



November 5, 2019

Delivered Via Email

Mr. Scott Jewart
Operations Compliance Officer
Scott.Jeward@azahcccs.gov
AHCCCS Division of Health Care Management
701 East Jefferson
Phoenix, Arizona 85034

Dear Mr. Jewart:

In accordance with Contract Numbers YH17-0001, YH17-0003 and YH19-0001 between the Arizona Health Care Cost Containment System and Steward Health Choice Arizona, Inc. ("SHCA"), as well as AHCCCS Contractor Operations Manual, Policy 317 (Change in Contractor Organizational Structure), please accept this letter as official notification of the sale of SHCA to Blue Cross Blue Shield of Arizona, Inc. ("BCBSAZ"). This notice is accompanied by the initial filing of the Transition Plan for AHCCCS' review and consideration.

On October 31, 2019, Steward Health Care System LLC ("Steward"), IASIS Healthcare LLC ("Seller") and HC Arizona Holdings LLC ("Holdings") entered into a stock purchase agreement (the "SPA") for the sale to BCBSAZ of 100% of the issued and outstanding stock of SHCA. In accordance with the SPA, immediately prior to closing of the transaction, and upon AHCCCS' approval, Seller may contribute 100% of the issued and outstanding stock of SHCA to Holdings, which is currently a wholly-owned subsidiary of Seller. Upon closing of the transaction, Seller or Holdings (as the case may be) will transfer 100% of the equity of SHCA to BCBSAZ. BCBSAZ will acquire SHCA through its wholly owned subsidiary, Veritage LLC. As part of the transaction, through its wholly owned subsidiary Veritage LLC, BCBSAZ also will acquire from Seller or Holdings (as the case may be) 100% of the issued and outstanding stock of Health Choice Management Co. ("HCMC"), which provides certain services to SHCA. The relationship between SHCA and HCMC will remain in place.

BCBSAZ focuses solely on the people of Arizona. The company's vision is to inspire health in Arizona as the trusted leader in delivering affordable, innovative health solutions. The ability to serve AHCCCS members aligns with the mission and vision of BCBSAZ to improve the lives of all Arizonans.

While ownership of SHCA will be changing, the commitment to the State of Arizona, AHCCCS, and most importantly, the members we serve, will not change. Steward and BCBSAZ value the partnership that SHCA has formed with AHCCCS over more than two decades, and we remain committed to serving AHCCCS members through enhanced access to care, improving health



outcomes, improving the member and provider experience, and ensuring the provision of cost-effective care.

Accordingly, please note the following, which we would be happy to discuss in further detail:

- BCBSAZ is committed to working with Steward to make this transaction as seamless as possible for AHCCCS members, the dual members and our provider partners. Following the closing of the transaction, SHCA will continue to be headquartered in Phoenix, Arizona. In compliance with our contracts, SHCA will also continue to maintain an office and operations in Flagstaff, Arizona. SHCA also does not anticipate any immediate changes to staffing, procedures, or policies as a result of the transaction other than through the ordinary course of operations. We have attached an initial Transition Plan which provides additional detail relating to our post-transaction operations.
- BCBSAZ has more than sufficient financial resources to support all of SHCA's commitments to the State of Arizona, AHCCCS, and AHCCCS members.
- SHCA's provider network does not anticipate any changes as a result of the transaction other than through the ordinary course of operations following the closing of the transaction. SHCA will continue its focus on developing clinically integrated physician and provider networks that reward high quality outcomes through value based arrangements.

We look forward to answering any questions that you may have, and would be happy to provide any additional information you might find helpful in your consideration of this transaction. Please do not hesitate to contact me at (928) 214-9921 or at shawn.nau@steward.org with any questions or requests.

Sincerely,

A handwritten signature in black ink, appearing to read 'SN', is placed above the printed name.

Shawn Nau
Chief Executive Officer
Steward Health Choice Arizona