



Michael Best & Friedrich LLP
Attorneys at Law
Lisa M. Gingerich
T 414.270.2710
E lmgingerich@michaelbest.com

Sent Via Federal Express & Email to:
Michael.MancusiUngaro@wisconsin.gov

February 18, 2019 [Updated February 20, 2019]

The Honorable Mark Afable
Commissioner of Insurance
Wisconsin Office of the Commissioner of Insurance
125 S. Webster Street
Madison, WI 53703-3474

Exh #	B 21
Date	
Case	19-C42970
Ins. Comm.	

ATTN: Michael Mancusi-Ungaro, Insurance Financial Examiner- Licensing Specialist

Re: In the Matter of the Acquisition of Control of Aspirus Arise Health Plan of Wisconsin, Inc. ("**AAHPWI**") by Aspirus, Inc. ("**Aspirus**") (Case No. 19-C42970)

Dear Commissioner Afable:

Thank you for your letter dated February 8, 2019 to Cari Logemann regarding Aspirus' Form A filing. Your questions are noted below in bold type and Aspirus' responses follow.

1. Is paragraph 9 (f) of the stock purchase agreement necessary? What less restrictive options were considered? If less restrictive options were discussed, why were they dismissed?

Aspirus, as buyer, views the post-closing restriction on Wisconsin Physician Service Insurance Corporation's ("**WPS**") activities in AAHPWI's service area as imperative to allow reasonable time for Aspirus to assume sole responsibility of AAHPWI's operations, implement its business plan and growth strategies for AAHPWI and protect its investment from unreasonable and unfair competition by WPS. This restriction was discussed between Aspirus and WPS as part of the term sheet development and negotiation of the purchase price. Aspirus would have preferred to have no post-closing restrictions on AAHPWI, but WPS requested a reciprocal post-closing restriction on AAHPWI's activities in areas outside of AAHPWI's current service area.

Aspirus does not view the restriction on AAHPWI as a material impediment to its strategic or growth plans. Thus, Aspirus agreed to WPS' request as a measure in compromise during negotiations.

2. Has the Michigan Department of Insurance and Financial Services approved or been consulted concerning the language in 9 (f) (ii) of the stock purchase agreement?

AAHPWI is not licensed and does not currently do any business in Michigan. Thus, Aspirus has not sought any approval or counsel from the State of Michigan Department of Insurance and Financial Services regarding this transaction.

3. Please describe contractual relationships, if any, between Aspirus, Inc. and its subsidiaries and affiliates and Wisconsin Physicians Service Insurance Corporation and its subsidiaries and affiliates that are unrelated to Aspirus Arise Health Plan of Wisconsin, Inc.

- a. Aspirus Network, Inc. has a contract with WPS for participation in WPS' broad network.
- b. Aspirus' affiliates and WPS are parties to an Operating Agreement for The Westwood Center, LLC in which Aspirus' affiliates own a majority interest and WPS is a minority owner.
- c. Aspirus and its affiliates interact with WPS in WPS' capacity as a CMS contractor, but do not have other direct contracts with WPS.

4. What portion of the business of Aspirus Arise Health Plan of Wisconsin, Inc. is Dual Option Business in terms of covered lives and premium written?

[REDACTED]

5. Are the anticipated premium increases, as described in the business plan and financial projections of Exhibit H, expected to bring Aspirus Arise Health Plan of Wisconsin, Inc. to profitability? Please describe and provide documentary support for the analysis that was undertaken to set these anticipated premium increases.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6. What portion of the anticipated premium increases from 2019 to 2022, as described in the business plan and financial projections of Exhibit H, are expected to flow to Wisconsin Physicians Service Insurance Corporation under the Adverse Selection Mitigation Agreement, as amended, between Wisconsin Physicians Service Insurance Corporation and Arise Health Ventures, Inc?

[REDACTED]

7. Please provide projections for the Wisconsin compulsory and security surplus results for each year-end from 2018 to 2022.

Please see the attached Surplus Analysis worksheet ([Exhibit A](#)).

8. The Bylaws of Aspirus Arise Health Plan of Wisconsin, Inc. cannot be held by this Office as confidential. The Articles of Incorporation and Bylaws of Wisconsin domestic insurance corporations are public documents.

Aspirus understands and has no reservations regarding the public nature of AAHPWI's corporate documents.

9. Section 11.3 of the proposed Bylaws, concerning Implied Amendments, should be deleted. This Office is opposed to bylaw provisions of this type, because insurers should follow their own governance documents or make timely amendments as suits their needs. Furthermore, this Office would prefer to be consulted in emergency situations rather than stumbling upon them during a financial examination, which might take place a few years after the emergency.

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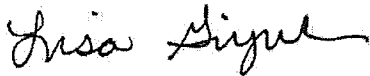
AHV has approved deleting Section 11.3 of AAHPWI's proposed Bylaws. The consent and Amended Bylaws are attached (Exhibit B).

10. Attached is a stipulation and order that we believe necessary as a condition for approval of the proposed acquisition of control.

AAHPWI will execute the Stipulation and Order that you included in your February 8, 2019 letter.

We hope the information in this letter is responsive to your inquiries and requested information. Please contact me at ljgingerich@michaelbest.com or at (414) 270-2710, should you have any questions or need any additional information. Thank you for your consideration of this matter.

MICHAEL BEST & FRIEDRICH LLP



Lisa M. Gingerich

Enclosures

cc: Cari Logemann, Aspirus, Inc.
Brett Davis, Aspirus Arise Health Plan of Wisconsin, Inc.

