



Gavin Newsom, Governor
State of California
Health and Human Services Agency
DEPARTMENT OF MANAGED HEALTH CARE
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www.HealthHelp.ca.gov

January 5, 2024

VIA ELECTRONIC MAIL

Ms. Crystal Lautrup
Deputy General Counsel
Prospect Health Plan, Inc.
3415 South Sepulveda Blvd., 9th Floor
Los Angeles, CA 90034

Re: Notice of Material Modification Proposing Minority Interest Transaction
Filed June 23, 2023; Filing No. 20232846-4

Dear Ms. Lautrup:

The Department of Managed Health Care (Department) reviewed information submitted in the above-referenced filing (Notice) filed by Prospect Health Plan, Inc. (Plan) for compliance with the Knox-Keene Health Care Service Plan Act of 1975, as amended.¹

Please review the following comments and feel free to contact me to discuss any of the issues before filing the Plan's responsive amendment.

1. On December 22, 2023, Plan informed the Department, contrary to what it represented at Plan's June 22, 2023 pre-filing, MPT determined not to pursue a full conversion of the convertible note, has no current plans to convert the remaining amount of its convertible note into equity, and therefore, no additional filing will be forthcoming.
 - A. Respond to this comment by providing an explanatory Exhibit E-1. Within the Exhibit E-1 explain what happened to motivate MPT to discontinue its plan to convert the remaining amount of its convertible note into equity. Explain why MPT discontinued its plan to convert the remaining amount of its convertible note into equity. Provide an accurate accounting of the value of the remaining amount of MPT's convertible note. Describe MPT's rights and authority to convert the remaining amount of its convertible note into equity and any

¹ California Health and Safety Code sections 1340 et seq. (Act). References herein to "Section" are to sections of the Act. References to "Rule" refer to the California Code of Regulations, title 28.

conditions precedent to MPT exercising those rights to convert the remaining amount of its convertible note into equity in Plan or any of its affiliates.

2. Provide an Exhibit E-2 explaining how MPT's decision not to currently pursue plans to convert the remaining amount of its convertible note into equity impacts Plan or any of Plan's affiliates' business and business plans.

Review these comments and revise all Plan documents and exhibits that contain similar language or provisions to ensure similar deficiencies are eliminated before filing the Plan's responsive amendment. Be sure all changes to the amended information are highlighted by strikeout, underline or other method in accordance with Rule 1300.52. The Department's review of this filing will continue when the Plan's responsive amendment is filed.

Within 30 days of the date of this letter, please file the Plan's response as an amendment to the above-referenced Notice. Include in the Plan's Exhibit E-1 reference to the amendment as a "Response to Comment Letter," and ensure accurate entry of the Primary Filing Number.

Please contact me at 916-445-4998 or Steven.Coskie@dmhc.ca.gov if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steven Coskie', with a horizontal line extending to the right.

Steven Coskie
Attorney III
Office of Plan Licensing