

October 3, 2019

Scott Cummings  
State President  
Care1st Health Plan Arizona  
2355 E. Camelback Rd., Suite 300  
Phoenix, AZ 85016

Paul Barnes  
Arizona Plan President  
Arizona Complete Health  
1870 W. Rio Salado Parkway  
Tempe, AZ 85281

**RE: Request for Approval of the Merger Agreement between Centene Corporation and WellCare**

Dear Mr. Cummings and Mr. Barnes,

The Arizona Health Care Cost Containment System (AHCCCS), Division of Health Care Management (DHCM), has reviewed the Request for Approval and Initial Transition Plans submitted by Care1st Health Plan Arizona (Care1st) and Arizona Complete Health – Complete Care Plan (AzCH-CCP) regarding the Merger Agreement between Centene Corporation and WellCare Health Plans. AHCCCS has received and reviewed the additional information submitted by Care1st and AzCH-CCP and completed its due diligence process in accordance with the requirements of AHCCCS Contractor Operations Manual (ACOM) Policy 317.

In support of AHCCCS' commitment to be a transparent public program, an opportunity for the public to express any thoughts or concerns related to this merger was provided. AHCCCS published information regarding the merger on our website and received feedback from a variety of stakeholders. Responses received through the public comment process are broadly summarized below:

- Concern regarding ongoing operational challenges with AzCH-CCP,
- Interest in allowing for member choice prior to transitioning members in the Central GSA,
- Support for having fewer plans in Central GSA,
- Support for maintaining the status quo in the North GSA and, specifically, the continued presence of Care1st in the region, and
- Support for Care1st leadership and acknowledgement of the plan's ongoing engagement, responsiveness and dependability.

Based upon the submitted documentation and additional clarification received, the feedback received from the public comment process, and in recognition of AHCCCS' interest in minimizing member and provider disruption, the merger and transition plans as submitted are **approved** with the following provisions:

- Upon confirmation, Care1st shall communicate the closing date of this merger to AHCCCS.

- An auto-assignment cap will be imposed in the Central GSA for Care1st enrollment following the closing date of the transaction through the term of the Care1st Contract in the Central GSA.
- AHCCCS will conduct an open enrollment period for members enrolled with Care1st in the Central GSA prior to the end of the 18 month transition period.
- AHCCCS may extend the 18 month transition period proposed for the Central GSA to align with the contract year begin date of October 1<sup>st</sup>.
- A final service delivery strategy shall be submitted following the closing date of the transaction, as outlined in the transition plan.
- All communications for members and providers regarding the merger shall be submitted to AHCCCS for review and approval prior to distribution.

AHCCCS appreciates the commitments made throughout this process by Care1st and AzCH-CCP. AHCCCS will continue to work with the plans directly throughout the merger and transition period regarding any additional feedback or concerns that might arise, and reserves the right to impose additional requirements due to impacts the merger may have regarding care to members or provider contracting.

Lastly, AHCCCS will closely monitor overall plan operations post closure of this merger to ensure the Care1st model and approach remain in place consistent with the transition plan. Should concerns arise regarding the transition or Contractor performance, AHCCCS will take appropriate action to address these matters which may include Administrative Actions, as outlined in the ACC Contract Section D, Paragraph 68, "Administrative Actions".

Please note, AHCCCS' approval extends only to the merger, and does not include additional filings that may be submitted as a result of the merger such as system changes or subcontract agreement changes.

Should you have any questions regarding this communication, please contact Christina Quast directly at 602-417-4527 or at [Christina.Quast@azahcccs.gov](mailto:Christina.Quast@azahcccs.gov).

Sincerely,



Jami Snyder  
Director  
AHCCCS

Cc: Shelli Silver, AHCCCS  
Matthew Isiogu, AHCCCS  
Christina Quast, AHCCCS  
Michelle Holmes, AHCCCS  
Lola Davis, AHCCCS