

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Ion Health Holdings, Inc.	:	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 Voting Shares of	:	P.L. 682, <u>as amended</u> , 40 P.S.
Ion Health, Inc.	:	§§991.1401, 991.1402, and
	:	991.1403
	:	
	:	Order No. ID-RC-04-08

DECISION AND ORDER

AND NOW, on this 9th day of April, 2004, 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

Identity of Parties

1. Ion Health, Inc. (“Ion Health”) is a health maintenance organization (“HMO”) organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Erie, Pennsylvania.
2. Mr. Anthony Horbal (“Mr. Horbal”) is an individual with his principal place of business located in Erie, Pennsylvania. Mr. Horbal directly controls 100% of Ion Health and is the sole ultimate controlling person of Ion Health.
3. Ion Health Holdings, Inc. (“iHH”) is a business organization organized pursuant to the laws of the state of Delaware with its principal place of business located in Erie, Pennsylvania.

4. Mr. Horbal directly controls 79.6% of iHH and is the sole ultimate controlling person of iHH.

Filing of the Request

5. On March 23, 2004, the Pennsylvania Insurance Department (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from iHH for approval to acquire all of the issued and outstanding voting shares of Ion Health.
6. 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 HMOs must be filed with the Department for approval or disapproval.
7. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
8. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction:
 - a) does not have the effect of changing or influencing the control of a domestic HMO, or
 - b) is otherwise not comprehended within the purposes of the section.

The Transaction

9. As described in the Request, Mr. Horbal proposes to transfer all of the issued and outstanding voting shares of Ion Health to iHH.
10. As described in the Request, Mr. Horbal would indirectly control 79.6% of Ion Health following the transfer and would remain the sole ultimate controlling person of Ion Health.
11. The Deputy Commissioner finds that the transaction described in the Request does not have the effect of changing or influencing the control of a domestic HMO.
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 controlling securities of a domestic HMO if, after consummation thereof, the acquiring person would be in control of the domestic HMO.
2. The Request was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
3. The acquisition of voting shares by iHH as proposed in the Request is not being contemplated to change or influence the ultimate control of Ion Health, 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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	:	991.1403
	:	
	:	Order No. ID-RC-04-08

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 request for exemption from the requirements of 40 P.S. §991.1402(b) for the acquisition of all the issued and outstanding voting shares of Ion Health, Inc., as set forth in the Request, is hereby granted.

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
Office of Corporate and Financial Regulation