

FORM A

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

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

QUARTZ HEALTH PLAN CORPORATION

by

ADVOCATE AURORA HEALTH, INC.

and

AURORA HEALTH CARE, INC.

Dated May 1, 2020

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

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777 East Wisconsin Avenue
Milwaukee, Wisconsin 53202
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ITEM 1. INSURER AND METHOD OF ACQUISITION

The name and address of the Domestic Insurer to which this application (this “**Form A**”) relates is: Quartz Health Plan Corporation, f/k/a Gundersen Health Plan, Inc. (“**QHPC**”), 840 Carolina Street, Sauk City, WI 53583. QHPC is a Wisconsin nonstock service insurance corporation organized under Chapter 613 of the Wisconsin Statutes. QHPC currently has three members, 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 20.49% of the Class A Membership Rights of QHPC, UPH holds 18.03% of the Class A Membership Rights of QHPC, and UHC holds the remaining 61.48% of the Class A Membership Rights of QHPC. These Class A Membership Rights constitute all of the equity interests of QHPC currently 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 referred to herein as the “**Applicant**” and collectively as the “**Applicants**”.

The Applicants intend to acquire control of QHPC as a result of AHC becoming a member of QHPC pursuant to that certain Exchange Agreement (the “**Agreement**”) dated May 1, 2020, by and among GHS, UHC, UPH, AHC, Quartz Holding Company, a Wisconsin corporation (“**QHC**”) and QHPC. 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 intends for AHC to make a contribution to QHPC and, in exchange, to be issued 15% of the Class A Membership Rights of QHPC (the “**Transaction**”) and thereby for the Applicants to obtain control of QHPC. 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 Agreement contemplates three phases of increasing investments by AHC into QHPC and its affiliates, and the Transaction represents only the first phase (“**Phase 1**”) of these three phases (and accordingly this Form A relates only to Phase 1). The second phase under the Agreement will be the subject of a separate Form A filing.
- At the closing of the Transaction (the “**Closing**”) AHC will contribute \$5 million or such greater amount as is required to ensure that AHC receives 15% of the Class A Membership Rights of QHPC (the “**Contribution**”), and in exchange, QHPC will issue Class A Membership Rights of QHPC to AHC such that AHC holds 15% of the Class A Membership Rights of QHPC (on a fully diluted basis).
- If the Contribution would represent more than 15% of the Class A Membership Rights of QHPC (on a fully diluted basis), AHC will be issued additional Class A

Membership Rights, provided that if such increased issuance would cause AHC to hold more than twenty percent (20%) of the Class A Membership Rights of QHPC (on a fully diluted basis), then such excess will be issued as non-voting Class B Membership Rights of QHPC.

- The contribution described above will be designated by QHPC as an amount to support risk based capital needs for QHPC members on a Medicare Advantage product (the “**AAH Quartz MA Product**”) to be developed and sold by QHPC, and with respect to which AHC will take on full medical risk.
- At the Closing, AHC, GHS, UPH, UHC and QHPC will enter into the Phase 1 Related Agreements (as defined in the Agreement) in furtherance of the offering of the AAH Quartz MA Product.
- The Phase 1 Membership Agreements will provide AHC with certain management and consent rights with respect to QHPC, whereby AHC’s written approval will be required before QHPC takes the following actions:
 - Development of new AAH Quartz MA Product offerings.
 - Decisions regarding which health care providers (in addition to AAH providers) will be part of the network for the AAH Quartz MA Product (subject to certain limitations and rights reserved to GHS, UPH and UHC in counties where more than one of AHC, GHS, UPH and UHC operate).
 - Establishment of reimbursement levels for AAH Quartz MA Product offerings.
 - Establishment of sales and marketing policies and procedures for the AAH Quartz MA Product.
- AHC will not receive the power to appoint or designate any member of the board of directors of QHPC in connection with Phase 1.

An organizational chart showing the effect of the Closing on QHPC 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
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(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 March 12, 2020 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 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

Name	Title
John Daniels, Jr.	Chairperson of the Board
Michele Baker Richardson	Vice Chairperson of the Board
James H. Skogsbergh	President and Chief Executive Officer
Dominic Nakis	Treasurer
Mike Lappin	Secretary

AHC Directors

Name	Title
Nan Gardetto	Director and Chairperson
Janet Krejci	Director
Robert Figueroa	Director
Marcia Drame	Director
Michael Morgan	Director

AHC Officers

Name	Title
Nan Gardetto	Chairperson
Michael Lappin	Secretary
Dominic Nakis	Treasurer
Rachelle Hart	Assistant Secretary
Michael Grebe	Assistant Secretary
Michael Kerns	Assistant Secretary
Jim Slinkman	Assistant Secretary
Nan Nelson	Assistant Treasurer
Jim Doheny	Assistant Treasurer
Leslie Lenzo	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 Membership Rights described in Item 1 above. The Contribution will be made entirely in 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. QHPC and the Applicants were represented by independent legal advisors in the negotiations between the parties.

ITEM 5. FUTURE PLANS OF INSURER

QHPC's business plan will be amended to expand its service area into certain Wisconsin counties served by AHC's hospitals and other providers, and to reflect the offering of the AAH Quartz MA Product; that amendment will be filed by QHPC directly with the Office of the Commissioner of Insurance.

There will be no changes in the officers or directors of QHPC as a result of the Transaction, and all current QHPC officers and directors will continue to serve in their present roles after the Closing. Biographical affidavits for such officers and directors are being filed by QHPC with the Office of the Commissioner of Insurance under separate cover.

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

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

As a result of the Transaction, AHC will acquire at least 15%, but not more than 20%, of the Class A Membership Rights of QHPC, with the specific amount to be determined by the terms of the Agreement. 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 QHPC.

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 QHPC.

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 QHPC 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

There have been no direct or indirect purchases of any voting securities of QHPC by the Applicants, their respective affiliates or any person listed in Item 3 during the twelve calendar months preceding the filing of this Form A.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Except for the Agreement, 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 QHPC 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 QHPC 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.

Financial Statements	Exhibit
AAH's 2019 Fiscal Year Financial Statements	12-A
AAH's 2018 Fiscal Year Financial Statements	12-B

Three-year financial projections for QHPC 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-D.

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

The Applicants agree to provide, to the best of its 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.

LIST OF EXHIBITS

Exhibit 1-A	Exchange Agreement
Exhibit 1-B	Post-Closing Organizational Chart of QHPC and its Affiliates
Exhibit 2(c):	Organizational Chart of Applicants and their Affiliates
Exhibit 12:	Financial Statements of the Applicants
<i>Exhibit 12-A</i>	AAH's Q3 2019 Financial Statements
<i>Exhibit 12-B</i>	AAH's 2018 Fiscal Year Financial Statements
<i>Exhibit 12-C</i>	AHC's 2015, 2016 and 2017 Fiscal Year Financial Statements
<i>Exhibit 12-D</i>	Three-year Financial Projections for QHPC