

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF OREGON

In the Matter of the Proposed Merger of Health)	Order of Exemption
Plan of CareOregon, Inc., into CareOregon)	
Advantage)	Case No. INS 13-08-008

INTRODUCTION

By letter dated August 20, 2013, CareOregon, Inc. (“CareOregon”) filed a request for exemption from the provisions of Oregon Revised Statutes (“ORS”) 732.521(1) pursuant to ORS 732.521(2) with regard to the merger of Health Plan of CareOregon, Inc. (“HPCO”) into CareOregon Advantage (“COAdv”).

HPCO is an Oregon domiciled stock insurance company, authorized under ORS chapter 750 as a health care service contractor in Oregon since March 4, 2005. HPCO operates only in the State of Oregon. CareOregon currently owns 100% of the issued and outstanding shares of HPCO.

COAdv is an Oregon domiciled not-for-profit public benefit corporation that has been authorized under ORS chapter 750 as a health care service contractor to facilitate this transaction. CareOregon is the sole member of COAdv

CareOregon, Inc. is an Oregon domiciled not-for-profit public benefit corporation and is the ultimate controlling entity of HPCO and COAdv.

FACTS PROVIDED

Under the proposed merger, HPCO will be merged with and into COAdv and HPCO will cease to exist. The merger will be effective on the later of December 31, 2013 or the date that all regulatory approvals are received. COAdv shall be the surviving corporation. The separate corporate existence of COAdv with all its rights, privileges, immunities, powers and franchises

shall continue unaffected by the merger. COAdv will succeed to all the properties and assets of HPCO and to all policyholder obligations, debts, causes of action and other interests due or belonging to HPCO. COAdv will be subject to, and responsible for, all the debts, liabilities and duties of HPCO as provided by applicable state law. At the time of the merger, COAdv will change its name to "Health Plan of CareOregon, Inc.". The officers and directors of COAdv will not change as a result of the merger.

Both HPCO and COAdv acknowledge that the purpose of the merger is to change the existing "Health Plan of CareOregon, Inc." entity from a for-profit corporation to a not-for-profit public benefit corporation.

The boards of directors of HPCO and COAdv have represented that the proposed merger is in the best interest of each corporation and have approved the merger.

The merger does not effect a change of control within the holding company system since the ultimate controlling entity for HPCO and COAdv is CareOregon. CareOregon will remain the ultimate controlling entity in the holding company system. The merger does not affect a change of control within the holding company system.

HPCO writes business only in the State of Oregon. There will be no changes to the claims process for the providers or members. Based on communication provided by the Center of Medicare and Medicaid Services, HPCO will not be required to notify their members.

CONCLUSION OF LAW

The proposed merger will not have the effect of changing or influencing the control or ownership of a domestic insurer. The proposed merger thereby meets the requirements for exemption from the provisions of ORS 732.521(1) pursuant to ORS 732.521(2).

ORDER

Based on the foregoing facts provided and conclusion of law, it is hereby ordered that the proposal to merge Health Plan of CareOregon, Inc. into CareOregon Advantage submitted by CareOregon, Inc. is exempt from the provisions of ORS 732.521(1).

Issued this 4th day of December 2013.



Laura N. Cali, FCAS, MAAA
Oregon Insurance Commissioner and Chief Actuary