



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

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In the Matter of:

PROPOSED ACQUISITION OF CONTROL OF:
HEALTH NET OF CONNECTICUT, INC.,
a Connecticut domiciled health care center

by
OXFORD HEALTH PLANS LLC, a Delaware
Limited liability corporation and
UNITEDHEALTH GROUP INCORPORATED, a Minnesota
corporation

Docket No. EX09-66

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ORDER

I, Thomas R. Sullivan, Insurance Commissioner of the State of Connecticut, having read the record in the above captioned matter, do hereby adopt the findings and recommendations of Mark R. Franklin, Hearing Officer, which are contained in the attached Proposed Final Decision, dated December 1, 2009, and issue the following orders, TO WIT:

1. The Form A Application (“Application”) of the Oxford Health Plans LLC, a Delaware limited liability company (“Oxford”) and UnitedHealth Group Incorporated, a Minnesota corporation, (“UnitedHealth” and collectively with Oxford as the “Applicants”) in which they seek approval to acquire control of Health Net of Connecticut, Inc., (“Health Net CT” or “Domestic Health Care Center”) a Connecticut domestic health care center is approved.

2. The Applicants and Domestic Health Care Center shall conduct their operations consistent with the representations, disclosures and commitments as set forth in the record of this proceeding and the Proposed Final Decision.
3. The Applicants shall provide the Insurance Department (“Department”) with written confirmation of the consummation of the acquisition of control by the end of the month the acquisition of control takes place.
4. For a period of two (2) years, the Applicants shall file semiannually with the Insurance Department, commencing six months from consummation of the transaction, a report under oath of its business operations in Connecticut, including but not limited to, any change to the business of the Domestic Health Care Center including those resulting from transition activities; employment levels; changes in offices of the Domestic Health Care Center; any changes in location of their operations in Connecticut; any non-compliance by Health Net Inc. or Health Net of the Northeast, Inc. with regards to the service standards of the Administrative Services Agreement by and among Health Net, Inc., Health Net of the Northeast, Inc., Health Net of Connecticut, Inc., United Healthcare Services, Inc., and UnitedHealth Group Incorporated; charitable contributions made to Connecticut entities; and, notice of any statutory compliance or regulatory actions taken by other state regulatory authorities against the Applicants and the Domestic Health Care Center.
5. The Applicants and the Domestic Health Care Center shall cooperate fully and completely with the Department and the Office of the Connecticut Attorney General (“AG”) in the investigation of the Domestic Health Care Center’s data

breach and shall take prompt action to remediate the practices of the Domestic Health Care Center ensure that proper measures are in place concerning the handling of personal health, financial and identity information.

6. The Applicants and the Domestic Health Care Center shall cooperate fully and completely with the Department and the AG in remediating any injuries sustained by the members and providers whose information was impacted by the data breach and in providing protection against possible future injuries.
7. The Applicants and the Domestic Health Center shall file with the Department for prior review and approval any and all policyholder, member and provider communications to be made concerning the data breach.
8. The Applicants and the Domestic Health Center shall file with the Department for prior review and approval any and all policyholder and member communications to be made concerning transition activities of commercial business.
9. The Applicants shall provide the Insurance Department with notice of actual purchase price, final purchase price adjustments, disagreements over purchase price adjustments and amount of goodwill following consummation of the Proposed Acquisition.
10. Within one week of consummation of the proposed acquisition, the Applicants shall provide the Department with the names and titles of those individuals who will be responsible for filing an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.

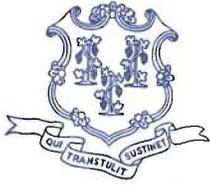
11. Within fifteen (15) days following the end of the month in which the Proposed Acquisition is consummated, the Domestic Health Care Center shall file an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.
12. If the Proposed Acquisition is not consummated within three (3) months of the date of this Order and the Applicants intends to consummate the Proposed Acquisition, the Applicants shall submit to the Commissioner a statement, which shall include (1) the reason for the Applicants' inability to consummate the Proposed Acquisition; (2) any material changes in the information contained in the Form A Application; and (3) the current financial statements of the Applicants and the Domestic Health Care Center.
13. The Domestic Health Care Center shall, at all times, maintain their books, records and assets in Connecticut and California unless otherwise approved by the Commissioner pursuant to Connecticut Law and consistent with the terms of the Form A Application.
14. Any changes in the location of books, records or assets will require the prior approval of the Insurance Commissioner.
15. The Applicants and Domestic Health Care Center are hereby provided notice that the Department reserves the right to conduct a Target Market Conduct Examination or Financial Examination of the Domestic Health Care Center at any time the Insurance Commissioner deems warranted.

16. The Applicants shall pay expenses incurred by the Insurance Commissioner in connection with the Insurance Department's review of the captioned transaction pursuant to sections 38a-132(a)(3) and 38a-132(c) of the Connecticut General Statutes.

Dated at Hartford, Connecticut, this 2nd day of December, 2009



Thomas R. Sullivan
Insurance Commissioner



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

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In the Matter of:

PROPOSED ACQUISITION OF CONTROL OF:
HEALTH NET OF CONNECTICUT, INC.,
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OXFORD HEALTH PLANS LLC, a Delaware
Limited liability corporation and
UNITEDHEALTH GROUP INCORPORATED, a Minnesota
corporation
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PROPOSED FINAL DECISION

I. INTRODUCTION

On July 31, 2009, Oxford Health Plans LLC, a Delaware limited liability company ("Oxford") and UnitedHealth Group Incorporated, a Minnesota corporation, ("UnitedHealth" and collectively with Oxford as the "Applicants"), filed an Application on Form A ("Application") with the Connecticut Insurance Department ("Department") pursuant to sections 38a-129 to 38a-140 of the Connecticut General Statutes requesting approval by the Insurance Commissioner of the State of Connecticut ("Commissioner" or "Insurance Commissioner") for the Proposed Acquisition of Control (the "Proposed Acquisition") of Health Net of Connecticut, Inc., ("Health Net CT" or "Domestic Health Care Center") a Connecticut domestic health care center.

Supplemental information was subsequently requested by the Department and provided by the Applicant. An amended Form A was filed with the Department on September 9, 2009. The Amended Form A amends and restates

in its entirety the original Form A text and also includes certain new and revised exhibits.

The Proposed Acquisition will be effected pursuant to the terms of a Stock Purchase Agreement (“Agreement”) dated as of July 20, 2009 by and among HEALTH NET, INC., a Delaware corporation (“Health Net”), HEALTH NET OF THE NORTHEAST, INC., a Delaware corporation (“Health Net Northeast”), Oxford and UnitedHealth.

On November 4, 2009, Insurance Commissioner Thomas R. Sullivan (“Commissioner”) issued a notice of hearing, in which he ordered that a public hearing concerning the application for approval of the Proposed Acquisition of Control of the Domestic Health Care Center be held on November 23, 2009. The hearing notice was subsequently published in the *Hartford Courant*, *New Haven Register* and *Stamford Advocate*, once a week for two consecutive weeks. The notice of hearing was also filed by the Department with the Office of the Secretary of State on November 4, 2009 and was published on the Department’s Internet website. In accordance with section 38a-8-48 of the Regulations of the Connecticut State Agencies, the Applicants and the Domestic Health Care Center were designated as parties to this proceeding.

In accordance with the Rules of Practice of the Connecticut Insurance Department, petitions for intervenor status shall be granted by the Commissioner or his designated hearing office if the Commissioner or Hearing Officer finds that the petition states facts that demonstrate that the petitioner’s legal rights, duties or privileges shall be specifically affected by the Commissioner’s decision in the

case and the petition can demonstrate that the petitioner's participation is in the interests of justice and will not impair the orderly conduct of the proceedings.

On November 17, 2009, Petitions to Intervene were filed by Physicians Advocacy Institute, Inc, American Medical Association, Connecticut State Medical Society, and the Connecticut Health Policy Project ("Petitioners"). By written decision on November 19, 2009, all petitions were denied.

On November 20, 2009, Petitioners submitted a letter to the Insurance Commissioner asking the Commissioner to overturn the denial of intervenor status. Service of the letter was not made to any party or to the Insurance Department Counsel or Hearing Officer. The letter was received in the Insurance Department on November 23, 2009 and in the Commissioner's absence from the state, the letter was provided to Department Counsel while the hearing was in progress.

The Hearing Officer ordered the hearing record to be held open until the close of business on November 23, 2009 for the public to file any additional public comment and until the close of business on November 24, 2009 for the sole purpose of enabling the Applicants to submit a written response to the oral and written comments of the public provided during the hearing.

On November 24, 2009, the Applicants filed an Addendum to Competitive Analysis of the Proposed Acquisition of Health Net Incorporated Northeast Division by UnitedHealth Group Incorporated in the State of Connecticut in response to public comments received during the hearing on November 23, 2009.

On November 24, 2009, Petitioners submitted a document entitled, "Application to File Late Public Comment to Correct a Serious Inaccuracy in the Record. "

On November 25, 2009, the Applicants submitted a "Memorandum in Opposition to the Petitioners' Request to File Late Public Comments in the Record."

The following individuals participated in and/or testified at the public hearing on behalf of the Applicants and the Domestic Health Care Center:

Jeffrey Alter, Chief Executive Officer for the Northeast Region of UnitedHealthcare, Craig Anderson, Chief Financial Officer for the Northeast Region of UnitedHealthcare, Thomas McGuire, Esq., Senior Deputy General Counsel of UnitedHealthcare, Paul Lambdin, President of Health Net Northeast and Health Net Connecticut, and Dr. Monica Noether, Vice President, CRA International for the Applicants.

Robert J. Sullivan, Esq., and Edward Welsh, Esq. of Skadden, Arps, Slate, Meagher & Flom LLP and Michael P. Shea, Esq., and Matthew Shiroma of Day Pitney LLP represented the Applicants; Harold Iselin, Esq. and Cynthia Neidl, Esq., of Greenberg Traurig, LLP represented the Domestic Health Care Center.

The following Department staff participated in the public hearing:

Kathy Belfi, CPA, Director, Financial Regulation, Lynn Hein, CFE, Insurance Certified Supervising Examiner and Beth Cook, Esq., Counsel.

Pursuant to the published hearing notice, the public was given an opportunity to speak at the hearing or to submit written comments no later than

the close of business on November 19, 2009, by an Order dated November 4, 2009. Written comment was submitted by the following parties:

- Michael A. Lee, M.D.
- Shereen Sayre
- Terry Wilcox, Executive Director, Bridgeport Rescue Mission
- Matt Fleury, President & CEO of Connecticut Science Center
- Jeffrey J. Hogan, Regional Manager, Rogers Benefit Group
- Sandra McLeod, Principal, Read School
- Maureen Mandirola, Metro Executive Director, American Heart Association/American Stroke Association
- Joyce M. Hess, Director, Managed Care Contracting, Danbury Health Systems
- Gloria J. McAdam, President and CEO, Foodshare, Inc.
- R. Nelson Griebel, President and CEO, MetroHartford Alliance
- Susan Winkler, Executive Director, Connecticut IFS Cluster
- Jess Kupec, President & CEO, St. Francis Healthcare Partners
- Jennifer Retter, CEO, Advanced Specialty Care, P.C.
- Samuel Gray, Jr., President & CEO, Boys & Girls Clubs of Hartford
- Richard H. Velaj, MD, President, Greenwich Radiological Group, P.C.
- William E. Purcell, CCE, CAE, President, The Greater Valley Chamber of Commerce

- Paul S. Timpanelli, President and CEO, Bridgeport Regional Business Council
- Kathleen Maher, Executive Director/Curator, The Barnum Museum
- John J. Walsh, President and C.O.O., Live United
- Art Fitzgerald, Executive Director, Hartford Physician Hospital Organization
- Kevin Lembo, Healthcare Advocate, and Judith Stein, Executive Director, CMA
- Luis Nunes, President and CEO, Professional Pensions, Inc.
- Donna Currie, Gales Ferry Medical Group, LLC
- Ellen Andrews, Ph.D., Executive Director, Connecticut Health Policy Project
- Henry S. Allen, Jr., on behalf of American Medical Association
- Matthew Katz on behalf of the Connecticut State Medical Society

Oral Public comment was provided by:

- Vicki Veltri, Esq., General Counsel, Office of the Healthcare Advocate
- Ellen Andrews, Executive Director, Connecticut Health Policy Project
- Robert Seligson, Executive Director, Physicians Health Advocacy Institute
- Henry Allen, Senior Attorney, American Medical Association
- Dr. Michael Derrin, Presiding Chair of the Board of Trustees, Connecticut State Medical Society
- Dr. Kathy Lavorgna, President, Connecticut State Medical Society
- Matthew Katz, Executive Director, Connecticut State Medical Society
- Douglas Arnold, CEO, Medical Professional Services

The written and oral public comment was given the weight of legal argument pursuant to Conn. Agencies Regs. Section 38a-8-51(b).

II. FINDINGS OF FACT

After reviewing the exhibits entered into the record of this proceeding, and based on the written and oral testimony of the witnesses, the undersigned makes the following findings of fact:

1. Oxford is a Delaware limited liability company that was formed in 2004 by UnitedHealth.
2. Oxford serves as a holding company whose subsidiaries include Oxford Health Plans (CT) Inc. ("Oxford CT"), a Connecticut domestic health care center.
3. Oxford's principal business address is 48 Monroe Turnpike, Trumbull, Connecticut 06611.
4. The current board of directors of Oxford are:
 - Jeffrey D. Alter, Manager
 - William J. Golden, Manager
 - The current executive officers of Oxford are:
 - Jeffrey D. Alter, President and Chief Executive Officer
 - Robert W. Oberrender, Treasurer
 - Thomas J. McGuire, Secretary
5. UnitedHealth was incorporated on January 25, 1977 and is a publicly traded Minnesota general business corporation that was formerly known as UnitedHealthCare Corporation.

6. UnitedHealth is the ultimate parent of all UnitedHealth Group Incorporated entities.
7. UnitedHealth functions primarily as a holding company.
8. UnitedHealth's principal business address is 9900 Bren Road East, Minnetonka, Minnesota 55343.
9. UnitedHealth, through its subsidiary insurance companies, health maintenance organizations, third party administrators and other service providers, is a diversified health and well-being company serving more than 70 million Americans.
10. During 2008, UnitedHealth managed approximately \$115 billion in aggregate health care spending on behalf of the constituents and consumers that it served.
11. UnitedHealth's revenues are derived from premium revenues based on risk-based products; fees from management, administrative, technology and consulting services; sales of a wide variety of products and services related to the broad health and well-being industry; and investment and other income.
12. UnitedHealth conducts its business primarily through four business segments: (1) Health Care Services, which includes UnitedHealthcare, Ovations and AmeriChoice businesses; (2) Optum Health; (3) Ingenix; and (4) Prescription Solutions.
13. UnitedHealth offers a comprehensive array of consumer-oriented health benefit plans and services for large national employers, public sector

employers, mid-sized employers, small businesses and individuals nationwide.

14. As of December 2008, UnitedHealth facilitated access to health care services on behalf of approximately 26 million Americans.
15. UnitedHealth offers its products through affiliates that are licensed as insurance companies, health maintenance organizations or third party administrators.
16. UnitedHealth's product strategy centers on several principals such as consumer choice, broad access to health professionals, and use of data and science to promote better outcomes, quality service and affordability.
17. UnitedHealth arranges for discounted access to care through approximately 590,000 physicians and other health care professionals and 4,900 hospitals across the United States.
18. Ovation provides health and well-being services for individuals age 50 and older, addressing their unique needs for preventive and acute health care services as well as for services dealing with chronic diseases and other specialized issues for older individuals.
19. Ovation provides products and services in all 50 states, the District of Columbia and the United States territories.
20. UnitedHealth currently has a number of contracts with the Centers for Medicare and Medicaid Services ("CMS"). Premium revenues from CMS were 25% of UnitedHealth total consolidated revenues for the year ended December 31, 2008 most of which were generated by Ovation.

21. AmeriChoice provides network-based health and well-being services to beneficiaries of State Medicaid Children's Health Insurance Programs ("SCHIP") and other government-sponsored health care programs.
22. AmeriChoice provides health insurance coverage to eligible Medicaid beneficiaries in exchange for a fixed monthly premium per member from the applicable state.
23. At December 31, 2008, AmeriChoice provided services to approximately 2.4 million individuals in 22 states and in the District of Columbia.
24. AmeriChoice is a participating health plan for the Connecticut Charter Oak Health Plan.
25. OptumHealth serves approximately 60 million individuals with its diversified offering of health, financial and ancillary benefit services and products that assist consumers in navigating the health care system and accessing services, support their emotional health, provide ancillary insurance benefits and facilitate the financing of health care services through account-based programs.
26. Ingenix offers database and data management services, software products, publications, consulting and actuarial services, business process outsourcing services and pharmaceutical data consulting and research services in conjunction with the development of pharmaceutical products on a nationwide and international basis.
27. As of December 31, 2008, Ingenix's customers included approximately 6,000 hospitals, 240,000 physicians, 1,500 payers and intermediaries, 260 Fortune

500 companies, 300 life science companies, and 250 government entities, as well as other UnitedHealth Group businesses.

28. Prescription Solutions offers a comprehensive suite of integrated pharmacy benefit management services to approximately 10 million people, delivering drug benefits through approximately 60,000 retail network pharmacies and two mail order facilities as of December 31, 2008.

29. The current board of directors of UnitedHealth are:

- William C. Ballard, Jr., Director
- Richard T. Burke, Director
- Robert J. Darretta, Director
- Michele J. Hooper, Director
- Douglas W. Leatherdale, Director
- Glenn M. Renwick, Director
- Kenneth I. Shine, M.D., Director
- Gail R. Wilensky, Ph.D, Director
- Stephen J. Hemsley, Director

30. The current executive officers of UnitedHealth are:

- Stephen J. Hemsley, President and Chief Executive Officer
- Gail K. Boudreaux, Executive Vice President and President, UnitedHealthcare
- George L. Mikan III, Executive Vice President and Chief Financial Officer
- William A. Munsell, Executive Vice President and President, Enterprise Services Group

- Eric S. Rangen, Senior Vice President and Chief Accounting Officer
- Larry C. Renfro, Executive Vice President and Chief Executive Officer, Ovations
- Lori K. Sweere, Executive Vice President, Human Capital
- Anthony Welters, Executive Vice President and President, Public and Senior Markets Group
- David S. Wichman, Executive Vice President and President, UnitedHealth Group Operations

31. UnitedHealth currently has a long term issuer credit rating from S&P of “A-,” a rating from Moody’s Investors Services of “Baa1,” a rating from Fitch of “A-,” and a rating from A.M. Best Company of “bbb+.”

32. As of December 31, 2008 and June 30, 2009, UnitedHealth reported the following GAAP consolidated balance sheet and income statement accounts (in millions):

	December 31, 2008	June 30, 2009
Assets	\$ 55,815.0	\$ 55,890.0
Liabilities	35,035.0	34,345.0
Shareholders' Equity	20,780.0	21,545.0
Net Earnings	2,977.0	859.0
Premium Revenue	73,608.0	39,857.0

33. It is noted that Oxford does not file separate financial statements.

34. Health Net CT is a wholly owned subsidiary of Health Net Northeast which is a wholly owned subsidiary of the ultimate parent company, Health Net Inc., a Delaware corporation.

35. Health Net CT is a Connecticut domiciled health care center with a principal place of business located at One Far Mill Crossing, Shelton, Connecticut 06484
36. Health Net CT provides insured health benefit plans to groups, including corporations, partnerships, unions and other entities, and to individuals, including Medicare beneficiaries.
37. Health Net CT offers Health Maintenance Organization and Point of Service plans.
38. As of December 31, 2008, Health Net CT membership included approximately 112,000 commercial members, 57,000 Medicare members and 25,000 Administrative Services Only Members.
39. Health Net has contracted with approximately 308,636 primary care and specialist physicians throughout the country.
40. As of December 31, 2008 and June 30, 2009, the Domestic Health Care Center reported the following statutory balance sheet and income statement accounts (in millions):

	December 31, 2008	June 30, 2009
Assets	\$ 297.1	\$ 319.9
Liabilities	151.2	174.2
Capital and Surplus	145.9	145.7
Net Income (Loss)	5.9	15.2
Premium Income	1,127.4	526.4

41. Five years of statutory financial projections for the Domestic Health Care Center are included in the records and files of the Insurance Department.
42. The Domestic Health Care Center currently has a financial strength rating of “B+” (good) and a long term issuer rating of “bbb-“ from A.M. Best.
43. The ratings of the Domestic Health Care Center from A.M. Best were placed under review with positive implications as a result of the proposed acquisition on October 29, 2009.
44. The current board of directors of the Domestic Health Care Center are:
- Joseph J. Kempf, Director
 - Paul A. Lambdin, Director
 - Scott A. Weiner
45. The current executive officers of the Domestic Health Care Center are:
- Paul A. Lambdin, President
 - Joseph J. Kempf, Secretary
 - Scott A. Weiner, Treasurer
46. The Applicants propose to acquire control of the Domestic Health Care Center pursuant to the terms of a Stock Purchase Agreement (“Agreement”) dated as of July 20, 2009 by and among Health Net, Health Net Northeast, Oxford and UnitedHealth.
47. Pursuant to the Agreement, the Applicants intend to acquire certain subsidiaries and certain related healthcare business of Health Net’s northeast businesses, including the acquisition by Oxford of all issued and outstanding shares of capital stock of the Domestic Health Care Center.

48. Pursuant to the Agreement, the Applicants will be acquiring the renewal rights for the commercial healthcare business of the Domestic Health Care Center pursuant to a Business Transition Agreement (“Transition Agreement”) which is Exhibit C to the Agreement.
49. The Domestic Health Care Center will seek to discontinue renewing its current policies and contracts in accordance with applicable law following the satisfaction of all applicable notice requirements.
50. The Applicants intend to transition the Health Net northeast business, including that of the Domestic Health Care Center, to appropriately licensed affiliates of the Applicants following the Closing.
51. Connecticut licensed affiliates and subsidiaries of UnitedHealth will offer to rewrite the healthcare contracts currently being written by the Domestic Health Care Center upon the subsequent renewal dates of such contracts, subject to such companies’ underwriting criteria.
52. The health care center or insurance company affiliates of the Applicants would, subject to their respective underwriting criteria, offer to rewrite the contracts and policies associated with the Domestic Health Care Center on similar forms issued by such affiliates.
53. Mr. Alter testified that the Applicants will offer every policyholder of the Domestic Health Care Center the opportunity to be a UnitedHealth customer.
54. Health Net Northeast will continue to administer the Domestic Health Care Center’s business until such time as all contracts have been successfully transitioned to the Applicants’ affiliates or have otherwise terminated in

accordance with their terms and applicable law pursuant to an Administrative Services Agreement (“Service Agreement”) to be entered into by the Domestic Health Care Center.

55. Health Net will provide the following services, as well as others, as part of the Service agreement during the transition period:

- Collection services
- Transition management
- Medical management
- Provider network management
- Health plan & government programs
- Regional health plan programs
- Financial analysis & planning
- Actuary & underwriting
- Corporate finance
- Regulatory & external relations
- Organization effectiveness
- Legal services and settlements
- Customer care operations
- Information technology
- Premium taxes
- Administering Post-Effective Date Assessments
- Broker Commissioners
- Depreciation

- Other items, Corporate administration

56. In addition to the services being provided in-house by Health Net, the following types of services which are currently outsourced in whole or in part by Health Net will be covered under the Service Agreement: claims processing; electronic data interchange; paper claims imaging; and claims recovery.

57. Pursuant to the Service Agreement, the Domestic Health Care Center will retain ultimate authority for decision making and will contain terms, including significant reporting requirements and service standards that would result in penalties for noncompliance to facilitate this oversight and control.

58. In addition to the services to be provided under the Service Agreement, the Domestic Health Care Center will continue to receive services from two additional Health Net affiliates, MHN Services and Health Net Pharmaceutical Services, pursuant to existing service agreements already in place between such companies and the Domestic Health Care Center.

59. Books and records of the Domestic Health Care Center are currently maintained in California and in Connecticut as approved by the Connecticut Insurance Department. The Applicants intend to allow the Domestic Health Care Center to continue to maintain the books and records in this manner through the transition.

60. The Applicants will maintain copies of the corporate, legal and provider contract records for the Domestic Health Care Center within Connecticut.

61. Health Net and Health Net Northeast will be responsible for financial reporting and accounting for the Domestic Health Care Center and will prepare the statutory financial statements pursuant to the Service Agreement.
62. The Invested Assets of the Domestic Health Care Center will continue to be custodied at Bank of America following consummation of the proposed acquisition.
63. The Applicants intend to request the Department's approval for the transition of the custody relationship to State Street Bank once the Proposed Acquisition has obtained all required regulatory approval and has closed.
64. The parties anticipate that the transition of business would be effected within approximately two years of the closing of the transaction ("Closing"), subject to various transition considerations.
65. During the transition, the members of the Domestic Health Center will continue to have access to the network of healthcare providers that have contracted with the Domestic Health Care Center, pursuant to the existing contracts between the Domestic Health Care Center and the providers.
66. Members that transition to an affiliate of the Applicants will thereafter have access to the applicable provider network of that affiliate.
67. Mr. Alter testified that in total number of providers, in almost every category, UnitedHealth has a larger total number of providers than in the Health Net network.
68. Mr. Alter testified that there is a high degree of overlap in all categories and in the top two categories, primary care physicians and obstetrics and

gynecology physicians, the overlap is at 97.8 percent and 98.1 percent respectively.

69. Mr. Alter testified that since announcing the transaction, UnitedHealth has been working with the list of providers in Health Net's network that are not in the UnitedHealth network to actively recruit them into the UnitedHealth network.

70. Mr. Alter testified that for rural areas, the overlap of the physician networks is well into the 90 percent range in every county in Connecticut for primary care and obstetrics and gynecology physicians.

71. Mr. Alter testified that UnitedHealth believes it has adequate and substantial number of total providers in Connecticut.

72. Mr. Alter defined "adequate and substantial" to mean that there are enough providers, given the population in particular counties, that members could find adequate access across a range of specialists and primary care without having to travel an extensive distance from where they reside.

73. The Applicants also intend to have the contracts between the Centers for Medicare and Medicaid Services ("CMS") and the Domestic Health Care Center relating to the provision of Medicare services assigned and novated to one of the Applicant's appropriately licensed affiliates.

74. Alternatively, CMS may allow the direct transfer of some or all of the Domestic Health Care Center's Medicare membership to an existing contract between CMS and one of the Applicants' appropriately licensed entities.

Subject to CMS approval, it is expected that such a transaction would occur either as of January 1, 2011 or January 1, 2012.

75. The Connecticut Insurance Department has no regulatory authority over the Medicare Advantage contracts, rates, marketing or other business practices.

76. The proposed post acquisition board of directors of the Domestic Health Care Center are:

- Jeffrey D. Alter, Chair
- Stephen J. Farrell, President
- Patricia A. Bowen, Secretary
- Robert W. Oberrender, Treasurer

77. The proposed post acquisition executive officers of the Domestic Health Care Center are:

- Jeffrey D. Alter, Director
- Craig C. Anderson, Director
- Sanford P. Cohen, Director

78. The biographical affidavits of the members of the board of directors and officers of the Applicants, which include the individual's educational background, professional credentials, and employment history, are included in the record and the files of the Insurance Department.

79. Health Net will be retaining all related employees, administrative systems and other resources necessary to service the Domestic Health Care Center's customers until all policies/contracts have been transitioned to the Applicants

or have otherwise expired or have been terminated consistent with their terms and applicable law.

80. A dedicated transition services team will be in place to handle any questions concerning the transition activities.

81. The team will be managed by Kevin McGuire, Director of Northeast Region Employer and Broker Service of UnitedHealth.

82. The Domestic Health Care Center will have a Transition Management Office which will be overseen by Health Net's Board of Directors.

83. Following consummation of the Proposed Acquisition, the Board of Directors of the Domestic Health Care Center will also work with the Transition Management Office.

84. Health Net CT has 33 employees located in Shelton, CT who support businesses other than Health Net Northeast and are not impacted.

85. Health Net CT has approximately 1,362 employees located in Shelton, CT who support the Health Net Northeast business.

86. All such employees will continue to support the Domestic Health Care Center and other acquired companies at the outset of the transition period following consummation of the Proposed Acquisition.

87. The aggregate number of employees supporting the Domestic Health Care Center and the other acquired companies is expected to diminish over time as the business of the acquired companies transitions to the Applicants' affiliates.

88. Health Net has established incentive programs to help ensure key management, personnel or employees remain with Health Net so that Health Net can continue to provide administrative services to the Domestic Health Care Center and other companies to be acquired by the Applicants.
89. It is expected that approximately 700 positions will be eliminated from Connecticut in the latter part of 2010 with the balance being eliminated in 2011 as the business transitions to the Applicants.
90. For the Health Net staff that continues employment during the transition period, base salary rates will continue unchanged except for adjustments consistent with the normal course of business such as promotions and annual merit increases.
91. All participants in Health Net's Management Incentive Plan who are considered "Business Employees" under the Agreement will receive a guaranteed payment of their target annual bonus for 2009 as long as they remain employed by Health Net through December 31, 2009 or through the date of the closing whichever occurs first.
92. All past equity awards will continue to vest in the normal course according to existing plan provisions.
93. Business Employees in commission-eligible positions will continue to be eligible for commissions and bonuses.
94. Target compensation rates will remain consistent with past practice.
95. All associates who do not transfer to a position with the Applicants and who are ultimately terminated involuntarily for other than cause will receive a lump

sum severance payment generally equal to one month of base salary for each year of service with Health Net.

96. All associates will be eligible for company paid outplacement assistance.
97. If an associate elects COBRA health insurance continuation coverage, Health Net pays the full premium costs for a number of months post-termination equal to the number of months as salary they receive in their severance payment.
98. Oxford will pay Health Net Northeast at the Closing an amount equal to \$60 million of fixed consideration.
99. Health Net Northeast may also receive additional consideration based upon the volume and timing of business that successfully transitions to an Applicants' appropriately licensed affiliate following the Closing.
100. Health Net Northeast could receive up to approximately \$215 in total consideration assuming 100% of the business successfully transitions to an Applicants' appropriately licensed affiliate.
101. Oxford will transfer to Health Net Northeast an amount equal to the tangible net equity of all acquired stock companies, which is estimated at approximately \$450 million, of which approximately \$290 will be advanced by Oxford at Closing, with the remaining approximately \$160 million to be transferred to Health Net Northeast over the two year period following the Closing.
102. The Applicants anticipate that the purchase price and any subsequent adjustments to the purchase price will be paid from cash on hand.

103. Oxford's direct parent, UnitedHealth will provide funds to Oxford to pay the consideration for this acquisition from existing cash balances.
104. No capital from the Domestic Health Care Center, or any regulated subsidiary of Oxford will be directly utilized to fund this acquisition.
105. UnitedHealth reported \$665 million in unrestricted cash and cash equivalents available for general corporate purposes as of June 30, 2009 and anticipates similar amounts to be available as of the Closing.
106. The Applicants will not borrow any amounts in connection with the Proposed Acquisition of the payment of the purchase price or any subsequent purchase price adjustments.
107. UnitedHealth will bear ultimate responsibility for ensuring that the Domestic Health Care Center maintains sufficient capital following the Closing.
108. UnitedHealth's priority for cash flow and capital allocation are to: 1) maintain prudent levels of statutory capital in regulated subsidiaries; 2) reinvest in businesses through capital expenditures; 3) enhance business strength and scope through business acquisitions; and 4) optimize capital structure through the return of capital to shareholders.
109. Health Net Northeast will retain the economics associated with the profits or losses of the companies being acquired, including the Domestic Health Care Center, during the limited period during which it will administer the existing business of the acquired companies pursuant to the Services Agreements with the companies, except with respect to the Domestic Health

Care Center's Medicare advantage business for which the parties will share certain profits or losses of the business during 2010, and depending on the timing of Closing and other factors, 2011.

110. The basis and terms of the Agreement, including the nature and amount of the consideration, were determined by arms' length negotiations among the parties to the Agreement and their respective representatives.

111. In determining the nature and amount of consideration, the Applicants performed a comprehensive due diligence investigation and reviewed, among other things, the financial statements, operations and legal documents associated with the Northeast healthcare business.

112. The Applicants utilized widely accepted valuation techniques, including discounted cash flow and guideline company methodologies, as well as other factors and information as the Applicants deemed relevant, to obtain an indication of value for determining the amount of consideration.

113. Other than as disclosed in the Amended Form A, the Applicants have no present plans or proposal to cause the Domestic Health Care Center to declare an extraordinary dividend or make other distributions, liquidate the Domestic Health Care Center, sell the Domestic Health Care Center assets, merge or consolidate the Domestic Health Care Center with any person or persons, make any other material change in the Domestic Health Care Center' business operations or corporate structure or management, or cause the Domestic Health Care Center to enter into material contracts.

114. Neither the Applicants nor any person controlling, controlled by or under common control with the Applicants or any person listed as a director or executive officer beneficially owns or has, directly or indirectly a right to acquire beneficially any voting securities of the Domestic Health Care Center or any securities convertible into or evidencing a right to acquire any such voting securities whether or not such right of conversion or acquisition is exercisable immediately or at some future time.
115. There are no contracts, arrangements, or understandings, whether oral or in writing relating, directly or indirectly, to any voting securities of the Domestic Health Care Center or any securities convertible into or evidencing a right to acquire any such voting securities whether or not such right of conversion or acquisition is exercisable immediately or at any future time involving Applicants, or any other person listed as director or executive officer.
116. There have been no purchases, directly or indirectly, of any voting securities of the Domestic Health Care Center by the Applicants, any person controlling, controlled by or under common control with the Applicants or any other person listed as directors or executive officers during the 12 calendar months preceding the filing of the Amended Form A.
117. There have been no recommendations to purchase, directly or indirectly, any voting security of the Domestic Health Care Center made by the Applicants, any person controlling, controlled by or under common control with the Applicants or any person listed as director or executive officer, or by

anyone based upon interviews or at the suggestion of the Applicants, any person controlling, controlled by or under common control with the Applicants or any person listed as director or executive officer during the 12 calendar months preceding the filing of the Amended Form A.

118. The Federal Trade Commission (“FTC”) and the Antitrust Division of the United States Justice Department (“DOJ”) indicated no application was required by the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976, as amended (“HSR”).

119. Dr. Monica Noether testified that the proposed transaction will not lead to a substantial lessening of competition in the provision of commercial health insurance, Medicare or Medicaid plans, nor will it lead to a substantial lessening of competition in the purchase of health care provider services in Connecticut.

120. Dr. Noether testified that the presence of numerous substantial competitors in any reasonably defined geographic market makes it highly unlikely that the Proposed Acquisition will have any adverse competitive consequences.

121. Dr. Noether noted that the major competitors of the Applicant, include Aetna, with 303,534 managed care members in Connecticut as of late 2007; Anthem, a subsidiary of Wellpoint, with 1.5 million managed care members in Connecticut as of late 2007; CIGNA, with 170,392 managed care members in Connecticut as of late 2007; Connecticare, with 236,761 managed care members in Connecticut as of late 2007; and Humana, which is licensed to

sell commercial health insurance and Medicare Advantage plans in Connecticut. She also noted several other insurers market health insurance or act as third-party administrators in Connecticut.

122. Dr. Noether testified that if the Proposed Acquisition is approved, the Applicants will cover at most 22.3 percent of commercially insured residents in Connecticut which is substantially below the 35 percent post-merger threshold that the Horizontal Merger Guidelines published jointly by the U. S. Department of Justice and the Federal Trade Commission (collectively, the “federal antitrust agencies”), consider generally unlikely to permit the merged firm to raise prices or decrease quality unilaterally post-merger.

123. Dr. Noether testified that the Applicants post transaction share may be substantially lower if some of the Domestic Health Care Center’s members choose not to transition to the Applicants.

124. Dr. Noether testified that the Proposed Acquisition will have no adverse competitive consequences for Medicare-eligible residents of Connecticut because Connecticut residents have a wide range of plan options offering varying degrees of provider choice, prescription drug coverage, and out of pocket expenses.

125. Dr. Noether testified that in November 2008, the combined enrollees of the Domestic Health Care Center and the Applicants’ Medicare Advantage membership accounted for approximately 11.7 percent of the Medicare enrollees in the state.

126. Dr. Noether testified that the Applicants offer Medicare Supplement plans to residents of Connecticut while the Domestic Health Care Center does not have a similar offering.
127. Dr. Noether testified that the Applicants cover approximately 11.4 percent of Medicaid managed care enrollees in Connecticut, but the Proposed Acquisition will have no adverse consequences on the provision of Medicaid plans since the Domestic Health Care Center ceased offering such plans in the state in early 2008.
128. Dr. Noether testified that the Proposed Acquisition will not allow the Applicants to lower reimbursement rates to health care providers below competitive levels after the transaction.
129. Dr. Noether testified that the Applicants' share of statewide expenditures on physician services is 5.9 percent while the Domestic Health Care Center accounts for 7.4 percent.
130. Dr. Noether testified that post-transaction, assuming that all of the Domestic Health Care Center's commercial members transition to a plan offered by the Applicants, the Applicants will account for approximately 13.2 percent of physician revenues statewide and approximately 12.9 percent of hospital revenues statewide which is significantly below the 35 percent level commonly used to assess the likelihood of exercising market power or monopsony.
131. Dr. Noether testified that as evidenced by the above revenue shares, physicians and hospitals in Connecticut have many alternative sources of

revenue, effectively preventing the Applicants from unilaterally depressing the price paid for health care services below competitive levels after the Proposed Acquisition closes.

132. Dr. Noether testified that the Proposed Acquisition will provide substantial benefits to the residents of Connecticut because as an example, the increased scale from the Proposed Acquisition should allow the Applicants to achieve lower costs per member post transaction that either entity could have achieved independently.

133. Dr. Noether testified that her analysis was conducted using the Merger Guidelines that are promulgated by the federal antitrust agencies and are the guidelines used by the federal antitrust agencies as well as state attorneys generals in their assessments of transactions.

134. Dr. Noether testified that the guidelines are based on sound economic theory and principles, and provide a useful comprehensive structure for analyzing transactions and their competitive effects.

135. Dr. Noether testified that, in her opinion, the merger guidelines are the best framework for analyzing transactions because they outline a series of steps in terms of defining markets, assessing shares in those markets as a benchmark threshold, assessing the likelihood of entry or expansion by competing firms, assessing the competitive effects that might otherwise occur based on the sort of dynamics and other kinds of products and services that are sold, whether they are homogeneous or heterogeneous, and looking at the efficiencies that might cause consumers to benefit post transaction.

136. Mr. Anderson testified that in 2008, UnitedHealth incurred more than \$400 million dollars of payroll, benefits, operating and related expenses in Connecticut and paid approximately \$30 million in taxes to Connecticut.
137. UnitedHealth and its affiliates invest approximately \$80 million in Connecticut state and local municipal bonds.
138. Mr. Anderson testified that in 2009, UnitedHealth made approximately \$500,000 in annual expenditures to charities, industry and business organizations, and other community giving in Connecticut.
139. Mr. Anderson testified that UnitedHealth employees have provided approximately 5000 hours of volunteer service to numerous charitable organizations.
140. Mr. McGuire testified that UnitedHealth has invested or provided \$5.5 million to community health care centers over the last three years.
141. Mr. Anderson testified UnitedHealth has recently entered into a 12 year lease for approximately 420,000 square feet at CityPlace 1 in Hartford for which they are investing nearly \$37 million in building improvements and relocation expenses that will generate approximately 337 construction related jobs over the next 12 months.
142. UnitedHealth is also extending the lease in Trumbull, Connecticut and in 2009 have made about \$3 million in improvements to the location
143. UnitedHealth also has plans to build out approximately 60,000 additional square feet of office space at their location in Rocky Hill, CT.

144. The total direct and indirect Connecticut annual tax revenue of UnitedHealth is over \$100 million a year.
145. It is estimated that UnitedHealth has a total direct and indirect economic impact of approximately \$1 billion a year to Connecticut.
146. The total job impact of UnitedHealth in Connecticut is approximately 13,000 jobs.
147. Mr. McGuire testified that since the Application was last amended, Health Net recently disclosed that a large number of Health Net Connecticut members may have had protected health information on a disk drive that has been lost and therefore potentially subject to compromise.
148. Mr. McGuire testified that UnitedHealth is working with Health Net to learn more about the situation and how the data breach may have occurred and the remedial actions that Health Net is taking.
149. Mr. McGuire testified that the Applicants understand the serious nature of the data breach event and that if the transaction is approved and consummated, UnitedHealth is prepared to own the responsibilities and consequences that go along with having licensure of Health Net of Connecticut, including any obligations undertaken with regard to the breach.

III. DISCUSSION

Section 38a-132(b) of the Connecticut General Statutes specifically requires the Commissioner to approve the proposed acquisition of control of the Domestic Health Care Center unless it is determined that:

- (A) After the change of control, the Domestic Health Care Center would not be able to satisfy the requirements for the issuance of licenses to write the lines of business for which they are presently licensed;
- (B) The effect of the merger or other acquisition of control would be to substantially lessen competition of insurance in this state or tend to create a monopoly in Connecticut;
- (C) The financial condition of the acquiring party is such as might jeopardize the financial stability of the Domestic Health Care Center or prejudice the interest of their policyholders;
- (D) The plans or proposals which the acquiring party has to liquidate the Domestic Health Care Center, sell their assets or consolidate or merge them with any person, or make any other material change in their business or corporate structure or management, are unfair and unreasonable to policyholders of the Domestic Health Care Center and not in the public interest;
- (E) The competence, experience and integrity of those persons who would control the operations of the Domestic Health Care Center are such that it would not be in the interest of the policyholders of the Domestic Health Care Center and of the public to permit the merger or other acquisition of control; or
- (F) The acquisition of control of the Domestic Health Care Center is likely to be hazardous or prejudicial to those buying insurance.

A. The ability of the Domestic Health Care Center to satisfy the requirements for the issuance of a license to write the lines of business

for which they are presently licensed following the proposed acquisition of control.

The Domestic Health Care Center is a domestic health care center currently licensed pursuant to Conn. Gen. Stat. §38a-175 et seq. to operate as a health care center. Section 38a-193(a)(2) of the Conn. Gen. Stat. requires that no health care center remain licensed in Connecticut unless (A) its net worth bears a reasonable relationship to its liabilities based upon the type, volume and nature of the business transacted, and (B) its risk-based capital related to its total adjusted capital is adequate for the type of business transacted.

The Domestic Health Care Center currently meets both the minimum capital and surplus and risk-based capital requirements necessary for the maintenance of a license to operate a health care center.

The Domestic Health Care Center currently satisfies the requirements for the issuance of a license to write the lines of business for which it is licensed

As noted in the findings of fact, following consummation of the Proposed Acquisition, the Applicants have no plans or proposals to liquidate the Domestic Health Care Center, to sell its assets, merge or consolidate the Domestic Health Care Center with any other person or entity. There are no plans for the Domestic Health Care Center to enter into any material contract, agreement, arrangement or transaction of any kind with any person or entity.

Accordingly, the undersigned hereby finds that based on the evidence contained in the record of this proceeding, the Domestic Health Care Center will be able to satisfy the requirements for the issuance of a license to write the lines

of business for which they are presently licensed following consummation of the Proposed Acquisition.

B. Whether the effect of the merger would be to substantially lessen competition of insurance in this state or tend to create a monopoly herein.

The Applicants provided an expert witness, Dr. Monica Noether, Executive Vice President, Charles Rivers Associates. Dr. Noether, who focuses on anti-trust and health care economics, provided a Competitive Impact Statement filed as an exhibit to the Form A, and an Addendum to the Competitive Analysis filed subsequent to the hearing and in response to public comments which offered an alternative competitive analysis.

Dr. Noether's analysis was based on a widely accepted methodology, the Horizontal Merger Guidelines that are promulgated by the federal antitrust agencies in conjunction with the United States Department of Justice and are the guidelines used by the federal antitrust agencies as well as state attorneys generals in their assessments of transactions.

Dr. Noether also testified under oath that the proposed acquisition poses no threat to competition in Connecticut.

The undersigned also considered arguments raised in oral and written public comment, including the alternative economic arguments advanced by the AMA. The undersigned found Dr. Noether's prepared testimony and oral testimony to be compelling and credible. Thus, it is hereby concluded that the effect of the acquisition of control by the Applicants will not substantially lessen competition of insurance or tend to create a monopoly in Connecticut.

C. Whether the financial condition of the Applicants is such as might jeopardize the financial stability of the Domestic Health Care Center or prejudice the interest of their policyholders.

Based on the information entered into the record of this proceeding, including the Amended Form A and the testimony of the witnesses, the financial condition of the Applicants is strong and should serve as a substantial benefit for the Domestic Health Care Center. The policyholders of the Domestic Health Care Center will benefit from the acquisition by a financially strong insurance and health care group. Accordingly, the undersigned hereby finds that the financial condition of the Applicants will not jeopardize the financial condition of the Domestic Health Care Center following the Proposed Acquisition.

D. Whether the plans or proposals which the Applicant have to liquidate the Domestic Health Care Center, sell their assets or consolidate or merge them with any person, or to make any other material change in their business or corporate structure or management, are unfair and unreasonable to policyholders of the Domestic Health Care Center and not in the public interest.

The record reveals that the Applicants have no current plans or proposals to liquidate the Domestic Health Care Center, to sell their assets, or consolidate or merge them with any other entity.

The Applicants has no present intention to materially alter the plans of the Domestic Health Care Center regarding its current product offerings or plan of operations as it transitions the business of the Domestic Health Care Center upon renewal to comparable product offerings of the Applicants.

The Domestic Health Care Center will continue to administer the Domestic Health Care Center's business until such time as all policyholder contracts have

been successfully transitioned to the Applicants' affiliates or have otherwise terminated in accordance with their terms and applicable law pursuant to an Administrative Services Agreement ("Service Agreement") to be entered into by the Domestic Health Care Center. This will ensure the orderly transition of the business from the Domestic Health Care Center to the Applicants.

While the staff of the Domestic Health Care Center will undergo reductions as the business is transitioned, the Applicants are requiring that the Domestic Health Care Center maintain sufficient levels of employment to ensure that the Domestic Health Care Center maintains the stringent service levels set forth under the Service Agreement with the Applicants. Domestic Health Care staff who are terminated as a result of the transaction will be given severance packages as outlined in the testimony and will be provided outplacement assistance.

Additionally, the record, as evidenced not only by the testimony provided but also the large number of letters of support submitted by an assortment of community and charitable organizations reflects that the Applicants have operated as good corporate citizens and that they will maintain the same level of community involvement and charitable contributions.

Accordingly, the record supports the conclusion that there are no material plans or proposals for the Domestic Health Care Center that are unfair and unreasonable to policyholders of the Domestic Health Care Center or not in the public interest.

E. Whether the competence, experience and integrity of those

persons who would control the operations of the Domestic Health Care Center are such that it would not be in the interest of the Policyholders of the Domestic Health Care Center and the public to permit the merger or other acquisition of control

The record includes the biographical affidavits of those individuals who will serve as members of the boards and as officers of the Applicants and the Domestic Health Care Center following the change of control. The biographical affidavits disclose each individual's educational background, professional credentials and their employment history. In addition, the Applicants have represented, and the biographical affidavits confirm, that during the last ten years none of the proposed directors or officers of the Applicants and Domestic Health Care Center have been convicted in a criminal proceeding (excluding minor traffic violations) or have been convicted or otherwise penalized for violating any federal or state law regulating the business of insurance, securities or banking, (or in the case of an alien person, such equivalent provision as applicable). During the last ten years, none of the proposed directors or officers of the Applicants have been subject of any proceeding under the Federal Bankruptcy Code, (or in the case of an alien person, such equivalent provision as applicable) or have been affiliated with a business or organization which has subject to such proceeding.

Furthermore, no proposed director or officer of the Applicants or the Domestic Health Care Center has had a revocation, suspension or disciplinary sanction imposed against him or her by a governmental agency. None of the filed biographical affidavits contain any information that reflects negatively on the integrity of these individuals. The competence, experience, and integrity of those

persons who would control the operations of the Domestic Health Care Center after the Proposed Acquisition is such that it would be in the interest of policyholders of the Domestic Health Care Center, and in the public interest, to permit the Proposed Acquisition.

F. Whether the acquisition is likely to be hazardous or prejudicial to those buying insurance.

Based on the financial strength of the Applicants, the affirmation that the current plans for the Domestic Health Care Center will not disrupt the Applicants' or the Domestic Health Care Center's current policyholders, as well as provision of a strong and stable financial environment for the Domestic Health Care Center, the Proposed Acquisition is not likely to be hazardous to those buying insurance.

Accordingly, based on the information entered into the record of this proceeding, including assuming compliance with all Connecticut's insurance statutes and regulations, the undersigned hereby finds that the Proposed Acquisition of control of the Domestic Health Care Center is not likely to be hazardous to those buying insurance.

III. RECOMMENDATION

Accordingly, based on the foregoing findings of fact and discussion, the record of the November 23, 2009 public hearing, and the recommendation of the Insurance Department staff, the undersigned concludes that none of the conditions justifying disapproval listed in Conn. Gen. Stat. § 38a-132(b) is

present with respect to the Proposed Acquisition of the Domestic Health Care Center. Accordingly, the undersigned recommends that the Insurance Commissioner find, pursuant to section 38a-132(b) of the Connecticut General Statutes that after the Proposed Acquisition of Control (a) the Domestic Health Care Center will be able to satisfy the requirements for the issuance of a license; (b) the effect of the acquisition of control will not substantially lessen competition in this state or tend to create a monopoly therein; (c) the financial condition of the Applicants is not such as might jeopardize the financial stability of the Domestic Health Care Center or prejudice the interest of their policyholders; (d) the plans or proposals for the Domestic Health Care Center, are not unfair and unreasonable to their policyholders, and are in the public interest; (e) the competence, experience and integrity of the management of the Applicants is such that it would be in the interest of policyholders of the Domestic Health Care Center, and of the public to permit the Proposed Acquisition of control; and (f) the acquisition of control of the Domestic Health Care Center is not likely to be hazardous or prejudicial to those buying insurance.

Accordingly, the undersigned recommends the following orders:

1. The Form A Application (“Application”) of the Oxford Health Plans LLC, a Delaware limited liability company (“Oxford”) and UnitedHealth Group Incorporated, a Minnesota corporation, (“UnitedHealth” and collectively with Oxford as the “Applicants”) in which they seek approval to acquire control of Health Net of Connecticut, Inc., (“Health Net CT” or “Domestic Health Care Center”) a Connecticut domestic health care center should be approved.

2. The Applicants and Domestic Health Care Center shall conduct their operations consistent with the representations, disclosures and commitments as set forth in the record of this proceeding and the Proposed Final Decision.
3. The Applicants shall provide the Insurance Department ("Department") with written confirmation of the consummation of the acquisition of control by the end of the month the acquisition of control takes place.
4. For a period of two (2) years, the Applicants shall file semiannually with the Insurance Department, commencing six months from consummation of the transaction, a report under oath of its business operations in Connecticut, including but not limited to, any change to the business of the Domestic Health Care Center including those resulting from transition activities; employment levels; changes in offices of the Domestic Health Care Center; any changes in location of their operations in Connecticut; any non-compliance by Health Net Inc. or Health Net of the Northeast, Inc. with regards to the service standards of the Administrative Services Agreement by and among Health Net, Inc., Health Net of the Northeast, Inc., Health Net of Connecticut, Inc., United Healthcare Services, Inc., and UnitedHealth Group Incorporated; charitable contributions made to Connecticut entities; and, notice of any statutory compliance or regulatory actions taken by other state regulatory authorities against the Applicants and the Domestic Health Care Center.
5. The Applicants and the Domestic Health Care Center shall cooperate fully and completely with the Department and the Office of the Connecticut

Attorney General (“AG”) in the investigation of the Domestic Health Care Center’s data breach and shall take prompt action to remediate the practices of the Domestic Health Care Center to ensure that proper measures are in place concerning the handling of personal health, financial and identity information.

6. The Applicants and the Domestic Health Care Center shall cooperate fully and completely with the Department and the AG in remediating any injuries sustained by the members and providers whose information was impacted by the data breach and in providing protection against possible future injuries.
7. The Applicants and the Domestic Health Center shall file with the Department for prior review and approval any and all policyholder, member and provider communications to be made concerning the data breach.
8. The Applicants and the Domestic Health Center shall file with the Department for prior review and approval any and all policyholder and member communications to be made concerning transition activities of commercial business.
9. The Applicants shall provide the Insurance Department with notice of actual purchase price, final purchase price adjustments, disagreements over purchase price adjustments and amount of goodwill following consummation of the Proposed Acquisition.
10. Within one week of consummation of the proposed acquisition, the Applicants shall provide the Department with the names and titles of those individuals who will be responsible for filing an amended Insurance Holding Company

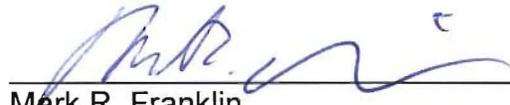
System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.

11. Within fifteen (15) days following the end of the month in which the Proposed Acquisition is consummated, the Domestic Health Care Center shall file an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.
12. If the Proposed Acquisition is not consummated within three (3) months of the date of this Order and the Applicants intends to consummate the Proposed Acquisition, the Applicants shall submit to the Commissioner a statement, which shall include (1) the reason for the Applicants' inability to consummate the Proposed Acquisition; (2) any material changes in the information contained in the Form A Application; and (3) the current financial statements of the Applicants and the Domestic Health Care Center.
13. The Domestic Health Care Center shall, at all times, maintain its books, records and assets in Connecticut and California unless otherwise approved by the Commissioner pursuant to Connecticut Law and consistent with the terms of the Form A Application.
14. Any changes in the location of books, records or assets will require the prior approval of the Insurance Commissioner.
15. The Applicants and Domestic Health Care Center are hereby provided notice that the Department reserves the right to conduct a Target Market Conduct

Examination or Financial Examination of the Domestic Health Care Center at any time the Insurance Commissioner deems warranted.

16. The Applicants shall pay expenses incurred by the Insurance Commissioner in connection with the Insurance Department's review of the captioned transaction pursuant to sections 38a-132(a)(3) and 38a-132(c) of the Connecticut General Statutes.

Dated at Hartford, Connecticut, this 1st day of December, 2009



Mark R. Franklin
Hearing Officer