MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

OFFICE OF
INSURANCE COMMISSIONER

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Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

February 1, 2007

Patricia Petersen, Chief Hearing Officer
Office of the Insurance Commissioner, Hearings Unit
PO Box 40255
Olympia, WA 98504-0255
5000 Capitol Blvd.
Tumwater, WA 98502

Re: Form A – Three Arch Partners and Morgan Stanley Venture Partners Acquisition of Arcadian Health Plan, Inc.

Dear Ms. Petersen:

Attached please find the Form A Statement Regarding the Acquisition of a Domestic Health Carrier and associated supplementary information. The Form A relates to the acquisition of control by: 1) Three Arch Management II, LLC, TAC Management, LLC, and Three Arch Management IV, LLC, jointly known as Three Arch Partners, and 2) MSDW Venture Partners IV, LLC and MSVP 2002 Fund, LLC, jointly known as Morgan Stanley Venture Partners, for the acquisition of Arcadian Management Services, Inc and its affiliates.

Arcadian Management Services, Inc. wholly owns Arcadian Health Plan, Inc., a Washington domiciled health care service contractor located in Bothell, WA.

Arcadian Management Services, Inc. also filed a Solicitation Permit Application on September 1, 2006 regarding its stock offering and issuance of Series C Preferred Stock of Arcadian Management Services on August 17, 2005. A change of control was effected by the offering. We submit the application filing as evidence with the Form A.

The Company Supervision division is satisfied that the Form A is complete, and requests that a hearing be scheduled in this matter.

Thank you for your assistance. If you have any questions, please call me at 360-725-7211 or Chuck Brown at 360-725-7044.

Sincerely,

RONALD J. PASTUCH, CPA
Holding Company Manager
Company Supervision Division
E-Mail: RonP@oic.wa.gov

cc: James T. Odiorne, CPA, JD, Deputy Insurance Commissioner
Dennis Edward Julnes, CPA, Chief Financial Analyst
Charles Brown, Staff Attorney

No. 174

Certificate of Registration

STATE OF WASHINGTON
INSURANCE COMMISSIONER
OLYMPIA

THIS IS TO CERTIFY, That

ARCADIAN HEALTH PLAN, INC.
Spokane, Washington

organized under the laws of WASHINGTON *, presented satisfactory evidence of compliance with the Insurance Code of the State of Washington and is therefore granted, this Certificate of Registration, authorizing the company, subject to all provisions of this Certificate, to transact the following classes of insurance:*

Health Care Service Contractor – as defined in Chapter 48.44 RCW

as such classes are now or may hereafter be defined in the Revised Code of Washington,

THIS CERTIFICATE is expressly conditioned upon the holder being and remaining in full compliance with, and not in violation of, all of the applicable laws and lawful requirements made under authority of the laws of the State of Washington.

THIS CERTIFICATE IS NOT TRANSFERRABLE WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER.

IN WITNESS WHEREOF, effective as of the 21st day of July, 2004, I have hereunto set my hand and caused my official seal to be affixed this 21st day of July, 2004.

Insurance Commissioner

Chief Deputy