

**D.C. CHARTERED HEALTH PLAN INC.'S PETITION TO APPROVE ASSET
PURCHASE AGREEMENT WITH AMERIHEALTH**

**Statement by Special Deputy Rehabilitator Daniel L. Watkins
February 22, 2013**

The special deputy rehabilitator of D.C. Chartered Health Plan Inc. has filed his second status report with the Superior Court of the District of Columbia. Among other requests, the report petitions the court for expedited approval of an asset purchase agreement with AmeriHealth District of Columbia Inc., a newly formed subsidiary of AmeriHealth Family of Companies, a national leader in Medicaid managed care. The agreement requires court approval.

In order to close the transaction, AmeriHealth must be awarded a Medicaid contract with the District. AmeriHealth submitted a proposal for that selection and contracting process, which is being conducted by the District's Office of Contracts and Procurement.

Chartered has faced significant challenges over the past year which caused it to seek an acquisition partner with significant resources and experience in managing large Medicaid contracts. AmeriHealth emerged as the best-qualified suitor after a process run by the rehabilitator's team. This proposed transaction is a major step toward reorganizing Chartered, allowing its employees and provider network to continue serving District Medicaid enrollees through AmeriHealth – an organization that combines high-quality managed-care expertise with a high-touch local presence.

The transaction contemplates that Chartered's current Medicaid contract and customers will be transferred to AmeriHealth after court approval of the purchase agreement. The transfer requires approval of the Department of Health Care Finance, the District agency responsible for the Medicaid contract.

The reorganization plan calls for Chartered to retain and pursue its claims against the District and to retain the obligation to pay providers for claims incurred prior to the transfer of Chartered's Medicaid contract.

Chartered's third-quarter 2012 financials were included in the report to the court. They show a slight pre-tax profit of \$700,000, which includes \$12 million in retrospective premium in 2012 that Chartered claims is due from the Department of Health Care Finance and \$14 million held as collateral for a loan taken by Chartered's parent company. Chartered has filed its claims for back premium with Health Care Finance and has requested an expedited determination.

A copy of the report to the court is available on the Department of Insurance, Securities and Banking website at www.disb.dc.gov/Chartered.