

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 to Increase its Percentage	:	Law of 1921, Act of May 17, 1921,
of Direct Control of Gateway Health LLC,	:	P.L. 682, <u>as amended</u> , 40 P.S.
Parent of Gateway Health Plan, Inc.	:	§§ 991.1401, 991.1402, and
	:	991.1403
	:	
	:	Order No. ID-RC-21-13

DECISION AND ORDER

AND NOW, on this 17 day of August, 2021, Melissa L. Greiner, 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. (“GHPI”) is a domestic non-profit health maintenance organization organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Pittsburgh, Pennsylvania.
2. Gateway Health LLC (“GHLLC”) is a limited liability company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Pittsburgh, Pennsylvania. GHLLC is the sole member of GHPI.

3. 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 directly owns 50% of the membership interest in GHLLC.
4. Trinity Health (“Trinity”) is a non-profit corporation organized under the laws of the State of Indiana with its principal place of business in Livonia, Michigan. Trinity is the indirect owner of MHP.
5. Highmark Inc. (“HMI”) 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. HMI directly owns 50% of the membership interest in GHLLC.
6. Highmark Health (“HMH”) is a non-profit corporation organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Pittsburgh, Pennsylvania. HMH is the sole corporate member of HMI.
7. Both HMH and Trinity are the ultimate controlling persons of GHPI.

Filing of the Application

8. On July 8, 2021, 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 HMI to increase its percentage of direct control of GHLLC.
9. 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.
10. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
11. 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

12. As described in the Application, on July 6, 2021, HMI, GHLLC, MHP, Trinity and JEA, Inc. (a wholly-owned subsidiary of HMI) entered into a Membership Interest Purchase Agreement (“Purchase Agreement”).
13. As described in the Application and pursuant to the Purchase Agreement, HMI proposes to acquire an additional 49% membership interest in GHLLC currently held by MHP (the “Acquisition”).
14. As described in the Application and pursuant to the Purchase Agreement, JEA, Inc. will acquire the remaining 1% membership interest in GHLLC currently held by MHP.
15. As described in the Application, after giving effect to the Acquisition, HMI will directly hold a 99% membership interest in GHLLC.
16. As described in the Application, HMI will remain an ultimate controlling person of GHPI.
17. 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.
18. 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.
19. 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 controlling 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 increase in the percentage of ownership of voting securities proposed in the Application is not being contemplated to change or influence the ultimate control of GHPI, 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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: 991.1403
: :
: Order No. ID-RC-21-13

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 to increase its percentage of direct control of Gateway Health LLC, parent of Gateway Health Plan, Inc. 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.



Melissa L. Greiner

MELISSA L. GREINER
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation