

September 6, 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), is in receipt of 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.

While the review of this request for merger is still under evaluation, additional information or clarification on the below items is required:

- Clarification regarding the performance bond mentioned in the Central GSA Transition Plan, Financial Reporting section:  
*Status updates will be provided to meet the minimum capitalization requirements. This also includes a status on securing a performance bond.*
- What impact will the merger have on the structure of Medicare Advantage Duals Special Needs Plans of Care1st and AzCH-CCP?
- What impact will the merger have on the Employer Identification Number/Tax Identification Number (EIN/TIN) of Care1st and AzCH-CCP?
- What impact will the merger have on the equity of Care1st and AzCH-CCP?
- Specific to the Central GSA, what impact will the merger have on Care1st's current administrative services subcontract agreements, including but not limited to pharmacy, dental and transportation?
- Clarification regarding the pro forma financial statements and whether or not the information provided includes both AzCH-CCP and CIC RBHA finances.

- What impact will this merger have on the commitments Care1st submitted with the ACC RFP bid proposal?
- Submit the initial overlap analysis mentioned in the Central GSA Transition Plan.
- The \$20M Care1st dividend/equity distribution slated for 2021 shall be submitted at a later date, through the appropriate process as outlined in AHCCCS Policy, for AHCCCS review and approval.

A response on the above items is required in order for AHCCCS to complete its review. Items shall be submitted to Lola Davis, AHCCCS Operations and Compliance Officer, at [Lola.Davis@azahcccs.gov](mailto:Lola.Davis@azahcccs.gov) by close of business, September 20, 2019.

As a component of our due diligence process, and pursuant to ACOM Policy 317, AHCCCS has also engaged in obtaining stakeholder input regarding the proposed merger of through a public notice and feedback process. Upon completion of the public feedback process, AHCCCS will review responses received as part of the overall review and approval process.

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

Sincerely,



Christina Quast  
Operations Administrator  
Division of Health Care Management, AHCCCS

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