801.40
802.20

[redacted]

ATTORNEYS AT LAW

[redacted]

June 15, 2000

**VIA FEDERAL EXPRESS**

[illegible]
Federal Trade Commission
Premerger Notification Office
Mail Drop – Room H-301
6th Street and Pennsylvania Avenue, N.W.
Washington, DC 20580

[illegible] [redacted]

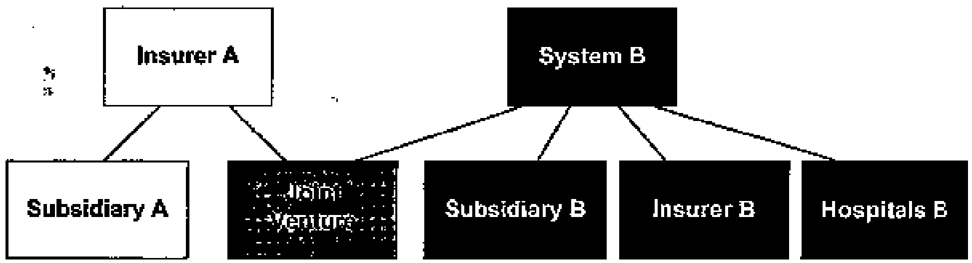
I am writing to confirm that a transaction proposed by our client does not require a filing under the Hart-Scott-Rodino Act.

**Overview of Entities**

As indicated in the diagram below, Insurer A, which is a health insurer, owns Subsidiary A, which is a health maintenance organization ("HMO"). System B owns Insurer B (which operates an HMO and PPO), Subsidiary B (a third-party administrator ("TPA")), and a number [redacted]

[redacted]

**Diagram**




**Description of Transaction**

First, Subsidiary A will purchase some of the HMO membership (i.e., enrollees) of Insurer B. The purchase price is $2 million, which represents fair market value.

[redacted]

business of Insurer A and Subsidiary A. The joint venture itself is expected to hold few if any [redacted]

will be 5% better than the rates given to any other insurer by Hospitals B.

[redacted]

The benefits to the parties are summarized below:

| **Insurer A and Subsidiary A get:** | **Insurer B gets:** |
| --- | --- |
| Certain enrollees of Insurer B | $2 million |
| 51% of the stock of Subsidiary B | $1 million |
| 5% MFN from Hospitals B | up to 50% of the profits of all business in the joint venture and, upon termination of the joint venture, 50% of the fair market value of the membership of Insurer A and Subsidiary A then included in the joint venture, net of membership in place at the time of its formation. |

## Conclusion

It is our conclusion that no filing is required because the financial thresholds that would [illegible]

[redacted]

Sincerely,

[redacted]

Agree - No filing is required.
B Michael Verne
6/20/00

[redacted]