

**BEFORE THE COMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of)	
HORIZON HEALTH PLAN INC.)	Docket No. 2349-CO

AGREED ORDER OF SUPERVISION AND SUSPENSION

Pursuant to the authority granted the Commissioner of Insurance by Kansas Statutes Annotated (K.S.A.) 1998 Supp. 40-3203, K.S.A. 40-3207, K.S.A. 40-3209, K.S.A. 40-3211, K.S.A. 40-3227 and the Kansas Administrative Procedure Act, K.S.A. 77-501, et seq.,

I, Kathleen Sebelius, the duly elected, qualified, and acting Commissioner of Insurance of the State of Kansas, assert the following findings of fact, conclusions of law, and order, to wit:

Findings of Fact and Conclusions of Law

1. Horizon Health Plan, Inc., (hereafter "Horizon" or the "Company") is a health maintenance organization incorporated and authorized to do business under the laws of the State of Kansas, with its registered corporate office being located at 623 SW 10th Avenue, Topeka, Kansas 66612-1627.

2. The Company was incorporated under Article 32 of Chapter 40 of the Kansas Insurance Laws on January 10, 1996.

3. The Company and the Secretary, Kansas Department of Social and Rehabilitation Services (SRS), have entered into a contract regarding the provision of certain services by Horizon with respect to the Kansas HealthWave Physical and Dental Benefits Program. In addition, the Company and SRS have entered into a contract regarding the provision of Medicaid services known as "PrimeCare." These contracts constitute the only business of the Company.

4. By agreement dated March 31, 1999, the Company agreed to sell, transfer and assign all of its rights under the HealthWave and PrimeCare contracts to FirstGuard Health Plan Kansas, Inc. for two million dollars (\$2,000,000) cash. The closing of the transaction between the Company and FirstGuard occurred on May 3, 1999 but was effective as of May 1, 1999. The closing is subject to the satisfaction of certain conditions occurring subsequent to the closing date.

5. For a number of reasons, including the transaction with FirstGuard, the Company has determined that continuation of the Company's business may not be in the best interest of the Company's subscribers and claimants or the general public, and has so advised the Commissioner of Insurance.

6. The Commissioner of Insurance, based on an overview of the Company's transaction with FirstGuard, the Company's financial condition, the financial projections of the Company, and other information presented to her, has determined that it is in the best interest of the Company and subscribers that the Company's contracts for the HealthWave and PrimeCare programs be continued with a successor company and that the transaction with FirstGuard was in the best interest of the Company and its subscribers.

7. The Company's Board of Directors directed by resolution that the Company's management and staff work in concert with the Kansas Insurance Department to develop a plan for the orderly winding down of the business of Horizon and submit the plan for final approval of the Board of Directors.

8. This Order is issued to enforce and implement the orderly winding down of Horizon under the supervision of the Kansas Insurance Department.

9. The Company recommends and consents to the supervision of the run-off of the obligations of the Company toward the end that all its administrative and claim responsibilities under the statutes, by-laws, and terms and conditions of its various health benefit plans are paid and that its assets and receivables be conserved and administered in an equitable fashion for the benefit of its subscribers, claimants, and creditors.

10. The Commissioner of Insurance has jurisdiction over the subject matter of this proceeding and over the Company, and this proceeding is held in the public interest.

11. The Company waives its right to a formal hearing under the Kansas Administrative Procedure Act, K.S.A. 77-501, et seq., and notice thereof, and voluntarily consents to the following order of the Commissioner of Insurance.

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

1. As of May 11, 1999, the license of Horizon Health Plan, Inc. will be suspended. The Company shall not write or renew any business without the prior approval of the Kansas Insurance Department.

2. The Commissioner hereby appoints the Supervisor of the Financial Surveillance Division and Chief Examiner of the Kansas Insurance Department, or his designee, as supervisor of the run-off of obligations and other affairs of the Company pursuant to this Order.

3. Enrollees or covered dependents of Horizon are not entitled to obtain a continuation or conversion contract since the discontinued group coverage will be replaced by similar group coverage within 31 days, as required by K.S.A. 40-3209(a)(7)(B).

4. The Company, its officers and directors, and its shareholders and ultimate parent, Heartland Physicians Health Network, Inc. are required to cooperate with the Commissioner of Insurance and her staff.

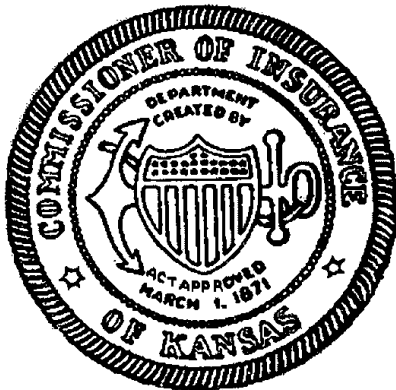
5. The Company shall not transfer any property, dispose of any assets, make material changes in management, borrow or lend money, pay or incur any obligations or make any other material changes regarding its financial or corporate status without prior approval of the Commissioner of Insurance.

6. Nothing contained herein shall be construed to constitute a "change of control" as that term is used in K.S.A. 40-3304, or a transfer of the legal and equitable ownership of the stock of Horizon.

7. The Company may petition the Commissioner of Insurance to modify the provisions of this Order at any time by a written request.

8. The Commissioner of Insurance retains jurisdiction over this subject matter for the purpose of entering such further order or orders as may be deemed proper and necessary.

**IT IS SO ORDERED THIS 20th DAY OF MAY 1999, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.**



APPROVED BY:
HORIZON HEALTH PLAN, INC.

_____/S/
Loran Jeremy Slaughter

_____/S/
Kathleen Sebelius
Commissioner of Insurance

_____/S/
Kathy Greenlee
General Counsel

HEARTLAND PHYSICIANS HEALTH
NETWORK, INC.

_____/S/