caused notice of the winding up proceedings to be provided to each known creditor and claimant and to each municipal corporation in which Healthcentral Preferred’s registered office or principal place of business in Pennsylvania is located as required by 15 Pa.C.S. §5975(b).

11. As stated in the Request, Healthcentral Preferred has not written any new or renewal business since March 31, 2001.
12. As stated in the Request, Healthcentral Preferred has discharged all known liabilities as required by 15 Pa.C.S. §5975(c).
13. As stated in the Request, the purpose of this transaction is to dissolve Healthcentral Preferred.
14. As stated in the Request, Healthcentral Preferred has agreed that it will not transact any RANLI PPO business after the Certificate of Authority is surrendered to the Department, except as is necessary to complete the winding up of business.
15. 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. The Request was properly filed by Healthcentral Preferred pursuant to and in accordance with the requirements of Chapter 19, Subchapter F of the BCL.
2. The Request satisfies the requirements of applicable laws of the BCL.
3. As required by Section 5975 of the BCL, adequate provision has been made for the discharge of all the liabilities of Healthcentral Preferred.
4. Based on all the information and analyses received and the Department's independent review, the Deputy Commissioner finds that the Request is in accordance with the law and is not injurious to Healthcentral Preferred's policyholders and creditors.
5. 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 Commissioner hereby approves the Request for dissolution as filed on June 19, 2002, by Healthcentral Preferred, subject to the following conditions:

1. Healthcentral Preferred shall return its Certificate of Authority to the Insurance Department within 5 days of the date of this Order.
2. Upon written notice from the Department acknowledging receipt of the Certificate of Authority, Healthcentral Preferred may issue the liquidating distribution to its members.
3. Healthcentral Preferred shall not transact any type of preferred provider organization or insurance business in the Commonwealth of Pennsylvania or in any other jurisdiction, without the explicit prior approval of the Department.
4. Healthcentral Preferred shall not arrange for the sale nor transfer of the company, including its name and goodwill, to another person.
5. Within 30 days of receipt of this Order and Dissolution Clearance Certificates from the Department of Revenue and from the Department of Labor and Industry, Healthcentral Preferred shall file Articles of Dissolution with the Commonwealth of Pennsylvania Department of State, in accordance with Section 5977 of the Nonprofit Corporation Law of 1988, 15 Pa.C.S. §5977.

6. Within 30 days of written approval of the Articles of Dissolution by the Department of State, Healthcentral Preferred shall file such approval with the Insurance Department.
7. Healthcentral Preferred shall complete its dissolution within 90 days of receipt of approval of the Articles of Dissolution from the Department of State.
8. Within 30 days of completion of dissolution, Healthcentral Preferred shall provide written notice of the completion of the dissolution to the Department.

This Order is effective immediately.

Stephen J. Johnson
Deputy Insurance Commissioner
Commonwealth of Pennsylvania