

Form A

**Statement Regarding the Acquisition of Control of
or Merger with a Domestic Insurer**

Common Ground Healthcare Cooperative

by

CareSource

Filed with the Office of the Commissioner of Insurance, State of Wisconsin

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INTRODUCTION

CareSource, an Ohio nonprofit corporation (“CareSource” or the “Applicant”) requests approval for its affiliation (the “Proposed Affiliation”) with Common Ground Healthcare Cooperative, a Wisconsin non-stock cooperative (“CGHC” or the “Domestic Insurer”). The affiliation will enable CGHC to further its mission to serve its members and meaningfully enhance consumer access to quality, affordable, member-focused, nonprofit health insurance products in Wisconsin.

The Proposed Affiliation will allow CGHC to maintain its nonprofit status while serving additional consumers by providing the operational and financial capacity to allow for expansion into products and service areas it does not currently serve. CGHC provides access currently to consumer-focused and affordable Marketplace and off-exchange individual products in only 24 of Wisconsin’s 72 counties. Affiliating with CareSource, a national leader in government-sponsored programs, will enable CGHC’s expansion to additional counties and will also allow for diversification of product offerings to serve additional populations such as Wisconsin Medicaid, Managed Long Term Services and Support, and dual eligible populations. This type of diversification is key to CGHC’s long-term stability and for promoting a strong and diverse insurance market in Wisconsin that affords consumers cost effective and high quality health insurance options.

The Proposed Affiliation will further provide CGHC members access to CareSource’s state-of-the-art technology and improved claims and prior authorization processes. Recognizing that employment, community support, access to food and housing impacts overall health and well-being, CGHC members will have access to CareSource programs providing workforce development, coaching support, food & nutrition, homelessness & housing, and other programs that address health equity challenges at the local level. CareSource’s innovative Social Determinants of Health programs will be a significant enhancement to the services offered to CGHC members.

Affiliation Transaction:

CGHC and CareSource have entered into that certain Affiliation Agreement dated March 28, 2024 (the “Agreement”) under which CareSource will acquire control of CGHC and will advance their respective missions and the principal mission of arranging for, coordinating the provision of, and enhancing the quality and accessibility of health care services to the general public through a network of affiliated health care plans principally benefiting low-income individuals and individuals eligible for participation under government-sponsored health care programs. The CGHC members overwhelmingly approved the Proposed Affiliation as described in the Agreement at a special member meeting on April 23, 2024 by a vote of 431 to 40.

Currently, the individuals insured under CGHC policies make up the sole class of members of CGHC and elect its directors. Under the Agreement and the transactions contemplated thereby, the current members of CGHC have approved, effective as of the closing of the Proposed Affiliation, amending and restating both the Articles of Incorporation and the Bylaws of CGHC to designate CareSource as the sole Class A member with the right to elect all

of CGHC's directors. Thus, the proposed directors of CGHC following the consummation of the Proposed Affiliation will be elected at the sole discretion of CareSource.

By becoming the sole voting member of CGHC, CareSource will acquire control over CGHC and become the ultimate controlling person of CGHC. Therefore, this Form A statement regarding the acquisition of control of or merger with a domestic insurer (including all exhibits, this "Form A") seeks the approval of the Office of the Commissioner of Insurance of the State of Wisconsin (the "Office") pursuant to Wis. Stat. § 617.21(1) and related regulations, including Wis. Admin. Code § 40.02, for the Proposed Affiliation.

ITEM 1. INSURER AND METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and briefly describe how control is to be acquired.

This Form A relates to the Proposed Affiliation of Common Ground Healthcare Cooperative, a Wisconsin non-stock cooperative, by CareSource, an Ohio nonprofit corporation. The current address for CGHC is 120 Bishop's Way, Suite 150, Brookfield, WI 53005. On June 1, 2024, CGHC's address will change to 300 N. Executive Dr., Brookfield, WI 53005.

Currently, CGHC has a single class of members which includes the individuals insured under CGHC policies. Those individuals insured under CGHC policies currently have the authority to elect CGHC's directors. Under the Agreement and following the consummation of the Proposed Affiliation, CGHC will have two separate classes of members, (Class A members and Class B members), with only Class A members receiving voting rights. CareSource will become the sole Class A member of CGHC and the individuals insured under CGHC policies will become the Class B members of CGHC. As the sole Class A member, CareSource will elect all members of the board of directors of CGHC, and thus will acquire "control" over CGHC as defined in Wis. Stat. § 600.03(13). A true and correct copy of the Agreement with confidential information redacted is included as Exhibit A. A true and correct copy of the Agreement without redactions is included as Confidential Exhibit 1. The CGHC members approved the Proposed Affiliation as described in the Agreement at a special member meeting on April 23, 2024 by a vote of 431 to 40.

As part of the Proposed Affiliation, CareSource and CGHC also intend to enter into a Call Rights Agreement to be signed at or prior to closing of the Proposed Affiliation. Through the Call Rights Agreement, which is included as Exhibit D to the Agreement, CGHC has the right to reverse CareSource membership if CareSource (i) is acquired by a for-profit entity, (ii) involuntarily loses its nonprofit status, or (iii) converts to a for-profit entity. Under the Call Rights Agreement, CareSource also commits to use CGHC assets only to support the State of Wisconsin business for a period of five (5) years. To the extent required, CareSource requests permission to enter into the Call Rights Agreement pursuant to Wis. Stat. § 617.21 and related regulations, including Ins § 40.04(2)(a).

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) *State the name and address of the applicant seeking to acquire control over the insurer.*

CareSource
230 North Main Street
Dayton, Ohio 45402

(b) *If the applicant is not an individual, state the nature of its business operations for the past 5 years or for such lesser period as such person and any predecessors thereof shall have been in existence. Briefly describe the business intended to be done by the applicant and the applicant's subsidiaries.*

CareSource is an Ohio nonprofit corporation exempt from federal income taxation that, individually and through one or more of its affiliates, has been engaged in, among other matters, the business of arranging for, coordinating the provision of, and enhancing the quality and accessibility of health care services to the general public through a network of managed health care plans principally benefiting low-income individuals and individuals eligible for participation under governmental health care programs, including Medicaid, Medicare Advantage and federally facilitated individual health insurance marketplace.

Together, CareSource and CGHC will work and invest together, realizing valuable synergies and improving efficiency for operations, technology, data and analytics, and strategic insight with a focus on creating sustainable health plans and benefits that provide value for all members with a core focus on ensuring the satisfaction of its members and serving local communities, improving the health and well-being of their members, and delivering affordable health care.

The current members of CGHC have approved, effective as of the closing of the Proposed Affiliation, amending and restating both the Articles of Incorporation and the Bylaws of CGHC to designate CareSource as the sole Class A member with the right to elect all of CGHC's directors. Thus, the proposed directors of CGHC following the consummation of the Proposed Affiliation will be elected at the sole discretion of CareSource. A description of the CGHC board of directors (the "Board") following the consummation of the Proposed Affiliation is provided in Item 5 below.

(c) *Furnish a chart or listing clearly presenting the identities of the interrelationships among the applicant and all affiliates of the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g., corporation, trust, partnership) and the state of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.*

A current organizational chart presenting the current identities of the interrelationships among CareSource and its affiliates is attached as Exhibit B. An organizational chart presenting

the identities of the interrelationships among CareSource and its affiliates, including CGHC, after the Proposed Affiliation is attached as Exhibit C. No court proceedings involving a reorganization or liquidation are pending with respect to CareSource or any of its affiliates.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

On the biographical affidavit, include a third party background check and state the following with respect to (1) the applicant if the applicant is an individual or (2) all persons who are directors, executive officers or owners of 10% or more of the voting securities of the applicant if the applicant is not an individual.

(a) *Name and business address;*

(b) *Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on;*

(c) *Material occupations, positions, offices or employment during the last 5 years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection with the license or registration whether pending or concluded.*

(d) *Whether or not such person has ever been convicted in a criminal proceeding (excluding traffic violations not involving death or injury) during the last 10 years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case.*

A list of the directors and executive officers of CareSource is set forth in Exhibit D. The information requested in (a) through (c) for each of these persons is set forth in Confidential Exhibit 2. To the best of CareSource's information and belief, except as might otherwise be set forth in the biographical affidavits, no person listed in Exhibit D has ever been convicted in a criminal proceeding (excluding traffic violations not involving death or injury) during the last 10 years.

As a nonprofit corporation, CareSource has no voting securities, so there are no owners of 10% or more of its voting securities; moreover, CareSource has no controlling person.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) *Describe the nature, source and amount of funds or other considerations used, or to be used, in effecting the merger or other acquisition of control. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the*

transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.

As noted in the introduction to this Form A, the Proposed Affiliation is designed to advance the respective missions of CareSource and CGHC, including arranging for, coordinating the provision of, and enhancing the quality and accessibility of health care services to the general public through a network of affiliated health care plans principally benefiting low-income individuals and individuals eligible for participation under health care programs. To effectuate the Proposed Affiliation, CareSource will become the sole voting member of CGHC, with the exclusive right to elect the directors of CGHC. There is no monetary consideration for the Proposed Affiliation. Thus, no part of the consideration is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of the Proposed Affiliation.

(b) *Explain the criteria used in determining the nature and amount of such consideration.*

The Agreement, including the nature and amount of the consideration, such being zero, and all related agreements, were determined by arm's-length negotiations between CareSource and CGHC, and their respective legal and other advisors, after substantial due diligence, and are consistent with their respective statuses as nonprofit, tax-exempt organizations.

ITEM 5. APPLICANT'S FUTURE PLANS FOR THE INSURER

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, to liquidate the insurer, to sell the insurer's assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management.

(a) General

Except as may arise in the ordinary course of business or as otherwise described in this Form A (including the Business Plan of CGHC and three-year pro forma financial projections for CGHC included as Confidential Exhibit 3 and Confidential Exhibit 4, respectively, in the confidential supplement to this Form A), CareSource has no plans or proposals to cause CGHC to declare an extraordinary dividend, to liquidate CGHC, to sell CGHC's assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management. After the closing of the Proposed Affiliation, CareSource plans to change CGHC's registered agent to Corporation Service Company, the same registered agent utilized by CareSource. CGHC will file such designation form at the appropriate time.

(b) Withdrawal from CO-OP Program

CGHC was selected in February 2012 to participate in the Consumer Operated and Oriented Plan Program (the "CO-OP Program") under the Affordable Care Act ("ACA"), which was intended to foster the creation of nonprofit health insurance issuers to offer qualified health plans in specified markets. The CO-OP Program funded issuers through the provision of long-

term loans for financing start-up costs and insurance reserves. The loans were structured as surplus notes, and thus qualify as surplus rather than a liability in accordance with statutory accounting principles. In connection with the Proposed Affiliation, CGHC requested on April 2, 2024 that the Centers for Medicare & Medicaid Services (“CMS”) allow CGHC to repay the surplus notes and withdraw from the CO-OP Program at the closing of the Proposed Affiliation. On April 17, 2024, CGHC resubmitted the proposal to CMS with revisions to respond to CMS inquiries. The revised proposal is included as Confidential Exhibit 5.

As a participant in the CO-OP Program, CGHC is tax-exempt under § 501(c)(29) of the Internal Revenue Code. In connection with and effective as of the Proposed Affiliation, CGHC will convert to a tax exempt organization under § 501(c)(3).

(c) Directors and Officers

The persons who will be elected directors and officers of CGHC immediately following the consummation of the Proposed Affiliation are set forth on Exhibit E. Biographical affidavits for these directors and officers are included in Confidential Exhibit 6 in the confidential supplement to this Form A.

Upon the consummation of the Proposed Affiliation, the post-closing directors and officers of CGHC will be duly elected in accordance with the Amended and Restated Articles of Incorporation of CGHC set forth in Exhibit A to the Agreement and the Amended and Restated Bylaws of CGHC set forth in Exhibit B to the Agreement.

(d) Governance Documents

By a vote of 431 to 40, the CGHC members approved the Amended and Restated Articles of Incorporation and Amended and Restated Bylaws, to be effective at the closing of the Proposed Affiliation, at a special member meeting on April 23, 2024. As described further below, the CGHC Articles of Incorporation and Bylaws will be amended and restated, effective at the closing of the Proposed Affiliation, to reflect CGHC’s withdrawal from the CO-OP Program and its affiliation with CareSource.

Given the number of changes made to the existing Articles of Incorporation and existing Bylaws, we did not provide marked versions of the proposed Amended and Restated Articles of Incorporation of CGHC showing the amendments from the existing Articles of Incorporation of CGHC and the proposed Amended and Restated Bylaws of CGHC showing the amendments from the existing Bylaws of CGHC. Neither marked version depicted a clean document highlighting those changes and therefore is not helpful to review for purposes of understanding the changes.

However, the following is a summary of such changes:

Amended and Restated Articles of Incorporation of CGHC:

- **Section 2 – Purpose:** Language added in the first paragraph to describe a broader purpose consistent with the new status as a 501(c)(3) organization focusing on

providing nonprofit health and other plans. This section also makes clear that CGHC will be a 501(c)(3) exempt organization rather than a 501(c)(29) federal CO-OP.

- **Section 4 – Membership:** This section denotes the creation of the two separate classes of members. The Class A member will be CareSource and the Proposed Affiliation will be accomplished by granting CareSource the rights that will be described in the Amended and Restated Bylaws. Insureds will be the Class B members of CGHC. Insureds will be the Class B members of CGHC.
- **Section 5 – Directors:** Language added referencing the Amended and Restated Bylaws for the number of directors.
- **Section 6 – Officers:** This section denotes the four principal officers of CGHC: a Chair, President, Treasurer, and Secretary, each of which are set forth on Exhibit E. Biographical affidavits for these officers are included in Confidential Exhibit 6 in the confidential supplement to this Form A.
- **Section 7 & 8 – Restrictions and Dissolution:** This language is consistent with the requirements that will apply to CGHC as a 501(c)(3) charitable organization. These sections also specify that the assets are to be devoted to the exempt purposes of CGHC and in the event of dissolution are distributed to CareSource so long as it remains a 501(c)(3) charitable organization.
- **Section 10 – Amendment:** CareSource, as the Class A member, is granted exclusive authority to amend the Amended and Restated Articles of Incorporation.

Amended and Restated Bylaws of CGHC:

- The intention of the amendments made to the Bylaws is to reflect the Proposed Affiliation as well as the status of CGHC as a 501(c)(3) organization. These changes are also intended to simplify the existing Bylaws.
- **Article 1 – Corporate Headquarters:** Denotes the new office location in Brookfield, as of June 1, 2024. All of the prior Article 1 describing the purpose of the organization as a Federal CO-OP has been removed. All other unnecessary language about records and other matters has also been removed.
- **Article 2 – Membership:** This section reflects the means by which the Proposed Affiliation between CGHC and CareSource will occur. This section states that CareSource will be the sole Class A member and the sole voting member. The remainder of this section replaces and simplifies the prior description of the requirements for member meetings.
- **Article 3 – Directors:** This section replaces the prior language regarding directors and outlines the new simplified procedures. This specifies that the

number of directors is determined by the Class A member and will initially be between 3 and 9 with the directors being, upon the effectiveness of the Proposed Affiliation, the Chief Executive Officer of CareSource or another executive designated by CareSource, the President of CGHC and one or more additional directors elected by CareSource. The proposed directors of CGHC following the consummation of the Proposed Affiliation are set forth on Exhibit E. Biographical affidavits for these directors are included in Confidential Exhibit 6 in the confidential supplement to this Form A.

- **Article 4 – Meetings of Directors:** This section replaces and simplifies the procedures for meetings of directors.
- **Article 5 – Officers:** This section clarifies that the officers of CGHC are a Chair, President, Treasurer and Secretary and other officers or assistant officers as determined by the Board. The officers or assistant officers are selected by the Board. The proposed officers of CGHC following the consummation of the Proposed Affiliation are set forth on Exhibit E. Biographical affidavits for these officers are included in Confidential Exhibit 6 in the confidential supplement to this Form A.
- **Article 6 – Committees:** This section states that there will be 3 committees: (1) audit committee (2) risk committee and (3) compensation committee and that the Board can create additional committees and assign duties to the committees.
- **Article 7 – Indemnity:** This section simplifies the language in the existing Bylaws regarding the circumstances under which individuals working for CGHC as a director, officer, employee or agent will be indemnified and the ability to purchase insurance to cover this risk. Both the existing Bylaws and the proposed Amended and Restated Bylaws are consistent with Wisconsin law on this.
- **Article 8 – Conflicts of Interest:** This section states that the Board will manage any conflicts of interest in accordance with the CGHC Conflict of Interest Policy.
- **Article 9 – Amendments:** This section states that the Board can amend the Amended and Restated Bylaws subject to approval of your Office.
- **Miscellaneous:** The Amended and Restated Bylaws also remove some items that were in the existing Bylaws to simplify the document by removing unnecessary items that will be addressed elsewhere, such as CGHC’s policies and procedures. These include the following:
 - Removal of provisions about the fiscal year and corporate seal.
 - Removal of provisions about corporate acts, loans and deposits.
 - Removal of a Code of Ethics.
 - Removal of periodic review and amendments of the bylaws.

(e) Affiliate Agreements

CareSource Management Services LLC, an Ohio limited liability company (“CSMS”) and an affiliate of CareSource, and CGHC are parties to an administrative services agreement (“ASA”) that is currently in effect under which CSMS intends to provide certain services to CGHC and its enrollees, effective as of January 1, 2025. CSMS will not begin servicing CGHC’s business under this ASA until January 1, 2025. However, because CGHC’s current vendor platforms need to be transitioned to CSMS immediately on January 1, 2025 and in the interest of ensuring that CSMS’s intended services will be fully operational to administer CGHC’s business as of January 1, 2025, CSMS and CGHC are currently coordinating and executing implementation planning in advance of this January 1, 2025 effective date. This includes detailed operational planning and testing to ensure that CSMS can begin to process CGHC claims, clinical data, pharmacy claims and data, and provider data, for example, immediately as of January 1, 2025. This ASA is included with confidential information redacted as Exhibit F. A true and correct copy of such agreement without redactions is included as Confidential Exhibit 7.

CSMS and CGHC intend to enter into a First Amended Administrative Services Agreement (“FAASA”), which will replace the existing ASA effective at the closing of the Proposed Affiliation. The FAASA, which is included as Exhibit G with confidential information redacted, mainly reflects changes required for service agreements between affiliates. A true and correct copy of the FAASA without redactions is included as Confidential Exhibit 8. If the Affiliation Agreement closes on January 1, 2025 as proposed, the existing ASA will govern only the current, pre-2025 implementation planning phase; CSMS will provide services under the existing ASA only if closing of the Affiliation Agreement does not occur by January 1, 2025.

This FAASA showing the amendments from the ASA, with confidential information redacted, is included as Exhibit H. A true and correct copy of the FAASA showing the amendments from the ASA without redactions is included as Confidential Exhibit 9. To the extent required, CareSource requests permission to enter into the ASA and FAASA pursuant to Wis. Stat. § 617.21 and related regulations, including Wis. Admin. Code § 40.02(2)(d).

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

State the number of shares of the insurer’s voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire; and the terms of the offer, request, invitation, agreement or acquisition; and a statement as to the method by which the fairness of the proposal was arrived at.

As a nonprofit entity, CGHC has no voting securities. Instead, as stated in the introduction to this Form A, CareSource will acquire control over CGHC by becoming the sole voting member of CGHC pursuant to the Agreement (which sets forth the terms of the Proposed Affiliation and all terms under which CareSource, its affiliates, or any person listed in Item 3 will acquire control over CGHC).

See Item 2(b) of this Form A for a statement as to the method by which the parties arrived at the fairness of the proposal.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

As a nonprofit entity, CGHC has no voting securities. That said, neither CareSource, nor its affiliates, nor any person listed in Item 3 has any beneficial ownership or the right to acquire beneficial ownership of any membership interest in CGHC, other than as set forth in the Agreement.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom the contracts, arrangements or understandings have been entered into.

As a nonprofit entity, CGHC has no voting securities. That said, neither CareSource, nor its affiliates, nor any person listed in Item 3 has any contracts, arrangements or understandings, directly or indirectly, with respect to any membership interest in CGHC, other than as set forth in the Agreement. As stated in the introduction to this Form A, CareSource will acquire control over CGHC by becoming the sole voting member of CGHC with the exclusive right to elect the directors of CGHC, pursuant to the Agreement (which, along with this Form A, sets forth all contracts, arrangements or understandings with respect to control of CGHC in which CareSource, its affiliates or any person listed in Item 3 is involved).

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement. Include in the description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether any shares so purchased are hypothecated.

As a nonprofit entity, CGHC has no voting securities. That said, neither CareSource, nor its affiliates, nor any person listed in Item 3 has purchased, directly or indirectly, any membership interest in CGHC during the 12 calendar months preceding the filing of this Form A.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or

at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement.

As a nonprofit entity, CGHC has no voting securities. That said, there were no recommendations by CareSource, its affiliates, or any person listed in Item 3 for acquisition of any membership interest in CGHC during the 12 calendar months preceding the filing of this Form A other than in relation to the Agreement.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

None.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) *Pursuant to s. 601.42, Stat., financial statements, exhibits, and three-year financial projections of the insurer(s) shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.*

The following is a list of the exhibits which are attached to this Form A:

<u>Exhibit</u>	<u>Description</u>
A	Affiliation Agreement (Redacted)
B	Organizational Chart prior to the Proposed Affiliation
C	Organizational Chart after the Proposed Affiliation
D	Directors and Executive Officers of CareSource
E	Directors and Officers of CGHC
F	Administrative Services Agreement (Redacted)
G	First Amended Administrative Services Agreement (Redacted)
H	First Amended Administrative Services Agreement (Redlined against existing Administrative Services Agreement (Redacted))
I	Audited financial statements of CareSource for the years ended 2019 to 2023

The following is a list of the exhibits which collectively comprise the confidential supplement to this Form A:

<u>Exhibit</u>	<u>Description</u>
1	Affiliation Agreement (Unredacted)
2	Biographical Affidavits of CareSource
3	Business Plan of CGHC
4	Financial Projections of CGHC
5	CGHC Request to CMS to Voluntarily Terminate CO-OP Program Loan Agreement, dated April 2, 2024 (submitted to CMS on April 17, 2024)
6	Biographical Affidavits of CGHC
7	Administrative Services Agreement (Unredacted)
8	First Amended Administrative Services Agreement (Unredacted)
9	First Amended Administrative Services Agreement (Redlined against existing Administrative Services Agreement (Unredacted))

(b) *The financial statements shall include the annual financial statements of the persons identified in Item 2(c) for the preceding 5 fiscal years (or for such lesser period as such applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of such person’s last fiscal year, if the information is available. The statements may be prepared either on an individual basis or, unless the commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business.*

The annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position of the applicant and the results of its operations for the person’s last fiscal year, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the annual statement of the person filed with the insurance department of the person’s state of domicile and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of the state.

The audited financial statements of CareSource for the years ended 2019 to 2023 are attached as Exhibit I. The audited financial statements for the year ended December 31, 2019 are under the name CareSource Management Group Co. (now known as CareSource), which was the prior legal entity name of CareSource prior to CareSource undergoing a change to its legal entity name from “CareSource Management Group Co.” to “CareSource”.

(c) *File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory or management contracts concerning the insurer, annual*

reports to the stockholders of the insurer and the applicant for the last 2 fiscal years, and any additional documents or papers required by form A or ss. Ins 40.11 and 40.13, Wis. Adm. Code.

(i) As a nonprofit entity, CGHC has no voting securities. That said, there are no offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire any membership interest in CGHC, other than as set forth in the Agreement.

(ii) There are no proposed employment, consultation, advisory or management contracts concerning CGHC, other than the administrative services agreement listed in Item 5(e).

(iii) As nonprofit entities, CGHC and CareSource have no annual reports to the stockholders. They also have no other annual reports.

(iv) There are no additional documents or papers required by the Form A or Wis. Admin. §§ Ins 40.11 or 40.13.

(v) Pre-Acquisition Notification and Competitive Standard. The Proposed Affiliation is exempt from the pre-acquisition notification and competitive standards of Wis. Admin. Code § Ins 40.025 pursuant to § Ins 40.025(2)(d)2. CareSource currently has no operations in Wisconsin. Therefore, combining CareSource and CGHC under the Proposed Affiliation will not increase any market share, and CareSource respectfully requests that OCI determine that the § Ins 40.025(2)(d)2. exemption is satisfied. The Proposed Affiliation may also satisfy the exemption in § Ins 40.025(2)(d)2. on other grounds, and also satisfy one or both of the remaining exemptions in § Ins 40.025(2)(d), and CareSource reserves the right to present such information, if necessary.

(vi) Grounds for Approval. Although not directly applicable, as grounds for approval of the Proposed Affiliation as described in this Form A, CareSource states that the plan for the Proposed Affiliation would not violate the law or be contrary to the interests of the insureds of any participating domestic insurer or of the Wisconsin insureds of any participating nondomestic insurer and that:

- (1) Following the consummation of the Proposed Affiliation, CGHC 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 consummation of the Proposed Affiliation would not be to create a monopoly or substantially to lessen competition in insurance in Wisconsin;
- (3) The financial condition of CareSource is not likely to jeopardize the financial stability of CGHC, or prejudice the interests of its Wisconsin policyholders;
- (4) CareSource has no plans or proposals to liquidate CGHC, sell its assets, or merge it with any person or make any other material change in its business or corporate structure or management, other than as stated in this Form A, and such plans or proposals are fair and reasonable to policyholders of CGHC and in the public interest; and

- (5) The competence and integrity of those persons who would control the operation of CGHC are such that it would be in the interest of the policyholders of CGHC and of the public to permit the Proposed Affiliation.

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F within fifteen (15) days after the end of the month in which acquisition of control occurs.

CareSource agrees to provide, to the best of its knowledge and belief, the information required by Form F within fifteen (15) days after the end of the month in which acquisition of control occurs and annually thereafter for so long as control exists. CGHC acknowledges that CareSource and all subsidiaries within its control in the insurance holding company system will provide information to the commissioner upon request as necessary to evaluate enterprise risk to the CGHC.

[The remainder of this page is intentionally left blank.]


ITEM 14. SIGNATURE AND CERTIFICATION

Signature and certification as follows:


SIGNATURE

Pursuant to the requirements of Wis. Admin. Code ch. Ins 40 the Applicant has caused this application to be duly signed on its behalf in the city of West Alexandria and state of Ohio on the 17th day of May, 2024.

CARESOURCE

By: Richard Francis Topping Jr.  05/17/2024 08:32 AM EDT

Name: Richard Francis Topping, Jr.
Title: Chief Legal Officer and Secretary

Attest: Lawrence Robert Smart  05/17/2024 08:29 AM EDT

Name: Lawrence Robert Smart
Title: Chief Financial Officer and Treasurer

CERTIFICATION

The undersigned deposes and says that deponent has duly executed the attached application dated May 17, 2024, for and on behalf of the Applicant, that deponent is the Richard Francis Topping, Jr., Chief Legal Officer and Secretary of such company, and that deponent is authorized to execute and file such instrument. Deponent further says that deponent is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of deponent's knowledge, information and belief.

Richard Francis Topping Jr.  05/17/2024 08:32 AM EDT

Name: Richard Francis Topping, Jr.

Subscribed and sworn to this
17th day of May, 2024.



SHELLY L. LUNSFORD
Notary Public, State of Ohio
My Commission Expires:
September 8, 2024

Online Notary Public. This notarial act involved the use of online audio/video communication technology. Notarization facilitated by SIGNIX®

Shelly Lunsford  05/17/2024 08:37 AM EDT

Notary public
My commission expires on: September 8, 2024