

In the Matter of the Acquisition of Control
of Quartz Health Plan Corporation
by Advocate Aurora Health, Inc. and Aurora Health Care, Inc.,

PROPOSED DECISION

Petitioners.

Case No. 20-C43722

Amy J. Malm, Hearing Examiner, Presiding

APPEARANCES

For the Office of the

Commissioner of Insurance: Steven J. Junior, Insurance Program Manager
Richard Wicka, Chief Legal Counsel
Mark McNabb, Company Licensing and Analytics Supervisor
Richard Hinkel, Insurance Financial Examiner – Chief
Division of Financial Regulation
125 South Webster Street
Madison, Wisconsin 53703

For the Petitioners:

Advocate Aurora Health, Inc. and Aurora Health Care, Inc.
Morgan J. Tilleman
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Milwaukee, Wisconsin 53202

Ruhee Divgi, Associate General Counsel
Titus Muzi, Senior Vice President, Managed Care Strategy
Advocate Aurora Health, Inc.
750 West Virginia Street
Milwaukee, Wisconsin 53204

Andrew Hanus
State Government Relations Director – Wisconsin
Aurora Health Care, Inc.
750 West Virginia Street
Milwaukee, Wisconsin 53204

Other appearances:

Quartz Health Plan Corporation and its parent corporations
Lisa M. Gingerich
Michael Best & Friedrich LLP
790 West Water Street, Suite 2500
Milwaukee, Wisconsin 53202

Mark Selna, M.D., President and Chief Executive Officer
Amie Goldman, Vice President, Chief Strategy Officer
Jim Hiveley, Vice President, Treasurer and Chief Financial Officer
Richelle Ladwig, Deputy General Counsel
Christine Senty, Vice President, General Counsel and Secretary
Quartz Health Solutions
840 Carolina Street
Sauk City, Wisconsin 53583-1374

PRELIMINARY

Pursuant to a Notice of Hearing dated September 18, 2020, a hearing was held by teleconference on or about 2:00 p.m. on October 12, 2020, to determine whether the Petitioners'

application for approval of the plan for acquisition of control should be granted. Based on the record, the Hearing Examiner makes the following:

PROPOSED FINDINGS OF FACT

(1) Advocate Aurora Health, Inc., 750 West Virginia Street, Milwaukee, Wisconsin 53204, is a nonprofit corporation domiciled in Delaware and Aurora Health Care, Inc., 750 West Virginia Street, Milwaukee, Wisconsin 53204, is a non-stock not-for-profit corporation domiciled in Wisconsin (the Petitioners).

(2) Quartz Health Plan Corporation, 840 Carolina Street, Sauk City, Wisconsin 53583, is a Wisconsin domestic nonstock, not-for-profit health maintenance organization insurance corporation organized under Chapter 613 of the Wisconsin Statutes. Quartz Health Plan Corporation is licensed in Illinois, Iowa and Wisconsin.

(3) The Petitioners filed with the Office of the Commissioner of Insurance an application for approval of the acquisition of control of Quartz Health Plan Corporation (plan).

(4) The Petitioners were served with a Notice of Hearing.

(5) The Petitioners fulfilled the filing requirements of s. Ins 40.02, Wis. Adm. Code.

(6) The plan will not violate the law or be contrary to the interests of the insureds of Quartz Health Plan Corporation.

(7) After the acquisition of control, Quartz Health Plan Corporation will be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which it is presently licensed.

(8) The effect of the acquisition of control will not be to create a monopoly or substantially to lessen competition in any type or line of insurance in Wisconsin.

(9) The financial condition of Advocate Aurora Health, Inc. and Aurora Health Care, Inc. are not likely to jeopardize the financial stability of Quartz Health Plan Corporation or to prejudice the interests of its Wisconsin policyholders.

(10) There are no plans or proposals to liquidate the domestic stock insurance corporation, Quartz Health Plan Corporation, to sell its assets (other than investment portfolio transactions in the ordinary course of business), or to consolidate or merge it with any person or make any other material change in its business or corporate structure other than as described in the plan.

(11) The competence and integrity of the persons who will control the operation of the domestic stock insurance corporation, Quartz Health Plan Corporation, are such that it will be in the interest of the policyholders and the public to permit the acquisition of control.

PROPOSED CONCLUSION OF LAW

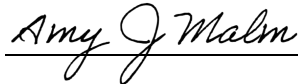
(12) The proposed findings of fact set forth above establish that the requirements of s. 611.72 and chs. 227 and 617, Wis. Stat., and ch. Ins 40, Wis. Adm. Code, have been satisfied and approval of the plan should be granted.

PROPOSED ORDER

NOW, THEREFORE, based upon the findings of fact and conclusion of law, I hereby recommend that:

(13) The Petitioners' request for approval of the plan for acquisition of control should be approved.

Dated at Madison, Wisconsin, this 12th day of October, 2020.

A handwritten signature in cursive script that reads "Amy J. Malm". The signature is written in black ink and is positioned above a solid horizontal line.

Amy J. Malm
Hearing Examiner