

BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF OKLAHOMA

FILED

APR 27 2011

INSURANCE COMMISSIONER
OKLAHOMA

In Re: the Matter of the Proposed No)
Change in Control Acquisition of)
)
TODAY'S OPTIONS OF OKLAHOMA, INC.)
and SELECTCARE OF OKLAHOMA, INC.)
)
By)
)
UNIVERSAL AMERICAN SPIN CORP. and)
UNIVERSAL AMERICAN HOLDINGS, LLC)

Case No. 11-0516-TRN

ORDER

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, having reviewed the captioned request for exemption pursuant to 36 O.S. § 1653(F) involving domestic health maintenance organizations ("HMOs"). Today's Options of Oklahoma, Inc. and SelectCare of Oklahoma, Inc., both Oklahoma HMOs.

This request results from a proposed transaction between Universal American and CVS Caremark Corporation ("CVS"). Both are publically traded companies. This transaction has two basic steps. The Reorganization Transaction in which (1) ownership of Heritage Health Systems, Inc., a wholly-owned subsidiary of Universal American and the sole shareholder of each of the Oklahoma HMOs would be transferred from Universal American to Universal American Spin Corp., a wholly-owned subsidiary of Universal American, and then transferred by Universal American Spin Corp. to Universal American Holdings, LLC which essentially will serve as a lower-tiered replacement holding company for Universal American, and, thereafter, (2) the sale by Universal American of its Medicare Prescription Drug Plan business ("Medicare Part D Business") to CVS, which does not involve the Oklahoma HMOs. Neither the

Reorganization Transaction nor the Acquisition will involve any change of the ultimate controlling shareholders of the Oklahoma HMO subsidiaries in question.

JURISDICTION

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and as such is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101-7004, including all provisions of 36 O.S. §§6901 et seq. regulating Health Maintenance Organizations

2. More particularly, the Insurance Commissioner has jurisdiction of insurer and health maintenance organization Form A request exemptions under 36 O.S. § 1653(F) of the Oklahoma Insurance Holding Company Act and under the Oklahoma HMO Act which authorizes the Insurance Commissioner to waive the hearing and approval process of an acquisition where the Insurance Commissioner finds that the transaction should be exempted based on fact that it is not made or entered into for the purpose and does not have the effect of changing or influencing the control of a domestic insurer or HMO, or otherwise is not comprehended within the purposes of Section 1653(E).

3. The HMOs are authorized to transact business in the State of Oklahoma pursuant to Certificate of Authority Number U006 (NAIC CoCode 50037).

4. This is the filing of a request for an exemption from a change of control pursuant to Section 1653 under Article 16A of the Oklahoma Insurance Code, regarding a proposed indirect acquisition of control by Universal American Spin Corp. (“Applicant 1”) and Universal American Holdings, LLC (“Applicant 2” -- which together with Applicant 1 are collectively referred to as the “Applicants”) of Today’s Options of Oklahoma, Inc. (“Today’s Options”) and SelectCare of Oklahoma, Inc. (“SelectCare”), each of which is a health maintenance organization

domiciled in Oklahoma (collectively, Today's Options and SelectCare are hereinafter referred to as the "HMOs").

5. The proposed indirect acquisition of control of the HMOs will be accomplished by an internal reorganization, whereby Universal American Corp. will contribute 100% of the issued and outstanding capital stock of its wholly-owned subsidiary, Heritage Health Systems, Inc., to Applicant 1, which in turn will be contributed by Applicant 1 to Applicant 2, as part of the organization of Applicant 2. Heritage Health Systems, Inc. directly owns 100% of the issued and outstanding capital stock of SelectCare and indirectly owns 100% of the issued and outstanding capital stock of Today's Options. This ownership of the Oklahoma HMOs will not change as a result of the contemplated reorganization.

6. Pursuant to the authority granted the Commissioner under Section 1653(E) under Article 16A of the Oklahoma Insurance Code, the Commissioner hereby asserts the following declarations of findings of fact, conclusions of law and orders:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. UAC Holding, Inc. and Heritage Health Systems, Inc. are direct, wholly-owned subsidiaries of Universal American Corp. UAC Holding, Inc. directly owns 100% of the issued and outstanding capital stock of Applicant 1. Applicant 1 directly owns 100% of the membership interests of Applicant 2. Heritage Health Systems, Inc. owns all of the issued and outstanding capital stock of SelectCare; and Heritage Health Systems, Inc.'s wholly-owned subsidiary, Harmony Health, Inc., owns all of the issued and outstanding capital stock of Today's Options.

2. Universal American Corp. proposes to contribute the stock of Heritage Health Systems, Inc. to Applicant 1, in exchange for the issuance to UAC Holding, Inc. of all the

outstanding capital stock of Applicant 1. Applicant 1 would then contribute the stock of Heritage Health Systems, Inc. to Applicant 2, as part of the organization of Applicant 2.

3. Three funds affiliated with the private equity firm Capital Z Partners, namely Capital Z Financial Services Fund II, L.P., Capital Z Financial Services Private Equity Fund II, L.P. and Capital Z Partners III, L.P. (the "Capital Z Funds") collectively own 27% and are currently the ultimate controlling person of Universal American Corp., the HMOs and the Applicants, and will remain the ultimate controlling person of the HMOs and the Applicants immediately after the reorganization.

4. Following the reorganization, Applicant 1 will become a publicly held corporation and the ultimate controlling holding company of the HMOs, the Capital Z Funds, will become the ultimate controlling person of Applicant 1, Applicant 2 and the HMOs. Universal American Corp. will cease to be the ultimate controlling holding company of the HMOs.

5. Applicants have submitted two letters, dated February 11, 2011 and March 16, 2011, including organizational charts to the Oklahoma Insurance Department, with respect to the reorganization.

6. The staff of the Oklahoma Department of Insurance have reviewed the contents of these letters and exhibits thereto and find that the filing of the Form A exemption request is in accordance with Section 1653(E) under Article 16A of the Oklahoma Insurance Code and such documents have provided the information required under Oklahoma law to enable the Insurance Commissioner to render a decision on the application.

7. The letters and exhibits submitted by Applicants indicate that after the reorganization, the Capital Z Funds will be the ultimate controlling person of the Applicants and

the HMOs, both following completion of the reorganization and upon Applicant 1 becoming a publicly held corporation. The letters and exhibits thereto also reflect that the actual shareholders of SelectCare and Today's Options are, and will continue to be exactly the same following completion of the reorganization: Heritage Health Systems, Inc. and Harmony Health, Inc., respectively.

8. The letters and exhibits thereto submitted by the Applicants support the approval of the Applicants' request for an exemption of change of control of the HMOs pursuant to Applicant 2's acquisition of the outstanding capital stock of Heritage Health Systems, Inc. because such acquisitions are not being "made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer [or health maintenance organization], or as otherwise not comprehended within the purposes of [Section 1653]."

ORDER

IT IS THEREFORE ORDERED that the application by Universal American Spin Corp. and Universal American Holdings, LLC to acquire indirect control of Today's Options of Oklahoma, Inc. and SelectCare of Oklahoma, Inc. is hereby **approved** pursuant to Section 1653(E) under Article 16A of the Oklahoma Insurance Code provided that the acquisition is effected within ninety (90) days of the date of this Order.

IT IS FUTHER ORDERED that the Commissioner of Insurance retains jurisdiction over the subject matter of this proceeding and over the parties for the purpose of entering such further order or orders as may be deemed necessary and proper.

WITNESS My Hand and Official Seal this 25th day of April, 2011.






PAUL WILKENING
Deputy Commissioner of Administration
Oklahoma Insurance Department

CERTIFICATE OF MAILING

I, Kelley C. Callahan, hereby certify that a true and correct copy of the above foregoing Order was mailed postage prepaid with return receipt requested and emailed on this 27th day of April, 2011 to:

Brian Casey, Esq.
Locke Lord Bissell & Liddell LLP
The Proscenium
1170 Peachtree Street, NE Suite 1900
Atlanta, GA 30309

and that a copy was delivered to the Oklahoma Insurance Department Financial and Examination Division.



Kelley Callahan
Senior Attorney

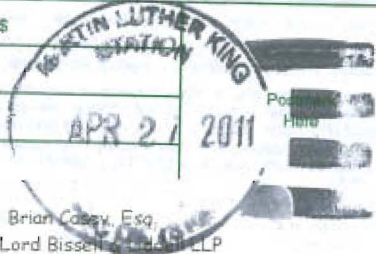
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