

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF THE APPLICATION FOR
APPROVAL OF THE ACQUISITION OF CONTROL
OF QCA HEALTH PLAN, INC. AND QUALCHOICE LIFE
AND HEALTH INSURANCE COMPANY, INC.**

AID NO. 2019-018

ORDER

A hearing was held at 2:00 p.m. on March 18, 2019, in the Hearing Room of the Arkansas Insurance Department in accordance with the provisions of Ark. Code Ann. §§ 23-63-501, *et seq.*, and other pertinent provisions of the Arkansas Insurance Code, pursuant to a Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer (“Statement”) dated January 28, 2019, which included the Purchase and Sale Agreement, filed by Centene Corporation (“Applicant”) seeking approval of the acquisition of two Arkansas domestic insurers, QCA Health Plan, Inc. and QualChoice Life and Health Insurance Company, Inc. (“QCA Companies”). The hearing was held before Chief Deputy Commissioner Russ Galbraith (“Hearing Officer”) pursuant to his appointment by Commissioner Allen Kerr in accordance with Ark. Code Ann. § 23-61-103. The Arkansas Insurance Department (“Department”) was represented by Amanda Capps Rose, Associate Counsel, and Brenda Haggard, Manager of Financial Analysis. The Applicant’s testimony was presented by John Ryan, President and CEO of Centene Corporation’s health plans doing business in Arkansas. The Applicant was represented by its attorneys, Margaret A. Johnston and Charles B. Cliett, Jr., of Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C. Also present at the hearing were Randall Crow, President and CEO of the QCA Companies, and the QCA Companies’ legal counsel, Kelly Sullivan, of Polsinelli PC.

FINDINGS OF FACT

From the Statement, related filings, testimony of the witnesses and other evidence introduced at the hearing, including exhibits filed in connection with the Statement, reports and statements on file with the Department, representations of counsel and other matters and things considered, the Hearing Officer finds as follows:

1. The Statement and related filings were filed herein on January 28, 2019. The parties agree that the Commissioner has jurisdiction of the parties and the subject matter under the provisions of Ark. Code Ann. §§ 23-63-501, *et seq.*, and other pertinent provisions of the Arkansas Insurance Code. The Notice of Hearing was given within the time and in the manner required by law and the parties consented to the holding of this hearing at this time and on this date.

2. The Applicant will acquire control of the QCA Companies pursuant to the Purchase and Sale Agreement by and between the QCA Companies, QualChoice Holdings, Inc., Centene Corporation, and Catholic Health Initiatives.

3. John Ryan, on behalf of the Applicant, testified that, in his opinion:

- (a) The proposed acquisition does not violate any law;
- (b) The proposed acquisition is not inequitable to QCA Companies' shareholders;
- (c) The acquisition does not substantially reduce the security of and service rendered to QCA Company's policyholders;
- (d) After the change of control, the QCA Companies will be able to satisfy the requirements for the issuance of a license to write the line(s) of business for which it is presently licensed;
- (e) The effect of the acquisition will not substantially lessen competition in

insurance in Arkansas or tend to create a monopoly in Arkansas;

(f) The financial condition of the Applicant will not jeopardize the financial stability of the QCA Companies or prejudice the interest of its policyholders or the interests of any remaining security holders who are affiliated with the Applicant;

(g) The terms of the acquisition are fair and reasonable to the security holders of the QCA Companies;

(h) Any plans or proposals which the Applicant has to liquidate the QCA Companies, sell its assets, or consolidate or merge it with any person, or make any other material changes in its business or corporate structure or management are reasonable and fair to policyholders of the QCA Companies and are in the public interest; and

(i) The competence, experience and integrity of those persons who would control the operation of the QCA Companies are such that it would be in the interest of policyholders of the QCA Companies and the public to permit the acquisition of control.

CONCLUSIONS OF LAW

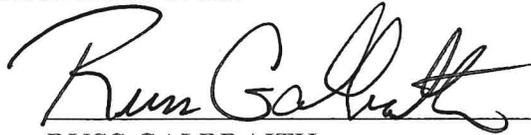
4. All filings, hearings and other procedures required by law or otherwise deemed appropriate by the Hearing Officer have been duly completed by the Applicant and the Department.

5. None of the conditions specified in Ark. Code Ann. § 23-63-510 as preclusions for the approval of the proposed acquisition exist.

RECOMMENDATIONS OF THE HEARING OFFICER

WHEREFORE, based upon the foregoing Findings of Fact, Conclusions of Law, and other matters before him, the Hearing Officer recommends that the proposed acquisition of

control of the QCA Companies by the Applicant should be approved as provided in the Statement and related filings, and as described in this Order.



RUSS GALBRAITH,
CHIEF DEPUTY COMMISSIONER
and HEARING OFFICER

CERTIFICATION

I, Allen Kerr, Insurance Commissioner for the State of Arkansas, do hereby certify that the above Findings of Fact, Conclusions of Law, and Recommendations of the Hearing Officer were made by and under my authority and supervision by Russ Galbraith, Chief Deputy Commissioner, and Hearing Officer in this proceeding. I hereby adopt the Hearing Officer's Findings of Fact, Conclusions of Law, and Recommendations in full and enter this Order.

THEREFORE, it is hereby ORDERED, based upon the above and foregoing Findings of Facts, Conclusions of Law and other matters, the Hearing Officer does hereby approve the proposed acquisition of QCA Health Plan, Inc. and QualChoice Life and Health Insurance Company, Inc. pursuant to and subject to the terms and conditions of the Statement and related filings and submissions, the Findings of Facts and Conclusions of Law.

IT IS SO ORDERED THIS 25th DAY OF MARCH, 2019.



ALLEN KERR
INSURANCE COMMISSIONER
STATE OF ARKANSAS