



**DEPARTMENT OF COMMERCE AND INSURANCE**

P.O. Box 690, Jefferson City, Mo. 65102-0690

IN RE: Proposed Acquisition of )  
SSM Health Insurance Company and )  
SSM Health Plan, )  
both wholly owned subsidiaries of SSM ) Case No. 2108301100F  
Health Care Corporation, )  
)  
By )  
)  
Medica Holding Company, )  
Applicant )

**APPROVAL ORDER**

Based on the competent and substantial evidence in the administrative record before me, I, Chlora Lindley-Myers, Director of the Missouri Department of Commerce and Insurance ("Director" of the "Department"), determine that there is no need for additional proceedings or a formal hearing on this matter and hereby issue the following findings of fact, conclusions of law, and order approving the proposed acquisition in this case as follows:

## FINDINGS OF FACT

1. On August 26, 2021, Medica Holding Company, a Minnesota nonprofit corporation (“Applicant”), submitted a Form A Statement seeking the Director’s approval/non-disapproval of the proposed acquisition of control or merger with SSM Health Insurance Company and SSM Health Plan, wholly owned subsidiaries of SSM Health Care Corporation (“Domestic Insurers”).

2. In the cover letter accompanying the Form A Statement submitted August 26, 2021, Applicant stated that it was not also submitting a Form E, Pre-Acquisition Notice Form, because the proposed acquisition set out in the Form A Statement was exempt from that requirement pursuant to § 382.095.2(4), RSMo<sup>1</sup>.

3. At approximately the same time the Applicant filed the Form A Statement with the Department, Applicant also filed a similar Form A Statement with the state of Wisconsin seeking to acquire other subsidiaries of SSM Health Care Corporation.

4. On September 1, 2021, the Department’s Division of Insurance Company Regulation (“Division”) sent Applicant correspondence identifying certain additional items that were needed to address the completeness of the Form A Application.

5. On September 15, 2021, Applicant submitted an Amended Form A Statement addressing the items identified by the Division in its September 1, 2021, letter and provided most of the information requested.

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<sup>1</sup> All references to the Revised Statutes of Missouri are to RSMo 2016 unless otherwise noted.

6. On November 17, 2021, the Applicant provided the remaining information required.

7. The Division's review of the Amended Form A Statement and the supplemental information received from Applicant shows that the Applicant will acquire Domestic Insurers as part of a transaction that will involve a corporate restructuring of certain of SSM Health Care Corporation's ("SSM") health plan entities and a transfer of part of its ownership in those entities to Applicant. Following the transfer, SSM will remain a 45% indirect owner of the health plans, including Domestic Insurers and Applicant will indirectly own the remaining 55% of the health plans, again, including Domestic Insurers.

8. According to the Contribution and Purchase Agreement ("Agreement") entered into between Applicant and SSM, Applicant will pay SSM for the purchase of the 55% interest from funds on hand and investments held on Applicant's balance sheet. Applicant will not be using any borrowed funds to make the payment outlined in the Agreement.

9. The Director has exercised her discretion and deemed the Amended Form A Application filed as that term is used in §§ 382.060 and 382.095.

10. Division staff have determined that the Applicant has sufficient capital or access to sufficient capital to complete the transaction in a manner that it will not be financially hazardous to the Applicant or Domestic Insurers and their policyholders.

11. The Applicant has no present plans for the Domestic Insurers to declare an extraordinary dividend, to liquidate the Domestic Insurers, to sell any of the assets of the

Domestic Insurers (other than in the ordinary course of business), or to merge the Domestic Insurers with any other person or persons.

12. Other than as described more fully in the Amended Form A Statement, Applicant has no current plans to make any material changes in the business operations or corporate structure of the Domestic Insurers (other than as may arise in the ordinary course of business.)

13. Division staff conducted an independent analysis of Applicant's claim that the proposed acquisition set out in the Amended Form A Statement is exempt from the requirement to file a Form E and have confirmed that the transaction is exempt pursuant to § 382.095.2(4).

14. The proposed acquisition of Domestic Insurers by the Applicant will not substantially lessen competition or tend to create a monopoly in the business of insurance in Missouri.

#### **CONCLUSIONS OF LAW**

15. Section 382.040.1 provides:

No person other than the issuer shall commence a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities for, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after the consummation thereof, he or she would, directly or indirectly, or by conversion or by exercise of any right to acquire, be in control of the insurer, and no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer unless, at the time the offer, request, or invitation is commenced or the agreement is entered into, or prior to the acquisition of the securities if no offer or agreement is involved, he or she has filed with the director and has

sent to the insurer a statement containing the information required by section 382.050 and the offer, request, invitation, agreement or acquisition has been approved by the director in the manner prescribed by sections 382.010 to 382.300.

16. Section 382.060 provides, in relevant part, that “[t]he director shall approve any merger or other acquisition of control referred to in § 382.040 unless after a public hearing the director” finds certain adverse conditions or consequences related to a merger or acquisition.

17. After a review of the Amended Form A Statement, all the Exhibits and the additional information submitted by Applicant as outlined above, pursuant to § 382.060, the Director fails to find that:

- a. after the proposed acquisition, the Domestic Insurers would not be able to satisfy the requirements for issuance of a license to write the line or lines of insurance for which it is presently licensed;
- b. the effect of the acquisition would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein;
- c. the financial condition of the Applicant is such as might jeopardize the financial stability of any of the Domestic Insurers or prejudice the interests of their policyholders;
- d. any plans or proposals by the Applicant to liquidate the Domestic Insurers, sell any of their assets, consolidate or merge them with any other person, or make any other material change in the business or corporate structure or management of the Domestic Insurers are unfair and unreasonable to their policyholders and contrary to the public interest;
- e. the competence, experience, or integrity of the persons who would control or manage the Domestic Insurers post-acquisition are such that it would be contrary to the interest of policyholders and the general public to permit the acquisition; or
- f. the acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

**ORDER**

18. Based on the foregoing Findings of Fact and Conclusions of Law, it is hereby Ordered that the proposed acquisition of the Domestic Insurers by Applicant, Medica Holding Company, as set out in the September 15, 2021, Amended Form A Statement is approved with the following condition:

- a. the acquisition contemplated in the Contribution and Purchase Agreement by and between Applicant and SSM Health Care Corporation shall be subject to, and conditioned on, the closing of the acquisition and the receipt by Applicant and SSM Health Care Corporation of all approvals required by other state insurance regulatory agencies.

**SO ORDERED.**

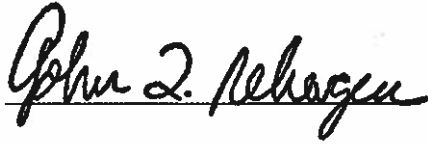
WITNESS MY HAND THIS 29<sup>th</sup> DAY OF November, 2021.



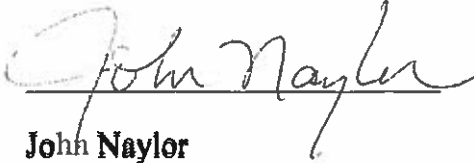
*Chlora Lindley-Myers*

**CHLORA LINDLEY-MYERS,  
DIRECTOR**

APPROVED FOR ENTRY AND EXECUTION:



John F. Rehagen  
Director, Division of Insurance Company Regulation  
Missouri Department of Commerce and Insurance

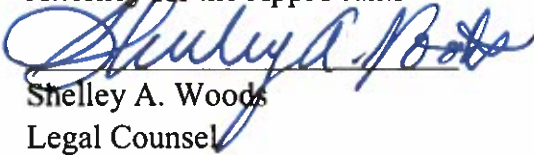


John Naylor  
President and Chief Executive Officer  
Medica Holding Company

**RESPECTFULLY SUBMITTED:**



David H. Ellenbogen  
Attorney for the Applicants



Shelley A. Woods  
Legal Counsel  
Missouri Department of Commerce and Insurance  
Attorney for the Division