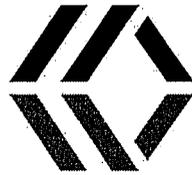


JOHN K. BAKER
W. CHRISTOPHER BARRIER
SHERRY P. BARTLEY
STEVE BAUMAN
R. T. BEARD, III
C. DOUGLAS BUFORD, JR.
FREDERICK K. CAMPBELL¹
MICHELLE H. CAULEY
CHARLES B. CLIETT, JR.⁴
KEN COOK
DOAK FOSTER¹
BYRON FREELAND
ALLAN GATES¹
KATHLYN GRAVES
HAROLD W. HAMLIN
JEFFREY W. HATFIELD
L. KYLE HEFFLEY
DONALD H. HENRY
HERMANN IVESTER³
M. SAMUEL JONES III
JOHN ALAN LEWIS
WALTER E. MAY
LANCE R. MILLER
STUART P. MILLER
T. ARK MONROE, III¹
ANNE S. PARKER
LYN P. PRUITT
CHRISTOPHER T. ROGERS
JOHN S. SELIG
LEIGH ANNE SHULTS
JEFFREY L. SINGLETON
DERRICK W. SMITH
STAN D. SMITH
MARCELLA J. TAYLOR
JEFFREY THOMAS¹
NICHOLAS THOMPSON¹



LAW OFFICES
MITCHELL WILLIAMS
SELIG • GATES • WOODYARD • PLLC

WRITER'S DIRECT DIAL
501-688-8819

August 31, 2006

WILLIAM H.L. WOODYARD, III, P.A.
WALTER G. WRIGHT, JR
²KYNDA ALMEFTY-HERNANDEZ
P. BENJAMIN COX
COURTNEY C. CROUCH, III
BRIAN HYNEMAN
SHAWN J. JOHNSON
MARGARET A. JOHNSTON
TONY JUNEAU
TAMLA J. LEWIS
LANEY GOSSETT MCCONNELL
JENNIFER R. PIERCE
SHANNON SHORT SMITH
JEFFREY L. SPILLYARDS
¹J. RYAN TREDWAY

OF COUNSEL
JOSEPH W. GELZINE
¹H. MAURICE MITCHELL
JEAN D. STOCKBURGER
RICHARD A. WILLIAMS, P.A.

COUNSEL
¹DAVID BOLING
JEFFREY H. DIXON
²JACK D. GRUNDFEST
MARSHALL S. NEY

¹ ALSO ADMITTED IN DISTRICT OF COLUMBIA
² ALSO ADMITTED IN COLORADO
³ ALSO ADMITTED IN THE U.S. PATENT
AND TRADEMARK OFFICE
⁴ ALSO ADMITTED IN ARIZONA AND TEXAS
⁵ ALSO ADMITTED IN NEW YORK
⁶ ADMITTED IN TEXAS ONLY
ALL OTHERS ADMITTED IN ARKANSAS

VIA FEDERAL EXPRESS

Mr. Mike Kreidler, Commissioner
Office of the Insurance Commissioner
Attn: Mr. Ron Pastuch, Holding Company Manager
Company Supervision Division
5000 Capitol Boulevard,
Tumwater, WA 98501

RECEIVED

SEP - 1 2006

**INSURANCE COMMISSIONER
COMPANY SUPERVISION**

Re: Form A Statement for MSDW Venture Partners IV, LLC and MSVP 2002 Fund,
LLC regarding acquisition of voting securities of Arcadian Management Services,
Inc.

Dear Commissioner Kreidler:

In accordance with Rev. Code of Washington §48.31C.030, please find enclosed an original and one copy of the Form A Statement filed on behalf of the above-referenced entities (collectively, the "Applicant"). The Statement relates to the acquisition by the Applicant of more than ten percent of the voting securities of Arcadian Management Services, Inc. ("AMS"), the parent company of Arcadian Health Plan, Inc. ("AHP"), a Washington-domiciled health care services corporation. Please note the following:

- This submission contains a scanned copy of the Form A statement. *The original Form A statement will be submitted under separate cover directly from the Applicant.* You also should receive the original Form A Statement tomorrow.
- Three of the six biographical affidavits were not complete because of unavailability of the directors, but will be completed and submitted during the week of September 4.

PLEASE RESPOND TO:

425 WEST CAPITOL AVENUE, SUITE 1800 • LITTLE ROCK, ARKANSAS 72201-3525
TELEPHONE 501-688-8800 • FAX 501-688-8807

5414 PINNACLE POINT DRIVE, SUITE 500 • ROGERS, ARKANSAS 72758-8131
TELEPHONE 479-464-5650 • FAX 479-464-5680

MITCHELL, WILLIAMS,
SELIG, GATES & WOODYARD, P.L.L.C.
Mr. Mike Kreidler, Commissioner
August 31, 2006
Page 2

Scanned copies of the other three biographical affidavits are attached as Exhibit C.
All six originals will be provided to you together in a supplemental filing next week.

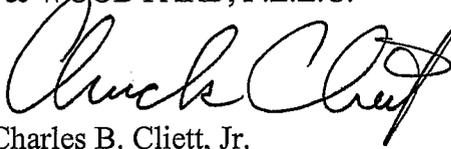
- Five limited partnership funds controlled by Applicant own voting securities of AMS. Two of those funds, however, own a very small percentage of voting stock (< 1%). Per my previous conversation with Mr. Ron Pastuch, financial statements for these funds with very small holdings have not been included as part of the financial statements in Exhibit F to the Form A Statement. Please note that the Applicant has marked the submitted financial statements as confidential, because the statements contain private, and proprietary, information that would put applicant at a competitive disadvantage if disclosed.

Please let me know if you have any questions regarding this filing. Thank you very much.

Sincerely,

MITCHELL, WILLIAMS, SELIG,
GATES & WOODYARD, P.L.L.C.

By



Charles B. Cliett, Jr.

cc: Ms. Debra Abramovitz, Morgan Stanley Venture Partners

FORM A STATEMENT

**REGARDING THE ACQUISITION OF CONTROL OF A
DOMESTIC HEALTH CARE SERVICES CORPORATION**

Name of Domestic Health Carrier: Arcadian Health Plan, Inc., a wholly owned subsidiary of Arcadian Management Services, Inc.

Name Of Acquiring Persons (Applicants): MSDW Venture Partners IV, LLC
MSVP 2002 Fund, LLC

FILED WITH THE INSURANCE COMMISSIONER OF THE STATE OF
WASHINGTON

Dated: September, 1, 2006

Name, Title, Address, and Telephone Number of Individual to Whom Notices and Correspondence Concerning this Statement Should be Addressed:

Charles B. Cliett, Jr.
Attorney for Applicants
Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C.
425 West Capitol Avenue, Suite 1800
Little Rock, Arkansas 72201-3525
(501) 688-8819

and

Ms. Melissa Daniels
Vice President
MSDW Venture Partners IV, LLC
MSVP 2002 FUND, LLC
3000 Sand Hill Road
Building 4, Suite 250
Menlo Park, CA 94025

ITEM 1. HEALTH CARRIER AND METHOD OF ACQUISITION

This application relates to Arcadian Health Plan, Inc. ("AHP"), a health care services corporation domiciled in Washington.

AHP's corporate headquarters: 825 Washington Street, Suite 300
Oakland, California 94607

AHP's Washington home office: 1330 N. Washington St., No. 3500
Spokane, Washington 99201

Brief description of acquisition of control: Brief description of acquisition of control: The following acquisitions of AMS voting stock occurred on August 17, 2005:

- Three limited partnership funds each controlled by a common general partner, MSDW Venture Partners IV, LLC ("MSDW IV"), purchased 558,972 shares of Series C Preferred Stock of AMS, which constituted 7.31% of AMS' voting securities on a fully diluted basis.
- Two limited partnership funds controlled by a common general partner, MSVP 2002 Fund, LLC ("MSVP 2002"), purchased 558,971 shares of Series C referred Stock of AMS, which constituted 7.31% of AMS' voting securities on a fully diluted basis.

The institutional managing members of MSDW IV and MSVP 2002 are wholly owned subsidiaries of the publicly traded company Morgan Stanley, have the same six directors and act in concert with each other in regards to AMS voting securities. Together, therefore, subsequent to August 17, 2005, MSDW IV and MSVP 2002 (collectively referred to as "MS Venture Partners" in this Form A) controlled 14.61% of the voting stock of AMS. A copy of the Stock Purchase Agreement is attached as **Exhibit A**. The total number of issued and outstanding shares of AMS stock has decreased since August 17, 2005 due to the exercise of stock options and the company's repurchase of certain shares of stock. Currently, Morgan Stanley controls 15.80% of the voting stock of AMS on a fully diluted basis.

AMS owns 100% of AHP. By acquiring greater than 10% of the voting securities of AMS, MS Venture Partners is presumed to "control" AMS under Washington law. Accordingly, such acquisition triggers a change of control of AHP.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

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

ITEM 1. HEALTH CARRIER AND METHOD OF ACQUISITION

This application relates to Arcadian Health Plan, Inc. ("AHP"), a health care services corporation domiciled in Washington.

AHP's corporate headquarters: 825 Washington Street, Suite 300
Oakland, California 94607

AHP's Washington home office: 1330 N. Washington St., No. 3500
Spokane, Washington 99201

Brief description of acquisition of control: Brief description of acquisition of control: The following acquisitions of AMS voting stock occurred on August 17, 2005:

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- Two limited partnership funds controlled by a common general partner, MSVP 2002 Fund, LLC ("MSVP 2002"), purchased 558,971 shares of Series C referred Stock of AMS, which constituted 7.31% of AMS' voting securities on a fully diluted basis.

The institutional managing members of MSDW IV and MSVP 2002 are wholly owned subsidiaries of the publicly traded company Morgan Stanley, have the same six directors and act in concert with each other in regards to AMS voting securities. Together, therefore, subsequent to August 17, 2005, MSDW IV and MSVP 2002 (collectively referred to as "MS Venture Partners" in this Form A) controlled 14.61% of the voting stock of AMS. A copy of the Stock Purchase Agreement is attached as **Exhibit A**. The total number of issued and outstanding shares of AMS stock has decreased since August 17, 2005 due to the exercise of stock options and the company's repurchase of certain shares of stock. Currently, MS Venture Partners controls 15.80% of the voting stock of AMS on a fully diluted basis.

AMS owns 100% of AHP. By acquiring greater than 10% of the voting securities of AMS, MS Venture Partners is presumed to "control" AMS under Washington law. Accordingly, such acquisition triggers a change of control of AHP.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

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

MS Venture Partners
3000 Sand Hill Road
Menlo Park, CA 94025

(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 have been in existence.

MS Venture Partners is a venture capital firm which has been raising funds for companies in the health care and technology sectors since 1986, and has developed significant expertise in these markets. Within health care, MS Venture Partners invests primarily in pharmaceutical services, medical technology and health care information technology, as well as health care services companies such as AMS. It operates independently within the family of affiliates of Morgan Stanley (NYSE: MS), the global financial services firm. MS Venture Partners provides significant capital invested in the venture capital funds, including the five limited partnership funds that purchased voting stock of AMS. The funds also have a number of limited partners, consisting of both individual and institutional investors.

MS Venture Partners is an active investor in companies, typically taking a seat on a company's Board of Directors, as it has with AMS. MS Venture Partners does not, generally, obtain a majority interest or assume control of a company's operations. Instead, it seeks to work with existing management of companies to strengthen planning, operations and funding.

MS Venture Partners often invests in companies that have significant potential for revenue but are not yet profitable. It performs thorough due diligence, assessing a company's management, technology, product, strategy and financial plan.

Briefly describe the business intended to be done by the applicant and the applicant's subsidiaries.

Applicants are providing venture capital financing for AHP and other health plan affiliates of AMS to perform Medicare Advantage business in the State of Washington and several other states. AHP is currently providing Medicare Advantage services in Washington, Texas and Arizona and beginning in 2007 will also do business in South Carolina. Its affiliate Arkansas Community Care, Inc. ("ACC") provides Medicare Advantage services in Arkansas and is expanding operations in 2007 into several counties in Oklahoma and northeast Texas. Another affiliate, Arcadian Health Plan of Georgia ("AHP-GA") will begin operations in Georgia in 2007.

AMS is extending its managed health care and administrative expertise to the Medicare eligible population through the formation of AHP, ACC and AHP-GA for the purpose of providing Medicare Advantage products.

The business strategy of AMS, as implemented by its subsidiary health plans, focuses on establishing Medicare Advantage plans in smaller urban and non-urban markets to serve and support smaller communities where Medicare-eligible individuals are currently underserved by affordable health plan options that extend beyond standard Medicare benefits. For example, AHP provides Medicare Advantage services in and around Spokane, Washington and El Paso, Texas, among several other areas. ACC currently provides services in counties surrounding Little Rock and in the Fayetteville/Rogers area. AHP-GA will provide services in the Savannah, Georgia area beginning in January 2007.

(c) Chart identifying and showing relationships between AMS, funds that own AMS shares and MS Venture Partners entities controlling funds. A chart containing the information described above for MS Venture Partners is attached as **Exhibit B** to this Form A Statement.

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

As reflected in Exhibit B, both MSDW IV and MSVP 2002 have an institutional managing member with the same directors--Yie-Hsin Hung, Guy de Chazal, Robert Loarie, William Harding, Scott Halsted and M. Fazle Husain. The NAIC biographical affidavits of these individuals are attached as **Exhibit C** to this Form A Statement.

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.

MS Venture Partners collectively purchased 1,117,943 shares of Series C Preferred Stock in exchange for \$7.156 per share, totaling \$8,000,000.11. MS Venture Partners also received one spot on the five-person AMS Board of Directors, in accordance with section 5(a)(ii) of the Second Amended and Restated Investor Rights Agreement, dated August 17, 2005 ("Investor Rights Agreement"), which is attached to this Form A Statement as **Exhibit D**.

MS Venture Partners did not borrow funds to make this investment.

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

The stock price for Series C Preferred stock was set based on arms-length negotiations between AMS officers, MS Venture Partners and Three Arch after MS Venture Partners and Three Arch had an opportunity to review the financial records of AMS and ask questions of AMS officers.

(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.

Not applicable

ITEM 5. FUTURE PLANS OF HEALTH CARRIER

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, to liquidate such health carrier, 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.

MS Venture Partners invested in AMS to support initial operations of AHP and its affiliates until operations become profitable. As stated above, MS Venture Partners controls one seat out of five on the AMS Board of Directors and has a voice in management of the company but does not, except as one member of a five-member board, exercise control over management decisions of AMS.

At this time, neither MS Venture Partners, nor, to its knowledge, AMS, has plans to declare an extraordinary dividend, to liquidate AHP, to sell AHP's assets to or merge it with any person or persons. Changes to business operations of AHP likely will focus on expanding the Medicare Advantage business operations as available capital and profitability allow over the next several years.

ITEM 6. NONPROFIT HEALTH CARRIERS

Not applicable.

ITEM 7. FOR-PROFIT HEALTH CARRIERS

If the health carrier being acquired is a for-profit person:

(a) State the number of shares of the health carrier'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 determined.

Applicant did not acquire any stock of the health carrier. They did acquire an indirect ownership interest in AHP, wholly-owned subsidiary of AMS, by acquiring 1,117,943 shares of Series C Preferred Stock of AMS. The Series C Preferred Stock has a par value of \$.001 per share and was purchased by applicant at a price of \$7.156 per share. This price was the result of arms-length negotiations between AMS and MS Venture Partners, after MS Venture Partners had an opportunity to question AMS officers and review its financial records. Additionally, the Series C Preferred Stock ranks pari passu with the Company's Series A Preferred Stock, Series B Preferred Stock and Series B-1 Preferred Stock with respect to the rights to receive dividends and proceeds of liquidation (including sales proceeds) and conversion rights, and ranks pari passu with the Series B Preferred Stock and Series B-1 Preferred Stock with respect to redemption rights. All of the foregoing establishes the fairness of the stock purchase.

(b) State the amount of each class of any voting security of the health carrier 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.

Applicant owns no voting security of AHP and owned no voting security of AMS prior to this purchase. Applicant or its affiliates have no right to acquire any additional shares in AMS, other than the right to purchase shares sold by other shareholders and preemptive rights as set forth in the Investor Rights Agreement attached as Exhibit D to this Form A Statement.

(c) Give a full description of any contracts, arrangements or understandings with respect to any voting security of the health carrier 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.

The Investor Rights Agreement is an agreement entered into by all shareholders of AMS which provides for certain restrictions relating to the transfer of any AMS stock owned by such shareholders and sets forth certain rights and responsibilities of each shareholder.

The Registration Rights Agreement dated August 18, 2005 (the "Registration Agreement") and entered into by all shareholders of AMS is a companion agreement to the Investor Rights Agreement and grants the shareholders certain rights of registration with respect to the stock each shareholder owns. A copy of the Registration Agreement is attached to this Form A Statement as Exhibit E.

(d) Describe any purchases of any voting securities of the health carrier 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.

MS Venture Partners did not purchase any voting securities in the 12 months preceding the August 17, 2005 stock purchase that is the subject of this Form A Statement.

(e) Describe any recommendations to purchase any voting security of the health carrier 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.

There were no such recommendations made during the 12 months preceding the August 17, 2005 stock purchase that is the subject of this Form A Statement.

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

There were no such agreements, contracts or understanding with brokers regarding the August 17, 2005 stock purchase that is the subject of this Form A Statement.

ITEM 8. 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.

Per discussions with the Washington Office of Insurance Commissioner, MS Venture Partners provides the following audited financial statements of its limited partner funds holding AMS voting securities in **Exhibit F** to this Form A Statement. Funds with less than 1% of voting securities have been omitted, per discussions with the Office of Insurance Commissioner regarding the applicant omitting statements for funds with very minimal holdings of AMS voting stock.

Confidentiality of Financial Statements

The contents of Exhibit F contain private proprietary and trade secret information exempt which should be maintained in a confidential manner by the Washington Office of Insurance Commissioner and not disclosed to the public under Washington public records laws. See Revised Code of Washington (RCW) 42.56.400(10)(exempting "confidential proprietary and trade secret information provided to the commissioner" under RCW

48.31C.030; Washington Administrative Code (WAC) 284-18A-440 (allowing applicant to mark confidential proprietary and trade secret information as confidential, providing a basis for the claim of confidentiality). MS Venture Partners provides additional explanation for why the financial statements constitute proprietary and trade secret information at the beginning of Exhibit F to this Form A Statement.

Notice of Public Records Request

Per discussions between counsel for MS Venture Partners and the Office of Insurance Commissioner, we understand that the Washington Department will agree to notify MS Venture Partners if the Office receives a public records request for such financial statements. Please provide such notice to the following person:

Debra Abramovitz
Executive Director
Morgan Stanley Venture Partners
1585 Broadway, 38th Floor
New York, New York
10036

List of attached audited financial statements:

- **Morgan Stanley Dean Witter Venture Partners IV, L.P.:** (1) audited financial statements for calendar years ending 2001, 2002, 2003, 2004 and 2005; (2) unaudited partial-year financial statements for period ending June 30, 2006.
- **Morgan Stanley Venture Partners 2002 Fund, L.P.:** (1) audited financial statements for calendar years ending 2003, 2004 and 2005; (2) unaudited partial-year financial statements for period ending June 30, 2006.
- **Morgan Stanley Venture Investors 2002 Fund, L.P.:** (1) audited financial statements for calendar years ending 2003, 2004 and 2005; (2) unaudited partial-year financial statements for period ending June 30, 2006.

(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 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. If the applicant is a health carrier or an insurer, 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 statutory accounting principles as set forth in Titles 48 RCW and 284 WAC.

See item 8(a)

(c) Other exhibits or request for extensions because of unavailability of documents.

Attached in Exhibit C are scanned copies of three of the six directors described in Item 3 of this Form A Statement. MS Venture Partners is still obtaining signatures from the other three directors who have been unavailable because of travel or other reasons. The remaining three affidavits, and all six original biographical affidavits, will be filed during the week of September 4, 2006.

ITEM 9. SIGNATURE AND CERTIFICATION

Required signature and certification follow on next page.

SIGNATURE

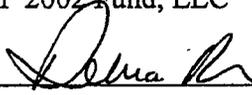
Pursuant to the requirements of RCW 48.31C.030, MS Venture Partners has caused this application to be duly signed on its behalf in the City of Menlo Park and State of California on the day of 31st day of August, 2006.

(SEAL)

MSDW Venture Partners IV, LLC

MSVP 2002 Fund, LLC

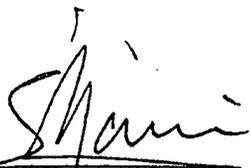
BY



Debra Abramowitz
(Print Name)

Executive Director
(Title)

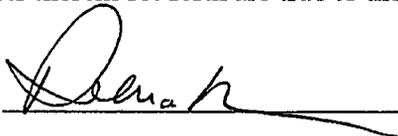
Attest:


(Signature of Officer)

Executive Director
(Title)

Certification

The undersigned deposes and says that (s)he has duly executed the attached application dated , for and on behalf of (Name of Applicant) ; that (s)he is the Executive Director of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

Signature: 

Print Name: Debra Abramowitz



LAW OFFICES

MITCHELL·WILLIAMS
SELIG • GATES • WOODYARD • PLLC

LITTLE ROCK • ROGERS

CHARLES B. CLIETT, JR.
DIRECT DIAL: 501-688-8819
E-MAIL: CCLIETT@MWSGW.COM

425 WEST CAPITOL AVENUE, SUITE 1800
LITTLE ROCK, ARKANSAS 72201-3525
TELEPHONE 501-688-8800
FAX 501-688-8807

RECEIVED

FEB 26 2007

INSURANCE COMMISSIONER
COMPANY SUPERVISION

February 23, 2007

FILED

MAR 14 2007

VIA FEDERAL EXPRESS

Mr. Ron Pastuch
Holding Company Manager
WA Office of Insurance Commissioner
5000 Capitol Blvd.
Tumwater, WA 98501

Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

Re: MS Venture Partners Amendment 1 to Form A

Dear Ron:

Please find enclosed the original signature page to Amendment 1 to Form A for MS Venture Partners.

Sincerely,

MITCHELL, WILLIAMS, SELIG,
GATES & WOODYARD, P.L.L.C.

By

Chuck Cliett by SW

Charles B. Cliett, Jr.

CBC:sw
Enclosure

AMENDMENT NO. 1

TO THE

FORM A STATEMENT

**REGARDING THE ACQUISITION OF CONTROL OF A
DOMESTIC HEALTH CARE SERVICES CORPORATION**

Name of Domestic Health Carrier: Arcadian Health Plan, Inc., a wholly owned subsidiary of Arcadian Management Services, Inc.

Name Of Acquiring Persons (Applicants): MSDW Venture Partners IV, LLC
MSVP 2002 Fund, LLC

FILED WITH THE INSURANCE COMMISSIONER OF THE STATE OF
WASHINGTON

Dated: September, 1, 2006

DATE OF AMENDMENT: February 19, 2007

Name, Title, Address, and Telephone Number of Individual to Whom Notices and Correspondence Concerning this Statement Should be Addressed:

Charles B. Cliett, Jr.
Attorney for Applicants
Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C.
425 West Capitol Avenue, Suite 1800
Little Rock, Arkansas 72201-3525
(501) 688-8819

and

Ms. Melissa Daniels
~~Vice President~~ Executive Director
Morgan Stanley Venture Partners
MSVP 2002 FUND, LLC
3000 Sand Hill Road
Building 4, Suite 250
Menlo Park, CA 94025

ITEM 1. HEALTH CARRIER AND METHOD OF ACQUISITION.

The first paragraph after the two bullet points in Item 1 of the Form A Statement is amended as follows:

The institutional managing members of MSDW IV and MSVP 2002 are wholly owned subsidiaries of the publicly traded company Morgan Stanley, have the same six directors and act in concert with each other in regards to AMS voting securities. Together, therefore, subsequent to August 17, 2005, MSDW IV and MSVP 2002 (collectively referred to as "MS Venture Partners" in this Form A) controlled 14.61% of the voting stock of AMS. A copy of the Stock Purchase Agreement is attached as **Exhibit A**. The total number of issued and outstanding shares of AMS stock has ~~decreased~~ changed since August 17, 2005 due to the exercise of stock options and the company's repurchase of certain shares of stock. Currently, Morgan Stanley controls ~~15.80~~15.09% of the voting stock of AMS on a fully diluted basis.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

Exhibit B, as referenced in Subsection (c) of Item 2 (below), is amended to update current percentages of stock ownership, as reflected in the attached revised Exhibit.

(c) Chart identifying and showing relationships between AMS, funds that own AMS shares and MS Venture Partners entities controlling funds. A chart containing the information described above for MS Venture Partners is attached as **Exhibit B** to this Form A Statement.

ITEM 5. FUTURE PLANS OF HEALTH CARRIER

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, to liquidate such health carrier, 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.

Item 5 is revised as follows:

MS Venture Partners invested in AMS to support initial operations of AHP and its affiliates until operations become profitable. As stated above, MS Venture Partners controls one seat out of five on the AMS Board of Directors and has a voice in management of the company but does not, except as one member of a five-member board, exercise control over management decisions of AMS.

At this time, neither MS Venture Partners, nor, to its knowledge, AMS, has plans to declare an extraordinary dividend (except as described below), to liquidate AHP, to sell AHP's assets to or merge it with any person or persons. Changes to business operations of AHP likely will focus on expanding the Medicare Advantage business operations as

available capital and profitability allow over the next several years. Under terms of the Senior Secured Credit Agreement entered into by AMS and reviewed by the Washington Office of Insurance Commissioner in relation to issuance of Solicitation Permit number 361 for Subsequent Financing, the applicant and AMS would expect that AHP may declare an extraordinary dividend or dividends in future years to assist in repayment of the Promissory Note issued in connection with such Senior Secured Credit Agreement. Repayment on the Promissory Note is not due until a balloon payment in 2010.

ITEM 8. 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.

*MS Venture Partners amends its list of attached financial statements as provided below, and includes the additional statements in the attached **supplement to Exhibit F** of the Form A Statement. The provisions of Item 8 of the Form A Statement regarding confidentiality and notice of public information requests apply to the financial statements provided with this Amendment in the same manner that such provisions applied to financial statements provided with the Form A Statement. MS Venture Partners provides additional explanation for why the financial statements constitute proprietary and trade secret information at the beginning of the attached **supplement to Exhibit F**:*

List of attached audited financial statements (underlined statements attached to this Amendment):

- **Morgan Stanley Dean Witter Venture Partners IV, L.P.:** (1) audited financial statements for calendar years ending 2001, 2002, 2003, 2004 and 2005; (2) unaudited partial-year financial statements for period ending June 30, 2006; unaudited partial year financial statements for period ending September 30, 2006.
- **Morgan Stanley Venture Partners 2002 Fund, L.P.:** (1) audited financial statements for calendar years ending 2003, 2004 and 2005; (2) unaudited partial-year financial statements for period ending June 30, 2006; unaudited partial year financial statements for period ending September 30, 2006.
- **Morgan Stanley Venture Investors 2002 Fund, L.P.:** (1) audited financial statements for calendar years ending 2003, 2004 and 2005; (2) unaudited partial-year financial statements for period ending June 30, 2006; unaudited partial year financial statements for period ending September 30, 2006.

ITEM 9. SIGNATURE AND CERTIFICATION

Required signature and certification follow on next page.

SIGNATURE

Pursuant to the requirements of RCW 48.31C.030, MS Venture Partners has caused this Amendment No. 1 to its application to be duly signed on its behalf in the City of New York City and State of New York on the 21st day of February, 2007.

(SEAL)

MSDW Venture Partners IV, LLC

MSVP 2002 Fund, LLC

BY

Debra

Debra Abramovich

(Print Name)

Executive Director

(Title)

Attest:

[Signature]

(Signature of Officer)

Shelley Walsh

Executive Director

(Title)

Certification

The undersigned deposes and says that (s)he has duly executed the attached Amendment No. 1 to the application dated September 1, 2006, for and on behalf of MSDW Venture Partners IV, LLC and MSVP 2002 Fund, LLC; that (s)he is the Executive Director of such company(ies) and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

Signature:

Debra

Print Name:

Debra Abramovich