

January 27, 2017

Matt Cowley
Chief Executive Officer
Phoenix Health Plan
7878 North 16th Street, Suite 105
Phoenix, Arizona 85020

RE: AHCCCS Response to Notice and Request for Prior Approval of Transition of Phoenix Health Plan Members to WellCare-Care1st Health Plan Arizona, Inc.

Dear Mr. Cowley:

The Arizona Health Care Cost Containment System (AHCCCS), Division of Health Care Management (DHCM), has reviewed Phoenix Health Plan's (PHP) proposed transaction to transition its members to Care1st Health Plan Arizona, Inc. (Care1st).

On January 5, 2017, PHP submitted a Notice and Request for Prior Approval and Transition Plan for guiding the proposed transition. AHCCCS has conducted its due diligence process for the proposed transition in accordance with the requirements of the AHCCCS Contractor Operations Manual (ACOM) Policies 317 and 440.

AHCCCS strives to be a transparent public program and accordingly has provided an opportunity for the public to express any thoughts or concerns related to this proposed transaction. AHCCCS received no feedback during the public comment period.


Based on upon the submitted Notification and Transition Plan, and the results of the public comment period, AHCCCS approves this transaction to transition PHP's membership to Care1st with an effective date of May 1, 2017 with the following stipulations:

- AHCCCS will conduct an open enrollment period from February 1, 2017 to March 31, 2017 to allow PHP members the option to elect and transition to an available health plan other than Care1st, if they so choose.
- Care1st and PHP shall track member grievances specific to this transition, monthly through September 2017. These findings shall be reported to AHCCCS upon request.
- Care1st must honor open prior authorizations for PHP members transitioning on May 1, 2017 for the time period of the authorization or 90 days, whichever is less.
- Care1st must waive prior authorization requirements for PHP members transitioning on May 1, 2017 for a period of 90 days.

Finally, please plan to attend a follow-up meeting to include PHP and Care1st leadership with AHCCCS leadership on **February 16, 2017**. Additional information related to this meeting will be forthcoming.

AHCCCS appreciates the commitments made throughout this process by PHP and Care1st in response to the issues and concerns raised during the due diligence process and your patience and continued cooperation as we conducted our review of this requested change. Should you have any questions or concerns regarding this letter, please contact Virginia Rountree at (602) 417-4122 or Virginia.Rountree@azahcccs.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. J. Betlach', with a stylized flourish at the end.

Thomas J. Betlach
Director

cc: Shelli Silver, AHCCCS
Christina Quast, AHCCCS
Michelle Holmes, AHCCCS
Scott Jewart, AHCCCS
Diana Alvarez, PHP
Scott Cummings, Care1st
Patty DalSoglio, Care1st