

January 16, 2024

Scott Cummings
State President
Care1st Health Plan, Inc.
1850 W. Rio Salado Parkway Suite 211
Tempe, AZ 85281

RE: Request for Approval of the Merger Agreement between Care1st Health Plan, Inc. and Arizona Complete Health – Complete Care Plan

Dear Mr. Cummings,

The Arizona Health Care Cost Containment System (AHCCCS), Division of Health Care Services (DHCS), has reviewed the Request for Approval and Initial Transition Plans submitted by Care1st Health Plan Arizona (Care1st) regarding the Merger Agreement between Care1st and Arizona Complete Health – Complete Care Plan (AzCH-CCP). AHCCCS has received and reviewed the additional information submitted by Care1st and completed its due diligence process in accordance with the requirements of the 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 the merger was provided. AHCCCS published information regarding the merger on its website and received feedback from a variety of stakeholders. Responses received through the public comment process are broadly summarized below:

- Merging the two plans will allow for streamlined communication and operations for members and providers.
- The proposed merger will help to reduce the number of processes and costs associated with credentialing and contracting.
- There is an opportunity to manage grant dollars in a manner that ensures choice and access to care in the member's community. Our current experience is that AZ Complete Health's process limits both.
- The well-being of members with a Serious Mental Illness designation must be a top priority during this transition. There is a risk that changes in the healthcare structure may lead to the denial of medically necessary services, causing adverse effects on the mental health of these vulnerable individuals. There is an opportunity for transparency and improved discharge planning without the additional administrative burden.
- Concern that there will be an expectation for the system existing in the northern part of the state to adopt processes and practices of other parts of the state, without recognition of the differences in community cultures, and rural versus urban work. Opportunity for engagement and implementing practices that support providing health care in rural areas of the states.

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

- AHCCCS will require the merger of Care1st into AzCH-CCP to occur on October 1, 2024.
- AzCH-CCP will be required to submit records for State Only/NonTitled members who are assigned to Care1st that will continue to be State Only/NonTitled on or after 10/1/2024. More details on this process will be shared at a future date.
- All communication to members and providers regarding the merger shall be submitted to AHCCCS for review and approval prior to distribution.
- For calculation and reporting of performance measures for members transitioning from Care1st to AzCH-CCP, the Contractor shall apply continuous enrollment criteria based on member enrollment with either Care1st or AzCH-CCP.
- The network analysis proposed in the transition plan shall be completed, in addition to a full ACOM 436 analysis, including a summary of strategies to address any areas of non-compliance. Both must be submitted to AHCCCS no later than July 1, 2024.

Additional information will be shared in the coming months with Care1st and AzCH-CCP regarding member transition and choice.

AHCCCS will continue to work with the plans directly throughout the merger process regarding any additional feedback or concerns that might arise. AHCCCS reserves the right to impose additional requirements due to impacts the merger may have regarding care to members or provider contracting.

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

Sincerely,



Carmen Heredia
Cabinet Executive Officer and Executive Deputy Director
AHCCCS

Cc: James Stover, AzCH-CCP
Jennifer Justine Phillips, Care1st/AzCH-CCP
Jakenna Lebsock, AHCCCS
Christina Quast, AHCCCS
Michelle Holmes, AHCCCS
Lola Davis, AHCCCS