

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

PROVIDENCE HEALTH PLAN

AND

PROVIDENCE HEALTH ASSURANCE

Name of Domestic Insurer

BY

PROVIDENCE ST. JOSEPH HEALTH, ST. JOSEPH HEALTH MINISTRIES, AND THE SISTERS  
OF ST. JOSEPH ORANGE

Name of Acquiring Person (Applicant)

Filed with the Department of Consumer and Business Services of the State of Oregon (“DCBS”).

Dated: January 27, 2017

Amended: December 13, 2018

Name, title, address and telephone number of individual to whom notices and correspondence concerning this statement should be addressed:

James Parker  
Davis Wright Tremaine LLP  
1300 SW Fifth Avenue, Suite 2400  
Portland, OR 97201  
jamesparker@dwt.com  
Tel: (503) 778-5471  
Fax: (503) 276-5871

## **ITEM 1. METHOD OF ACQUISITION**

State the name and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.

Domestic insurers:	Providence Health Plan (“PHP”) 3601 SW Murray Blvd. Ste. 10 Beaverton, OR 97005	Providence Health Assurance (“PHA”) 3601 SW Murray Blvd. Ste. 10 Beaverton, OR 97005
--------------------	---	--

Providence St. Joseph Health (“PSJH”) will acquire ultimate control of the above domestic insurers through an agreement between Providence Health & Services (“PH&S”) and St. Joseph Health System (“SJHS”), which has been memorialized in the Health System Combination Agreement, a copy of which is attached hereto as “Item 1 Exhibit A” (the “Combination Agreement”), and through the termination of a binding letter agreement between PH&S and SJHS, Re: Health System Combination – Retained Governance and Control of the Oregon Insurance Subsidiaries (which is defined as PHP and PHA), a copy of which is attached hereto as “Item 1 Exhibit B” (the “Binding Letter”).

PH&S is sponsored by the Providence Ministries, and was previously considered to be a controlling party of PHP and PHA, pursuant to ORS 732.548(2).

SJHS is sponsored by the St. Joseph Health Ministries and the Sisters of St. Joseph Orange, and would be considered a controlling party of SJHS, pursuant to ORS 732.548(2).

The re-designation of ultimate control to PSJH, includes its co-sponsors, Providence Ministries and St. Joseph Health Ministries, neither of which are involved in the day-to-day management or operations of PHS or SJHS. Based upon the sponsorship, Providence Ministries and St. Joseph Health Ministries would be considered controlling parties to the transaction, as well, pursuant to ORS 732.548(2).

## **ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT**

(a) State the name and address of the applicant seeking to acquire control over the insurer.

Providence St. Joseph Health  
1801 Lind Avenue SW  
Renton, WA 98057

(b) If the applicant is not an individual, state the nature of its business operations for the past five years or for such lesser period as such person and any predecessors thereof have been in existence. Briefly describe the business intended to be done by the applicant and the applicant's subsidiaries.

### Nature of Applicant’s Business for the Past Five Years

Providence St. Joseph Health was formed on December 2, 2015 as the holding company for its two forming partners, PH&S and SJHS. PSJH has no operations independent of its operational units, PH&S and SJHS.

PH&S continues a tradition of caring that the Sisters of Providence began in the Pacific Northwest more than 158 years ago. Today, PH&S is the third largest not-for-profit health system in the United States with operations across Alaska, California, Montana, Oregon and Washington. The system includes more than 76,000 caregivers (employees) serving in a diverse roles from birth to end of life, including acute care, physician clinics, long-term and assisted living, palliative and hospice care, home health, supportive housing and education.

PH&S operates 34 hospitals, 475 physician clinics, 22 long-term care facilities, 19 hospice and home health programs and 693 supportive housing units in 14 locations. The health plan subsidiaries serve system caregivers, fully-insured and self-funded employer groups, and individual commercial, Medicare, and Medicaid health coverage purchasers - arranging care and coverage for more than 600,000 lives.

SJHS was established in 1982, as a not-for-profit, integrated Catholic health care delivery system sponsored by the St. Joseph Health Ministry. The roots of the health care organization date back more than 100 years to 1912 when the Sisters of St. Joseph of Orange opened a school and eventually a small hospital in the lumber town of Eureka, Calif.

The Sisters of St. Joseph of Orange is an established order of the Sisters of St. Joseph, and was founded in 1912. In 1920, the Sisters opened St. Joseph Hospital in Eureka, California. The Sisters of St. Joseph is an order of Catholic religious women originally founded in France in the 17th Century. The Sisters of St. Joseph and Sisters of St. Joseph Orange remain the ultimate controlling entity of SJHS, as they appoint the St. Joseph Health Ministry members. In 2008, sponsorship of SJHS transferred to a newly created civil and church corporation, the St. Joseph Health Ministry, which consists of six appointed members. The St. Joseph Health Ministry includes individuals, as well as members of the Congregation of the Sisters of St. Joseph of Orange, who join together in serving as sponsors of SJHS. The sponsors are the sole corporate member of SJHS.

Today, SJHS continues its work in the tradition of the Sisters through more than 24,000 employees in its 16 acute care hospitals, 2 home health care programs, rehabilitation programs, primary care clinics and many community outreach and wellness programs. In each community it touches, SJHS reaches out to care for the poor and vulnerable. Based in Irvine, Calif., SJHS serves 10 distinct communities within three general regions – Northern California, Southern California and West Texas/Eastern New Mexico.

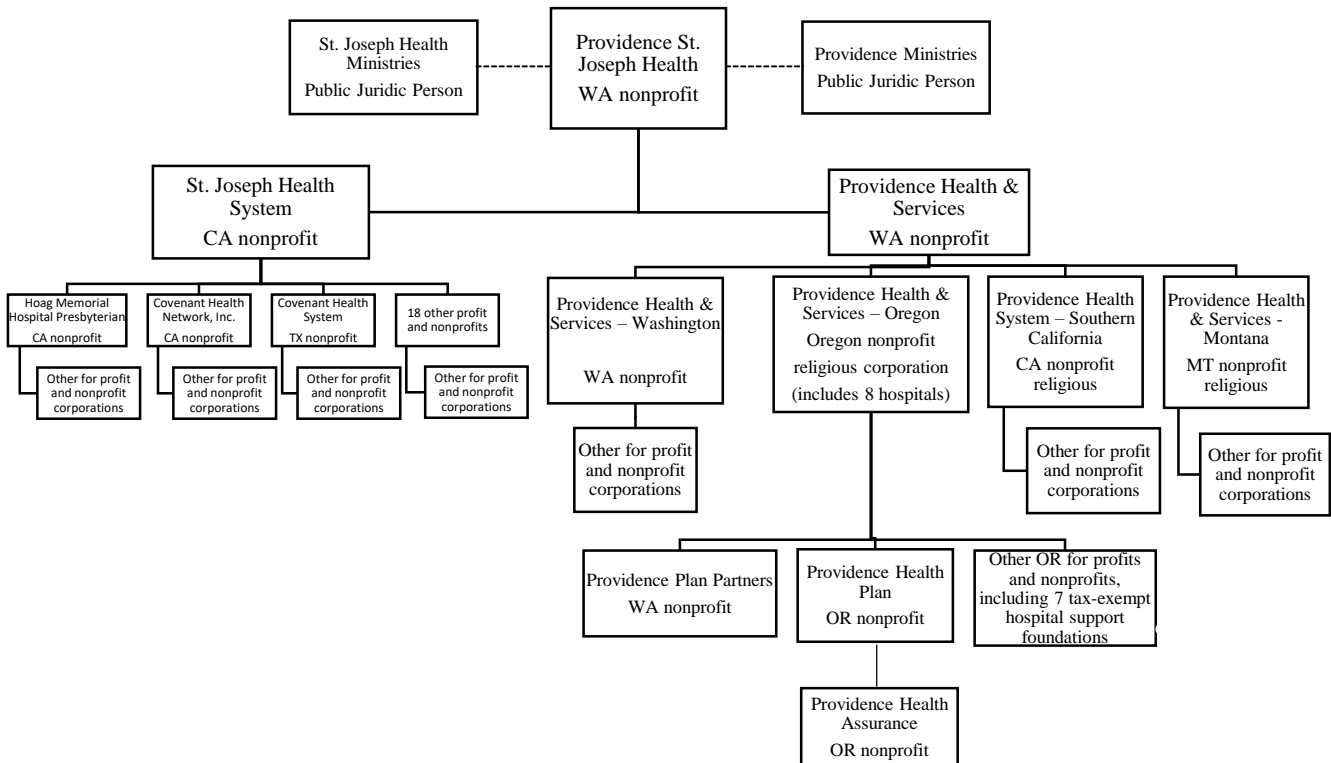
St. Joseph Health Ministry (“SJHM”) and Providence Ministries (“PM”), two public Juridic persons (each a Catholic organization comprised of a community of individual persons or “sponsors”), joined together to form PSJH and called their joint community of sponsors the Co-Sponsors’ Council (CSC). The CSC was established just prior to the establishment of Providence St. Joseph Health, on March 15, 2016. The CSC is comprised of all members of each board (SJHM and

PM) as described in Co-Sponsorship Covenant, Article Two, Section 1 and 3. The Sisters of St. Joseph and Sisters of St. Joseph Orange involvement is limited to participation by some members in the CSC.

The Business Intended to be Done Post-Acquisition of Control

PSJH will continue to serve as the holding company for PH&S and SJHS, both of whom will continue to operate as described above.

(c) Furnish a chart or listing clearly presenting the identities of the interrelationships among the applicant and all affiliates of the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g. corporation, trust, partnership) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.



### **ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT**

On the biographical affidavit, include a third party background check, and state the following with respect to (1) the acquiring party if the applicant is an individual or (2) if the applicant is not an individual, all persons who are directors, executive officers or owners of 10 percent or more of the voting securities of the applicant:

(a) Name and business address.

(b) Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on.

(c) Material occupations, positions, offices or employment during the last five years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith.

(d) Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case.

A list of the directors and corporate officers of PSJH is attached hereto as "Item 3 Exhibit." As a non-profit public benefit corporation, PSJH does not have any stock -- voting or non-voting. Accordingly, PSJH does not have an equity ownership structure and does not have equity owners. The Item 3 Confidential Supplement contains the biographical affidavits for each director and corporate officer of PSJH.

### **ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION**

(a) Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.

PH&S and SJHS entered into the Combination Agreement, which called for the formation of the applicant, PSJH, and PSJH becoming the sole corporate member of PH&S and of SJHS. The Combination Agreement does not call for monetary consideration.

(b) Explain the criteria used in determining the nature and amount of such consideration.

NOT APPLICABLE

(c) If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, the applicant must specifically request that the identity be kept confidential.

NOT APPLICABLE

**ITEM 5. FUTURE PLANS OF INSURER**

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, to liquidate the insurer, to sell its assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management.

The parties contemplate no material changes with respect to PHP or PHA after the acquisition of control. There will be no material change to entity corporate structures, management or operations.

**ITEM 6. VOTING SECURITIES TO BE ACQUIRED**

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at.

NOT APPLICABLE

**ITEM 7. OWNERSHIP OF VOTING SECURITIES**

State the amount of each class of any voting security of the insurer that is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

NOT APPLICABLE

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

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is involved, including but not limited to transfer of any of the 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. The description shall identify the persons with whom the contracts, arrangements or understandings have been entered into.

NOT APPLICABLE

**ITEM 9. RECENT PURCHASES OF VOTING SECURITIES**

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement. Include in the description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether any such shares so purchased are hypothecated.

NOT APPLICABLE

**ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE**

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by, anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3, during the 12 calendar months preceding the filing of this statement.

NOT APPLICABLE

**ITEM 11. AGREEMENTS WITH BROKER-DEALERS**

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

NOT APPLICABLE

**ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS**

(a) Financial statements, exhibits, and three-year financial projections of the insurer shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.

Attached hereto under “Item 12(a) Appendix” are copies of the following:

1. Unaudited consolidated statutory financial statements for the Oregon Insurance Subsidiaries for the first nine months of fiscal year 2016.
2. Audited consolidated statutory financial statements for the Oregon Insurance Subsidiaries for fiscal year 2015. Fiscal years 2011-2014 are already on file with DCBS, but may be provided upon request.
3. Pro-forma consolidated financial statements for the Oregon Insurance Subsidiaries for fiscal years 2016 through 2018 projecting the financial performance of the insurance holding company system during such period, including statutory risk-based capital (“RBC”) projections.

(b) The financial statements shall include the annual financial statements of the persons identified in Item 2(c) for the preceding five fiscal years (or for such lesser period as such applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of such person's last fiscal year, if such information is available. The statements may be prepared on either an individual basis, or, unless the Director otherwise requires, on a consolidated basis if such consolidated statements are prepared in the usual course of business.

The annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles **or** with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer that is actively engaged in the business of insurance, the financial statements need not be certified if they are based on the Annual Statement of the person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of the domiciliary state.

Providence St. Joseph Health (“PSJH”) combined its financial reporting effective July 1, 2016, and therefore has no annual financial statement to provide. The financial statements of its two forming entities, PH&S and SJHS and the third quarter combined financial for PSJH, are attached hereto under “Item 12(b) Appendix” as follows:

1. Unaudited consolidated GAAP financial statements for PSJH for the third quarter of fiscal year 2016.
2. Audited consolidated GAAP financial statements for PH&S for fiscal years 2011 through 2015.
3. Audited consolidated GAAP financial statements for SJHS for fiscal years 2011 through 2015.



(c) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory or management contracts concerning the insurer, annual reports to the stockholders of the insurer and the applicant for the last two fiscal years, and any additional documents or papers required by Form A or OAR 836-027-0030 or 836-027-0040. .

NOT APPLICABLE

**ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT**

Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F within 15 days after the end of the month in which the acquisition of control occurs.


**ITEM 14. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

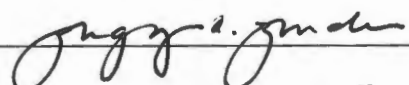
**SIGNATURE**

Pursuant to the requirements of ORS 732.517 to 732.592, Providence St. Joseph Health has caused this application to be duly signed on its behalf in the City of Renton and State of Washington as of the 13 th day of December, 2018.

PROVIDENCE ST. JOSEPH HEALTH

By:   
Cynthia G. Strauss  
Chief Legal Officer

ATTEST:

  
Print Name: Gregory D. Zamudio  
Title: Sr. Corporate Counsel

## CERTIFICATION

The undersigned deposes and says that the undersigned deponent has duly executed the attached application dated January 26, 2017, for and on behalf of Providence St. Joseph Health; that the deponent is the Chief Legal Officer of such company and that the deponent is authorized to execute and file the instrument. 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 the deponent's knowledge, information and belief.



\_\_\_\_\_  
Cynthia G. Strauss