

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of the Proposed Acquisition of)	
Via Christi Health System, Inc.)	
Preferred Health Systems, Inc.)	
Preferred Plus of Kansas, Inc.)	
Preferred Health Systems Insurance Company)	
)	
by)	Docket No. 3653-ACQ
)	
Ascension Health)	

ORDER

Now comes on this 7th day of May, 2007 before the Commissioner of Insurance, upon the filing of a preacquisition notice regarding the acquisition of control of Via Christi Health System, Inc. ("Via Christi") by Ascension Health ("Applicant"), for disposition of the request by Applicant for an order under Kansas Statutes Annotated (K.S.A.) 40-3304(e) exempting said entity from the filing and approval requirements of K.S.A. 40-3304. Via Christi is currently the ultimate controlling person of Preferred Health Systems, Inc. Preferred Health Systems, Inc. is the parent insurance holding company of Preferred Plus of Kansas, Inc. ("PPK") and Preferred Health Systems Insurance Company ("PHSIC"), both of which are Kansas domestic insurance entities.

Via Christi is represented by Kevin P. Conlin, President & CEO and by Jim Rankin, Esq. of Foulston Siefkin LLP. Applicant is represented by Joseph R. Impicciche, Esq., Senior Vice President, Legal Services & General Counsel. The Kansas Insurance Department ("KID") is represented by John W. Campbell, General Counsel. Also appearing for the Kansas Insurance Department are Kenneth G. Abitz, Director of the

Financial Surveillance; Mark E. Owens, Financial Analyst; and Deletria L. Nash, Assistant General Counsel.

FINDINGS OF FACT

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-103 and K.S.A. 40-3301, et seq.

2. Applicant has requested an exemption from the acquisition and approval requirements of the Kansas Insurance Holding Companies Act under K.S.A. 40-3304(e).

3. Via Christi, a Kansas not-for-profit corporation, is authorized to do business in Kansas.

4. Via Christi is sponsored by the Sisters of St. Joseph of Wichita and the Sisters of the Sorrowful Mother, US/Caribbean Province, Broken Arrow, Oklahoma through its subsidiary, Marian Health System.

5. Preferred Health Systems, Inc. is a Kansas domestic holding company, which owns 100% of the stock of PPK and PHSIC, except Directors' qualifying shares.

6. PPK is a Kansas health maintenance organization which is authorized to do business in Kansas.

7. PHSIC is a Kansas stock life insurance company which is authorized to do business in Kansas.

8. Ascension Health is a Missouri not-for-profit corporation.

9. The Sisters of St. Joseph of Wichita are transferring their sponsorship of Via Christi to Ascension Health. Ascension Health currently is sponsored by Northeast Province of the Daughters of Charity of St. Vincent de Paul, Southeast Province of the

Daughters of Charity of St. Vincent de Paul, East Central Province of the Daughters of Charity of St. Vincent de Paul, West Central Province of the Daughters of Charity of St. Vincent de Paul, Congregation of the Sisters of St. Joseph of Nazareth, and Congregation of the Sisters of St. Joseph of Carondelet.

10. The Wichita Congregation will transfer its sponsorship of Via Christi to the Sponsors of Ascension Health.

11. Ascension Health will become the 50% direct sponsor of Via Christi.

12. On April 5, 2007, Applicant filed a Disclaimer of Affiliation and Control pursuant to K.S.A. 40-3304(e) and 40-3305(k).

13. Review of evidence establishes that, upon the completion of the transaction, Applicant will not direct or cause the direction of the management or policies of PPK or PHSIC.

14. Review of evidence establishes that, upon the completion of the transaction, Applicant will have no right to representation on the Board of PPK and PHSIC.

CONCLUSIONS OF LAW

15. K.S.A. 40-3302 states, in relevant part:

As used in this act, unless the context otherwise requires:

(c) "Control" including the terms "controlling," "controlled by" and "under common control with", means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the

power to vote, or holds proxies representing 10% or more of the voting securities of any other person. This presumption may be rebutted by a showing made in the manner provided by subsection (k) of K.S.A. 40-3305 and amendments thereto, that control does not exist in fact. The commissioner of insurance may determine, after a hearing in accordance with the provisions of the Kansas administrative procedure act, that control exists in fact, notwithstanding the absence of a presumption to that effect.

16. K.S.A. 40-3304(a) states, in relevant part:

No person other than the issuer shall make a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities or, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after the consummation thereof, such person would, directly or indirectly (or by conversion or by exercise of any right to acquire) be in control of such insurer, and no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer or any person controlling a domestic insurer unless, at the time any such offer, request, or invitation is made or any such agreement is entered into, or prior to the acquisition of such securities if no offer or agreement is involved, such person has filed with the commissioner of insurance and has sent to such insurer, a statement containing the information required by this section and such offer, request, invitation, agreement or acquisition has been approved by the commissioner of insurance in the manner hereinafter prescribed. The requirements of this section shall not apply to the merger or consolidation of those companies subject to the requirements of K.S.A. 40-507 and 40-1216 to 40-1225, inclusive, and amendments thereto.

For the purposes of this section a domestic insurer shall include any person controlling a domestic insurer unless such person as determined by the commissioner is either directly or through its affiliates primarily engaged in business other than the business of insurance. For the purposes of this section, "person" shall not include any securities broker holding, in the usual and customary broker's function, less than 20% of the voting securities of an insurance company or of any person which controls an insurance company.

17. K.S.A. 40-3304(e) states, in relevant part:

The provisions of this section shall not apply to:

Any offer, request, invitation, agreement or acquisition which the commissioner of insurance by order shall exempt therefrom as:

- (1) Not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer;

18. K.S.A. 40-3305(k) states, in relevant part:

Any person may file with the commissioner of insurance a disclaimer of affiliation with any authorized insurer or such a disclaimer may be filed by such insurer or any member of an insurance holding company system. The disclaimer shall fully disclose all material relationships and bases for affiliation between such person and such insurer as well as the basis for disclaiming such affiliation...

19. Based upon the information enumerated in the Findings of Fact contained above, and the representations of Ascension Health, the acquisition of Via Christi, a Kansas not-for-profit corporation, is not made for the purpose of and will not have the effect of changing or influencing the control of Preferred Plus of Kansas, Inc. and Preferred Health Systems Insurance Company, both of which are Kansas domestic insurance entities.

IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE, ORDERED THAT:

1. Ascension Health shall be exempt from the application of the formal filing and approval requirements of K.S.A 40-3304 as it may be deemed to apply to the acquisition of Via Christi, ultimate controlling person of Preferred Plus of Kansas, Inc. and Preferred Health Systems Insurance Company.

2. The exemption filed by Ascension Health is hereby granted pursuant to K.S.A. § 40-3304, provided the acquisition is effected within sixty (60) days of the date of this Order.

3. The Commissioner of Insurance retains jurisdiction over this matter to issue any and all further Orders deemed appropriate or to take such further action as necessary to dispose of this matter.

Notice of Right to Hearing or Appeal

You are entitled to a hearing pursuant to K.S.A. § 77-537, the Kansas Administrative Procedure Act. If you desire a hearing, you must file a written request for a hearing with:

John W. Campbell, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612.

This request must be filed within fifteen (15) days from the date of service of this Order. If you request a hearing, the Kansas Insurance Department will notify you of the time and place of the hearing and information on the procedures, right of representation, and other rights of parties relating to the conduct of the hearing, before commencement of same.

If a hearing is not requested in the time and manner stated above, this Order shall become effective as a Final Order upon the expiration of time for requesting a hearing, pursuant to K.S.A. § 77-613. In the event that you file a petition for judicial review, pursuant to K.S.A. § 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

John W. Campbell, General Counsel
 Kansas Insurance Department
 420 S.W. 9th Street
 Topeka, Kansas 66612.

IT IS SO ORDERED THIS 7th DAY OF MAY, 2007, IN THE CITY OF
 TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



/s/ Sandy Praeger
 Sandy Praeger
 Commissioner of Insurance

/s/ John W. Campbell
 John W. Campbell
 General Counsel

Certificate of Service

The undersigned hereby certifies that a true and correct copy of the above order was transmitted by U.S. Mail, postage prepaid, on this 7th day of May, 2007 to:

Jim Rankin
 Foulston Siefkin LLP
 555 S. Kansas Avenue, Suite 101
 Topeka, KS 66603

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Kevin P. Conlin
 President & CEO
 Via Christi Health Systems, Inc.
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/s/ Deletria L. Nash
 Deletria L. Nash
 Assistant General Counsel