

**FORM A**

**STATEMENT REGARDING THE  
ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC INSURER**

US Health and Life Insurance Company  
NAIC#: 97772

By

Ascension Care Management LLC  
Name of Acquiring Person  
(Applicant)

Filed with the Michigan Department of Insurance and Financial Services

Dated: January 9, 2015

Name, Title, address and telephone number of Individual to Whom Notices and Correspondence Concerning this Statement Should be Addressed:

Joseph R. Impicciche, Esq.  
Ascension  
101 S. Hanley Road, Suite 450  
St. Louis, MO 63150  
(314) 733-8286  
jimpicciche@ascension.org

Sandra M. Cotter  
Dykema Gossett, PLLC  
201 Townsend Street, Suite 900  
Lansing, MI 48933  
(517) 374-9129  
scotter@dykema.com

**ITEM 1. METHOD OF ACQUISITION**

The name of the domestic insurer to which this Statement relates is US Health and Life Insurance Company, a Michigan corporation ("USHL"). USHL's address is 8220 Irving Road, Sterling Heights, MI 48312. USHL is (and will be after the proposed acquisition to which this Statement relates) a wholly-owned subsidiary of U.S. Health Holdings, Ltd., a Michigan corporation ("USHH").

Prior to the Purchase Agreement

Prior to execution of the Purchase Agreement (as such term is hereinafter defined) the following occurred:

(1) USHH issued to C Share Holdings LLC, a Michigan limited liability company, Series C Common Stock of USHH. Such Series C Common Stock has certain rights, preferences and privileges, including exclusive governing rights, authority and control for managing and

arranging insurance coverage of, and processing claims for, certain health services and procedures and exclusive rights to allocation of net income and payment of dividends with respect to any activity related to such health services and procedures.

(2) Anthony Lapiana, a shareholder and former director of USHH, entered into a stock purchase agreement with Daniel Gorczyca, a shareholder and director of USHH, to sell all of the USHH shares of Series A Common Stock, Series B Common Stock and Series X Preferred Stock beneficially owned by Anthony Lapiana and his wife to Mr. Gorczyca. Such sale is to occur and be effective immediately prior to the closing (the "Closing") of the proposed acquisition described below.

### The Acquisition

Ascension Care Management LLC, a Missouri limited liability company ("ACM"), proposes to acquire control of USHL. ACM was formed on September 19, 2014. ACM's primary business purpose is to own and operate businesses that are part of the population health management platform of Ascension Health Alliance d/b/a Ascension ("Ascension").

It is proposed that control of USHL be acquired through the acquisition by ACM of all of the issued and outstanding capital stock of USHH pursuant to a Stock Purchase Agreement, dated as of December 23, 2014 (the "Purchase Agreement"), among ACM and the sellers listed on Schedule 1.1 to the Purchase Agreement and Daniel Gorczyca as the representative of such sellers (a copy of which is attached as Exhibit 1 hereto). USHL is (and will be after such acquisition) a wholly-owned subsidiary of USHH.

The Purchase Agreement sets forth the terms and conditions governing ACM's proposed acquisition of all of the issued and outstanding capital stock of USHH. The parties anticipate the Closing of such acquisition to occur prior to March 31, 2015.

The purchase price to be paid by ACM for all of the issued and outstanding capital stock of USHH is \$50,000,000 in cash. Such amount is subject to adjustments based on net working capital of USHH and its subsidiaries (other than USHL) and regulatory capital of USHL as set forth in the Purchase Agreement.

The Purchase Agreement allows ACM to designate two out of three members of USHH's board of directors to serve on such board of directors during the period prior to the Closing and ACM has made these two USHH director appointments.

Closing of the proposed acquisition is contingent upon, among other things, receipt of all necessary governmental approvals (including approval by the Michigan Department of Insurance and Financial Services) and other customary closing conditions set forth in the Purchase Agreement.

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

a) The Applicant is:

Ascension Care Management LLC  
101. S. Hanley Road  
Clayton, MO 63105

b) ACM was formed on September 19, 2014. ACM's primary business purpose is to own and operate businesses that are part of the population health management platform of Ascension. At present, ACM has one subsidiary, MissionPoint Health Partners, Inc. ("MPHP"). MPHP designs and contracts with provider networks, and provides a unique set of products and services directly to employers and payers, such as complex case management, onsite clinics and a suite of wellness services. ACM intends to continue to own and operate other such subsidiaries following the Closing.

c) Organizational charts for ACM pre- and post-Closing are attached as Exhibit 2c.

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

(a), (b), (c), and (d) The names and titles of ACM's executive officers and directors are set forth below.

<b>Name and Business Address</b>	<b>ACM Title</b>	<b>Present Occupation</b>
Anthony R. Tersigni 101 S. Hanley, Suite 450 St. Louis, MO 63105	Director	President & CEO of Ascension Health Alliance d/b/a Ascension
Anthony J. Speranzo 101 S. Hanley, Suite 450 St. Louis, MO 63105	Director	Chief Financial Officer of Ascension Health Alliance d/b/a Ascension
Joseph R. Impicciche 101 S. Hanley, Suite 450 St. Louis, MO 63105	Director	General Counsel of Ascension Health Alliance d/b/a Ascension

Attached as Exhibit 3 are NAIC Biographical Affidavits for the above listed individuals. To the best knowledge, information and belief of the Applicant, none of these individuals has been convicted in a criminal proceeding (excluding minor traffic violations) during the past 10 years.

(e) Fingerprints of the above listed individuals were taken on December 18, 2014 for purposes of Section 249a (MCL 500.249a). We are advised that the Michigan State Police will provide results to the Department of Insurance and Financial Services by approximately January 9, 2015.

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

- a) The purchase price will be paid in cash from Ascension's bank account.
- b) The purchase price was determined as a result of arms-length negotiations. It is supported by an independent review of financial information by Deloitte.
- c) No financing or loans will be utilized by Applicant in connection with the proposed transaction.

#### **ITEM 5. FUTURE PLANS FOR INSURER**

- d) There are no current plans for declaration of dividends, liquidations, sale, merger, or other material change in business operations of USHL.
- e) Ascension Care Management does not anticipate that it will cause USHL to make material changes in the types of business USHL writes, its current marketing plan or the approximate current amounts of USHL's direct, assumed ceded and net written premiums. Exhibit 5 to this Statement are pro forma statutory balance sheets and income statements on an estimated basis for each of the five years following 2014.

##### **Types of Business:**

USHL intends to continue renewals of transitional insurance products through the current CMS deadline of October 1, 2016. Retention for these renewals has been estimated at 60% for 2015 and 75% for 2016.

USHL has filed and obtained approval for Affordable Care Act "Metal" policies for small employers in the states where it is actively doing business.

In December of 2014, USHL began marketing a Small Group Excess Loss Product. The Company will reflect 40% of the total billing as direct premium for excess loss insurance and 20% as ASO revenue. The balance represents the self-funded portion of the product and does not have any P&L impact. The marketing plan related to this product is noted below.

##### **Target Market:**

- Group size, 10-99. Average group size projected 18 employees.
- Geographic footprint is intended to be 5 states: Illinois, Indiana, Michigan, Ohio, and Wisconsin.

Distribution:

- USHL intends to sell primarily through independent and general agents.
- Agent Management will be accomplished via several entities all being guided by Home Office management and/or oversight.
  - USHL Home Office management and Sales Support
  - Highland Associates (Multi State GA, MI & IN)
  - Enterprise Group Planning, Inc. (Ohio GA)
  - GA's for IL & WI

Sales Projections: Reflected in the pro forma income statements attached.

USHL would expect to increase the annual billing amount associated with the program to approximately \$90.0 million over the next 5 years. The USHL Stop Loss premium portion would be approximately 40% of the total billings. This expected increase in activity as well as recent changes in the Michigan stop loss market lead USHL to believe the small group excess loss market will experience significant growth over the next 3 to 5 years.

USHL has also assumed a 20% quota share of a Stop Loss program insured by other insurers. Revenue and claims percentages related to this program has been projected at the same level for the next 5 years.

ASO revenue includes 20% of the Small Group Excess Loss product plus two groups currently under contract.

**Other:**

Reinsurance Program – USHL plans to continue to purchase Reinsurance coverage. USHL may reduce exposure by decreasing the Spec and Agg attachment points in the future depending on market conditions.

Capital Contributions – None are currently anticipated.

Changes to Executive Officers and Directors – No changes are anticipated other than those already done.

Books and records will be maintained in Michigan in compliance with Section 5256 of the Michigan Insurance Code (MCL 500.5256).

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

The Purchase Agreement provides for ACM to acquire all of the issued and outstanding voting securities of USHH. As summarized in Items 1 and 4, the terms of such acquisition are set forth in the Purchase Agreement and the method by which ACM arrived at the purchase price was determined as a result of arms-length negotiations and supported by an independent review of financial information by Deloitte. USHL is (and will be after such acquisition) the insurer and a wholly-owned subsidiary of USHH.

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

Except as contemplated in the Purchase Agreement, there is no class of any voting security of USHL which is beneficially owned or concerning which there is a right to acquire beneficial ownership by ACM or its affiliates or any person listed in Item 3.

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

Except as contemplated in the Purchase Agreement and as summarized in Item 1 above, none of ACM or its affiliates or any person listed in Item 3 is involved in any contract, arrangement or understanding with respect to any voting security of USHL, including, without limitation, as relates 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 purchases of any voting securities of USHL (or USHH) by ACM or its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this Statement.

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

No recommendations to purchase any voting security of USHL (or USHH) have been made by ACM or its affiliates or any person listed in Item 3 or by anyone based upon interviews or at the suggestion of ACM or its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this Statement.

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

ACM has not entered into any agreement, contract or understanding with any broker-dealer as to solicitation of voting securities of USHL (or USHH) for tender. No fees, commissions or other compensation has been paid to broker-dealers by ACM with regard thereto.

**ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS**

The following exhibits are attached:

Exhibit 1: Stock Purchase Agreement

Exhibit 2c: Organizational Charts of Applicant

Exhibit 3: NAIC Biographical Affidavits of Individuals Associated with the Applicant

Exhibit 4: Pro forma Statutory Balance Sheets and Income Statements

Exhibit 12(a): Balance Sheets for the Applicant as of January 9, 2015

Exhibit 12(b): Consolidated Financial Statements and Supplementary Information

Ascension Health Alliance d/b/a Ascension

Years ended June 30, 2014 and 2013;

Years ended June 30, 2013 and 2012;

Years ended June 30, 2012 and 2011;

Years ended June 30, 2011 and 2010; and

Years ended June 30, 2010 and 2009.

With Reports of Independent Auditors

**ITEM 13. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

**SIGNATURE**

Pursuant to the requirements of Section 1311 of the Insurance Code of 1956, as amended, Ascension Care Management LLC has caused this Statement to be duly signed on its behalf in the City of St. Louis and State of Missouri on the 9<sup>th</sup> day of January, 2015

(SEAL) Ascension Care Management LLC

Name of Applicant

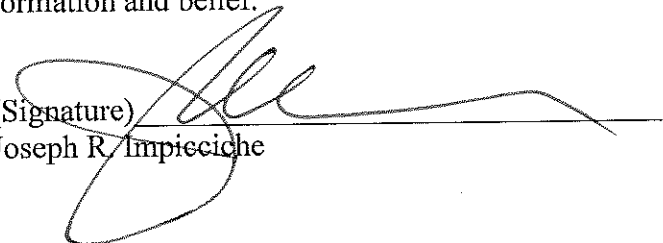
BY: 

Joseph R. Impicciche

Director

**CERTIFICATION**

The undersigned deposes and says that he has duly executed the attached Statement dated January 9, 2015, for and on behalf of Ascension Care Management LLC; that he is the Director 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 knowledge, information and belief.

(Signature) 

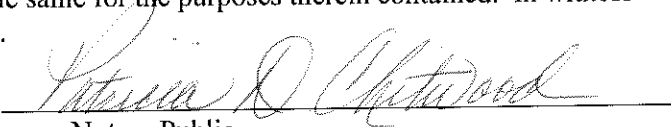
Joseph R. Impicciche

State of Missouri

(ss)

County of St. Louis

On this 9<sup>th</sup> day of January in the year 2015, before me, the undersigned notary public, personally appeared Joseph R. Impicciche, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained. In witness whereof, I hereunto set my hand and official seal.

  
Notary Public

