

**STATE OF NEW HAMPSHIRE  
INSURANCE DEPARTMENT**

**IN THE MATTER OF:**

**FORM A STATEMENT REGARDING THE ACQUISITION OF CONTROL OF  
TUFTS HEALTH FREEDOM INSURANCE COMPANY BY UNITEDHEALTH GROUP  
INCORPORATED AND UNITED HEALTHCARE SERVICES, INC.**

**Docket No: INS-20-076-AP**

**ORDER**

**PROCEDURAL HISTORY**

On October 5, 2020, UnitedHealth Group Incorporated (“UHG”) and United HealthCare Services, Inc. (“UHS”) (together, “Applicants”) submitted a Form A Statement. The Applicants seek approval for the acquisition of control of Tufts Health Freedom Insurance Company (“THFIC” or “Insurer”). The Applicants propose to acquire control of THFIC through a purchase by UHS of Tufts Health Freedom Plans, Inc. (“THFP”) which owns THFIC.

A public hearing on the proposed acquisition of control was held on November 13, 2020.

**FINDINGS OF FACT**

Pursuant to New Hampshire RSA 401-B:3, I have considered the Form A Statement and, based on the testimony and exhibits at the hearing, I find and conclude as follows:

1. Proper notice was given of the hearing pursuant to RSA 401-B:3, VI(b).
2. The Insurer THFIC is a New Hampshire-domiciled stock accident and health insurance company with its main administrative office in Watertown, Massachusetts. The Insurer is wholly-owned by THFP, which is wholly-owned by Tufts Associated Health Plans, Inc. (“TAHP”). The Insurer currently operates only in New Hampshire.
3. The Applicant UHG is a Delaware corporation with its headquarters in Minnetonka, Minnesota. The Applicant UHS is a Minnesota corporation with its headquarters in Minnetonka, Minnesota, that is a direct wholly-owned subsidiary of UHG. The Applicants are part of the UnitedHealth group that offers diverse health benefits and health services.
4. As set forth in the Form A Statement and its exhibits, the Applicants propose to acquire control of the Insurer by acquiring all of the common stock of THFP (the owner of the Insurer) from TAHP pursuant to a Stock Purchase Agreement dated as of September 24, 2020 by and among UHS, TAHP and THFP (the “Proposed Acquisition”). Under the Stock Purchase Agreement, UHS is the “Buyer”. The

purchase price to be paid by UHS is \$17.5 million, subject to a number of adjustments set forth in the Stock Purchase Agreement.

5. The Proposed Acquisition is related to a proposed combination of Tufts Health Plan, Inc. (“THP”, the ultimate parent of TAHP, THFP and the Insurer) and Harvard Pilgrim Health Care, Inc. (the “THP/HPHC Combination”). In connection with obtaining termination of the waiting period for the THP/HPHC Combination under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, THP is seeking to divest itself of THFP and the Insurer.
6. The Stock Purchase Agreement is subject to satisfaction of several closing conditions, including (1) approval of UHS as an acceptable purchaser of THFP and the Insurer by the Antitrust Division of the United States Department of Justice and New Hampshire Attorney General, and (2) satisfaction or waiver of the conditions to close the THP/HPHC Combination. The Proposed Acquisition is to close immediately prior to the closing of the THP/HPHC Combination.
7. On the closing of the Proposed Acquisition, THFP will become a direct wholly-owned subsidiary of UHS and thus an indirect wholly-owned subsidiary of UHG. The Insurer will become a wholly owned indirect subsidiary of UHS and UHG.
8. The Applicants’ subsidiary UnitedHealthcare Insurance Company (“UHIC”), a Connecticut-domiciled life, accident and health insurer, currently sells fully-insured and administrative-services-only plans in New Hampshire that are structured similarly to the THFIC offerings. The Applicants intend to transition THFIC insureds to UHIC’s platform beginning on July 1, 2021 as THFIC’s policies come up for renewal. The Applicants’ plan is for UHIC to offer the same types of products as THFIC now does. The vast majority of THFP’s New Hampshire provider network will remain in effect after closing of the Proposed Acquisition. THFIC will no longer have access to THP’s national network but it will have access to UHIC’s contracted national network.
9. Other than these plans and changes to officers and directors related to the acquisition of control and as set forth in the Form A Statement, the Applicants do not currently have any plans to liquidate the Insurer, sell any of its assets, merge or consolidate the Insurer with any other person, cause the Insurer to declare a dividend of any other distribution, or make any other material change in the Insurer’s business operations or corporate structure or management.
10. Background checks on several of the persons who would control the operation of the Insurer have not yet been completed and submitted to the New Hampshire Insurance Department. The Applicants believe that the delay may be due, in part, to court closings and other obstacles presented by the global pandemic.

## **CONCLUSIONS OF LAW**

The New Hampshire Holding Company Act, RSA 401-B:3, provides that the Commissioner shall approve any merger or other acquisition of control unless, after a public hearing, the Commissioner finds that one or more of six conditions exist. RSA 401-B:3, VI(a). Those potential disqualifying findings are set forth in RSA 401-B:3, VI(a)(1)-(6):

- (1) After the change of control 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 merger or other acquisition of control would be substantially to lessen competition in insurance in this state or tend to create a monopoly (referring to the information and standards of RSA 401-B:3-a);
- (3) The financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer or prejudice the interest of its policyholders;
- (4) 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 and not in the public interest;
- (5) 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 policyholders of the insurer and of the public to permit the merger or other acquisition of control;
- (6) The acquisition is likely to be hazardous or prejudicial to the insurance buying public.

None of the six conditions specified in RSA 401-B:3 are supported in the record. Based on the evidence presented, I find that:

1. After the acquisition of control, the Insurer will continue to be qualified to write the lines of insurance for which it is presently licensed.
2. The acquisition of control will not substantially lessen competition in insurance in the State of New Hampshire or tend to create a monopoly therein.
3. The financial condition of the Applicants is not such as to jeopardize the

financial stability of the Insurer or prejudice the interest of its policyholders.

4. The Applicants' plans for the Insurer are not unfair or unreasonable to policyholders of the Insurer or not in the public interest.
5. The competence, experience, and integrity of those persons who would control the operation of the Insurer are not such that it would not be in the interest of the policyholders of the Insurer or the public to permit the acquisition of control.
6. The acquisition of control of the Insurer is unlikely to be hazardous or prejudicial to the insurance buying public.

I conclude, therefore, that the application to acquire control of the Insurer should be approved.


### **ORDER**

Accordingly, it is hereby ORDERED that the acquisition of control of Tufts Health Freedom Insurance Company by UnitedHealth Group Incorporated and United HealthCare Services, Inc. is APPROVED, subject to the following conditions:

1. The Applicants shall provide the New Hampshire Insurance Department with written confirmation of the closing of the acquisition transaction contemplated by the Form A Statement promptly after the closing.
2. The Applicants shall use their best efforts to cause the remaining background checks on persons who would control the operation of the Insurer to be completed to the extent possible and submitted to the New Hampshire Insurance Department within 30 days of the date of this order. If the Department has any follow-up questions or concerns with respect to such background checks, the Applicants will respond promptly to the Department's satisfaction.

SO ORDERED.

Dated: 11/18, 2020

  
Christopher R. Nicolopoulos, Commissioner