

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

TRILOGY HEALTH INSURANCE, INC.

Name of Domestic Insurer

By

MY CHOICE FAMILY CARE, INC.

Name of Applicant

Dated February 18, 2019

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

Kevin Collins
General Counsel &
Chief Compliance Officer
My Choice Family Care, Inc.
10201 West Innovation Drive, Suite 100
Wauwatosa, WI 53226
(414) 287-7600

With a copy to:

Lisa Gingerich
Partner
Michael Best & Friedrich LLP
100 East Wisconsin Avenue, Suite 3300
Milwaukee, Wisconsin 53202
(414) 270-2710

ITEM 1. INSURER AND METHOD OF ACQUISITION

This application relates to Trilogy Health Insurance, Inc., 18000 West Sarah Lane, Suite 310, Brookfield, WI 53045 (“Trilogy” or the “Insurer”). Trilogy is a Wis. Stat. ch. 611 stock insurance corporation that is licensed as a Wisconsin health maintenance organization. Currently, Trilogy is a wholly-owned subsidiary of Trilogy Health Holdings, LLC.

My Choice Family Care, Inc. (“My Choice” or the “Applicant”) intends to acquire control of Trilogy through the purchase of 100 percent of the outstanding stock of Trilogy from Trilogy Health Holdings, LLC pursuant to that certain Stock Purchase Agreement dated January 17, 2019 (the “Stock Purchase Agreement”). A copy of the Stock Purchase Agreement is attached hereto as **Exhibit A**. Upon the Closing Date (as specified below) and subject to approval of this Form A by the Wisconsin Office of the Commissioner of Insurance (the “Commissioner”) and any other regulatory approvals, Trilogy will become a wholly-owned subsidiary of My Choice Family Care, Inc (the “Transaction” or the “Acquisition”).

The Closing Date of the Transaction will be no later than two business days after satisfaction of closing conditions required in Article VII of the Stock Purchase Agreement (“Closing Conditions”). The key Closing Conditions for purposes of this Form A are summarized below.

- My Choice and Trilogy will submit all required filings and information to the Commissioner and receive approval for the Transaction.
- My Choice shall have current certification, eligibility and any other qualifications required by Wisconsin Department Health Services (“DHS”) for contracting with DHS.
- Trilogy Health Holdings, LLC will deliver to My Choice confirmation in the form of the agreements listed in Item 12 of this Form A, which for agreements in **Exhibits E(1) – E(4)** contain automatic renewal provisions for an additional three-year term unless specified otherwise.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) The Applicant

My Choice Family Care, Inc., 10201 West Innovation Drive, Suite 100, Wauwatosa, WI 53226

(b) The Applicant's Business Operations

My Choice Family Care Inc. is organized and operates as an independent business enterprise with no parent organization from which it must separate its revenue and expense and reserve fund. My Choice is a non-stock, not-for-profit corporation organized under Chapter 181 of the Wisconsin Statutes and is in good standing with the State of Wisconsin Department of Financial Institutions as a corporate entity. My Choice is also fully qualified as a 501(c)(3) charitable organization by the federal Internal Revenue Service. My Choice currently contracts with the State of Wisconsin to administer the Family Care benefit in twenty-six Wisconsin counties, serving over 8,400 older adults and people with disabilities.

My Choice began as one of the original Family Care Pilot Counties in 2000 as a Division within the Milwaukee County Department on Aging. At that time, the MCO served only frail elders. In 2009, the MCO became a separate Department in Milwaukee County Government, achieving total independence from both the Milwaukee County Aging Resource Center and the Milwaukee County Disability Resource Center.

During those 16 years as a Department in County Government, My Choice expanded services to all target groups, in nine (9) counties in Wisconsin.

In 2016, My Choice received approval from the Milwaukee County Board of Supervisors, its own Governing Board and the Milwaukee County Executive to create a non-stock, nonprofit organization called My Choice Family Care Inc. DHS assigned the existing Family Care contract and the Office of the Commissioner assigned the existing operating permit to this new entity on September 1st, 2016.

Since September 2016, My Choice has expanded its operations as a Family Care Managed Care Organization and now operates in twenty-six Wisconsin counties. My Choice intends to continue its current operations as a Family Care Managed Care Organization.

(c) The Applicant's Organizational Control Chart

The chart attached as **Exhibit C(1)** lists the present identities of, and inter-relationships among, My Choice and all known affiliates of My Choice before the Acquisition. Additionally, the chart attached as **Exhibit C(2)** highlights the proposed post-acquisition identities of, and inter-relationship among, My Choice and all known affiliates of My Choice. Such charts in **Exhibit C** indicate the percentage of ownership interests, type of organization, and the state of domicile of each entity controlled by My Choice. There are no court proceedings involving a reorganization or liquidation pending with respect to any such organization.

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

(a) Identity of Officers, Directors, and Owners of 10% or more of the Voting Securities

The following are the names and titles of the respective directors, executive officers, and owners of 10% or more of the voting securities of My Choice, as of the effective date of the Acquisition.

Executive Officers	
Name	Title
Maria Ledger	Chief Executive Officer
Jim Hodson	Chief Financial Officer
Betsy Van Heesch	Chief Operations Officer
Kevin Collins	General Counsel & Chief Compliance Officer

Board of Directors	
Name	Title
Tom Orendorff	President and Chairman of the Board
Michael Mayo, Sr.	Vice Chairman and Director
Dr. Ken Byom, D.O.	Secretary
Maria Rodriguez	Treasurer and Director
Lynda Krellwitz	Director
Arlyn Doehler	Director
Lee Seese	Director

(b) Biographical Affidavits and Authority for Release of Information

The Biographical Affidavits and completed releases for the individuals identified above, as required by the Commissioner, are enclosed with this Form A under separate cover and are incorporated by reference into this Form A pursuant to Wis. Admin. Code § 40.12(1). These Biographical Affidavits are attached as **Exhibit F**.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

As set forth in Article II of the Stock Purchase Agreement, the aggregate purchase price of the outstanding stock of Trilogy was a negotiated amount of cash, subject to any adjustments (the “Purchase Price”). My Choice will use its available working capital to acquire the outstanding stock of Trilogy. No part of this consideration will be from borrowing or other financing by My Choice to acquire Trilogy.

The nature and amount of the consideration to be paid by My Choice was determined by arms-length negotiations between the parties. In determining the Purchase Price, due diligence of Trilogy was performed by My Choice. This included a review of audited and current year unaudited financials, OCI examination, enrollment, Medical Loss Ratios (“MLR”) for current and prior year by lines of business and region, Risk Based Capital plan, administrative contracts, provider contracts, capitation rate report, insurance policies, tax returns, leases, employee data, Board minutes and Articles and Bylaws. In addition, My Choice consulted with the valuation division of our audit firm to better understand what the current market price per enrollee is for a similarly-situated managed care Medicaid plan. Consideration was also given to additional capitalization required to bring Trilogy to a level of 300% Risk Based Capital level immediately after closing the purchase transaction.

ITEM 5. APPLICANT’S FUTURE PLANS FOR THE INSURER

Post-Closing, the Board of Directors for Trilogy will be as follows.

Trilogy’s Board of Directors and Executive Officers	
Name	Title
Maria Ledger	Chief Executive Officer and Director (ex-officio)
William Felsing	Director
Glenn Reinhardt	Executive VP & Chief Operating Officer and Director
Michael Repka	Director
Dr. Ajitkumar Parekh	Director
Joanne Bolz	Director
Rebeca Ornelas	Director
Bonita Warner	Director

My Choice anticipates additional changes to Trilogy’s Board of Directors and Executive Officers. Trilogy will promptly notify the Commissioner of any additional changes in compliance with notice requirements.

As a subsidiary of My Choice, Trilogy will continue to operate its business as a Wisconsin HMO with focus on Medicaid and maintaining a contract with DHS to provide health services to BadgerCare Plus eligible members.

Post-Closing, My Choice will request not-for-profit and tax exempt status for Trilogy. This will require a reorganizing from recognition under Wisconsin Statutes from Chapter 611 to Wisconsin Statutes Chapter 613. The final details of the reorganization will be explored and finalized post-Closing. This transaction is wholly separate from the Transaction subject to the Commissioner's review.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

Pursuant to the Stock Purchase Agreement, My Choice will acquire 100% of Trilogy Health Holdings, LLC's outstanding shares of capital stock in Trilogy, which shall be 1,000,000 shares of voting common stock. After the transaction, Trilogy will be a wholly-owned subsidiary of My Choice. As noted in Item 4, the terms and conditions of the Stock Purchase Agreement were arrived at through arms-length negotiations between My Choice and Trilogy Health Holdings, LLC.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

Other than as set forth in the Stock Purchase Agreement, neither My Choice nor any of their 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 Trilogy.

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

There are no contracts, arrangements or understandings with respect to any voting security of the Trilogy in which the My Choice, its affiliates or any person listed in Item 3 is involved, 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 Trilogy by My Choice, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this Form A.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Except for the Stock Purchase Agreement, neither My Choice, its affiliates or any person listed in Item 3, or to the knowledge of My Choice, any other person based upon interviews or at the suggestion of My Choice, its affiliates or any person listed in Item 3, has made any recommendations to others to acquire any shares of the voting securities of Trilogy during the twelve 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 Trilogy for tender.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements for My Choice and Trilogy and financial projections for Trilogy are attached as **Exhibit D:**

Title	Exhibit
Financial Projections for Trilogy	D(1)
Trilogy's Audited Financial Statements	D(2)
My Choice Financial Statements	D(3)

(b) All tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material related to Acquisition

None.

(c) Proposed employment, consultation, advisory or any management contracts concerning Trilogy, as noted below.

Agreements concerning Trilogy	Exhibit
Trilogy and Trilogy Health Solutions, Inc. Administrative Services Agreement, Dated for Closing	E(1)
Trilogy and Independent Physicians Network, Inc. ("IPN") Administrative Services Agreement, 2/1/2013	E(2)
Trilogy and Scas Management Group, LLC ("SMG") Administrative and Management Services Agreement, 1/1/2014 Amendment to AMSA, 1/1/2015 Amendment 2 to AMSA, 5/1/2016 Amendment 3 to AMSA, 1/1/2017	E(3)
Trilogy and IPN Network Agreement, 2/1/2013 Amendment to Network Agreement, 1/1/2016 Amendment to Network Agreement, 1/1/2016	E(4)

(d) Annual reports to the stockholders for the last 2 fiscal years.

Not applicable.

(e) **Summary of all Exhibits attached to this Form A:**

Summary of Exhibits	
Exhibit A	Stock Purchase Agreement
Exhibit B	Organizational Documents
Exhibit C	My Choice's Organizational Chart Pre/Post-Acquisition
Exhibit D	Financial Information of My Choice and Trilogy
Exhibit E	Employment, Consultation, and Management Agreements concerning Trilogy
Exhibit F	Biographical Affidavits
Exhibit G	My Choice's Business Plan for Trilogy

CONFIDENTIAL: Certain Exhibits or sections of such Exhibits included in this Form A are filed subject to a request for CONFIDENTIAL treatment and an exception under the public records law. See the February 18, 2019 letter from Michael Best & Friedrich LLP to Michael Mancusi-Ungaro of the Office of the Commissioner.

CONFIDENTIAL Exhibits	
Exhibit A	Stock Purchase Agreement [partial treatment]
Exhibit D	Financial Information of My Choice and Trilogy [partial treatment]
Exhibit E	Employment, Consultation, and Management Agreements concerning Trilogy [partial treatment]
Exhibit F	Biographical Affidavits [full treatment]
Exhibit G	My Choice's Business Plan for Trilogy [full treatment]

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.

ITEM 14. SIGNATURE AND CERTIFICATION

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, My Choice Family Care, Inc. have caused this application to be duly signed on their behalf in the City of Wausau and State of Wisconsin on the ____ day of February, 2019.

My Choice Family Care, Inc.

Maria Ledger
(Signature of Officer)
Chief Executive Officer
(Title)

Attest:

James Hodson
(Signature of Officer)
Chief Financial Officer
(Title)

Certification

The undersigned deposes and says that (s)he has duly executed the attached application dated February 18th, 2019 for and on behalf of My Choice Family Care, Inc. that (s)he is the CEO of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)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.

Maria Ledger
(Signature)
MARIA LEDGER
(Type or Print Name)

STATE OF WISCONSIN
COUNTY OF Milwaukee

The foregoing instrument was subscribed and sworn before me this 18th day of February, 2019.

Kevin J. Collins
(Signature)
Kevin J. Collins
(Type or Print Name)

My Commission Expires: permanent

