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IN THE MATTER OF: )  
)  
THE ACQUISITION OF CONTROL OF )  
A DOMESTIC INSURER, to-wit: )  
)  
WELLCARE OF ALABAMA, INC., )  
)  
BY: )  
)  
CENTENE CORPORATION. )

CASE NO. C-2019-97RN

**ORDER**

This matter coming on to be heard:

1. In accordance with Section 27-29-3, Code of Alabama 1975, and other pertinent provisions of the Alabama Insurance Code, a public hearing was held at 2:00 PM on June 12, 2019, in the offices of the Alabama Department of Insurance, 201 Monroe Street, Suite 502, Montgomery, Alabama, 36104, to consider the proposed acquisition of control of WellCare Health Plans, Inc., a Delaware corporation (WellCare), the ultimate controlling parent of WellCare of Alabama, Inc., an Alabama domiciled health maintenance organization (the Domestic Insurer), by Centene Corporation, a Delaware corporation (the Applicant).

2. The following exhibits were introduced at the hearing, without objection: the Notice of Hearing; a copy of the public notice posted via the Web site of the Department of Insurance; the Form A filing, inclusive of Exhibits A to F-2 with corresponding attachments [Form A Exhibit CE-1, providing the biographical affidavits and supplements, Form A Exhibit CE-2, being a financing commitment letter, and Form A Exhibit CE-3, being the pro forma financial projections of the Domestic Insurer, were received under seal due to the confidential information contained therein, are being held as confidential, and are not a part of the public record]; verified applications for admission Pro Hac Vice for Timothy S. Farber, Ashlee M. Knuckey, Todd E. Freed, and Michael J. Homison, along with statements from the Alabama State Bar and

orders granting the applications; an affirmation of the notice of the hearing as provided by the Applicant to WellCare Management Group, Inc., the sole shareholder of the Domestic Insurer; the affidavit of Christopher Koster providing the substance of his testimony offered at the hearing on behalf of the Applicant; the affidavit of Beau Garverick providing the substance of his testimony offered at the hearing on behalf of the Domestic Insurer; and the Form E Pre-acquisition Notification Form, along with Amendment No. 1 to Form E [both of which were received under seal due to the confidential information contained therein, are being held as confidential, and are not a part of the public record].

3. Testimony was presented at the hearing that the Applicant intends to acquire all of the outstanding shares of common stock of WellCare through the use of subsidiary corporations formed as acquisition vehicles for the purpose of achieving this acquisition, to-wit: Wellington Merger Sub I, Inc., and Wellington Merger Sub II, Inc., both Delaware corporations and both wholly-owned subsidiaries of the Applicant. The proposed acquisition will be accomplished through a series of mergers pursuant to an Agreement and Plan of Merger, after which the Applicant will own 100% of the issued and outstanding shares of capital stock of WellCare and will thereby indirectly own 100% of the issued and outstanding shares of capital stock of the Domestic Insurer.

4. With respect to the terms of the proposed acquisition, the parties came to a mutual agreement through an arms-length negotiation whereby Centene will acquire all of the issued and outstanding shares of WellCare common stock for \$120 cash and 3.38 shares of Centene common stock per share of WellCare common stock, subject to regulatory approvals. The Applicant will fund the cash component of the acquisition through available cash on hand and the issuance of unsecured senior notes in a public offering registered under the Securities Act of 1933. Additionally, the Applicant will assume a certain amount of existing debt of WellCare, which may remain outstanding following the closing. The stock of the Domestic Insurer will not be pledged or hypothecated as a part of the merger consideration by the Applicant. Except as disclosed in the Agreement and Plan of Merger, no broker-dealers were employed to facilitate the proposed transaction and no financial advisory fee, broker fee, commission, or finder's fee in connection with any transaction is contemplated in the proposed acquisition.

5. Having considered the exhibits, the testimony, and the applicable legal factors as stated in subsection (d) of Section 27-29-3, Code of Alabama 1975, the undersigned finds, without objection from the Department, as follows:

a. That after the acquisition of control of WellCare of Alabama, Inc., by Centene Corporation, WellCare of Alabama, Inc., will be able to satisfy the requirements for issuance of a license for a health maintenance organization for which it is presently licensed.

b. That the effect of the acquisition of control of WellCare of Alabama, Inc., by Centene Corporation will not substantially lessen competition in the state nor will it create a monopoly.

c. That the financial condition of Centene Corporation will not jeopardize the financial stability of WellCare of Alabama, Inc.

d. That Centene Corporation has no plans to liquidate WellCare of Alabama, Inc., sell the assets of WellCare of Alabama, Inc., or to consolidate or merge WellCare of Alabama, Inc., with any other person. The organizational changes to be made to WellCare of Alabama, Inc., are such that would neither be unfair nor unreasonable to WellCare of Alabama, Inc., and would not be adverse to the public interest.

e. That the competence, experience and integrity of those persons at Centene Corporation who will control the operation of WellCare of Alabama, Inc., is such that it is in the best interests of WellCare of Alabama, Inc., and the public to approve this acquisition.

f. That the acquisition of control of WellCare of Alabama, Inc., by Centene Corporation is not likely to be hazardous or prejudicial to the insurance-buying public.

6. Additionally, having considered the exhibits, the testimony, and the applicable legal factors as stated in Section 27-29-3.1, Code of Alabama 1975, the undersigned finds, without objection from the Department, that the result of the proposed merger transaction will not exceed the safe harbor exemptions set forth in Section 27-29-3.1(b)(2)d.1. for any line of business in this state, and thus, but for the requirements of Section 27-29-3(a)(3), the merger transaction would be exempt from the Form E filing requirement; nevertheless, I find that the proposed transaction will not substantially lessen competition, will not create a monopoly, and will not lead to a materially significant increase in an insurer's market concentration in any line of insurance business in this state.

Accordingly, it is ORDERED that the proposed acquisition of control of WellCare of Alabama, Inc., an Alabama-domiciled health maintenance organization, by Centene Corporation be and the same is hereby APPROVED.

DONE and ORDERED this 18<sup>th</sup> day of June, 2019.

  
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JIM L. RIDLING  
COMMISSIONER OF INSURANCE

JLR/RN/ss

COPY OF NOTICE FURNISHED TO:

By hand delivery: Department of Insurance, Examination Division  
Department of Insurance, Legal Division

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