

March 3, 2015

Delivered via email: [Thomas.Betlach@azahcccs.gov](mailto:Thomas.Betlach@azahcccs.gov)

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

Subject: Notification of Acquisition, AHCCCS Contract YH14-0001, Request for Prior Approval – Response to Request for Additional Information

Dear Director Betlach,

In a letter dated February 6, 2015, Ms. Chandra Hara requested the following information in connection with the acquisition of Care 1st Health Plan by California Physicians' Service, Inc. d/b/a Blue Shield of California:

- A statement from Blue Shield of California regarding the company's long-term intentions with this purchase of an Arizona Medicaid plan and its assurance that this transaction will not just be a short term holding as the company looks for another buyer.
- A copy of the license agreement between Blue Shield and the Blue Cross Blue Shield Association.
- An organizational chart illustrating the relationships between Cumulus, California Physicians' Service d/b/a Blue Shield and Care1st.
- Confirmation/disclosure as to whether the Employer Identification Number (EIN) for Care1st is changing.
- The date of acquisition.
- The agreement(s) between Care1st and CPS regarding the acquisition and/or change in ownership/change in membership.
- Documents necessary to effectuate the change in ownership/change of membership of Care1st.
- The Articles of Incorporation and By-Laws of Care1st that will be in effect at the time of transition.

We have prepared the following documents in response to this request:

1. Statement from Blue Shield of California. Please see Attachment A in response to the request for a statement from Blue Shield of California regarding the company's long-term intentions with the purchase of an Arizona Medicaid plan and its assurance that this transaction will not just be a short term holding as the company looks for another buyer.
2. License Agreement between Blue Shield and Blue Cross Blue Shield Association. The License Agreement is subject to a confidentiality obligation. Blue Shield of California is seeking

2355 East Camelback Road, Suite 300 Phoenix, Arizona 85016

602-778-1850

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permission from the Blue Cross Blue Shield Association to submit it. Some of the pertinent restrictions of this Agreement are discussed in Attachment A.

3. Organizational Chart. Please see Attachment B in response to the request for an organizational chart illustrating the relationships between Cumulus, California Physicians' Service d/b/a Blue Shield of California and Care1st Health Plan and its affiliates.

4. EIN. There will be no change to the EIN of Care 1st Health Plan Arizona, Inc. as a result of the transaction.

5. Date of Acquisition. The date of acquisition is the last business day of the month during which the conditions to close set forth in Article VII of the Stock Purchase Agreement have been satisfied, including the receipt of all necessary government approvals.

6. Stock Purchase Agreement. The Stock Purchase Agreement includes confidential information. Please see Attachment C, respectfully requesting confidential treatment of the certain confidential information within the Stock Purchase Agreement. Please see Attachment D, which is the public-redacted version of the Stock Purchase Agreement, and Attachment E which is the confidential version of the Stock Purchase Agreement.

7. Other Documents. There are no other documents necessary to effectuate the change of control.

8. Articles of Incorporation and Bylaws. Please see Attachment E, which are the Articles of Incorporation for Care 1st Health Plan Arizona, Inc. that will be in effect at the time of transition, and Attachment G, which are the Bylaws for Care 1st Health Plan Arizona, Inc. that will be in effect at the time of transition.

If you have any questions, please do not hesitate to contact me at [scummings@care1st.com](mailto:scummings@care1st.com) or 602.778.1860.

Sincerely,



Scott Cummings  
Chief Administrative Officer

cc: Chandra Hara, Operations Compliance Officer, DHCM  
Kari Price, Assistant Director, DHCM  
Shelli Silver, Assistant Director, DHCM  
Virginia Rountree, Operations Administrator  
Stephanie Lefkowski, Finance Manager

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