



**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
OF THE STATE OF TENNESSEE**

IN THE MATTER OF:)
)
THE ACQUISITION OF) **No.: 19-124**
WELLCARE HEALTH INSURANCE OF TENNESSEE, INC.)
AND WELLCARE HEALTH PLANS OF TENNESSEE, INC.)
BY CENTENE CORPORATION)

ORDER APPROVING PLAN OF ACQUISITION

On the 21st day of August, 2019, a public hearing was held before the Commissioner of the Department of Commerce and Insurance of the State of Tennessee (the “Commissioner”) to consider the proposed Form A filed by Centene Corporation (“Applicant”) to acquire control of WellCare Health Insurance of Tennessee, Inc. and WellCare Health Plans of Tennessee, Inc. (collectively the “Domestic Insurers”). The Domestic Insurers are indirect, wholly-owned subsidiaries of WellCare Health Plans, Inc. (“WellCare”).

These Findings of Fact and Conclusions of Law are issued based on the Form A as filed and supplemented with the Tennessee Department of Commerce and Insurance (the “Department”) and the record of the public hearing:

FINDINGS OF FACT

1. Mr. Todd Freed, Ms. Elena Coyle, and Ms. Ashlee Knuckey filed Motions for Admission *Pro Hac Vice* in compliance with Tennessee Supreme Court Rule 19.

2. WellCare Health Insurance of Tennessee, Inc. (“WHIT”) is an accident and health insurance company domiciled in Tennessee.

3. WellCare Health Plans of Tennessee, Inc. (“WHPT”) is a health maintenance organization domiciled in Tennessee.

4. WHIT and WHPT are indirect, wholly-owned subsidiaries of WellCare, a publicly traded Delaware corporation.

5. The Applicant, a multi-national healthcare enterprise, is a publicly traded Delaware corporation.

6. The Applicant filed a Form A with the Department on May 1, 2019, and a Form E (Pre-Acquisition Notification) with the Department on May 1, 2019, and Amendment No. 1 to the Form E on May 31, 2019. The Form A and E filings (as supplemented after filing) relate to the proposed acquisition of control of the Domestic Insurers by the Applicant, which is part of a broader merger transaction (the “Merger Transaction”).

7. The Form A and Form E filings were deemed complete on July 24, 2019.

8. Notice of the public hearing was provided to the Applicant via email on July 25, 2019, and again on August 2, 2019.

9. Notice of the public hearing was provided to WellCare and the Domestic Insurers on August 6, 2019, which was more than seven (7) days prior to the public hearing, meeting the requirements of Tenn. Code Ann. § 56-11-103(d)(2).

10. The public hearing was held August 21, 2019, which was less than thirty (30) days after the Form A and Form E filings were deemed complete, meeting the requirements of Tenn. Code Ann. §56-11-103(d)(2).

11. The Applicant called Mr. Christopher Koster, Senior Vice President, Corporate Services, at Centene Corporation, who testified regarding the Merger Transaction.

12. WellCare and the Domestic Insurers called Mr. Michael Polen, Executive Vice President, Medicare and Operations, at WellCare, who testified regarding the Merger Transaction.

13. Mr. Alfred Ray (Trey) Hancock III, Director of Financial Affairs for Insurance at the Department, testified regarding the analysis performed by the Department's staff when evaluating the Merger Transaction pursuant to Tenn. Code Ann. § 56-11-103.

14. Other than those set forth above, no other witnesses testified.

15. On and after the effective date of the Merger Transaction, the Domestic Insurers will continue to operate as an accident and health insurance company and health

maintenance organization, respectively, in Tennessee and will continue to be subject to and governed by the laws of the State of Tennessee.

16. The Applicant has filed with the Commissioner all the materials contemplated and required for the Merger Transaction by Tenn. Code Ann. § 56-11-103.

17. After the Merger Transaction has been consummated, the Domestic Insurers will continue to satisfy all requirements for the issuance of a license to engage in the activities for which they are presently licensed.

18. The effect of the Merger Transaction will not substantially lessen competition in insurance in this state or tend to create a monopoly in this state.

19. Upon consummation of the Merger Transaction, the financial condition of the Applicant will not jeopardize the financial stability of the Domestic Insurers or prejudice the interests of the Domestic Insurers' policyholders.

20. The Applicant has no plans or proposals to liquidate the Domestic Insurers, to sell their assets or to consolidate or merge them with any person, or to make any other material change in their respective business or corporate structure or management that are unfair or unreasonable to the policyholders of the Domestic Insurers or not in the public interest.

21. The competence, experience and integrity of those persons who would control the operation of the Domestic Insurers following consummation of the Merger

Transaction are not such that it would be against the interest of the policyholders of the Domestic Insurers or of the public to permit the Merger Transaction.

22. The Merger Transaction of the Domestic Insurers by the Applicant is not likely to be hazardous or prejudicial to the insurance buying public.

CONCLUSIONS OF LAW

Tenn. Code Ann. § 56-11-103(d)(1) provides that “the [C]ommissioner shall approve any merger or other acquisition of control [of a domestic insurer] unless, after a public hearing, the [C]ommissioner finds that:

- (A) After the change of control, the domestic insurer . . . would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;
- (B) The effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in this state or tend to create a monopoly in this state. In applying the competitive standard in this subdivision (d)(1)(B):
 - (i) The informational requirements of § 56-11-104(c)(1) and the standards of §56-11-104(d)(2) shall apply;
 - (ii) The merger or other acquisition shall not be disapproved if the [C]ommissioner finds that any of the situations meeting the criteria provided by §56-11-104(d)(3) exist; and
 - (iii) The [C]ommissioner may condition the approval of the merger or other acquisition on the removal of the basis of disapproval within a specified period of time;
- (C) The financial condition of any acquiring party is such that it might jeopardize the financial stability of the domestic insurer, or prejudice the interest of its policyholders;
- (D) The plans or proposals that the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any

other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the [domestic] insurer and not in the public interest;

- (E) The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control; or
- (F) The acquisition is likely to be hazardous or prejudicial to the insurance buying public.”

Applying the standards delineated in Tenn. Code Ann. § 56-11-103(d)(1)(A)-(F) to the Merger Transaction, as established by the testimony at the public hearing and the filings made in this matter, the Findings of Fact contained herein, and the record taken as a whole, the Merger Transaction meets the statutory standards for approval by the Commissioner.

ORDER

Accordingly, based upon the above Findings of Fact and Conclusions of Law, it is

hereby **ORDERED** that:

1. The Motions for Admission *Pro Hac Vice* of Mr. Todd Freed, Ms. Elena Coyle, and Ms. Ashlee Knuckey are **GRANTED**.

2. The Form A filing, as supplemented by the Applicant, to acquire control of WellCare Health Insurance of Tennessee, Inc. and WellCare Health Plans of Tennessee, Inc. is **APPROVED**.

ENTERED this 26 day of August, 2019.

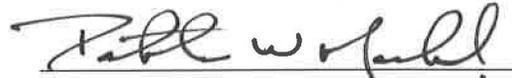

Carter Lawrence
Interim Commissioner
State of Tennessee
Department of Commerce and Insurance

APPROVED FOR ENTRY:


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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Approving Plan of Acquisition has been sent via email to Centene Corporation's attorneys Todd Freed at todd.freed@skadden.com and Ben Whitehouse at Ben.whitehouse@butlersnow.com, and WellCare Health Plans, Inc's attorneys Ashlee Knuckey at AKnuckey@lockelord.com and Steve Taylor at STaylor@bassberry.com on this 27th day of August, 2019.


Nikita Hampton Patrick Merkel