

Arizona Complete Health-Complete Care Plan
Commitment Plan for the SOUTH Geographical Service Area (GSA)
Centene Corporation Acquisition and Change of Ownership

Introduction

Following the guidelines established in AHCCCS Contractor Operations Manual (“ACOM”) Policy 317 (Change in Contractor Organizational Structure) and Contract YH19-0001, Section D, Paragraph 49 (Change in Contractor Organizational Structure) and Section D, Paragraph 42 (Material Change to Business Operations), Arizona Complete Health-Complete Care Plan, an indirect subsidiary of Centene Corporation, a Delaware corporation (“Centene”), respectfully submits this commitment plan, detailing the acquisition of WellCare Health Plans, Inc. (“WellCare”) by Centene. Immediately following the closing of this transaction, WellCare’s indirect subsidiary Care1st Health Plan Arizona, Inc. (“Care1st AZ”) and Arizona Complete Health-Complete Care Plan will continue to maintain their separate corporate existence and will continue their operations as currently conducted. The activities described throughout this commitment plan (“Commitment Plan”) are for the continuation of operations for Centene’s Arizona Complete Health-Complete Care Plan Medicaid contract in the South GSA. **Arizona Complete Health-Complete Care Plan will remain in the South GSA with no material changes at the time of closing.**

The combination of Centene Corporation and WellCare, Inc. will create a premier healthcare enterprise focused on government-sponsored programs with a shared commitment to the local communities they serve. Consistent with Centene’s mission of “Transforming the health of the community, one person at a time,” both organizations are deeply committed to providing localized stability to members, providers and employees during the commitment period for the Arizona South Geographical Service Area (GSA) Medicaid contract. Key executive and staff positions for Arizona Complete Health-Complete Care Plan will be retained for the duration of the current contract to ensure continuity of processes and operations across communities and service areas.

Overall, the acquisition of WellCare is intended to better serve members by providing access to affordable, high quality, culturally sensitive healthcare. The following commitment plan outlines that across each of the AHCCCS readiness elements, the Arizona Complete Health-Complete Care Plan will maintain business as usual for the South GSA following the closing.

1) A letter of explanation that includes:

a. The type of entity formed if a new entity will be formed and/or any changes to existing entity;

As a result of the Merger Transaction, WellCare will become an indirect, wholly-owned subsidiary of Centene, as described in Care1st AZ’s notification letter dated April 17, 2019. We note that, currently, Care1st AZ does not operate in the South GSA and this will not change

post-closing. In addition, there will be no changes in the Arizona Complete Health-Complete Care Plan corporate structure as a result of the Transaction.

b. Any material change to operations as specified in Section D of the AHCCCS contract

A material change to operations is defined in Contract YH19-0001, Section D, Paragraph 42, as a “change in overall business operations (i.e. policy, process, protocol such as prior authorization or retrospective review) which affects, or can reasonably be foreseen to affect, the Contractor's ability to meet the performance standards as described in [the] contract. It also includes any change that would impact more than 5% of total membership and/or provider network in a specific GSA.”

Immediately following the Closing, Arizona Complete Health-Complete Care Plan will maintain its separate existence and will continue its operations as currently conducted. As such, there are no plans to make any material changes to operations at the time of closing the Transaction. However, as part of the ongoing integration of the operations of Centene’s and WellCare’s respective health businesses (much of which will be done post-Closing), Centene anticipates an ongoing review of operations and the readiness elements outlined in this Commitment Plan. If Centene proposes to make changes as a result of such review, they would be communicated to AHCCCS as appropriate and as required by law and would be effected in compliance with all applicable statutory and regulatory requirements and approvals.

WellCare and Centene are committed to providing AHCCCS with an understanding of how this closing may impact each of the contractual readiness elements for the South GSA:

- A. Administration and Management;
- B. Delivery Systems;
- C. Medical Management;
- D. Behavioral Health;
- E. Quality Management;
- F. EPSDT (Early and Periodic Screening, Diagnostic, and Treatment) and Maternal and Child Health;
- G. Financial Reporting;
- H. Management Information Systems;
- I. Claims Provider Support;
- J. Encounter Reinsurance; and
- K. Member Services.

As noted previously, there are no material changes anticipated at this time for Arizona Complete Health-Complete Care Plan in the South GSA and this Commitment Plan reflects that.

Commitment Plan to Meet Readiness Requirements

A. Administration and Management

There will be no changes to prior commitments made by Arizona Complete Health-Complete Care Plan for Administration and Management requirements as a result of the Transaction.

Following the closing, key staff positions for Arizona Complete Health-Complete Care Plan will remain the same. The corporate structure will not change as a result of the Transaction. James Stover will be the CEO of Arizona Complete Health-Complete Care. His direct reports will be remain the same at the time of closing.

Any major organizational changes across the general service areas will also be communicated to AHCCCS. AHCCCS will be notified of any material changes within the appropriate time period that may occur during the ordinary course of business.

B. Delivery Systems

There will be no changes to prior commitments made by Arizona Complete Health-Complete Care Plan for Delivery Systems requirements as a result of the Transaction. AHCCCS will be notified of any material changes within the appropriate time period that may occur during the ordinary course of business.

C. Medical Management

There will be no changes to prior commitments made by Arizona Complete Health-Complete Care Plan for Medical Management as a result of the Transaction. AHCCCS will be notified of any material changes within the appropriate time period that may occur during the ordinary course of business.

D. Behavioral Health

There will be no changes to prior commitments made by Arizona Complete Health-Complete Care Plan for Behavioral Health requirements as a result of the Transaction. AHCCCS will be notified of any material changes within the appropriate time period that may occur during the ordinary course of business.

E. Quality Management and Improvement

There will be no changes to prior commitments made by Arizona Complete Health-Complete Care Plan for Quality Management and Improvement requirements as a result of the Transaction. AHCCCS will be notified of any material changes within the appropriate time period that may occur during the ordinary course of business.

F. EPSDT (Early and Periodic Screening, Diagnostic, and Treatment) and Maternal and Child Health

There will be no changes to prior commitments made by Arizona Complete Health-Complete Care Plan for EPSDT requirements as a result of the Transaction. AHCCCS will be notified of any material changes within the appropriate time period that may occur during the ordinary course of business.

G. Financial Reporting

There will be no changes to prior commitments made by Arizona Complete Health-Complete Care Plan for Delivery Systems requirements as a result of the Transaction. AHCCCS will be notified of any material changes within the appropriate time period that may occur during the ordinary course of business.

H. Management Information Systems

There will be no changes to prior commitments made by Arizona Complete Health-Complete Care Plan for Management Information Systems requirements as a result of the Transaction. AHCCCS will be notified of any material changes within the appropriate time period that may occur during the ordinary course of business.

I. Claims Provider Support

There will be no changes to prior commitments made by Arizona Complete Health-Complete Care Plan for Claims Provider Support requirements as a result of the Transaction. AHCCCS will be notified of any material changes within the appropriate time period that may occur during the ordinary course of business.

J. Encounter Reinsurance

There will be no changes to prior commitments made by Arizona Complete Health-Complete Care Plan for Encounter Reinsurance requirements as a result of the Transaction. AHCCCS will be notified of any material changes within the appropriate time period that may occur during the ordinary course of business.

K. Member Services

There will be no changes to prior commitments made by Arizona Complete Health-Complete Care Plan for Member Services requirements as a result of the Transaction. AHCCCS will be notified of any material changes within the appropriate time period that may occur during the ordinary course of business.

2) Proof that any performance bond requirements have been met by the new entity, if the original entity is no longer a going-concern.

Centene Arizona Complete Health-Complete Care Plan will continue to be a going concern. Proof of bond requirements can be found in Exhibit 3(c)(ii) page 16, Number 2 – Contract performance bonds.

3) Documents including the following:

a. The formal name and any proposed logo used by the resulting organization

There will be no changes to the formal name and logo for Arizona Complete Health-Complete Care Plan in the South GSA at the closing of the Transaction. AHCCCS will be notified of any material changes within the appropriate time period that may occur during the ordinary course of business.

b. The organizational chart of the new resulting organization or proposed changes to the existing organizational chart if a new entity is not being formed

There will be no changes to organizational commitments made by Arizona Complete Health-Complete Care Plan in the South GSA at the closing of the Transaction. AHCCCS will be notified of any material changes within the appropriate time period that may occur during the ordinary course of business.

c. Current audited financial statements of the current Contractor and merging entity

Current audited financial statements for Arizona Complete Health-Complete Care Plan and WellCare Care1st AZ were submitted with the May 3, 2019 submission by Care1st AZ. Please see Exhibit 3(c)(i) for current audited financial statements for Care1st AZ and Exhibit 3(c)(ii) for current draft audited financial statements of Arizona Complete Health-Complete Care Plan.

d. Pro forma financial statements of resulting entity post-merger, which include at minimum a balance sheet, statement of revenues and expenses and statement of cash flows for the subsequent three years, as well as enrollment projections and footnotes detailing assumptions. The format may be the same as the audit format, but the AHCCCS lines of business must be detailed separately as is required in the annual audit report.

While no change is anticipated at Arizona Complete Health-Complete Care Plan in the South GSA, Centene and WellCare have been actively working together to assemble an approach to develop a pro-forma financial statements. In preparation for meeting financial reporting requirements, the two organizations have identified various elements of their financial reporting practices that require further analysis to determine an approach align methodologies to produce a more accurate pro-forma statement. In the coming month (30 days), both organizations will produce a plan that outlines the plan and timing to provide these methods to the AHCCCS review team. This includes, but is not limited to, minimum capitation requirements, performance bonds, calculation methods, financial viability standards, and more.

4) A description of the following:

a. An assessment of potential interruptions of services to members, and steps to ensure there are no interruptions

This transaction should be invisible to members and providers given the fact that the Arizona Complete Health-Complete Care Plan name and identity (including brand, logo and member services) will not change in the South GSA at closing of the Transaction. Although service interruptions are not expected, member feedback will be closely monitored both before and after the transaction closing to quickly identify and remediate any issues identified. Details regarding the call center function are outlined in Section (3) under (b) (K) Member Services.

b. Any changes in management and staffing overseeing Contract

Care1st AZ's Contract does not operate in the South GSA.

Arizona Complete Health-Complete Care Plan will continue to abide by its commitments and continue the tenure of its executive team at the time of closing. AHCCCS will be notified of any material changes within the appropriate time period that may occur during the ordinary course of business. Additionally, key staff positions will remain the same to ensure continuity of the Arizona Complete Health-Complete Care Plan with the talented individuals who have a keen understanding of the plan, members, network, and the state.

c. Any changes to existing administrative services subcontracts

No existing Arizona Complete Health-Complete Care Plan administrative subcontracts have been identified for change. Centene recognizes that changes in administrative service subcontracts fall under AHCCCS contractual requirements, and any changes that require AHCCCS approval will be submitted for approval.

d. Any changes to administration of critical components of organization, including but not limited to information systems, prior authorization, claims processing, or grievances.

The existing claims administration, processing system and structure will remain intact at closing. This includes current state processes for prior authorizations, claims adjustments, pending claims, and post processing. AHCCCS will be notified of any major operational changes within the appropriate time frame that may occur due to the ordinary course of business.

e. Plan for communicating change to members including a draft notification to be distributed to affected members and providers

At the time of the closing, there will be no changes to the existing Arizona Complete Health-Complete Care Plan Member and provider communications plans, programs, or processes. Additionally, we do not anticipate the need for changes to member information prior to regulatory approval. If AHCCCS desires changes or any additional information, we will follow all of the agency's requirements.

f. Plan for changes to critical member information, including the website, member and provider handbook, and member ID card

Due to the nature of this Transaction, we do not at this time anticipate the need for changes to critical member information in the South GSA. Should any changes be identified at a later date, we will comply with all AHCCCS requirements.

g. Any anticipated network changes

We do not expect any changes to the network in the South GSA other than those in the ordinary course of business. Arizona Complete Health-Complete Care Plan is prepared to comply with any obligations set forth by AHCCCS.

We understand that the remaining requirements listed in ACOM 317 are not applicable for the South GSA because Care1st AZ has no Contract for service in the South GSA.

We look forward to answering any questions AHCCCS may have.