

Receiver's Status Report on Chartered Health Plan Inc.

Dec. 3, 2012

Chartered's receiver is negotiating a transaction with health-insurer AmeriHealth Mercy headquartered in Philadelphia and has entered into a letter of intent which has the potential to best achieve value for Chartered and to best serve its members and providers and the District. Amerihealth has filed a proposal today to service the District's Medicaid and Allied clients.

Here are some questions and answers from the receiver on Chartered's status:

Is the independent audit of Chartered's 2011 annual statement which was due November 30 completed?

Unfortunately, no. Chartered requested an extension of time to December 20 for the outside auditors to complete their work on the 2011 financial statement.

Chartered has been working diligently to provide the auditors with the necessary information and the auditors are performing appropriate tests of that data and reviewing the company's schedules and comments.

This process has taken more time than anticipated but it should be completed soon, and the audited statement will be made public when it is filed with the Department of Insurance, Securities and Banking.

Can Chartered pay its claims and perform on its current contract with the District?

Yes, Chartered is paying provider claims and continues to meet its obligations under its Medicaid contract with the District. That agreement runs to April 30, 2013. The Rehabilitator continues to seek a way forward that achieves the best value and utilization of Chartered's assets and which can help provide the best results for its members, providers and the District. We will take a plan to the Court with details of how this would be done when definitive terms for a plan are finalized.

Did Chartered file a response to the RFP for a new five year Medicaid contract?

No. Chartered entered a letter of intent with AmeriHealth Mercy regarding a potential transaction and AmeriHealth Mercy responded to the RFP.

How did Chartered determine not to bid on the RFP?

The Rehabilitator engaged an investment banking firm to conduct a process seeking a strategic partner with sufficient financial and operational resources to serve the District's Medicaid enrollees and their medical providers. In a very compressed timeframe, Chartered and its advisors are seeking a way forward that can realize value for Chartered's assets and best provide model services and improved health outcomes for District enrollees. We are negotiating a transaction with AmeriHealth Mercy to accomplish both of those goals.

Is there any agreement with the holding company or the holding company's stockholder?

There are no agreements with the holding company or its shareholder regarding any potential transaction or proceeds from such a transaction.

For more information, contact Michael Flagg at the Department of Insurance, Securities and Banking: Michael.flagg@dc.gov, 202 442-7756.