

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

**In the Matter of the Proposed Exemption of
Via Christi Health System, Inc.**

)
)

Docket No. 3254-M

ORDER

Now comes on for disposition the request of Via Christi Health System, Inc. 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, as said statute may be construed to apply to the restructuring of the insurance holding company system which was accomplished by a transfer of Via Christi Regional Medical Center's stock holdings in Preferred Health Systems, Inc. to Via Christi Health Systems. Following the stock transfer, the transaction will not have any effect of changing or influencing the current control of Preferred Plus of Kansas, Inc. and Preferred Health Systems Insurance Company.

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 Health Systems, Inc., a Kansas not for profit holding company, is the ultimate controlling person in the holding company system.
4. Via Christi Health Systems, Inc. owns 100% of the outstanding stock of Via Christi Regional Medical Center, Inc., a Kansas not for profit hospital.

5. Via Christi Regional Medical Center, Inc. owns 100% of the outstanding stock of Preferred Health Systems, Inc., a Kansas insurance holding company.

6. Preferred Health Systems, Inc. owns 100% of the outstanding stock of Preferred Plus of Kansas, Inc. and Preferred Health Systems Insurance Company, a Kansas Health Maintenance Organization and a life insurance company, respectively.

7. Via Christi Health Systems, Inc. proposes to reorganize the insurance holding company system through a transfer of Via Christi Regional Medical Center's stock holdings in Preferred Health Systems, Inc. to Via Christi Health Systems, Inc.

8. The transfer of stock will become effective on January 1, 2004.

9. Via Christi Health Systems, Inc. will own 100% of the outstanding stock of Preferred Health Systems, Inc. as a result of the stock transfer of Via Christi Regional Medical Center's stock holdings in Preferred Health Systems, Inc. to Via Christi Health Systems, Inc.

10. Both before and after the stock transfer, Via Christi Health Systems, Inc. is and will continue to be the ultimate controlling person in the insurance holding company system.

CONCLUSIONS OF LAW

11. K.S.A. 40-3304(e) provides

(e) 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...

12. Based upon the information enumerated in the Findings of Fact contained in paragraphs one through ten above, and the representations made on behalf of Via Christi Health System, Inc., the restructuring of the holding company system whereby the transfer of Via Christi Regional Medical Center's stock holdings in Preferred Health Systems, Inc. to Via Christi Health Systems, Inc., was 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, Kansas domestic Health Maintenance Organization and insurer, respectively.

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

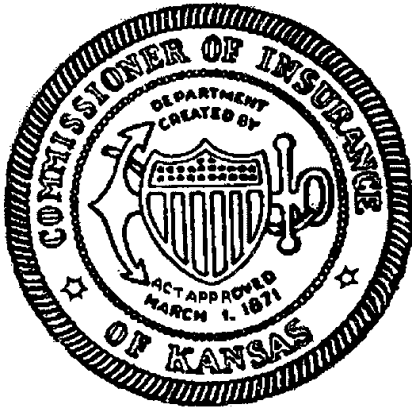
1. Via Christi Health System, Inc. shall be exempt from the application of the formal filing and approval requirements of K.S.A 40-3304 as it may be deemed to apply to the reorganization.
2. Via Christi Health System, Inc. shall comply with K.S.A. 40-3304 in the future.
3. The Commissioner of Insurance 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 JUDICIAL REVIEW

You have the right to judicial review in accordance with the provisions set forth in the Act for Judicial Review and Civil Enforcement of Agency Actions (K.S.A. 77-601, et seq., as amended). If you wish to appeal this decision, you must file a petition for judicial review after exhausting all administrative remedies available in this matter within 30 days. Your written petition for judicial review shall be served upon: Sandy Praeger,

Commissioner of Insurance, Kansas Insurance Department, 420 SW 9th Street, Topeka,
Kansas 66612-1678.

**IT IS SO ORDERED THIS _30th_ DAY OF DECEMBER 2003, IN THE CITY OF
TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



_____/s/ Sandy Praeger_____
Sandy Praeger
Commissioner of Insurance

By: ____/s/ Linda Sheppard_____
Linda Sheppard
Assistant 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 _30th_ day of December, 2003 to:

Mr. Robert L. Heath
Senior Vice President Legal Affairs and General Counsel
Via Christi Health System Inc
3720 E. Bayley
Wichita, KS 67218

_____/s/ Deletria L. Nash_____
Deletria L. Nash
Staff Attorney