



DATE: December 2, 2025

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):**

David Weader, SVP, General Counsel  
Priority Health  
1231 East Beltline NE  
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616-575-4500

**Secondary Contacts(s):**

Nick Gates, Interim President  
Priority Health  
1231 East Beltline NE  
Grand Rapids, MI 49525  
616-464-8144

**Exhibit(s)**

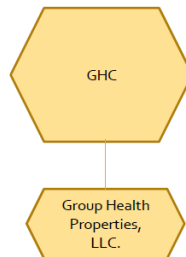
<b><u>Exhibit:</u></b>	<b><u>Description:</u></b>
Ex. 1	Transmittal Letter
Ex. 2	Form A Filing
Ex. 3	Corewell Bylaws
Ex. 4	Corewell Articles
Ex. 5	GHC Bylaws
Ex. 6	GHC Articles
Ex. 7	GHC Proposed Bylaws
Ex. 8	GHC Proposed Articles
Ex. 9	GHC Audited Financials December 31, 2024 and 2023
Ex. 10	GHC Audited Financials December 31, 2023 and 2022
Ex. 11	GHC Audited Financials December 31, 2022 and 2021
Ex. 12	GHC Audited Financials December 31, 2021 and 2020
Ex. 13	GHC Audited Financials December 31, 2020 and 2019
Ex. 14	Priority Health Audited Financials December 31, 2024 and 2023
Ex. 15	Priority Health Annual Statement December 31, 2023
Ex. 16	Priority Health Annual Statement December 31, 2022
Ex. 17	Priority Health Annual Statement December 31, 2021
Ex. 18	Priority Health Audited Financials December 31, 2020 and 2019
Ex. 19	Corewell Audited Financials December 31, 2024 and 2023
Ex. 20	Corewell Audited Financials December 31, 2023 and 2022
Ex. 21	Corewell Audited Financials December 31, 2022 and 2021

Ex. 22	Spectrum Health (now Corewell) Audited Financials December 31, 2021 and 2020
Ex. 23	Spectrum Health (now Corewell) Audited Financials December 31, 2020 and 2019
Ex. 24	Pre Transaction Organizational Chart of the Domestic Insurer
Ex. 25	Post Transaction Organizational Chart
Ex. 26	Biographical Affidavits
Ex. 27	GHC Business Plan
Ex. 28	GHC Financial Projections
Ex. 29	Redacted MSA
Ex. 30	Unredacted MSA

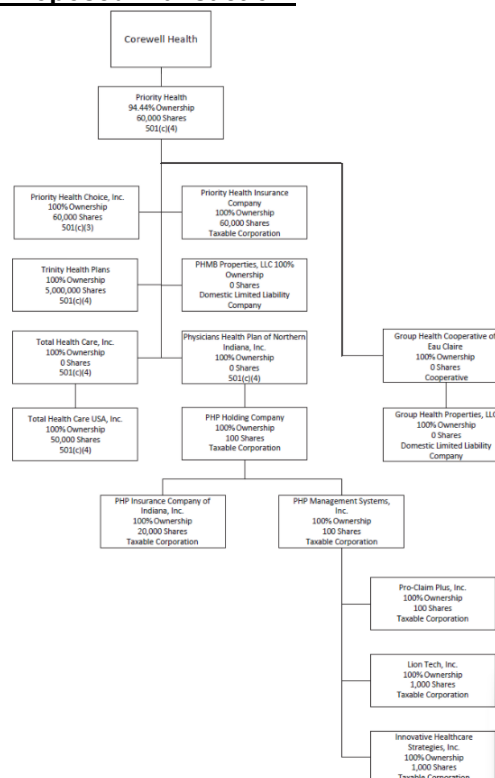
## Executive Summary

On August 13, 2025, Priority Health and Corewell Health (together the “Applicants”), submitted a Form A filing, in the matter of the proposed acquisition of control of Group Health Cooperative of Eau Claire (GHC). Pursuant to a member substitution agreement, dated July 22, 2025, between Priority Health and GHC, Priority Health would become the sole Class A voting member of GHC. Corewell Health will indirectly become the ultimate controlling person through its 94.44% ownership of Priority Health.

### Organizational Chart of the Domestic Insurer Before Proposed Transaction:



### Organizational Chart After Proposed Transaction:



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

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

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

**Group Health Cooperative of Eau Claire**  
2503 North Hillcrest Parkway  
Altoona, WI 54720

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

**Group Health Cooperative of Eau Claire**  
GHC is a Wisconsin domestic ch. 185 cooperative that operates a voluntary sickness care plan organized under s. 185.981, Wis. Stats.

#### **Identity and Background of the Applicant(s)**

##### **Identity of the Applicant(s):**

**Corewell Health**  
100 Michigan Street NE  
Grand Rapids, MI 49503

**Priority Health**  
1231 East Beltline NE  
Grand Rapids, MI 49525

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

**Priority Health**  
Priority is a majority owned subsidiary of Corewell. Priority is exempt from taxation as a 501(c)(4) entity. Priority is a health benefits company with over one million members nationally.

**Corewell Health**  
Corewell is a health system, direct parent of Priority, and post transaction would be the ultimate controlling person of GHC. Corewell has a team of over 65,000 people, including 12,000 physicians and advanced practice providers and more than 15,500 nurses. Additionally, Corewell provides care through 21 hospitals and more than 300 outpatient locations in Michigan.

##### **Executive Officers and Directors of Corewell Health**

###### **Name**

###### **Title**

Sean Welsh*	Director, Chair
Michael Todman*	Director, Vice Chair
Danielle Brown*	Director
Mark Davidoff*	Director
Doug DeVos*	Director
Joseph Fifer*	Director
Julie Fream*	Director
Tina Freese Decker*	Director, President
Ronald Hall*	Director

Philomena Mantella*	Director
Thomas Saeli*	Director
Robert Williams*	Director
Matthew Cox*	Treasurer
David Leonard*	Secretary

#### **Executive Officers and Directors of Priority Health**

<b><u>Name</u></b>	<b><u>Title</u></b>
Ann Harten*	Director, Chair
Matthew Cox*	Director
Tina Freese Decker*	Director
Richard DeVore*	Director
Doug Dozeman*	Director
Nick Gates*	Director, President
Linda Gillum*	Director
Josh Hulst*	Director
Birgit Klohs*	Director
Howard Morof*	Director
Ed Ness*	Director
Ora Pescovitz*	Director
Garrick Rochow*	Director
Mina Sooch*	Director
Michael Sytsma*	Director
Alicia Torres*	Director
Elaine Wood*	Director
Dana Zakalik*	Director
Dave Weader*	Secretary

#### **Executive Officers and Directors of Group Health Cooperative of Eau Claire**

<b><u>Name</u></b>	<b><u>Title</u></b>
Nick Gates*	Director, Chair, President
Carrie Kincaid*	Director, Vice Chair
Celeste McIntyre*	Director, Treasurer
Mike Jasperson*	Director
Sarah North*	Director
Dave Weader*	Director, Secretary
Jeffrey Bowe*	Director

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.

<b>Nature, Source, and Consideration</b>
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Pursuant to the membership substitution agreement dated July 22, 2025, Priority, and indirectly as the ultimate controlling person Corewell, will acquire control of GHC. The membership substitution will occur following the asset sale of GHC's management company, KMTSJ, Inc.'s, assets. The asset sale is subject to a separate Form D review. The proposed acquisition of control would fulfill GHC's obligation to pay off the balance of consideration to KMTSJ, Inc. After the proposed transaction, Priority would control GHC as the sole voting member of GHC. Consideration will be paid from the cash reserves of Priority and Corewell.

Due to the nature of the transaction, and GHC being structured as a ch. 185, the change of control will occur through Priority becoming the sole voting member, rather than through the acquisition of voting securities. The Applicants stated in the Form A that there has not been any recent purchase of voting securities in the Domestic Insurer in the past 12 months, there have been no agreements with broker dealers, and the amount of consideration was determined through arms length negotiation.

## Future Plans

After the affiliation the Applicants intend to make some changes to the Domestic Insurer. These include changes to leadership, replacing some current GHC leadership with Priority leadership. The exceptions to this are that the current GHC general manger and one director will remain after the proposed transaction. Other current employees of GHC may become employees of Corewell, subsequent to the effective date of the transaction, pursuant to the agreement. The Applicants will amend the GHC articles of incorporation and bylaws to designate Priority as the sole voting member of GHC. Going forward, the Applicants intend that GHC will evaluate opportunities for expansion, cost savings, additional product offerings, and network development, as further described in the confidential business plan. The proposed effective date is 1/1/2026, subject to the applicable regulatory reviews.

The Applicants have no plans to declare an extraordinary dividend, liquidate the Domestic Insurer, sell the Domestic Insurer's assets, or merge it with any person or to make any other material changes in the Domestic Insurer's 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):

#### Corewell

Financial Highlights (in thousands)	Consolidated Financial Statements				
	2024	2023	2022	2021	2020
Total Assets	16,812,733	15,910,037	14,858,565	9,666,962	8,992,593
Total Liabilities	5,767,699	5,921,143	5,847,890	3,229,077	3,192,991
Total Net Assets	11,045,034	9,988,894	9,010,675	6,437,885	5,799,602
Total Revenue	16,408,428	15,151,210	13,805,119	9,179,130	8,299,797
Excess of Revenue Over Expenses	921,229	992,772	2,498,059	594,009	714,198
Net Cash Provided by Operations	13,665	388,528	274,763	117,273	757,886

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

#### GHC

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. 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. and s. Ins 40.02, Wis. Adm. Code. OCI further reviewed the requirements of s. 617.21(1), Wis. Stat. related to the transaction and the affiliation.

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 Applicants in their Form A filing, OCI Staff believes that the Applicants are 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 Applicants, 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 Applicants have no current plans or proposals to declare any extraordinary dividend, to liquidate the Domestic Insurer, or to sell the assets of the Domestic Insurer. As noted in the Future Plans section above, the Applicants plan to make significant changes to the operations of the Domestic Insurer. 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.

OCI then reviewed the requirements of s. 617.21(1), Wis. Stat.

#### **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 review of the transaction by OCI, it was determined that the requirements of s. 617.21(1), Wis. Stat. were met.

<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) or s. 617.21(1), Wis. Stat. Therefore, the transaction should be approved.