



OFFICE OF  
INSURANCE COMMISSIONER

HEARINGS UNIT  
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2012 DEC -6 10 6:02

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BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER

In the Matter of the Proposed Acquisition of Control of:  
  
**AMERIGROUP WASHINGTON, INC., a Washington Health Care Service Contractor,**  
  
by  
  
**WELLPOINT, INC., an Indiana corporation, and ATH HOLDING COMPANY, LLC, an Indiana limited liability company, and a direct wholly owned subsidiary of WellPoint, Inc.**

No. 12-0280  
  
**AMENDED NOTICE OF HEARING ON WELLPOINT INC.'S APPLICATION FOR APPROVAL OF PROPOSED ACQUISITION OF CONTROL OF AMERIGROUP WASHINGTON, INC.**

**TO:** John Cannon, Exec. Vice Pres./ Gen. Counsel  
WellPoint, Inc.  
120 Monument Circle  
Indianapolis, IN 46204

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Nicholas J. Pace, EVP, Gen. Counsel, Secretary  
Amerigroup Corporation  
4425 Corporation Lane  
Virginia Beach, VA 23462

James W. Truess, EVP, CFO  
Amerigroup Corporation  
4425 Corporation Lane  
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**COPY TO:** Mike Kreidler, Insurance Commissioner  
Mike Watson, Chief Deputy Insurance Commissioner  
James T. Odiorne, Deputy Commissioner, Company Supervision Div.  
Ronald J. Pastuch, Holding Company Manager, Company Supervision Div.  
Carol Surcau, Deputy Commissioner, Legal Affairs Division  
Kate Reynolds, Staff Attorney, Legal Affairs Division  
Office of the Insurance Commissioner  
P.O. Box 40255  
Olympia, WA 98504-0255

**The sole purpose of this Amended Notice of Hearing is to provide further details about the companies involved and the proposed acquisition at issue herein. No changes have been made to the information included in the original Notice of Hearing, or to the dates or nature of the proceeding, to the testimony expected from the companies involved, or the rights of all interested individuals and entities to present their support, concerns or objections to this proposed acquisition.**

#### **NATURE OF PROCEEDING**

WellPoint, Inc. proposes to purchase Amerigroup Washington, Inc. (“Amerigroup Washington”), a Washington domestic health care service contractor, as part of a larger acquisition whereby WellPoint, Inc. proposes to purchase Amerigroup Corporation and all of its approximately 36 subsidiaries operating throughout the nation (including Amerigroup Washington) in a transaction valued at over \$4.7 billion (approximately \$4,711,123,000). Should this larger acquisition be approved by the various states in which Amerigroup Corporation’s subsidiary health carriers are situated, WellPoint will wholly own and control all of Amerigroup Corporation and its approximately 36 health carrier subsidiaries. WellPoint’s proposed purchase of Amerigroup Washington is conditioned upon the approval of the Washington State Insurance Commissioner, and the undersigned has been delegated the responsibility to conduct the adjudicative proceeding herein and to make the final determination whether WellPoint’s proposed purchase of Amerigroup Washington should be approved or denied. [Amerigroup Corporation’s approximately 35 health carrier subsidiaries other than Amerigroup Washington, Inc. are domiciled in other states. Because the larger proposed acquisition is subject to the jurisdiction and approval of the states in which those other health carrier subsidiaries are domiciled, they are therefore not the subject of this proceeding.]

WellPoint, Inc. (hereinafter “WellPoint” or the “Applicant”) is a publicly traded Indiana for-profit corporation formed in 2004, with its common stock listed on the New York Stock Exchange. WellPoint, along with its approximately 131 subsidiaries, is one of the nation’s largest health carriers, with approximately 33.5 million individuals covered in its comprehensive health plans and an additional 31.5 million individuals covered in its health related plans including Medicare Part D plans, behavior health, dental, vision, and life and disability plans. WellPoint currently offers life, disability and health related plans including Medicare Part D plans in Washington mainly through its licensed subsidiaries, Anthem Life Insurance and Unicarc Life & Health Insurance companies. WellPoint received \$46.2 billion in revenue in the first nine months of 2012 with a net profit of \$2.2 billion; \$60.7 billion in revenue in 2011 with a net profit of \$2.65 billion; \$58.7 billion in 2010 with a net profit of \$2.89

billion; and \$64.9 billion in 2009 with a net profit of \$4.75 billion. WellPoint, Inc., through its subsidiaries, is licensed to conduct insurance operations in all 50 states.

Amerigroup Corporation is a publicly traded for-profit Delaware corporation formed in 1994 (originally as AMERICAID Community Care), with its common stock listed on the New York Stock Exchange. Amerigroup Corporation, along with its approximately 36 wholly owned subsidiaries, is one of the nation's largest health carriers, and is currently focused on providing healthcare coverage through publicly funded healthcare programs including Medicaid, Children's Health Insurance Plan (CHIP), Medicaid expansion programs and Medicare Advantage to over 2.7 million individuals nationally. Amerigroup Corporation received \$6.4 billion in revenue in the first nine months of 2012 with a net profit of \$96.8 million; \$6.3 billion in revenue in 2011 with a net profit of \$195.6 million; \$5.8 billion in revenue in 2010 with a net profit of \$273.4 million; and \$5.2 billion in 2009 with a net profit of \$149.3 million. Amerigroup Washington is a Washington health carrier which began operating on July 1, 2012. Amerigroup Washington holds a Certificate of Registration issued by the Insurance Commissioner which allows it to operate in Washington. It currently provides managed healthcare coverage primarily through the State's Healthy Options program to 16,423 Washington residents enrolled in Medicaid; Children's Health Insurance Program (CHIP); and Supplemental Security Income (SSI) eligibles who are not eligible for Medicare. For the first three months from July 1 to September 30, 2012 Amerigroup Washington received \$14.8 million in revenue with a net loss of \$3.3 million for that period.

All documents, and information referred to herein, and all those documents and information provided by WellPoint, Inc. and/or other sources relative to this proposed acquisition, are published for public review (including all of those documents and materials which WellPoint had initially claimed to be confidential and therefore not subject to public disclosure) at <http://www.insurance.wa.gov/orders/judicial-hearings/hearings-cases-a-b.shtml>. These documents and materials include, among other documents, 1) WellPoint's and Amerigroup's Agreement and Plan of Merger dated July 9, 2012; 2) listing of all regulatory actions taken by the various states against WellPoint in excess of \$100,000; 3) listing of all current litigation in the United States involving WellPoint (not including normal actions such as subrogation actions); 4) listing of all litigation in the United States involving WellPoint which was closed in the past two years due to e.g. adjudication, settlement (not including normal actions such as subrogation actions); 5) all other information which were submitted by WellPoint with its Application; 6) all information which was submitted by WellPoint in response to supplemental information requested by the Insurance Commissioner after the Application was filed; 7) all information which was submitted by Wellpoint in response to supplemental information requested by the undersigned; 8) all communications from the U.S. Department of Justice and the U.S. Federal Trade Commission written to the undersigned or filed herein to show the status of the U.S. Government's antitrust investigation of this proposed transaction; 9) Preliminary Proxy Statement for Amerigroup; 10) Pre- and Post-Closing Organizational Charts of WellPoint and Amerigroup; 11) List of Directors and Executive Officers of WellPoint (and ATII Holding Company) and biographical information for same; 12) Credit Agreement dated July 30, 2012; 13) Employment Agreements for Amerigroup Executives; 14) Annual Reports of WellPoint for calendar years 2009 through 2011; and 15) Quarterly Report of WellPoint, Form 10-Q, filed with the U.S. Securities and Exchange Commission for the periods ending March 31, 2012 and June 30, 2012; 16) WellPoint's letter dated October 16, 2012, with responses and information submitted pursuant to the Insurance Commissioner's

request for additional information; and 17) WellPoint's changed financing plans which are dated September 7, 2012 but filed with the undersigned on November 30, 2012, substantially changing those financing plans which it had originally filed with its application on August 6, 2012. All documents and information submitted herein will also be entered into evidence in this proceeding.

**I. Identity of WellPoint, Inc. (the Applicant) including Supplemental Information Regarding States' Regulatory Action Taken Since 2005 and Current and Recent Litigation.**

• **Identity of WellPoint, Inc. ("WellPoint" or "the Applicant"):** WellPoint is a publicly traded Indiana for-profit corporation, with its common stock listed on the New York Stock Exchange, formed in 2004 when WellPoint Health Networks, Inc. merged with Anthem, Inc. WellPoint, along with its subsidiaries, is one of the nation's largest health carriers, with, as of June 30, 2012, approximately 33.5 million individuals covered in its comprehensive health plans and an additional 31.5 million individuals covered in its health related plans including Medicare Part D plans, behavior health, dental, vision, and life and disability plans. WellPoint received \$46.2 billion in revenue in the first nine months of 2012 with a net profit of \$2.2 billion; \$60.7 billion in revenue in 2011 with a net profit of \$2.65 billion; \$58.7 billion in 2010 with a net profit of \$2.89 billion; and \$64.9 billion in 2009 with a net profit of \$4.75 billion. [Form A Application at Ex. 8-A, as supplemented.] WellPoint is licensed to conduct insurance operations in all 50 states through its wholly owned subsidiaries: it provides health care coverage in Washington through its Anthem Life Insurance Company and UniCare Life and Health Insurance Company subsidiaries; it is also an independent licensee of the Blue Cross and Blue Shield Association for all or portions of fourteen states, and provides healthcare coverage to those members as the Blue Cross and/or Blue Shield Licensee in those states; it also provides healthcare coverage throughout the nation through its wholly owned UniCare health plans and through its many other wholly owned health plan subsidiaries. WellPoint sells a broad spectrum of network-based managed care plans to large and small employers, individuals, Medicaid and senior markets, as well as managed care services to self-funded customers. Further, WellPoint provides services to the Federal Government in connection with the Federal Employee Program and various Medicare programs. Finally, WellPoint sells vision coverage, as well as eyeglasses and other ocular products through its recently acquired 1-800-CONTACTS, Inc.

**Supplemental Information: states' regulatory actions against WellPoint exceeding \$100,000.** As part of its Form A Application, in addition to other required information, the Insurance Commissioner required information about the number and type of cases since 2005 in which states have taken regulatory actions exceeding \$100,000 against WellPoint based upon WellPoint's handling of its insurance business. In response to this request, WellPoint submitted a list of regulatory actions which reported 35 regulatory actions exceeding \$100,000, 27 of which were disciplinary in nature. The disciplinary actions reported involved 13 different states and fines totaling more than \$25 million. [Exs. 1-A and 1-B, October 15, 2012 letter from Wellpoint.]

**Supplemental Information: current and past litigation involving WellPoint.** As another part of its Form A Application, the Insurance Commissioner, and subsequently the undersigned, required 1) information about the number and type of currently active cases in litigation in which WellPoint is the defendant, including litigation brought by covered individuals, providers and others; and 2) information about the number and type of cases in which WellPoint is the defendant, including litigation brought by

covered individuals, providers and others, which were closed in the past two years. In response to this request, WellPoint submitted 1) a list reporting 740 cases of active litigation (not including routine insurance subrogation and other routine matters); and 2) a list reporting 1,202 cases that were closed in the past two years. [Exs. A and B, November 26, 2012 letter from WellPoint.]

## **II. Identity of Amerigroup Corporation and its subsidiary, Amerigroup Washington, Inc.**

- **Identity of Amerigroup Corporation:** Amerigroup Corporation is a publicly traded Delaware corporation formed in 1994 (originally as AMERICAID Community Care) which is listed on the New York Stock Exchange and which, through its approximately 36 wholly owned health carrier subsidiaries, is one of the nation's largest health carriers, and is currently focused on providing managed healthcare coverage through publicly funded healthcare programs including Medicaid, CHIP, Medicaid expansion programs and Medicare Advantage to over 2.7 million individuals in Washington, Texas, Florida, Georgia, Maryland, Tennessee, New Jersey, New York, Nevada, Ohio, New Mexico, and Louisiana. In May 2012 it acquired Health Plus. In November 2012, in connection with the U.S. Department of Justice's antitrust investigation concerning this larger proposed acquisition (see below), Amerigroup Corporation sold its Virginia health plan(s) to Inova Health System Foundation. Amerigroup Corporation received \$6.4 billion in revenue in the first nine months of 2012 with a net profit of \$96.8 million; \$6.3 billion in revenue in 2011 with a net profit of \$195.6 million; \$5.8 billion in revenue in 2010 with a net profit of \$273.4 million; and \$5.2 billion in 2009 with a net profit of \$149.3 million.

- **Identity of Amerigroup Washington, Inc. ("Amerigroup Washington"):** Amerigroup Washington, which is one of Amerigroup Corporation's approximately 36 wholly owned health carrier subsidiaries, is a Washington domiciled health care service contractor which was formed in 2010 and began operating on July 1, 2012 under a Certificate of Registration issued by the Insurance Commissioner. It currently provides managed healthcare coverage primarily through the state's Healthy Options program to 16,423 Washington residents enrolled in Medicaid; Children's Health Insurance Program (CHIP); and Supplemental Security Income (SSI) eligibles who are not eligible for Medicare. For the first three months from July 1 to September 30, 2012 Amerigroup Washington received \$14.8 million in revenue with a net loss of \$3.3 million for that period.

## **III. Details of Proposed Acquisition; Consideration to be Paid; Financing; and Result of Proposed Acquisition.**

- **Details of Proposed Acquisition:** Because WellPoint's proposed purchase of Amerigroup Corporation includes the purchase of Amerigroup Washington, a Washington domestic health care service contractor, the part of WellPoint's proposed purchase of Amerigroup Washington is subject to the approval of the Washington State Insurance Commissioner. Therefore, on August 6, 2012, WellPoint Inc. filed a Form A Application ("Application") dated August 3, 2012 requesting the Insurance Commissioner's approval of WellPoint Inc.'s proposed acquisition of Amerigroup Washington. On October 26, 2012, the Insurance Commissioner determined that WellPoint Inc.'s Application contained all of the documents and information required to be included therein but still pending some filings expected from WellPoint, Inc. in November 2012, and transmitted the application to the undersigned with the request that an adjudicative proceeding be conducted and a final decision

made. Subsequently, in response to pending and additional requests from the Insurance Commissioner and also requests from the undersigned, WellPoint, Inc. filed further information and materials. Finally, on November 30, 2012, changes to WellPoint, Inc.'s financing plans for this proposed acquisition were filed, substantially changing those financing plans which WellPoint, Inc. originally filed with its application on August 6, 2012.

As detailed in WellPoint's Application, supplemental materials and Agreement and Plan of Merger entered into by the parties on July 9, 2012, WellPoint proposes to purchase Amerigroup Corporation and all of its approximately 36 subsidiaries including Amerigroup Washington as follows: WellPoint wholly and directly owns ATH Holding Company, LLC, which is an Indiana limited liability company which has no business operations of its own and serves as a holding company for several of WellPoint's operating insurance companies and other subsidiaries and intends to continue serving as an intermediate holding company for various current and future acquisitions made by WellPoint. In turn, ATH Holding Company directly and wholly owns WellPoint Merger Sub, Inc., a Delaware corporation. WellPoint proposes to merge WellPoint Merger Sub with Amerigroup Corporation, and immediately upon consummation of the Merger, the separate corporate existence of Merger Sub will cease, and Amerigroup will continue as the surviving corporation and as an indirect wholly owned subsidiary of WellPoint. WellPoint would then, by virtue of the Merger, acquire beneficial ownership and control of 100% of all of the stock of Amerigroup Corporation and its subsidiaries including Amerigroup Washington. This transaction will therefore result in a change of control of Amerigroup Corporation and all of its subsidiaries including Amerigroup Washington.

- **Consideration to be Paid:** As reflected in its SEC 10Q Report dated November 6, 2012, as of that date Amerigroup Corporation had 51,207,860 issued and outstanding shares of common stock. Pursuant to the above-referenced Agreement and Plan of Merger, should this transaction be approved, immediately prior to the effective time of the Merger, all Amerigroup common stock will be converted from their current value of \$.01 per share into a right to receive \$92.00 in cash [Form A Application; Agreement and Plan of Merger], for a total Merger Consideration of approximately \$4,711,123,000. Further, upon such conversion all such shares of Amerigroup Corporation common stock will cease to exist. WellPoint states that it and Amerigroup Corporation - with the assistance of their respective representatives, financial advisors and counsel and under the direction of their respective boards of directors - determined the nature and amount of this Merger Consideration, and the other terms and conditions of the proposed transaction, through arm's length negotiations.

- **Financing:** By letter dated September 7, 2012 which was filed with the undersigned on November 30, 2012, WellPoint substantially changed the manner in which it plans to finance this proposed acquisition of Amerigroup Corporation from those plans filed with its Form A Application filed on August 6, 2012. Specifically, as reflected in its September 7, 2012 letter, WellPoint advises that on September 10, 2012 it closed on a \$3.25 billion underwritten public debt offering and received net proceeds of approximately \$3.21 billion from this transaction (after deducting underwriting discounts and offering expenses). This debt offering consisted of four tranches of senior unsecured notes of WellPoint: 1) \$625 million 1.25% Notes due September 10, 2015; \$625 million 1.875% Notes due January 15, 2018; \$1.0 billion 3.30% Notes due January 15, 2023; and \$1.0 billion 4.650% Notes due January 15, 2043. [Exs. B and C to WellPoint's September 7, 2012 letter regarding financing plans, WellPoint's Prospectus Supplement dated September 5, 2012; WellPoint's Second Quarter 2012

Report on Form 8-K filed with the U.S. Securities and Exchange Commission on September 10, 2012, which contain a detailed summary of the term of the Notes, forms of each of the four tranches of Notes, WellPoint's computation of its ratio of earnings to fixed charges and the underwriting agreement pursuant to which the Notes were sold.] Consistent with the information provided in the Form A Application, with the completion of this Notes offering WellPoint advises it has finalized its plans for permanent financing for the Amerigroup acquisition. Specifically, WellPoint currently estimates that the total acquisition/merger consideration and fees and expenses payable by it in connection with the Amerigroup acquisition will be approximately \$5.0 billion. WellPoint intends to use approximately \$3.1 billion of the net proceeds from the sale of the Notes to pay a portion of these costs, and expects to fund the remaining \$1.9 billion of the costs with a combination of cash on hand and commercial paper borrowings. As of June 30, 2012, WellPoint advises it had approximately \$2.5 billion available for borrowing under its authorized commercial paper program and that updated information on these amounts as of September 30, 2012 are included in its Third Quarter 2012 Report on Form 10-Q that was filed with the U.S. Securities and Exchange Commission recently in November 2012. Further, WellPoint's existing senior credit facility described in the Form A Application, which provides credit of up to \$2.0 billion, remains available in the event that additional sources of funds are needed for the Amerigroup acquisition. Finally, as is noted in the Form A Application, Fitch, Inc. has taken action on certain WellPoint ratings. On September 5, 2012, Fitch reduced WellPoint's Long-Term Issuer Default rating from "A" to "A-" and certain issue ratings from "AA-" to "BBB+" among other changes. Fitch also affirmed the Insurer Financial Strength ratings of WellPoint's operating subsidiaries at "AA-" and stated that its outlook on certain WellPoint ratings remains as "Negative."

(More details of this proposed acquisition, and all documents referenced herein, can be found in the Agreement and Plan of Merger dated July 9, 2012, WellPoint's revised financing plans dated September 7, 2012 and filed with the undersigned on November 30, 2012, WellPoint's Second and Third Quarter 2012 Reports on Form 8-K filed with the U.S. Securities and Exchange Commission on September 10, 2012 and November 2012, and related documents, at <http://www.insurance.wa.gov/orders/judicial-hearings/hearings-cases-a-b.shtml>.)

- **Result of Proposed Acquisition:** Should this proposed acquisition be approved, upon consummation of the acquisition and merger, Amerigroup would become the surviving corporation and an indirect wholly owned subsidiary of WellPoint. WellPoint would own all of the issued and outstanding stock of Amerigroup including Amerigroup Washington and all of Amerigroup's other approximately 35 health carrier subsidiaries. All of the presently issued and outstanding 51,207,860 shares of common stock of Amerigroup Corporation (except for such stock which may be held by any subsidiary of WellPoint other than Merger Sub), currently valued at \$.01 will be cancelled and converted into the right to receive \$92.00 per share as specified in the Agreement and Plan of Merger. The result would be that WellPoint will wholly own Amerigroup Corporation and all of its subsidiaries, including Amerigroup Washington, and a complete change of control would have occurred.

IV. **Statements of Applicant; Statutory requirements for approval of proposed acquisition; Hearing procedure, required pre-filed written and live testimony from WellPoint, Amerigroup Washington and the Insurance Commissioner, and opportunity for interested persons to present support, concerns and objections to this proposed**

**acquisition.**

- **Statements of Applicant:** In its Form A Application filed September 6, 2012, in support of its request for the Insurance Commissioner's approval of its proposed purchase of Amerigroup Washington, among other statements, WellPoint has made the following:

WellPoint states that it believes that there will be no change to its operations or those of its current subsidiaries as a result of this proposed acquisition.

WellPoint states that it has no present plans to make any material change in Amerigroup Washington's business operations, corporate structure or management upon acquisition of the company. WellPoint has no current plans or proposals to reduce the number of employees employed by Amerigroup Washington, and such employees are expected to remain employees of Amerigroup Washington, and for a period of one year will be provided similar compensation and benefits to those provided prior to the merger. Following the merger, Amerigroup Washington will continue to maintain its separate corporate existence.

WellPoint states that it believes that the proposed acquisition will have no adverse effect on competition in the product or geographic markets for their services and lines of insurance and business in Washington. In its Form A Application, WellPoint indicated that it filed its Hart-Scott-Rodino Act Premerger Notification Report Form with the Federal Trade Commission and the Department of Justice on July 23, 2012. However, subsequently, the U.S. Department of Justice ("DOJ") determined not to grant early termination of the waiting period and instead commenced an investigation into antitrust concerns about this proposed acquisition. As of this date, the undersigned has received a letter from the U.S. Department of Justice advising that the Antitrust Division of the U.S. Department of Justice was the federal authority investigating the antitrust issues involved in the proposed transaction. The letter further advised that the Antitrust Division of the U.S. Department of Justice has concluded that the proposed transaction is unlikely to lessen competition substantially anywhere in the State of Washington. [U.S. Department of Justice letter dated November 26, 2012.] WellPoint has also filed with the undersigned a copy of a letter dated November 30, 2012 from the U.S. Federal Trade Commission indicating that WellPoint's request for early termination of the waiting period was granted effective November 30, 2012 with respect to the proposed acquisition of Amerigroup Corporation by WellPoint. Closure of this investigation and grant of WellPoint's request for early termination of the waiting period was apparently conditioned upon Amerigroup Corporation's divestiture of its Virginia health plan(s), which occurred by virtue of its sale to Inova Health System Foundation in November 2012. Testimony will be received regarding this antitrust investigation and the details of its resolution. WellPoint states that there are no court proceedings involving reorganization or liquidation pending with respect to any of its organizational subsidiaries.

- **Statutory requirements for approval of proposed acquisition:** Pursuant to RCW 48.31C.030(5), the Insurance Commissioner shall approve an acquisition of a domestic health carrier unless, after a public hearing thereon, it is found: 1) that after the change of control, the domestic carrier would not be able to satisfy the requirements for registration as a health carrier; and 2) the

antitrust section of the office of the attorney general and any federal antitrust enforcement agency has chosen not to undertake a review of the proposed acquisition and the commissioner pursuant to his or her own review finds that there is substantial evidence that the effect of the acquisition may substantially lessen competition or tend to create a monopoly in the health coverage business; 3) the financial condition of an acquiring party is such as might jeopardize the financial stability of the health carrier, or prejudice the interest of its subscribers; 4) the plans or proposals that the acquiring party has to liquidate the health carrier, sell its assets, consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to subscribers of the health carrier and not in the public interest; 5) the competence, experience, and integrity of those persons who would control the operation of the health carrier are such that it would not be in the interest of subscribers of the health carrier and of the public to permit the merger or other acquisition of control; 6) or the acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

• **Hearing procedure, required pre-filed written, and live, testimony from WellPoint, Amerigroup Washington and the Insurance Commissioner, and opportunity for interested persons to listen to this proceeding and/or to present support, concerns and objections to this proposed acquisition at no charge:** The parties are advised that the Insurance Commissioner or his duly authorized representative is expected to testify as to whether he has given reasonable advance notice to the public of the hearing scheduled herein and whether he or any members of his staff has received any objections or concerns relative to this proposed acquisition and provide details of these objections or concerns. The Insurance Commissioner or his duly authorized representative is also expected to testify as to 1) the conclusions the Insurance Commissioner has reached during his examination of WellPoint's Form A Application and all related documents and communications filed either before or after the Form A Application; 2) as to what the Insurance Commissioner's position is on the above stated issues 1) through 6); and 3) as to whether the Insurance Commissioner or any member of his staff has received any objections or concerns regarding this proposed acquisition and what specifically those objections and concerns are.

Further, a duly authorized representative of WellPoint is expected to testify as to 1) what its position is as to the above stated issues 1) through 6) and why; and 2) as to whether the Applicants or any of their affiliates has received any objections or concerns regarding this proposed acquisition and provide details of these objections and concerns.

Additionally, a duly authorized representative of Amerigroup Washington is expected to testify as to 1) Amerigroup Washington's position on the above stated issues 1) through 6); and 2) as to whether Amerigroup Washington, Amerigroup Corporation or any of its subsidiaries has received any objections or concerns relative to this proposed acquisition.

Finally, while live testimony from the Insurance Commissioner, WellPoint, and Amerigroup Washington will be taken during the hearing as to the above identified issues, written declarations from the parties and the Commissioner must be filed at least five working days prior to the date of the hearing. Further, oral opening statements and closing arguments from WellPoint and Amerigroup Washington are expected to be filed at least five working days prior to the date of the hearing. Duly authorized representatives of WellPoint and Amerigroup Washington can include officers and/or

directors of the companies, or in-house counsel employed by the companies; while testimony of outside counsel or others may be presented, it will be in addition to the testimony of those duly authorized representatives specified above.

**YOU ARE HERBY NOTIFIED that a hearing will be held commencing at 10:00 a.m. Pacific Standard Time on Wednesday, December 19, 2012,** in the Office of the Insurance Commissioner, Capitol Campus Insurance Building, 302 Sid Snyder Avenue SW, Olympia, Washington 98504, to consider WellPoint Inc.'s (and ATH Holding Company's) request for approval of the proposed acquisition of Amerigroup Washington, Inc. by WellPoint, Inc. (and ATH Holding Company) under the terms specified in their Agreement and Plan of Merger dated July 9, 2012, and documents filed subsequent thereto, which are referenced above and are all published on the Insurance Commissioner's website at <http://www.insurance.wa.gov/orders/judicial-hearings/hearings-cases-a-b.shtml>.

The hearing will be held under the authority granted the Insurance Commissioner by Chapter 48.04 RCW and RCW 48.31C.030, and shall have as its purpose consideration of the Applicants' request for approval of the proposed acquisition of Amerigroup Washington, Inc. by WellPoint, Inc. The hearing will be governed by the Administrative Procedure Act, Chapter 34.05 RCW, and the model rules of procedure contained in Chapter 10-08 WAC. A party who fails to attend or participate in any stage of the proceeding may be held in default in accordance with Chapter 34.05 RCW.

The Insurance Commissioner has not taken, and will not take, any position on this matter prior to entry of the Findings of Facts, Conclusions of Law and Final Order to be entered by the undersigned after hearing.

**YOU ARE FURTHER NOTIFIED that all interested individuals may attend the hearing in this matter without prior approval as this is a public proceeding. Further, interested parties may also listen to or otherwise participate in the hearing, at no charge, by telephone by dialing (877) 668-4493, followed by access code number 231 993 38. YOU ARE FURTHER NOTIFIED that all interested individuals and entities may present questions about, and submit comments on or objections to, this proposed acquisition to the undersigned. Said comments or objections, which will be included in the hearing record and will be considered by the undersigned prior to her making her final decision in this matter, must be submitted by 9:00 a.m. Pacific Standard Time on Wednesday, December 19, 2012, by fax, U.S. Mail, personal delivery, or email to Judge Petersen. Her fax number is (360) 664-2782; her U.S. Mail address is PO Box 40255, Olympia, WA 98504-0255; her personal delivery address is 5000 Capitol Boulevard, Tumwater, Washington 98501; and her email address is that of her Paralegal, Kelly A. Cairns, which is [KellyC@oic.wa.gov](mailto:KellyC@oic.wa.gov). YOU ARE FURTHER NOTIFIED that, pursuant to RCW 48.31C.030(4), any interested person may present evidence and argument on all issues involved, examine and cross-examine witnesses, and offer oral and written statements, and in connection therewith may conduct discovery proceedings.**

The Insurance Commissioner will appear by and through Kate Reynolds, Esq., Staff Attorney in his Legal Affairs Division. She can be reached at (360) 725-7179 or [KateR@oic.wa.gov](mailto:KateR@oic.wa.gov). WellPoint Inc.

(and ATH Holding Company, LLC) will be represented by Brian Kreger, Esq. of Kreger Beeghly PLLC, 999 Third Avenue, Suite 3000, Seattle, WA 98104. He can be reached at (206) 829-2757 or bk@kregerbeeghly.com. Amerigroup Washington, Inc. will be represented by Nicholas J. Pace, Executive Vice President, General Counsel and Secretary of Amerigroup Corporation, 4425 Corporation Lane, Virginia Beach, VA 23462. He can be reached at (757) 321-3558. Timothy J. Parker, Esq. of Carney Badley Spellman, P.S., 701 Fifth Avenue, Suite 3600, Seattle, WA 98104, will serve as local counsel for Amerigroup Washington, Inc. He can be reached at (206) 622-8020 or parker@carncylaw.com.

Based upon a delegation of authority from the Insurance Commissioner, the undersigned will conduct the hearing and will make the final decision and enter the final order relative to this matter without input from the Insurance Commissioner or his staff or any other individual who has knowledge of the issues herein, except as will be presented as evidence in the hearing. Her address is Office of the Insurance Commissioner, Hearings Unit, P.O. Box 40255, Olympia, WA 98504-0255 and her telephone number is (360) 725-7105. All questions or concerns should be directed to Kelly A. Cairns, Paralegal to the undersigned, who may be reached at the telephone and fax numbers, e-mail or U.S. Mail addresses set forth above.

On November 7, 2012, the undersigned held a first prehearing conference in this matter. Participants included: Kate Reynolds, Esq.; OIC Staff Attorney, Ronald J. Pastuch, OIC Holding Company Manager; Jason Kimpel, Esq. and Jared Danilson, Esq. of Facgre Baker Daniels LLP, outside counsel for WellPoint, Inc.; Jay Wagner of WellPoint, Inc.; Brian Kreger, Esq. and Steve Beeghly, Esq., of Kreger Beeghly, PLLC, local counsel for WellPoint, Inc.; and Mary Clogston, consultant for Amerigroup Washington, Inc. During said first prehearing conference, the undersigned identified the parties and statutes involved, reviewed procedure to be expected at hearing, and responded to all questions and concerns of the parties. As stated above, **should any party or any interested individual have any further questions or concerns prior to the hearing date, they are advised to telephone or e-mail Kelly A. Cairns, Paralegal to the undersigned, for assistance or to schedule a second prehearing conference if necessary.**

Pursuant to WAC 10-08-040(2) and in accordance with ch. 2.42 RCW, if a limited English-speaking or hearing impaired or speech impaired party or witness needs an interpreter, a qualified interpreter will be appointed. There will be no cost to the party or witness therefore, except as may be provided by ch. 2.42 RCW. Following this Notice is a form you may use to advise the Chief Presiding Officer of your need for an interpreter.

ENTERED at Tumwater, Washington, this 6<sup>th</sup> day of December, 2012, pursuant to Title 48 RCW and specifically RCW 48.31C.030, Title 34 RCW, and regulations applicable thereto.

  
\_\_\_\_\_  
**PATRICIA D. PETERSEN**  
Chief Presiding Officer

Declaration of Mailing

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery through normal office mailing custom, a true copy of this document to the following people at their addresses listed above: John Cannon, Esq., Brian Kreger, Esq., Tibor D. Klopfer, Esq., James W. Truess, Nicholas J. Pace, Esq., Timothy J. Parker, Esq., Mike Kreidler, Michael G. Watson, Carol Sureau, Esq., Kate Reynolds, Esq., James T. Odiome and Ronald J. Pastuch.

DATED this \_\_\_\_\_ day of December, 2012.

  
\_\_\_\_\_  
KELLY A. CAIRNS