

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 1401, 1402,  
: and 1403 of the Insurance  
Application of Highmark Inc. Requesting : Holding Companies Act, Article  
Exemption from the Requirements of 40 : XIV of the Insurance Company  
P.S. §991.1402 for the Restructuring of its : Law of 1921, Act of May 17, 1921,  
Insurance Holding Company System that : P.L. 682, as amended, 40 P.S.  
includes Gateway Health Plan, Inc. : §§991.1401, 991.1402, and  
: 991.1403  
:  
:  
: Order No. ID-RC-19-23

DECISION AND ORDER

AND NOW, on this 11<sup>th</sup> day of December 2019, Joseph DiMemmo,  
Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy  
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 Deputy Commissioner hereby makes the following findings of  
fact:

FINDINGS OF FACT

**Identity of the Parties**

1. Gateway Health Plan, Inc. (“GHPPA”) is a domestic non-profit health maintenance organization organized under the laws of the Commonwealth of Pennsylvania with its statutory home office located in Pittsburgh, Pennsylvania.
2. Gateway Health Plan, LP (“GHPLP”) is a limited partnership organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Pittsburgh, Pennsylvania. GHPLP is the sole corporate member of GHPPA.

3. Highmark Ventures LLC (“HVLLC”) is a limited liability company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Pittsburgh, Pennsylvania. HVLLC owns a 1% general partnership interest in GHPLP.
4. Highmark Inc. (“Highmark”) is a non-profit health plan corporation organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Pittsburgh, Pennsylvania. Highmark owns a 49% limited partnership interest in GHPLP.
5. Mercy Health Plan (“MHP”) is a non-profit corporation organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Langhorne, Pennsylvania. MHP owns a 49% limited partnership interest and a 1% general partnership interest in GHPLP.
6. Highmark, HVLLC and MHP together own 100% of the partnership interest in GHPLP.

#### **Filing of the Application**

7. On November 12, 2019, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Application”) from Highmark to restructure its insurance holding company system.
8. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. (“Insurance Holding Companies Act”), provides that all transactions affecting the control of a domestic insurer must be filed with the Department for approval or disapproval.
9. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
10. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction:
  - a. does not have the effect of changing or influencing the control of a domestic insurer, or
  - b. is otherwise not comprehended within the purposes of the section.

## **The Transaction**

11. As described in the Application, GHPLP will convert to a limited liability company named Gateway Health LLC (“GHLLC”) (the “Conversion”).
12. As described in the Application, immediately following the Conversion, HVLLC will transfer to Highmark its 1% membership interest in GHLLC (the “Transfer”).
13. As described in the Application, as a result of the Transfer, Highmark and MHP will each own a 50% respective membership interest in GHLLC.
14. As described in the Application, GHLLC will remain the sole corporate member of GHPPA.
15. The Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) has delegated to the Deputy Insurance Commissioner the authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer.
16. The Deputy Commissioner finds that the transaction described in the Application would not have the effect of changing or influencing the control of a domestic insurer.
17. 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 acquisition of voting securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Insurance Commissioner has delegated authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer to the Deputy Insurance Commissioner.
3. The Deputy Commissioner has jurisdiction over the parties and subject matter of this proceeding.
4. The Application was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
5. The restructuring of the holding company system proposed in the Application is not being contemplated to change or influence the control of GHPPA, and,

therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.

6. 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 Deputy Insurance Commissioner of the Commonwealth of Pennsylvania hereby makes the following Order:

An approving determination for the application of Highmark Inc. requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of its insurance holding company system, as set forth in the Application, is hereby granted.

This Order is effective immediately and valid for one year, provided there are no material changes to the representations provided in the application.



  
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JOSEPH DIMEMMO  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation