

February 16, 2013

Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

VIA EMAIL
UNITED STATES MAIL

Judge Patricia Petersen
Chief Hearing Officer
Office of the Insurance Commissioner
5000 Capitol Boulevard
Tumwater, WA 98501

**Re: In the Matter of the Proposed Acquisition of Control of SoundPath Health,
Inc. No. 13-0039**

Dear Judge Petersen:

We have now had the opportunity to review the Notice of Hearing ("Notice") first posted on the official website of the Office of the Insurance Commissioner on February 14, 2013 with respect to the above-subject Application. The purpose of this letter is to request (1) a clarification or limitation of certain information requested in the Notice, and/or (2) an extension of time to provide the additional requested information that may be deemed by you to be relevant to the proceedings in this matter.

As you have accurately set forth in the Notice, the ultimate parent of CollabHealth Plan Services, Inc. (the "Applicant") is Catholic Health Initiatives ("CHI"). CHI is the ultimate parent or partial owner of over 200 legal entities that are engaged in providing healthcare and/or healthcare support activities. CHI's primary focus has previously been on the operation and management of healthcare facilities and developing relationships with primary care and specialty care physicians, and not in the provision of health insurance as a risk bearing payor entity.

That is not to say, however, that CHI does not have experience in the insurance industry. As noted in the Application, and as you commented on in the Notice, CHI is the largest shareholder of Preferred Professional Insurance Company ("PPIC"), a Nebraska property and casualty insurer that is engaged in primarily underwriting medical professional liability insurance coverages. CHI is also the owner of a captive insurance company, First Initiatives Insurance Ltd. ("FIIL") that provides property and casualty insurance and reinsurance coverages primarily to CHI and its subsidiary companies. CHI also owns and manages Captive Management Initiatives, a company that provides administrative services to FIIL and third party captives.

Judge Patricia Peterson

February 16, 2013

Page 2

Now, however, in the rapidly evolving business of healthcare delivery, CHI has determined that its mission of transforming healthcare delivery, improving access to healthcare, improving the quality, efficiency and availability of healthcare and promoting healthy communities can be further enhanced by providing health insurance to the people in its communities and by managing their care through payor programs and entities such as SoundPath.

In the Application, the Applicant provided information regarding litigation matters which were deemed material with respect to most of its operating subsidiaries. Materiality in that respect was deemed \$2 Million. This was deemed to be reasonable in view of the fact that CHI's aggregate annual gross receipts are in the neighborhood of \$10 Billion. It should be noted that none of these matters in the information provided relate to any allegation involving health insurance.

In the Notice, you determined that the Applicant's response to the inquiry related to current or past regulatory action against any Washington state agency, as posed by the Office of the Insurance Commissioner ("OIC"), was not the appropriate question and therefore the response was not meaningful. In the Notice you direct that the Applicant provide "detailed information about all current and past states's /federal government's regulatory actions against CHI, SoundPath, CollabHealth or any entity which is or has been affiliated with CollabHealth in the past two years within five working days of the date of entry of this Notice of Hearing".

With respect to the response in the Form A relating to current or past litigation in the past two years, the Applicant's response as noted above was deemed not to be meaningful. You advised that the appropriate instruction from the OIC should have been to "provide detailed information about all current and past states's /federal government's regulatory actions against CHI, SoundPath, CollabHealth or any entity which is or has been affiliated with CollabHealth in the past two years within five working days of the date of entry of this Notice of Hearing". This direction would appear to be duplicative of the response required for current regulatory actions as opposed to current litigation matters, and for purposes of this letter, we assume this was simply an error in transcription of your intent to refer instead to current litigation matters.

In any event, we respectfully request the information requested in both the regulatory matters and the litigation matters be limited to matters of relevance to an insurance company payor system, which would certainly be more pertinent to the acquisition of an insurance risk bearing entity such as SouthPath, at least insofar as to CHI, the Applicant and its affiliates. As you can imagine, without limiting the relevance or the materiality of the request, in light of the size of CHI and the highly regulated and litigious environment in which its healthcare systems and professional medical malpractices operate, the ability to accurately gather and respond to such a request would be daunting, and probably impossible within the time frames directed. We further suggest that review of those documents by you and your team would be an extremely

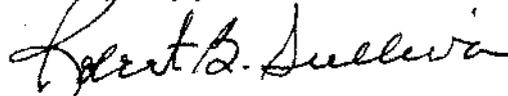
Judge Patricia Peterson
February 16, 2013
Page 3

time-consuming exercise unlikely to yield information that you would find relevant to our filing.

Notwithstanding our request to limit the scope of the request, and/or the time within which to respond, we are not requesting the same limit of scope or the time to respond with respect to SoundPath itself.

While we understand the next working day is Tuesday, February 19, 2013, we request the opportunity to discuss this matter with you, Kate Reynolds and Mr. Tim Parker on that date at a time that is convenient to your calendar, in view of the time limit set forth in your directions.

Very truly yours,



Robert B. Sullivan

RBS:sam