



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

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

**IN RE: Proposed Acquisition of)
)
Wellcare of Missouri Health)
Insurance Company, Inc., and)
Missouri Care, Incorporated,)
each, an indirect subsidiary of)
Wellcare Health Plans, Inc.) **Case No. 1905070763H**
)
by)
)
Centene Corporation)
)**

APPROVAL WITH CONDITIONS

Based on competent and substantial evidence of the administrative record before me, I, Chlora Lindley-Myers, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, 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 with conditions:

FINDINGS OF FACT

1. On or about April 19, 2019, Centene Corporation, a publicly traded Delaware corporation (“Centene” or the “Applicant”), filed with the Missouri Department of Insurance,

Financial Institutions and Professional Registration (the “Department”) a Form A Statement (the “Original Form A Statement”) seeking the approval of the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (the “Director”) for the proposed acquisition of control of WellCare of Missouri Health Insurance Company, Inc., a life and health insurance company domiciled in Missouri (“WMHIC”), and Missouri Care, Incorporated, a health maintenance organization domiciled in Missouri (“MCI” and, together with WMHIC, the “Domestic Insurers”), by the Applicant. The Domestic Insurers are currently indirect, wholly owned subsidiaries of WellCare Health Plans, Inc., a publicly traded Delaware corporation (“WellCare”).

2. On or about May 23, 2019, Centene filed Change No. 1 to the Original Form A Statement with the Department (as so modified, the “Form A Statement”). Centene also asserted its intent to divest of the Medicaid business of MCI concurrently with the consummation of the Merger Transactions (as described below in paragraph 3).

3. The proposed acquisition of the Domestic Insurers (the “Proposed Acquisition of Control”) is part of a broader merger transaction (the “Merger Transaction”) governed by the terms and conditions set forth in an Agreement and Plan of Merger, dated as of March 26, 2019 (the “Merger Agreement”), by and among the Applicant, WellCare, Wellington Merger Sub I, Inc., a Delaware corporation and a wholly owned subsidiary of Centene (“Merger Sub I”), and Wellington Merger Sub II, Inc., a Delaware corporation and wholly owned subsidiary of Centene (“Merger Sub II” and, together with Merger Sub I, the “Merger Subs”).

4. Centene, a Fortune 100 company, is a diversified, multi-national healthcare enterprise that provides a portfolio of services to government-sponsored and commercial healthcare programs, focusing on under-insured and uninsured individuals. Centene is one of the largest providers of Medicaid, Medicare Advantage and other government-sponsored and commercial programs in the country, serving more than 14 million members in 29 states while

maintaining a local, decentralized approach. Centene's stock is publicly traded on the NYSE under the ticker symbol "CNC."

5. WellCare is a managed care company, headquartered in Tampa, Florida, and focuses primarily on providing government-sponsored managed care services to families, children, seniors and individuals with complex medical needs primarily through Medicaid, Medicare Advantage and Medicare Prescription Drug Plans, as well as individuals in the Health Insurance Marketplace. As of December 31, 2018, WellCare served approximately 5.5 million members nationwide.

6. Each of Merger Sub I and Merger Sub II was formed as an acquisition vehicle for the purpose of effecting the First Merger and the Second Merger, respectively. Neither of Merger Sub I or Merger Sub II have conducted any activities other than those incidental to its formation and the matters contemplated by the Merger Agreement.

7. Centene proposes to acquire control of the Domestic Insurers through the Merger Transaction, pursuant to the terms and conditions of the Merger Agreement. The Merger Transaction will be accomplished by a two-step process.

8. First, subject to the terms and conditions set forth in the Merger Agreement, Merger Sub I will be merged with and into WellCare (the "First Merger"), with WellCare surviving the First Merger as a wholly owned subsidiary of Centene (the "Surviving Corporation").

9. Immediately after the First Merger, the Surviving Corporation will be merged with and into Merger Sub II (the "Second Merger" and, together with the First Merger, the "Merger Transaction"), with Merger Sub II surviving the Second Merger as a wholly owned subsidiary of Centene (the "Final Surviving Corporation"). Effective upon the consummation of the Second Merger, the name of the Final Surviving Corporation will be "WellCare Health Plans, Inc." ("Post-Closing WellCare").

10. Following the consummation of the Merger Transaction, Centene will directly own 100% of the issued and outstanding shares of capital stock of Post-Closing WellCare, and will thereby indirectly own 100% of the issued and outstanding shares of capital stock of the Domestic Insurers.

11. If the Merger Transaction is completed, each outstanding share of WellCare's common stock will (subject to certain restrictions) be converted into the right to receive 3.38 shares of Centene's common stock and \$120 in cash, without interest (the "Merger Consideration"). The Merger Transaction is valued at approximately \$17.3 billion, based on the closing stock prices as of March 26, 2019. The cash component of such total amount is equal to approximately \$6.06 billion. The actual value to the WellCare stockholders will depend upon the closing stock prices at the time the Merger Transaction is completed. The Form A Statement represents that the basis and terms of the Merger Agreement, including the nature and amount of consideration, were determined through arms' length negotiations among the representatives of Centene, on the one hand, and the representatives of WellCare, on the other hand, and their respective legal and other advisors.

12. Following consummation of the Merger Transaction, existing stockholders of Centene will own approximately 71% of the combined company and existing stockholders of WellCare will own approximately 29% of the combined company based on closing stock prices and outstanding shares of Centene's common stock and WellCare's common stock as of March 26, 2019.

13. The respective boards of directors of each of Centene and WellCare have unanimously approved the Merger Agreement. Each of Centene and WellCare have scheduled a special stockholders meeting to be held on June 24, 2019 for the purpose of obtaining, in the case of Centene, approval of the issuance of Centene common stock forming part of the Merger Consideration and, in the case of WellCare, adoption of the Merger Agreement.

14. Centene currently provides managed care services to the State of Missouri's Medicaid population, through its wholly owned subsidiary, Home State Health Plan, Inc.

15. WellCare currently provides managed care services to the State of Missouri's Medicaid population through its wholly owned subsidiary, MCI.

16. The respective managed care services to the State of Missouri's Medicaid population are delivered pursuant to contracts with the State of Missouri.

17. The State's Medicaid managed care contracts are supervised by the Department of Social Services.

18. As a result of Centene's commitment to sell the Medicaid business of MCI concurrently with the consummation of the Merger Transactions, the Merger Transaction will not result in Centene having any increased market share in the Medicaid line of business in the State of Missouri.

CONCLUSIONS OF LAW

19. Section 382.040.1, RSMo¹ 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.

¹ All statutory references are to the 2016 Missouri Revised Statutes.

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

21. After a review of the Form A, and all the Exhibits, pursuant to Section 382.060, the Director fails to find that:

- a. after the proposed acquisition, any of 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 Centene 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 Centene to liquidate any of the Domestic Insurers, sell any of their assets, consolidate or merge any of 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

Based on the foregoing findings and conclusions, the proposed acquisition of control of WellCare of Missouri Health Insurance Company, Inc. and Missouri Care, Incorporated and their respective parent companies by Centene Corporation is hereby **APPROVED WITH CONDITIONS**, namely:

1. Centene Corporation shall sell Missouri Care, Incorporated's Medicaid business concurrent with Centene Corporation's closing of the Merger Transaction;
2. In addition to the other requirements set forth in section 382.060, RSMo, the Director shall retain the right to disapprove the sale of Missouri Care, Incorporated's Medicaid business, and cause Centene Corporation to seek a different purchaser, including in the event the Department of Social Services finds the proposed purchaser is not a reputable and experienced provider of managed care services suitable for inclusion in the Missouri managed care program;
3. Centene Corporation shall cooperate fully with the Missouri Department of Social Services and shall obtain all approvals required under the Missouri Care, Incorporated's contract with the State of Missouri;
4. If the sale of Missouri Care Incorporated's Medicaid business will involve a change of control of Missouri Care, Incorporated, a Form A shall be filed with the Department regarding the sale of Missouri Care, Incorporated within seven (7) business days following the signing of definitive legal agreements for the sale;
5. If the transaction does not involve a change of control for Missouri Care, Incorporated, the appropriate form(s) shall be filed with the Department regarding such transaction within seven (7) business days following the signing of definitive legal agreements for the transaction;

6. Any proposed purchaser of Missouri Care, Incorporated's Medicaid business shall be a reputable and experienced provider suitable for inclusion in the Missouri managed care program;

7. Centene Corporation shall not close on its acquisition of control of WellCare of Missouri Health Insurance Company, Inc. and Missouri Care, Incorporated unless it is in compliance with the foregoing conditions. At least seven (7) business days prior to closing the Merger Transaction, Centene Corporation shall provide the Department with written notice of how it will comply with all of the conditions in this order on or before the closing date of the Merger Transaction.

SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS 17th DAY OF JUNE, 2019.



CHLORA LINDLEY-MYERS
DIRECTOR

Department of Insurance, Financial Institutions and
Professional Registration
State of Missouri