



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

FOR IMMEDIATE RELEASE

Dec. 28, 2009

For more information, contact:

Bob Hanson
Public Information Officer
785-296-7807
bhanson@ksinsurance.org
or Cynthia Price
Publications Writer
785-368-4670
cprice@ksinsurance.org

Commissioner approves sale of Preferred Health Systems to Coventry Health Care, Inc.

TOPEKA, Kan. — Kansas Insurance Commissioner Sandy Praeger has approved the sale of Preferred Health Systems Insurance Co. and Preferred Plus of Kansas to Coventry Health Care, Inc.

The order of approval was signed Dec. 24, and the insurance companies were notified.

Following a public forum and a formal hearing, both earlier this month in Wichita, Commissioner Praeger's approval has stipulations that Coventry must follow.

"I have ordered stipulations on the sale," Commissioner Praeger said, "that allow the Kansas Insurance Department to monitor the transition of the sale, especially for provider-network adequacy."

Preferred Health Systems Insurance Co. and Preferred Plus of Kansas are subsidiaries of Via Christi Health Systems of Wichita. Via Christi sought a buyer for the insurance companies in September, and several companies expressed interest in the purchase. Following a review of the offers, Via Christi chose Coventry in October 2009.

Kevin Conlin, chief executive officer for Via Christi, said at the Dec. 14 public forum that maintaining insurance companies separate from their health system mission was not at the core of Via Christi's continuing business.

-More-

The stipulations the Commissioner has placed on the sale were recommended by insurance department officials and agreed to by Coventry officials. The stipulations:

- For at least one year, Coventry provides the department a quarterly report showing a network of providers adequate to deliver services in a timely manner to policyholders.
- For one year, Coventry provides a quarterly report on its progress in improving the performance of MHNet, its mental health benefits administrator. Problems with MHNet were aired during the public forum.
- Coventry will not give MHNet additional responsibilities for at least one year or until Commissioner Praeger is satisfied that progress has been made.
- Coventry will not make any changes in policies, rates, benefits and similar areas for at least one year, except in compliance with law.
- Coventry immediately implements procedures to ensure timely and accurate communication with the insurance department on complaints, the filing of policy forms and similar processes.
- Coventry immediately implements procedures that ensure all required information is filed in a timely manner.
- Coventry maintains an office in Wichita dedicated to providing services for PHS matters through Dec. 31, 2011.

Preferred is the largest commercial health insurer in the Wichita area. Coventry Health Care operates in all 50 states. Coventry Health Care of Kansas Inc., has offices in Kansas City, Mo., and Wichita.

-30-

The Kansas Insurance Department, established in 1871, assists and educates consumers, regulates and reviews companies and licenses agents selling insurance products in the state. More about the department is online at www.ksinsurance.org.