

FORM A

STATEMENT REGARDING THE
ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC INSURER

NEXDENT DENTAL PLANS, INC.

by

**ADVANTAGE DENTAL PLAN, INC.
and its controlling entities,
ADVANTAGE COMMUNITY HOLDING COMPANY, LLC
DENTAQUEST CARE GROUP MANAGEMENT, LLC
DENTAQUEST, LLC
DENTAQUEST GROUP, INC.
DENTAL SERVICE OF MASSACHUSETTS, INC.
CATALYST INSTITUTE, INC.**

Filed with the Insurance Division of the Department of Consumer and Business Services of the
State of Oregon (the "Division")

Dated: February 26, 2018

Name, Title, Address and Telephone Number of Individual to Whom Notices and
Correspondence Concerning This Statement Should Be Addressed:

*James P. Hawkins
DentaQuest, LLC
465 Medford Street
Boston, MA 02129
(617) 886-1511
james.hawkins@dentaquest.com*

With a copy to:

*Tamara Kessler, JD/MBA CCEP
VP, General Counsel
Advantage Dental
442 SW Umatilla Ave, Ste 200
Redmond, OR 97756
Direct: 541-504-3977
tamarak@advantagedental.com*

ITEM 1. METHOD OF ACQUISITION

(a) Name and Address of the Domestic Insurer

The name and address of the domestic insurer to which this application relates is:

NexDent Dental Plans, Inc.
10535 NE Glisan St.
Portland, OR 97220

(b) Method of Acquisition of Control

Advantage Dental Plan, Inc. (“AD Plan”) will acquire control of 100% of NexDent Dental Plans, Inc. (the “Domestic Insurer”) in a two-step transaction. The Domestic Insurer is a health care service contractor organized and licensed under the laws of Oregon.

First, AD Plan will acquire the issued and outstanding shares of the Domestic Insurer. Second, immediately following the closing of this stock purchase, the Domestic Insurer shall merge with and into AD Plan, with AD Plan to survive the merger. The two steps together are referred to herein as the “Proposed Transaction”.

A more detailed description of these two phases is as follows:

AD Plan and its immediate parent company, Advantage Community Holding Company LLC (“Advantage Holding”), have entered into an Agreement and Plan of Stock Purchase and Merger dated as of October 31, 2017 (together with all agreements, exhibits and schedules thereto, the “Acquisition Agreement”) with the shareholders of the Domestic Insurer (each, a “Shareholder” and collectively, the “Shareholders”) ¹, and TVR Sellers’ Rep LLC, solely in its capacity as the Shareholders’ Representative under the Acquisition Agreement whereby AD Plan will acquire 100% of the outstanding capital stock of the Domestic Insurer. A copy of the Acquisition Agreement is attached hereto as Exhibit 1.

Pursuant to the terms of the Acquisition Agreement, AD Plan shall pay the Shareholders a total purchase price of \$1.00, plus any capital and surplus held by the Domestic Insurer, as calculated in accordance with the terms of the Acquisition Agreement. AD Plan will pay each of the Shareholders in accordance with their respective pro rata portion of the Domestic Insurer’s shares as set forth in Footnote 1.

Immediately following the closing of the purchase of the Domestic Insurer’s shares, NexDent shall merge with and into AD Plan, the separate corporate existence of NexDent shall cease, and AD Plan shall continue as the surviving corporation of the merger and as a wholly-owned subsidiary of Advantage Holding, AD Plan’s existing direct controller, in accordance with ORS 732.538 (the “Merger”). The Merger shall be effective as of the Effective Time as defined in the

¹ The Shareholders are: Tse Family Revocable Trust (28.5%); Master Dentist Institute, Inc. (14.2%); Theodore Van Eerden, Jr. (42.7%); Kevin W. Boie (10.00%); and Jerald L. Willbur (4.60%).

Acquisition Agreement, which is the date on which all required documents and filings related to the Proposed Transaction have been filed with, and the Merger has been accepted or approved by, the appropriate Governmental Authorities in accordance with the relevant provisions of the Oregon Revised Statutes (“ORS”) and the expiration of any applicable waiting periods required under ORS 732.528.

The Proposed Transaction is being consummated in two inter-related steps to cause the transaction to be treated as a stock sale, rather than an asset sale, for federal and applicable state income tax purposes. If the Proposed Transaction had been structured to be taxed as an asset sale, the Domestic Insurer could have incurred additional tax liability.

As a result of these two transactions, direct control (as defined in ORS 732.548) of the Domestic Insurer will be acquired by Advantage Holding and indirect control of the Domestic Insurer will be acquired by Advantage Holding’s parent companies.

These parent companies are as follows:

The ultimate parent company of Advantage Holding and the entity that would become the ultimate parent company of the Domestic Insurer if the Proposed Transaction is approved is Catalyst Institute, Inc., a Massachusetts non-profit corporation with no owners (“Catalyst”). Below it in the chain of ownership are Dental Service of Massachusetts, Inc., a Massachusetts non-profit corporation (“DSM”); DentaQuest Group, Inc., a Delaware corporation (“DQG”); DentaQuest, LLC, a Delaware limited liability company; and DentaQuest Care Group Management, LLC, a Delaware limited liability company (collectively with AD Plans and Advantage Holding, the “Applicants”). These entities constitute the Applicants and are collectively referred to herein as “DentaQuest.”

Unrelated to the Proposed Transaction, an internal restructuring transaction (the “Restructuring”) is underway within the Applicants’ holding company system structure that will impact this chain of ownership. As reflected in the exemption request letter submitted to the Division by Catalyst, dated August 9, 2017, Catalyst has become the ultimate controlling person of the Applicants’ holding company system. The Division granted the requested exemption by letter dated December 11, 2017 and the portion of the Restructuring regarding Catalyst’s insertion as the ultimate parent company became effective January 1, 2018. The Restructuring also includes a second component, which has not yet been consummated, namely, the transfer of the stock of DQG from DSM to Catalyst (the “Stock Transfer”), thereby removing DSM from the chain of ownership of Advantage Holding and the Domestic Insurer. The Stock Transfer is not scheduled to occur until sometime in April of 2018. DSM is required to give the Massachusetts Division of Insurance (the “MA DOI”) thirty days’ notice of such a transfer. The Applicants have determined that it would be best to wait until DSM has filed its 2017 Annual Statement on March 1, 2018 before delivering the notice so that the MA DOI has complete and current information to support its review of the Stock Transfer. DSM and Catalyst will effect the Stock Transfer once the notice is delivered to the MA DOI and the waiting period has expired. If the Stock Transfer occurs before the approval of the Proposed Transaction that is the subject of this Form A is granted, a conforming amendment to this Form A will be filed.

In any case, the Stock Transfer has no impact on the substantive merit of this Form A because DSM and Catalyst have identical Boards of Directors and each is managed by individuals employed by DentaQuest, LLC.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANTS

(a) Names and Addresses of the Applicants

The names and business addresses of the Applicants are:

Advantage Dental Plan, Inc.
Advantage Community Holding Company LLC
442 SW Umatilla, Suite 200
Redmond, OR 97756

and:

Catalyst Institute, Inc.
Dental Service of Massachusetts, Inc.
DentaQuest Group, Inc.
DentaQuest, LLC
DentaQuest Care Group Management, LLC
465 Medford Street
Boston, MA 02129

(b) Business Operations of the Applicants For the Past Five Years

AD Plan is licensed as a health insurance company in Oregon. The only business it has written over the last seven years is the health insurance of the employees of subsidiaries of Advantage Holding. Its revenues in 2016 and 2017 totaled approximately \$900,000 and \$480,000, respectively.

Advantage Holding is a holding company for a group of companies that operate or manage (i) a Dental Care Organization in Oregon, (ii) a network of dental providers in the Pacific Northwest, (iii) a group of approximately fifty dental clinics across Oregon, an ambulatory surgery center in Portland and two clinics located in Vancouver, Washington, and (iv) the insurance business of AD Plan.

DSM is a Massachusetts not-for-profit corporation and, through its various subsidiaries, is one of the largest dental benefits administrators in the United States. DSM is regulated by the Massachusetts Commissioner of Insurance, pursuant to Massachusetts General Laws Chapter 176E. All of the DentaQuest companies are part of the holding company system regulated by the Massachusetts Commissioner of Insurance pursuant to the Massachusetts Insurance Holding Company Act.

DSM operates in Massachusetts under the Delta Dental brand name. It generated total revenues from this business of approximately \$300 million for 2016. This business is sold to companies operating or headquartered in Massachusetts.

Through DSM's subsidiaries, the Applicants also do business under the "DentaQuest" brand name serving customers nationally. These companies do business on a risk and ASO basis, contracting with state governments (servicing their Medicaid dental offerings) and working with other health insurers to provide dental and vision benefits for their health care customers (under government and marketplace programs and plans) on a private label basis.

DSM's subsidiaries include six insurance or managed care companies which hold health insurance or managed care licenses in more than forty U.S. jurisdictions and a number of other entities (primarily the LLCs shown on the attached organization chart) that hold third party administrator and/or utilization review licenses (or the equivalents) in more than thirty states. In 2016, DSM indirectly acquired AD Plan, as its sixth subsidiary insurance company.

Altogether, DentaQuest currently serves approximately 25 million members. For 2016, its revenue was approximately \$1.9 billion.

AD Plan, Advantage Holding and DentaQuest intend to continue their existing lines of business. They will pursue additional state Medicaid dental benefit contracts as they come up for bid and continue to expand their health plan relationships for government, commercial and exchange business for both dental and vision benefit plans.

The Proposed Transaction is related to the recently completed acquisition of 100% of the ownership interest in Dental Service, LLC ("DSLLC") by Advantage Holding, which closed on October 31, 2017 pursuant to a Unit Purchase Agreement by and among Advantage Holding, DSLLC, the owners of DSLLC and Dany Y. Tse, D.M.D (the "UPA Transaction"). The Domestic Insurer operates in conjunction with DSLLC and, following the Merger, the surviving entity will operate in conjunction with DSLLC and the other Advantage Holding companies.

(c) Organizational Charts

The current organizational chart of the Applicants following the acquisition of DSLLC is attached hereto as Exhibit 2A. The organizational chart of the Applicants as it is expected to exist following the consummation of the Proposed Transaction (and assuming the pending Restructuring described in Item 1(b) above is complete when the Proposed Transaction is consummated) is attached hereto as Exhibit 2B. The Domestic Insurer's place within the Applicants' organizational structure following the Merger will be as AD Plan.

No court proceedings involving a reorganization or liquidation are pending with respect to any entity identified in Exhibits 2A or 2B.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANTS.

A list setting forth the names and business addresses of the directors, executive officers and owners of ten percent (10%) or more of the voting securities of the Applicants and the persons who are directors and executive officers of AD Plan (into which the Domestic Insurer will be merged) is attached hereto as Exhibit 3. Biographical affidavits for all above-named persons are attached hereto as Exhibit 4. Third-party background checks of each such person, with the exception of three, were conducted by A.I.R. Pre-Employment Screening Services and the

reports are attached hereto as Exhibit 5. The three additional background checks are being conducted by A.I.R. and the reports will be supplemented upon receipt.

To the knowledge of the Applicants, none of the persons identified above has been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten years.

ITEM 4. NATURE, SOURCE, AND AMOUNT OF CONSIDERATION

(a) Nature, Source, and Amount of Consideration

AD Plan will pay the entire purchase price for the stock of the Domestic Insurer in cash. The source of the cash is existing funds held by Advantage Holding. It is anticipated that the Shareholders (i.e., the current owners of the Domestic Insurer) will request approval of an extraordinary dividend by the Domestic Insurer to the Shareholders of all or substantially all of the capital and surplus of the Domestic Insurer immediately prior to the Proposed Transaction closing. If such dividend is approved, the estimated purchase price will be \$1.00, plus any remaining NexDent capital and surplus (subject to adjustment in accordance with the Acquisition Agreement), calculated as of the closing date.

(b) Criteria Used in Determining Nature and Amount of Consideration

The consideration was negotiated at arm's length, taking into consideration the actual and projected financial performance of the Domestic Insurer.

(c) Loans

No loans will be used as a source of funds for the Proposed Transaction.

ITEM 5. FUTURE PLANS OF THE INSURER

The Domestic Insurer will cease to exist as a separate business entity following the Merger. However, the Applicants do not plan any changes in the business the Domestic Insurer currently conducts, other than to merge the business into the similar business currently conducted by AD Plan.

The current management of AD Plan will become the management of the Domestic Insurer after it is merged into AD Plan. The identity of these people is set forth in Item 3, above.

The Proposed Transaction will have no effect on market concentration in Oregon. The combined market share of the Applicants, their subsidiaries and the Domestic Insurer is less than 5% of the total market share in any market for stand-alone dental insurance in Oregon. As such, the Proposed Transaction will not lessen competition in Oregon or tend to create a monopoly, so there are no issues to be considered under ORS 732.537. The Applicants have submitted a request for exemption from the Pre-acquisition Notification requirement pursuant to OAR 836-027-0125.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

The Shareholders hold 100% of the shares of the Domestic Insurer's outstanding voting securities, consisting of 40,000 shares. AD Plan will directly acquire 100% of said shares, which will then be cancelled and extinguished by virtue of the merger.

The terms of the Proposed Transaction were negotiated at arm's length, taking into consideration the actual and projected financial performance of the Domestic Insurer.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

Except as contemplated by the Acquisition Agreement, neither the Applicants, their affiliates, nor any person listed in Item 3 of this Application beneficially owns or has a right to acquire beneficial ownership of the voting securities of the Domestic Insurer.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Except as contemplated by the Acquisition Agreement and the Unit Purchase Agreement by and among Advantage Holding, DSSLIC, the owners of DSSLIC and Dany Y. Tse, D.M.D, neither the Applicants, their affiliates, nor any person listed in Item 3 of this Application is a party to any contract, arrangement or understanding with respect to any voting securities of the Domestic Insurer, including, but not limited to, the transfer of any securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

To the knowledge of the Applicants, there have been no purchases, direct or indirect, during the twelve calendar months preceding the filing of this Statement of any voting securities of the Domestic Insurer which were affected by the Applicants, or any person controlling, controlled by or under common control with the Applicants, any of their affiliates or subsidiaries identified in Exhibit 2A or 2B, or any person identified in Item 3.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

To the knowledge of the Applicants, there have been no recommendations to purchase any voting securities of the Domestic Insurer made by the Applicants, any of their affiliates or subsidiaries identified in Exhibits 2A or 2B or any person identified in Item 3.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

The Applicants have made no agreement, contract or understanding with any broker-dealer as to solicitation of voting securities of the Domestic Insurer for tender.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) Exhibits

The following information is attached as an appendix:

Exhibit 1	Agreement and Plan of Stock Purchase and Merger
Exhibit 2A	Current DentaQuest Organizational Chart
Exhibit 2B	Post-Transaction DentaQuest Organizational Chart
Exhibit 3	List of Officers and Directors of the Applicants
Exhibit 4	Biographical Affidavits of the Directors and Executive Officers of the Applicants
Exhibit 5	Background Investigation Reports
Exhibit 6	Financial Statements of the Applicants A – Audited annual B – Unaudited quarterly
Exhibit 7	Pro formas

(b) Financial Statements

Audited financial statements of the Applicants for the last five fiscal years and unaudited quarterly reports for the most recently completed fiscal year are attached as Exhibit 6.

(c) Financial Projections

Three year pro forma projections for AD Plan, post-Merger, are attached as Exhibit 7.

(d) Tender Offer, Agreements for Voting Securities, Annual Reports

Other than as contemplated by the Purchase Agreement, there were no tender offers for, requests of invitations for tenders of, exchange offers for or agreements to acquire or exchange any voting securities of the Domestic Insurer in connection with the Proposed Transaction. As a result of the Proposed Transaction, the Applicants will indirectly acquire 100% of the issued and outstanding capital stock of the Domestic Insurer pursuant to the Purchase Agreement. Therefore, no tender offer is necessary or contemplated.

Neither the Applicants nor the Domestic Insurer issue annual reports.

ITEM 13. AGREEMENT TO REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

The Applicants agree to provide to the best of their knowledge and belief, the information required by Form F within fifteen business days after the end of the month in which the acquisition of control of the Domestic Insurer occurs.

ITEM 14. SIGNATURE AND CERTIFICATION


SIGNATURE

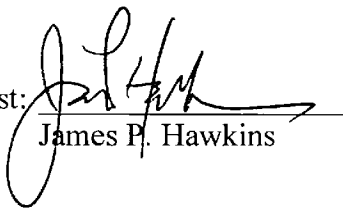
Pursuant to the requirements of ORS 732.517 to 732.592, the Applicants have caused this application to be duly signed on its behalf in the City of Boston in the Commonwealth of Massachusetts on the 26th day of February, 2018.

ADVANTAGE DENTAL PLANS, INC.
ADVANTAGE COMMUNITY HOLDING
COMPANY, LLC

BY: 
Todd Cruse, President

CATALYST INSTITUTE, INC.
DENTAL SERVICE OF MASSACHUSETTS, INC.
DENTAQUEST GROUP, INC.
DENTAQUEST, LLC
DENTAQUEST CARE GROUP MANAGEMENT,
LLC

BY: 
Steven Pollock, President

Attest: 
James P. Hawkins

CERTIFICATIONS

The undersigned deposes and says that the undersigned deponent has duly executed the attached application dated February 26, 2018, for and on behalf of Advantage Dental Plans, Inc. and Advantage Community Holding Company, LLC, and that the deponent is the President of each such company, as indicated above, and that the deponent is authorized to execute and file the instrument on behalf of each such company. Deponent further says that the deponent is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.



Todd Cruse

The undersigned deposes and says that the undersigned deponent has duly executed the attached application dated February 26, 2018, for and on behalf of Catalyst Institute, Inc.; Dental Service of Massachusetts, Inc.; DentaQuest Group, Inc.; and DentaQuest Care Group Management, LLC, and that the deponent is the President of each such company, as indicated above, and that the deponent is authorized to execute and file the instrument on behalf of each such company. Deponent further says that the deponent is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.



Steven Pollock