

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 1401, 1402
: and 1403 of the Insurance Holding
Application of Risant Health, Inc. and : Companies Act, Article XIV of
Kaiser Foundation Hospitals in : The Insurance Company Law of
Support of the Request for Approval to : 1921, Act of May 17, 1921, P. L.
Acquire Control of Geisinger Health : 682, as amended, 40 P.S. §§
Plan, Geisinger Quality Options, Inc., : 991.1401, 991.1402 and 991.1403
and Geisinger Indemnity Insurance :
Company : Order No. ID-RC-24-03-01

DECISION AND ORDER

AND NOW, on this 27th day of March, 2024, Michael Humphreys, Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Insurance Holding Companies Act and in consideration of the documents, presentations and reports received, as well as other inquiries and studies as permitted by law, the Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of Parties

Identity of PA Domestic Insurers

1. Geisinger Health Plan (“GHP”) is a domestic nonprofit health maintenance organization exempt from federal income tax as an entity described under Internal Revenue Code (“IRC”) Section 501(c)(4) with its principal place of business in Danville, Pennsylvania.
2. Geisinger Quality Options, Inc. (“GQOI”) is a domestic for-profit business corporation licensed as a risk-assuming preferred provider organization with its principal place of business in Danville, Pennsylvania.
3. Geisinger Indemnity Insurance Company (“GIIC”) is a domestic for-profit casualty company licensed to offer accident and health insurance with its principal place of business in Danville, Pennsylvania.

4. GHP, GQOI, and GIIC together are the “Domestic Insurers.”
5. Geisinger Health is a domestic nonprofit corporation exempt from federal income tax as an entity described under IRC Section 501(c)(3) with its principal place of business in Danville, Pennsylvania. Geisinger Health currently directly and wholly owns GQOI and GIIC. Geisinger Health has membership control of GHP.
6. No entity “controls” Geisinger Health, as defined by 40 P.S. § 991.1401.
7. Geisinger Health is the ultimate controlling person of the Domestic Insurers, as defined by 31 Pa Code § 25.1(a).

Identity of Applicants

8. Risant Health, Inc. (“Risant Health”) is a nonprofit nonstock corporation organized under the laws of Delaware that is exempt from federal income tax as an entity described under IRC Section 501(c)(3).
9. Kaiser Foundation Hospitals (“KFH”) is a nonprofit public benefit corporation organized under the laws of California that is exempt from federal income tax as an entity described under IRC Section 501(c)(3). KFH “controls” Risant Health, as defined by 40 P.S. § 991.1401.
10. Risant Health and KFH together are the “Applicants” or “Acquiring Parties.”

Acquisition Filing

11. The Insurance Holding Companies Act, Article XIV of The Insurance Company Law of 1921, Act of May 17, 1922, P.L. 682, as amended, 40 P.S. §§ 991.1401 et seq. (“Insurance Holding Companies Act”), provides that all changes in control of domestic insurers must be filed with the Commissioner for approval or disapproval.
12. On June 29, 2023, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an application (which together with all material received subsequently is hereinafter referenced as “Application”) from the Applicants for approval to acquire control of the Domestic Insurers.
13. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

Department Procedures

14. On July 8, 2023, the Department published notice of the Application in the *Pennsylvania Bulletin* and invited any party to submit comments to the Department regarding the Application for thirty days following the date of the publication (“Comment Period”).
15. The Department received one comment regarding the Application during the Comment Period from Mr. John Stead-Mendez, the California and Nevada Collective Bargaining Director for National Nurses United, objecting to the proposed transaction. He expressed his belief that the transaction would substantially lessen competition in insurance in the Commonwealth, that the Applicant lacked competence, experience, and integrity, and that the transaction would likely be hazardous or prejudicial to the insurance buying public.
16. The comment letter was forwarded to the Applicants for response.
17. In response to Mr. Stead-Mendez’s comment, Risant Health noted it was unlikely to lessen competition because neither Risant Health nor KFH currently have or have ever had provider locations or offer health plan products in the Commonwealth. Risant Health further noted that its affiliate Kaiser Permanente is one of the largest integrated health plan and care delivery organization in the country and has received high ratings for quality of care. Finally, Risant Health respectfully disagreed with Mr. Stead-Mendez’s conclusion that the transaction would likely be hazardous or prejudicial to the insurance buying public.
18. The Department received one comment regarding the Application after the Comment Period from Ms. Jeanette French, a member of Kaiser Permanente who started a Facebook page for members to freely discuss concerns and complaints about their health plan. She expressed opposition to the transaction.
19. The comment letter was forwarded to the Applicants for response.
20. Risant Health noted that it will operate independently and function to enable other community-based nonprofit charitable health systems across the country to deliver on their own value-based health care missions. Risant Health also noted that federal privacy regulations prevent any comment on any person’s care.

Description of the Proposed Acquisition

21. As described in the Application, Geisinger Health has entered into a Health System Agreement (the “Agreement” or “HSA”) with Risant Health and KFH. The transaction is a member substitution, whereby Risant Health becomes the sole corporate member of Geisinger Health. As described in the Application and pursuant to the Agreement, the Transaction does not have a purchase price. The terms and conditions of the transaction are set forth in the HSA.
22. As described in the Application and subsequent to the member substitution, Risant Health would indirectly control the Domestic Insurers.
23. As described in the Application, KFH would become the ultimate controlling person of the Domestic Insurers as a result of the Acquisition.

Standards for Review

24. Section 1402(f)(1) of the Insurance Holding Companies Act establishes the standards for approval of an application for a change in control of a domestic insurer.
25. An application for a change in control must be approved unless the Department finds any one of certain enumerated conditions to be present.

Licensing Requirements

26. When analyzing an application for change in control under Section 1402 of the Insurance Holding Companies Act, the Commissioner reviews the requirements for continued licensure of the domestic insurer being acquired.
27. Specifically, the Department reviews whether the domestic insurer would 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 after the acquisition.
28. A health maintenance organization is required to maintain a minimum net worth of One Million Dollars (\$1,000,000) or three months uncovered health care expenditures for Pennsylvania enrollees (31 Pa. Code § 301.121(b)(2)).
29. A risk-assuming preferred provider organization that is not a licensed insurer must maintain its admitted assets in excess of liabilities by at least the minimum capital

and surplus required of a stock casualty company with accident and health powers (31 Pa. Code § 152.9).

30. The lines of insurance for which an insurance company may be incorporated and become licensed to write are set out in Section 202 of The Insurance Company Law (40 P.S. § 382).
31. The minimum paid up capital stock and paid in surplus required of a stock insurer for each line of insurance is set out in Section 206 of The Insurance Company Law (40 P.S. § 386).
32. GHP is required to maintain a minimum net worth of \$1,000,000 to write the lines of insurance for which it is presently licensed.
33. GQOI is required to maintain a minimum paid up capital stock of \$50,000 and a minimum paid in surplus of \$75,000 to write the lines of insurance for which it is presently licensed. GIIC is required to maintain a minimum paid up capital stock of \$50,000 and a minimum paid in surplus of \$25,000 to write the lines of insurance for which it is presently licensed.
34. Upon completion of the acquisition, the Domestic Insurers will have the statutory minimum paid up capital stock and paid in surplus to satisfy the requirements to write the lines of insurance for which they are presently licensed.

Competitive Impact

35. The acquisition of control of a Pennsylvania domiciled insurer is subject to review and analysis under Section 1402(f)(1)(ii) of the Insurance Holding Companies Act to determine whether the effect of the acquisition of control of the Domestic Insurers would be to substantially lessen competition in this Commonwealth or tend to create a monopoly therein, as per 40 P.S. § 991.1402(f)(1)(ii) (the “competitive standard”).
36. In applying the competitive standard, the informational requirements of Section 1403(c)(2) and the standards of Section 1403(d)(2) are applicable.
37. The Applicants complied with the informational requirements of the Insurance Holding Companies Act by filing a pre-acquisition notification in the format required by Pennsylvania.

38. The Department's analysis of the applicable product and geographic markets, and the information submitted by the Applicants, indicate that the default product markets (annual statement lines of business) and the default geographic market (state-wide) under Section 1403(d)(2)(iii)(B) of the Insurance Holding Companies Act present no concern.
39. For all lines of business, the proposed acquisition of control qualifies for the exemptions set forth in Section 1403(b)(2)(v)(A)-(C) of the Insurance Holding Companies Act.

Financial Condition of Applicant

40. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the financial condition of the acquiring person(s).
41. The Department has reviewed the financial information submitted by the Applicants.
42. The financial condition of the Applicants was not found to pose an impediment to the change in control nor jeopardize the financial condition of the Domestic Insurers.

Plans for the Acquired Insurer

43. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the plans or proposals that the acquiring party has for the insurers. In particular, the Department reviews the plans or proposals of the acquiring party to determine if they provide for liquidation of the insurers, or to sell their assets or consolidate or merge them with any person, or to make any other material changes in their business or corporate structure or management, to determine if the plans are unfair or unreasonable; fail to confer a benefit upon policyholders; or not in the public interest.
44. As stated in the Application, the Applicants have no future plans or proposals to liquidate the Domestic Insurers, to sell their assets, to merge or consolidate them with any person or persons or to change their corporate structure. The Applicants have noted that they intend for Geisinger to be the inaugural health system to join Risant Health. The HSA contains provisions in the event of future transfer of the Geisinger to a non-Kaiser entity.

45. Geisinger Health currently has approximately 26,500 employees.
46. As stated in the Application, Risant Health commits to maintain Geisinger Health's corporate headquarters in Geisinger Health's service area.
47. The Applicant has confirmed that all employees of the Domestic Insurers are expected to continue their employment as of the effective date of the acquisition.
48. As stated in the Application, the officers and directors of the Domestic Insurers will remain the officers and directors of Domestic Insurers as of the effective date of the acquisition.
49. The Acquiring Parties have not included any statement in the Application from which the Department could definitively conclude that the plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any material change in its business or corporate structure or management are necessarily unfair or unreasonable or fail to confer a benefit upon policyholders or are not in the public interest.

Management

50. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the competence, experience and integrity of the persons who will control the operations of the acquired insurer.
51. The Department reviewed the biographical affidavits of the individual Applicants and those for all directors and officers of each legal entity Applicant.
52. The Department's review of the biographical affidavits submitted by the Applicants did not identify any matter of material concern regarding individuals providing oversight of the Domestic Insurers. The individuals appear to have such competence, experience and integrity that the interests of policyholders and the public would not be jeopardized.

Hazardous or Prejudicial to Insurance Buying Public

53. When analyzing an application for an acquisition of control involving a domestic insurer under Section 1402 of the Insurance Holding Companies Act, the Department evaluates whether the merger, consolidation or other acquisition of control is likely to be hazardous or prejudicial to the insurance buying public.

54. There is insufficient evidence in the record from which it may be concluded that this transaction will likely be hazardous or prejudicial to the insurance buying public.

Compliance with the Pennsylvania Laws

55. When analyzing an application for an acquisition of control involving a domestic insurer under Section 1402 of the Insurance Holding Companies Act, the Department reviews the transaction to determine whether the merger, consolidation or other acquisition of control is not in compliance with the laws of this Commonwealth, including Article VIII-A.
56. The Department's review of the record did not identify evidence that the transaction as set forth by the Application is not in compliance with the laws of Pennsylvania.
57. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

CONCLUSIONS OF LAW

1. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the change in control of the Domestic Insurers.
2. Under Section 1402 of the Insurance Holding Companies Act, the Department must approve an application for a change in control unless the Department has found that:
 - a) After the change of control, the insurer will not be able to satisfy the requirements for the issuance of a license to operate the line or lines of business for which they are presently licensed.
 - b) The change in control will substantially lessen competition in insurance in this Commonwealth or tend to create a monopoly therein.
 - c) The financial condition of the acquiring company is such as might jeopardize the financial stability of the insurer or prejudice the interests of its policyholders.
 - d) The plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make material changes in its business or corporate structure or management are unfair and

unreasonable and fail to confer benefit on policyholders of the insurers 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 insurers and of the public to permit the acquisition of control; or,
 - f) The acquisition of control is likely to be hazardous or prejudicial to the insurance buying public.
 - g) The acquisition of control is not in compliance with the laws of this Commonwealth, including Article VIII-A, Insurance Company Mutual-to-Stock Conversion Act.
3. Under Section 1402 of the Insurance Holding Companies Act, the Commissioner has not found that any of the above conditions are materially present with respect to the change in control of the Domestic Insurers.
 4. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402 and 1403 of the Insurance Holding Companies Act, Article XIV of The Insurance Company Law of 1921, Act of May 17, 1921, P. L. 682, <u>as amended</u>, 40 P.S. §§ 991.1401, 991.1402 and 991.1403
Application of Risant Health, Inc. and Kaiser Foundation Hospitals in Support of the Request for Approval to Acquire Control of Geisinger Health Plan, Geisinger Quality Options, Inc., and Geisinger Indemnity Insurance Company	:	Order No. ID-RC-24-03-01

ORDER

Upon consideration of the foregoing, the Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) hereby makes the following Order:

The application of Risant Health, Inc. (“Risant” or “RH”) and Kaiser Foundation Hospitals (“KFH”), (together the “Applicants” or “Acquiring Parties”), to acquire control of Geisinger Health Plan, Geisinger Quality Options, Inc., and Geisinger Indemnity Insurance Company (together the “Domestic Insurers”) as set forth in the Application and further detailed in the Health System Agreement (the “Agreement” or “HSA”) with Risant and KFH, is hereby approved, subject to this Order:

1. The Acquiring Parties shall provide to the Department a list of closing documents within five (5) business days after consummation of the subject transaction and shall maintain the listed documents and make them available to the Department for a period of five (5) years from the date of consummation.
2. For ten (10) years following the consummation of the acquisition, Risant shall cause Geisinger Health to file with the Department on an annual basis, a certification report, in a form acceptable to the Department, detailing the amount, source, dates and capital initiative of the following funds (as set forth in the HSA) spent:
 - a) During the Capital Commitment Period on projects encompassed within the Two Billion Dollars (\$2,000,000,000) to Two Billion Six Hundred Million Dollars (\$2,600,000,000).

- b) For the five (5) years after the Capital Commitment Period, on projects encompassed within the Two Billion Three Hundred Million Dollars (\$2,300,000,000), plus such potentially greater amount as RH reasonably determines to be warranted.
- 3. At the end of ten (10) years after the Closing Date, Risant shall file a certification confirming that capital has been spent as set forth in paragraph 2 and reported by Geisinger Health in the amount of no less than Two Billion Dollars (\$2,000,000,000) during the Capital Commitment Period and no less than Three Billion Dollars (\$3,000,000,000) during such ten-year period.
- 4. For fifteen (15) years following the effective date of the acquisition, the Acquiring Parties will not liquidate or transfer ownership of any of the Domestic Insurers without complying with the Agreement (which places limitations on transfer of such ownership) and the Insurance Holding Companies Act. This includes the submission of an application to the Commissioner for approval that explicitly provides for separation (including filing of any Transition Services Agreement to which the separating Domestic Insurer(s) will be party, which must be at fair market value) and in a manner that renders the Domestic Insurer with a minimum Risk Based Capital equal to or greater than 350% at the time of separation.
- 5. For a period of fifteen (15) years, the Acquiring Parties are to cause the continuation of Geisinger Health's audited annual financial statements to be filed with the Department in accordance with established financial reporting timelines. Quarterly unaudited financial statements shall be provided to the Department upon request.
- 6. For fifteen (15) years following the effective date of the acquisition, the Acquiring Parties will not cause the Domestic Insurers to distribute capital or surplus while any debt, including surplus note or similar, is reported on the financial statement of a Domestic Insurer, without prior approval from the Commissioner.
- 7. For five (5) years following the effective date of the acquisition, the Acquiring Parties will ensure, vote to support, and/or otherwise cause the Risk Based Capital ("RBC") of GHP to be maintained at or above 350%, and the RBC of GIIC and GQOI to be maintained at or above 400%. For years six (6) through fifteen (15) following the effective date of the acquisition, the Acquiring Parties will ensure, vote to support or otherwise cause the Risk Based Capital of each Domestic Insurer to be maintained at or above 350%.

8. For fifteen (15) years following the effective date of the acquisition, the Acquiring Parties will not allow a pledge or hypothecation of the Domestic Insurers' assets that in any way is associated with any current or future loans of the Acquiring Parties, their controlled affiliates, or with any entity under control of KFHP.
9. The Acquiring Parties will comply and shall cause the Domestic Insurers to comply with the Insurance Holding Companies Act and submit as required for non-disapproval, affiliate transactions and any Domestic Insurer transactions with any entity under direct or indirect control of KFHP or KFHP, via a Form D or other filing as applicable, and obtain the written non-disapproval of the Department prior to proceeding.
10. For fifteen (15) years following the effective date of the acquisition, the Acquiring Parties will provide prepared audited (or in the absence of audited, certified) financial statements of any controlled affiliate of KFHP or KFHP with which a Domestic Insurer maintains a direct contract or such other contract that exposes the Domestic Insurers to counterparty risk, including through a subcontractor or agent.
11. The Acquiring Parties will cause the Domestic Insurers to comply with the submission of complete Insurance Holding Companies Act filing requirements (e.g. Form B, Form C and Form D filings) for affiliate transactions and any direct transactions or indirect transactions that transfer costs between the Domestic Insurers and KFHP or KFHP or their controlled affiliates as required by the Insurance Holding Companies Act. No filing that discusses potential subcontracting with affiliates absent the identification, nature, scope, fee, and components of a Form D is considered to meet the standard prescribed by Pennsylvania insurance law for such subcontracting to proceed absent specific filing non-disapproval. These filings will include the following:
 - a) Disclosure of all affiliate transactions and consideration exchanged including but not limited to any and all commission, brokerage, custodian and related fees to affiliates associated with investment activities.
 - b) Disclosure of any investment created, managed, or originated by any affiliated annually and more frequently as may be required.
 - c) Submission of any reinsurance agreement or agreement that pools or transfers risk.

- d) Submission of annual audited financial statements for Risant, rather than the combined statements permissible in Section 3.1 of the Health Systems Agreement.
12. For fifteen (15) years following the effective date of the acquisition, the Acquiring Parties will not cause the Domestic Insurers to terminate without cause during the initial term an existing agreement that has more favorable terms in favor of any agreement with KFH or KFHP or their controlled affiliates without prior approval of the Department.
 13. Applicants and the Domestic Insurers shall not use any form of push-down accounting methods that result in the transfer or allocation of any of the Domestic Insurers' or Applicants' goodwill, including goodwill related to this acquisition.
 14. The Acquiring Parties will not in any manner, transfer, charge or allocate any portion of the Acquiring Parties' acquisition costs to the Geisinger entities including direct or indirect costs incurred in attorney's fees, analysis, due diligence, and any expense of a nature related to the acquisition.
 15. For fifteen (15) years following the effective date of the acquisition, the Applicants will not engage in the loaning of any Domestic Insurer assets that are not fully collateralized at an amount equal to or greater than the reported value in a liquid form, and without the prior written approval of the Department.
 16. The Acquiring Parties will, on an ongoing basis, promote competition and encourage continued access to Geisinger facilities through actions that include the following:
 - a) Firewall Requirement: The Acquiring Parties shall develop, implement, monitor the operation of and enforce strict compliance with a firewall policy for the Domestic Insurers. The firewall policy shall be in a form and substance narrowly tailored as deemed necessary by independent antitrust legal counsel to comply with applicable antitrust laws. Within ninety (90) days after the consummation of the subject transaction, the Applicants shall file with the Department, for review and approval, a comprehensive firewall policy that is applicable to the Domestic insurers. The Applicant shall not make any material amendment, waive enforcement of or terminate any material provision of the approved firewall policy without the approval of the Department. Approved firewall policy implementation and enforcement

shall be subject to review and/or examination by the Department, or consultants retained by the Department at the expense of the Acquiring Parties, to the extent the department believes that such review and/or examination is in the public interest.

- b) Prohibition on Exclusive Contracting: No Domestic Insurer shall enter into a contract or arrangement with any provider that would require the provider to exclusively contract with one more Domestic Insurers. No Geisinger provider shall, directly or indirectly, prohibit or limit the authority of any other Geisinger provider from entering into any contract or arrangement with any health insurer.

- c) Contract Length Limitations: Except as provided in this condition, no Domestic Insurer shall enter into any contract or arrangement with any third-party Health Care Provider, and no Health Care Provider that is a controlled affiliate of Geisinger Health, shall enter into any contract or arrangement with any third-party insurer, the term of which is in excess of five (5) years (including the initial term together with all renewal terms) without the prior written approval of the Department. Notwithstanding the foregoing, a contract between a Domestic Insurer and a Health Care Provider, or a Health Care Provider that is a controlled affiliate of Geisinger Health, and a third-party insurer may have a length (including the initial term together with all renewal terms) in excess of five (5) years without Department approval, if for the subsequent years:
 - (i) the contract contains a reasonable market-based compensation adjustment provision; or
 - (ii) the contract contains another type of compensation adjustment provision that has received prior written approval of the Department.

- d) “Most-favored nation” (MFN) clauses: Contracts with MFN or similar clauses that guarantee or provide that the insurer grant a certain provider the best or a better rate or terms, or the provider grant the insurer the best or a better rate or terms will not be utilized or enforced as of the date of the subject transaction.

- e) Anti-steering/Anti-tiering: Domestic Insurers will not enter into a contract with a provider that limits the ability of the insurer to use tiered networks

and steering. For purposes of this paragraph: (i) “steering” means any practice, process or arrangement the effect of which is directly or indirectly to encourage, direct or maneuver a person into a course of action e.g., choice of healthcare, by offering structured economic incentives that vary by their value to the consumer or other person; (ii) “tiering” means a method or design of a health care plan in which health care providers are assigned to different benefit tiers based on the health insurer’s application of criteria to health care providers’ relative costs and/or quality, and in which enrollees pay the cost-sharing (copayment, coinsurance or deductible) associated with a health care provider’s assigned benefit tier(s).

17. For fifteen (15) years following the effective date of the acquisition, the Domestic Insurers shall not voluntarily withdraw their certificate of authority to engage in the business of insurance in the Commonwealth of Pennsylvania, without the prior written approval of the Department.
18. For fifteen (15) years following the effective date of the acquisition, the Domestic Insurers shall not attempt to or actually redomesticate to another jurisdiction, without the prior written approval of the Department.
19. For a period of five (5) years following the effective date of the subject transaction, the Applicants shall provide written notice to the Department of any planned, proposed or occurrence of reductions in staff that would affect more than ten (10%) of the employees of the Domestic Insurers or their subsidiaries principally located in Pennsylvania as of, or within six (6) months prior to the effective date of the subject transaction. For purposes of this condition, as of any date, the ten percent (10%) threshold shall be determined based upon a rolling twelve (12) month period. Such notice, which shall specify the reasons for the reduction in force and include information regarding planned or proposed severance pay shall be filed with the Department at least ninety (90) days prior to any such planned or proposed reductions.
20. The Acquiring Parties acknowledge awareness that Pennsylvania may, at any time and independent of jurisdictions accredited by the National Association of Insurance Commissioners (NAIC), continue its practice of supporting industry regulation that promotes consumer protection. Accordingly, Acquiring Parties may be subject to future legislative developments pertaining to the regulation of Pharmacy Benefit Managers, Integrated Delivery Systems, or other functions that may impact the business of the Applicants. As with all insurers authorized to transact business in Pennsylvania, the Department anticipates the Acquiring Parties

compliance with applicable Pennsylvania law that promotes policyholder protections consistent with this Order.

21. The Acquiring Parties shall provide the Department with written confirmation of the consummation or effective/closing date of the acquisition by five (5) business days after the end of the month in that the acquisition effective/closing date takes place but no later than ninety (90) days after the date of this Order. If the proposed acquisition is not consummated within ninety days of the date of this order and the Applicants intend to consummate the proposed acquisition, the Applicants shall submit to the Commissioner a statement requesting an extension and shall include: (i) the reason for the Applicants' inability to consummate the proposed acquisition; (ii) any material changes in the information contained in the Form A filing; (iii) the current financial statements of the Applicants and the Domestic Insurers; and (iv) a statement detailing any material changes in facts and circumstances causing impact on the parties or transaction, or a statement confirming no such situation exists. Any and all extensions shall be at the written approval of the Commissioner.



Michael Humphreys
Insurance Commissioner
Commonwealth of Pennsylvania