

WellCare, Inc.
Care1st Arizona Transition Plan for the NORTH 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), Care1st Health Plan Arizona, Inc. (“Care1st AZ”), an indirect subsidiary of WellCare Health Plans, Inc. (“WellCare”), a Delaware corporation, respectfully submits this supplemental transition plan, detailing the acquisition of WellCare by Centene Corporation, a Delaware corporation (“Centene”), and the resulting change in ownership of Care1st AZ (such acquisition and change of ownership jointly referred to as the “Transaction”) as it relates to the North Geographical Service Area (“GSA”). Care1st AZ is a party to amended Contract No. YH19-0001 with AHCCCS, dated October 1, 2018 (the “Contract”). Immediately following the Closing, 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 transition plan (“Transition Plan”) are for the continuation of Care1st AZ’s operations in the Arizona North Geographic Service Area (“GSA”) from closing of the Transaction through the end of the current contract expiration date of October 2025.

The combination of Centene and WellCare 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 transition period for the Arizona North GSA Medicaid contracts. Additionally, key executive and staff positions will be retained for the duration of the current Contract to ensure continuity of processes and operations across communities and service areas. Any operational changes that occur during the course of the Contract will be related to the ordinary course of business. Overall, the Transaction is intended to better serve members by providing access to affordable, high quality, culturally sensitive healthcare.

Under ACOM 317, AHCCCS contractors must submit a transition plan to AHCCCS at least 180 days prior to the effective date of a proposed merger, acquisition, reorganization, or change of ownership. Care1st AZ submitted its initial plan in accordance with that requirement on May 3, 2019. Under ACOM 317, items for which information is not yet available for submission, or is still considered draft, shall be noted and must be submitted or resubmitted no later than 90 days prior to the effective date. The following contains an updated submission regarding the Transition Plan for Care1st AZ in the North GSA.

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. However, the Care1st AZ corporate structure in the North GSA will not change 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 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, 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. As such, there are no plans to make any material changes to operations at the time of closing the Transaction. The Care1st AZ plan in the North GSA will continue to be operated by Care1st AZ, by Care1st AZ personnel, on Care1st AZ systems, with Care1st AZ vendors and providers through the end of the Contract period. 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 Transition 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 a thoughtful approach to assess these potential changes across each AHCCCS readiness element outlined below:

- 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.

This Transition Plan outlines elements that will remain the same and potential areas for change at closing of the Transaction and through the Contract end date.

Transition Plan to Meet Readiness Requirements

A. Administration and Management

It is anticipated that Care1st AZ will continue the tenure of Scott Cummings as CEO until the expiration of the Medicaid contract in October 2025, subject to typical management performance requirements. Additionally, key staff positions will remain the same to ensure continuity of the Care1st AZ plan with the talented individuals who have a keen understanding of the plan, members, network, and the State, other than any changes due to the ordinary course of business.

Centene's acquisition of WellCare will not result in a change to Care1st AZ's name or Logo at the time of closing.

B. Delivery Systems

At this time, we do not expect any changes to the network in the North GSA other than those in the ordinary course of business. The future state delivery system will be a continuation of business as usual through the expiration of the current Medicaid contract in Arizona (October 2025).

Additionally, at this time there are no other anticipated major operational changes affecting the network in the North such as the provider manual and transportation network. There will be additional efforts nearing the end of the Contract term to assess and identify any such changes. To the extent any changes are so identified, Care1st AZ will follow all AHCCCS requirements for such changes.

In accordance with Section D, Paragraph 28 and Attachment F3 of the Contract, any material changes to provider network as defined above will be submitted 60 days prior to expected implementation of the change.

C. Medical Management

At the time of closing, Centene does not have any specific plans to change existing Medical Management processes and programs for Care1st AZ. 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 Medical Management processes and programs. 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.

D. Behavioral Health

At the time of closing, Centene does not have any specific plans to change existing Behavioral Health processes and programs for Care1st AZ. 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 Behavioral Health processes and programs. 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.

E. Quality Management and Improvement

At the time of closing, there will be no changes to the existing Care1st AZ quality management and improvement programs. The Quality Management and Performance Improvement (QMPI) committee including the oversight by the Medical Director and Key Staff will continue to operate under existing leadership and the subcommittees will also remain intact.

Within the initial months post-closing, Arizona Complete Health-Complete Care Plan and Care1st AZ will evaluate both programs to identify best practices to enhance the existing programs. A definitive plan will be developed for any anticipated changes and executed, and communicated with AHCCCS at that time; any feedback will be incorporated to aspire to the highest quality in terms of AHCCCS Performance Measures.

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

The current EPSDT and Maternal and Child Health programs will remain intact immediately following the closing. Arizona Complete Health-Complete Care Plan and Care1st AZ are scheduling several workshops during the initial post-closing period to carefully examine clinical program offerings and identify best practices for engaging members to ensure comprehensive EPSDT screenings are delivered. These programs will focus on engagement, incentives, outreach and communications, as well as practitioner enablement.

G. Financial Reporting

The financial reports currently developed for AHCCCS by Care1st AZ will be in accordance with the Financial Reporting Guide for AHCCCS Complete Care Contractors and RBHA Contractors following the closing. Each entity will be fully compliant with reporting requirements, which is applicable to both organizations as long as the two organizations remain separate. The existing

Care1st AZ reporting structure and processes will continue through the end of the current Contract.

H. Management Information Systems

At the time of closing, Centene does not have any specific plans to change existing Management Information Systems for Care1st AZ including claims systems. 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 Management Information Systems. 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.

I. Claims Provider Support

At the time of closing, Centene does not have any specific plans to change existing Claims Provider Support processes and programs for Care1st AZ including claims adjustments, provider disputes, or call center location. 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 Claims Provider Support processes and programs. 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.

J. Encounter Reinsurance

At the time of closing, Centene does not have any specific plans to change the existing Encounter Reinsurance program and processes for Care1st AZ. 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 Encounter Reinsurance processes. 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.

K. Member Services

Call Center

At the time of closing of the Transaction, the Care1st AZ call center will continue in its current location and members will not experience any change with these functions. Minimizing impact to members is of utmost importance and it is expected that this transaction will have no impact on this group (e.g. same phone numbers). 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 Call Center processes. 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.

Member Materials (Communications and Handbook)

Following closing, the existing Care1st AZ Member Handbook will remain the primary reference document in the North GSA until the end of the current Contract in October 2025. Member ID cards and overall customer experience for the member will continue as status quo or business as usual. Additionally, we do not anticipate the need for changes to member information prior to regulatory approval.

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 operational processes that may impact information in the member handbook. If Centene proposes to make any operational changes that impact the member handbook or other member materials, these 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.

Finally, as regards communications of transition activities, member and provider communications will be shared with AHCCCS in advance of any transition activities should any impact arise to members and providers as described in section 4(d) below.

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

WellCare's Care1st AZ will continue to be a going concern. Proof of bond requirements can be found in Exhibit 3(c)(i) page 21, Section 5 - Regulatory requirements. Additionally, Centene's 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

Centene's acquisition of WellCare will not result in a change to Care1st AZ's name or logo at the time of closing. This will ensure continuity for Care1st AZ members and providers, as well as reduce administrative adjustments on AHCCCS and other parties. If Centene proposes to make any brand changes that impact Care1st AZ's name or logo during the Contract, these

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.

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

The combined organization will continue the tenure of Scott Cummings as CEO through the Contract subject to typical management performance requirements. This continuation extends to key executives of the Care1st AZ plan, except for any changes due to the ordinary course of business and performance reviews.

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

Current audited financial statements for Centene's Arizona Complete Health-Complete Care Plan and WellCare's Care1st AZ were submitted with the May 3, 2019 initial transition plan submission. 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.

Centene and WellCare have been actively working together to develop 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 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 proposed methodology and timing to provide these pro-formas 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 Care1st AZ is taking to ensure there are no interruptions

This transaction should be seamless to members and providers in the North given the fact that the Care1st AZ name and identity (including brand, logo and member services) will not change at the time of closing of the Transaction, and will operate the Care1st plan through the end of

the Contract period. 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.

Moreover, the retention of key staff at the time of closing and throughout the duration of the current Contract will maximize the continuity of Care1st AZ functions for the benefit of members, providers and AHCCCS. We are moving through a thoughtful and deliberate process to ensure we are making decisions that are best for our members and the products we bring to market. Details regarding the communication plan for members and providers are outlined above in Section (3) under (B).

b. Any changes in management and staffing overseeing the Contract

Care1st AZ will continue the tenure of Scott Cummings as CEO until the expiration of the Medicaid contract in October 2025 subject to typical management performance requirements. Additionally, key staff positions will remain the same to ensure continuity of the Care1st AZ plan with the talented individuals who have a keen understanding of the plan, members, network, and the state. This retained management structure at closing and throughout the duration of the current Contract will maximize the continuity of Care1st AZ functions for the benefit of members and providers.

c. Any changes to existing administrative services subcontracts of Care1st AZ

No existing Care1st AZ administrative subcontracts have been identified for change, with the exception of a tax sharing agreement that Care1st AZ and other new Centene subsidiaries will sign at the closing. WellCare and Centene recognize 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.

As noted above, the existing claims administration, processing system and structure will remain intact at closing. This includes current state processes for prior authorizations, claims adjustments, pended claims, and post processing. Information systems will also continue to operate as separate entities at the closing of the Transaction and support respective member populations. AHCCCS will be notified of any major operational changes identified post-closing within the appropriate time frame.

e. Care1st AZ's plan for communicating change to members including a draft notification to be distributed to affected members and providers

No later than 45 days prior to the effective date of the change in ownership, a message to members and providers will be placed on the Care1st AZ's website. Additionally Care1st AZ's membership will be notified via an article in the member newsletter at or around the time of closing.

The specific content of all communications will be submitted to AHCCCS prior to providing to members for review and approval, and will take into consideration AHCCCS feedback regarding the communication plan.

Details regarding the communication plan for members and providers are outlined above in Section (3) under (B).

At the time of the closing, there will be no changes to the existing Care1st AZ member and provider communications plans, programs, or processes. Any changes as a result of best practices evaluation across the combined organization will be shared with AHCCCS in advance. Additionally, we do not anticipate the need for changes to member information prior to regulatory approval. If a change is desired or any additional information is requested, we will follow all AHCCCS requirements.

f. Care1st AZ 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 North. 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 North GSA through the end of the Contract period other than those in the ordinary course of business.

Care1st AZ also acknowledges that per ACOM 317, the following additional materials must be submitted no later than 45 days prior to the effective date of the change of ownership:

- 1) ACH vendor authorization form.
- 2) Information regarding Care1st AZ's Disclosure of Ownership and Control and Disclosure of Information on Persons Convicted of a Crime in accordance with 42 CFR §§ 101 through 106, the Contractual Provisions in Section D, Corporate Compliance and ACOM Policy 103.

Care1st AZ is prepared to comply with these obligations. In addition, upon AHCCCS's approval of the Transaction, Care1st AZ recognizes that the following materials must be submitted to AHCCCS within 120 days after the change of ownership:

- 1) The articles of incorporation that will be in effect at the time of the transition, if applicable.
- 2) Copies of all affiliation agreements.
- 3) Any proposed change to the Employer Identification Number/Tax Identification Number (EIN/TIN).
- 4) Any additional information requested by AHCCCS.

The information provided related to this change of ownership shows the parties' commitment to providing high quality care to Arizona Medicaid beneficiaries and abiding by the AHCCCS RFPs and contracts.

We look forward to answering any questions AHCCCS may have.