



PeaceHealth

Shared Services Center

February 13, 2014

Ronald Pastuch, Holding Company Manager
Office of the Insurance Commissioner
State of Washington
5000 Capitol Blvd.,
Tumwater, WA 98501

RECEIVED

1.13.14

INSURANCE DIVISION
STATE OF WASHINGTON
TUMWATER, WA 98501

RE: PeaceHealth Network's retention of control of Columbia United Providers, a domestic insurer

Dear Mr. Pastuch:

Consistent with RCW 48.02.060 and WAC 284-18-920, enclosed please find two completed copies of Form A related to PeaceHealth Network's continued control of Columbia United Providers, a domestic insurer.

Please note that any confidential personal information contained within (ie, home addresses, Social Security numbers) should be redacted prior to posting publicly.

Please feel free to contact me at (360) 729-1105 with any questions. We look forward to working with you in the coming weeks.

Sincerely,


Stuart P. Hennessey
Senior Vice President Legal Affairs

Form A.

FORM A	
STATEMENT REGARDING THE	
ACQUISITION OF CONTROL OR MERGER WITH A DOMESTIC INSURER	
Columbia United Providers Inc.	
Name of Domestic Insurer	
BY	
PeaceHealth Networks	
Name of Acquiring Person (Applicant)	
Filed with the Insurance Commissioner of the State of Washington	
Dated: February 13, 2014	
Name, Title, Address, and Telephone Number of Individual to Whom Notices and Correspondence Concerning this Statement Should be Addressed:	
Stuart P. Hennessey, Senior Vice President of Legal Affairs	
1115 SE 164th Avenue (Dept. 302)	
Vancouver, WA 98683	
(360) 729-1105	

WAC 284-18A-910 Form A.

Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer

ITEM 1. INSURER AND METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.

The name and address of the domestic insurer to which this application relates is:

Columbia United Providers Inc.

19120 SE 34th Street

Suite 201

Vancouver, WA 98683-1430

Ninety one and seven tenths percent (91.7%) of the currently issued stock for Columbia United Providers, Inc. ("CUP") is owned by PeaceHealth Networks ("PHN"), which corporation was formerly named Southwest Washington Health System ("SWHS"). SWHS changed its name to PHN on February 3, 2014 by amending its corporate articles, as shown on **Attachment 1** hereto. Since December 31, 2013, PHN has been the sole member of PeaceHealth ("PH"). This was accomplished through the amendment of the articles and bylaws of PH and SWHS. Copies of those amended articles and bylaws are **Attachments 2, 3, 4 and 5** hereto and the current corporate structure is shown on the diagram which is **Attachment 6** hereto. By means of the recent corporate reorganization documented in Attachments 2 through 6, the roles of PH and PHN were reversed and there will be no change of control over CUP.

During the period from January 1, 2011 to December 31, 2013, the relationship between PH and SWHS was the reverse of what it is now. On January 1, 2011 PH became the sole member of SWHS through an Affiliation Agreement and held reserved powers over SWHS according to the SWHS bylaws in effect during that period. By an amendment to that Affiliation Agreement, however, PH specifically excepted from those powers any control over CUP until such time as the Office of the Insurance Commissioner had approved PH's change of control over SWHS. Approval by the Office of the Insurance Commissioner was not granted during that period so PH was never allowed to exercise control over CUP.

This Form A is being filed to clarify and confirm that PH no longer has control over PHN. PHN is again independent of PH and PHN retains ownership of 91.7% of the CUP stock so the situation has reverted to what it had been prior to the January 1, 2011 affiliation between the two corporations. CUP will continue to operate without disruption.

PHN is a Washington nonprofit corporation, an organization described in Section 501(c) (3) of the Internal Revenue Code of 1986, as amended (the "Code") and is exempt from federal income tax under Section 509(a) of the Code.

The remaining 8.3% of CUP stock is owned by various physicians and physician groups in the Vancouver, Clark County area.

Please see **Attachment 7** for the list of current CUP stockholders, including name, address, and number of shares and percentage of total shares held by each party. All shareholders directly own the shares listed by their name, and to the best of our knowledge, do not beneficially own any other CUP shares.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) State the name and address of the applicant seeking to acquire control over the insurer.

The applicant that has had and will continue to have control of Columbia United Providers (CUP) is:

PeaceHealth Networks

1115 SE 164th Avenue

Vancouver, WA 98683

(b) If the applicant is not an individual, state the nature of its business operations for the past five years or for such lesser period as such person and any predecessors thereof shall have been in existence. Briefly describe the business intended to be done by the applicant and the applicant's subsidiaries.

Prior to December 31, 2012, PHN (formerly known as SWHS) was the member corporation of a group of non-profit corporations engaged in providing healthcare services in Clark County, Washington. The largest of those non-profit corporations in which SWHS was the member was Southwest Washington Medical Center, which operated two licensed hospitals in the city of Vancouver, Washington. As discussed in section 1, above, SWHS also owned approximately 92% of the stock in CUP. On December 31, 2012, the Southwest Washington Medical Center corporation was merged into PH. The other, smaller non-profit corporations of which SWHS was the member were either similarly merged into PH or were dissolved. Thus, for the last year from December 31, 2012 to December 31, 2013, the only business of SWHS has been its ownership of CUP stock.

(c) Furnish a chart or listing clearly presenting the identities of the inter-relationships among the applicant and all affiliates of the applicant. No affiliate need be identified if its total assets are equal to less than one-half of one percent of the total assets of the ultimate

controlling person affiliated with the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g. corporation, trust, partnership) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

The organizational chart of PHN is included as **Attachment 8**. Also please note that per the provisions of the SWHS bylaws which are **Attachment 4** hereto, the members of the board of directors of PHN are identical to the members of the board of directors of PH and the officers of the two corporations are also identical.

As described above, PHN will own 91.7% of CUP's common capital stock and the remaining 8.3% of CUP shares will continue to be owned by various physicians and physician groups in the Vancouver, Clark County area.

There are no court proceedings involving a reorganization or liquidation pending with respect to PeaceHealth or any of its affiliates.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

State the following with respect to (1) the applicant if (s)he is an individual or (2) all persons who are directors, executive officers or owners of ten percent or more of the voting securities of the applicant if the applicant is not an individual.

(a) Name and business address;

(b) Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on;

(c) Material occupations, positions, offices or employment during the last five years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal

governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith;

(d) Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case.

The Directors of PHN are listed below, and their biographical information, in the NAIC biographical affidavit format, is included as **Attachment 9**.

Sr. Andrea Nenzel
Dieter Morich, M.D.
Sr Norah Clarke
Sr. Anne Hayes
Carol Sheridan
Sr. Margaret Dimond
Sr. Kathleen Pruitt
Roland Trenouth, MD
Bob De Vita
Lee Kearney
Barney Speight
Gretchen Pierce
Ronald Prill

The current Officers of PHN are as below:

Alan Yordy, President
Sr. Andrea Nenzel, First Vice President
Sr Anne Hayes, Secretary
Ronald Prill, Treasurer

Washington State background checks on each Director/Officer are included as **Attachment 10**, which shows that no Director or Officer has been convicted in a criminal proceeding during the last ten years.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise

obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.

No consideration has been transferred between PHN and PH.

(b) Explain the criteria used in determining the nature and amount of such consideration.

N/A

(c) If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, he or she must specifically request that the identity be kept confidential.

N/A

ITEM 5. FUTURE PLANS OF INSURER

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, to liquidate such insurer, to sell its assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management.

PHN does not have any plans to declare an extraordinary dividend, to liquidate CUP, to sell its assets or to make any material changes to the business operations or management of CUP.

PHN's plans for CUP are to continue its historic mission and success, primarily serving the Medicaid population with well-managed, cost effective, high quality care. PHN, with CUP Board support, would hope over time to expand the number of counties served by CUP.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at.

Ninety one and seven tenths percent (91.7%).

ITEM 7. OWNERSHIP OF VOTING SECURITIES

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

There is only one class of stock and PHN owns 91.7% of the outstanding shares.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom such contracts, arrangements or understandings have been entered into.

To the best of PHN's knowledge there are no such contracts, arrangements or understandings.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the twelve calendar months preceding the filing of this statement. Include in such description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether any such shares so purchased are hypothecated.

None.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the twelve calendar months preceding the filing of this statement.

None.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

PHN has not entered any agreement, contract, or understanding with any broker-dealer as to solicitation of voting securities of CUP for tender and, consequently, has not incurred any fees commissions or other compensation to be paid to a broker-dealer in connection with such an acquisition.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements and exhibits shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.

(b) The financial statements shall include the annual financial statements of the persons identified in Item 2(c) for the preceding five fiscal years (or for such lesser period as such applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of such person's last fiscal year, if such information is available. Such statements may be prepared on either an individual basis, or, unless the commissioner otherwise requires, on a consolidated basis if such consolidated statements are prepared in the usual course of business.

The annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the annual statement of such person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of such state.

Audited financial statements for PH for the preceding years 1 through 3 and audited financial statements for SWHS for the preceding years 4 and 5 are included as **Attachment 11**. As noted in answer to section 1, above, PH was the member of SWHS for the three years from January 1, 2011 through December 31, 2013 and therefore SWHS did not have audited financial statements of its own but rather the financials of SWHS were consolidated into those of PH. Therefore, the PH audited financial statements have been provided for those years. The SWHS audited

financial statements for the 2 years prior to PH becoming its member corporation have also been provided, for a total of 5 years.

Lastly, PHN has been the member corporation of PH for only approximately six weeks so PHN will not have an audited financial statement of its own until the end of its current fiscal year, which is June 30, 2014.

(c) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory or management contracts concerning the insurer, annual reports to the stockholders of the insurer and the applicant for the last two fiscal years, and any additional documents or papers required by Form A or WAC 284-18-300 or 284-18-320.

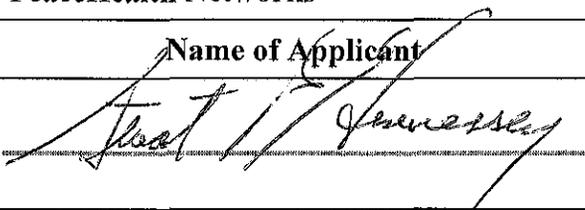
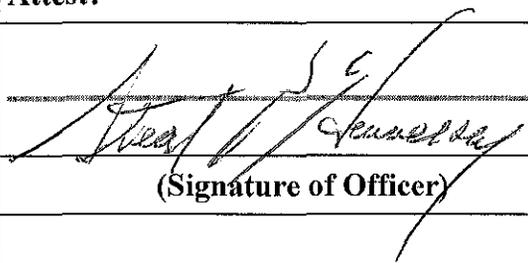
Although neither PH nor PHN have made any tender or exchange offers with respect to CUP, it is our understanding that in May 2010, CUP's Board authorized an offer to repurchase shares from stockholders owning a small number of shares and as a result, six shareholders owning one share each were redeemed at a purchase price of \$99/share.

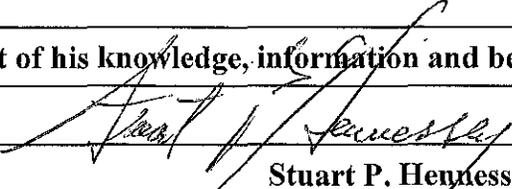
Audited annual financial statements for CUP are included as **Attachment 12**.

As a non-profit, tax exempt entity, PHN does not have stockholders and does not produce an annual report to stockholders. Copies of its audited financial statements of PH and SWHS were included as **Attachment 11**.

ITEM 13. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:	
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SIGNATURE	
Pursuant to the requirements of section 4, chapter 462, Laws of 1993 PeaceHealth Networks has caused this application to be duly signed on its behalf in the City of Vancouver and State of Washington on the 13th day of February, 2014.	
(SEAL)	
	PeaceHealth Networks
	Name of Applicant
BY	
	Stuart P. Hennessey
	Senior Vice President and Assistant Secretary
Attest:	
	
(Signature of Officer)	
Senior Vice President	
CERTIFICATION	
The undersigned deposes and says that he has duly executed the attached application dated 13 th day of February, 2014, for and on behalf of PeaceHealth Networks; that he is the Senior Vice President and Assistant Secretary of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with such instrument and the contents, and that the facts therein set forth are true to the	

best of his knowledge, information and belief.	
	
Stuart P. Hennessey	