

December 9, 2014

Thomas Betlach
Director, Arizona Health Care Cost Containment System
801 E. Jefferson St.
MD 4100
Phoenix, AZ. 85034

Delivered via email: Thomas.Betlach@azahcccs.gov

Dear Director Betlach,

In follow-up to our telephone discussion, I wanted to send you this initial notification letter confirming that Care1st Health Plan and Blue Shield of California have entered into a definitive agreement for Blue Shield to acquire Care1st. This acquisition includes all Care1st corporate assets including Care1st Health Plan Arizona, ONECare by Care1st Health Plan Arizona, and Care1st Health Plan Administrative Services.

Blue Shield, an independent member of the Blue Cross Blue Shield Association, is a not-for-profit health plan with 3.4 million members, 5,000 employees and \$10.8 billion in annual revenue. Founded in 1939 and headquartered in San Francisco, Blue Shield of California provides health, life, dental, vision and Medicare insurance and health care service plans in California.

Blue Shield is acquiring Care1st because we are a complementary, strategic fit. By joining with us, Blue Shield will serve Medicaid members for the first time. Blue Shield and Care1st also agree that Medicare remains crucial to our joint mission.

As we are very early in the process, we will be working over the next weeks to prepare and submit to you the required notification and transition plan. The transaction is not expected to close until the second half of 2015 following regulatory approval from AHCCCS, the states of California and Texas, as well as clearances from certain federal agencies.

If you have any questions, please do not hesitate to contact me at scummings@care1st.com or 602.778.1860.

Sincerely,



Scott Cummings
Chief Administrative Officer

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