

NOTICE OF PUBLIC HEARING PURSUANT TO CALIFORNIA HEALTH & SAFETY
CODE SECTION 1399.74 REGARDING THE PROPOSED CONVERSION OF STANFORD
HEALTH CARE ADVANTAGE

Please take notice that the California Department of Managed Health Care (“Department”) has received a Notice of Material Modification to License Application filed on May 14, 2020, from Stanford Health Care Advantage (“SHCA” or “Plan”) regarding a proposed corporate conversion solely for the purpose of facilitating a change of control of SHCA, as described in a separate Notice of Material Modification to License Application also filed with the Department on May 14, 2020.

SHCA is a fully licensed health care service plan and currently operates a Medicare Advantage plan pursuant to a contract with the Centers for Medicare & Medicaid Services. Plan has just under 4,600 enrollees across the California counties of Alameda, San Mateo and Santa Clara. Plan is organized as a California nonprofit public benefit corporation under the California Nonprofit Public Benefit Corporation Law. The sole member of Plan is Standard Health Care (“SHC”), also a California nonprofit public benefit corporation that operates pursuant to Title 26 of the United States Code Section 501(c)(3). SHC is the principal teaching hospital affiliate of the Stanford University School of Medicine and provides primary and specialty health services in the inpatient setting, as well as specialty health centers and physician offices.

SHC and Plan desire to undertake a conversion and sale transaction pursuant to which SHCA will convert to a California for-profit corporation and then sell eighty-three (83%) of the shares of SHCA to Essence Plan Holdings, LLC (“Essence”). SHC will retain seventeen (17%) of the shares of SHCA. The sole member of Essence, a Delaware limited liability company, is Essence Group Holdings Corporation (“EGHC”), a Delaware corporation. EGHC is also the sole shareholder of Essence Healthcare, Inc. (“EHI”), which operates Medicare Advantage plans in Missouri and Illinois and with licenses to operate in Washington and Texas. EHI is fully operated by Lumeris Healthcare Outcomes, LLC (“Lumeris”). Today, Lumeris provides administrative services to SHCA pursuant to a management services agreement.

The Director of the Department will be soliciting public comments and will hold a public hearing on the application. The public hearing will be held on December 8, 2020, at 1:00 pm (PST). It will be conducted exclusively through Zoom videoconference and teleconference. Additional information may be found at www.HealthHelp.ca.gov.