

**STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION  
BUREAU OF INSURANCE**

IN RE:

APPLICATION OF CENTENE  
CORPORATION FOR APPROVAL OF THE  
ACQUISITION OF CONTROL OF  
WELLCARE OF MAINE, INC.

Docket No. INS-19-403

**DECISION AND ORDER**

On behalf of Superintendent of Insurance Eric Cioppa, who has appointed me to hear and decide this matter pursuant to 24-A M.R.S. § 210, I hereby issue this Decision and Order approving the application of Centene Corporation (“Centene”), to acquire control of WellCare of Maine, Inc. (“WellCare Maine”), a domestic health maintenance organization.

**I. PROPOSED TRANSACTION**

Centene, a publicly traded Delaware corporation, applied for the Superintendent’s approval of the proposed acquisition of control of WellCare Maine, which is currently an indirect, wholly owned subsidiary of WellCare Health Plans, Inc. (“WellCare”), a publicly traded Delaware corporation.

The proposed acquisition of control of WellCare Maine would occur through a series of mergers at the holding company level (the “Proposed Transaction”), as described more fully in the Notice of Pending Proceeding. The surviving company of this series of mergers, the successor to the present WellCare holding company would be a wholly owned direct subsidiary of Centene, would become the intermediate holding company for the WellCare group, and would be given the same name as the current holding company, “WellCare Health Plans, Inc.” The internal structure of the WellCare group would remain in place, with all direct and indirect WellCare subsidiaries, including WellCare Maine, continuing in existence and becoming indirect subsidiaries of Centene.

Because 24-A M.R.S. § 222(4-C)(C)(14) requires a statement as to whether or not the Proposed Transaction will result in an increase in market share in Maine in any line of business for one or more insurance carriers with combined market share greater than 5%, Centene also filed a Form E in support of its application for control. I considered and evaluated the information provided in the Form E as part of my review of the request for approval of the acquisition of control of WellCare Maine. As stated on the record at hearing, the Form E is confidential and was admitted into the record under confidential cover. *See* 24-A M.R.S. § 222(13-A)(A)(8).

The Florida Commissioner of Insurance Regulation, the lead regulator for the WellCare group, has already approved the Proposed Transaction.

## II. PROCEDURAL HISTORY

On May 1, 2019, Centene filed a Form A application seeking approval of the Proposed Transaction. The Bureau of Insurance designated the proceeding as Docket No. INS-19-403.

On May 1, 2019, Centene also submitted a Form E (Pre-Acquisition Notification) filing under confidential cover.

On May 31, 2019, Centene submitted Amendment No. 1 to its Form E filing under confidential cover.

On June 13, 2019, the Superintendent issued a Notice of Pending Proceeding and designated me to manage and decide the proceeding on his behalf. In the Notice, interested persons were provided an opportunity to request to intervene as full or limited parties to the proceeding on or before July 8. No requests to intervene, timely or untimely, have been received.

On June 14, 2019, Centene submitted Amendment No. 2 to its Form E filing under confidential cover.

On July 19, 2019, I issued a Notice of Hearing.

On July 31, 2019, I issued a First Request for Information, to which Centene filed responses on August 5.

On August 22, 2019, Centene submitted a request for confidentiality, seeking confidential treatment of certain exhibits to its application and certain portions of its August 5 response letter. Centene narrowed the scope of the request in a supplemental filing on August 23.

On August 23, 2019, I issued an Order granting confidential treatment of the information for which confidential treatment was requested in the August 22 request for confidentiality, as revised on August 23.

On August 26, 2019, at 1:00 p.m. a public hearing was held at the Bureau of Insurance, 76 Northern Avenue, Gardiner, Maine. At the hearing, certain evidence was offered and admitted into the record of the proceeding without objection, including the pending applications of the parties and the supporting documentation, the pre-filed affidavits and the response to the information request issued during the proceeding. Two Centene executives attended the hearing and testified on behalf of Centene: Christopher Koster, Senior Vice President for Corporate Services and Lisa Brubaker, Senior Vice President for Corporate Quality and Risk Adjustment. Without objection, permission was granted for three additional Centene executives to testify by telephone: Darren Meyer, Vice President for Finance and Accounting; Jeff Schwaneke, Executive Vice President, Chief Financial Officer, and Treasurer; and Louis DeSorbo, Chief Security and Risk Officer. On behalf of WellCare Maine, Beau Garverick, WellCare's Senior Vice President for Corporate Development, Investor Relations, and Strategy, appeared and testified. The record was closed immediately after the conclusion of the hearing.

### III. STANDARD OF REVIEW

In accordance with 24-A M.R.S. § 222(7)(A) which is applicable to health maintenance organizations pursuant to 24-A M.R.S. § 4222-B(5),<sup>1</sup> the issues to be considered by the Superintendent are generally described as follows:

- (1) Whether, after the Proposed Transaction, WellCare Maine could satisfy the requirements for the issuance of a certificate of authority according to requirements in force at the time of the issuance, or last renewal or continuation, of its certificate of authority to do the health maintenance organizations business that it intends to transact in the State of Maine.
- (2) Whether the effect of the Proposed Transaction may be substantially to lessen competition in insurance in the State of Maine or tend to create a monopoly in the State of Maine or would violate the laws of the State of Maine or the United States relating to monopolies or restraints of trade.
- (3) Whether the financial condition of Centene is such as would jeopardize the financial stability of WellCare Maine or prejudice the interests of its policyholders.
- (4) Whether Centene's proposed acquisition or proposals to make any major changes in the business or corporate structure or management of WellCare Maine are unfair or prejudicial to policyholders.
- (5) Whether the competence, experience, and integrity of Centene's directors and officers indicate that it would not be in the interest of policyholders or the public to permit them to control the operation of WellCare Maine.
- (6) Whether the Proposed Transaction would involve a merger that violates 24-A M.R.S. § 3474.
- (7) Whether the Proposed Transaction would tend to affect adversely the contractual obligations of WellCare Maine or its ability and tendency to render service in the future to its policyholders and the public.

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<sup>1</sup> 24-A M.R.S. § 3476(2) is usually applicable in Form A proceedings, but does not apply to health maintenance organizations. However, its requirements are substantially similar to 24-A M.R.S. §§ 222(7)(A)(1), (2), (3), (5), and (7), with the exception of the requirement under 24-A M.R.S. § 3476(2)(C) to review the transaction to ensure that the interests of stockholders will not be impaired. I would find the Proposed Transaction to be in compliance with 24-A M.R.S. § 3476(2) if it were applicable.

#### IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

Based upon the testimonial and documentary evidence presented at the hearing and upon a review of the record as a whole, I hereby find that there are no grounds for disapproval of the Proposed Transaction under the legal standards for approval set forth in 24-A M.R.S. § 222(7)(A). Specifically:

- (1) No evidence was presented to the contrary and I find that WellCare Maine will continue to satisfy the requirements under which its certificate of authority to conduct health maintenance organization business was most recently continued in force.
- (2) I find no evidence that might tend to prove that any aspect of the Proposed Transaction may substantially lessen competition in the insurance business in the State of Maine, tend to create a monopoly in Maine, or violate the laws of the State of Maine or the United States relating to monopolies or restraints of trade. That finding is consistent with the Hearing Officer's independent review of the Maine Form E filing.
- (3) I find no evidence that might tend to prove that the financial condition of Centene would jeopardize the financial stability of WellCare Maine or prejudice the interest of its policyholders.
- (4) I find no evidence that might tend to prove that Centene's proposed acquisition or proposals to make any major change in the business or corporate structure or management of WellCare Maine are unfair or prejudicial to policyholders.
- (5) I find no evidence that might tend to prove that the competence, experience, and integrity of Centene's directors and officers indicate that it would not be in the interest of policyholders or the public to permit them to control the operation of WellCare Maine.
- (6) Because WellCare Maine will not be merging or consolidating with any other entity, I find that the Proposed Transaction is not subject to review under 24-A M.R.S. § 3474.
- (7) I find no evidence that might tend to prove that the Proposed Transaction would tend to affect adversely the contractual obligations of WellCare Maine or its ability and tendency to render service in the future to its policyholders and the public.

#### V. ORDER

Therefore, the Form A application by Centene to acquire control of WellCare Maine is hereby APPROVED, subject to the following conditions:

- (1) Centene and WellCare Maine shall conduct their operations consistent with the disclosures and representations made in the record of this proceeding.

- (2) Until closing, WellCare Maine shall file advance notice with the Superintendent of any material changes to the terms of the Proposed Transaction, and any other material transaction with Centene or any of its affiliates, other than transactions in the ordinary course of business that arise out of existing commercial relationships. As of the date of this Order, Centene shall be considered a controlling person of WellCare Maine for purposes of Form D filing requirements under Bureau of Insurance Rule 180, Section 18.
- (3) WellCare Maine shall notify the Superintendent of the completion of the Proposed Transaction as soon as possible, and no later than three business days, after closing. WellCare Maine shall file a revised Form B, Insurance Holding Company System Registration Statement, within 15 days after the end of the calendar month in which the Proposed Transaction is completed.
- (4) WellCare Maine shall not declare any dividend during the two years following closing without first obtaining prior written approval from the Superintendent. Any such dividends shall be considered extraordinary dividends subject to the provisions of 24-A M.R.S. § 222(11-C)(C).

VI. NOTICE OF APPEAL RIGHTS

This Decision and Order is a final agency action of the Superintendent of Insurance within the meaning of the Maine Administrative Procedure Act. It may be appealed to the Superior Court in the manner provided by 24-A M.R.S. § 236, 5 M.R.S. § 11001 *et seq.*, and M.R. Civ. P. 80C. Any party to the proceeding may initiate an appeal within thirty days after receiving this notice. Any aggrieved non-party whose interests are substantially and directly affected by this Decision and Order may initiate an appeal within forty days of the issuance of this decision. There is no automatic stay pending appeal; application for stay may be made in the manner provided in 5 M.R.S. § 11004.

PER ORDER OF THE SUPERINTENDENT OF INSURANCE

August 26, 2019

  
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ROBERT ALAN WAKE  
Hearing Officer