



OFFICE OF
INSURANCE COMMISSIONER

BEFORE THE STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

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FILED
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OFFICE OF THE INSURANCE COMMISSIONER
STATE OF WASHINGTON

In the Matter of the)
Acquisition of Control of:)
)
AMERIGROUP WASHINGTON, INC.,)
a Washington domestic health care)
service contractor)
By:)
)
WellPoint, Inc.,)
and its direct, wholly-owned subsidiary)
ATH Holding Company, LLC.)
_____)

NO. 12-0280
FINAL ORDER
APPROVING ACQUISITION
OF CONTROL

TO: John Cannon, Executive Vice President and General Counsel and
Interim President and Chief Executive Officer
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INTRODUCTION

Pursuant to Chapter 48.31C RCW, and specifically RCW 48.31C.030, Chapter 284-18A WAC, Chapter 48.04 RCW, and Chapter 34.05 RCW, and after Notice provided to the public (see Notice detailed below), the above-entitled matter came on regularly for hearing before the undersigned commencing at 10:00 A.M., Pacific Standard Time, on Wednesday, December 19, 2012, in the Capitol Campus Insurance Building, 302 Sid Snyder Ave., SW, Olympia, Washington. All persons to be affected by the above-entitled matter, and all members of the public, were given the right to be present at the hearing, either in person or by telephone free of charge, during the presentation of testimony, and had reasonable opportunity before the date of the hearing to inspect all documentary evidence to be presented at hearing, to examine witnesses at hearing, and to present oral and written statements expressing any support or concerns about this proposed acquisition. The Applicants, WellPoint, Inc., ("WellPoint") and ATH Holding Company, LLC, a direct wholly owned subsidiary of WellPoint ("ATH"), were represented by its outside counsel, Brian F. Kreger, Esq. of Kreger Beeghly, PLLC, Seattle, Washington, and by Tibor D. Klopfer, Esq. of Faegre Baker Daniels LLP, Indianapolis, Indiana. Amerigroup Washington, Inc. was represented by Timothy J. Parker, Esq. of Carney Badley Spellman, Seattle, Washington. The Washington State Insurance Commissioner ("OIC") was represented

by Kate Reynolds, OIC Staff Attorney in his Legal Affairs Division. Others participating in the hearing were: Jay Harry Wagner, Vice President and Legal Counsel of Mergers and Acquisitions for WellPoint in Indianapolis; Jeffrey Phil Fusile, Senior Vice President and Chief Financial Officer of Business Operations for WellPoint in Indianapolis; James W. Truess, Executive Vice President and Chief Financial Officer for Amerigroup Corporation in Virginia; Nick Pace, Executive Vice President, General Counsel and Secretary for Amerigroup Corporation in Virginia; and Ronald J. Pastuch, Holding Company Manager, Company Supervision Division, for the OIC. Finally, the undersigned was delegated the authority by the Washington State Insurance Commissioner to handle all preliminary activities in this adjudicative proceeding prior to the hearing; to preside over the hearing; and to make the final decision whether to approve or disapprove this proposed acquisition alone, without (except for testimony presented at hearing) any input from the Washington State Insurance Commissioner, his staff or any other individual having knowledge of this matter.

NATURE OF PROCEEDING

On August 6, 2012, WellPoint and ATH (collectively, "Applicants") filed with the Washington State Insurance Commissioner a Form A Statement Regarding The Acquisition Of Control Of A Domestic Health Carrier dated August 3, 2012 (the "Form A" or "Application") requesting the Washington State Insurance Commissioner's approval of Wellpoint's proposed acquisition of control of Amerigroup Washington, Inc. ("Amerigroup Washington"), a domestic health care service contractor and a direct wholly owned subsidiary of Amerigroup Corporation, pursuant to an Agreement and Plan of Merger dated July 9, 2012 (the "Merger Agreement") more particularly described below.

Wellpoint proposes to acquire Amerigroup Washington as part of a larger transaction whereby Wellpoint proposes to acquire all of Amerigroup Corporation including its 36 subsidiaries operating throughout the nation (including Amerigroup Washington) in a transaction valued at over \$4.7 billion (approximately \$4,711,123,000) which is more particularly described below. Upon the consummation of this proposed acquisition, all of Amerigroup Corporation and all of its subsidiaries would be wholly owned by WellPoint. Amerigroup Washington, Inc. would continue as a direct wholly owned subsidiary of Amerigroup Corporation, and by virtue of the acquisition and merger, Wellpoint would acquire control of all of Amerigroup Corporation and all of its subsidiaries including Amerigroup Washington, and would acquire beneficial ownership of one hundred percent of the stock of Amerigroup Corporation and all of its subsidiaries including Amerigroup Washington.

The entire Form A Application, including Wellpoint's Form A Statement, all contracts, financial and other documents filed with the Application, all supplemental documents, information, and communications to and from the OIC and Wellpoint, and the undersigned to and from the parties, were made available to the public (including certain documents which Wellpoint had originally claimed to be confidential but later retracted that claim) at <http://www.insurance.wa.gov/orders/judicial-hearings/hearings-cases-a-b.shtml>, remained available to the public through the date of the hearing, and shall remain available to the public on the OIC's above website and also by request to the undersigned for copies of these documents and materials. These documents, include: (1) the Merger Agreement dated as of July 9, 2012 among WellPoint, WellPoint Merger Sub, LLC, and Amerigroup Corporation; (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 (but not including subrogation actions); (4) listing of all litigation in the United States involving WellPoint that was closed in the past two years due to e.g. adjudication or settlement (but not including subrogation actions); (5) all other information that was submitted by Applicants with their Application; (6) all information that was submitted by Applicants in response to supplemental information requested by the Insurance Commissioner after the Form A was filed; (7) all information that was submitted by Applicants in response to supplemental information request 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 and conclusion of the U.S. Government's antitrust investigation of this proposed transaction; (9) Preliminary Proxy Statement for Amerigroup Corporation; (10) pre- and post-closing organizational charts of WellPoint and Amerigroup Corporation; (11) list of directors/managers and executive officers of WellPoint (and ATH) and biographical information for same; (12) employment agreements for Amerigroup Corporation executives; (13) 2010 and 2011 Summary Annual Reports of WellPoint and Annual Reports of WellPoint filed with the U.S. Securities and Exchange Commission on Form 10-K for calendar years 2009 through 2011; (14) Quarterly Reports of WellPoint filed on Form 10-Q filed with the U.S. Securities and Exchange Commission for the periods ended March 31, 2012, June 30, 2012 and September 30, 2012; (15) Applicants' letter received by the OIC on September 13, 2012, summarizing WellPoint's September 10, 2012 notes offering which finalized its financing plans for the proposed transaction; and (16) Applicants' letter dated October 16, 2012 with responses and information submitted pursuant to the Insurance Commissioner's request for additional information. The documents specified above, and (17) all other documents, information and materials which Wellpoint was required by statute, or by later request of the OIC or the undersigned, to be submitted and which were reviewed by the OIC in making its recommendation to the undersigned in testimony at hearing, and by the undersigned in making her final decision herein, including all communications between Wellpoint and the OIC, and between Wellpoint, Amerigroup Corporation and the OIC, and between Wellpoint, Amerigroup Corporation, the OIC and the undersigned and the U.S.

Department of Justice and the undersigned, are included in the hearing file, were entered into evidence in this proceeding and, as stated above, have been and will remain available to the public.

FINDINGS OF FACT

Having considered the oral and written evidence presented at the hearing on this matter and the documents on file herein, including Applicants' Form A Statement and Application for approval of the proposed acquisition, all contracts, information and materials submitted with the Form A Application and at the request of the OIC and/or the undersigned subsequent to the filing of the Form A Application, all written communications between WellPoint and the OIC, and between WellPoint and the undersigned including evidence provided relating to all regulatory actions taken against WellPoint in the past five years, litigation, and information about the U.S. Government's antitrust examination of the proposed transaction as it relates to this proceeding, the complete hearing record including both written and oral testimony of the parties and the OIC, the undersigned finds as follows:

1. The Washington State Insurance Commissioner ("OIC") has duly and properly delegated to the undersigned the authority to conduct all activities related to this adjudicative proceeding which occurred prior to the hearing herein, to preside over the hearing, and to make and enter the final decision whether to approve or disapprove this proposed acquisition, without communication or input from himself, his staff or any other individuals or entities having knowledge of this proposed acquisition. The hearing was duly and properly convened and all substantive and procedural requirements under the laws of the State of Washington have been satisfied.

2. WellPoint, Inc. is a publicly traded Indiana-domiciled for-profit corporation, the ultimate parent company of the WellPoint family of companies, whose common stock is traded on the New York Stock Exchange under the symbol "WLP." WellPoint is one of the largest health benefit carriers in the United States, covering 33.5 million medical members in its comprehensive health plans and a total of more than 63.7 million individuals through all its health plan subsidiaries as of September 30, 2012. [Ex. 1, Form A Statement and Application with Exhibits; Written and Oral Testimony of Jay H. Wagner, WellPoint Vice President and Counsel, Mergers & Acquisitions.] WellPoint is licensed to conduct insurance operations in all fifty states through its subsidiaries. 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.] On August 6, 2012, WellPoint (and its direct wholly owned subsidiary ATH), hereinafter referred to

as the "Applicants" or "WellPoint") filed a Form A Statement and Application Regarding the Acquisition of Control of a Domestic Health Carrier with the OIC, requesting approval of its proposed acquisition of Amerigroup Washington, Inc. (as part of a larger transaction whereby WellPoint proposes to acquire all of Amerigroup Corporation and its subsidiaries including Amerigroup Washington). On October 26, 2012, the Washington State Insurance Commissioner ("OIC"), through the OIC's Company Supervision Division, determined that the Form A Statement and Application were complete and transmitted the entire Form A Statement and Application, with Exhibits, to the undersigned with the request that the undersigned conduct an adjudicative proceeding pursuant to RCW 48.31C.030 and make the final decision herein. Accordingly, the undersigned conducted all activities related to this proceeding which occurred prior to the hearing, and presided over the hearing for the purpose of making the final decision either approving or denying WellPoint's Application for approval of this proposed acquisition.

3. ATH is an Indiana limited liability company and a direct wholly owned subsidiary of WellPoint. ATH has no business operations of its own and serves as a holding company for many of WellPoint's operating insurance companies and other subsidiaries. [Form A Statement; Written and Oral Testimony of Wagner.]

4. Amerigroup Washington, Inc. ("Amerigroup Washington") is a Washington-domiciled health care service contractor. Amerigroup Washington holds Washington Certificate of Registration No. 500653 (NAIC Company # 14073) issued by the OIC authorizing it to operate as a health care service contractor in the State of Washington. Amerigroup Washington began operating on July 1, 2012. Amerigroup Washington is a wholly owned subsidiary of Amerigroup Corporation, which is headquartered in Virginia Beach, Virginia. Amerigroup Corporation is a publicly traded Delaware corporation which is listed on the New York Stock Exchange. 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. [Form A Application, Financial Statements.] While much of its first six months of operations have included activities preliminary to providing health coverage such as contracting with the state of Washington to provide health coverage, to the extent Amerigroup Washington has actually written coverage, it has been exclusively in offering publicly funded managed care business to eligible enrollees in Washington's Medicaid, Healthy Options, Children's Health Insurance Plan (CHIP) and Basic Health Plans. [Oral and Written Testimony of James W. Truess, Executive Vice President and Chief Financial Officer of Amerigroup Corporation.]

5. WellPoint seeks to acquire control of, and 100% beneficial interest in, Amerigroup Washington as part of a larger transaction whereby WellPoint seeks to acquire 100% ownership

and control of Amerigroup Corporation and all of its 36 subsidiaries including Amerigroup Washington. This proposed acquisition, valued at \$4.7 billion, is pursuant to an Agreement and Plan of Merger dated July 9, 2012. [Form A Statement and Application with Exhibits.] Briefly, and as more detailed in the parties' Agreement and Plan of Merger and testimony, this proposed acquisition would occur by virtue of a merger of WellPoint Merger Sub, Inc., a wholly owned subsidiary of WellPoint, with and into Amerigroup Corporation; following that merger, the separate existence of WellPoint Merger Sub, Inc. would cease and Amerigroup Corporation would continue as the surviving corporation and an indirect wholly owned subsidiary of WellPoint. Thereby, WellPoint would acquire control of all of Amerigroup Corporation and all of its subsidiaries including Amerigroup Washington, and would acquire 100% beneficial ownership of the stock of Amerigroup Corporation and all of its subsidiaries including Amerigroup Washington. [Form A Statement; Ex. 1 to Form A, Agreement and Plan of Merger; Oral and Written Testimony of Wagner.]

6. The value of this larger proposed acquisition is approximately \$(from N of H). As evidenced in WellPoint Inc.'s Plans for Permanent Financing [Ex. 1, Letter to OIC from WellPoint dated September 7, 2012 and accompanying exhibits], WellPoint proposes to pay the purchase price, and related fees and expenses, of approximately \$5.0 billion through a combination of funds generated from the September 10, 2012 public offering of senior unsecured notes, WellPoint's commercial paper program and cash on hand. WellPoint does not anticipate any need to access any other funds as it believes these sources of funds should be more than sufficient to fund the proposed acquisition of Amerigroup Corporation. [WellPoint Inc.'s Plans for Permanent Financing dated September 7, 2012 filed as a supplement to Form A Statement with the OIC on September 13, 2012, and with the undersigned on November 30, 2012; Oral and Written Testimony of Jeffrey Phil Fusile, WellPoint Senior Vice President and Chief Financial Officer of Business Operations.]

7. After the proposed acquisition is consummated, as of that effective date, the result will be that Amerigroup Corporation will be an indirect wholly owned subsidiary of WellPoint, and each share of Amerigroup Corporation common stock issued and outstanding (other than shares held as Treasury Shares, shares beneficially owned by WellPoint or its subsidiaries and shares owned by any subsidiary of either WellPoint or Amerigroup Corporation or its subsidiaries), which are currently valued at \$1.00 per share, shall be converted into the right to receive \$92.00 in cash per share without interest. [Form A Statement Ex. 1; Oral and Written Testimony of Fusile.]

8. WellPoint filed current pre-acquisition organizational charts for WellPoint and its organizational affiliates. WellPoint currently conducts business in the State of Washington only through its subsidiaries Anthem Life Insurance Company and UniCare Life and Health Insurance

Company. None of these WellPoint subsidiaries writes Medicaid managed care business in Washington. WellPoint also filed a current organizational chart for Amerigroup Corporation that includes all of its subsidiaries including Amerigroup Washington, which is the only subsidiary of Amerigroup Corporation licensed to transact the business of insurance in Washington. Amerigroup Washington currently writes business only in the Medicaid managed care market, including Medicaid, Healthy Options, CHIP and Basic Health Plan, and has no direct written premium in any other line of business. Accordingly, the weight of the evidence shows that – in the immediate future - this proposed transaction will not result in any immediate increase in market share for any of WellPoint’s subsidiaries including Amerigroup Corporation’s subsidiary health carriers should this proposed acquisition be approved. [Form A Statement and Exhibit 2, Exhibit 3 and Exhibit 4 to Form A; Oral and Written Testimony of Fusile.] However, while WellPoint emphasizes that it has none of its current business in the Medicaid managed care market in Washington and upon acquisition of Amerigroup Washington will not duplicate any of Amerigroup Washington’s product line, the federal Affordable Care Act appears to require that every health carrier which chooses to participate in Exchange Plans, such as WellPoint now chooses to do through Amerigroup Washington and its other affiliates nationwide, must also offer those health plans in the private (non-publicly financed) market. For this reason, because WellPoint projects a very significant increase in enrollees in publicly financed (Exchange) plans in Washington under the Affordable Care Act and chooses to acquire Amerigroup in order to take advantage of that significant amount of new business, it is also found that WellPoint’s market share in the privately purchased health plan market in Washington and elsewhere will also increase significantly. Therefore, the medium- and long term impact of this proposed acquisition on the Washington private and publicly financed (Medicare) market is unknown.

9. On August 6, 2012, WellPoint properly filed Applicants’ Form A Statement with the Washington Office of the Insurance Commissioner. The Form A Statement was filed over sixty days prior to the proposed effective date of the proposed acquisition, and includes substantial information and agreements concerning the proposed acquisition as required by the Commissioner and applicable statutes, including a copy of the Agreement and Plan of Merger. The Form A Statement was supplemented by Applicants, including filings on August 8, 2012, August 17, 2012, August 29, 2012 and September 13, 2012 with additional information and was supplemented again on October 16, 2012, November 7, 2012, November 8, 2012, November 16, 2012, November 26, 2012 and November 27, 2012 with information requested by the Office of the Insurance Commissioner or the undersigned. [Form A Statement as supplemented; records on file with OIC; Testimony of Ronald J. Pastuch.]

10. On October 26, 2012, the OIC transferred WellPoint’s Form A Statement and Application, with exhibits and its requests for supplemental information, and responses thereto, to the undersigned. The OIC stated that it was satisfied that the Form A filing was complete

except for certain specified information yet to be filed by WellPoint, and requested that a hearing be scheduled in this matter pursuant to RCW 48.31C.030. On November 9 and 28, 2012, the parties filed additional letters containing and transmitting responses to additional questions raised by the OIC and/or by the undersigned. Following those submissions, the OIC once again stated that the Form A Application was complete and requested that the hearing be scheduled. [Ex. 1, hearing file; Oral and Written Testimony of Ronald J. Pastuch, Holding Company Manager with OIC's Company Supervision Division.]

11. There is insufficient evidence to find that after the proposed acquisition and change of control, Amerigroup Washington will not be able to satisfy the requirements for registration as a health carrier. [Oral and Written Testimony of Wagner; Oral and Written Testimony of Fusile; Oral and Written Testimony of Truess; Oral and Written Testimony of Pastuch.]

12. WellPoint does not expect to make any material changes in the domicile of Amerigroup Washington or in other aspects of the operations of Amerigroup Washington which would significantly affect its covered individuals. Further, WellPoint also does not expect to reduce the number of Amerigroup Washington's employees in Washington. [Oral and Written Testimony of Wagner; Oral and Written Testimony of Fusile; Oral and Written Testimony of Truess; Oral and Written Testimony of Pastuch.]

13. As required by the Hart-Scott-Rodino Act ("HSR Act"), on July 23, 2012 WellPoint made a timely filing with the U.S. Department of Justice ("DOJ") and the U.S. Federal Trade Commission ("FTC") advising those authorities of its proposed acquisition of Amerigroup Corporation. Instead of issuing an early termination letter as is done in the majority of HSR Act filings, the DOJ chose instead to request additional information from WellPoint by letter dated August 22, 2012, thereby choosing to conduct an examination into its antitrust concerns arising from this proposed transaction. The DOJ chose to focus only on the state of Virginia. The DOJ required that Amerigroup Corporation divest itself of its subsidiaries in the state of Virginia and by Agreement dated September 27, 2012 Amerigroup Corporation agreed to do so. Thereafter, on November 30, 2012 Amerigroup sold its health plan managed care operations in Virginia to Inova Health System Foundation, a nonaffiliated third party. After consummation of that divestiture, the DOJ concluded its investigation of this proposed acquisition effective November 30, 2012. [Hearing File Ex. 1, U.S. FTC Early Termination Letter dated November 30, 2012; Hearing File Ex. 1, DOJ letter to the undersigned dated November 30, 2012; Oral and Written Testimony of Wagner.] Thereby, the parties were cleared under the HSR Act to consummate the proposed acquisition.

14. As found above, it cannot be found that the immediate effect of the proposed acquisition would be such as may substantially lessen competition or tend to create a monopoly

in the types of health coverage business in which WellPoint will be involved either through Amerigroup Washington relative to publicly funded plans or through Amerigroup or any of WellPoint's other subsidiaries relative to private health plans. [Form A Statement and Application with Exhibits; Oral and Written Testimony of Wagner; Oral and Written Testimony of Truess; Oral and Written Testimony of Pastuch.] However, based upon the mandates of the Affordable Care Act and other considerations, it cannot be found that the medium-term or long-term effect of the proposed acquisition would not be such as would substantially lessen competition or tend to create a monopoly in the types of health coverage business in which WellPoint will be involved either relative to publicly funded plans or private health plans.

15. It cannot be found that the financial condition of Applicants is such as might jeopardize the financial stability of Amerigroup Washington or prejudice the interests of its subscribers. [Form A Statement with Exhibits including Financial Statements; Written and Oral Testimony of Wagner; Written and Oral Testimony of Fusile; Written and Oral Testimony of Truess; Written and Oral Testimony of Pastuch.]

16. WellPoint has no plans to liquidate Amerigroup Washington, sell its assets, consolidate or merge it with any person, or to make any other material change in the business or corporate structure or management, that are unfair or unreasonable to the subscribers of Amerigroup Washington and not in the public interest. Further, WellPoint commits to honor all rights and privileges of current Amerigroup Washington covered individuals and its contracting entities including those under the jurisdiction of the state of Washington. [Form A Statement; Written and Oral Testimony of Wagner; Written and Oral Testimony of Fusile; Written and Oral Testimony of Truess; Written and Oral Testimony of Pastuch.]

17. In its testimony, WellPoint has submitted its list of individuals who would be officers and directors of Amerigroup Washington should this transaction be approved. However, it cannot be found that the competence, experience, and integrity of those persons who would control the operations of Amerigroup Washington are such that it would not be in the interest of covered individuals of Amerigroup Washington's health plans, or of the public, to permit this proposed acquisition of control. [Form A Statement with Exhibits including Biographical Data of Officers and Directors; Written and Oral Testimony of Wagner; Written and Oral Testimony of Fusile; Written and Oral Testimony of Truess; Written and Oral Testimony of Ronald J. Pastuch.]

18. Pursuant to Finding of Fact No. 14 above, it cannot be found that the immediate effect of the proposed acquisition would be such as may substantially lessen competition or tend to create a monopoly in the types of health coverage business in which WellPoint will be involved either through Amerigroup Washington relative to publicly funded plans or through

Amerigroup or any of WellPoint's other subsidiaries relative to private health plans. Therefore, with respect to the adverse affect of lessening of competition of tendency to create a monopoly in the types of health coverage business in which WellPoint will be involved through Amerigroup Washington or any of WellPoint's other subsidiaries, it cannot be found that the proposed acquisition is likely to be hazardous or prejudicial to the insurance-buying public, with caution that this issue may arise in the publicly funded market and/or the private market in the medium- or long-term.

19. However, relative to the finding concerning whether this proposed acquisition is likely to be hazardous or prejudicial to the insurance-buying public, it should be noted that Amerigroup Washington has virtually no track record in Washington, its having only begun its operations six months ago. More importantly, WellPoint, which will have complete ownership and control of Amerigroup Corporation and all of its 36 subsidiaries including Amerigroup Washington, has a remarkable record of being the target of many very significant states' regulatory actions over the past five years based upon violations of those states' insurance laws and particularly those involving protections for consumers, when compared to health carriers of like size. For example, including only regulatory actions involving fines in excess of \$100,000, which is an extraordinary amount in itself, WellPoint has been fined by these states a combined total in excess of \$25 million over the past eight years. [Ex. 1, Form A Application, States' Regulatory Actions, Form A Application supplemental information filed regarding states' regulatory actions.] WellPoint appears to view this situation without particular regret and there appears to be no specific plan to effect an improvement of this situation. [Oral Testimony of Wagner, who advises in his position he is at least one of those in highest position responsible for oversight in this area.] Further, it should be noted that WellPoint, which will have complete ownership and control of Amerigroup Corporation and all of its 36 subsidiaries including Amerigroup Washington, has a remarkable number of cases currently in litigation throughout the nation where it is the defendant, when compared to health carriers of like size. WellPoint also has a remarkable number of cases in which it is the defendant which have been closed by settlement, court decree or otherwise in the past two years, when compared to health carriers of like size. [Ex. 1, Form A Application, Pending Litigation, Form A Application supplemental information filed regarding pending litigation; Form A Application, supplemental information filed regarding litigation closed in past two years.] For these reasons, while it cannot now be found that this proposed acquisition is likely to be hazardous or prejudicial to the insurance-buying public, this finding is made with some caution.

20. Similar to Finding Nos. 18 and 19 above, and for the same reasons concerning states' regulatory actions and voluminous pending and past litigation as set forth above, while it cannot be found that WellPoint's proposed acquisition of Amerigroup Washington would not be fair, equitable, and consistent with law, this finding is made with some caution.

21. Based on its analysis of WellPoint's Form A Statement and Application, after a review of all issues involved herein, the OIC recommends that the undersigned approve this proposed acquisition. [Testimony of Pastuch.]

22. The Notice of Hearing was published in its entirety on the OIC's website commencing on December 5, 2012 and amended on December 6, 2012. This Notice remained on the OIC's website continuously from such date through the date of the hearing. The Notice of Hearing informed and advised all interested persons that any individual or entity is permitted to submit comments on or objections to the proposed acquisition to the undersigned and that any person whose interest is determined by the undersigned to be affected, 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. It is hereby found that the OIC provided reasonable notice and opportunity to be heard to the public in advance of this proceeding. [Hearing File; Oral and Written Testimony of Pastuch.]

23. Neither the OIC, the parties or the undersigned received any responses from the public regarding concerns or support, but only regarding when the hearing herein would take place. [Hearing File; Oral and Written Testimony of Pastuch.]

24. Ronald J. Pastuch, Holding Company Manager in the Company Supervision Division of the Office of the Insurance Commissioner, testified on behalf of the OIC and also submitted his written Testimony and Declaration herein. Mr. Pastuch presented his testimony in a clear, detailed and credible manner and exhibited no apparent biases.

25. James W. Truess, Executive Vice President and Chief Financial Officer of Amerigroup Corporation, testified on behalf of Amerigroup Washington and Amerigroup Corporation. Mr. Truess presented his testimony in a clear, detailed and credible manner and exhibited no apparent biases.

26. Jay H. Wagner, Vice President and Counsel, Mergers & Acquisitions of WellPoint, testified on behalf of Applicants. Mr. Wagner presented his testimony in a clear, detailed and credible manner and exhibited no apparent biases although it would seem that he would have wanted to prepare a statement in response to the number and type of states' regulatory actions against WellPoint.

27. Jeffrey P. Fusile, Senior Vice President and Chief Financial Officer of Business Operations of WellPoint, Inc., testified on behalf of WellPoint. Mr. Fusile presented his testimony in a clear, detailed and credible manner and exhibited no apparent biases, although it

would seem that he would have wanted to present his statement in a more clear manner, e.g., including the fact that because the Affordable Care Act appears to require that carriers choosing to offer Exchange (Medicaid, publicly funded) products are required to also offer similar private products, based upon WellPoint's projections of significantly increased eligible enrollees for publicly funded products WellPoint will also have significantly increased market in the private arena.

28. Based upon the above Findings of Fact, it is hereby found that there exists no basis for denial of WellPoint's request for approval of its proposed acquisition of control of Amerigroup Washington, Inc. in conjunction with its acquisition of control of Amerigroup Corporation. Therefore, it is reasonable that such acquisition and change of control be approved effective as of December 21, 2012.

CONCLUSIONS OF LAW

1. Pursuant to Title 48 RCW and specifically Chapter 48.31C RCW, the Washington State Insurance Commissioner has jurisdiction over WellPoint's proposed acquisition of Amerigroup Washington, Inc. which was the subject of the adjudicative proceeding herein. Further, the undersigned has been properly delegated the authority to conduct all activities relative to the adjudicative proceeding in this matter, to review and consider all documents and evidence filed and request supplemental information as appropriate, to preside over the hearing herein, and to make the final determination in this matter without input from the Washington State Insurance Commissioner, his staff or any other individual or entity having knowledge of this matter. Having considered all of the evidence and testimony presented herein, all information and material presented by the parties and the Insurance Commissioner, and the entire hearing file, and based upon the above Findings of Fact, the undersigned hereby makes the following Conclusions of Law.

2. Applicants properly filed their Form A Statement, along with the Exhibits and supplemental materials filed with and subsequent to the Form A Statement, in a form required by, and containing the information required by the Commissioner and the applicable provisions of Chapter 48.31C RCW, specifically, RCW 48.31C.030. The necessary filings are determined to be complete.

3. After the proposed acquisition of control of Amerigroup Washington, Inc. by Applicants, Amerigroup Washington, Inc. will be able to satisfy the requirements for registration as a health carrier, as contemplated by RCW 48.31C.030(5)(a)(i).

4. It is found above that, at least for the immediate future, the effect of the acquisition and change of control of Amerigroup Washington, Inc. will not be such that may substantially lessen competition or tend to create a monopoly in the health coverage business, as contemplated by RCW 48.31C.030(5)(a)(ii). Although the precautions stated in the findings above relative to this issue should be noted, there is insufficient evidence upon which to conclude that the effect of this proposed acquisition and change of control of Amerigroup Washington, Inc. will be such as may substantially lessen competition or tend to create a monopoly in the health coverage business, as contemplated by RCW 48.31C.030(5)(a)(ii).

5. The financial condition of Applicants is not such that as might jeopardize the financial stability of Amerigroup Washington, Inc. or prejudice the interests of its subscribers, as contemplated by RCW 48.31C.030(5)(a)(ii)(C)(I).

6. WellPoint has no plans to liquidate Amerigroup Washington, Inc., sell its assets, consolidate or merge it with any person, or to make any other material changes in its business or corporate structure or management, that are unfair or unreasonable to subscribers of Amerigroup Washington, Inc. or not in the public interest, as contemplated by RCW 48.31C.030(5)(a)(ii)(C)(II).

7. The competence, experience, and integrity of those persons who would control the operation of Amerigroup Washington, Inc. are not such that it would not be in the interest of subscribers of Amerigroup Washington, Inc. or of the public to permit the acquisition of control, as contemplated by RCW 48.31C.030(5)(a)(ii)(C)(III).

8. Although the precautions relative to this issue found above regarding the volume of states' regulatory actions and pending litigation against WellPoint should be noted, there is insufficient evidence at this time to conclude that WellPoint's proposed acquisition of Amerigroup Washington, Inc. is likely to be hazardous or prejudicial to the insurance-buying public, as contemplated by RCW 48.31C.030(5)(a)(ii)(C)(IV).

9. Reasonable notice of this proposed acquisition was given to the public as contemplated by Chapter 34.05 RCW and Chapter 48.31C RCW, and no reasonable or relevant objections exist for denying WellPoint's request for approval of this proposed acquisition of Amerigroup Washington, Inc.

10. The requirements of the Insurance Code of the State of Washington, and specifically Chapter 48.31C RCW and, in particular, RCW 48.31C.030, governing approval of proposed acquisitions of control, have been met. Further, pursuant to the above Findings of Fact and Conclusions of Law, there is insufficient basis for denial of this proposed acquisition. For these

reasons, WellPoint Inc.'s proposed acquisition of control of Amerigroup Washington, Inc., under the terms and conditions described above and as filed herein, should be granted.

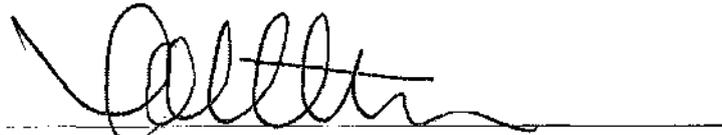
ORDER

On the basis of the foregoing Findings of Fact and Conclusions of Law, to the effect that the statutory criteria for approval of this proposed acquisition and change of control have been met, and that there are not sufficient bases for denial of approval of WellPoint, Inc.'s and ATH Holding Company, LLC's proposed acquisition of Amerigroup Washington, Inc., and to the effect that approval of WellPoint, Inc.'s proposed acquisition of Amerigroup Washington, Inc. upon the terms and conditions filed herein should be granted, NOW THEREFORE;

IT IS HEREBY ORDERED that the Application of WellPoint, Inc. and ATH Holding Company, LLC for the Washington State Insurance Commissioner's approval of their acquisition of ownership and control of Amerigroup Washington, Inc., a Washington domestic health care service contractor, pursuant to the terms of an Agreement and Plan of Merger dated July 9, 2012 and other documents filed herein which are all included in evidence in this proceeding, is **HEREBY APPROVED effective December 21, 2012.**

This Order is entered pursuant to Title 48 RCW and specifically RCW 48.31C.030, RCW 48.04.010, Title 34 RCW and specifically Chapter 34.05 RCW, and regulations applicable thereto.

THIS ORDER IS ENTERED at Tumwater, Washington, this 21st day of December, 2012 and is effective as of December 21, 2012.



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 Surcou, Esq., Kate Reynolds, Esq., James T. Odiorne and Ronald J. Pastuch.

DATED this 21st day of December, 2012.


KELLY A. CAIRNS