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**STATE OF MISSOURI
DEPARTMENT OF INSURANCE**

In re: The Proposed Acquisition of)
Mid America Health Plans, Inc.)
by) Case No. 020918580C
Coventry Health Care, Inc.)

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

Based on the testimony and other evidence presented, I Scott Lakin, Director of the Department of Insurance, State of Missouri, (“Director”) find and conclude as follows:

1. On September 18, 2002, a Form A Statement was originally filed with the Missouri Department of Insurance (the “Department”) by Coventry Health Care, Inc. (“Applicant”) regarding its proposal to acquire Mid America Health Plans, Inc., a Missouri health insurance organization (“HMO”). Applicant is a Delaware corporation, and ultimate parent company of Coventry Health Care of Kansas, Inc. a Missouri health maintenance organization (HMO”). According to the Form A Statement, Coventry Merger Corporation, a Missouri corporation and a direct and wholly owned subsidiary of the Applicant will, at the effective time of the Merger Agreement (the “Merger”), merge with and into Mid America Health Partners (“MAHP”), the parent company of the HMO. MAHP shall be the surviving corporation and shall continue its corporate existence under laws of the State of Missouri. Each share of MAHP’s capital stock consisting of 362,222 shares of common voting Class A stock, no par value and 10, 313 shares of common non-voting Class B stock, no par value shall by virtue of the Merger be converted into the right to receive an amount per share equal to

the Initial Purchase Price as set forth in Item 5 of this Form A Statement. Each common share of Coventry Merger Corporation that is issued and outstanding shall, by virtue of the Merger be converted into one share of common stock of MAHP. As a result of this transaction, Applicant will become the sole shareholder of MAHP, which in turn will own all of the issued and outstanding shares of the HMO. After consummation of the entire transaction, Applicant will own and control the HMO.

2. On November 15, 2002, the Department issued a Notice of Hearing, ordering that a public hearing on the proposed acquisition be held on November 22, 2002 at 10:00 a.m. at the Don Bosco Senior Center, 580 Campbell, Kansas City, Missouri. Applicant waived the 20-day statutory notice period. On November 22, 2002 a hearing was held as scheduled. Jonathan Weinberg appeared for Applicant. Mark Stahlhuth appeared for the Department's Division of Financial Regulation. Win Nickens appeared for the Department's Division of Market Regulation. In addition to sworn testimony, the Department received comments from health care providers and consumers.

3. A preponderance of evidence on the whole record fails to contradict any of the following:

A. After the acquisition of the HMO by Applicant, the HMO will be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which it is presently licensed.

B. The effect of the acquisition of the HMO by Applicant will not be to substantially lessen competition in insurance or tend to create a monopoly in this State.

C. The financial condition of Applicant is not such as might jeopardize the financial stability of the HMO or prejudice the interests of its policyholders.

D. Applicant's plans to consolidate or merge the HMO with other companies or to make material changes in its business would not be unfair or unreasonable to policyholders of the HMO or contrary to the public interest.

E. The competence, experience, and integrity of Applicant's management are not such that it would be contrary to the interest of policyholders of the HMO and to the public to permit the acquisition of the HMO by Applicant.

F. The proposed acquisition of the HMO by Applicant is not likely to be hazardous or prejudicial to the insurance buying public. Although the acquisition of the HMO is unlikely to be hazardous or prejudicial to the insurance buying public, comments made at the hearing persuade the undersigned Director that certain conditions need to be met by Applicant in order to alleviate some of

the potential hazards involved with the elimination of the HMO as a separate health maintenance organization. In particular, these potential hazards are suggested by the record: (1) termination prior to expiration of certain of the HMO's provider contracts while an enrollee of the HMO is still enrolled in the HMO and is under the on-going care of the provider whose contract is being terminated; (2) termination of certain of the HMO's provider contracts without an adequate opportunity for input by the provider whose contract is being terminated; and (3) the elimination of two Medicare plus choice health maintenance organization plans in counties where absent the merger at least one such plan would have been offered.

ORDER

Based on the foregoing Findings and Conclusions and pursuant to the provisions of sections 382.040 to 382.060, RSMo, the acquisition of control of Mid America Health Care Plans, Inc., by Coventry Health Care, Inc., as proposed in the Form A Statement filed in this matter, is **APPROVED**, provided, however, that (1) if Coventry Health Care, Inc. (including any of its affiliated entities), terminates prior to its scheduled expiration the contract of any "participating provider" (as "participating provider" is defined in section 354.600(16), RSMo), by which contract the "participating provider" participated in the "network" (as "network" is defined in section 354.600(15), RSMo) of Mid-America Health Care Plans, Inc., Coventry Health Care, Inc., will observe the continuation of care provisions of section 354.612, RSMo, by deeming continuing care to any "enrollee" (as "enrollee" is defined in section 354.600(5), RSMo) of Mid-America Health Care Plans, Inc., then provided by such "participating provider" to be medically necessary and in accordance with the dictates of medical prudence, unless approval to decide otherwise has been granted by such "participating provider" or the undersigned Director or his designee; (2) if Coventry Health Care, Inc., terminates prior to its scheduled expiration the contract of any "participating provider" by which contract the "participating provider" participated in the "network" of Mid-America Health Care Plans, Inc., Coventry Health Care, Inc., will observe the termination of contract procedures of section 354.609, RSMo; (3) on or before June 1, 2003, Coventry Health Care, Inc. (or its designated affiliated entity), will file with the undersigned Director or his designee either a true and accurate copy of its proposal responding to the request for proposal published by the federal Center for Medicare and Medicaid Services for participation in the Medicare Plus Choice program for persons residing in Cass, Clay, Jackson, Johnson, Platte and Ray counties in the state of Missouri for the year 2004 or, with respect to each such county in which Coventry Health Care, Inc., chooses not to submit such a proposal, its detailed, good faith evaluation showing why such proposal is not

commercially viable, including in such evaluation its estimate of the number of enrollees under such program, the premiums or other income to be received from or with respect to each enrollee, and its revenues and expenses under such program in the form of the "statement of revenue and expenses" in the annual statement(s) submitted by Coventry Health Care, Inc., to the Missouri Department of Insurance; and (4) Coventry Health Care, Inc. (or its designated affiliated entity) will report regularly to the undersigned Director or his designee and to the CLAIM program its steps to participate in the Medicare PPO program for the 2003 and 2004 calendar years and will implement an outreach program to inform individuals who were enrolled in the year 2002 in the Medicare Plus Choice HMO programs of Mid-America and Coventry of the availability of such program should Coventry offer a Medicare PPO program in the 2003 and 2004 calendar years.

So ordered, signed and official seal affixed this ____ day of _____, 2002.

SCOTT B. LAKIN, Director

Consent

In consideration of the Director's Order, Coventry Health Care, Inc.: (1) consents to the Findings of Fact and Conclusions of Law and the Order sections of this document, including all conditions in the Order section; (2) waives all rights to seek judicial review or to challenge and agree not to appeal or in any manner contest the Findings of Fact and Conclusions of Law or Order entered in the above-captioned matter; (3) waives any further procedural steps; (4) waives any claim under the Equal Access to Justice Act, sections 536.085 and 536.087, RSMo 2000 (2001 Cum. Supp.); (5) agrees that this Order in the above-captioned matter is a valid order of the Director of MDI; and (6) agrees that in the event Coventry Health Care, Inc. (or any subsidiary thereof) violates any provision of this Order in the above-captioned matter, the shares of stock of Mid America Health Plans, Inc., shall be deemed securities acquired in contravention and violation of an order issued by the Director, pursuant to sections 382.010 to 382.300 of the Missouri Revised Statutes.

Date: _____

Vice President and Managing Attorney for Coventry Health Care, Inc.