

**FORM A**

**STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR MERGER  
WITH DOMESTIC INSURERS**

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

**QUARTZ HEALTH INSURANCE CORPORATION**

and

**QUARTZ HEALTH BENEFIT PLANS CORPORATION**

by

**ADVOCATE AURORA HEALTH, INC.**

and

**AURORA HEALTH CARE, INC.**

Dated September 8, 2021

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

*With a copy to:*

Ruhee Divgi  
Aurora Health Care, Inc.  
750 West Virginia Street  
Milwaukee, Wisconsin 53204  
(414) 299-1587

Morgan J. Tilleman  
Foley & Lardner LLP  
777 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202  
(414) 297-5871

## ITEM 1. INSURER AND METHOD OF ACQUISITION

The name and address of the Domestic Insurers to which this application (this “**Form A**”) relates are: Quartz Health Insurance Corporation (f/k/a Physicians Plus Insurance Corporation) (“**QHIC**”), 840 Carolina Street, Sauk City, WI 53583, and Quartz Health Benefit Plans Corporation (f/k/a Unity Health Plans Insurance Corporation) (“**QHBPC**”), 840 Carolina Street, Sauk City, WI 53583. QHIC is a Wisconsin stock insurance corporation organized under Chapter 611 of the Wisconsin Statutes. QHIC owns all of the capital stock of QHBPC, a Wisconsin stock insurance corporation organized under Chapter 611 of the Wisconsin Statutes. All of the capital stock of QHIC is owned by Quartz Holding Company, a Wisconsin corporation organized under Chapter 180 of the Wisconsin Statutes (“**QHC**”). QHC also owns all of the capital stock of Quartz Health Solutions, Inc. (“**QHS**”), a Wisconsin corporation organized under Chapter 180 of the Wisconsin Statutes. All of the capital stock of QHC is owned by Gundersen Lutheran Health System, Inc., a Wisconsin nonstock corporation (“**GHS**”), Iowa Health System d/b/a Unity Point Health, an Iowa non-profit corporation (“**UPH**”), and University Health Care, Inc., a Wisconsin nonstock corporation (“**UHC**”). As of the date hereof, GHS holds 20.53% of the capital stock of QHC, UPH holds 17.89% of the capital stock of QHC, and UHC holds the remaining 61.58% of the capital stock of QHC. These capital stock holdings constitute all of the equity interests of QHC currently issued and outstanding.

The acquiring parties in this transaction are Advocate Aurora Health, Inc., a Delaware not-for-profit corporation (“**AAH**”) and its direct subsidiary, Aurora Health Care, Inc., a Wisconsin nonstock corporation (“**AHC**”). AAH and AHC are each referred to herein as the “**Applicant**” and collectively as the “**Applicants**”.

The Applicants intend to acquire control of QHIC and QHBPC as a result of AHC becoming a stockholder of QHC pursuant to that certain Exchange Agreement (the “**Original Agreement**”) dated May 1, 2020, by and among GHS, UHC, UPH, AHC, QHC and Quartz Health Plan Corporation, a Wisconsin corporation (“**QHPC**”), as amended, including pursuant to that certain Second Amendment to the Exchange Agreement dated September 8, 2021 (the “**Second Amendment**”, and collectively with the Original Agreement, the “**Agreement**”) A true and correct copy of the Agreement is attached hereto as Exhibit 1-A.

Pursuant to the Agreement, and subject to, among other things, the receipt of all required regulatory approvals, including the approval of this Form A by the Commissioner, the Applicants intend for AHC to make a contribution to QHC and, in exchange, to be issued 10% of the Class A Capital Stock of QHC (the “**Transaction**”) and thereby for the Applicants to obtain control of QHIC and QHBPC. The specific terms and conditions governing the Transaction are set forth in the Agreement. Certain material terms of the Agreement that are relevant to the Transaction are summarized as follows:

- The Original Agreement contemplates three phases of increasing investments by AHC into QHC and its affiliates. The Transaction represents only the second phase (“**Phase 2**”) of these three phases (and accordingly this Form A relates only to Phase 2). The

first phase of investments by AHC into QHC and its affiliates (“**Phase 1**”) was the subject of a separate Form A filing, which was approved on October 13, 2020.

- At the closing of the Transaction (the “**Closing**”) AHC will contribute or shall have contributed capital to QHC in such amount as is required to ensure that AHC receives 10% of the Class A Capital Stock of QHC (the “**Minimum Contribution**”) together with additional amounts in excess of the Minimum Contribution to the extent necessary to support the risk based capital needs for members on health insurance products (the “**Products**”) to be developed and sold by QHBPC and QHIC and with respect to which AHC will take on full medical risk (the “**Excess Contribution**”, which together with the Minimum Contribution is the “**Contribution**”), and in exchange, QHC will issue Class A Capital Stock to AHC such that AHC holds 10% of the Class A Capital Stock of QHC (on a fully diluted basis).
- At the Closing, AHC, GHS, UPH, UHC and the Quartz Entities will enter into the Phase 2 Related Agreements (as defined in the Agreement) in furtherance of the offering of the Products.
- The Phase 2 Related Agreements will provide AHC with certain rights and obligations including:
  - AHC to have the right to select and elect one member (the “**AHC Director**”) of the Board of Directors of each Quartz Entity (as defined in the Agreement) except for Quartz Health Plan MN Corporation (“**QHPMC**”).
  - The affirmative vote of the AHC Director being required for the Board of the Quartz Entities to approve (i) the sale, merger, stock exchange, consolidation or the sale of substantially all of the assets of such Quartz Entities, and (ii) the voluntary dissolution or liquidation of such Quartz Entities.
  - Subject to the satisfaction of conditions set forth in the Phase 2 Related Agreements, AHC to have the right to use the Quartz Entities’ licenses for commercial products in certain counties in Wisconsin and Illinois (the “**AAH Counties**”).
  - AHC to have local reserve powers with respect to the Quartz Entities which will be equivalent to those granted to GHS, UPH, and UHC in the Phase 2 Related Agreements.

An organizational chart showing the effect of the Closing on QHC and its affiliates is attached to this Form A as Exhibit 1-B.

This statement is submitted for the purpose of obtaining the approval of the Commissioner pursuant to the applicable provisions of the Wisconsin Statutes and the Wisconsin Administrative Code.

## ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANTS

### (a) The Applicants

The name and address of the Applicants are as follows:

Advocate Aurora Health, Inc.  
750 W. Virginia Street  
Milwaukee, WI 53204

Aurora Health Care, Inc.  
750 W. Virginia Street  
Milwaukee, WI 53204

### (b) The Applicants' Business Operations

AAH is a Delaware not-for-profit corporation that has no active business other than serving as the corporate member of both AHC and Advocate Health Care (“**Advocate**”). Advocate and AHC are not-for-profit health care systems known for their track record on clinical quality and outcomes. The Applicants intend to maintain their current business operations for the foreseeable future.

### (c) Organization Chart

The chart attached hereto as Exhibit 2(c) lists the identities of, and inter-relationships among, the Applicants and all affiliates of the Applicants. Such chart indicates the percentage of ownership interests, type of organization, and state or other jurisdiction of domicile of each person that will be owned or controlled by the Applicants or by any such person. There are no court proceedings involving a reorganization or liquidation pending with respect to any such person.

## ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANTS

### Identity of Officers, Directors and Owners

The officers and directors of AAH and AHC as of the date of this Form A are as set forth below. No person owns any equity interest in AAH, and AAH is the sole member of AHC.

#### AAH Directors

| Name                        | Title   |
|-----------------------------|---|
| James H. Skogsbergh         | Director, President and Chief Executive Officer |
| John Daniels, Jr.           | Director, Chairperson of the Board              |
| Michele Baker<br>Richardson | Director, Vice Chairperson of the Board         |
| Joanne Bauer                | Director  |
| Lynn Crump-Caine            | Director  |
| Joanne Disch                | Director  |
| Mark Harris                 | Director  |

|                |          |
|----------------|----------|
| Charles Harvey | Director |
| Richard Jakle  | Director |
| John Timmer    | Director |
| David Anderson | Director |
| Thomas Bolger  | Director |
| Richard Weiss  | Director |

### **AAH Officers**

| <b>Name</b>                 | <b>Title</b>                          |
|-----------------------------|---------------------------------------|
| John Daniels, Jr.           | Chairperson of the Board              |
| Michele Baker<br>Richardson | Chairperson Elect of the Board        |
| James H. Skogsbergh         | President and Chief Executive Officer |
| Dominic Nakis               | Treasurer                             |
| Michael Grebe               | Secretary                             |

### **AHC Directors**

| <b>Name</b>                  | <b>Title</b>             |
|------------------------------|--------------------------|
| Nan Gardetto                 | Director and Chairperson |
| Janet Krejci                 | Director                 |
| Robert Figueroa              | Director                 |
| Marcia Drame                 | Director                 |
| Michael Morgan               | Director                 |
| Daniel Minahan               | Director                 |
| Bill Wyman                   | Director                 |
| Kristin Blanchard<br>Stearns | Director                 |
| Brianne Sas-Perez            | Director                 |
| Tamarra Coleman              | Director                 |
| Carlo Nevicosi               | Director                 |

### **AHC Officers**

| <b>Name</b>        | <b>Title</b>        |
|--------------------|---------------------|
| Nan Gardetto       | Chairperson         |
| Michael Grebe      | Secretary           |
| Dominic Nakis      | Treasurer           |
| Rachelle Hart      | Assistant Secretary |
| Jeffrey Bahr, M.D. | Assistant Secretary |
| Michael Kerns      | Assistant Secretary |
| Nan Nelson         | Assistant Treasurer |

|             |                     |
|-------------|---------------------|
| Jim Doheny  | Assistant Treasurer |
| Steve Huser | Assistant Treasurer |

### **Biographical Affidavits and Authority for Release of Information**

Biographical Affidavits and completed releases for the individuals identified above are being filed with the Office of the Commissioner of Insurance under separate cover.

#### **ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION**

- (a) AHC will exchange the Contribution for the Class A Capital Stock described in Item 1 above. The Contribution will consist entirely of cash, the source of which will be AHC's operating funds. No part of the Contribution will be obtained from third party financing.
- (b) The terms of the Agreement are the result of arm's length negotiations between the parties. QHC and the Applicants were represented by independent legal advisors in the negotiations between the parties.

#### **ITEM 5. FUTURE PLANS OF INSURER**

QHIC's and QHBPC's business plans will be amended to expand their respective service areas into certain Wisconsin counties served by AHC's hospitals and other providers, and to reflect the offering of the Products; those amendments will be filed by QHIC and QHBPC directly with the Office of the Commissioner of Insurance.

After the Closing, AHC will have the right to select and elect one board member for the board of directors of each Quartz Entity other than QHPMC.

Except as described in this Form A, the Applicants have no current plans or proposals to cause QHIC or QHPB to declare an extraordinary dividend, to liquidate QHIC or QHPB, to sell any of QHIC's or QHPB's assets, to merge QHIC or QHPB with any person or persons or to make any other material change in QHIC's or QHPB's business operations, corporate structure or management.

#### **ITEM 6. VOTING SECURITIES TO BE ACQUIRED**

As a result of the Transaction, AHC will acquire 10% of the Class A Capital Stock of QHC. All of the terms and conditions of the Transaction are set forth in the Agreement, and were arrived at through arm's length negotiations between the Applicants and QHC.

#### **ITEM 7. OWNERSHIP OF VOTING SECURITIES**

Other than as set forth in the Agreement, neither the Applicants nor any of their respective affiliates or any of the persons listed in Item 3 has a beneficial interest in, or the right to acquire a beneficial interest in, the voting securities of QHC or any other Quartz Entity.

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

Except for the Agreement, there are no contracts, arrangements or understandings directly or indirectly related to any voting securities of QHC or any other Quartz Entity to which the Applicants, their respective affiliates, or any person listed in Item 3 is a party, 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.

**ITEM 9. RECENT PURCHASES OF VOTING SECURITIES**

Except for those completed in Phase 1, there have been no direct or indirect purchases of any voting securities of QHC or any other Quartz Entity by the Applicants, their respective affiliates or any person listed in Item 3 during the twelve (12) calendar months preceding the filing of this Form A.

**ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE**

Neither the Applicants, their respective affiliates nor any person listed in Item 3, or to the knowledge of the Applicants, any other person based upon interviews or at the suggestion of the Applicants, their respective affiliates or any person listed in Item 3, has made any recommendations to others to acquire any shares of the voting securities of QHC or any other Quartz Entity during the twelve (12) calendar months preceding the filing of this Form A.

**ITEM 11. AGREEMENTS WITH BROKER-DEALERS**

There are no agreements, contracts or understandings with any broker-dealer as to the solicitation of voting securities of QHC or any other Quartz Entity for tender.

**ITEM 12. FINANCIAL STATEMENTS**

The available financial statements for the Applicants for the preceding five (5) fiscal years, and the certification of such financial statements by an independent accountant, are attached to this Form A as **Exhibit 12**, as noted below. AAH was created in early 2018 to effect the affiliation of AHC and Advocate, and for periods after such affiliation, AHC's and Advocate's financial results have been consolidated in AAH's financial statements. Prior to the affiliation, AHC produced its own financial statements. Accordingly, Applicants have provided AHC and AAH financial statements as described below.

| <b>Financial Statements</b>                 | <b>Exhibit</b> |
|---|----------------|
| AAH's 2020 Fiscal Year Financial Statements | 12-A           |
| AAH's 2019 Fiscal Year Financial Statements | 12-B           |

AAH's 2018 Fiscal Year Financial Statements 12-C

AHC's 2016 and 2017 Fiscal Year Financial Statements 12-D

AAH's 2Q 2020 Financial Statements 12-E

Three-year financial projections for QHC reflecting the pro forma impact of the Transaction, as required by Section 601.42, Wis. Stat., are attached to this Form A as Exhibit 12-F.

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

The Applicants agree to provide, to the best of their knowledge and belief, the information required by Form F within fifteen days after the end of the month in which the acquisition of control occurs.



**ITEM 14. SIGNATURE AND CERTIFICATION**

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, Advocate Aurora Health, Inc. has caused this application to be duly signed on its behalf in the city of Milwaukee and state of Wisconsin on this 1 day of September, 2021.

**Advocate Aurora Health, Inc.**

**Attest:**

By: *[Signature]*

*[Signature]*

Name: Semyon Shtulberg

Name: Renee Dvigi

Its: VP, Managed Care Growth



**Certification**

The undersigned deposes and says that he/she has duly executed the attached application dated September 1, 2021, for and on behalf of Advocate Aurora Health, Inc., and that he/she is the Authorized Representative of such company and that he is authorized to execute and file such instrument. Deponent further says that he/she is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

*[Signature]*

(Signature)

Semyon Shtulberg

(Printed Name)

State of Wisconsin        )  
  ) ss  
County of Milwaukee     )

The foregoing instrument was acknowledged before me this 1 day of September, 2021.

*[Signature]*

(Signature)

Morgan J. Tilleman

(Printed Name)



**ITEM 14. SIGNATURE AND CERTIFICATION**

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, Aurora Health Care, Inc. has caused this application to be duly signed on its behalf in the city of Milwaukee and state of Wisconsin on this 1 day of September, 2021.

**Aurora Health Care, Inc.**

By: [Signature]  
Name: Senyon Stulberg

Attest: [Signature]

Its: VP, manager care growth

Name: Renee Divgi



**Certification**

The undersigned deposes and says that he/she has duly executed the attached application dated September \_\_\_, 2021, for and on behalf of Aurora Health Care, Inc., and that he/she is the Authorized Representative of such company and that he/she 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/her knowledge, information and belief.

[Signature]  
(Signature)

Senyon Stulberg  
(Printed Name)

State of Wisconsin )  
) ss  
County of Milwaukee )

The foregoing instrument was acknowledged before me this 1 day of September, 2021.

[Signature]  
(Signature)

Morgan J Tilleman  
(Printed Name)



## LIST OF EXHIBITS

|                      |   |
|----------------------|---|
| <b>Exhibit 1-A</b>   | Exchange Agreement                                      |
| <b>Exhibit 1-B</b>   | Organizational Chart of QHC and its Affiliates          |
| <b>Exhibit 2(c):</b> | Organizational Chart of Applicants and their Affiliates |
| <b>Exhibit 12:</b>   | Financial Statements of the Applicants                  |
| <i>Exhibit 12-A</i>  | AAH's 2020 Fiscal Year Financial Statements             |
| <i>Exhibit 12-B</i>  | AAH's 2019 Fiscal Year Financial Statements             |
| <i>Exhibit 12-C</i>  | AAH's 2018 Fiscal Year Financial Statements             |
| <i>Exhibit 12-D</i>  | AHC's 2016 and 2017 Fiscal Year Financial Statements    |
| <i>Exhibit 12-E</i>  | AAH's 2Q 2021 Financial Statements                      |
| <i>Exhibit 12-F</i>  | Three-year Financial Projections for QHC                |