



DATE: March 9, 2026  
TO: Amy J. Malm  
Mark McNabb  
FROM: Christopher Martin  
SUBJECT: Form A - Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer

**Filing Contact(s)**

**Primary Contact(s):**

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**Initial Exhibit(s)**

<b><u>Exhibit:</u></b>	<b><u>Description:</u></b>
Ex. 1	Transmittal Letter
Ex. 2	Form A Filing
Ex. 3	Affiliation Agreement (Redacted)
Ex. 4	Organizational Chart Prior to the Proposed Affiliation
Ex. 5	Organizational Chart After the Proposed Affiliation
Ex. 6	Directors and Executive Officers of CareSource
Ex. 7	Directors and Executive Officers of Community Care
Ex. 8	Audited Financial Statements of CareSource for the years ended 2020 to 2024
Ex. 9	Affiliation Agreement (Unredacted)
Ex. 10	Biographical Affidavits of CareSource
Ex. 11	Business Plan of Community Care
Ex. 12	Financial Projections for CCHP
Ex. 13	Biographical Affidavits of Community Care

**Executive Summary**

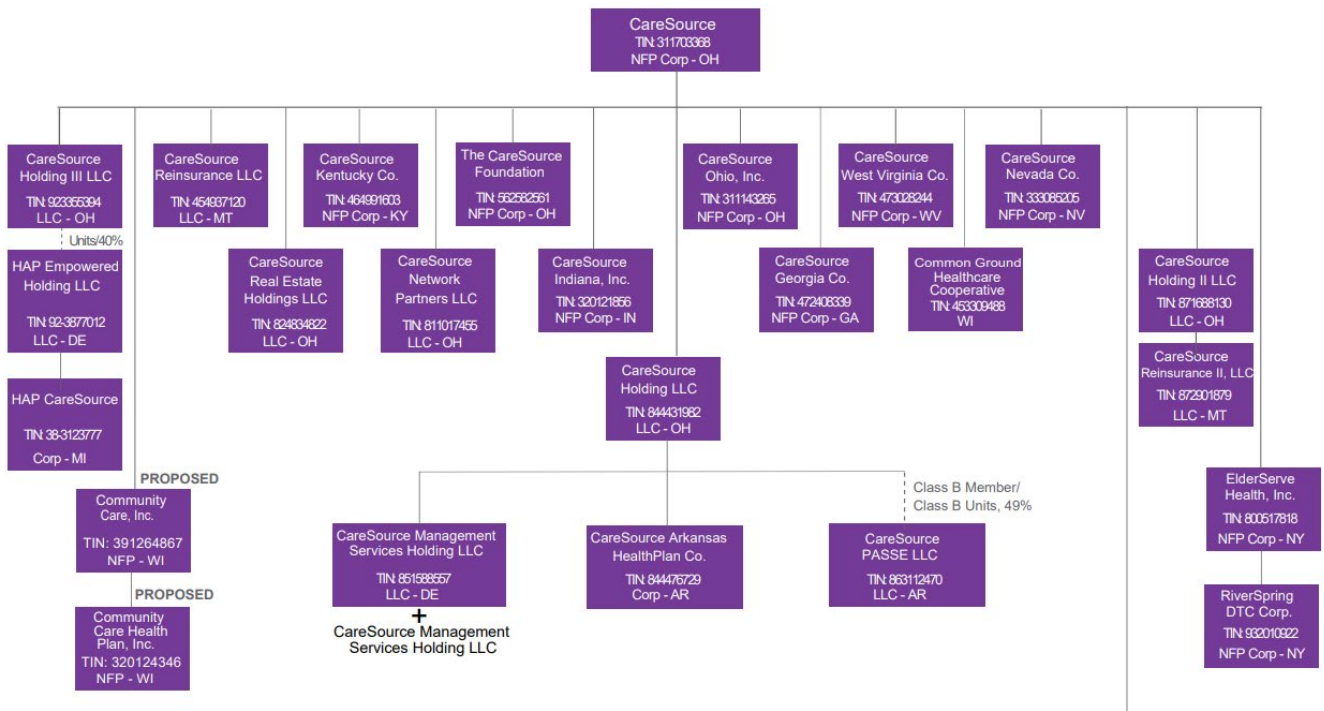
On September 18, 2025, CareSource (the "Applicant"), submitted a Form A filing in the matter of the acquisition of control of Community Care, Inc. (CCI), and Community Care Health Plan, Inc. (CCHP, and together with CCI, "Community Care"). The Applicant proposes to acquire control of CCHP, and its sole

corporate member CCI, through an Affiliation Agreement which would result in CareSource being the sole voting member of CCI. The Affiliation would occur pursuant to the Affiliation Agreement dated September 17, 2024.

**Organizational Chart Before Proposed Transaction:**



**Organizational Chart After Proposed Transaction:**



Note: OCI has removed some companies from the Organizational Chart After the Proposed Transaction above to include in the Recommendation Memo. Please see the complete Organizational Chart in the Organizational Chart After the Proposed Transaction document.

**Identity and Background of the Domestic Insurer(s)**

**Identity of the Domestic Insurer(s):**

**Community Care, Inc.**  
205 Bishops Way  
Brookfield, WI 53005

**Community Care Health Plan, Inc.**  
205 Bishops Way  
Brookfield, WI 53005

**Background of the Domestic Insurer(s):**

**Community Care, Inc.**

CCI is a Wisconsin non profit corporation organized under Chapter 181 of the Wisconsin Statutes operating as a care management organization (CMO). CCI is a permittee under Chapter 648 of the Wisconsin Statutes, and is authorized to transact the business of care management organizations – family care in Adams, Calumet Columbia, Dane, Dodge, Fond Du Lac, Green Lake, Jefferson, Kenosha, Manitowoc, Marquette, Milwaukee, Outagamie, Ozaukee, Racine, Rock, Sheboygan, Walworth, Washington, Waukesha, Waupaca, Waushara, and Winnebago County.

**Community Care Health Plan, Inc.**

CCHP is a Wisconsin domestic health maintenance organization (HMO), organized under Chapter 613 of the Wisconsin Statutes. The company is authorized to transact 1(c) Disability insurance for s. 609.03(3), Wis. Stat. defined Medicaid, Medicare, and Medicaid Dual Eligible business.

<b>Identity and Background of the Applicant(s)</b>
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**Identity of the Applicant(s):**

**CareSource**

230 North Main Street  
Dayton, Ohio 45402

**Background of the Applicant(s):**

**CareSource**

CareSource is an Ohio nonprofit corporation engaged in the business of health care and related services. The company operates a network of managed health care plans for individuals who participate in government programs, including Medicaid and Medicare.

**Executive Officers and Directors of CareSource**

<b><u>Name</u></b>	<b><u>Title</u></b>
Linda A. Willet*	Director
E. Thomas Brodmerkel*	Director
Craig J. Brown*	Director
Thomas Edwards*	Director
Thomas L. Kelly*	Director
David T. Miller*	Director
Erhardt H. Preitauer*	Director, President and CEO
Donna E. Shalala*	Director
Patrick J. Tiberi*	Director
Anthony L. Winns*	Director
Lawrence R. Smart*	Treasurer and CFO
Edward L. Stubbers*	Secretary

**Executive Officers and Directors of Community Care, Inc.**

<b><u>Name</u></b>	<b><u>Title</u></b>
Erhardt H. Preitauer*	Director, Chair

Lawrence R. Smart*	Director, Treasurer
Edward L. Stubbers*	Director, Secretary
Kenneth Munson*	President
Stephanie A. Williams*	Assistant Treasurer

**Executive Officers and Directors of Community Care Health Plan, Inc.**

<b><u>Name</u></b>	<b><u>Title</u></b>
Erhardt H. Preitauer*	Director, Chair
Lawrence R. Smart*	Director, Treasurer
Edward L. Stubbers*	Director, Secretary
Lori Stortz*	Director
Kenneth Munson*	President
Stephanie A. Williams*	Assistant Treasurer

Note: \* following an individual's name indicates that the biographical affidavit was provided for the individual and there are no outstanding significant concerns after OCI review.

**Nature, Source, and Consideration**

\$155 million, subject to adjustments, will be paid to effectuate the affiliation pursuant to the affiliation agreement. The purchase price will be paid in cash by CareSource at closing to a newly organized non member non profit Wisconsin corporation. Control of CCI and CCHP will be obtained as further described in the Form A and the Future Plans section below.

Note that as non profits CCI and CCHP do not have voting securities. Control is being acquired by CareSource as they will become the sole member of CCI, and CCI is the sole member of CCHP. The Applicant stated in the Form A that there has not been any recent purchase of beneficial ownership or membership in the Domestic Insurers in the past 12 months and there have been no other recommendations to obtain membership interest in the past 12 months.

**Future Plans**

After the affiliation, CareSource intends to make a number of changes to CCI and CCHP. These include updating the CCI and CCHP articles, bylaws, directors, and officers to reflect the affiliation with CareSource. The CCI articles and bylaws will be amended as of the closing date. The effect of these amendments will be to cause CCI to become a membership based non profit corporation. After the closing date Community Care will become the sole member of CCI, thereby obtaining control of CCI directly and CCHP, through CCHP's sole member CCI.

CCI will also transfer its Family Care Program to CCHP at closing. In order to accomplish the transfer of the Family Care Program to CCHP, CCHP has requested DHS approval to become a CMO, will seek OCI permission to assign the contract to CCHP, and will file a Form B and related Form D.

The Applicant has no plans to declare an extraordinary dividend, liquidate the Domestic Insurers, sell the Domestic Insurers' assets, or merge them with any person or to make any other material changes in the Domestic Insurers' business operations, corporate structure, or management, other than those discussed above or in the ordinary course of business.

## Financial Highlights

### Highlighted Financial Data of the Applicant(s):

#### CareSource

Financial Highlights (in thousands)	Consolidated Financial Statements				
	2024	2023	2022	2021	2020
Total Assets	6,215,349	5,773,637	4,921,907	4,573,628	3,971,616
Total Liabilities	2,727,948	2,666,655	2,611,565	2,716,058	2,486,740
Total Net Assets	3,487,401	3,106,982	2,310,342	1,857,570	1,484,876
Total Revenue	12,039,854	11,823,533	13,124,794	12,372,564	11,191,484
Net Income	371,218	761,356	717,212	236,764	303,493
Net Cash Provided by Operations	792,622	116,929	842,154	585,703	1,059,087

### Financial Projections of the Domestic Insurer(s):

The financial projections of the Domestic Insurer(s) are confidential. OCI reviews these projections as part of the Form A review process.

## Review Standard(s)

This filing was made pursuant to s. 617.21(1), Wis. Stat. and s. Ins 40.02, Wis. Adm. Code, as well as s. 648.50, Wis. Stat. and s. Ins 57.10, Wis. Adm. Code. In order to evaluate the acquisition of control, through the effect of the affiliation agreement, OCI utilized the five-part test in s. 611.72(3)(am), Wis. Stat. OCI further reviewed the requirements of s. 617.21(1), Wis. Stat. related to the transaction and the affiliation. As the review requires certain additional requirements specific to CMOs, OCI assessed those criteria below as well.

#### 617.21 Transactions with affiliates.

(1) General requirements. Except as provided under s. 617.11 (2), neither an insurer authorized to do business in this state nor an affiliate of the insurer may enter into a transaction between the insurer and affiliate unless all of the following apply:

- (a) The transaction at the time it is entered into is reasonable and fair to the interests of the insurer.
- (b) The books, accounts and records of each party to the transaction are kept in a manner that clearly and accurately discloses the nature and details of the transaction and in accordance with generally accepted accounting principles permits ascertainment of charges relating to the transaction.
- (c) The insurer's surplus following any dividends or distributions to shareholders or a person having control of the insurer is reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs.
- (cm) Any cost-sharing services or management agreements involved in the transaction include such provisions as the commissioner requires by rule.
- (d) The transaction complies with any other standard that the commissioner prescribes by rule.

After reviewing the transaction by OCI, it was determined that the requirements of s. 617.21(1), Wis. Stat. were met. OCI then proceeded to evaluate the changes that would occur within the transaction as it related to the CMO requirements in s. 648.50, Wis. Stat.

#### 648.50 Management changes.

(1) Approval required. No proposed plan of merger or other plan for acquisition of control of a permittee may be executed unless the commissioner, after consulting with the department, approves the plan.

(2) Grounds for approval. The commissioner shall approve the plan under this section if the commissioner finds, after a hearing, that it would not violate the law or be contrary to the interests of the public, the department, or the enrollees.

(3) Information required. A permittee shall report to the commissioner any changes in directors or principal officers after a permit is issued, together with biographical data on the new director or officer that the commissioner requires by rule.

OCI evaluated the management changes to the CMO. The determination for approval will be discussed in a joint hearing for the evaluation of the transaction as a whole. The hearing will discuss the information provided by the Applicant pursuant to s. Ins 57.10, Wis. Adm. Code, which are substantially similar to the requirements in s. Ins 40.02, Wis. Adm. Code. The Applicants provided the information required under these sections and such further information as requested by OCI.

OCI then applied the disapproval tests under s. 611.73(3)(am), Wis. Stat.

### **611.72(3)(am)**

Wisconsin Statute s. 611.72(3)(am) creates a five-part test for the Commissioner to use when evaluating the merger or acquisition of a domestic stock insurance company. It reads, in relevant part:

**(am)** The commissioner shall approve the plan if the commissioner finds...that it would not violate the law or be contrary to the interests of the insureds of any participating domestic corporation or of the Wisconsin insureds of any participating nondomestic corporation and that:

1. After the change of control, the domestic stock insurance corporation or any domestic stock insurance corporation controlled by the insurance holding corporation 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;
2. The effect of the merger or other acquisition of control would not be to create a monopoly or substantially to lessen competition in insurance in this state;
3. The financial condition of any acquiring party is not likely to jeopardize the financial stability of the domestic stock insurance corporation or its parent insurance holding corporation, or prejudice the interests of its Wisconsin policyholders;
4. The plans or proposals which the acquiring party has to liquidate the domestic stock insurance corporation or its parent insurance holding corporation, sell its assets, merge it with any person or make any other material change in its business or corporate structure or management, are fair and reasonable to policyholders of the domestic stock insurance corporation or in the public interest; and
5. The competence and integrity of those persons who would control the operation of the domestic stock insurance corporation or its parent insurance holding corporation are such that it would be in the interest of the policyholders of the corporation and of the public to permit the merger or acquisition of control.

These five requirements are analyzed below.

**s. 611.72(3)(am)1:** After reviewing the documents provided by the Applicant in their Form A filing, OCI Staff believe that the Applicant is able to satisfy s. 611.72(3)(am)1. In reaching this decision, OCI staff has relied heavily on the proposed business plan and financial projections.

**s. 611.72(3)(am)2:** OCI's determined that a Form E analysis was not necessary. OCI's examination of the potential competitive effects concluded that approving the acquisition would not violate the competitive standards set forth in s. Ins 40.025(4), Wis. Adm. Code.

**s. 611.72(3)(am)3:** Paragraph three requires that the financial condition of any acquiring party is not likely to jeopardize the financial stability of the domestic insurance corporation or its parent insurance corporation, or prejudice the interest of its Wisconsin policyholders. After reviewing the documents provided by the Applicant, the concern that affiliated non-insurance operations would jeopardize the financial condition is deemed minimal. OCI, however, will monitor compliance with s. 611.72(3)(am)3, Wis. Stat., going forward.

**s. 611.72(3)(am)4:** Paragraph four requires that the post-transaction plans to change the business structure be "fair and reasonable to policyholders of the domestic stock insurance corporation or in the public interest." The Form A filing notes that the Applicant has no plans or proposals to declare any extraordinary dividend, to liquidate the Domestic Insurers, or to sell the assets of the Domestic Insurers. As noted in the Future Plans section above, the Applicant plans to make changes to the operations of the Domestic Insurers. The plans appear to be fair and reasonable and compliance with s. 611.72(3)(am)4, Wis. Stat., is expected.

**s. 611.72(3)(am)5:** Paragraph 5 requires that OCI review the Biographical Affidavits of the proposed officers and directors of the Applicants. This review did not raise significant concerns.

<b>Recommendation</b>
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The Acquisition of Control in the above-referenced Form A filing will not violate the law or be contrary to the interests of the insureds, and it does not meet any of the disqualifying criteria outlined in s. 611.72(3) as they have been used to evaluate the transaction pursuant to s. 617.21(1), Wis. Stat. and s. 648.50, Wis. Stat. Therefore, the transaction should be approved.