

Pastuch, Ron (OIC)

From: Timin, Gary P. [Gary.Timin@ssd.com]
Sent: Friday, November 11, 2011 9:55 AM
To: Pastuch, Ron (OIC)
Cc: Han, Lisa G.; jlenahan@humana.com; 'Joe Ventura'
Subject: RE: Humana AHP Form A - Deficiency Letter
Attachments: Washington Response 11-04-11.PDF; Washington Response 11-04-11 - Exhibit A.PDF; Washington Response 11-04-11 - Exhibit C2.pdf; Washington Response 11-04-11 - Exhibit E.docx; Washington Response 11-04-11 - Exhibit B.xlsx; Washington Response 11-04-11 - Exhibit C1.xlsx; Washington Response 11-04-11 - Exhibit D.xlsx

Mr. Pastuch,

Greetings. Despite the federal holiday today that I expect means Washington state offices are also closed, we are taking this first opportunity to submit Humana's response to your November 4, 2011, deficiency letter. The response consists of a letter addressed to you and Exhibits A through E. These materials, some of which are confidential and proprietary and so labeled to that effect, all supplement the Form A.

Humana stands ready to respond to any further questions your Department may have. We would also appreciate an opportunity to discuss with you possible hearing dates, once you are in a position to do so. Please do not hesitate to contact us any time. Thanks for your continued attention to this application.

Regards,
Gary

Gary P. Timin

Partner
gary.timin@ssd.com

Direct: +1.305.577.2860
Fax: +1.305.577.7001
Mobile: +1.850.294.1713

Squire, Sanders & Dempsey (US) LLP
200 South Biscayne Boulevard, Suite 4100
Miami, Florida 33131

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From: Pastuch, Ron (OIC) [<mailto:RonP@OIC.WA.GOV>]
Sent: Friday, November 04, 2011 5:32 PM
To: jlenahan@humana.com
Cc: Timin, Gary P.; Han, Lisa G.
Subject: Humana AHP Form A - Deficiency Letter
Importance: High

Good afternoon, Ms. Lenahan.

Please see the attached letter requesting additional information for the recent Form A filing from Humana's proposed acquisition of control of Arcadian Management Services and Arcadian Health Plan, Inc. Please feel free to contact me if you have any questions regarding this letter.

Thank you,

Ronald J. Pastuch, CPA

Holding Company Manager
Company Supervision Division
Washington state Office of the Insurance Commissioner

360.725.7211 | RonP@oic.wa.gov | www.insurance.wa.gov

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Office of Insurance Commissioner
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Joan O. Lenahan
Vice President and Corporate Secretary

Humana Inc.
The Humana Building
500 West Main Street
Louisville, KY 40202
502 580 3778 Tel
jlenahan@humana.com
www.humana.com

HUMANA.
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VIA ELECTRONIC MAIL

November 11, 2011

Ronald J. Pastuch
Holding Company Manager
Company Supervision Division
State of Washington
Office of Insurance Commissioner
P.O. Box 40255
Olympia, Washington 98504-0255

Re: Humana Inc.
Form A – Acquisition of Arcadian Management Services, Inc.

Dear Mr. Pastuch:

Set forth below are the responses of Humana Inc. (the “**Company**”) to the initial inquiry from the Washington Office of Insurance Commissioner (the “**OIC**”) in its letter dated November 4, 2011, with respect to the Company’s Form A filing relating to the proposed acquisition of Arcadian Management Services, Inc. (“**Arcadian Management**”). To ease your review, we have repeated your comments below in italicized print and followed each comment with our response.

* * *

- (1) *List of proposed directors and officers of Arcadian Management Services (“AMS”) and Arcadian Health Plan, Inc. (“AHP-WA”).*

Post-transaction, Humana expects the directors and officers of AMS and AHP-WA to be the following (all officers and directors of Humsol, Inc.):

Directors

Michael B. McCallister
James E. Murray
James H. Bloem

Officers

Michael B. McCallister *Chief Executive Officer*

James H. Bloem *Senior Vice President, Chief Financial Officer & Treasurer*

Paul B. Kusserow *Senior Vice President - Chief Strategy and Corporate Development Officer*

George G. Bauernfeind *Vice President*

Charles F. Lambert III *Vice President*

Joan O. Lenahan *Vice President and Corporate Secretary*

Ralph M. Wilson *Vice President*

Joseph C. Ventura *Assistant Secretary*

- (2) *Background verification reports on the directors and officers of Humsol and proposed directors and officers of AMS and AHP-WA. If those background reports are on file with the OIC, then please indicate when those reports were filed (similar to your Exhibit 7).*

Under separate cover, we are submitting copies of the biographical affidavits for each of the officers and directors of Humana Inc. and Humsol, Inc. (who will become the officers and directors of AMS and AHP-WA). We have also ordered background verification reports from Axcium, our outside vendor (copy of letter attached as Exhibit A), and have requested an expedited delivery of those reports to you.

- (1) *Please discuss the number of Washington State covered lives and the associated zip codes for both Humana and AHP-WA's Medicare Advantage plans.*

Please refer to the attached Exhibit B.

- (2) *Please provide the annual revenues associated with those Washington State covered lives.*

Please refer to the attached Exhibit C1 for AHP-WA, and the attached Exhibit C2 for Humana Medicare Advantage plans. Note that the information for Humana Medicare Advantage plans has been presented on a one-month basis for the month ended September 30, 2011.

- (3) *Please provide a listing of other Medicare Advantage plans offered by third parties where Humana and AHP-WA are doing business in the Washington State market.*

Please refer to the attached Exhibit D (note two tabs within the Excel file, one including state-wide information and the second broken down by county).

- (4) *Please provide any materials Humana and AHP-WA have prepared discussing or analyzing competitive overlap.*

Please refer to the attached Exhibit E.

- (5) *Please discuss any plans to merge, consolidate, transfer business, or re-domesticate AHP-WA once Humana obtains control of AHP-WA.*

As stated in the Form A, there are no plans or proposals to declare an extraordinary dividend, to liquidate AHP-WA, to sell its assets to or merge or consolidate it with any person or persons, or to make any other material change in its business operations or corporate structure. As noted, certain of the current directors and officers of AHP-WA will be replaced by persons who are current directors and/or officers of Humsol, Inc. There is no change now planned with respect to operational personnel at AMS or AHP-WA or the scope or nature of its business operations. As a MA plan, any future material change in operations will likely be subject to approval by CMS. Post-Closing, AHP-WA will continue its current operations as a sponsor of MA plans in accordance with the plan of operation most recently approved by CMS.

- (6) *Please discuss any plans to address any deficiencies meeting Washington's regulatory requirements on AHP-WA in order to continue doing business in Washington.*

Humana proactively projects capital and surplus before each quarter to confirm each regulated subsidiary exceeds the greater of 250% of Authorized Control Level Risk Based Capital requirements, or any state mandated requirements. Capital contributions from Humana Inc., the parent company, are made before quarter end when additional capital is required.

* * *

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Guidance when you need it most

We are available to discuss these responses with you or your staff. If you have any questions or comments, do not hesitate to contact me at (502) 580-3778.

Very truly yours,



Joan O. Lenahan
Vice President and Corporate Secretary

cc: Gary P. Timin, Esq.
Lisa G. Han,

Humana Inc.
Response to Washington Inquiry 11-4-11
Exhibit A

Humana Inc.
321 W. Main St.
Louisville, KY 40202
Humana.com

November 8, 2011

HUMANA.
Guidance when you need it most

Ms. Mandy Toncar
Client Relationship Manager
Acxiom Corporation
6111 Oak Tree Blvd.
Cleveland, OH 44131

Re: Humsol, Inc.--Investigative Reports for Washington DOI

Dear Ms. Toncar:

The Company is in the process of acquiring a company and needs to have investigative reports completed as part of the process. They must be submitted to the Washington Officer of Insurance Commissioner for all officers and directors of Humsol, Inc., the executive officers of Humana Inc. and the directors of Humana Inc.

Please prepare investigative reports for the individuals listed on the attachment. I am enclosing a copy of Biographical Affidavits for each of those individuals. Copies of their biographical affidavits are being forwarded to Washington.

Please send the investigative reports to the following address when completed:

Mr. Ronald J. Pastuch
Holding Company Manager
Company Supervision Division
State of Washington
5000 Capitol Blvd.
Tunwater, WA 98501

Also include the company name "Humsol, Inc." in the subject line of the letter.

Also, please send me an invoice to cover the fee for the investigative reports.

Do not hesitate to contact me at 800-486-2620 x 3719 or email me at pkaster@humana.com if you need any additional information.

Sincerely,



Patricia K. Kaster
Regulatory Compliance Analyst
Licensure and Reporting Department

/pkk

Enclosures

Officers and Directors of Humsol, Inc.

George G. Bauernfeind
James H. Bloem
Paul B. Kusserow
Charles F. Lambert
Joan O. Lenahan

Michael B. McCallister
James E. Murray
Joseph C. Ventura
Ralph M. Wilson

Executive Officers of Humana Inc.

James H. Bloem
Bruce J. Goodman
Bonita C. Hathcock
Paul B. Kusserow
Brian P. LeClaire
Thomas J. Liston

Venkata Madabhushi
Heidi S. Margulis
Michael B. McCallister
Steven E. McCulley
James E. Murray
Christopher M. Todoroff

Directors of Humana Inc.

Frank A. D'Amelio
Kurt J. Hilzinger
David A. Jones, Jr.
William J. McDonald

William E. Mitchell
David B. Nash, M.D
James J. O'Brien
Marissa T. Peterson