



DEPARTMENT OF COMMERCE AND INSURANCE

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

IN RE: Proposed Acquisition of Missouri Care, Incorporated)
by)
Anthem, Inc., an Indiana Corporation and) **Case No. 1910180988H**
ATH Holding Company, LLC,)
an Indiana limited liability)
company, and a direct wholly)
owned subsidiary of Anthem, Inc.)

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 Commerce and Insurance, 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 October 7, 2019, Anthem, Inc. (“Anthem”) and ATH Holding Company, LLC (“ATH Holding”), submitted a Form A Statement Regarding the Acquisition of Control of or Merger with Missouri Care, Incorporated, a Missouri Domestic Insurer, (“Missouri Care”) by Anthem, Inc., an Indiana corporation and ATH Holding Company, LLC, an Indiana limited liability company and a direct wholly owned subsidiary of Anthem, Inc. (“Form A Application”) and a Pre-Acquisition Notice Form E (“Form E”) to the Missouri Department of Commerce and Insurance (“Department”), Division of Insurance Company Regulation (“Division.”)

2. On October 8, 2019, based on an initial review, the Division deemed the Form A Application complete.

3. Following its determination that the Form A Application was complete, the Division began its review of both the Form A Application and the Form E.

4. The Division’s review revealed that Anthem will indirectly acquire Missouri Care as the result of ATH Holding’s purchase of 1000 shares of Missouri Care common stock, which constitutes all of the issued and outstanding voting securities of Missouri Care, from WellCare Health Plans, Inc., a publically traded Delaware corporation, pursuant to a Purchase Agreement entered into among the parties.

5. At the time of closing on the acquisition, ATH Holding will acquire the value of 1000 shares of Missouri Care common stock in cash by wire transfer.

6. The acquisition contemplated in the Purchase Agreement is subject to, and conditioned on, the closing of the mergers contemplated by that certain Merger Agreement, dated as of March 26, 2019, by and among Centene Corporation, Wellington Merger Sub I, Inc., Wellington Merger Sub II, Inc. and WellCare Health Plans, Inc. (the Merger Transactions.) The transactions set out in the Merger Agreement are further subject to the Director's June 17, 2019, Order approving the merger with certain conditions, including that Centene Corporation would divest itself of the Missouri Care Medicaid business concurrent with the closing of the Merger Transactions.

7. The acquisition contemplated by Anthem's and ATH Holding's submitted Form A Application and Form E is intended to satisfy the condition of the June 17, 2019, Director's Order outlined above in paragraph 6.

8. Anthem, through its subsidiaries, is a health benefits company in the United States serving approximately 41 million medical members through its affiliated health plans as of June 30, 2019. Anthem is an independent licensee of the Blue Cross and Blue Shield Association ("BCBSA"), an association of independent health benefit plans, and serves its members as the Blue Cross and/or Blue Shield licensee for all or portions of fourteen states, including Missouri. Anthem is licensed

to conduct insurance operations in all 50 states and the District of Columbia through its subsidiaries.

9. Following the acquisition, Missouri Care will continue to maintain its separate corporate existence. It will become a member of Anthem's consolidated tax group and will enter into Anthem's intercompany tax allocation and master service agreements following the acquisition. The forms of any new affiliate agreements will be filed with the Department for its review pursuant to § 382.195, RSMo 2016.

10. Additionally, the parties to the Purchase Agreement have agreed to enter into a form of transition services agreement whereby Comprehensive Health Management, Inc. and its affiliates (collectively, "WellCare") will provide certain services to Missouri Care and its members for a transition period following the acquisition.

11. Missouri Care only writes Medicaid (Title XIX of the Social Security Act) and Children's Health Insurance Program ("CHIP") (Title XXI of the Social Security Act) business in Missouri through the Missouri Managed Care Program, known as MO HealthNet Managed Care.

12. Anthem has no Medicaid or CHIP business in Missouri.

13. The current financial strength ratings of Anthem (as of October 1, 2019) are as follows:

- a. Standard and Poor's Rating Services AA- (Very Strong)

- b. A.M. Best Company, Inc. A (Excellent)
- c. Moody's Investor Services, Inc. A2 (Good)
- d. Fitch, Inc. A+ (Strong)

14. The proposed acquisition of Missouri Care by Anthem and ATH Holdings will not substantially lessen competition or tend to create a monopoly in insurance in Missouri.

CONCLUSIONS OF LAW

15. 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 RSMo 2016.

16. 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.

17. 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, the Domestic Insurer 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 Anthem and ATH Holding is such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders;
- d. any plans or proposals by Anthem or ATH Holding to liquidate the Domestic Insurer, sell any of its assets, consolidate or merge it with any other person, or make any other material change in the business or corporate structure or management of the

Domestic Insurer are unfair and unreasonable to its policyholders and contrary to the public interest;

- e. the competence, experience, or integrity of the persons who would control or manage the Domestic Insurer 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.

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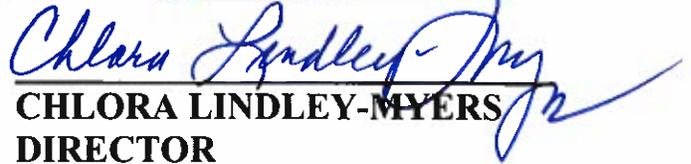
ORDER

18. Based on the foregoing Findings of Fact and Conclusions of Law, it is hereby Ordered that the proposed acquisition of Missouri Care, Incorporated, by Anthem, Inc., and ATH Holding Company, LLC, as set out in the Form A Application is approved with the following condition:

The acquisition contemplated in the Purchase Agreement by and among Anthem, ATH Holdings and WellCare Health Plans, Inc. shall be subject to, and conditioned on, the closing of the mergers contemplated by that certain Merger Agreement, dated as of March 26, 2019, by and among Centene Corporation, Wellington Merger Sub I, Inc., Wellington Merger Sub II, Inc. and WellCare Health Plans, Inc. (the Merger Transactions.)

SO ORDERED.

WITNESS MY HAND THIS 19th DAY OF November, 2019.


CHLORA LINDLEY-MYERS
DIRECTOR



NOTICE

TO: Applicant and any unnamed persons aggrieved by this Order:

You may request a hearing in this matter. You may do so by filing a complaint with the Administrative Hearing Commission of Missouri, P.O. Box 1557, Jefferson City, Missouri, within 30 days after the mailing of this notice pursuant to Section 621.120, RSMo. Pursuant to 1 CSR 15-3.290, unless you send your complaint by registered or certified mail, it will not be considered filed until the Administrative Hearing Commission receives it.

CERTIFICATE OF SERVICE

I hereby certify that on this 14th day of November, 2019, a copy of the foregoing Order and Notice was served upon the Applicant in this matter by UPS, signature required, at the following address:

Anthem, Inc.
220 Virginia Avenue
Indianapolis, Indiana 46204
Attn.: Jay H. Wagner, Vice President and
Counsel

Tracking No. 1Z0R15W84296438979

With a copy to:

Jared R. Danilson
Jason D Kimpel
Faegre Baker Daniels LLP
300 North Meridian St., Suite 2500
Indianapolis, Indiana 46204

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