

In the Matter of the Acquisition of Control
of Network Health Plan, and
Network Health Insurance Corporation
by Froedtert Health, Inc.

FINAL DECISION

Case No. 14-C40237

Petitioners.

FINAL DECISION

I adopt the Hearing Examiner's Proposed Decision, including the findings of fact and conclusions of law, which is attached to this Final Decision, and which was served on the Petitioners with an opportunity for submitting written objections.

Based upon these findings of fact and conclusions of law, I order that:

(14) The Petitioners' request for approval of the plan for the acquisition of control is approved, subject to the following conditions subsequent:

- a) Holding Company Registration Statement – Forms B & C (Network Health Plan): An annual Holding Company Registration Statement on Forms B and C will be filed annually by Network Health Plan, pursuant to s. Ins 40.03, Wis. Adm. Code, that discloses the ultimate owners of Network Health Plan to be Froedtert Health, Inc. and Ministry Health Care, Inc., along with their respective ownership interests. The financial statements of the ultimate controlling persons that are filed in conjunction with the annual Holding Company Registration Statement shall be those of Froedtert Health, Inc. and Ministry Health Care, Inc.
- b) Holding Company Registration Statement – Forms B & C (Network Health Insurance Corporation): An annual Holding Company Registration Statement on Forms B and C will be filed annually by Network Health Insurance Corporation, pursuant to s. Ins 40.03, Wis. Adm. Code, that discloses the members of Network Health, Inc. (f/k/a Ministry Holdings, Inc.) to be Froedtert Health, Inc. and Ministry Health Care, Inc., along with their respective membership interests, and disclosing Network Health, Inc.'s membership interest in Network Health Insurance Corporation. The financial statements of the ultimate controlling persons that are filed in conjunction with the annual Holding Company Registration Statement shall be those of Froedtert Health, Inc. and Ministry Health Care, Inc.

NOTICE OF APPEAL INFORMATION

(Notice of rights for rehearing and judicial review,
the times allowed for each, and the identification
of the party to be named as respondent)

The following notice is served on you as part of the Final Decision:

1. Rehearing.

Any person aggrieved by this Final Decision may petition for a rehearing within 20 days after the service of this Final Decision, as provided in s. 227.49, Wis. Stat. A petition for rehearing is not a prerequisite for appeal directly to circuit court through a petition for judicial review.

A petition for rehearing must be filed with the Commissioner at the address below.

2. Judicial Review.

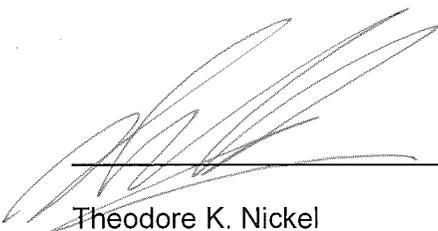
Any person aggrieved by this Final Decision has a right to petition for judicial review of this Final Decision as provided in s. 227.53, Wis. Stat. The petition must be filed in circuit court within 30 days after service of this Final Decision if there has been no petition for rehearing, or within 30 days after service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition by operation of law of any petition for rehearing.

A petition for judicial review must be served on, and name as the Respondent:

Commissioner of Insurance, Respondent
Office of the Commissioner of Insurance
P. O. Box 7873
Madison, Wisconsin 53707-7873

A copy of the relevant statutory provisions is attached.

Dated at Madison, Wisconsin, this 29th day of October, 2014.



Theodore K. Nickel
Commissioner of Insurance

WISCONSIN STATUTES

At all times material, the relevant parts of s. 227.49, Wis. Stat., read as follows:

227.49 PETITIONS FOR REHEARING IN CONTESTED CASES

(1) A petition for rehearing shall not be a prerequisite for appeal or review. Any person aggrieved by a final order may, within 20 days after service of the order, file a written petition for rehearing which shall specify in detail the grounds for the relief sought and supporting authorities. An agency may order a rehearing on its own motion within 20 days after service of a final order. . . .

(2) The filing of a petition for rehearing shall not suspend or delay the effective date of the order, and the order shall take effect on the date fixed by the agency and shall continue in effect unless the petition is granted or until the order is superseded, modified, or set aside as provided by law.

(3) Rehearing will be granted only on the basis of:

(a) Some material error of law.

(b) Some material error of fact.

(c) The discovery of new evidence sufficiently strong to reverse or modify the order, and which could not have been previously discovered by due diligence.

(4) Copies of petitions for rehearing shall be served on all parties of record. Parties may file replies to the petition.

(5) The agency may order a rehearing or enter an order with reference to the petition without a hearing, and shall dispose of the petition within 30 days after it is filed. If the agency does not enter an order disposing of the petition within the 30-day period, the petition shall be deemed to have been denied as of the expiration of the 30-day period.

(6) Upon granting a rehearing, the agency shall set the matter for further proceedings as soon as practicable. . . .

At all times material, the relevant part of s. 227.52, Wis. Stat., read as follows:

227.52 JUDICIAL REVIEW; DECISIONS REVIEWABLE.

Administrative decisions which adversely affect the substantial interests of any person, whether by action or inaction, whether affirmative or negative in form, are subject to review as provided in this chapter. . . .

At all times material, the relevant parts of s. 227.53, Wis. Stat., read as follows:

227.53 PARTIES AND PROCEEDINGS FOR REVIEW. (1)

Except as otherwise specifically provided by law, any person aggrieved by a decision specified in s. 227.52 shall be entitled to judicial review thereof as provided in this chapter.

(a) 1. Proceedings for review shall be instituted by serving a petition therefor personally or by certified mail upon the agency or one of its officials, and filing the petition in the office of the clerk of the circuit court for the county where the judicial review proceedings are to be held. . . .

2. Unless a rehearing is requested under s. 227.49, petitions for review under this paragraph shall be served and filed within 30 days after the service of the decision of the agency upon all parties under s. 227.48. If a rehearing is requested under s. 227.49, any party desiring judicial review shall serve and file a petition for review within 30 days after service of the order finally disposing of the application for rehearing, or within 30 days after the final disposition by operation of law of any such application for rehearing. The 30-day period for serving and filing a petition under this paragraph commences on the day after personal service or mailing of the decision by the agency.
...

(b) The petition shall state the nature of the petitioner's interest, the facts showing that petitioner is a person aggrieved by the decision, and the grounds specified in s. 227.57 upon which petitioner contends that the decision should be reversed or modified. . . .

(c) A copy of the petition shall be served personally or by certified mail or, when service is timely admitted in writing, by first class mail, not later than 30 days after the institution of the proceeding, upon each party who appeared before the agency in the proceeding in which the decision sought to be reviewed was made or upon the party's attorney of record. . . .

(d) The agency . . . and all parties to the proceeding before it, shall have the right to participate in the proceedings for review. . . .

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Network Health Plan, and
Network Health Insurance Corporation
by Froedtert Health, Inc.

PROPOSED DECISION

Case No. 14-C40237

Petitioners.

Rebecca L. Easland, Hearing Examiner, Presiding

APPEARANCES

For the Office of the
Commissioner of Insurance:

Present in person

Kristin Forsberg
Insurance Financial Examiner - Advanced
125 South Webster Street
Madison, Wisconsin 53703

Steve Caughill
Insurance Financial Examiner Supervisor
125 South Webster Street
Madison, Wisconsin 53703

For the Petitioner:

Present in person

Catherine Mode Eastham
Senior Vice President and General Counsel
Froedtert Health, Inc.

Sheila Jenkins
President
Network Health Plan and Network Health Insurance
Corporation

John E. Hintz
Attorney
von Briesen & Roper, s.c.
On behalf of the Applicant, Froedtert Health, Inc.

Michelle M. Webb
Attorney
von Briesen & Roper, s.c.
On behalf of the Applicant, Froedtert Health, Inc.

Present by telephone

Meghan C. O'Connor
Attorney
von Briesen & Roper, s.c.
On behalf of the Applicant, Froedtert Health, Inc.

PRELIMINARY

Pursuant to a Notice of Hearing dated October 13, 2014, a hearing was held at 9:05 a.m. on October 29, 2014, to determine whether the Petitioner's 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) Froedtert Health, Inc., located at 9200 W. Wisconsin Ave., Milwaukee, Wisconsin, 53226, is a non-stock corporation domiciled in the State of Wisconsin (the Petitioner).

(2) Network Health Plan, located at 1570 Midway Place, Menasha, Wisconsin, 54952, is a Wisconsin domestic stock insurance company. Network Health Insurance Corporation, located at 1570 Midway Place, Menasha, Wisconsin, 54952, is a Wisconsin domestic non-stock insurance company. [Collectively, the "Wisconsin Domestic Insurers"]

(3) The Petitioner filed with the Office of the Commissioner of Insurance (Commissioner) an application for approval of the acquisition of control of the Wisconsin Domestic Insurers (the "Plan").

(4) The Petitioner was served with a Notice of Hearing.

(5) The Petitioner 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 interest of the insureds of the Wisconsin Domestic Insurers.

(7) After the acquisition of control, the Wisconsin Domestic Insurers will be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which each 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 the Petitioner is not likely to jeopardize the financial stability of the Wisconsin Domestic Insurers or to prejudice the interests of their Wisconsin policyholders.

(10) There are no plans or proposals to make significant changes to senior management or the employees of the Wisconsin Domestic Insurers, or to request an extraordinary dividend, to liquidate, to sell their assets, or to consolidate or merge with any person, or to materially change their current operations, other than the disclosures made in the Form A filing (including Exhibits). The Petitioner's Plan to acquire control of the Wisconsin Domestic Insurers is fair and reasonable to the policyholders of the Wisconsin Domestic Insurers, and in the public interest.

(11) The competence and integrity of the persons who will control the operation of the Wisconsin Domestic Insurers 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, subject to the following conditions subsequent:

- a) Holding Company Registration Statement – Forms B & C (Network Health Plan): An annual Holding Company Registration Statement on Forms B and C will be filed annually by Network Health Plan, pursuant to s. Ins 40.03, Wis. Adm. Code, that discloses the ultimate owners of Network Health Plan to be Froedtert Health, Inc. and Ministry Health Care, Inc., along with their respective ownership interests. The financial statements of the ultimate controlling persons that are filed in conjunction with the annual Holding Company Registration Statement shall be those of Froedtert Health, Inc. and Ministry Health Care, Inc.
- b) Holding Company Registration Statement – Forms B & C (Network Health Insurance Corporation): An annual Holding Company Registration Statement on Forms B and C will be filed annually by Network Health Insurance Corporation, pursuant to s. Ins 40.03, Wis. Adm. Code, that discloses the members of Network Health, Inc. (f/k/a Ministry Holdings, Inc.) to be Froedtert Health, Inc. and Ministry Health Care, Inc., along with their respective membership interests, and disclosing Network Health, Inc.'s membership interest in Network Health Insurance Corporation. The financial statements of the ultimate controlling persons that are filed in conjunction with the annual Holding Company Registration Statement shall be those of Froedtert Health, Inc. and Ministry Health Care, Inc.

Dated at Madison, Wisconsin, this 29th day of October, 2014.



Rebecca L. Easland
Hearing Examiner