

FORM A

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

Name of Domestic Insurer: Centene Venture Company Michigan (“Domestic Insurer”)

By

Name of Acquiring Person: Ascension Care Management, LLC,
on behalf of itself and its affiliates,
Next Door Neighbors, LLC, and
Next Door Neighbors, Inc.
(collectively the “Applicant”)

Filed with the Michigan Department of Insurance and Financial Services

Dated: June 16, 2020

Names, title, address, and telephone number of individual to whom Notices and Correspondence concerning this Statement should be addressed:

Kathrin E. Kudner
Dykema Gossett PLLC
2723 S. State St., Suite 400
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This Statement Regarding the Acquisition of Control or Merger (this “Form A”) relates to the acquisition of a minority interest in Centene Venture Company Michigan (“CVC-MI” or the “Domestic Insurer”) by Ascension Care Management, LLC, on behalf of itself and its affiliates, Next Door Neighbors, LLC and Next Door Neighbors, Inc. (“Applicant”).

This Form A contains confidential and sensitive personal information. In particular, the biographical affidavits attached as Exhibits F, G and H are submitted to the Michigan Department of Insurance and Financial Services (“DIFS”) in confidence and contain information that is not otherwise available to the public and should be afforded confidential treatment. All such information is provided with the express understanding that the confidentiality of such information will be safeguarded and the executive officers and directors of Centene and Applicant will be protected from any and all unwarranted invasions of personal privacy pursuant to all applicable provisions of law.

Ascension respectfully requests the approval of the Director of DIFS pursuant to the requirements of Mich. Comp. Laws §§ 500.1311-1312 and Order No. 18-075-M, dated November 19, 2018, as amended in part by Order No. 19-047-M, dated September 20, 2019 for the acquisition of a minority interest in CVC-MI by Ascension as described herein.

ITEM 1. DOMESTIC INSURER AND METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.

The domestic insurer is Centene Venture Company Michigan (“CVC-MI” or the “Domestic Insurer”), a Michigan health maintenance organization, located at 7700 Forsyth Blvd., Saint Louis, Missouri 63105. The Domestic Insurer is currently 100% owned by Centene Corporation, a Delaware corporation (“Centene”).

The Applicant is Ascension Care Management, LLC (the “Applicant”) on behalf of itself and its affiliates, Next Door Neighbors, LLC (the “Holding Company”) and Next Door Neighbors, Inc. The Applicant is a Missouri limited liability company formed in 2014. The Applicant owns 40% of the Holding Company, which owns 100% of Next Door Neighbors, Inc., which in turn will, subject to regulatory review and approval, own 100% of the Domestic Insurer. The Applicant is owned 100% by Ascension Health Alliance (“Ascension”), a Missouri nonprofit corporation organized as a public benefit corporation on a membership basis in 2011, and is an Internal Revenue Code Section 501(c)(3) organization.

In accordance with a Joint Venture Formation Agreement dated as of May 31, 2019 attached hereto and marked as Exhibit A (the “JV Agreement”) between Centene and the Applicant, Centene and the Applicant own 60% and 40% respectively of the Holding Company, which, through its subsidiary, Next Door Neighbors, Inc., owns 100% of the several joint venture entities that are or will be licensed as health maintenance organizations (the “JV Entities”). Effectively, upon the consummation of the transactions contemplated by the JV Agreement (the “Transactions”) and after obtaining regulatory approvals, as of December 20, 2019, Centene retained 60% interest in the JV Entities owned by Next Door Neighbors, Inc. through its 60% ownership of the Holding Company and the Applicant became the owner of a 40% interest in the Holding Company, and thereby 40% interest in the JV Entities. The intent of Centene and the Applicant in entering into the JV Agreement is to establish and operate JV Entities in several states that will offer Medicare Advantage products. The initial JV Entities, as contemplated under the JV Agreement, are located in Florida, Illinois and Kansas. Centene and the Applicant have targeted Michigan as one of the next states in which JV Entities are to be located.

Upon approval of this Form A by DIFS, it is proposed that Centene will transfer its ownership interest in CVC-MI to Next Door Neighbors, Inc., pursuant to that certain Assignment/Transfer of Stock Certificate attached hereto and marked as Exhibit B. After such transfer, Centene will in essence retain a 60% interest in the Domestic Insurer through its 60% ownership of the Holding Company. The Applicant will become the owner of a 40% interest in the Holding Company and thereby a 40% indirect interest in the Domestic Insurer. The Holding Company and Next Door Neighbors, Inc. will also become owners, at an intermediate parent level, of CVC-MI. The Holding Company will be operated in accordance with that certain Amended and Restated Limited Liability Company Agreement dated as of December 20, 2019 attached hereto and marked as Exhibit C (the “LLC Agreement”).

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) State the name and address of the applicant seeking to acquire control over the insurer.

The Applicant is Ascension Care Management, LLC, a Missouri limited liability company located at 101 S. Hanley, Suite 450, St. Louis, MO 63105, on behalf of itself and its affiliates, the Holding Company and Next Door Neighbors, Inc.

(b) If the applicant is not an individual, state the nature of its business operations for the past 5 years or for such lesser period as such person and any predecessors thereof shall have been in existence. Describe the business intended to be done by the applicant and the applicant's subsidiaries.

The Applicant's primary business purpose is to own and operate businesses that are part of the population health management platform of Ascension. Those businesses include Ascension Care Management Health Partners, Inc., which 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, on-site clinics, and a suite of wellness services. The Applicant also owns and operates US Health and Life Insurance Company (NAIC Code 97772), a Michigan-domiciled life and health stock company located at 8220 Irving Road, Sterling Heights, Michigan 48312. The Holding Company and Next Door Neighbors, Inc. were established in connection with the JV Agreement and the joint venture strategy of Centene and the Applicant.

(c) Furnish a chart or listing clearly presenting the identities of the interrelationships among the applicant and all affiliates of the applicant, including the ultimate controlling person(s). Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g. corporation, trust, partnership), primary business (e.g. holding company, insurance agency, manufacturer) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

Organizational charts presenting the identities of, and inter-relationships among Applicant and its affiliates before and after giving effect to the Transactions are attached as Exhibit D and Exhibit E, respectively.

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

(a) On the biographical affidavit, include a third party background check and state the following with respect to 1) the applicant if she or he is an individual 2) if the applicant is not an individual, all persons who are, or who have been selected to be, directors, executive officers (or others who perform or will perform functions appropriate to those positions), or owners of 10% or more of the voting securities of the applicant, and if the applicant is not an individual.

(a) Name and business address;

(b) Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on;

(c) Material occupations, positions, offices or employment during the last 5 years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status or such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith.

(d) Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last 10 years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case.

(e) Upon the request of the Director, independent third party verification reports prepared by an NAIC approved vendor shall be provided.

See https://www.naic.org/documents/industry_ucaa_third_party.pdf?19 for a list of third party vendors for background reports.

The Applicant is 100% owned by owned by Ascension. The executive officers and directors of the Applicant are listed below. See Exhibit F for the Biographical Affidavits. The Biographical Affidavits for the CVC-MI and Centene representatives were previously submitted to DIFS.

- Joseph G. Cacchione, Manager, 4600 Edmundson Road St. Louis, MO 63134.
- Elizabeth Foshage, Manager and Treasurer, 103 S. Hanley, Suite 450, St. Louis, MO 63105.
- Thomas Graf, M.D., Manager and President, 4600 Edmundson Road, St. Louis, MO 63134.
- Carol Schmidt, Secretary, 4600 Edmundson Road, St. Louis, MO 63134.

(b) The Holding Company is 60% owned by Centene and 40% owned by Ascension. The managers and executive officers of the Holding Company are listed below. See Exhibit G for the Biographical Affidavits. The Biographical Affidavits for the CVC-MI and Centene representatives were previously submitted to DIFS.

- Claudio Abreu, Manager, 7700 Forsyth Boulevard, St. Louis, MO 63105.
- Penny Boyle, Vice President, 14th Floor, 77 West Wacker Drive, Chicago, IL 60601.
- Brandy Burkhalter, Manager, 7700 Forsyth Boulevard, St. Louis, MO 63105.
- Joseph Cacchione, Manager, Secretary, 4600 Edmundston Road St. Louis, MO 63134.
- Eduardo Conrado, Manager, 101 S. Hanley, Suite 450, St. Louis, MO 63105.
- Tricia Dinkelman, Vice President of Tax, 7700 Forsyth Boulevard, St. Louis, MO 63105.
- Joseph Impicliche, Manager, 101 S. Hanley, Suite 450, St. Louis, MO 63105.
- Michael F. Neidorff, Manager, 7700 Forsyth Boulevard, St. Louis, MO 63105.
- A. Kenneth Petronis, President, 14th Floor, 77 West Wacker Drive, Chicago, IL 60601.
- Jeffrey A. Schwaneke, Manager, Treasurer, 7700 Forsyth Boulevard, St. Louis, MO 63105.

(c) Next Door Neighbors, Inc. 100% owned by the Holding Company. The executive officers and directors of Next Door Neighbors, Inc. are listed below. See Exhibit H for the Biographical Affidavits. The Biographical Affidavits for the CVC-MI and Centene representatives were previously submitted to DIFS.

- Claudio Abreu, Director, 7700 Forsyth Boulevard, St. Louis, MO 63105.
- Penny Boyle, Vice President, 14th Floor, 77 West Wacker Drive, Chicago, IL 60601.
- Brandy Burkhalter, Director, 7700 Forsyth Boulevard, St. Louis, MO 63105.

- Joseph Cacchione, Director, 4600 Edmundston Road St. Louis, MO 63134.
- Eduardo Conrado, Director, 101 S. Hanley, Suite 450, St. Louis, MO 63105.
- Tricia Dinkelman, Vice President of Tax, 7700 Forsyth Boulevard, St. Louis, MO 63105.
- Joseph Impicicche, Director, Secretary, 101 S. Hanley, Suite 450, St. Louis, MO 63105.
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- A. Kenneth Petronis, President, 14th Floor, 77 West Wacker Drive, Chicago, IL 60601.
- Jeffrey A. Schwaneke, Director, Treasurer, 7700 Forsyth Boulevard, St. Louis, MO 63105.

Third party background reports for the executive officers, managers and directors above will be provided to DIFS directly by the third-party verification service, except as noted above.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control. Describe any transaction where funds were or are to be obtained for such purpose, including any pledge of the insurer's stock or pledge of the stock of any of its subsidiaries or controlling affiliates. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.

Centene will contribute the shares of CVC-MI as part of the initial capital contribution that Centene is obligated to make under and in connection with the LLC Agreement, attached hereto and marked as Exhibit C. There will be no other consideration paid with respect to the transfer of stock by Centene. The Domestic Insurer will not issue additional equity securities. No funds or other consideration is being borrowed in connection with this acquisition.

(b) Explain the criteria used in determining the nature and amount of such consideration.

The nature and amount of consideration under the JV Agreement and LLC Agreement were determined during arms-length business negotiations between Centene and the Applicant.

(c) If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, the applicant must specifically request that the identity be kept confidential.

Not Applicable. The source of the consideration does not involve a loan.

ITEM 5. FUTURE PLANS FOR DOMESTIC INSURER

Describe any plans or proposals which the applicant may have for the insurer to declare a dividend, (whether or not extraordinary), to liquidate the insurer, to sell its assets, to merge it with any person or persons, or to make any other material change in its business operations or corporate structure or management.

Immediately following the closing of the Transactions, CVC-MI will continue to conduct its operations as currently conducted.

The Applicant has no plans to declare an extraordinary dividend, to liquidate the Domestic Insurer, to sell its assets to or merge with any person or persons or to make any other material change in its business operations or corporate structure or management except as set forth herein. The Domestic Insurer will add additional directors as described in Items 1 and 3 above. The Domestic Insurer will offer a set of competitive Medicare Advantage products that will be approved through the annual competitive bid process that has been established by CMS. These benefits will include Medicare Parts A, B and D services and potentially others allowed by CMS. The Domestic Insurer will not know the full extent of its benefits until the completion of the CMS bid process and approval of its benefit structure.

After the acquisition, and in light of the extensive administrative and financial resources of the Applicant, and the continued active participation of Centene, the Domestic Insurer will continue to satisfy the requirements to operate a health maintenance organization in accordance with Michigan law.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was determined.

It is proposed that Centene will transfer to Next Door Neighbors, Inc. 100,000 shares, all as more fully described in the Assignment/Transfer of Stock Certificate attached hereto and marked as Exhibit B. The purchase price for such units, and the fairness of such purchase price was determined through the process of length business negotiations by and between independent companies operating in their respective interests.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

State the amount of each class or any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

There are currently a total of [100,000] shares of CVC-MI issued and outstanding, all of which are held by Centene. Upon the approval of this Form A and execution of the Assignment/Transfer of Stock Certificate, Centene will transfer 100,000 shares to Next Door Neighbors, Inc. Please note that none of the shares are currently owned by the Applicant, its affiliates or any person listed in Item 3.

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

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, 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. Such description shall identify the persons with whom the contracts, arrangements or understandings have been entered into.

Other than those described in the JV Agreement, the Assignment/Transfer of Stock Certificate and the LLC Agreement attached hereto as Exhibits A, B and C, respectively, or this Form A, there are no other

contracts, arrangements or understandings with respect to any voting security of the Domestic Insurer in which the Applicant, 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 arrangement, put or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies, the sale or transfer of the voting securities.

ITEMS 9. RECENT PURCHASES OF VOTING SECURITIES

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement. Include in the description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefore. State whether any shares so purchased are hypothecated.

Other than the Transactions described above or as described in this Form A, there have been no purchases of any voting securities of the Domestic Insurer by the Applicant, its affiliates, or any person listed in Item 3 during the twelve (12) calendar months preceding the filing of this Form A.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement.

There are no recommendations to purchase any voting security of the Domestic Insurer made by the Applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the Applicant, its affiliates or any person listed in Item 3 during the twelve (12) calendar months preceding the filing of this Form A.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

There are no agreements, contracts or understandings made with any broker-dealer as to the solicitation of voting securities of the Domestic Insurer for tender or sale. Consequently, no account of fees, commissions, or other compensation has been paid to any broker-dealers with regard to the sale of Domestic Insurer voting securities.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements, exhibits, and three-year financial projections of the insurer(s) shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached. Also provide a three-year narrative business plan which describes the types of business to be written by the insurer, and marketing plan. The financial projections shall include projected direct, assumed, ceded, and net written premiums by line, pro-forma statutory balance sheets and income statements. Also, describe proposed changes to the insurer's reinsurance program (if any), amount, timing, and type of capital contributions (if any), proposed changes to the insurer's executive officers and directors, and compliance plan with the "books and records in Michigan" requirement of Section 5256.

(b) The financial statements shall include the audited annual financial statements of the persons (both corporate and individual) identified in Item 2(c), including individuals who are applying to be the ultimate controlling persons, for the preceding 5 fiscal years (or for such lesser period as such applicant and its affiliates

and any predecessors thereof shall have been in existence), and similar information covering the period from the end of such person's last fiscal year as of a date not earlier than 90 days prior to the filing of the statement if the information is available. The statements may be prepared on either an individual basis, or, unless the Director otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business. The consolidated financial statements shall include the consolidating work sheets.

Any ultimate controlling person who is an individual may file personal financial statements that are reviewed rather than audited by an independent public accountant. The review shall be conducted in accordance with standards for review of personal financial statements published in the Personal Financial Statements Guide by the American Institute of Certified Public accountants. Personal financial statements shall be accompanied by the independent public accountant's Standard Review Report stating that the accountant is not aware of any material modifications that should be made to the financial statements in order for the statements to be in conformity with generally accepted accounting principles.

The annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the Annual Statement of the person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of the state.

Attached as exhibits are the financial statements projections set forth below.

■ **Audited Financials of the Applicant and Consolidated Financial Statement, Supplementary Information and Reports of Independent Auditors for the preceding five fiscal years are attached hereto and marked as Exhibit I. The Applicant's financials are reported on a consolidated basis with Ascension's financial statements.**

■ **Unaudited Financial Information as of a date not earlier than 90 days prior to filing is attached hereto and marked as Exhibit J.**

■ **Pro Forma Statutory Balance Sheets and Income Statements are attached hereto and marked as Exhibit K.**

■ **The Master Services Agreement currently in place between Applicant and Next Door Neighbors, LLC is attached hereto and marked as Exhibit L. Post closing, it is anticipated that a Statement of Work relating to CVC-MI will be executed following appropriate notice through a Form D filing.**

■ **The Tax Sharing Agreement to be entered into with respect to the CVC-MI post-approval, post-closing is attached hereto and marked as Exhibit M.**

(c) File as exhibits copies of 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 relating thereto, any proposed employment, consultation, advisory, managing general agent, controlling producer, or management contracts concerning the insurer, annual reports and proxy statements to the stockholders or the insurer and the applicant for the best two fiscal years, and any additional documents or papers required by Form A forms and instructions for Sections 4 and 6.

Not Applicable.

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

The Applicant will 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

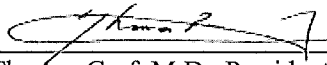
Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of Section 1311 of the Ins. Code of 1956, as amended, Thomas Graf, M.D. has caused this application to be duly signed on behalf in the City of St. Louis and State of Missouri on the 11th day of June, 2020.

(SEAL)

Ascension Care Management, LLC


By: 
Thomas Graf, M.D., President

Attest:


Carol Schmidt, Secretary

CERTIFICATION

The undersigned deposes and says that he had duly executed the attached application dated June 11, 2020, for and on behalf of Ascension Care Management, LLC, 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 such instrument and the contents thereof, and that the facts therein set forth are true to the best of their knowledge, information and belief.

Signature: 
Thomas Graf, M.D., President

LIST OF EXHIBITS

Number	Description
<u>Exhibit A</u>	Joint Venture Formation Agreement dated as of May 31, 2019
<u>Exhibit B</u>	Assignment/Transfer of Stock Certificate
<u>Exhibit C</u>	Amended and Restated Limited Liability Company Agreement dated as of December 20, 2019
<u>Exhibit D</u>	Pre-approval Organizational Chart
<u>Exhibit E</u>	Post-approval, Post-Closing Organizational Chart
<u>Exhibit F</u>	Biographical Affidavits - Applicant
<u>Exhibit G</u>	Biographical Affidavits – Holding Company
<u>Exhibit H</u>	Biographical Affidavits – Next Door Neighbors, Inc.
<u>Exhibit I</u>	Audited Financials of the Applicant and Consolidated Financial Statement, Supplementary Information and Reports of Independent Auditors for the preceding five fiscal years
<u>Exhibit J</u>	Unaudited Financial Information as of a date not earlier than 90 days prior to filing
<u>Exhibit K</u>	Pro Forma Statutory Balance Sheets and Income Statements
<u>Exhibit L</u>	Master Services Agreement
<u>Exhibit M</u>	Tax Sharing Agreement

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