

Delta Dental of California Purchase of Interest in Moda, Inc.

January 30, 2019

**Sarah Ream
Acting General Counsel and
Deputy Director, Office of Plan Licensing**

Overview of Transaction

- Delta Dental of California to purchase 49.5 % interest in Moda, Inc.
- Purchase price = \$153 million
 - \$88 million via loan forgiveness by Delta Dental
 - \$65 million in cash

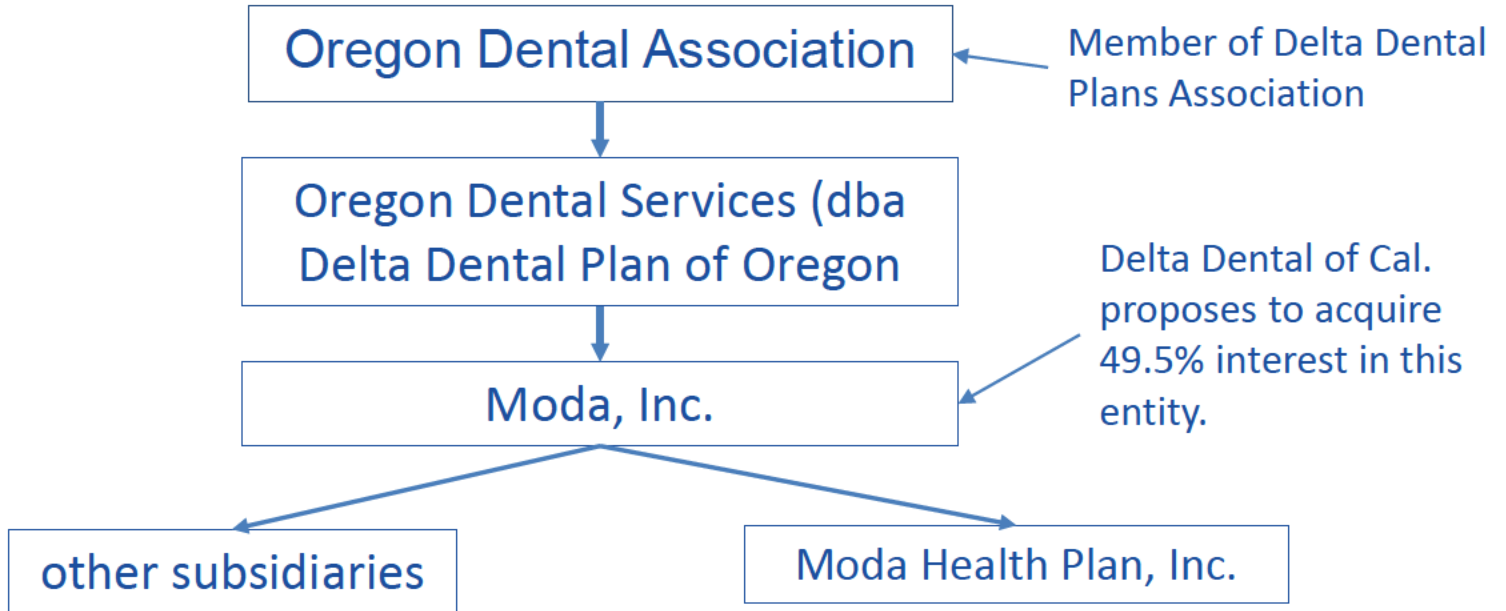
Delta Dental of California

- Specialized plan licensed in California since 1974.
- Nonprofit mutual benefit corporation
- Operates Delta Dental plans in 16 jurisdictions
- Approximately 25 million enrollees
- Approximately \$2.65 billion in assets

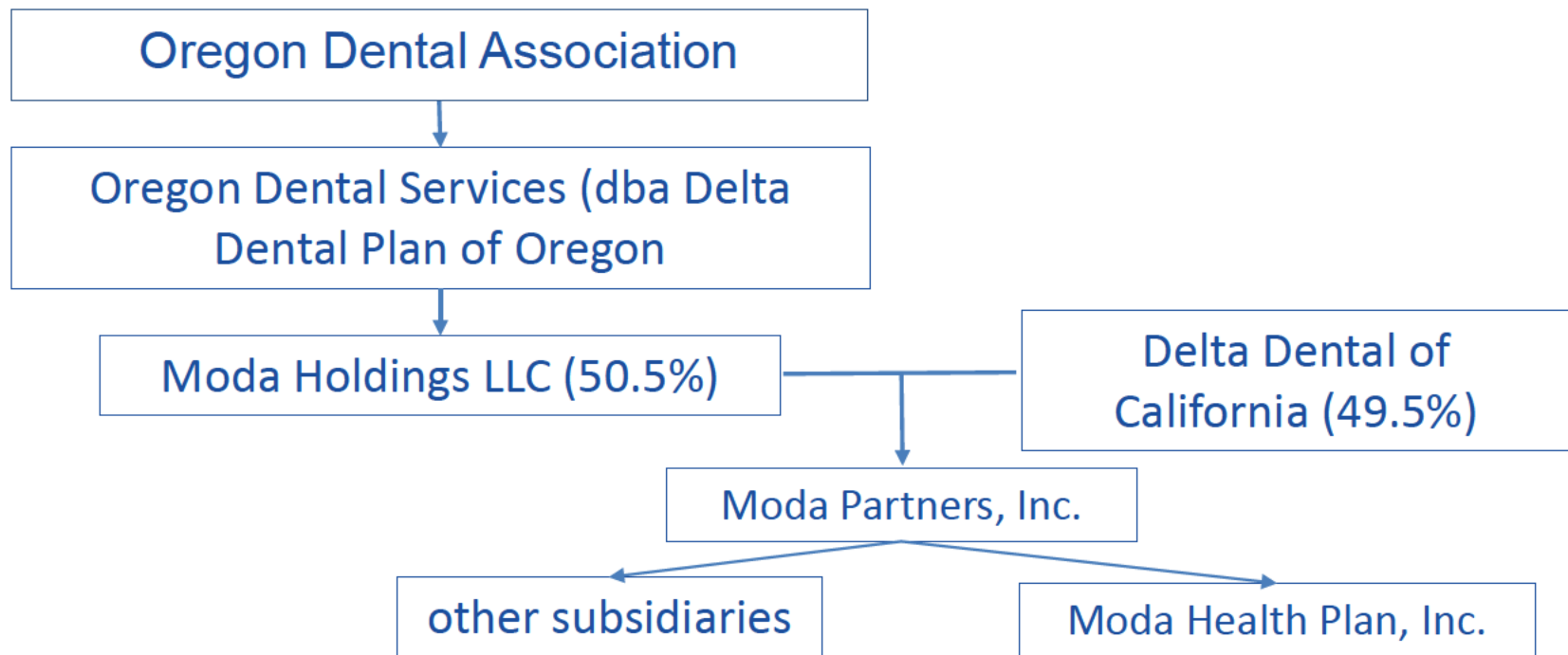
Moda, Inc.

- Oregon for-profit holding company
 - Currently owned by Oregon Dental Services dba Delta Dental Plan of Oregon
- Moda, Inc. has a number of subsidiaries, including Moda Health Plan, a licensed Oregon health plan
- Approximately 100,000 enrollees
- Approximately \$570 million in consolidated assets and approximately \$487 million in consolidated liabilities

Moda, Inc.'s Current Structure



General Structure After Transaction



DMHC's Review

General review includes analyzing whether the proposed transaction will have a material effect on:

- Plan enrollees, including how services are delivered, and/or contracted providers
- Plan's administrative capacity
- Plan's current and future finances

DMHC's Review – AB 595

- AB 595 expands DMHC's authority to review mergers, acquisitions, and consolidations
- Applies when a California health plan is acquired, merges, or consolidates with another entity ~~California health plan or insurer~~*
- Does not apply to the Delta/Moda transaction

* *This slide was revised on 1/31/2019 to clarify the requirements of AB 595.*

DMHC's Review – Article 11

- Article 11 of the Knox-Keene Act adds requirements when a nonprofit plan wants to restructure or convert
- Article 11 applies to nonprofit mutual benefit plans only if those plans had or have charitable assets
- Delta Dental is a nonprofit mutual benefit plan.
 - No evidence Delta Dental has or had charitable assets

Questions