

**FORM A**

**STATEMENT REGARDING THE**

**ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC INSURER**

**HEALTH ALLIANCE PLAN OF MICHIGAN, HAP CARESOURCE,**

**AND ALLIANCE LIFE & HEALTH INSURANCE COMPANY**

**Name of Domestic Health Maintenance Organizations**

**BY**

**ASCENSION HEALTH ALLIANCE**

**Name of Acquiring Person (Applicant)**

Filed with the Michigan Department of Insurance and Financial Services

Dated: August 5, 2024

Name, Title, Address and Telephone Number of Individual to Whom Notices and Correspondence Concerning this Statement Should be Addressed:

Lori McAllister  
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## **ITEM 1. 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.

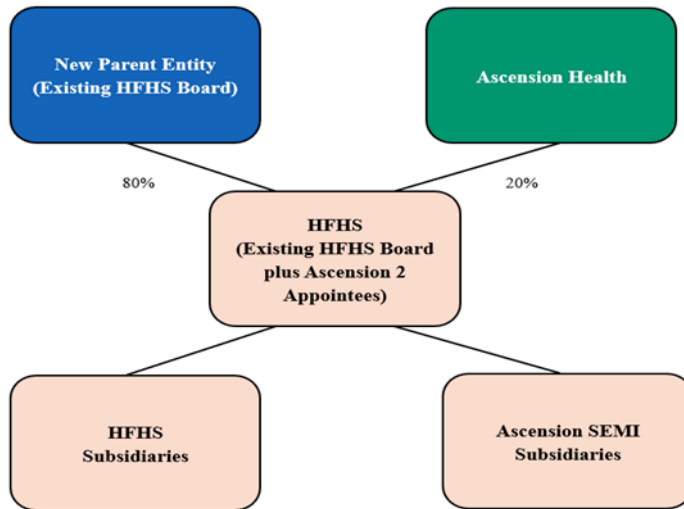
HAP CareSource  
2850 W. Grand Blvd., Detroit, MI 48202 (home and principal executive office)

Health Alliance Plan of Michigan (“HAP”)  
2850 W. Grand Blvd., Detroit, MI 48202 (home and principal executive office)

Alliance Health & Life Insurance Company (“AH&L”)

Two non-profit and tax exempt health care systems dedicated to serving the vulnerable populations in the City of Detroit and surrounding areas, Henry Ford Health System (“HFHS”) and Ascension Health Alliance (“Ascension”) have agreed to form a new partnership. To achieve that, on October 13, 2023, HFHS, Henry Ford Health System Parent, Ascension and Ascension Michigan entered into an Integration and Affiliation Agreement (the “Agreement”). Pursuant to this Agreement, HFHS will be substituted as the sole corporate member of Ascension Michigan and assume ownership of each of the following nonstock, non-profit corporations, all wholly owned by Ascension Michigan: (1) Ascension Brighton Center for Recovery, (2) Ascension St. John Hospital; (3) Ascension River District Hospital; (4) Ascension Genesys Hospital; (5) Ascension Macomb-Oakland Hospital, Madison Heights Campus; (6) Ascension Macomb-Oakland Hospital, Warren Campus; (7) Ascension Providence Hospital, Novi Campus; (8) Ascension Providence Hospital, Southfield Campus; and (9) Ascension Providence Rochester Hospital, collectively (the “Ascension SEMI Subsidiaries”). HFHS will also assume ownership of each of the JV entities listed in Annex B of the Agreement, all owned by Ascension Michigan. This partnership will enable the parties to advance health outcomes and innovation, improve access, and achieve equity for all; focused on a deep commitment to population health, community initiatives, academic medicine and research that support our communities, particularly our most vulnerable. The Agreement is attached to this Form A as Exhibit 1. The Agreement was amended effective July 1, 2024. A copy of the Amendment is included as Exhibit 2.

At closing, and in partial consideration for the Member Substitution by HFHS, Ascension Health Alliance will acquire a 20% membership interest in HFHS. Henry Ford Health System Parent (“HFHS Parent”), a Michigan nonprofit newly formed by HFHS, will have 80% of the membership interest of HFHS at closing. A graphical depiction of this follows:



HFHS Parent will be the ultimate controlling person for the HFHS group of companies, which includes HFHS, Health Alliance Plan of Michigan, HAP CareSource, and Alliance Health & Life Insurance Company. Ascension will have two representatives on the Board of Directors of HFHS. Ascension is filing this Form A because of the 20% membership interest that it will acquire in HFHS, and its two seats on the Board of Directors of HFHS.

Consummation of this transaction is subject to satisfaction or waiver of all of the conditions set forth in the Agreement, as well as other conditions customary in a transaction of this kind, including expiration or termination of the applicable waiting period under the HSR Act.

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

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

**RESPONSE:**

- (a)-(b) Ascension Health Alliance is the ultimate controlling person of the Ascension group of companies. Its address is 4600 Edmundson Road, St. Louis, MO. Ascension is a non-profit and tax exempt health care system serving vulnerable populations in the City of Detroit and surrounding areas, as well as surrounding States. Ascension and its remaining affiliates will continue their independent business operations following the acquisition of its membership interest in HFHS.
- (c) An organization chart of the Ascension group is attached as Exhibit 3.

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

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

**RESPONSE:**

Biographical affidavits are attached for the Directors and Executive Officers of Ascension, HFHS Parent, HFHS, HAP, HAP CareSource, and AH&L, to the extent that they are not previously on file with DIFS. Third party verification reports have been ordered through Rehmann, an NAIC approved vendor. There will be two new Directors from Ascension appointed to the Board of HFHS. Those Board members will be disclosed to the Department and their biographical statements provided once that occurs.

**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.

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

- (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.

**RESPONSE:**

There are no funds being exchanged as part of the closing. Instead, as detailed in response to Item 1, Ascension will acquire a 20% membership interest in HFHS in exchange for the assets of the Ascension Michigan entities that are being transferred to HFHS. The remaining 80% membership interest in HFHS will be held by HFHS Parent. The terms of the Agreement were negotiated by the parties in arms-length negotiations.

**ITEM 5. FUTURE PLANS FOR 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.

**RESPONSE:**

The applicant has no plans to declare a dividend, to liquidate the insurers, to sell their assets, to merge them with any person or persons, or to make any other material change in their business operations or corporate structure or management.

Reinsurance arrangements are not expected to be changed as a result of the transaction. No changes are expected with regard to the amount, timing, and type of capital contributions (if any) which may be made by HFHS Parent or HFHS to the insurers, there are no proposed changes to the insurers' executive officers and directors, or their compliance plans with the "books and records in Michigan" requirement of Section 5256.

Because Ascension will hold a minority membership interest, it will not have the power to make such changes on its own in any event.

**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 arrived at.

**RESPONSE:** Ascension will acquire a 20% membership interest in HFHS.

**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.

**RESPONSE:** Ascension will acquire a 20% membership interest in HFHS.

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

**RESPONSE:**

Please see the description of the transaction provided in response to Item 1. A copy of the Agreement is attached as Exhibit 1.

**ITEM 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.

**RESPONSE:**

None.

**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.

**RESPONSE:**

None.

**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.

**RESPONSE:**

None.

**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.

- (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.

**RESPONSE:**

The following documents are attached:

Exhibit #	Description
1	Agreement
2	Amendment to the Agreement
3.	Pre and Post Organizational Charts
4	Director and Executive Officer Biographical Affidavits
5	2019 Audited Consolidated Financial Statements of Ascension Alliance
6	2020 Audited Consolidated Financial Statements of Ascension Alliance
7	2021 Audited Consolidated Financial Statements of Ascension Alliance
8	2022 Audited Consolidated Financial Statements of Ascension Alliance
9	2023 Audited Consolidated Financial Statements of Ascension Alliance
10	Most recent Quarterly Financials
11	Three-Year Financial Projections
12	Business Plan

**ITEM 13.AGREEMENT REQUIREMENT 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.

**RESPONSE:** Applicant agrees.

**ITEM 14. SIGNATURE AND CERTIFICATION**

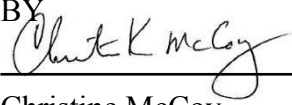
Signature and certification required as follows:

**SIGNATURE**

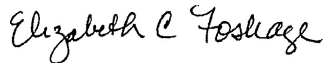
Pursuant to the requirements of Section 1311 of the Ins. Code of 1956, as amended, Ascension Health Alliance has caused this application to be duly signed on its behalf of the City of Inlet Beach and State of Florida on the 5<sup>th</sup> day of August, 2024.

(SEAL)

\_\_\_\_\_  
Ascension Health Alliance

BY   
\_\_\_\_\_  
Christine McCoy  
EVP and General Counsel

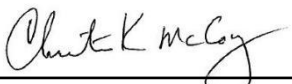
Attest:

  
\_\_\_\_\_  
(Signature of Officer)

EVP and Chief Financial Officer  
(Title)

**CERTIFICATION**

The undersigned deposes and says that she or he has duly executed the attached application dated August 5, 2024, for and on behalf of Ascension Health Alliance; that she or he is the Executive Vice President and General Counsel (Title of Officer) of such company and that she or he is authorized to execute and file such instrument. Deponent further says that she or he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his or her knowledge, information and belief.

(Signature)   
\_\_\_\_\_

(Type or print name beneath) Christine McCoy

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