DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

IN RE:	The Proposed Acquisition of:	)
		)
	Coventry Health Care of Missouri, Inc.,	)
	Health Care USA of Missouri, LLC,	) Case No. 120920539C
	Cambridge Life Insurance Company, and	)
	Coventry Health and Life Insurance	)
	Company	)
		)
	by	)
		)
	Aetna 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 (the "Director") of the Missouri Department of Insurance, Financial Institutions and Professional Registration (the "Department"), find and conclude the following:

A. The Form A Statement and Hearings

1. On or about September 17, 2012, Aetna Inc. ("Aetna") filed a Form A Statement (the "Form A Statement") with the Department in connection with the proposed acquisition of Coventry Health Care of Missouri, Inc., a Missouri domestic Health Maintenance Organization, Health Care USA of Missouri, LLC, a Missouri domestic Health Maintenance Organization ("Health Care USA") and Cambridge Life Insurance Company, a Missouri domestic Insurance

Company (collectively, the "Original Domestic Insurers"), all of which are subsidiaries of Coventry Health Care, Inc.

2. On September 25, 2012, the Director issued a Notice of Hearing for a public hearing to be held on October 25, 2012. Aetna provided timely notice of the hearing to the Original Domestic Insurers. At the October 25, 2012 hearing, Steven T. Whitmer and Keith A. Wenzel appeared for Aetna and Mark W. Stahlhuth appeared for the Department's Division of Insurance Company Regulation. The hearing officer ordered the record remain open.

3. On December 20, 2012, Coventry Health and Life Insurance Company ("CH&L"), a subsidiary of Coventry Health Care, Inc. and formerly a Delaware Insurance Company, redomesticated from Delaware to Missouri. (CH&L and the Original Domestic Insurers are, collectively, the "Domestic Insurers.")

4. On December 28, 2012, Aetna submitted an Amended and Restated Form A Statement ("Amended Form A Statement") in connection with the proposed acquisition of the Domestic Insurers. In addition, Aetna also submitted a confidential Exhibit 10 to the Amended Form A Statement.

5. According to the Amended Form A Statement, Aetna will acquire all of the issued and outstanding shares of common stock of Coventry Health Care, Inc. for the purchase price, including assumed debt, of approximately $7,300,000,000.00. Coventry Health Care, Inc. is the direct owner of all of the issued and outstanding shares of stock of the Domestic Insurers.

6. Prior to or in conjunction with consummating the transaction contemplated by the Amended Form A Statement, Aetna will divest its Medicaid business, which has been conducted through Missouri Care, Incorporated ("Missouri Care"), to address competition issues.

7. On January 22, 2013, Aetna filed a Motion for Leave to File the Amended Form A Statement supported by the affidavit of Jonathan Weinberg and the amended affidavit of Gregory Martino. Without objection, the Amended Form A Statement and affidavits were admitted into the record.

8. On February 4, 2013, the Director issued a Notice of Hearing for a second public hearing to be held on February 19, 2013. Aetna provided timely notice of the hearing. At the February 19, 2013 hearing, Steven T. Whitmer and Keith A. Wenzel appeared for Aetna, Tamara Kopp for the Division of Insurance Company Regulation, and Ross Kaplan for the Division of Market Regulation. The hearing officer ordered the record remain open.

B. The Statutory Requirements for Approval

9. Through affidavits and oral testimony, the following witnesses addressed the six statutory requirements set forth in the § 382.060 RSMo 2000.

10. Frederick G. Heese, Chief Financial Examiner and Director of the Department's Division of Insurance Company Regulation, was tasked with reviewing and evaluating the Amended Form A Statement. Mr. Heese testified that his review of the Amended Form A Statement did not reveal evidence of the factors set forth in § 382.060.1(1) and (3)-(6).

11. The Department's Division of Market Regulation retained Cory Capps, PhD, to evaluate whether the transaction would substantially lessen competition or create a monopoly in this State, which is an issue the Director is required to review pursuant to § 382.060.1(2). Dr. Capps is a partner in the Antitrust and Competition and Healthcare Practices at Bates White Economic Consulting, and specializes in performing economic and statistical analyses of competition and market issues in the healthcare industry. In both reports Dr. Capps submitted in

this matter, he concluded that this transaction is unlikely to lessen competition or create a monopoly in Missouri.

12. Gregory Martino, an officer of Aetna and Assistant Vice President for State Government Relations, testified by affidavits and oral testimony that there is no evidence of the factors set forth in § 382.060.1(1)-(6).

13. Testimony was submitted by Drew Asher on behalf of Coventry Health Care, Inc.; Roman Kulich on behalf of Coventry Health Care of Missouri, Inc.; Kimberly Covert on behalf of Health Care USA of Missouri, LLC; Jonathan D. Weinberg on behalf of Coventry Health and Life Insurance Company and Cambridge Life Insurance Company. These witnesses' testimony further confirmed that there is no evidence of the factors set forth in § 382.060.1(1)-(6).

14. Based on the foregoing testimony and the condition of approval set forth in this order, a preponderance of evidence on the whole record fails to show that:

A. After the acquisition the Domestic Insurers will not be able to satisfy the requirements for the issuance of a license to write the lines of business for which they are presently licensed.

B. The effect of the acquisition of the Domestic Insurers will be to substantially lessen competition in insurance or tend to create a monopoly in this State.

C. The financial condition of Aetna is such as might jeopardize the financial stability of the Domestic Insurers or prejudice the interests of its policyholders.

D. Aetna's plans, if any, to liquidate or sell the Domestic Insurers or to consolidate or merge them with other companies or to make any other material change in

their businesses, corporate structures or management, are unfair or unreasonable to their policyholders or contrary to the public interest.

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

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

C. Missouri Medicaid Matters

15. On or about February 17, 2012, the State of Missouri, Office of Administration, Division of Purchasing and Materials Management ("OA"), for the benefit of the Department of Social Services, MO HealthNet Division ("MO HealthNet"), entered into managed care contracts with Health Care USA (Contract Number C312055001), Home State Health Plan Inc. ("Home State") (Contract Number C312055002), and Missouri Care (Contract Number C312055003) with an effective date of July 1, 2012 ("Medicaid Contracts").

16. At the time of contracting, Health Care USA had Washington University Physicians Network ("WUPN") in its provider network in the Eastern region of Missouri ("Eastern Region"), and made such representations to MO HealthNet and State aid eligible populations ("members") during open enrollment between April 19, 2012 and June 18, 2012. Home State made representations to MO HealthNet that agreement was reached with WUPN after May 25, 2012 and representations to members thereafter.

17. WUPN maintains an extensive network of sub-specialists, with particular focus on pediatric sub-specialties. Many of the most severely ill members seek care with WUPN

thereby making these members a unique population in terms of both the need for expertise of care, necessary continuity of care and required cost.

18. On or about June 13, 2012, after notice to the MO HealthNet, Health Care USA issued a notice to terminate its contract with WUPN effective September 11, 2012, and notified its members who were actively seeking care with WUPN specialists that WUPN would no longer be in its network of physicians.

19. Beginning thereafter and throughout the next several subsequent months, a significant number of high acuity members transferred to Home State due to its remaining contract with WUPN, resulting in an unsustainable material change in its member mix and medical loss ratio.

20. Home State subsequently notified MO HealthNet that it could not financially continue to service the significant level of high acuity transfer members and maintain its WUPN contract, thus creating an imminent access to care issue in the Eastern Region.

21. MO HealthNet raised the above concerns with Health Care USA, which then entered into a renewed contract with WUPN effective February 15, 2013. That agreement allows either party to terminate the arrangement without cause on ninety (90) days' notice. As part of a settlement agreement executed by various parties (the "Settlement Agreement"), however, Health Care USA has agreed not to terminate the contract unless and until MO HealthNet has determined there is one or more providers other than WUPN in the Eastern Region that have the capacity to treat high-acuity pediatric patients. The Settlement Agreement is attached hereto as Exhibit A.

22. Effective March 9, 2013, MO HealthNet transferred approximately 4,600 members from Home State back to their original choice managed care plan, Health Care USA, with an ability of each member to opt-out of the transfer.

23. While Health Care USA's re-contracting with WUPN partially addressed MO HealthNet's concerns, the Director of MO HealthNet, Dr. Ian McCaslin, submitted testimony in this matter regarding MO HealthNet's ongoing concern with the stability of the Medicaid program in the Eastern Region of Missouri. Dr. McCaslin's stated concerns include the financial ability and willingness of Home State to serve as a managed Medicaid provider through the remaining life of the current contract, and the possibility that the distribution of Medicaid enrollees with complex medical needs may lead any managed Medicaid provider in any geographic area in Missouri to experience unexpectedly high medical costs.

24. Pursuant to section 2.29.5 of the contracts referenced in paragraph 15 above, MO Health Net retained Mercer (US), Inc. ("Mercer"), an outside consulting firm, to review the financial impact on Home State Health Plan from changes in Health Care USA's provider network composition in the Eastern Region as a result of the developments discussed above. Pursuant to the report dated March 14, 2013, Mercer determined and MO HealthNet concurs that Home State sustained economic losses in the amount of approximately $14.2 million from the unanticipated influx of high acuity members. Consequently, Aetna and/or Coventry have agreed to make a $14.2 million payment, which payment MO HealthNet has determined pursuant to the report will compensate Home State for those past economic losses, and is among the actions necessary to: a) promote a legitimate State interest by better assuring the stability of the managed Medicaid program in the Eastern Region; b) ensure that this acquisition will not substantially

lessen competition in insurance in this State; and c) ensure OA will not be required to exercise its right to terminate and rebid the above referenced contracts at this time.

25. To further resolve MO HealthNet's concerns relating to the Medicaid issues identified above, OA, MO HealthNet, Health Care USA, Home State and Missouri Care have agreed upon a proposed amendment to the Medicaid Contracts, which is incorporated herein by reference. The proposed amendment would establish a new prospective tiered reinsurance risk pool arrangement to better spread the risk of high acuity members going forward.

26. The issues described in paragraphs 15-25 above have been resolved through the Settlement Agreement. Dr. McCaslin has submitted an affidavit affirming that the actions contemplated by the Settlement Agreement collectively satisfy the concerns he previously raised in this proceeding. The execution of the Settlement Agreement will address all issues raised by the interested persons concerning whether this transaction will be hazardous or prejudicial to the insurance buying public and whether this acquisition will substantially lessen competition in insurance in this State.

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ORDER

Based on the foregoing findings and conclusions, the proposed acquisition of control of the Coventry Health Care of Missouri, Inc., Health Care USA of Missouri, LLC, Cambridge Life Insurance Company, and Coventry Health and Life Insurance Company by Aetna Inc. is hereby **APPROVED WITH CONDITION**, namely that Aetna Inc. shall not close on the acquisition of the Coventry Health Care of Missouri, Inc., Health Care USA of Missouri, LLC, Cambridge Life Insurance Company, and Coventry Health and Life Insurance Company until Aetna Inc. closes on the sale of Missouri Care, Incorporated.

So ordered, signed and official affixed this 28th day of March, 2013.

John M. Huff, Director
Missouri Department of Insurance, Financial Institutions
and Professional Registration

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (hereinafter "Agreement") is made and entered into by and between the State of Missouri, Office of Administration ("OA"), the Missouri Department of Social Services, MO HealthNet Division (MHD) ("MO HealthNet"), Aetna Inc. ("Aetna"), Missouri Care, Inc. ("Missouri Care"), HealthCare USA of Missouri, LLC ("HealthCare USA"), Coventry Health Care, Inc. ("Coventry"), Home State Health Plan, Inc. ("Home State") and Centene Corporation ("Centene") (the "Parties" or the "Parties to this Agreement").

WITNESSETH

WHEREAS, on or about February 17, 2012, the State of Missouri, Office of Administration, Division of Purchasing and Materials Management ("OA"), for the benefit of the Department of Social Services, MO HealthNet Division ("MO HealthNet"), entered into managed care contracts with HealthCare USA (Contract Number C312055001), Home State Health Plan Inc. ("Home State") (Contract Number C312055002), and Missouri Care (Contract Number C312055003) with an effective date of July 1, 2012 ("Medicaid Contracts");

WHEREAS, there is currently a Form A proceeding with the Department of Insurance, Financial Institutions and Professional Registration ("the Department") in which Aetna seeks approval of the Director of the Department for it to acquire HealthCare USA as well as other Coventry subsidiaries (together, the "Coventry Subsidiaries");

WHEREAS, there is currently a Form A proceeding with the Department in which WellCare Health Plans, Inc., WCG Health Management, Inc. and The WellCare Management Group, Inc. ("WellCare") seek approval of the Director of the Department for them to acquire Missouri Care, Inc.;

Exhibit A

WHEREAS, certain of the Parties hereto have filed objections in the Form A proceedings;

WHEREAS, there is a dispute among the Parties to this Agreement as to the appropriate means to address access needs in the Eastern Region for high-acuity pediatric enrollees;

WHEREAS, Home State incurred past losses in the form of additional net costs sustained by Home State for caring for an unanticipated influx of high-acuity members as a result of HealthCare USA's termination of its network agreement with the Washington University Physicians Network ("WUPN") in June 2012 and Home State subsequently sent a notice of termination of its contract with WUPN but that termination has not become effective;

WHEREAS, pursuant to section 2.29.5 of the managed care contracts referenced above, MO HealthNet retained Mercer (US), Inc. ("Mercer"), an outside consulting firm, to review the financial impact on Home State from changes in HealthCare USA's provider network composition in the Eastern Region as a result of the developments discussed above. Pursuant to its report dated March 14, 2013, Mercer determined and MO HealthNet concurs that Home State sustained economic losses in the amount of approximately $14.2 million from the unanticipated influx of high acuity members;

WHEREAS, the foregoing disputes are not fully resolved; and

WHEREAS, as set forth below, the Parties to this Agreement have now agreed to fully and finally resolve all disputes between and among them as above-described.

NOW THEREFORE, for good and valuable consideration, including the foregoing premises and the mutual covenants and promises set forth below, the sufficiency of which is hereby acknowledged, the Parties to this Agreement state as follows:

1. Home State, without objection by MO HealthNet, hereby consents to entry of the proposed consent order as attached as Exhibit 1 in Aetna's Form A proceeding to acquire the Coventry Subsidiaries and withdraws all objections made in that proceeding with the exception addressed by Paragraph 2 below. Home State shall rescind its notice of termination of its contract with WUPN.

2. Aetna agrees that the acquisition of Missouri Care by WellCare shall be consummated before Aetna closes on its acquisition of Coventry (including HealthCare USA), and further agrees that this requirement will be set forth as a condition in the order attached as Exhibit 1.

3. Dr. Ian McCaslin, on behalf of MO HealthNet, will file an Affidavit with the Department of Insurance, Financial Institutions and Professional Registration in Case No. 120920539C and Case No. 130213162C, attached hereto as Exhibit 2 and incorporated herein by reference; thereby, withdrawing his concerns raised in the Form A proceedings.

4. Not later than ten (10) business days after the time that both of the following events have occurred – (1) Aetna has received an Order approving the pending application of Aetna to acquire the Coventry Subsidiaries, which order does not contain any conditions other than the one stated in Paragraph 2 above, and (2) Aetna has received an Order approving the pending application of The WellCare Management Group, Inc. to acquire Missouri Care, which order does not contain any conditions – Aetna and/or Coventry shall pay into an escrow account established with a financial institution in good standing in Missouri (the "Escrow Agent"), the aggregate amount of Fourteen Million Two Hundred

Thousand Dollars ($14,200,000) (the "Escrow Funds"), constituting the past economic net losses sustained by Home State as a result of the unanticipated influx of high acuity members and therefore such payment is among the actions necessary to maintain stability in the Managed Medicaid program in the Eastern Region. In the event that the Order approving the pending application of Aetna to acquire Coventry contains any conditions other than the one stated in Paragraph 2 above, Aetna and/or Coventry shall have no obligation to pay any part of the Escrow Funds discussed above.

5. The escrow agent shall release and pay the Escrow Funds to Home State upon the escrow agent's receipt of a letter from Home State certifying that it has rescinded its prior notice of termination of the WUPN contract. If Home State does not provide such certification within sixty (60) days after the escrow agent receives the Escrow Funds, then the Escrow Funds shall revert to Aetna.

6. HealthCare USA will not terminate its contract with Washington University Physicians Network ("WUPN") before the consummation of Aetna's acquisition of the Coventry Subsidiaries, unless MO HealthNet determines that one or more providers in the Eastern Region has capacity to treat high-acuity pediatric patients.

7. After Aetna's acquisition of the Coventry Subsidiaries, HealthCare USA will not terminate its contract with WUPN, until MO HealthNet determines that one or more providers in the Eastern Region has capacity to treat high-acuity pediatric patients.

8. While the undertakings provided for in Paragraphs 6 and 7 are in effect, MO HealthNet will not amend the Managed Medicaid contracts between it and HealthCare USA, Missouri Care and Home State, respectively, to reduce the percentage-of-total-membership enrollment cap in a region that could cause the suspension of further enrollment in one of those plans pursuant to Section 2.12.8 of those contracts or otherwise.

9. A proposed amendment to the Managed Medicaid contracts is agreed to by and between OA, MO HealthNet, HealthCare USA, Home State and Missouri Care, substantially in the form of Exhibit 3 to this Agreement ("Proposed Amendment").

10. OA and/or MO HealthNet shall submit the Proposed Amendment to CMS for approval, to become effective upon CMS approval (the "Managed Medicaid Contract Amendment").

11. Aetna and/or Missouri Care have ensured that WellCare (as the acquirer of Missouri Care) consents to the Managed Medicaid Contract Amendment.

12. In the event CMS does not approve the Managed Medicaid Contract Amendment, the Parties shall make all reasonable efforts to develop a mutually agreeable alternative methodology that achieves substantially the same programmatic objectives.

13. Nothing contained in this Agreement shall be construed as an admission of liability by any Party; rather, it is a compromise of disputes.

14. The Parties, by signing and executing this Agreement, represent and warrant that they do so with full authority to so act and warrant that they sign and execute this

Agreement after consultation with their respective counsel.

15. This Agreement embodies the entire agreement and understanding of the Parties with respect to the subject matter contained herein. The Parties hereby declare and represent that no promise, inducement, or agreement not herein expressed has been made, and the Parties acknowledge that the terms and conditions of this Agreement are contractual and not a mere recital.

16. Each Party to this Agreement agrees that by signing the Agreement, each releases, acquits, and forever discharges all other Parties to the Agreement, and any current or former agent, employee, agency, attorney, actor or contractor of the other Parties to the Agreement from any and all liability, claims, actions, causes of action whether in tort or contract, demands, rights, damages, costs, interest, loss of service, expenses, and compensation whatsoever, whether or not now known or contemplated, arising out of the disputes described in this Agreement.

17. Each Party to this Agreement hereby represents, acknowledges, and warrants that it has not, at any time heretofore, assigned to any person or entity, all or any portion of any claim or potential claim whatsoever that it may have, or may have had against the other Parties to this Agreement, based upon or arising out of the disputes described in this Agreement.

18. This Agreement is the joint work product of the Parties to this Agreement and, in the event of any ambiguity herein, no inference shall be drawn against a Party by reason of document preparation.

19. Each Party to this Agreement shall execute any and all documents as are necessary or desirable to consummate the transactions contemplated hereby.

20. Each Party to this Agreement warrants that the execution of this Agreement and any and all other documents to carry out this Agreement have been authorized by the appropriate corporate action.

21. This Agreement shall be governed by and construed under Missouri law. No changes or modifications of this Agreement are binding unless agreed to in writing.

22. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

23. A condition precedent to this Settlement Agreement is the entry of the two orders by the Department of Insurance as discussed herein. Failure of the Department to enter such orders relieves the parties of their obligations under this agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement, effective as of the last date of execution by a party.

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STATE OF MISSOURI, OFFICE OF ADMINISTRATION

BY: _____ Date: 3/27/13

Douglas E. Nelson
Commissioner of Administration

MISSOURI DEPARTMENT OF SOCIAL SERVICES, MO HEALTHNET DIVISION (MHD)

BY: _____ Date: 3/27/13

Dr. Ian McCaslin, MD, MPH
Director, MO HealthNet Division

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

MARLA S. LANE
My Commission Expires
September 29, 2014
Osage County
Commission #10393752

AETNA INC.

BY: _____ Date: _____

Gregg Martino
Assistant Vice President for State Government Relations

MISSOURI CARE, INC.

BY: _____ Date: _____

Name:

Title:

STATE OF MISSOURI, OFFICE OF ADMINISTRATION

BY: _____

Date: _____

MISSOURI DEPARTMENT OF SOCIAL SERVICES, MO HEALTHNET DIVISION (MHD)

BY: _____

Date: _____

AETNA INC.

BY: _____
Gregory S. Martino

Date: 3/27/2013

MISSOURI CARE, INC.

BY: _____

Date: _____

STATE OF MISSOURI, OFFICE OF ADMINISTRATION

BY: _____ Date: _____

Douglas E. Nelson
Commissioner of Administration

MISSOURI DEPARTMENT OF SOCIAL SERVICES, MO HEALTHNET DIVISION (MHD)

BY: _____ Date: _____

Dr. Ian McCaslin, MD, MPH
Director, MO HealthNet Division

AETNA INC.

BY: _____ Date: _____

Gregg Martino
Assistant Vice President for State Government Relations

MISSOURI CARE, INC.

BY: B-K Date: March 27, 2013

Name: Brian K. Fischer

Title: Chief Financial Officer and Treasurer

CENTENE CORPORATION

BY: Mark W. Eggert Date: 3/27/13

Name: Mark W. Eggert

Title: Senior VP Contractual & Regulatory Affairs

HOME STATE HEALTH PLAN, INC.

BY: _____ Date: _____

Shannon Bagley
President and CEO

COVENTRY HEALTH CARE, INC.

BY: _____ Date: _____

Name:

Title:

HEALTHCARE USA OF MISSOURI, LLC

BY: _____ Date: _____

Name:

Title:

CENTENE CORPORATION

BY: _____ Date: _____

Name:

Title:

HOME STATE HEALTH PLAN, INC.

BY: Shannon T. Bagley Date: March 27, 2013

Shannon Bagley
President and CEO

COVENTRY HEALTH CARE, INC.

BY: _____ Date: _____

Name:

Title:

HEALTHCARE USA OF MISSOURI, LLC

BY: _____ Date: _____

Name:

Title:

CENTENE CORPORATION

BY: _____

Date: _____

HOME STATE HEALTH PLAN, INC.

BY: _____

Date: _____

COVENTRY HEALTH CARE, INC.

BY: Jonathan Newberg /RAG

Date: March 27, 2013

HEALTHCARE USA OF MISSOURI, LLC

BY: _____

Date: _____

CENTENE CORPORATION

BY: _____

Date: _____

HOME STATE HEALTH PLAN, INC.

BY: _____

Date: _____

COVENTRY HEALTH CARE, INC.

BY: _____

Date: _____

HEALTHCARE USA OF MISSOURI, LLC

BY: _____

Date: 3/28/13