

**BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF IOWA**

In the matter of the application for )  
acquisition of control of )  
HEALTHPARTNERS UNITYPOINT ) **FINDINGS OF FACT,**  
HEALTH, INC. by SUMMITONE ) **CONCLUSIONS OF LAW,**  
ENTERPRISES, INC. ) **AND ORDER**  
) (Iowa Code chapter 521A)  
)

**I. INTRODUCTION**

SummitOne Enterprises, Inc., a Delaware nonprofit corporation (“**SummitOne**” and the “**Applicant**”) seeks permission to acquire control of HealthPartners UnityPoint Health, Inc., an Iowa domestic business corporation organized under Chapter 490 of the Iowa Code and licensed insurance company (the “**Domestic Insurer**”). The Definitive Agreement, dated as of March 30, 2023 (the “**Definitive Agreement**”), by and between Iowa Health System d/b/a/ UnityPoint Health, an Iowa nonprofit corporation (“**UPH**”) and Presbyterian Healthcare Services, a New Mexico nonprofit corporation (“**PHS**”), provides that, subject to the terms and conditions contained in the Definitive Agreement, UPH and PHS (each a “**Party**” and collectively, the “**Parties**”) will combine their respective healthcare systems through the formation of the Applicant, in which Applicant will become the sole corporate member of the Parties, upon the closing of the transaction.

In accordance with the provisions of Iowa Code<sup>1</sup> § 521A.3, Applicant has filed a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer, dated April 14, 2023 (the “**Form A**”), applying for approval of their acquisition of control of the Domestic Insurer with the Commissioner of Insurance of the State of Iowa (the “**Commissioner**”).

Pursuant to the provisions of Iowa Code § 521A.3(4), and at the request of Applicants, a public hearing was held on Wednesday, June 21, 2023, at the Iowa Insurance Division (“**Division**”) for the purpose of determining whether the proposed acquisition of control of the Domestic Insurers by the Applicants complies with the statutory requirements set forth in Iowa Code § 521A.3(4)(a). The record remained open in this matter through June 29, 2023 for additional evidence and comments from the public.

**II. JURISDICTION**

Notice of the public hearing conducted on June 21, 2023 was provided to the parties in accordance with Iowa Code § 17A.12. (*Trans. at 4, Exhibit 2*) Notice of the hearing was provided to the parties on June 9, 2023 and the record remained open through June 29, 2023. (*Trans. at 4, 10*) The Commissioner has jurisdiction over this matter under Iowa Code §§ 17A.11, 17A.12, and 521A.3.

<sup>1</sup> All references to the Iowa Code herein are to the Code of 2023.

### III. EVIDENCE PRESENTED

At the public hearing, the Applicants offered four exhibits as follows:

- Exhibit 1: A Public Copy of the Form A Statement regarding the acquisition of control of the Domestic Insurer by the Applicant, dated April 17, 2023, with sub-exhibits, and including information provided to the Division supplementally.
- Exhibit 2: The Notice of Hearing that was issued by the Division on June 9, 2023.
- Exhibit 3: Written affidavit of the Domestic Insurer regarding the receipt of the Form A Statement and Notice of Hearing.
- Exhibit 4: An electronic, confidential Regulator-Only Copy of the Form A Statement regarding the acquisition of control of the Domestic Insurer by the Applicant, dated April 17, 2023, with sub-exhibits, and including information provided to the Division supplementally, which is held confidential pursuant to the provisions of Iowa Code §§ 22.7(6) and 505.8(9) and Iowa Administrative Code rule 191-1.3(11)(c).

Exhibits 1 through 4 were received into the record. (*Trans. at 19*)

At the conclusion of the hearing, the Commissioner held the record open through the close of business on June 29, 2023 to allow the Applicant and the public to submit further information into the record concerning the Proposed Transaction (as defined below). (*Trans. at 51*) The record remained open until the close of business on June 29, 2023, at which time the record was closed.

In addition, the Applicants called three witnesses at the public hearing, Ms. Ashley Kleemeier, who was authorized to speak on behalf of the Domestic Insurer, Mr. Dan Carpenter, who spoke on the details of the proposed transactions, as described in the Form A (the “**Proposed Transaction**”), and Mr. Clay Holderman who spoke on behalf of the Applicant. (*Trans. at 20, 30, 44*) Ms. Kleemeier is the Assistant General Counsel for UPH. (*Trans. at 20*) Mr. Carpenter is the Senior Vice President and Chief Strategy Officer of UPH. (*Trans. at 31*) Mr. Holderman is the President of the Applicant and the President and Chief Executive Officer of UPH. (*Trans. at 45*)

The record shows that the Applicant is a Delaware nonprofit corporation that was newly incorporated by UPH and PHS for the purpose of consummating the Proposed Transaction. Following the Proposed Transaction, the Applicant will be the sole corporate member of each UPH and PHS and was formed for the purpose of making UPH and PHS financially and operationally integrated on a permanent basis. The record indicates that through the Proposed Transaction with SummitOne, UPH and PHS will impact four million patients and members through twenty-six hospital facilities, hundreds of clinics, a workforce of around 40,000 physicians and advanced practice clinicians, and health plan operations. (*Trans. at 13-14*)

According to the record, UPH is an Iowa nonprofit corporation and the parent organization of an integrated regional healthcare system serving residents of Iowa, Illinois, and southern Wisconsin. UPH is one of two shareholders of the Domestic Insurer. HealthPartners, Inc. is the other shareholder of the Domestic Insurer; both it and UPH each own 50% of the Domestic Insurer, and

both will continue to own 50% of the Domestic Insurer following the Proposed Transaction. (*Trans. at 14–15*)

The record indicates that PHS is a New Mexico nonprofit corporation and the parent organization of an integrated healthcare system comprised of nine hospitals, a multi-specialty medical group, and a statewide health plan serving New Mexico residents. (*Trans. at 15*)

Ms. Kleemeier testified that she assisted with the preparation of the Form A Statement and was personally familiar with the application and the proposed transaction. (*Trans. at 22, 26*) She affirmed that the Form A Statement submitted in this matter is complete, accurate, and up-to-date. She also confirmed that there had been no material changes to the facts, statements, and representations in the Form A Statement since its most recent amendment or supplemental information. (*Trans. at 24, 26–27*) Ms. Kleemeier indicated that the Proposed Transaction that is the subject of this Form A also involves the Applicant's acquisition of control of various entities regulated by state insurance regulatory authorities in Arizona, New Mexico, and Wisconsin. (*Trans. at 25*)

Ms. Kleemeier testified that the Applicants seek permission to acquire control of the Domestic Insurers through the Applicant's acquisition of UPH, pursuant to the terms of the Definitive Agreement. (*Trans. at 21*) Specifically, UPH and PHS will combine their respective healthcare systems through the formation of SummitOne. (*Trans. at 23*) Both UPH and PHS will amend their articles of incorporation to recognize SummitOne as their sole corporate member. Following such amendments, the Applicant will have the power to control UPH. The Applicant's board of directors will consist of: (i) three directors nominated by UPH; (ii) three directors nominated by PHS; and (iii) two ex-officio directors, which shall be the initial SummitOne CEO and the initial SummitOne President. (*Id.*) Following the closing of the Proposed Transaction, two at-large directors will be appointed as set forth in the Applicant's Bylaws. (*Trans. at 24*)

Ms. Kleemeier testified that UPH and HealthPartners, Inc. will each continue to own 50% of the Domestic Insurer. (*Id.*) There are no changes to the governing documents of the Domestic Insurer, and there will be no changes to the rights and responsibilities of UPH and HealthPartners, Inc., both of which are 50% shareholders of the Domestic Insurer. (*Trans. at 24, 28*) Following the closing of the Proposed Transaction, the Applicant, as sole corporate member of UPH, will indirectly have the same rights and responsibilities of UPH, with respect to the Domestic Insurer. (*Trans. at 24*)

Mr. Carpenter testified that the Domestic Insurer is domiciled in Iowa and licensed to write insurance in Iowa and Illinois. (*Trans. at 33*) Mr. Carpenter also testified that the Domestic Insurer is adequately capitalized in excess of the minimum capital and surplus requirements. Given the financial statements provided by the Applicants, Mr. Carpenter testified that the Applicant is financially sound and that the acquisition of the Domestic Insurers will neither jeopardize their financial position nor prejudice the interests of its policyholders. (*Id.*) In addition, Mr. Carpenter testified that, after the consummation of the Proposed Transaction, the Domestic Insurer will continue to satisfy the requirements for issuance of licenses to write the lines of insurance for which they are presently licensed. (*Trans. at 33–34*)

Mr. Carpenter further testified that the proposed acquisition will not substantially lessen competition in insurance in Iowa. (*Trans. at 34*) Mr. Carpenter testified that the Applicant has no insurance business in Iowa, excluding the Domestic Insurer, UPH and its subsidiaries have no insurance business in Iowa, and PHS has no insurance business in Iowa. (*Id.*) Therefore, Mr. Carpenter testified that the Proposed Transaction will have no impact on the competition in the insurance marketplace in Iowa. (*Id.*)

Mr. Carpenter testified that the Applicant is a newly formed entity and therefore does not have any audited or unaudited financial statements to provide, however, the initial financial position of SummitOne will be the combined statements of UPH and PHS, which has been provided by the Applicant. (*Trans. at 35*) Mr. Carpenter testified that the Applicant's financial position is stronger in all respect than UPH's alone and is projected to increase over time. (*Trans. at 35-36*) Mr. Carpenter testified that there is nothing about the financial condition of the Applicant that will jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders. (*Trans. at 36*)

Mr. Carpenter testified that the directors and executive officers of the Domestic Insurer who will be involved in managing the Domestic Insurer after the proposed acquisition are all individuals of strong integrity, with highly competent backgrounds and years of experience in the insurance industry. (*Trans. at 38*)

Mr. Carpenter testified that the Domestic Insurer will continue to operate as it currently does, with the existing management in place. (*Trans. at 37*) Mr. Carpenter indicated that the Applicant has no present plans to cause the Domestic Insurer to declare any extraordinary dividend, to liquidate the Domestic Insurer, to sell the Domestic Insurer's assets, to merge the Domestic Insurer with any person or persons or to make any material change in the Domestic Insurer's business operations or corporate structure of management. (*Trans. at 36-37*) Mr. Carpenter also testified that there was nothing about the Proposed Transaction that would be hazardous or prejudicial to the insurance-buying public. (*Trans. at 39*)

Mr. Holderman testified that he was personally familiar with the Proposed Transaction described in the Form A and signed the Form A Statement on behalf of the Applicant. (*Trans. at 46*) Mr. Holderman testified that all of the information presented by the testimony of Ms. Kleemeier and Mr. Carpenter regarding the Proposed Transaction is true, accurate, and complete and that the Proposed Transaction meets the statutory criteria that the Commissioner will consider. (*Trans. at 46-47*)

#### IV. FINDINGS OF FACT

The statutory requirements that the Applicant's acquisition plan must meet are relatively straightforward. Iowa Code § 521A.3(4)(a) provides that the Commissioner is to approve an application for acquisition of control if, after a public hearing on such acquisition, the applicant has demonstrated to the Commissioner all of the following:

1. That after the change of control the domestic insurer will 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. That the effect of the acquisition of control will not substantially lessen competition in insurance in the State of Iowa;
3. That the financial condition of any acquiring party will not jeopardize the financial stability of the insurer, or prejudice the interests of its policyholders;
4. That 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 not unfair or unreasonable to policyholders of the insurer and are not contrary to the public interest;
5. That the competence, experience, and integrity of those persons who would control the operation of the insurer are sufficient to indicate that the interests of the policyholders of the insurer and of the public will not be jeopardized by the acquisition of control; and
6. That the acquisition of control is not likely to be hazardous or prejudicial to the insurance-buying public.

Based upon the evidence in the record viewed as a whole, the Commissioner finds as follows:

1. After the change of control, the Domestic Insurer will be able to satisfy Iowa licensure requirements and continue writing the line or lines of insurance for which they are presently licensed.

Iowa Code § 521A.3(4)(a)(1) requires an applicant to demonstrate to the Commissioner that, after the change of control, the acquired domestic insurer will be able to satisfy the requirements for issuing a license to write the line or lines of insurance for which it is presently licensed.

Mr. Carpenter testified that after the consummation of the proposed transaction, the Domestic Insurer will continue to satisfy the requirements for issuance of a license to write the lines of insurance for which they are presently licensed. Mr. Carpenter further testified that post-acquisition the Domestic Insurer will continue to satisfy all capital and surplus requirements for licensure under Iowa law. (*Trans. at 33–34*) Evidence in the record supports the conclusion that the Domestic Insurer will continue to satisfy all capital and surplus requirements for licensure under Iowa law post-acquisition. This is supported by the testimony of Mr. Carpenter that the Domestic Insurer is adequately capitalized in excess of the minimum capital and surplus requirements. (*Trans. at 33*) Mr. Carpenter's testimony gains further support from the evidence regarding the financial strength and significant financial resources of the Applicant and the evidence that the proposed acquisition will not jeopardize the financial position of the Domestic Insurer. (*Exhibit 1 at sub-exhibits 6-A–7-B; Exhibit 4 at sub-exhibits 8, 11; Trans. at 33–34*)

The Commissioner finds that the Domestic Insurer's ability to satisfy Iowa licensure requirements and their ability to continue writing existing lines of insurance for which they are licensed will be unimpaired after the change of control.

2. The effect of Applicant's acquisition of control of the Domestic Insurer will not substantially lessen competition in insurance in Iowa.

Iowa Code § 521A.3(4)(a)(2) requires an applicant to demonstrate to the Commissioner that the effect of the acquisition of control will not substantially lessen competition in insurance in Iowa.

Mr. Carpenter testified that the transaction as described in the Form A will not substantially lessen competition in the insurance marketplace in Iowa. (*Trans. at 34*) Mr. Carpenter further testified that the Applicant has no insurance business in Iowa, excluding the Domestic Insurer; further UPH and its subsidiaries have no insurance business in Iowa; and PHS has no insurance business in Iowa. (*Id.*) Mr. Carpenter testified that as a result, the change in control of the Domestic Insurer will have no impact on competition in the insurance marketplace in Iowa. (*Id.*)

As testified by Mr. Carpenter, and supported by evidence in the Form A Statement, the Domestic Insurer and the Applicant and PHS do not have any overlapping insurance business in Iowa. (*Id.*; *Exhibit 1; Exhibit 4 at sub-exhibit 1*)

Given the Domestic Insurer and the Applicant do not have overlapping lines of business, the Commissioner finds that the Applicant's acquisition of control of the Domestic Insurer will not substantially lessen competition in insurance in Iowa.

3. The Applicant's financial condition will not jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders.

Iowa Code § 521A.3(4)(a)(3) requires an applicant to demonstrate to the Commissioner that the applicant's financial condition will not jeopardize the financial stability of the acquired domestic insurer, or prejudice the interest of its policyholders.

Pursuant to the Definitive Agreement, UPH and PHS will recognize the Applicant as each Party's sole corporate member, and therefore the Parties shall become the Applicant's subsidiaries and become financially and operationally integrated on a permanent basis. (*Exhibit 1 at sub-exhibit 1; Exhibit 4 at sub-exhibit 1*) As the Applicant is a newly formed entity, the Applicant itself does not have audited or unaudited financial statements.

Mr. Carpenter confirmed in his testimony that the Applicant does not have either audited or unaudited financial statements to provide. (*Trans. at 35*) Mr. Carpenter testified that the Applicant's sole business will be serving as the sole member of the Parties. The initial financial position of the Applicant will simply include the combined financial statements of the Parties. (*Id.*) The audited financial statements for the Parties for the preceding five fiscal years, and the most recent quarterly financial statements provide the financial positions for the Parties prior to the change of control. (*Exhibit 1 at sub-exhibits 6-A-7-B; Exhibit 4 at sub-exhibits 8, 11*)

The combined financial position of the Parties, and subsequently the Applicant, was testified to by Mr. Carpenter and supported further by the records provided. (*Trans. at 35-36; Exhibit 1 at sub-exhibits 6-A-7-B; Exhibit 4 at sub-exhibit 8, 11*) Further, Mr. Carpenter testified that the Applicant's financial position is stronger in all respects than the Parties, and further evidenced in the records. (*Trans. at 35-36*) Accordingly, the proposed acquisition will not have an impact on the Domestic Insurer's ability to comply with regulatory capital requirements.

Given the facts in the record, the Commissioner finds neither the acquisition itself nor the other post-acquisition plans will create a material adverse financial impact on the Domestic Insurer. There being no evidence of a material adverse financial impact on the Domestic Insurer, the Commissioner further finds that the interests of the Domestic Insurer's policyholders will not be prejudiced by the Applicant's financial position.

4. The Applicant's proposed post-acquisition changes in the Domestic Insurer's business or corporate structure or management are not unfair or unreasonable to the Domestic Insurer's policyholders and are not contrary to the public interest.

Iowa Code § 521A.3(4)(a)(4) requires an applicant to demonstrate to the Commissioner that the applicant's plans or proposals to liquidate the domestic insurer, sell its assets or consolidate or merge it with any person, or to make any other material change to the acquired domestic insurer's business or corporate structure or management, are not unfair or unreasonable to its policyholders and are not contrary to the public interest.

The facts in the record indicate that the Applicants have no present plans to liquidate, consolidate, or merge the Domestic Insurer, beyond the change of control transaction described in the Form A Statement, or to sell its assets. The Domestic Insurer will maintain its separate corporate existence. (*Trans. at 36–37; Exhibit 1*) UPH will simply become a wholly-owned subsidiary of the Applicant. (*Trans. at 13–14, 24; Exhibit 1*) No material changes in the Domestic Insurer's directors, senior management, or operations are currently planned. (*Trans. at 15, 37; Exhibit 1*)

On the basis of the foregoing evidence, the Commissioner finds that the Applicant's proposed post-acquisition business plans and transactions are not unfair or unreasonable to its policyholders and are not contrary to the public interest.

5. The competence, experience and integrity of those persons who will control the operation of the Domestic Insurer are sufficient to indicate that the interests of the Domestic Insurer's policyholders and the public will not be jeopardized by the Applicant's acquisition of control of the Domestic Insurer.

Iowa Code § 521A.3(4)(a)(5) requires an applicant to demonstrate to the Commissioner that the competence, experience and integrity of those the applicant selects to control the operations of the acquired domestic insurer are sufficient to indicate that policyholders' interests and the public interest will not be jeopardized by the acquisition.

To that end, the Commissioner must review detailed information of the person or persons who would be in control of the insurer in the event the application is approved. This analysis focuses not on intermediate control but on ultimate control of the insurer. An "ultimate controlling person" is broadly defined in Iowa Administrative Code rule 191-45.2(3) as one who is not controlled by any other person. An ultimate controlling person may include, but is not limited to, an individual or business enterprise.

With respect to this analysis, the proposed acquisition is relatively straightforward. The Domestic Insurer is currently owned by UPH and HealthPartner, Inc. a Minnesota nonprofit corporation. Once the change of control transaction as described in the Definitive Agreement is complete, UPH will be a wholly-owned subsidiary of Applicant. As such, upon consummation of the proposed transaction, the Domestic Insurer will be ultimately controlled by the Applicant.

Facts in the record indicate that the ultimate controlling person, the Applicant, and its directors and officers are experienced and competent based upon their current experience in the insurance industry. Biographical affidavits for each director and executive officer of the Applicant, and the Domestic Insurers were submitted to the Division, along with confidential background reports on

the biographical affidavits prepared by an independent third-party. (*Exhibit 1 at sub-exhibit 5; Exhibit 4 at sub-exhibit 5*)

The Commissioner finds that the competence, experience, and integrity of those individuals and entities that would control the operation of the Domestic Insurer after the acquisition are sufficient to indicate that the interests of the Domestic Insurer's policyholders and of the public will not be jeopardized by the Applicant's proposed acquisition of control of the Domestic Insurer.

6. The Applicant's acquisition of control of the Domestic Insurer is not likely to be hazardous or prejudicial to the insurance-buying public.

Iowa Code § 521A.3(4)(a)(6) requires an applicant to demonstrate to the Commissioner that the acquisition of control of the domestic insurer is not likely to be hazardous or prejudicial to the insurance-buying public.

Based upon a thorough review of the record in this proceeding, including Exhibits 1 through 4, and the testimonies of Ms. Kleemeier, Mr. Carpenter, and Mr. Holderman, the Commissioner finds that the Applicant's acquisition of control of the Domestic Insurer is not likely to be hazardous or prejudicial to the insurance-buying public of the State of Iowa. The Form A Statement submitted by Applicant, the exhibits thereto, the testimonies of Ms. Kleemeier, Mr. Carpenter, and Mr. Holderman, and the other exhibits entered into the record of this proceeding collectively demonstrate that the criteria set forth in Iowa Code § 521A.3(4)(a)(1)–(5) are established. When viewed as a whole, the record indicates that there are no other factors which might make the merger hazardous or prejudicial to the insurance-buying public. Accordingly, the requirements of Iowa Code § 521A.3(4)(a)(6) have likewise been established.

The Commissioner finds that the Applicant's acquisition of control of the Domestic Insurer is not likely to be hazardous or prejudicial to the insurance-buying public.

## V. CONCLUSIONS OF LAW

The legislature has vested discretion in the Commissioner not only to hold hearings and make factual findings, but also to interpret and apply the law.

Iowa Code § 521A.3(4)(a) requires the Commissioner to approve an application for acquisition of control if, after a public hearing, the applicant demonstrates all six criteria listed within that section to the Commissioner.

After a careful review of all evidence submitted, the Commissioner concludes, upon substantial evidence, that the Applicant has demonstrated to the Commissioner all six requirements set forth in, and required by, Iowa Code § 521A.3(4)(a). The Applicant's proposed acquisition of control of the Domestic Insurer, as conditioned below, should be approved.

## ORDER

**IT IS ORDERED** that:



The application of SummitOne Enterprises, Inc. for approval of the acquisition of control of HealthPartners UnityPoint Health, Inc., an Iowa domestic insurer, is **APPROVED**.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A. Any action challenging the Order shall comply with the requirements of Iowa Code Chapter 17A.

Any application for rehearing shall comply with the requirements of Iowa Code Chapter 17A.

*[Signature Page Follows]*

**DATED** this 30<sup>th</sup> day of June, 2023.



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DOUG OMMEN  
Commissioner of Insurance

Copies to:

Ashley Kleemeier, UnityPoint Health  
Amy Strati, Faegre Drinker Biddle & Reath LLP  
Evan M. Bonnsetter, Faegre Drinker Biddle & Reath LLP  
David A. McNeil, Faegre Drinker Biddle & Reath LLP