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**BEFORE THE INTERIM INSURANCE COMMISSIONER  
OF THE STATE OF UTAH**

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**In the Matter of the Approval of the Proposed  
Acquisition of Control by:**

**University of Utah Health Insurance Plans,  
Applicant,**

**of**

**Steward Health Choice Utah, Inc.**

**a domestic insurer.**

**ORDER**

**Docket No. 2020-4284**

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On this 30th day of December 2020, the above matter comes before the Interim Commissioner of the Utah Insurance Department (the “Commissioner”) upon the filing of a pre-acquisition notice pursuant to Utah Code §§ 31A-16-103(1)(a) and (b) in the form of a “Form A” Statement Regarding the Acquisition of Control of a Domestic Insurer dated October 5, 2020 (“Form A Statement”) by University of Utah Health Insurance Plans (the “Applicant”). The Form A Statement relates to the proposed acquisition of control of Steward Health Choice Utah, Inc., a Utah domiciled insurer (“Health Choice UT”), by the Applicant.

Having considered the evidence and being fully advised, the Commissioner hereby asserts the following findings of fact, conclusions of law, and orders the following:

**FINDINGS OF FACT**

The findings of fact and conclusions of law stated herein are based upon the statements made by the Applicant in the Form A Statement and accompanying documents made under oath and filed with the Utah Insurance Department (the “Department”) by the Applicant pursuant to Utah Code §§ 31A-16-103(1)(a) and (b).

**1. Background Information**

- a. The purpose of the filing of the Form A Statement is to seek authority from the Commissioner for the proposed acquisition of control of a domestic insurer, Health Choice UT, by the Applicant. The Form A Statement filed by the Applicant with the Commissioner more fully sets out the terms and conditions of the proposed acquisition pursuant to the Utah Insurance Holding Companies Act, Utah Code § 31A-16-101, *et seq.*
- b. Representatives of Financial Regulation and Licensing Division of the Department reviewed significant documents, and the Commissioner has had the benefit of her staff's technical expertise and advice.
- c. In the Form A Statement, which the Applicant filed with the Department on October 5, 2020, the Applicant requests approval of the acquisition of control of Health Choice UT.
- d. The Applicant submitted various exhibits and documents related to and in support of the Form A Statement.
- e. A Notice of Public Comment was published on the websites of the Applicant, Health Choice UT, the Department and the Utah Public Notice website on December 18, 2020.
- f. No general or specific objections to the proposed transaction were received by the Department.
- g. Health Choice UT is domiciled in Utah and licensed as a health maintenance organization, with its statutory home office address in South Jordan, UT.

h. The Applicant, University of Utah Health Insurance Plans (NAIC #15648), is a health insurance company that has been a licensed nonprofit health service insurance corporation as provided in Chapter 7 of Title 31A of the Utah Insurance Code since November 7, 2014. The Applicant writes individual and group health insurance products and has since its licensure. The Applicant is a separate nonprofit corporation but controlled by the University of Utah.

**2. Structure of Acquisition of Control**

Health Choice UT currently has 400,000 shares of common stock issued and outstanding. All such shares of Health Choice UT will be acquired by the Applicant in the proposed acquisition.

**3. Future Plans of Applicant**

The Applicant has no current plans to make any changes to the current operations of the Health Choice UT.

**LEGAL STANDARD**

Before acquiring control of a domestic insurer, the acquiring entity must file with the Commissioner a statement containing the information required by Utah Code § 31A-16-103 and provide a copy of that statement to the insurer or HMO being acquired. Utah Code §§ 31A-16-103(1)(a) and (b). Then, the Commissioner approves the acquisition. *Id* § 31A-16-103(1)(a)(iii).

The Commissioner must approve an acquisition unless the Commissioner finds that: (1) after the acquisition, the domestic insurer would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed; (2) the effect of the acquisition would: substantially lessen competition in insurance in Utah; or tend to create a monopoly in insurance; (3) the financial condition of any acquiring party might:

jeopardize the financial stability of the insurer; or prejudice the interest of: its policyholders or any remaining securityholders who are unaffiliated with the acquiring party; (4) the terms of the acquisition are unfair and unreasonable to the securityholders of the insurer; (5) 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, are: unfair and unreasonable to policyholders of the insurer; and not in the public interest; or (6) 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 the policyholders of the insurer and the public to permit the merger or other acquisition of control. Utah Code § 31A-16-103(8)(a)(i)-(vi).

#### **CONCLUSIONS OF LAW**

1. Representatives of the Financial Regulation and Licensing Division of the Department inspected and reviewed the contents of the Form A Statement and exhibits and determined those filings comply with the provisions of the Utah Insurance Holding Companies Act, Utah Code § 31A-16-101, *et seq.* Additionally, the Department determined that the Applicant provided the information required under Utah law to enable the Commissioner to render a decision.
2. The evidence shows that the change of control proposed by the Applicant will have no negative effect on the ability of Health Choice UT to satisfy the requirements for issuance of a license to write the lines or lines of insurance for which it is present licensed and that after the change of control, Health Choice UT will be able to satisfy all the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed. Utah Code § 31A-16-103(8)(a)(i).

- a. Health Choice UT is currently licensed as an HMO and the proposed acquisition will not make changes that would jeopardize Health Choice UT's ability to continue to be licensed as an HMO in Utah.
3. The evidence shows the transaction will not substantially lessen competition in insurance in Utah or tend to create a monopoly in the insurance market in Utah. Utah Code § 31A-16-103(8)(a)(ii).
  - a. Applicant intends, through its ownership of Health Choice UT, to operate a distinct Medicaid managed care plan in the State of Utah.
  - b. Health Choice UT operates solely in the Medicaid space in Utah, which is a unique insurance market as the rates and market share are controlled by the Utah Department of Health.
4. The financial stability of the insurer, its policyholders or any remaining securityholders who are unaffiliated with the acquiring party will not be jeopardized. Utah Code § 31A-16-103(8)(a)(iii).
  - a. The financial statements filed with the Form A show that the Applicant and its ultimate controlling person, the University of Utah, are each stable and financially strong. After the proposed acquisition there will be no remaining securityholders other than the Applicant.
5. The terms of the transaction are fair and reasonable to the securityholders. Utah Code § 31A-16-103(8)(a)(iv).
  - a. The transaction was the result of arm's length negotiations between the parties utilizing appropriate due diligence and outside advisors.

6. The plans the Applicant has for the operation, corporate structure and management of Health Choice UT are not unfair or unreasonable to its policyholders and not contrary to the public interest. Utah Code § 31A-16-103(8)(a)(v).
  - a. The current plans and policies for Health Choice UT will continue in effect after the transaction. Following the consummation of the transaction, Health Choice UT and the Applicant's business activities will not be combined, but will continue to operate separately.
  
7. The competence, experience, and integrity of those persons who will control the operation of Health Choice UT is such that it is in the interest of Health Choice UT's policyholders and the public to permit the transaction. Utah Code § 31A-16-103(8)(a)(vi).
  - a. The competence, experience and integrity of those persons who will control Health Choice UT following the closing of the transaction are such that it would be in the interests of policyholders of Health Choice UT and of the public to permit the proposed acquisition of Health Choice UT. The persons who will control the operation of the domestic insurer are also persons that have been previously approved by the Department in connection with the Applicant and have filed biographical affidavits with the Department in connection with their roles with the Applicant.

## **ORDER**

1. The requirements of Utah Code § 31A-16-103(8) have been met, and the application by the Applicant to acquire control of Health Choice UT in the manner set forth in the Form A Statement and exhibits is hereby approved pursuant to Utah Code §§ 31A-16-103(1)(a) and (b).
2. The Commissioner retains jurisdiction over the subject matter of this proceeding and over the parties for the purpose of entering such further order or orders as may be deemed proper.

Dated: December \_\_30th\_\_, 2020

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Tanji J. Northrup  
Interim Commissioner of the Utah Insurance  
Department

## **ADMINISTRATIVE AGENCY REVIEW**

Administrative Agency Review of this Order may be obtained by filing a Petition for Review with the Commissioner of the Utah Insurance Department within thirty (30) days of the date of entry of said Order consistent with Utah Code § 63G-4-401 and Utah Admin. Code R590-160. Failure to seek agency review shall be considered a failure to exhaust administrative remedies. Utah Admin. Code R590-160-8; Utah Code § 63G-4-403.

## **JUDICIAL REVIEW**

Judicial review of this Order may be obtained by filing a petition consistent with Utah Admin. Code R590-160-8 and Utah Code § 63G-4-403.

## **CERTIFICATE OF MAILING**

On December \_\_30th\_\_, 2020 a copy of the above and foregoing ORDER was sent by email to:

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