

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

**IN THE MATTER OF THE APPLICATION FOR
APPROVAL OF THE ACQUISITION OF CONTROL
OF WELLCARE HEALTH INSURANCE COMPANY
OF AMERICA and WELLCARE OF ARKANSAS, INC.**

AID NO. 2019-044

ORDER

A hearing was held at 2:00 p.m. on June 17, 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 an April 26, 2019 Statement Regarding the Acquisition of Control of Wellcare Health Insurance Company of America and Wellcare of Arkansas, Inc. by the Applicant, Centene Corporation (“Statement”), which included an Agreement and Plan of Merger. 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 Mel Anderson, Director of Financial Analysis.

The Applicant’s testimony was presented by Christopher Koster, Senior Vice President Centene Corporation. 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. and Todd Freed of Skadden, Arps, Slate, Meagher & Flom, L.L.P. Testimony was presented on behalf of Wellcare Health Insurance Company of America and Wellcare of Arkansas, Inc. (“Wellcare Companies”) by Michael Polen, Executive Vice President of Medicare and Operations at WellCare Health Plans, Inc. The Wellcare Companies are indirect subsidiaries of Wellcare Health Plans, Inc., which was represented by its attorney Ashlee Knuckey of Locke Lord L.L.P.

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 April 26, 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 Wellcare Companies pursuant to the Agreement and Plan of Merger by and between Centene Corporation, Wellington Merger Sub I, Inc., Wellington Merger Sub II, Inc. and Wellcare Health Plans, Inc. dated as of March 26, 2019.

3. Christopher Koster, on behalf of the Applicant, testified that, in his opinion:

(a) After the change of control, the Wellcare 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;

(b) The effect of the acquisition will not substantially lessen competition in insurance in Arkansas or tend to create a monopoly in Arkansas;

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

(d) The terms of the acquisition are fair and reasonable to the security holders

of the Wellcare Companies;

(e) Any plans or proposals which the Applicant has to liquidate the Wellcare 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 Wellcare Companies and are in the public interest; and

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

4. Michael Polen, on behalf of the Wellcare Companies, testified that, in his opinion the statutory criteria for the approval of the proposed transaction have been met, that the acquisition will be fair and reasonable to the Wellcare Companies and will strengthen the financial stability of the Wellcare Companies.

CONCLUSIONS OF LAW

5. 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.

6. 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 Wellcare 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 Wellcare Health Insurance Company of America and Wellcare of Arkansas, 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 21st DAY OF JUNE, 2019.



ALLEN KERR
INSURANCE COMMISSIONER
STATE OF ARKANSAS