

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 1401, 1402
: and 1403 of the Insurance Holding
Application of Care Partners, LLC in : Companies Act, Article XIV of the
Support of the Request for Approval to : Insurance Company Law of 1921, Act
Acquire Control of Provider Partners : of May 17, 1921, P. L. 682, as
Health Plan of Pennsylvania, Inc. : amended, 40 P.S. §§991.1401,
: 991.1402 and 991.1403
: :
: Order No. ID-RC-20-26

DECISION AND ORDER

AND NOW, on this 29th day of December, 2020, Jessica K. Altman, 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

Identity of PA Domestic Insurer

1. Provider Partners Health Plan of Pennsylvania, Inc. (“PPHP-PA”) is a domestic health maintenance organization (“HMO”) organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business in Linthicum Heights, Maryland.
2. BTY Health Partners, LLC (“BTY”) is an insurance holding company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business in Butler, Pennsylvania. BTY directly holds 25% of the issued and outstanding stock of PPHP-PA.

3. Steven D. Tack 2016 Irrevocable Trust, Susan Tack Beardsley 2016 Irrevocable Trust and Mary Susan Tack-Yurek 2016 Irrevocable Trust, each individually indirectly control 33 1/3% of the membership interests of BTY.
4. Steve D. Tack (“Mr. Tack”) is an individual with his principal place of business in Butler, Pennsylvania.
5. Susan Tack Beardsley (“Ms. Beardsley”) is an individual with her principal place of business in Butler, Pennsylvania.
6. Mary Susan Tack-Yurek (“Ms. Tack-Yurek” and collectively referenced with Mr. Tack and Ms. Beardsley as the “Tack UCPs”) is an individual with her principal place of business in Butler, Pennsylvania.
7. Dean Rippee (“Mr. Rippee”) is an individual with his principal place of business in Butler, Pennsylvania. The Insurance Department of the Commonwealth of Pennsylvania (“Department”) has accepted a disclaimer of control filing from Mr. Rippee.
8. The trustees of each irrevocable trust identified in Finding of Fact 3 above are identified in Exhibit A.
9. Westminster Health Care, LLC (“Westminster”) is a limited liability company organized pursuant to the laws of Maryland with its principal place of business in Linthicum Heights, Maryland. Westminster directly holds 75% of the issued and outstanding stock of PPHP-PA.
10. PPHP HoldCo, LLC (“HoldCo”) is a recently formed limited liability company organized pursuant to the laws of Maryland with its principal place of business in Linthicum Heights, Maryland. HoldCo directly controls 100% of the membership interests of Westminster.
11. Rifkin PPHP Holdings, LLC (“Rifkin Holdings”) is a recently formed limited liability company organized pursuant to the laws of Maryland with its principal place of business in Linthicum Heights, Maryland. Rifkin Holdings directly controls 100% of the class A voting units of HoldCo.
12. Bruce R. Grindrod, Jr. (“Mr. Grindrod”) is an individual with his principal place of business in Linthicum Heights, Maryland. Mr. Grindrod directly controls 24.48% of the membership interests of Rifkin Holdings.
13. Rifkin Managed Care Holdings, LLC (“RMCH”) is a limited liability company organized pursuant to the laws of Maryland with its principal place of business in Linthicum Heights, Maryland. RMCH directly controls 71.53% of the membership interests of Rifkin Holdings.

14. Scott M Rifkin, M.D. (“Dr. Rifkin”) is an individual with his principal place of business in Linthicum Heights, Maryland. Dr. Rifkin directly controls 100% of the membership interests of RMCH.
15. Dr. Rifkin, Mr. Grindrod and the Tack UCPs are the ultimate controlling persons of PPHP.

Identity of Applicant

16. Care Partners, LLC (“Care Partners”) is a recently formed limited liability company organized pursuant to the laws of Delaware with its principal place of business in Washington, DC.
17. Juggernaut Capital Partners IV-A, LP (“Fund A”) is an exempted limited partnership organized pursuant to the laws of the Cayman Islands with its principal place of business in Washington, DC. Fund A directly controls 80.15% of membership interests of Care Partners.
18. JCP IV-B PPHP DSP, LP (“JCP DSP”) is a limited partnership organized pursuant to the laws of Delaware with its principal place of business in Washington, DC. JCP DSP directly controls 19.85% of the membership interests of Care Partners.
19. JCP IV-B PPHP Holdings, Inc. (“JCP Holdings”) is a business corporation organized pursuant to the laws of Delaware with its principal place of business in Washington, DC. JCP Holdings is a limited partner of JCP DSP.
20. Juggernaut Capital Partners IV-B, LP (“Fund B”) is an exempted limited partnership organized pursuant to the laws of the Cayman Islands with its principal place of business in Washington, DC. Fund B directly holds 100% of the issued and outstanding stock of JCP Holdings.
21. Juggernaut Partners IV GP, LP (“JP GP”) is an exempted limited partnership organized pursuant to the laws of the Cayman Islands with its principal place of business in Washington, DC. JP GP is the general partner of Fund A, Fund B and JCP DSP.
22. Juggernaut Partners IV GP, Ltd. (“JP GP Ltd.”) is a limited company organized pursuant to the laws of the Cayman Islands with its principal place of business in Washington, DC. JP GP Ltd. is the general partner of JP GP.
23. John Shulman (“Mr. Shulman”) is an individual with his principal place of business in Washington, DC. Mr. Shulman is the sole shareholder and director of JP GP Ltd.

Acquisition Filing

24. 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.
25. On September 1, 2020, 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 Care Partners for approval to acquire control of PPHP-PA.
26. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

Department Procedures

27. On September 26, 2020, the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by Care Partners and such notice invited interested persons to submit comments to the Department regarding the Application for thirty (30) days following the date of the publication (“Comment Period”).
28. The Department received no comments regarding the Application during the Comment Period.

Description of the Proposed Acquisition

29. As described in the Application, on July 22, 2020, Care Partners and HoldCo entered into a Membership Interest Purchase Agreement (“the Agreement”).
30. As described in the Application and pursuant to the Agreement, HoldCo intends to issue and sell 400,000 voting preferred units of HoldCo to Care Partners (“the Acquisition”).
31. As described in the Application, the source of funds for the Acquisition would be from cash on hand.
32. As described in the Application and subsequent to the Acquisition, Care Partners would directly control 40% of the issued and outstanding voting units of HoldCo.
33. As described in the Application, Mr. Shulman would join Dr. Rifkin, Mr. Grindrod and the Tack UCPS as the ultimate controlling persons of PPHP-PA as a result of the Acquisition.

Standards for Review

34. 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.
35. An application for a change in control must be approved unless the Department finds any one of certain enumerated conditions to be present.

Licensing Requirements

36. 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.
37. The minimum net worth required of an HMO is set out in Section 301.121 of Title 31 of the Pennsylvania Code (31 Pa. Code §301.121).
38. As described in the Application, upon completion of the Acquisition, PPHP-PA will continue to have a net worth in an amount sufficient to satisfy the minimum net worth requirement for a licensed HMO.

Competitive Impact

39. The acquisition of control of a Pennsylvania domiciled insurer is subject to review and analysis under Section 1402(f)(1)(ii) of the Insurance Holding Companies Act to determine whether the effect of the acquisition of control would be to substantially lessen competition in this Commonwealth or tend to create a monopoly therein, as per 40 P.S. §991.1402(f)(1)(ii) (the “competitive standard”).
40. The acquisition of control of PPHP-PA will not lessen competition or tend to create a monopoly in the Commonwealth as there is no increase in market shares as a result of the Acquisition because Mr. Shulman does not control any other companies that are licensed to transact business in Pennsylvania.

Financial Condition of Applicant

41. 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).
42. The Department has reviewed the financial information submitted by Mr. Shulman.

43. The financial condition of Mr. Shulman would not pose any impediments to the change in control nor jeopardize the financial condition of PPHP-PA.

Plans for the Acquired Insurer

44. 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.
45. In particular, the Department reviewed the plans or proposals which the acquiring party has 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, to determine whether it is:
- a. Unfair or unreasonable;
 - b. Fails to confer a benefit upon policyholders; or
 - c. Not in the public interest.
46. As stated in the Application, Care Partners has no future plans or proposals to declare any extraordinary dividend, to liquidate PPHP-PA, to sell its assets, to merge or consolidate it with any person or persons or to change its corporate structure.
47. As stated in the Application, upon completion of the Acquisition HoldCo will be governed by a Board of Managers comprised of seven (7) members, three (3) of whom shall be appointed by Rifkin Holdings, two (2) of whom shall be appointed by Care Partners and two (2) of whom shall be independent third parties mutually agreed upon by Rifkin Holdings and Care Partners.
48. There is no basis in the record from which it may be concluded that the plans or proposals which the acquiring party has for the insurer are unfair or unreasonable or fails to confer a benefit upon policyholders or are not in the public interest.

Management

49. 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.
50. Biographical affidavits for all of the proposed officers and managers of HoldCo were reviewed by the Department.

51. Biographical affidavits for all of the officers and the sole manager of Care Partners were reviewed by the Department.
52. A biographical affidavit for Mr. Shulman was reviewed by the Department.
53. The Department is satisfied that the persons who would control the operations of PPHP-PA 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

54. When analyzing an application for an acquisition of control involving a domestic insurer 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.
55. 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

56. When analyzing an application for an acquisition of control involving a domestic insurer 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.
57. The Department has evaluated the transaction as set forth by the Application as to whether it is in compliance with the laws of Pennsylvania.
58. 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 PPHP-PA.
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 operate the line or lines of business for which they are 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 company 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 material changes in its business or corporate structure or management are unfair and unreasonable to 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 the general public to permit the acquisition of control;
 - f) The acquisition is likely to be hazardous or prejudicial to the insurance buying public; or,
 - 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 PPHP-PA.
 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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: 991.1402 and 991.1403
: :
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ORDER

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

The application of Care Partners, LLC (“Care Partners”) in support of the request for approval to acquire control of Provider Partners Health Plan of Pennsylvania, Inc. (“PPHP-PA”) as set forth in the application, is hereby approved, subject to this Order and the following condition:

1. Care Partners 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.
2. For three (3) years following the effective date of the acquisition, PPHP-PA will be prohibited from declaring or paying any dividends, returns of capital or any other type of distributions, without the prior approval of the Commissioner, unless said distribution has been approved by the Department as a transaction between affiliates filed under 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.
3. For a period of three (3) years after the effective date of the subject transaction, PPHP-PA shall not voluntarily withdraw any certificate of authority to engage in the insurance business in the Commonwealth of Pennsylvania without the prior written approval of the Department.

4. For a period of three (3) years after the effective date of the subject transaction, PPHP-PA shall not attempt to redomesticate to another jurisdiction.

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.



A handwritten signature in black ink that reads "Jessica K. Altman".

Jessica K. Altman
Insurance Commissioner
Commonwealth of Pennsylvania

EXHIBIT A

Steven D. Tack 2016 Irrevocable Trust

- Ms. Tack-Yurek (Trustee)
- Ms. Beardsley (Trustee)
- Mr. Rippee (Trustee)

Susan Tack Beardsley 2016 Irrevocable Trust

- Ms. Tack-Yurek (Trustee)
- Mr. Tack (Trustee)
- Mr. Rippee (Trustee)

Mary Susan Tack-Yurek 2016 Irrevocable Trust

- Ms. Beardsley (Trustee)
- Mr. Tack (Trustee)
- Mr. Rippee (Trustee)