

DEPARTMENT OF INSURANCE

Legal Branch-San Francisco



File No. APP-2015-00889

Date January 8, 2016

THIRD AMENDED NOTICE OF HEARING PURSUANT TO CALIFORNIA INSURANCE CODE §1215.2(f)(1) REGARDING THE PROPOSED ACQUISITION OF HEALTH NET LIFE INSURANCE COMPANY BY CENTENE CORPORATION***** CHANGE IN HEARING LOCATION AND TIME *****

NOTICE IS HEREBY GIVEN that the public hearing scheduled before the Insurance Commissioner of the State of California ("Commissioner") regarding the proposed merger of Chopin Merger Sub I, Inc. ("Merger Sub I"), a wholly owned subsidiary of Centene Corporation, a Delaware corporation, with and into Health Net, Inc. ("Health Net") a Delaware corporation, with Health Net the survivor, will be held on the same date as previously noticed, but at a different time and location. The hearing will be held as follows:

DATE: January 22, 2016
TIME: 11:00 a.m. until adjourned.
State Capitol Building, Room 4202
10th and L Streets
Sacramento, California 95814

The merger of Health Net and Merger Sub I ("Merger") would result in a change of control of Health Net Life Insurance Company ("Health Net Life"), a California domiciled insurance company regulated by this Department. By virtue of the Merger, Centene Corporation will acquire control and ownership of Health Net Life and 100% of its stock. Centene Corporation would also acquire control and ownership of Health Net of California, Inc. and its subsidiaries, regulated by the Department of Managed Health Care.

The purpose of this hearing is to elicit testimony and comments regarding the possible implications of the Merger. Topics to be covered at the hearing may include any of the subjects in California Insurance Code sections 1215.2(a)(1) through (5) and sections 1215.2(d)(1) through (5), including the effect of the Merger on:

- Health Net Life's corporate governance, location of headquarters, and number of employees
- Health Net Life's claims, underwriting, customer service and rates
- Competition in the marketplace
- The level of commercial coverages in all health insurance products currently offered by Health Net Life in both individual and group health insurance markets, including indemnity, PPO, EPO and Medicare Supplement
- Health Net Life's continued participation in the individual and small group markets of the California Health Benefit Exchange

- Health Net Life's maintaining or increasing the number of health care providers and facilities for its group and individual EPO and PPO health insurance products relative to its peak 2015 levels.

The hearing may also address the financial impact of the Merger on Health Net Life, and may include evidence and testimony on the following subjects:

- Acquisition costs and financing
- Financial projections and post-merger synergies
- Impact on Health Net Life's statutory capital and surplus and RBC ratio
- Whether executive compensation, including that related to the Merger, is appropriate, as well as its impact on rates, and to what extent it will be paid by Health Net Life
- Whether the Merger will require Health Net Life to guarantee, or pledge its stock or assets for, any loan of Centene Corporation
- The effect of the Merger on any future dividend or distributions to Centene Corporation.

The Department wishes to hear testimony from the companies, consumers and other interested parties regarding the proposed acquisition. The hearing will be structured with priority given to witnesses who have made advance arrangements with or who have been invited by the Department to testify. Any person wishing to testify is encouraged to provide a statement summarizing his or her intended testimony to Jennifer Chambers, Senior Staff Counsel, 45 Fremont Street, 24th Floor, San Francisco, CA 94105 (phone number: (415) 538-4145, email: Jennifer.Chambers@insurance.ca.gov), or Jon Tomashoff, Senior Staff Counsel, 45 Fremont Street, 21st Floor, San Francisco, CA 94105 (phone number: (415) 538-4119, email: Jon.Tomashoff@insurance.ca.gov). Persons wishing to provide written comments concerning this acquisition for the Department's consideration should submit them to Jennifer Chambers or Jon Tomashoff, and are encouraged to do so by 5:00 p.m. on January 15, 2016. However, nothing in this Notice precludes the presiding officer from receiving additional written submissions or testimony at the time of the hearing.

In issuing his decision to approve or deny the merger, the Commissioner may rely on matters raised and evidence proffered at the hearing, in addition to all issues raised and information considered in the course of his review of the application filed pursuant to California Insurance Code, section 1215.2.

The facilities to be used for the public hearing are accessible to persons with mobility impairments. Persons with sight or hearing impairments are requested to notify Jennifer Chambers or Jon Tomashoff to make any necessary special arrangements.

Dated: January 8, 2016

DAVE JONES
Insurance Commissioner

By



John Finston