

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of UPMC Health System,	:	Holding Companies Act, Article
Requesting Exemption from the	:	XIV of the Insurance Company
Requirements of 40 P.S. §991.1402 for the	:	Law of 1921, Act of May 17, 1921,
Acquisition of Additional Control of	:	P.L. 682, as amended, 40 P.S.
Community Care Behavioral Health	:	§§991.1401, 991.1402, and
Organization	:	991.1403
	:	
	:	ID-RC-02-24

DECISION AND ORDER

AND NOW, on this ___ 11th ___ day of October, 2002, Stephen J. Johnson, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Insurance Holding Companies Act 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. Community Care Behavioral Health Organization (the “PPO”) is a non-profit risk assuming preferred provider organization that is not a licensed insurer (“RANLI PPO”) organized under the laws of the Commonwealth of Pennsylvania with its principal place of business located in Pittsburgh, Pennsylvania.
2. St. Francis Health System (“St. Francis”) is a non-profit corporation organized under the laws of the Commonwealth of Pennsylvania with its principal place of business located in Pittsburgh, Pennsylvania. St. Francis currently holds 47.5% of the controlling interest of the PPO.
3. UPMC Health System (“UPMC”) is a non-profit corporation organized under the laws of the Commonwealth of Pennsylvania with its principal place of business

located in Pittsburgh, Pennsylvania. UPMC currently holds 47.5% of the controlling interest of the PPO.

4. St. Francis and UPMC are the only ultimate controlling persons of the PPO.
5. On September 30, 2002, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from UPMC for approval to acquire St. Francis’ interest in the PPO.
6. As described in the Request, after the transaction UPMC will hold 95.0% of the controlling interest of the PPO.
7. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. (“Insurance Holding Companies Act”), provides that all changes in control of domestic RANLI PPOs must be filed with the Department for approval or disapproval.
8. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
9. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction does not have the effect of changing or influencing the control of a RANLI PPO.
10. As provided in the Request, UPMC would continue to be a controlling person of the PPO.
11. The Deputy Commissioner finds that the transaction described in the Request does not have the effect of changing or influencing the ultimate control of a domestic RANLI PPO.
12. 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. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the acquisition of voting interests if, after consummation thereof, the acquiring person would be in control of the domestic RANLI PPO.
2. The Request satisfies the requirements of all applicable laws and regulations.
3. The acquisition of additional interest proposed in the Request is not being contemplated to change or influence the ultimate control of the PPO and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
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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Organization	:	991.1403
	:	
	:	ID-RC-02-24

ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania, hereby makes the following Order:

An approving determination for the application of UPMC Health System, requesting exemption from the requirements of 40 P.S. §991.1402 for the acquisition of additional controlling interests of Community Care Behavioral Health Organization, as set forth in the Request, is hereby granted subject to this Order.

This Order is effective immediately and valid for one year from the date of signature, provided there are no significant changes from the Request.

STEPHEN J. JOHNSON
Deputy Insurance Commissioner
Regulation of Companies