DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

IN RE:	Proposed Acquisition of Children's Mercy's Family Health Partners, Inc.	)	
		)	Case No. 111101748C
	by	)	
	Coventry Health Care, Inc.	)	

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

Based on the competent and substantial evidence on the whole record, I, John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration ("Director" of the "Department"), hereby issue the following findings of fact, conclusions of law, and order:

Findings of Fact and Conclusions of Law

1. On or about October 28, 2011, Coventry Health Care, Inc. ("Applicant") filed a Form with the Missouri Department of Insurance, Financial Institutions and Professional Registration ("Department") in connection with the proposed acquisition of control of Children's Mercy's Family Health Plan, Inc. ("Domestic Insurer"), a Missouri domestic health maintenance organization.

2. The Director issued a Notice of Hearing on November 2, 2011 setting the matter for public hearing on November 29, 2011. At the November 29, 2011 hearing, Jonathan Weinberg appeared for Applicant. Mark Stahlhuth appeared for the Department's Division of Insurance Company Regulation. The Domestic Insurer waived formal notice of hearing under §382.060 RSMo.

3. The Applicant will acquire control of the Domestic Insurer pursuant to an Asset Purchase Agreement dated October 25, 2011, between Applicant and The Children's Mercy Hospital ("CMH"), HealthCare USA of Missouri, LLC, a Missouri limited liability company ("HCUSA"), Coventry Health Care of Kansas, Inc., a Kansas corporation ("CHCKS"), and Coventry Management Services, Inc. ("CMS") a Pennsylvania corporation. At the closing of the transaction the Domestic Insurer will convey certain assets to HCUSA, CHCKS, and CMS respectively. Included in the assets to be transferred will be the Domestic Insurer's contract for managed Medicaid services with the State of Missouri (to be assigned to HCUSA) and the Domestic Insurer's contract for managed Medicaid services with the State of Kansas (to be assigned to CHCKS). Applicant is the parent company of HCUSA, CHCKS and CMS.

4. A preponderance of the evidence on the whole record fails to show that:

A. After the acquisition of control of the Domestic Insurer by the Applicant, the Domestic Insurer will be unable to satisfy the requirements for the issuance of licenses to write the lines of insurance for which it is presently licensed.

B. The effect of the acquisition of control of the Domestic Insurer will be to substantially lessen competition in insurance, or tend to create a monopoly in this state.

C. The financial condition of the Applicant is such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interest of the policyholders of the Domestic Insurer.

D. The Applicant's plans or proposals, if any, to liquidate the Domestic Insurer, to sell its assets, to consolidate or merge with any person, or to make any other material change in its business or corporate structure or management is unfair or unreasonable to policyholders of the Domestic Insurer, or contrary to the public interest.

E. The competence, experience and integrity of the Applicant's management are such that it would be contrary to the interests of the policyholders of the Domestic Insurer and of the public to permit the acquisition of the Domestic Insurer by the Applicant.

F. The proposed acquisition of the Domestic Insurer by the Applicant is likely to be hazardous or prejudicial to the insurance buying public.

ORDER

Based on the foregoing findings and conclusions, the proposed acquisition of control of Children's Mercy's Family Health Partners, Inc. by Coventry Health Care, Inc. as submitted in the Form A Statement is hereby APPROVED.

So ordered, signed and official seal affixed this 19th day of December, 2011.

JOHN M. HUFF, Director