

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 1401, 1402
: and 1403 of the Insurance Holding
Application of Dr. Scott Rifkin and : Companies Act, Article XIV of the
Bruce Grindrod, Jr. in Support of the : Insurance Company Law of 1921, Act
Request for Approval to Acquire Control : of May 17, 1921, P. L. 682, as
of Today's Options of Pennsylvania, Inc. : amended, 40 P.S. §§991.1401,
: 991.1402 and 991.1403
: :
: Order No. ID-RC-15-05

DECISION AND ORDER

AND NOW, on this 17th day of April, 2015, Teresa D. Miller, Acting Insurance Commissioner of the Commonwealth of Pennsylvania ("Commissioner"), hereby makes the following Decision and Order:

Pursuant to the Insurance Holding Companies Act and in consideration of the documents, presentations and reports received, as well as other inquiries and studies as permitted by law, the Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of Parties

1. Today's Options of Pennsylvania, Inc. ("TOP") is a for-profit corporation organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Harrisburg, Pennsylvania.
2. TOP has been licensed in the Commonwealth of Pennsylvania since June of 2013 to operate a health maintenance organization ("HMO") for the Lancaster County service area pursuant to the Health Maintenance Organization Act, Act of December 29, 1972, P.L. 1701, as amended, December 19, 1980, P.L. 1300, 40 P.S. §§1551-1567 ("Health Maintenance Organization Act").

3. Heritage Health Systems, Inc. (“HHS”) is a foreign holding company organized under the laws of Texas with its principal place of business in Houston, Texas. HHS directly controls 100% of the issued and outstanding stock of TOP.
4. Universal American Corp. (“UAC”) is a foreign holding company organized under the laws of Delaware with its principal place of business in White Plains, New York. UAC indirectly controls 100% of the issued and outstanding stock of HHS.
5. No entity controls UAC.
6. UAC is the ultimate controlling person of TOP.
7. Dr. Scott Rifkin (“Dr. Rifkin”) is an individual with his primary business address in Timonium, Maryland.
8. Bruce Grindrod, Jr. (“Mr. Grindrod”) is an individual with his primary business address in Timonium, Maryland.

Acquisition Filing

9. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1922, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. (“Insurance Holding Companies Act”), provides that all changes in control of domestic insurers must be filed with the Commissioner for approval or disapproval.
10. On January 29, 2015, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an application (which together with all material received subsequently is hereinafter referenced as “Application”) from Dr. Rifkin and Mr. Grindrod (collectively referenced with Dr. Rifkin as the “Applicants”) for approval to acquire control of TOP.
11. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

Department Procedures

12. On February 14, 2015, the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by the Applicants and such notice invited interested persons to submit comments to the Department regarding the Application for thirty days following the date of the publication (“Comment Period”).
13. The Department received no comments regarding the Application during the Comment Period.

Description of the Proposed Acquisition

14. As described in the Application, the Applicants have entered into a stock purchase agreement (the "Agreement") with HHS.
15. As described in the Application and pursuant to the Agreement, Dr. Rifkin intends to purchase 60.75% of the issued and outstanding stock of TOP from HHS.
16. As described in the Application and pursuant to the Agreement, Mr. Grindrod intends to purchase 25% of the issued and outstanding stock of TOP from HHS.
17. As described in the Application and pursuant to the Agreement, two other individuals intend to purchase 7.5% and 6.75%, respectively, of the issued and outstanding stock of TOP from HHS (collectively referenced with Dr. Rifkin and Mr. Grindrod's purchases as the "Acquisition").
18. As described in the Application, the Acquisition would be funded from cash on hand.
19. As described in the Application and subsequent to the Acquisition, Dr. Rifkin would directly control 60.75% of TOP and Mr. Grindrod would directly control 25% of TOP.
20. As described in the Application, Dr. Rifkin and Mr. Grindrod would each become ultimate controlling persons of TOP as a result of the Acquisition.
21. Upon consummation of the Acquisition, the Applicants intend to amend the Articles of Incorporation of TOP and change its corporate name to Provider Partners Health Plan of Pennsylvania, Inc.

Standards for Review

22. Section 1402(f)(1) of the Insurance Holding Companies Act establishes the standards for approval of an application for a change in control of a domestic insurer.

Licensing Requirements

23. When analyzing an application for change in control under Section 1402 of the Insurance Holding Companies Act, the Commissioner reviews the requirements for continued licensure of the domestic HMO being acquired.
24. The minimum net worth required of a HMO is set out Section 301.121 of Title 31 of the Pennsylvania Code (31 Pa. Code §301.121).

25. As described in the Application, upon completion of the Acquisition, TOP will continue to have a net worth in an amount sufficient to satisfy the minimum net worth requirement for a licensed HMO.

Competitive Impact

26. The acquisition of control of TOP is subject to review and analysis under Section 1403 of the Insurance Holding Companies Act to determine whether the effect of the acquisition of control would be to substantially lessen competition or tend to create a monopoly in the Commonwealth.
27. The acquisition of control of TOP will not lessen competition or tend to create a monopoly in the Commonwealth because the Applicants do not control any other insurance interests in the Commonwealth and TOP does not have any in-force policies.

Financial Condition of Applicant

28. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the financial condition of the acquiring person(s).
29. The Department has reviewed the financial information submitted by the Applicants.
30. The financial condition of the Applicants would not pose any impediments to the change in control nor jeopardize the financial condition of TOP.

Plans for the Acquired Insurer

31. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the plans or proposals which the acquiring party has for the insurer.
32. As stated in the Application, the Applicants have no future plans or proposals to liquidate TOP, to sell its assets, to merge or consolidate it with any person or persons, or to make any other material change in its business operations, except as stated below.
33. As stated in the Application, effective upon acquisition, the Applicants relinquish the prior approval granted to TOP by the Department of Health, Bureau of Managed Care ("BMC"), to operate in Lancaster County.

34. As stated in the Application, the Applicants have filed for approval with the BMC in order that TOP may operate in both Philadelphia and Montgomery Counties upon acquisition.
35. The BMC has advised that it is satisfied with the Applicants' filing for Philadelphia County and that it will continue to review and work through the Applicants' filing to operate in Montgomery County.

Management

36. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the competence, experience and integrity of the persons who will control the operations of the acquired insurer.
37. Biographical affidavits for the initial anticipated directors and executive officers of TOP were reviewed by the Department.
38. As stated in the Application, upon acquisition and prior to the commencement of the operation of TOP as an HMO, Applicants will assure that TOP has hired a physician to serve as the medical director of TOP who is licensed in this Commonwealth and qualified to perform the duties of a medical director.
39. As stated in the Application, upon acquisition and prior to the commencement of the operation of TOP as an HMO, Applicants will assure that TOP has elected an additional board member with insurance company/HMO experience for added expertise to the board.
40. The Application includes a plan for the selection of the subscriber members to the board of directors of TOP in order that the membership of the board be composed of at least one-third subscribers of the organization.
41. The Department is satisfied that the persons who would control the operations of TOP have such competence, experience and integrity that the interests of policyholders and the public would not be jeopardized.

Hazardous or Prejudicial to Insurance Buying Public

42. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department evaluates whether the merger, consolidation or other acquisition of control is likely to be hazardous or prejudicial to the insurance buying public.

43. There is no indication that the projected future business of the Applicants would impose a financial burden upon policyholders.
44. Likewise, there is no indication that the transaction would result in the company being in impaired financial condition.
45. Nor is there a threat regarding the ability of policyholders to enforce their insurance contracts.
46. There is insufficient evidence in the record from which it may be concluded that the acquisition will likely be hazardous or prejudicial to the insurance buying public.

Compliance with the Pennsylvania Laws

47. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the transaction to determine whether the merger, consolidation or other acquisition of control is not in compliance with the laws of this Commonwealth, including Article VIII-A, Insurance Company Mutual-to-Stock Conversion Act.
48. The Department has evaluated the transaction as set forth by the Application as to whether it is in compliance with the laws of Pennsylvania.
49. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

CONCLUSIONS OF LAW

1. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the change in control of TOP.
2. Under Section 1402 of the Insurance Holding Companies Act, the Department must approve an application for a change in control unless the Department has found that:
 - a) The insurer will not be able to satisfy the requirements for the issuance of a license to write the line or lines of business for which it is presently licensed;
 - b) The change in control will substantially lessen competition in insurance in this Commonwealth or tend to create a monopoly therein;

- c) The financial condition of the acquiring party is such as might jeopardize the financial stability of the insurer or prejudice the interests of its policyholders;
 - d) Any plans to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable and fail to confer benefit on policyholders of the insurers and not in the public interest;
 - e) The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders and of the public to permit the acquisition of control; or,
 - f) The acquisition is likely to be hazardous or prejudicial to the insurance buying public.
 - g) The acquisition of control is not in compliance with the laws of this Commonwealth, including Article VIII-A, Insurance Company Mutual-to-Stock Conversion Act.
3. Under Section 1402 of the Insurance Holding Companies Act, the Commissioner has not found that any of the above conditions are present with respect to the change in control of TOP.
4. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.

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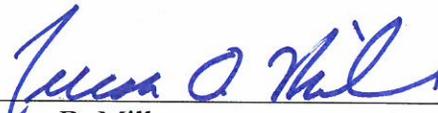
ORDER

Upon consideration of the foregoing, the Acting Insurance Commissioner of the Commonwealth of Pennsylvania ("Commissioner") hereby makes the following Order:

1. The application of Dr. Scott Rifkin and Bruce Grindrod, Jr. (the "Applicants") in support of the request for approval to acquire control of Today's Options of Pennsylvania, Inc. ("TOP") as set forth in the application, is hereby approved, subject to this Order and the following conditions:
 - a. The Applicants shall provide to the Department a list of closing documents within five (5) days after consummation of the subject transaction and shall maintain the listed documents and make them available to the Department for a period of not less than five (5) years from the date of consummation.
 - b. The Applicants shall provide to the Department a biographical affidavit for the proposed Pennsylvania-licensed medical director of TOP prior to his/her employment.
 - c. The Applicants shall provide to the Department the biographical affidavits for the proposed additional board member(s) of TOP with insurance company/HMO experience prior to his/her election to the board.

- d. The Applicants shall provide to the Department the biographical affidavits for the proposed subscriber member(s).
2. The request of the Applicants filed with the Department of Health, Bureau of Managed Care ("BMC"), for TOP to operate in Philadelphia County is approved contingent upon consummation of the subject transaction.
3. The request of the Applicants filed with the BMC, for TOP to operate in Montgomery County is approved contingent upon consummation of the subject transaction and the Applicants providing the BMC proof of network adequacy in Montgomery County prior to May 1, 2015.
4. The Applicant shall act in conformance with all representations made in the Application. If any of the above conditions or representations set forth in the Application itself are not met within the time limitations provided in the application or this order, Applicant shall notify the Department immediately, but not more than five (5) days after such date.

This Order is effective immediately and valid for one (1) year, provided no material changes are made to the transaction prior to consummation. This one year limitation does not apply to any conditions prescribed by the Department in the Order.



Teresa D. Miller
Acting Insurance Commissioner
Commonwealth of Pennsylvania

