

June 09, 2015

Scott Cummings
Chief Administrative Officer
Care1st Health Plan Arizona, Inc.
2355 East Camelback Road, Suite 300
Phoenix, AZ 85016

Subject: Change of Ownership Request

Dear Mr. Cummings:

The Arizona Health Care Cost Containment System (AHCCCS) has reviewed the proposed acquisition of Care1st Health Plan Arizona Inc. (Care1st) by California Physicians' Service, Inc. (CPS), d/b/a Blue Shield of California. The agency has had adequate time to conduct its due diligence in accordance with AHCCCS policy to confirm commitments will be maintained and to ensure there will be minimal member disruption. Based on our review of the submitted documents and information provided to AHCCCS, the acquisition is approved.

AHCCCS strives to be a transparent public program and accordingly we have provided opportunity for the public to express any thoughts and concerns regarding the acquisition of Care1st by California Physicians' Service, Inc. (CPS), d/b/a Blue Shield of California, as it relates to the changes affecting the contract between AHCCCS and Care1st. As AHCCCS Contractor's Operating Manual (ACOM) Policy 317 allows, AHCCCS engaged in a process to obtain stakeholder feedback and input on the proposed acquisition. AHCCCS has shared information on our website and received minimal feedback.

California Physicians' Service, Inc. (CPS), d/b/a Blue Shield of California and Care1st have provided reassurance that the health plan will continue to honor all commitments made in the response to the Request for Proposal YH14-0001. Lastly and most importantly, Care1st and California Physicians' Service, Inc. (CPS), d/b/a Blue Shield of California have provided reassurance of their commitment to offering members the same level of customer service that the health plan has historically delivered and that there will be no disruption to members as a result of the acquisition. Provider contracts will not be changed as a result of the acquisition and members will continue to access the same providers they are able to access today without interruption.

AHCCCS appreciates the comprehensive commitments made through this process by Care1st and California Physicians' Service, Inc. (CPS), d/b/a Blue Shield of California, in response to issues and concerns raised through out the due diligence process.

Care 1st must provide AHCCCS with the actual planned date of the acquisition as soon as determined. AHCCCS will provide under separate cover a list of remaining deliverables due for submission as a result of the acquisition. Please refer to ACOM Policy 317 which provides a description of deliverable items. Thank you for your patience and continued cooperation as we conducted our review of this requested change.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Betlach', with a large, sweeping flourish extending to the right.

Thomas J. Betlach
Director

cc: Shelli Silver Assistant Director, DHCM
Virginia Rountree Interim Assistant Director, DHCM
Christina Quast Interim Operations Manager, DHCM
Brenda Gobeli Operations Compliance Officer, DHCM