

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE ACQUISITION) ORDER APPROVING
OF CONTROL OF HEALTHIER NEW) ACQUISITION
JERSEY INSURANCE COMPANY BY)
BARNABAS HEALTH, INC. DBA)
RWJBH CORPORATE SERVICES, INC.)

I have read the Hearing Officer’s report dated August 31, 2021 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 Barnabas Health, Inc. dba RWJBH Corporate Services, Inc. (“the Applicant”) to acquire control of Healthier New Jersey Insurance Company (“the Domestic Insurer”) subject to the following conditions:

1. **NO USE OF NEW JERSEY FUNDS FOR ACQUISITION.** Upon consummation of the transaction, the Applicant shall: (a) **Assets:** not dispose of or otherwise use assets of the Domestic Insurer 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 Insurer 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 as approved or otherwise permitted by the relevant agency with regulatory authority; (b) **Costs:** not pass onto the Domestic Insurer 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) **Rates:** not seek premium rate increases applicable to New Jersey insureds that are intended to be used, or are used, to pay for the cost of the transaction. Applicant shall take steps to ensure that premiums and cost sharing obligations payable (including copayments and deductibles) by New Jersey Insureds for products offered by Applicant's Insurer in New Jersey, if any, shall not increase as a result of costs incurred in financing, analyzing and /or consummating the Proposed Acquisition ("Acquisition Costs"). (Such Acquisition Costs include, but are not limited to, attorney's and investment bankers' fees, loans expenses, travel expenses, due diligence expenses, execution compensation expenses, of any form and expenses related to current or future acquisitions by Applicant/Domestic Insurer); (d) **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 Insurer 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.

2. **MAINTAIN RBC.** For a period of five (5) years from the consummation of the transaction, Applicant shall direct their respective representatives on the board of directors of the Domestic Insurer to use reasonable efforts or if required to vote to maintain a minimum Authorized Control Level Risk Based Capital (RBC) level of 300%, or higher at all times.

3. **MAINTAIN PRODUCTS, SERVICES AREA, NETWORKS.** Applicant agrees that, for a period of three (3) years from consummation of the transaction: The Applicant directs its representatives on the board of directors of the Domestic Insurer either by way of reasonable efforts or if required by vote, to cause the Domestic Insurer 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 Insurer or the parties from offering different networks or from contracting with carriers to entering new markets in New Jersey.

4. **NO MATERIAL CHANGE TO BUSINESS.** Upon the consummation of the transaction, Applicant, by way of its representative on the board of directors of the Domestic Insurer shall refrain from voting for the following actions: (i) liquidating the Domestic Insurer; (ii) selling any material portion of the assets of the Domestic Insurer; (iii) merging the Domestic Insurer 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 Insurer., all without the express prior approval of the Commissioner.

5. The Applicant shall direct its representatives on the board of directors of the Domestic Insurer to use reasonable efforts or if required to vote to cause the Domestic Insurer to 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, 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.

6. **CYBERSECURITY.** Applicant shall direct its representatives on the board of directors of the Domestic Insurer to use reasonable efforts or if required to vote to cause the Domestic Insurer to 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.

7. Applicant shall direct their representative on the board of directors of the Domestic Insurer to use reasonable efforts or if required to vote 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.

8. Applicant shall provide the Department with written details of the final purchase price after all adjustments used to complete the acquisition.

9. Applicant or the Domestic Insurer shall provide the Department with the name(s) and title(s) of the individual(s) 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.

10. Following the acquisition, Applicant shall direct their representatives on the board of directors of the Domestic Insurer to use reasonable efforts or if required to vote to cause the Domestic Insurer to 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.

11. **ANNUAL AUDITED FINANCIAL STATEMENTS.** Beginning with the year ended December 31, 2021, the Applicant shall confirm that the following will be filed annually with the Department:

(a) Collaborative Care, LLC, annual audited financial statement within 150 days after fiscal year end. Annual audited financial statement to be filed on a confidential basis with the Department;

(b) Barnabas Health, Inc. DBA RWJBH Corporate Services, Inc. annual audited financial statement within 150 days after fiscal year end.

Financial statements in (a) and (b) are required to be in accordance with United States generally accepted accounting principles.

(c) Domestic Insurer annual audited financial statement in accordance with New Jersey rules and NAIC guidelines.

12. Applicant represents that none of the individuals who represent the Applicant and will exercise the Applicant's responsibilities and control subsequent to this acquisition, directly or indirectly, over Collaborative Care, LLC ("Parent"), Domestic Insurer, or its subsidiaries will/or have been found guilty of, or pleaded guilty or nolo contendere to, a felony or a misdemeanor, other than a civil traffic offense.

13. **CONSUMMATION OF ACQUISITION OF CONTROL.** Applicant 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. If the proposed acquisition is not consummated within ninety (90) days of the date of this Order and Applicant intends to consummate the proposed acquisition, Applicant shall submit to the Commissioner a statement requesting an extension and shall include

(i) the reason for the Applicant's 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 Applicant and Domestic Insurer. Any and all extensions shall be with the written approval of the Commissioner.



9/29/2021
Date

Marlene Caride
Commissioner

LC HNJIC by Barnabas Acquisition Order/Orders