

Confidential – Submitted Subject to Vaughn Index

MEMORANDUM

To: Alissa Gardenswartz, Deputy Attorney General for Consumer Protection,
Office of the Colorado Attorney General
From: David M. Scanga, Esq., Hoskin Farina & Kampf, P.C. and Joel Glover, Esq.,
Lewis Roca Rothgerber Christie LLP
Date: October 18, 2016
Subject: Executive Agreements

You requested additional information regarding the executive agreements of Rocky Mountain Health Management Corporation (“HMC”) and CNIC Health Solutions, Inc. (“CNIC”) involving the HMC and CNIC executives. In particular, you requested information regarding the retirement agreements, retention agreements and change in control bonus agreements which HMC and/or CNIC have in place with their executives which would be applicable to the change in control occurring upon a closing of the Stock Purchase Agreement by and among Rocky Mountain Health Maintenance, Incorporated, Rocky Mountain Health Plans Foundation and United HealthCare Services, Inc. (“UHS”), dated July 22, 2016 (the “Stock Purchase Agreement”). Below is additional information regarding these agreements. Please let me know if there is any other information you need.

1. Retirement Agreements

Each of the executives named below has one or more retirement agreements with HMC or CNIC as noted. The agreements provide for an acceleration of un-accrued retirement benefit vesting upon a change in control, which will occur upon a closing of the Stock Purchase Agreement. Under the Stock Purchase Agreement, UHS is responsible for paying all of the un-accrued obligations that become vested because of the change in control. There is no reduction to the purchase price due to the following payments being made by UHS.

HMC EXECUTIVES		
Name	Retirement Benefit Amount (All Amounts Fully Vest Upon a Change in Control)	Expected Un-accrued Obligations That Become Vested After Change In Control To Be Paid By UHS

REDACTED

REDACTED

CNIC EXECUTIVES		
Name	Retirement Benefit Amount (All Amounts Fully Vest Upon a Change in Control)	Expected Un-accrued Obligations That Become Vested After Change In Control To Be Paid By UHS

REDACTED

2. Retention Agreements

The following retention agreements are in place for HMC executives and CNIC executives. Each retention agreement requires a severance payment be made to the executive if the executive has a separation from service for reasons specified in the agreement within one or two years (depending on the agreement) after a change in control. Below are the names of each executive and the amount of the severance benefit. Under the Stock Purchase

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Agreement, UHS is responsible for causing HMC and CNIC to honor these agreements once they become subsidiary organizations of UHS. There is no reduction to the purchase price under the Stock Purchase Agreement due to HMC and CNIC having these agreements in place.

HMC EXECUTIVES	
Name	Amount

REDACTED

CNIC EXECUTIVES	
Name	Amount

REDACTED

3. Change in Control Bonuses

The only change in control bonus agreements that are in place are with the two CNIC executives identified below. Under the Stock Purchase Agreement, UHS is responsible for making these payments to CNIC at closing so that CNIC can make payments to the executives. There is no reduction to the purchase price under the Stock Purchase Agreement due to these payments being made by UHS.

Name	Bonus Calculation	Amount
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REDACTED