

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
MONTANA STATE AUDITOR**

IN THE MATTER OF THE
ACQUISITION OF:

NEW WEST HEALTH SERVICES,

by

PACIFISOURCE.

CASE NO. INS-2015-341

NOTICE OF HEARING

PLEASE TAKE NOTICE:

On February 4, 2016, the Office of the Montana State Auditor, Commissioner of Securities and Insurance (CSI), received a Form A Statement, as required by Mont. Code Ann. § 33-2-1104, regarding the proposed acquisition of New West Health Services (New West)¹, a Montana non-profit mutual benefit corporation, by PacificSource, an Oregon non-profit public benefit corporation that is licensed in Montana as a health service corporation.

Pursuant to § 33-2-1105, a hearing shall be held in this matter at **3:00 p.m. MST on March 3, 2016**, in the second floor conference room in the building of the Office of the Montana State Auditor, Commissioner of Securities and Insurance (CSI), at 840 Helena Ave., in Helena, Montana. PacificSource has waived its right to at least 20 days' notice of the hearing under § 33-2-1105(2) and agrees to the hearing being held on March 3, 2016, as does New West and Billings Clinic.

¹ New West has one member, which is the Billings Clinic.

PacificSource shall provide notice of this hearing at its own expense to the public, by publication on Thursday, February 25, 2016, in the following newspapers: the Independent Record; the Billings Gazette; the Missoulian; the Montana Standard; the Daily Interlake; the Bozeman Chronicle; and the Great Falls Tribune.

This hearing shall be open to the public. PacificSource, New West, Billings Clinic, and any other person or entity whose interests may be affected, as well as staff of the CSI, have the right to appear in person or by counsel, to present evidence, and offer oral and written arguments. The Hearing Examiner and staff of the CSI shall have the right to cross-examine witnesses. Pursuant to *Contl. Realty, Inc. v. Gerry*, 251 Mont. 150, 152, 822 P.2d 1083, 1084 (1991), corporations may not appear pro se at the hearing. In addition, if counsel has not been admitted to the practice of law in the State of Montana, he or she must comply with Montana law as stated in *Application of American Smelting and Refining, Co.* 164 Mont. 139, 520 P.2d 103 (1973) and *Mont. Sup. Ct. Comm'n on the Unauth. Practice of Law v. O'Neil*, 2006 MT 284, 334 Mont. 311, 146 P.3d 200.

As stated in § 33-2-1105(1), the general issues for consideration at the hearing will be:

- a) Whether PacificSource would be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which New West is presently licensed;
- b) Whether the acquisition would substantially lessen competition in insurance in this state or tend to create a monopoly;
- c) Whether the financial condition of PacificSource might jeopardize the financial stability of New West or prejudice the interests of its policyholders;
- d) Whether the terms of the acquisition are unfair or unreasonable to the security holders of New West;

e) Whether PacificSource plans to make any material change to New West's business are unfair or unreasonable to New West's policyholders; and

f) Whether the competence, experience, and integrity of those persons who would control New West's operations are of the nature that it would not be in the interest of New West's policyholders to permit the acquisition of New West by PacificSource.

After the contested case portion of the hearing has been completed, the hearing shall be open for public comment by any person who may be affected by the proposed acquisition. Written comments may be submitted in lieu of oral testimony, but must be submitted to the CSI on or before March 3, 2016.

Proposed Findings of Fact and Conclusions of Law, whether submitted jointly or separately, must be submitted to the undersigned on or before March 17, 2016.

DATED this 19th day of February, 2016.



JESSE LASLOVICH
Hearing Examiner

cc: Brett O'Neil, Esq., Counsel for the CSI
Kristi Kernutt, Esq., Counsel for PacificSource Health Plans
Kevin Heaney, Esq., Counsel for Billings Clinic
Joe Aoun, Esq., Counsel for New West Health Services