

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE ACQUISITION)
OF CONTROL OF INTERNATIONAL)
HEALTHCARE SERVICES, INC. AND)
HEALTHPLEX OF NJ, INC. BY) ORDER APPROVING
UNITEDHEALTH GROUP) ACQUISITION
INCORPORATED, UNITED HEALTHCARE)
SERVICES, INC., SPECIALTY BENEFITS,)
LLC, AND MARLIN HOLDING)
COMPANY LLC)

I have read the Hearing Officer’s report dated December 22, 2020 regarding the above-captioned matter, and I concur with the recommendation contained therein. Accordingly, pursuant to N.J.S.A. 17:27A-2, I hereby approve the proposal of UnitedHealth Group Incorporated, United HealthCare Services, Inc., Specialty Benefits, LLC, and Marlin Holding Company LLC (collectively “the Applicants”) to acquire control of International Healthcare Services, Inc. and Healthplex of NJ, Inc. (collectively “the Domestic Insurers”) subject to the following conditions:

1. The Domestic Insurers shall continue to comply with the requirements, if applicable, of N.J.S.A. 17:48H-1 to -35; N.J.S.A. 17:27A-1 to -14; N.J.A.C. 11:22-4.1 to-4.14 and N.J.A.C. 11:2-39A.1 to -39A.15; including submission of Quarterly and Annual Financial Statements and an annual Risk-Based Capital Report, and consents to application of proceedings pursuant to Life and Health Insurers Rehabilitation and Liquidation Act N.J.S.A. 17B:32-31 to -92 if the financial condition warrants institution of delinquency proceedings in this State.

2. **NO USE OF NEW JERSEY FUNDS FOR ACQUISITION.** Upon consummation of the transaction, the parties shall: (a) Assets: not dispose of or otherwise use assets of the Domestic Insurers and/or any other subsidiaries of the parties, if any, that are licensed, authorized or certified by the New Jersey Department of Banking and Insurance ("Department") to transact business in New Jersey for the purpose of repaying any debt incurred, to finance the transaction, use no part of the assets of the Domestic Insurers to pay, reimburse, or otherwise fund both the cash financing portion of the transaction and the debt related to the financing of the transaction except, with respect to this clause (a) as approved or otherwise permitted by the relevant agency with regulatory authority; (b) Costs: not pass onto the Domestic Insurers any acquisition costs or other consideration, including without limitation executive compensation paid to or accrued for the benefit of any executive officers of the parties in connection with, or triggered by, the transaction; (c) No Dividends: refrain from declaring and/or paying any dividends (ordinary or extraordinary), without the express prior approval of the Commissioner of Banking and Insurance ("Commissioner") for a period of three (3) years from the consummation of the transaction. The parties shall not cause the Domestic Insurers to declare or pay dividends, make other distributions of cash or property or in any other way upstream any funds or property to their shareholders or any shareholders of the parties in NJ, if any, without the express prior approval of the Commissioner for a period of three (3) years.

3. **MAINTAIN RBC.** For a period of five (5) years from the consummation of the transaction, the Applicants shall direct their respective representatives on the board of directors to cause the Domestic Insurers to maintain a minimum Authorized Control Level Risk Based Capital (RBC) level of 300%, or higher at all times.

4. **MAINTAIN PRODUCTS, SERVICES AREA, NETWORKS.** The Applicants agree that, for a period of three (3) years from consummation of the transaction: The Domestic Insurers shall use reasonable efforts to maintain its current networks of providers without material changes, except to the extent such changes are otherwise approved by the Department. Nothing herein shall preclude the Domestic Insurers or the parties from offering different networks or from contracting with carriers to entering new markets in New Jersey.

5. **NEW JERSEY BUSINESS.** The Applicants shall cause International Healthcare Services, Inc. to remain on New Jersey's state-based health insurance exchange during the 3-year period following consummation of the transaction.

6. **NO MATERIAL CHANGE TO BUSINESS.** Upon the consummation of the transaction, the Applicants shall refrain from the following actions: (i) liquidating the Domestic Insurers; (ii) selling any material portion of the assets of the Domestic Insurers; (iii) merging the Domestic Insurers with any other person or persons; or (iv) making any other material change with regard to business, corporate structure, management or general plan of operations of the Domestic Insurers, all without the express prior approval of the Commissioner.

7. The Domestic Insurers will maintain their existing service levels and will not reduce current staffing levels within the state, if any, for a minimum of three (3) years from the consummation of the transaction.

8. The Domestic Insurers shall provide reports, in a format to be supplied by the Department, of principal and interest payments on all overturned Utilization Management Appeals, overturned Provider Payment Appeals, as well as claim payments that are re-issued on improperly recouped and over-recouped, and a list of all claims recouped after eighteen (18) months with the reason for recoupment, and a list of all claims identified as improperly denied or underpaid, with principal and interest amounts paid.

9. **CYBERSECURITY.** The Applicants and the Domestic Insurers shall provide the Department with confidential access to its cybersecurity plan for review as a part of the state examination pursuant to N.J.S.A. 17:27A-5 and N.J.S.A. 17:27A-6, commencing in 2020. They shall provide notice to the Department when and if a cybersecurity breach takes place and shall work with the Department to protect New Jersey policyholders if they are affected. They shall take no action to oppose New Jersey regulation and/or legislation regarding cybersecurity, the same as or substantially similar to, the Insurance Data Security Model Law adopted by the National Association of Insurance Commissioners (“NAIC”). They shall commit to serving as a resource to the Department and providing constructive input and expertise to the Department with respect thereto.

10. **TAX SHARING AGREEMENTS TO BE FILED AS MATERIAL MODIFICATIONS.** After the closing date of the acquisition, if any of the parties to the transaction desire to amend, change, terminate or replace its tax sharing agreements, as previously filed with and approved by the Department, the parties, if applicable, shall file any changes to those tax sharing agreements as a Notice of Material Modification in accordance with the standards set forth at N.J.S.A. 17:27A-3, N.J.S.A. 17:27A-4, N.J.A.C. 11:1-35.3, and N.J.A.C. 11:1-35.7, N.J.A.C. 11: 1-35.10.

11. The Applicants shall direct their respective representatives on the board of directors of to cause the Domestic Insurer to annually provide updated group and allocated Supplemental Compensation Exhibits (“SCE”) following the consummation of the transaction in order to comply with the provisions of Bulletin No. 18-03, and any subsequent amendments thereto.

12. **NO PUSH-DOWN OF GOODWILL FROM THE APPLICANTS AND DOMESTIC INSURERS.** The Applicants and the Domestic Insurers shall not use any form of push-down accounting methods that result in the transfer or allocation of any of the parties' or Domestic Insurers' goodwill to or from the Domestic Insurers, including goodwill related to this Acquisition.

13. The Applicants shall provide the Department with written confirmation of the consummation of the acquisition of control by the end of the month in which the acquisition takes place no later than 90 days after approval of this Form A filing.

14. The Applicants shall provide the Department with written details of the final purchase price after all adjustments used to complete the acquisition.

15. The Applicants shall provide the Department with the names and titles of those individuals who will be responsible for filing an amended Insurance Holding Company System Annual Registration Statement pursuant to N.J.S.A. 17:27A-1 to 14 and N.J.A.C. 11:1-35.1 to 35.14.

16. Following the acquisition, the Domestic Insurers shall continue to maintain its books and records in their current approved locations and shall make all such items available for inspection by the Department at any time.

17. The Applicants acknowledge that all debt, if any, of the Domestic Insurers will be paid in full at the time of the transaction.

18. **PARENTS ANNUAL AUDITED FINANCIAL STATEMENTS.** Beginning with the year ended December 31, 2020, the respective parties agree to file annually the following on a confidential basis with the Department:

(a) Healthplex America, LLC, annual audited financial statement within 120 days after fiscal year end;

(b) Healthplex, Inc. annual audited financial statement within 120 days after fiscal year end;

(c) Unitedhealth Group, Inc. annual audited financial statement within 120 days after fiscal year end.

Financial statements are required to be in accordance with United States generally accepted accounting principles.

19. If the proposed acquisition is not consummated within ninety (90) days of the date of this Order and the Acquiring Parties intend to consummate the proposed acquisition, the Acquiring Parties shall submit to the Commissioner a statement requesting an extension and shall include (i) the reason for the Acquiring Parties' inability to consummate the proposed acquisition; (ii) any material changes in the information contained in the application; and (iii) the current financial statements of the Acquiring Parties and Domestic Insurers. Any and all extensions shall be with the written approval of the Commissioner.

20. The Applicants represent that, except as disclosed in the Form A filing, none of the individuals who will exercise control subsequent to this acquisition, directly or indirectly, over Healthplex America, LLC, Healthplex, Inc., or its subsidiaries have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a misdemeanor, other than a civil traffic offense.

21. The Applicants represent that, other than as described in Item 5 of the Form A Statement, the Acquiring Parties currently do not have, nor do the Acquiring Parties currently contemplate, any plans or proposals to liquidate the Companies, sell any of the Companies' assets, merge or consolidate the Companies with any person or persons, cause the Companies to declare a dividend or any other distribution, or make any other material change in the Companies' business operations or corporate structure or management.

22. The Applicants agree to provide complete NAIC Form 11 Biographical Affidavits and Third Party Verifications completed following NAIC and Department guidelines, for all officers and directors listed in Exhibit 5, as of December 3, 2020, of the Form A Statement dated September 8, 2020, within 90 days of approval of this Form A filing, unless the Commissioner grants an extension for good cause shown.

23. If the Department determines that any individual for whom the Applicants are required to submit background information as part of this Application is unacceptable under New Jersey Law, the Applicants or their representatives, and the Domestic Insurers shall remove the individuals in question within 30 days of notice and replace them with a person or persons acceptable to the Department, or shall undertake such other corrective action as directed by the Department. Failure to act would render the acquisition hazardous or prejudicial to the insurance buying public, pursuant to N.J.S.A. 17:27A-2(d)(1)(vii). Accordingly, the Department may take administrative action as it deems appropriate upon the Certificates of Authority of the Domestic Insurers pursuant to applicable law.

12/29/2020

Date



Marlene Caride
Commissioner

LC UnitedHealth Order/orders