

FORM A

**STATEMENT REGARDING THE ACQUISITION OF
CONTROL OF OR MERGER WITH A DOMESTIC INSURER**

QUARTZ HEALTH PLAN CORPORATION;
QUARTZ HEALTH INSURANCE CORPORATION; AND
QUARTZ HEALTH BENEFIT PLANS CORPORATION
(Name of Domestic Insurers)

BY

SUMMITONE ENTERPRISES, INC.
(Name of Acquiring Person (Applicant))

Filed with the Office of the Commissioner of Insurance,
State of Wisconsin
(State of Domicile of Insurers Being Acquired)

Dated: April 12, 2023

Name, title, address and telephone number of individual to whom notices and correspondence concerning this statement should be addressed:

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This Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer (including all exhibits attached hereto, this “Form A”) is submitted by SummitOne Enterprises, Inc., a Delaware nonprofit corporation (“SummitOne” and the “Applicant”), in connection with the proposed acquisition of control of Quartz Health Plan Corporation, a Wisconsin domestic nonstock service insurance corporation organized under Chapter 613 of the Wisconsin Statutes (“QHPC”); Quartz Health Insurance Corporation, a Wisconsin domestic stock insurance corporation organized under Chapter 611 of the Wisconsin Statutes (“QHIC”); and Quartz Health Benefit Plans Corporation, a Wisconsin domestic stock insurance corporation organized under Chapter 611 of the Wisconsin Statutes (“QHBPC” and collectively, the “Companies”) pursuant to the Definitive Agreement, dated as of March 30, 2023, by and between Iowa Health System d/b/a UnityPoint Health, an Iowa nonprofit corporation (“UPH”) and Presbyterian Healthcare Services, a New Mexico nonprofit corporation (“PHS”) (the “Agreement”), as more particularly described below. The foregoing proposed transaction would constitute a change of control of the Companies.

The Applicant respectfully requests approval from the Commissioner (the “Commissioner”) of the Office of the Commissioner of Insurance for the State of Wisconsin (the “Office”) pursuant to Wis. Stat. § 611.72 and Wis. Admin. Code § INS 40.02 for the acquisition of control described herein.

Confidentiality Legend

This Form A, together with any items that may be submitted separately as amendments or supplements hereto, contains confidential and/or proprietary information, business plans and strategies that are trade secrets and are not otherwise available to the public and that, if disclosed, could cause substantial injury to the competitive position of the Applicant. Pursuant to Wis. Admin. Code § INS 40.05, such information is required pursuant to Wis. Stat. § 601.42; therefore, the Commissioner may withhold this information from public disclosure pursuant to Wis. Stat. § 601.465(1m)(a) and Wis. Admin. Code § Ins 6.13(2). Moreover, because the information is not public, it is presumed under Wis. Stat. § 601.465(1n)(a), notwithstanding Wisconsin public records law (Wis. Stat. §§ 19.31-.39), that the information is proprietary and confidential and that the potential for harm and competitive disadvantage if it is made public by the Commissioner outweighs the public interest in the disclosure of the information.

Accordingly, the Applicant respectfully requests that Exhibits CE-1 to CE-3, which are being submitted under separate cover (the “Confidential Supplement”), be afforded confidential treatment and be excepted from disclosure pursuant to all applicable provisions of law, including as specified below. All such information is provided with the express understanding that the confidentiality of such information will be safeguarded.

Exhibits CE-1 and CE-3 include “trade secrets” as defined under Wis. Stat. § 134.90(1)(c) because information in these exhibits “derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use [and] is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.” Trade secrets are exempt from disclosure under the public records law under Wis. Stat. § 19.36(5) and Wis. Admin. Code § INS 6.13(2).

Accordingly, the Applicants respectfully request that the Commissioner afford Exhibit CE-3 confidential treatment and except them from disclosure pursuant to this authority.

The NAIC biographical affidavits provided as Exhibit CE-2 include information that is not otherwise available to the public, is subject to financial privacy and individual privacy protections, and is presumed confidential and should be afforded confidential treatment pursuant to Wis. Stat. § 601.465(1m)(d). The public value of this personal information is outweighed by the privacy interests of persons submitting these affidavits and by the public interest in encouraging qualified people to serve in these capacities, see the Wisconsin Attorney General's March 2018 *Wisconsin Public Records Law Compliance Guide*, pp. 36-39, and, in particular, home information and the social security number of an employee provided by an employer are exempt from the public records law. *Id.* at p. 23, citing Wis. Stat. § 19.36(10)(a). Therefore, Exhibit CE-2 will be provided with the understanding that the confidentiality of such information contained therein will be safeguarded and such individuals submitting NAIC biographical affidavits will be protected from unwarranted invasions of personal privacy pursuant to all provisions of law including, but not limited to, the referenced authority and any other applicable statutory or regulatory authority available to the Commissioner.

The Applicant also requests that it be notified in advance of any requesting party seeking to rebut the presumption of confidentiality for nonpublic documents and information in this Form A under Wis. Stat. § 601.465(1n)(b), or any proposed disclosure of any portion of this Form A designated as confidential, so that it has a reasonable opportunity to seek a protective order or take any other action to prevent or limit such disclosure.

ITEM 1. INSURER AND METHOD OF ACQUISITION

(a) Names and Address of the Domestic Insurers

The names and addresses of the domestic insurers to which the Form A relates are as follows:

Quartz Health Plan Corporation
2650 Novation Parkway
Fitchburg, WI 53713

The federal identification number of QHPC is 39-1807071, and the NAIC number of QHPC is 95101. QHPC is a Wisconsin domestic nonstock service insurance corporation organized under Chapter 613 of the Wisconsin Statutes and is also licensed in Illinois and Iowa, and it writes health insurance coverage in the individual and group markets, Medicare Supplement plans, Medicaid managed care plans, and Medicare Advantage plans. As of the date hereof, UPH directly holds 14.312% of the Class A (voting) Membership Rights and 8.181% of the Class B (non-voting) Membership Rights of QHPC.

Quartz Health Insurance Corporation
2650 Novation Parkway
Fitchburg, WI 53713

The federal identification number of QHIC is 39-1565691, and the NAIC number of QHIC is 95341. QHIC is a Wisconsin domestic stock insurance corporation organized under Chapter 611 of the Wisconsin Statutes and is also licensed in Illinois, and it writes health insurance coverage in the group market and Medicare Supplement plans. As of the date hereof, QHIC is a direct wholly-owned subsidiary of Quartz Holding Company, a Wisconsin stock corporation organized under Chapter 180 of the Wisconsin Statutes (“QHC”), and UPH holds 15.871% of the capital stock of QHC.

Quartz Health Benefit Plans Corporation
2650 Novation Parkway
Fitchburg, WI 53713

The federal identification number of QHBPC is 39-1450766, and the NAIC number of QHBPC is 95796. QHBPC is a Wisconsin domestic HMO and is also licensed in Illinois, and it writes health insurance coverage in the individual and group markets, Medicare Supplement plans and Federal Employee Health Benefits Program coverage. As of the date hereof, QHBPC is a direct wholly-owned subsidiary of QHIC, which is a direct wholly-owned subsidiary of QHC, and UPH holds 15.871% of the capital stock of QHC.

(b) Method of Acquisition

UPH is the parent organization of an integrated regional healthcare system serving the healthcare needs of the residents of Iowa, Illinois, and southern Wisconsin. PHS is the parent organization of an integrated healthcare system comprised of nine hospitals, a multi-specialty medical group, and a statewide health plan serving the healthcare needs of the residents of New Mexico.

Subject to the terms and conditions set forth in the Agreement, UPH and PHS (collectively, the “Parties”) will combine their respective healthcare systems through the formation of the Applicant. Consummation of the Agreement is expected to take place on or about July 1, 2023, subject to customary closing conditions, including the approval of the Commissioner sought herein (the “Closing”). Upon the Closing, the Applicant shall become the sole corporate member of the Parties.

Pursuant to the Agreement, the Parties will amend their articles of incorporation to recognize the Applicant as the sole corporate member of each of the Parties. Subject to the provisions of the amended organizational documents, the Applicant will have the power to control the Parties. The board of directors of the Applicant, as of the Closing, will consist of: (i) three directors appointed by UPH; (ii) three directors appointed by PHS; and (iii) two ex-officio directors, which shall be the initial Applicant CEO and the initial Applicant President. Following the Closing, two at-large directors will be appointed as set forth in the Applicant’s Amended and Restated Bylaws.

The Agreement is attached as Exhibit 1, with certain confidential information redacted.¹ A second, unredacted Agreement is attached as Exhibit CE-1 to the Confidential Supplement to this Form A.

The current organizational structure of the Companies and their affiliates is shown on the chart attached as Exhibit 2. Attached as Exhibit 3 is a chart reflecting the pro forma organizational structure of the Applicant and its affiliates following and as effected by the Closing.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) Names and Address of the Applicant

The name and address of the Applicant seeking to acquire control of the Companies is:

SummitOne Enterprises, Inc.
1776 West Lakes Parkway, Suite 400
West Des Moines, IA 50266

Attached hereto as Exhibit 7 is a Consent to Jurisdiction Statement for the Applicant in accordance with Wis. Stat. § 617.11(5).

(b) Nature of the Applicant's Business Operations

The Applicant is a new entity incorporated by the Parties in Delaware on March 3, 2023 for the purpose of consummating the transaction contemplated by the Agreement. The Applicant will be the sole corporate member of each of the Parties, and was formed for each of the Parties, and their respective subsidiaries, to become financially and operationally integrated on a permanent basis. As further described in the Agreement, the Parties entered into the Agreement for the purposes of strengthening the delivery of local healthcare by (i) creating an elevated model for sustainable healthcare in local communities and ensuring long-term financial sustainability for the Parties; (ii) continuing to prioritize value-based care; (iii) recognizing that given the Parties' footprints, affordable access to rural healthcare is paramount; (iv) strengthening the Parties' workforce pipelines and leveraging educational assets; (v) enabling clinical excellence and designing highly reliable, evidence-based models of care; (vi) expanding SummitOne's healthcare financing capabilities to manage the financial risk of the Health Plans and to align the clinical and economic interests of the plan beneficiaries' providers; (vii) combining their respective operations to enable them to better serve their patients and beneficiaries; and (viii) increasing the providers who are clinically and economically aligned with SummitOne through value-based contracting and other risk-based mechanisms. Together, the Parties will impact the lives of four million patients and members through more than twenty-six (26) hospital facilities, hundreds of clinics, a 40,000 strong workforce with nearly 3,000 physicians and advanced practice clinicians, and significant health plan operations.

¹ As described in Section 3.2 of the Agreement, other than Exhibits 2.1 and 8.2, all Exhibits described in the Agreement will be agreed upon and attached to the Agreement as of the Closing Date only. To facilitate the Commissioner's review, Exhibit 3.2.3(c) [Amended and Restated Bylaws of SummitOne Enterprises, Inc.] will be provided as a supplement to this Form A as soon as it is available.

(c) Organizational Chart

The organizational chart attached hereto as Exhibit 3 presents the identities of and inter-relationships among the Applicant and its affiliates following the Closing. Such chart indicates the percentage of voting securities of each entity owned or controlled by the Applicant or any other such entity, as well as the type of organization and the state or other jurisdiction of domicile of each entity specified therein. Unless otherwise indicated on such chart or in this Form A, each entity is a corporation and control is maintained by the ownership or control of voting securities. The Applicant is a Delaware nonprofit corporation and therefore has no voting securities. No person controls the Applicant, other than as described herein. No court proceeding involving a reorganization or liquidation is pending with respect to the Applicant or any of its affiliates.

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

(a)(1) Names and Business Addresses

The names of the directors and executive officers of the Applicant are set forth in Exhibit 4. Their biographical affidavits included as Exhibit CE-2 in the Confidential Supplement to this Form A.

(a)(2) Owners of Ten Percent or More of the Voting Securities of the Applicant

The Applicant is a Delaware nonprofit corporation and therefore has no voting securities. No person controls the Applicant, other than as described herein.

(b) Present Principal Business Activity

The principal business activity, occupation, or employment of the directors and executive officers of the Applicant are stated in Item 3(a) above. Additional employment information about the directors and executive officers of the Applicant is stated in the biographical affidavits for such persons, which, as described above, are being filed as Exhibit CE-2.

(c) Material Occupations, Positions, Offices and Employment

The material occupations, positions, offices or employment during the last five years, including 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, with respect to the directors and executive officers of the Applicant, are stated in the biographical affidavits for such persons, which, as described above, are being filed as Exhibit CE-2. Except as set forth in such biographical affidavits, no such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency. The current status of any such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith, are stated in such biographical affidavits.

(d) Criminal Proceedings

Except as otherwise indicated in Exhibit CE-2, to the best knowledge, information and belief of the Applicant, no director or executive officer of the Applicant has been convicted in a criminal proceeding (excluding minor traffic violations) during the past ten years.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Nature, Source and Amount of Funds or Other Consideration Used or to Be Used in Effecting the Merger or Other Acquisition of Control

In light of the status of the Parties as nonprofit entities, and typical of such transactions between nonprofit entities, there was no purchase price to be negotiated.

(b) Criteria Used in Determining the Nature and Amount of Such Consideration

The terms of the Agreement resulted from arm's length negotiations between the Parties, which were represented by independent legal counsel.

ITEM 5. APPLICANT'S FUTURE PLANS FOR THE INSURER

The Applicant intends that the Companies will continue to operate as they currently do, with the existing management in place. The Applicant has no present plans to cause the Companies to declare any extraordinary dividend, to liquidate the Companies, to sell the Companies' assets, or to merge the Companies with any person or persons. Further, there are no current plans or proposals to make any other material change in the Companies' business operations or corporate structure or management, except as may otherwise occur in the ordinary course of business.

Pro forma balance sheets and income statements of the Companies for three years following consummation of the Agreement are attached in Exhibit CE-3.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

Following the Closing, the Applicant will become the sole member of UPH, and therefore will acquire ultimate control of the Companies. Specifically, the Applicant will indirectly acquire control through the Membership Rights held by UPH:

- 14.312% of the Class A (voting) Membership Rights and 8.181% of the Class B (non-voting) Membership Rights of QHPC; and
- 15.871% of the capital stock of QHC, which is the sole owner of QHIC (directly) and QHBPC (indirectly).

ITEM 7. OWNERSHIP OF VOTING SECURITIES

Except as provided in the Agreement, there are no voting securities of any class or equity interests of the Companies that are 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.

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

Except as provided in the Agreement, there are no contracts, arrangements or understandings with respect to any voting security of the Companies in which the Applicant, its affiliates or any person listed in Item 3 is involved, including any transfer of any 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.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

There have been no purchases of any voting securities of the Companies by the Applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this Form A.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

There have been no recommendations to purchase any voting security of the Companies made during the 12 calendar months preceding the filing of this Form A by the Applicant, its affiliates or any person listed in Item 3, or by any other person based on interviews or at the suggestion of the Applicant, its affiliates or any person listed in Item 3.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

There have been no agreements, contracts or understandings made with any broker-dealer as to solicitation of voting securities of the Companies for tender and no fees, commissions or other compensation have been paid to any broker-dealer.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) – (b) Financial Statements, Financial Projections, and Exhibits

Set forth below is a list of the financial statements and exhibits filed with this Form A.

Because the Applicant is a newly-formed entity, it has neither audited nor unaudited financial statements. As described above, the Applicant’s only business will be serving as the sole member of UPH and PHS. Accordingly, audited financial statements for both UPH and PHS for the preceding five fiscal years, in addition to similar information covering the period from the end of UPH’s and PHS’s last fiscal year are attached as Exhibit 5 and 6, respectively.

<u>Description</u>	<u>Exhibit</u>
Redacted Definitive Agreement dated as of March 30, 2023 by and among UPH and PHS	<u>Exhibit 1</u>
Pre-Acquisition Organizational Chart for the Companies and Their Affiliates	<u>Exhibit 2</u>
Pro Forma Post-Acquisition Organizational Chart for the Applicant	<u>Exhibit 3</u>
List of the Proposed Directors and Executive Officers of the Applicant	<u>Exhibit 4</u>

Audited Financial Statements of UPH for the Five Fiscal Years Ended December 31, 2017 Through 2021 ²	<u>Exhibit 5-A</u>
Quarterly Financial Statement of UPH for Quarter Ended March 31, 2023 ³	<u>Exhibit 5-B</u>
Audited Financial Statements of PHS for the Five Fiscal Years ended December 31, 2017 Through 2021 ⁴	<u>Exhibit 6-A</u>
Quarterly Financial Statement of PHS for the Quarter Ended March 31, 2023 ⁵	<u>Exhibit 6-B</u>
Consent to Jurisdiction	<u>Exhibit 7</u>

The following is a list of the exhibits are included in the Confidential Supplement to this Form A:

<u>Description</u>	<u>Exhibit</u>
Unredacted Definitive Agreement dated as of March 30, 2023 by and among UPH and PHS	<u>Exhibit CE 1</u>
Biographical Affidavits for the Directors and Executive Officers of the Applicant	<u>Exhibit CE 2</u>
Three-Year Financial Projections of QHBPC	<u>Exhibit CE 3-A</u>
Three-Year Financial Projections of QHIC	<u>Exhibit CE 3-B</u>
Three-Year Financial Projections of QHPC	<u>Exhibit CE 3-C</u>

(c) Tender Offer Documents and Certain Proposed Agreements

There are no tender offers for, requests or invitations for, tenders of, exchange offers for or agreements to acquire or exchange any voting security of the Companies nor any additional soliciting materials relating thereto, any proposed employment, consultation, advisory or management contracts concerning the Companies entered into in connection with the Agreement, nor annual reports to the stockholders of the Companies or the Applicant for the last two fiscal years, other than as disclosed herein.

² Audited financial statements of UPH for fiscal year ended December 31, 2022 to be provided under separate cover as a supplement to this filing upon availability.

³ To be provided under separate cover as a supplement to this Form A upon availability.

⁴ Audited financial statements of PHS for fiscal year ended December 31, 2022, to be provided under separate cover as a supplement to this Form A upon availability.

⁵ To be provided under separate cover as supplement to this Form A upon availability.

(d) Competitive Impact

The proposed transaction is exempt from the filing requirements of Wis. Admin. Code § 40.025 because there is no overlap of insurance premiums of the Applicant and the Companies in the State of Wisconsin. The Applicant has no insurance business in Wisconsin; excluding the Companies, UPH and its subsidiaries have no insurance business in Wisconsin; and, PHS has no insurance business in Wisconsin. Consequently, no Form E Pre-Acquisition Notification is being submitted. Accordingly, the Applicant's acquisition of control of the Companies will not substantially lessen competition or tend to create a monopoly in the markets that would trigger the section 40.025 analysis.

**ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK
 MANAGEMENT**

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


[Signature page follows]

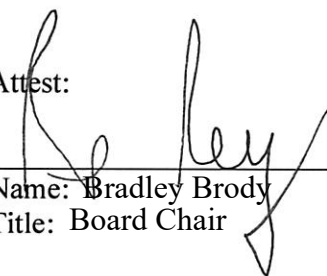
ITEM 14. SIGNATURE AND CERTIFICATION

SIGNATURE

Pursuant to the requirements of ch. Ins. 40, Wis. Adm. Code, SummitOne Enterprises, Inc. has caused this application to be duly signed on its behalf in the City of West Des Moines and State of Iowa on the 12th day of April, 2023.


SUMMITONE ENTERPRISES, INC.

By: 
Clay Holderman
President

Attest: 
Name: Bradley Brody
Title: Board Chair

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated April 12, 2023, for and on behalf of SummitOne Enterprises, Inc.; that he is the President of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.


Clay Holderman
President

State of Iowa
County of Polk

Subscribed and sworn to this 12th day of April, 2023.


(Signature)

Jill Grunst
(Printed Name)

My commission expires on Aug. 12, 2023