

**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

**Physicians Plus Insurance Corporation**  
Name of Domestic Insurer

By

**Gundersen Lutheran Health System, Inc. and**  
**University Health Care, Inc.**  
Names of Acquiring Persons  
("Applicant GHS" and "Applicant UHC" respectively)

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**Gundersen Health Plan, Inc. and**  
**Unity Health Plans Insurance Corporation**  
Names of Domestic Insurers

By

**Iowa Health System d/b/a UnityPoint Health**  
Name of Acquiring Person ("Applicant UPH")

Filed with the Wisconsin Office of the Insurance Commissioner

Date: April 7, 2017

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

Michael E. Dallman  
President  
University Health Care, Inc.  
301 S. Westfield Road  
Madison, WI 53717  
Telephone: (608) 265.0151  
E-Mail: mdallman@uwhealth.org

Scott W. Rathgaber, MD,  
Chief Executive Officer  
Gundersen Lutheran Health System, Inc.  
1900 South Avenue  
La Crosse, WI 45601  
Telephone: (608) 775-2219  
E-Mail: swrathga@gundersenhealth.org

Troy Caraway  
Senior Vice President, Insurance Division  
UnityPoint Health  
1776 West Lakes Parkway, Suite 400  
West Des Moines, IA 50266  
Telephone: (515) 241-3354  
E-Mail: Troy.caraway@unitypoint.org

with a copy to:

Christine Senty, JD  
Vice President and General Counsel  
Unity Health Plans Insurance Corporation  
840 Carolina Street  
Sauk City, WI 53583-1374  
Telephone: 608-821-1067  
E-Mail: Christine.Senty@Quartz Benefits.com

Daniel Lilly, CPA, JD, General Counsel  
Gundersen Lutheran Health System, Inc.  
1900 South Avenue, Mail Stop GB1-001  
La Crosse, WI 54601  
Telephone: (608) 775-4615  
E-Mail: DJLilly@gundersenhealth.org

Ashley Kleemeier  
Associate Counsel  
UnityPoint Health  
1776 West Lakes Parkway, Suite 400  
West Des Moines, IA 50266  
Telephone: (515) 241-4662  
E-Mail: Ashley.kleemeier@unitypoint.org

Daniel P. Brzozowski  
Corporate Counsel  
University Health Care, Inc.  
301 S. Westfield Road  
Madison, WI 53717  
Telephone: (608) 890-5652  
E-Mail: Dbrzozowski@uwhealth.org

Noreen J. Parrett  
Parrett & O'Connell, LLP  
10 East Doty, Suite 615  
Madison, WI 53703  
Telephone: (608) 251-1967  
E-Mail: nparrett@parrettoconnell.com

## INTRODUCTION

### A. Definitions:

The definitions used throughout this Form A Statement (the “Statement”) to designate the companies that are a part of the transaction described herein are as follows:

GHP -	Gundersen Health Plan, Inc.
GHP MN -	Gundersen Health Plan Minnesota
GHS -	Gundersen Lutheran Health System, Inc.
PPIC -	Physicians Plus Insurance Corporation
Quartz -	Quartz Health Solutions, Inc. (formerly SPWI TPA, Inc.)
Quartz Holding -	Quartz Holding Company
UHC -	University Health Care, Inc.
Unity -	Unity Health Plans Insurance Corporation
UPH -	Iowa Health System d/b/a UnityPoint Health

The term “Parties” will be used herein to refer to all of the entities listed above. The term “Applicants” will be used herein to refer to GHS, UHC and UPH together. The term “Insurers” will be used herein to refer to GHP, Unity and PPIC together. The entirety of the agreements between the Parties that are the subject of this Form A Statement will be referred to herein as the “Transaction.”

### B. Summary of Transaction:

1. Background. This Transaction follows closely a transaction that was completed in 2016 (the “2016 Transaction”) between GHS, a not-for-profit health system located in La Crosse, Wisconsin, and UHC, a not-for-profit entity located in Madison, Wisconsin that serves as a network development vehicle and is associated with the University of Wisconsin Hospitals and Clinics Authority (“UWHCA”) and the University of Wisconsin Medical Foundation (“UWMF”). The 2016 Transaction was approved by the Office of the Commissioner (“OCI”) on April 21, 2016 and closed on May 2, 2016. As a result of the 2016 Transaction, GHS acquired an equity interest in Unity, a for-profit health maintenance organization, and UHC acquired a member interest in GHP, a not-for-profit health maintenance organization. In addition, as a result of the 2016 Transaction, GHS and UHC became joint owners of Quartz, a management company previously owned by Unity. As a part of the 2016 Transaction, Quartz entered into management agreements with Unity and GHP, providing a more effective vehicle for services necessary to the efficient operation of both insurers. The 2016 Transaction was structured to provide an opportunity for other health systems with insurance functions to partner with GHS and UHC to take advantage of greater efficiency in management and operational services. In 2016, UPH, UHC, and GHS entered into discussions to add UPH, a nonprofit hospital system

headquartered in West Des Moines, Iowa, and PPIC, a for-profit Wisconsin-domiciled indemnity health insurance company, to the structure created by the 2016 Transaction.

2. Description of Transaction. The Transaction agreements and other documents that are a part of this Statement between Applicants GHS, UHC and UPH have as their base the documents that were agreed to by the parties to the 2016 Transaction and that were reviewed and approved by the OCI. The Transaction agreements and documents, which are listed in Item 12 of this Statement and included with the materials filed herewith, have been modified as necessary to include PPIC as an insurer and UPH as one of the ultimate controlling persons in the insurance holding company system but, with the exceptions noted later in this Statement, the basic structure of this Transaction is the same as the 2016 structure between GHS and UHC.

The Applicants to the Transaction will enter into an arrangement under which each will have a direct membership interest in GHP, a direct equity interest in Quartz Holding and an indirect interest in Unity, PPIC and Quartz. The member interests in GHP MN will not change from the 2016 Transaction; GHP will remain the sole member of GHP MN. In addition, the Applicants will share management and administrative services with respect to the Insurers through services that will be provided by Quartz. The primary goals of the Transaction are to:

- Provide greater access to innovative, high quality, affordable health care solutions to consumers of health care services.
- Promote the health and overall well-being of the health care consumers who purchase insurance products from the Insurers by promoting each Insurer's best products and services.
- Better and more efficiently support the population health efforts of each sponsoring health system.
- Efficiently use the data of each sponsoring health system to facilitate superior clinical outcomes.
- Achieve a more competitive position for each Insurer regionally and statewide through economies of scale through the combination of back-office functions such as claims management, regulatory, data warehouse, underwriting and sales.
- Foster competition in Wisconsin with national and regional carriers.
- Expand the availability of provider-sponsored health insurance across Wisconsin and contiguous states.
- Partner with other health plans or delivery systems in Wisconsin and contiguous states to develop a geographically cohesive care network.

- Use the health care resources in the Madison community in a more efficient manner.
- Reduce confusion and improve access to health care services in the Madison community.

As indicated above, under the current structure, GHS and UHC each own a direct interest in Unity and Quartz and jointly control GHP through member interests. Under the structure proposed in the Transaction agreements and other documents included with this Statement, GHS, UHC and UPH will each hold a member interest in GHP. As a part of the Transaction, the Applicants formed Quartz Holding, a for-profit holding company. At the close of the Transaction, in exchange for equity interest in Quartz Holding, GHS and UHC will contribute all of their equity interests in Unity and Quartz to Quartz Holding and UPH will contribute all of its equity interest in PPIC to Quartz Holding. Immediately thereafter, Quartz Holding will contribute all of its equity interest in Unity to PPIC. As a result, at the close of the Transaction, GHS, UHC and UPH will each directly own equity interests in Quartz Holding, Quartz Holding will directly own 100% of the equity of Quartz and 100% of the equity of PPIC, and PPIC will directly own 100% of the equity of Unity (see Post-Transaction Structure, **Exhibit T**). Under the Exchange Agreement (**Exhibit A**), the transfers to Quartz Holding of Unity, PPIC and Quartz equity and the transfer to PPIC of Unity equity are deemed to have occurred on the date the Transaction closes (see Exchange Agreement, Section 1.4). The percentage of membership and equity interests that Applicants GHS, UHC and UPH will each hold in GHP and Quartz Holding will be determined at closing of the Transaction according to the formula provided in Section 1.1(b) of the Exchange Agreement, and later adjusted based on the Insurers' audited 2016 Annual Statements. That adjustment will be made no later than ninety days after the Center for Medicare and Medicaid Services summary report on transitional reinsurance payments, risk corridor payments and permanent risk adjustment transfers for the 2016 benefit year becomes available to the public. At the present time, these interests are estimated at 18% for UPH, 20% for GHS and 62% for UHC.

Prior to the closing date, either or both of GHS and UHC may (but are not required to) contribute not more than \$3,000,000 to the capital of GHP (Section 6.21 of the Exchange Agreement). The amount of such contribution, if any, will affect the Applicants' percentage interest in Quartz Holding and GHP.

As a part of the adjustments in Section 1.3(b)(iii) of the Exchange Agreement, UPH will make a cash capital contribution to PPIC to ensure that PPIC's audited adjusted capital is \$22,000,000 upon closing. The Transaction also contemplates that prior to closing, PPIC will satisfy in full the surplus note currently held by Meriter Health Services, Inc. (see Section 6.15 of the Exchange Agreement). Further, upon closing the Transaction, UPH will make a cash contribution of \$4,065,000 to Quartz Holding (see Section 6.18(a) of the Exchange Agreement). Section 6.18 of the Exchange Agreement also contemplates that UPH will assume the full risk

for PPIC's 2017 financial results based on PPIC's Audited 2017 Financial Statement, which will result in either a contribution of capital by UPH to PPIC or a dividend by PPIC to UPH dependent upon PPIC's after-tax statutory net income for 2017.

In conjunction with the Exchange Agreement, GHS, UHC, UPH and Quartz Holding will enter into Interested Parties Agreements with each of Unity, PPIC and Quartz (collectively, the "Interested Parties Agreements") (see **Exhibits B, C and D**) governing their indirect interests in Unity, PPIC and Quartz, respectively. Also in conjunction with the Exchange Agreement, the Applicants and GHP will enter into an Amended and Restated Members Agreement (the "Members Agreement") (see **Exhibit E**) governing the Applicants' interests in GHP. Finally, the Applicants and Quartz Holding will enter into a Stockholders Agreement (see **Exhibit F**) governing the Applicants' interests in Quartz Holding. The Interested Parties Agreements take the place of and are based on the Unity Stockholders Agreements among GHS, UHC and Unity and the Quartz Stockholders Agreement among GHS, UHC and Quartz each from the 2016 Transaction (the "Prior Stockholders Agreements"), and the Amended and Restated Membership Agreement takes the place of and is based on the Membership Agreement among GHS, UHC and GHP from the 2016 Transaction. The Stockholders Agreement governing the Applicants' interests in Quartz Holding is a new agreement but it is also based on the Prior Stockholders Agreements from the 2016 Transaction.

Each of the Insurers will also enter into agreements under which Quartz will provide management and administrative services to the Insurers (the "Management Agreements"). The Insurers' Management Agreements are included with this Statement as **Exhibits H, I and J**. As an interim measure until January 1, 2018 when employees of PPIC currently providing management and administrative services to PPIC will become employed directly by Quartz, Quartz and PPIC will enter into an employee leasing agreement under which Quartz will lease PPIC's employees. The PPIC Employee Leasing Agreement is included with this Statement as **Exhibit K**.

To accommodate the Transaction, it was necessary to amend the Bylaws of GHP, Unity, PPIC and Quartz. Marked copies of the Bylaws for each of these entities are included with this Statement as **Exhibits L, M, N and O**, respectively. Also included with this Form A Statement as **Exhibit P** are the Articles of Incorporation and Bylaws of Quartz Holding.

## **ITEM 1. INSURER AND METHOD OF ACQUISITION**

1. Gundersen Health Plan, Inc.  
1836 South Avenue  
La Crosse, WI 54601-5429
2. Unity Health Plans Insurance Corporation  
840 Carolina Street

Sauk City, WI 53583

3. Physicians Plus Insurance Corporation  
2650 Novation Parkway  
Madison, WI 53713

GHS and UHC, the ultimate controlling persons of GHP and Unity, and UPH, the ultimate controlling person of PPIC, will enter into the Exchange Agreement under which all of the following will occur before or at closing of the Transaction:

1. Before closing, Quartz Holding will be incorporated.
2. At closing, Quartz Holding will issue capital stock to the Applicants in proportion to the total capital and surplus of the entities contributed by (or allocable to) each of the Applicants relative to the total capital and surplus of all entities contributed by the Applicants. Ownership in Quartz Holding is estimated to be 20%, 62%, and 18% for each of GHS, UHC and UPH respectively. The Applicants' percentage ownership in Quartz Holding will mirror the Applicants' percentage of member interests in GHP and may be adjusted as provided in Section 1.3 of the Exchange Agreement.
3. At closing, GHS and UHC will transfer all of the issued and outstanding capital stock of Unity and Quartz to Quartz Holding.
4. At closing, UPH will transfer all of the issued and outstanding capital stock of PPIC to Quartz Holding.
5. At closing, GHS and UHC will each transfer a portion of their member interests in GHP to UPH. The ownership of member interests in GHP is estimated to be 20%, 62%, and 18% for each of GHS, UHC and UPH respectively. The Applicants' percentage of member interests in GHP will mirror the Applicants' percentage ownership in Quartz Holding and may be adjusted as provided in Section 1.3 of the Exchange Agreement.
6. At closing and immediately after UPH transfers all of the issued and outstanding capital stock of PPIC and GHS and UHC transfer all of the capital stock of Unity to Quartz Holding, Quartz Holding will transfer all of the issued and outstanding capital stock of Unity to PPIC.

A post-transaction organizational chart (**Exhibit T**) shows the organizational structure after completion of the above-mentioned actions.

## **ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANTS**

### **(a) Name and address of the applicants.**

1. With respect to Applicant UHC's interest in PPIC:

University Health Care, Inc.  
301 S. Westfield Road  
Madison, WI 53717

2. With respect to Applicant GHS's interest in PPIC:

Gundersen Lutheran Health System, Inc.  
1900 South Avenue  
La Crosse, WI 54601

3. With respect to Applicant UPH's interest in GHP and Unity:

Iowa Health System d/b/a UnityPoint Health  
1776 West Lakes Parkway  
Suite 400  
West Des Moines, Iowa 50266

### **(b) Nature of its business operations and future business.**

1. Applicant UHC is a not-for-profit membership organization which serves as a network development vehicle by developing regional programs and clinical centers, and developing business relationships with other health care providers, UHC's business includes furthering the teaching, research, and service functions of the University of Wisconsin Medical School, UWHCA and UWMF. It is jointly and equally controlled by UWHCA and UWMF. Applicant UHC currently owns 75% of the equity of Unity and Quartz and controls 75% of the member interests in GHP.

2. Applicant GHS is a not-for-profit comprehensive hospital and clinic system consisting of hospitals, clinics and nursing homes in western Wisconsin, Iowa and Minnesota. Applicant GHS currently owns 25% of the equity in Unity and Quartz and controls 25% of the member interests in GHP.

3. Applicant UPH is an Iowa nonprofit corporation established in 1994 and is engaged in the business of providing services to hospitals and healthcare providers, integrating healthcare services provided to patients. UPH is the nation's 15th largest nonprofit health system and the fifth largest nondenominational health system in America. It has approximately 35,000 employees and relationships with more than 280 physician clinics and 29 hospitals in



metropolitan and rural communities throughout Iowa, west-central Illinois and southern Wisconsin. UPH currently owns 100% of the equity of PPIC.

None of Applicants UHC, GHS or UPH has current plans to substantially modify their business. See the Introduction and Item 6 of this Statement for a description of the future plans for the Insurers.

**(c) Organizational chart; court proceedings.**

Included with this Statement as **Exhibits Q, R and S** are the current organizational charts for GHS, UHC, and UPH, respectively, showing the percentage of voting stock, where applicable, and the percentage of member interests, where applicable for each of the Parties to the Transaction. Also included as **Exhibit T** are pre-Transaction and post-Transaction organizational charts of the insurance holding company system showing the percentage of equity, where applicable, and the percentage of member interests, where applicable, for each of the Parties to the Transaction.

There are no court proceedings involving a reorganization or liquidation pending with respect to any entities shown in **Exhibits Q** through **S**.

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

1. Applicant UHC.

Included with this Statement as **Exhibit U** is a list of the principal officers and directors of Applicant UHC. Biographical Affidavits are either on file with the OCI and are incorporated herein or are being submitted under separate cover.

2. Applicant GHS.

Included with this Statement as **Exhibit V** is a list of the principal officers and trustees of Applicant GHS. Biographical Affidavits are either on file with the OCI and are incorporated herein or are being submitted under separate cover.

3. Applicant UPH.

Included with this Statement as **Exhibit W** is a list of the principal officers and directors of Applicant UPH. Biographical Affidavits for each of the individuals on **Exhibit W** are being submitted under separate cover.

4. Proposed Directors and Officers of GHP, Unity, PPIC, Quartz Holding and Quartz.

As a result of this Transaction, the boards of directors of GHP, Unity, PPIC and Quartz will change. Each board will have eleven directors as follows:

(a) GHP: In addition to three independent directors, GHP will have three directors designated by GHS, three directors designated by UHC, and two directors designated by UPH. Because GHP has a Certificate of Authority in Iowa and Iowa law requires that at least 30% of a licensed health maintenance organization's board of directors consist of enrollees in the health maintenance organization, GHP's three independent directors and one of the directors designated by UPH will be chosen from among GHP's enrollees.

(b) Unity. In addition to three independent directors, Unity will have three directors designated by GHS, three directors designated by UHC, and two directors designated by UPH. GHS will choose one of Unity's independent directors and UHC will choose one of Unity's independent directors. The third independent Unity director will be chosen by a majority vote of Unity's board of directors, with at least one director designated by each of GHS and UHC included in the vote.

(c) PPIC. In addition to three independent directors, PPIC will have three directors designated by GHS, three directors designated by UHC, and two directors designated by UPH. GHS will choose one of PPIC's independent directors and UHC will choose one of PPIC's independent directors. The third PPIC independent director will be chosen by a majority vote of PPIC's board of directors, with at least one director designated by each of GHS and UHC included in the vote.

(d) Quartz. In addition to three independent directors, Quartz will have three directors designated by GHS, three directors designated by UHC, and two directors designated by UPH. GHS will choose one of Quartz's independent directors and UHC will choose one of Quartz's independent directors. The third Quartz independent director will be chosen by a majority vote of Quartz's board of directors, with at least one director designated by each of GHS and UHC included in the vote.

(e) Quartz Holding. In addition, the Applicants will each have representation on the board of directors of newly created Quartz Holding. In addition to three independent directors, Quartz Holding will have three directors designated by GHS, three directors designated by UHC, and two directors designated by UPH. GHS will choose one of Quartz Holding's independent directors and UHC will choose one of Quartz Holding's independent directors. The third Quartz Holding independent director will be chosen by a majority vote of Quartz Holding's board of directors, with at least one director designated by each of GHS and UHC included in the vote.

Included with this Statement as **Exhibit X** is a list of proposed directors and officers for GHP. GHP is licensed in Iowa and Iowa law requires that at least 30% of the directors of an Iowa-licensed health maintenance organization be enrollees of the HMO. One director, who is also an enrollee of GHP, will be chosen by the parties at a later date and a Biographical Affidavit will be filed with the OCI at that time. This director also will be elected to serve on the Boards

of Directors of Unity, PPIC, Quartz and Quartz Holding Biographical Affidavits are either on file with the OCI and are incorporated herein or are included with this Statement as **Exhibit X**. *The Parties request that the OCI keep the Biographical Affidavits confidential and are including it in this Statement under separate cover.*

Included with this Statement as **Exhibit Y** is a list of proposed directors and officers for Unity, PPIC, Quartz and Quartz Holding. Biographical Affidavits are either on file with the OCI and are incorporated herein or are included with this Statement as **Exhibit Y**. *The Parties request that the OCI keep the Biographical Affidavits confidential and are including it in this Statement under separate cover.*

The directors for Unity, PPIC, Quartz and Quartz Holding are identical. GHP has the same directors as Unity, PPIC, Quartz and Quartz Holding with one exception. The officers of Unity, GHP, PPIC, Quartz and Quartz Holding are identical.

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

##### **(a) Nature, source and amount of funds or other considerations used, or to be used, in effecting the merger or other acquisition of control.**

For the most part, this transaction is one in which the Applicants will each exchange (either directly or indirectly through Quartz Holding) a part of their equity and member interests in the Insurers and Quartz. On the closing date of this Transaction, Quartz Holding will issue shares to GHS, UHC and UPH representing each Applicant's interest in Quartz Holding, and GHS and UHC will each transfer to UPH the percentage of member interests in GHP as contemplated by Section 1.1(b)(ii) of the Exchange Agreement. UPH will transfer 100% of the issued and outstanding stock of PPIC to Quartz Holding and GHS and UHC will each transfer its percentage of issued and outstanding stock (together totaling 100%) in Unity and Quartz to Quartz Holding. Quartz Holding, in turn, will transfer 100% of the issued and outstanding stock of Unity to PPIC. (See Post-Transaction Organizational Chart, **Exhibit T**.) The interests of Applicants UPH, GHS and UHC in Quartz Holding and GHP is initially estimated at 18%, 20% and 62%, respectively, and will be later adjusted pursuant to Section 1.3 of the Exchange Agreement based on the Insurers' audited 2016 Annual Statements.

Prior to the closing date, either or both of GHS and UHC may (but are not required to) contribute not more than \$3,000,000 to the capital of GHP (Section 6.21 of the Exchange Agreement). The amount of such contribution, if any, will affect the Applicants' percentage interest in Quartz Holding and GHP.

Also on the closing date of this Transaction, UPH will contribute \$4,065,000 to the capital of Quartz Holding to cover transitional expenses to be incurred post close. This contribution will not affect UPH's percentage interest in Quartz Holding which will be determined as provided in Section 1.3 of the Exchange Agreement.

The Exchange Agreement also contemplates that PPIC will have fully satisfied the surplus note issued by it to Meriter Health Services, Inc. prior to closing the Transaction.

In addition, in conjunction with the equity and member interest adjustments contemplated under Section 1.3 of the Exchange Agreement, the Transaction also provides for a cash contribution by UPH to PPIC which will be calculated based on PPIC's 2016 audited Annual Statement that will be sufficient to ensure that PPIC's capital and surplus is \$22,000,000 at closing.

Finally, the Exchange Agreement contemplates that UPH will bear the risk of PPIC's financial performance for 2017. Section 6.18(b) of the Exchange Agreement contemplates a potential capital contribution by UPH to PPIC in the event of a PPIC after-tax statutory net loss based on its audited 2017 Annual Statement. The amount of UPH's capital contribution to PPIC, if any is necessary, will be in an amount sufficient to bring PPIC's 2017 net loss, if any, to zero. Conversely, the Exchange Agreement contemplates that PPIC will declare a dividend to be paid to UPH in the amount of PPIC's after-tax statutory net income for 2017, if any.

All funds contributed by UPH with respect to this Transaction will come from UPH's operating funds. No funds will be borrowed.

**(b) Criteria used in determining the nature and amount of such consideration.**

Management of Unity, GHP and PPIC made the determination to base the value of the transaction at "book value." Book value is based on each Insurer's Statutory Total Capital and Surplus that is reported in the equity section of the GAAP audited financial statements. Section 1.3 of the Exchange Agreement contemplates an adjustment to the Applicants' interests based on the 2016 audited Annual Statements of the Insurers. That adjustment will be made no later than ninety days after the Center for Medicare and Medicaid Services' summary report on transitional reinsurance payments, risk corridor payments and permanent risk adjustment transfers for the 2016 benefit year becomes available to the public. The intent is to have the ownership based on an estimate of 62% UHC, 20% GHS and 18% UHP.

**ITEM 5. APPLICANT'S FUTURE PLANS FOR THE INSURER (plans to declare an extraordinary dividend, or to liquidate the insurer, to sell the insurer's assets, merge the insurer or any other material change in its business operations, corporate structure or management)**

The Parties have no current plans to declare an extraordinary dividend (except the dividend contemplated by Section 6.18(b) of the Exchange Agreement), to liquidate the Insurers, sell the Insurers' assets, or merge the Insurers. Proposed changes to the corporate structure and management have been described in other sections of this Statement.

It is the current intention of the Parties to migrate certain business currently written by the Insurers so that the Insurers can promote each company's market expertise and best products and

services and best use of capital requirements. It is the current intention of the Parties that the government business (Medicare and Medicaid) will be underwritten by GHP and the commercial business will be underwritten by Unity or PPIC. The proposed business migration is intended to occur as of January 1, 2018 for some products and as of January 1, 2019 for other products. The Parties will submit the required regulatory filings seeking approval or nondisapproval, as applicable, of the transactions involving the migration of business between Insurers.

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

Each of the following actions will occur on the closing date of the Transaction with respect to the stock interests in Unity, PPIC, Quartz and Quartz Holding and the member interests in GHP:

- (a) Applicant UPH will acquire from UHC and GHS member interests in GHP approximately equal to 18%.
- (b) Quartz Holding will issue stock to UPH, GHS and UHC approximately equal to a percentage interest of 18%, 20%, and 62%, respectively.
- (c) Applicant UPH will transfer 100% of its equity interest (equal to 100% of the issued and outstanding stock) in PPIC to Quartz Holding.
- (d) UHC and GHS will transfer their equity interests (equal to 100% of issued and outstanding stock) in Quartz to Quartz Holding.
- (e) UHC and GHS will transfer their equity interests (equal to 100% of issued and outstanding stock) in Unity to Quartz Holding.
- (f) Quartz Holding will transfer 100% of its equity in Unity to PPIC.

Prior to the closing date, either or both of GHS and UHC may (but are not required to) contribute not more than \$3,000,000 to the capital of GHP (Section 6.21 of the Exchange Agreement). The amount of such contribution, if any, will affect the Applicants' percentage interest in Quartz Holding and GHP.

Section 1.3 of the Exchange Agreement contemplates an adjustment to the Applicants' interests stated above based on the 2016 audited Annual Statements of the Insurers. That adjustment will be made no later than ninety days after the Center for Medicare and Medicaid Services summary report on transitional reinsurance payments, risk corridor payments and permanent risk adjustment transfers for the 2017 benefit year becomes available to the public.

The Transaction contemplates a cash contribution by UPH at closing of \$4,065,000 to Quartz Holding and a cash contribution by UPH at closing to PPIC in the event PPIC's capital and surplus at closing is less than \$22,000,000. The Transaction also contemplates that prior to

closing PPIC will have fully satisfied the surplus note currently held by Meriter Health Services, Inc.

The Bylaws of all Insurers and of Quartz will be amended effective as of closing to provide for boards of directors of the Insurers that reflect the interests of the Applicants. The Bylaws of Quartz Holding also will reflect the ownership interests of GHS, UHC and UPH. See Item 3 above and **Exhibits L through P**.

The Applicants will enter into a Members Agreement (see **Exhibit E**) with respect to the governance of their member interests in GHP and Interested Parties Agreements with respect to the governance of their equity holdings in Unity, PPIC and Quartz (see **Exhibits B, C and D**, respectively). The Applicants also will enter into a Stockholders Agreement with respect to the governance of their equity holdings in Quartz Holding (see **Exhibit F**). The Members, Interested Parties and Stockholders Agreements govern mandatory and elective capital contributions, restrictions on transfer and right of first refusal, corporate governance, reserve powers and dispute resolution.

The Insurers will each enter into a Management Agreement with Quartz (see **Exhibits H, I and J**) under which Quartz will provide management and administrative services as specified in the Management Agreement to each Insurer. The board of directors of each Insurer will retain oversight authority over the management and administrative services provided by Quartz. Reimbursement to Quartz for the services provided will be at the cost to Quartz of providing such services plus required IRS margin. The Management Agreements may be terminated for specified reasons, including if the services provided do not further the Insurers' purposes. In the event of termination, the Management Agreements require Quartz to continue to provide the services for a period reasonably necessary for the Insurers to transfer the services to a different provider.

Management of GHP, Unity and PPIC agreed that book value is the appropriate value for this transaction. Management relied on the valuations from the 2016 Transaction for Unity, GHP and Quartz. Management worked with external tax advisors and an external valuation firm to support the various transactions involved with the PPIC business to be factually sound. The valuation firm valued each transaction by using various methods: Residual Income analysis, Comparable Public Company analysis, and Comparable Transaction analysis. Based on the analysis and discussion with the tax advisors, management has the support to validate the division of ownership among UPH, GHS and UHC, as noted in Item 4(b).

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

None of the Applicants nor any of their affiliates nor any person identified in Item 3 of this Statement have any right to acquire beneficial ownership in the Insurers other than as described in the Introduction and in Item 6 of this Statement.

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

None of the Applicants nor any of their affiliates nor any person identified in Item 3 of this Statement have any contracts, arrangements or understandings with respect to any voting security of the Insurers other than as described in the Introduction and in Item 6 of this Statement.

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

None of the Applicants nor any of their affiliates nor any person identified in Item 3 of this Statement has purchased any voting securities of the Insurers.

## **ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE**

None of the Applicants nor any of their affiliates nor any person identified under Item 3 of this Statement, nor anyone else based upon interviews or at the suggestion of the Applicants, their affiliates or any person identified under Item 3 of this Statement, have made any recommendations to purchase any voting security of the Insurers during the twelve calendar months preceding the filing of this Statement.

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

None of the Applicants nor any of their affiliates have any contract, understanding or agreement with any broker-dealers with respect to the solicitation of any voting securities issued by the Insurers.

## **ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS**

Items (a) – (c): Following is a list of all exhibits, including audited financial statements, to this Statement:

- Exhibit A - Exchange Agreement between Gundersen Lutheran Health System, Inc., University Health Care, Inc. and Iowa Health System d/b/a UnityPoint Health and all exhibits and disclosure schedules.
  
- Exhibit B - Interested Parties Agreement by and among Unity Health Plans Insurance Corporation and its direct and indirect Stockholders Gundersen Lutheran Health System, Inc., University Health Care, Inc., Iowa Health System d/b/a UnityPoint Health, Quartz Holding Company, and Physicians Plus Insurance Corporation.

- Exhibit C - Interested Parties Agreement by and among Physicians Plus Insurance Corporation and its direct and indirect Stockholders Gundersen Lutheran Health System, Inc., University Health Care, Inc., Iowa Health System d/b/a UnityPoint Health and Quartz Holding Company.
- Exhibit D - Interested Parties Agreement by and among Quartz Health Solutions, Inc. and its direct and indirect Stockholders Gundersen Lutheran Health System, Inc., University Health Care, Inc., Iowa Health System d/b/a UnityPoint Health, and Quartz Holding Company.
- Exhibit E - Amended and Restated Members Agreement by and among Gundersen Health Plan, Inc. and its Members Gundersen Lutheran Health System, Inc., University Health Care, Inc. and Iowa Health System d/b/a UnityPoint Health.
- Exhibit F - Stockholders Agreement by and Among Quartz Holding Company and its Stockholders Gundersen Lutheran Health System, Inc., University Health Care, Inc., and Iowa Health System d/b/a UnityPoint Health.
- Exhibit G - Stock Transfer Powers.
- Exhibit H - Amended and Restated Management Agreement between Gundersen Health Plan, Inc. and Quartz Health Solutions, Inc.
- Exhibit I - Amended and Restated Management Agreement between Unity Health Plans Insurance Corporation and Quartz Health Solutions, Inc.
- Exhibit J - Management Agreement between Physicians Plus Insurance Corporation and Quartz Health Solutions, Inc.
- Exhibit K - Employee Lease Agreement between Quartz Health Solutions, Inc. and Physicians Plus Insurance Corporation.
- Exhibit L - Amended and Restated Bylaws of Gundersen Health Plan, Inc. This is a marked copy showing the changes from the GHP Bylaws now on file at the OCI. *The Applicants are requesting confidential treatment with respect to the marked copy only and are filing them under separate cover.*
- Exhibit M - Amended and Restated Bylaws of Unity Health Plans Insurance Corporation. This is a marked copy showing the changes from the Unity Bylaws now on file at the OCI. *The Applicants are requesting confidential treatment with respect to the marked copy only and are filing*



*them under separate cover.*

- Exhibit N - Amended and Restated Bylaws of Physicians Plus Insurance Corporation. This is a marked copy showing the changes from the PPIC Bylaws now on file at the OCI. *The Applicants are requesting confidential treatment with respect to the marked copy only and are filing them under separate cover.*
- Exhibit O - Amended and Restated Bylaws of Quartz Health Solutions, Inc. This is a marked copy showing the changes from Quartz's current Bylaws. *The Applicants are requesting confidential treatment with respect to marked copy only and are filing them under separate cover.*
- Exhibit P - Articles of Incorporation and Bylaws of Quartz Holding Company. *The Applicants are requesting confidential treatment and are filing them under separate cover.*
- Exhibit Q - Organizational Chart for Gundersen Lutheran Health System, Inc.
- Exhibit R - Organizational Chart for University Health Care, Inc.
- Exhibit S - Organizational Chart for Iowa Health System d/b/a UnityPoint Health.
- Exhibit T - Pre-Transaction Organizational Chart; Post-Transaction Organizational Chart.
- Exhibit U - Applicant University Health Care, Inc. Directors and Principal Officers. Biographical Affidavits of University Health Care, Inc.'s Directors and Principal Officers already on file are incorporated herein by reference and are not included with this Statement. Biographical Affidavits not already on file with the OCI will be submitted under separate cover. *The Applicants are requesting confidential treatment with respect to the Biographical Affidavits.*
- Exhibit V - Applicant Gundersen Lutheran Health System, Inc. Trustees and Principal Officers. Biographical Affidavits of directors and principal officers already on file are incorporated herein by reference and are not included with this Statement. Biographical Affidavits not already on file with the OCI will be submitted under separate cover. *The Applicants are requesting confidential treatment with respect to the Biographical Affidavits.*
- Exhibit W - Applicant Iowa Health System d/b/a UnityPoint Health Directors and Principal Officers. Biographical Affidavits of directors and principal

officers already on file are incorporated herein by reference and are not included with this Statement. Biographical Affidavits not already on file with the OCI will be submitted under separate cover. *The Applicants are requesting confidential treatment with respect to the Biographical Affidavits.*

- Exhibit X - Proposed Directors and Principal Officers for Gundersen Health Plan, Inc. Biographical Affidavits for Proposed Gundersen Health Plan, Inc. Directors and Principal Officers already on file with the OCI are incorporated herein by reference and are not included with this Statement. Biographical Affidavits not already on file with the OCI will be submitted under separate cover. *The Applicants are requesting confidential treatment with respect to the Biographical Affidavits.*
- Exhibit Y - Proposed Directors and Principal Officers for Unity Health Plans Insurance Corporation, Physicians Plus Insurance Corporation, Quartz Health Solutions, Inc. and Quartz Holding Company. Biographical Affidavits for Proposed Directors and Principal Officers already on file are incorporated herein by reference and are not included with this Statement. Biographical Affidavits not already on file with the OCI will be submitted under separate cover shortly. *The Applicants are requesting confidential treatment with respect to the Biographical Affidavits.*
- Exhibit Z - Audited Annual Statements for University Health Care, Inc. for years 2011 through 2015 and unaudited annual statement for 2016.
- Exhibit AA - Audited Annual Statements for Gundersen Lutheran Health System, Inc. for years 2011 through 2015 and unaudited financial statement for 2016.
- Exhibit BB - Audited Annual Statements for Iowa Health System d/b/a UnityPoint Health for years 2011 through 2015 and unaudited financial statement for 2016.
- Exhibit CC - The unaudited Annual Statement for Gundersen Health Plan, Inc. for 2016 is on file with the OCI and is incorporated herein by reference. The audited Annual Statements for Gundersen Health Plan, Inc. for years 2011 through 2015 are on file at the OCI and are incorporated herein by reference.
- Exhibit DD - The unaudited Annual Statement for Unity Health Plans Insurance Corporation for 2016 is on file with the OCI and is incorporated herein by reference. The audited Annual Statements for Unity Health Plans Insurance Corporation for years 2011 through 2015 are on file with the

OCI and are incorporated herein by reference.

- Exhibit EE - The unaudited Annual Statement for Physicians Plus Insurance Corporation for 2016 is on file with the OCI and is incorporated herein by reference. The audited Annual Statements for Physicians Plus Insurance Corporation for years 2011 through 2016 are on file with the OCI and are incorporated herein by reference.
- Exhibit FF - The Audited Annual Statements for Gundersen Health Plan Minnesota for years 2011 through 2015 and unaudited Annual Statement for 2016.
- Exhibit GG - Three-year financial projections for Unity Health Plans Insurance Corporation, Gundersen Health Plan, Inc. and Physicians Plus Insurance Corporation. *The Applicants are requesting confidential treatment with respect to the financial projections and are filing them under separate cover.*
- Exhibit HH - Board resolution for University Health Care, Inc. approving the Transaction.
- Exhibit II - Board resolution for Gundersen Lutheran Health System, Inc. approving the Transaction.
- Exhibit JJ - Board resolution for Iowa Health System d/b/a/ UnityPoint Health approving the Transaction.
- Exhibit KK - Form E, Pre-Acquisition Notification Statement of the Potential Competitive Impact of a proposed Merger or Acquisition. *The Applicants are requesting confidential treatment with respect to the form E and are filing the Form E under separate cover.*

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

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

*(signature pages follow)*

ITEM 14. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

SIGNATURE – University Health Care, Inc.

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, University Health Care, Inc. has caused this application to be duly signed on its behalf in the city of Madison and state of Wisconsin on the day of 7<sup>th</sup>, April, 2017.

(SEAL)

University Health Care, Inc.

By: Michael Dallman  
Michael Dallman  
President

Attest:

Daniel P Brzowski  
Name and Title: DANIEL P BRZOZOWSKI  
CORPORATE COUNSEL

The undersigned deposes and says that he has duly executed the attached application dated April 7, 2017, for and on behalf of University Health Care, 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/her knowledge, information and belief.

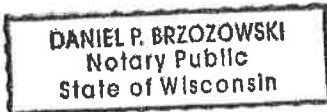
Michael Dallman  
Michael Dallman  
President

Subscribed and sworn to this 7 day of April, 2017.

Daniel P Brzowski

Notary Public

My commission ~~expires on:~~ is permanent



SIGNATURE – Gundersen Lutheran Health System, Inc.

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, Gundersen Lutheran Health System, Inc. has caused this application to be duly signed on its behalf in the city of La Crosse and state of Wisconsin on the day of 7, April, 2017.

(SEAL)

Gundersen Lutheran Health System, Inc.

By: Scott W. Rathgaber, M.D.  
Scott W. Rathgaber, M.D.  
Chief Executive Officer

Attest:

Marta R. Smith, MD SENIOR VP  
Name and Title:

The undersigned deposes and says that he has duly executed the attached application dated April 7, 2017, for and on behalf of Gundersen Lutheran Health System, Inc.; that he is the Chief Executive Officer 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/her knowledge, information and belief.

Scott W. Rathgaber, M.D.  
Scott W. Rathgaber, M.D.  
Chief Executive Officer

Subscribed and sworn to this 7th day of April, 2017.

Barb K. Buehler  
Notary Public  
My commission expires on: 7/13/2018

SIGNATURE -- Iowa Health System d/b/a UnityPoint Health

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, Iowa Health System d/b/a UnityPoint Health has caused this application to be duly signed on its behalf in the city of West Des Moines and state of Iowa on the day of 10, April, 2017.

(SEAL)

Iowa Health System d/b/a UnityPoint Health

By: [Signature]  
Name: Troy Caraway  
Title: Senior Vice President,  
Insurance Division

Attest:  
[Signature]  
Name and Title:  
William O'Brien, CFO

The undersigned deposes and says that he has duly executed the attached application dated April 10, 2017, for and on behalf of Iowa Health System d/b/a UnityPoint Health; that he is the Senior Vice President, Insurance Division 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/her knowledge, information and belief.

[Signature]  
Name: Troy Caraway  
Title: Senior Vice President, Insurance  
Division

Subscribed and sworn to this  
10 day of April, 2017.  
Connie M. Simpson  
Notary Public  
My commission expires on: 08/10/2017

