

January 11, 2016

Gay Ann Williams
Vice President, Health Plan Administrator
Health Net Access
1230 West Washington Street
Tempe, Arizona 85281

SUBJECT: Approval of Notification of Acquisition and Request for Prior Approval

Dear Ms. Williams:

The Arizona Health Care Cost Containment System (AHCCCS) has reviewed and approves the proposed acquisition of Health Net, Inc. and its subsidiary, Health Net Access (HNA) by Centene Corporation (Centene). AHCCCS has conducted and completed its due diligence process in accordance with the requirements of AHCCCS Contractor Operations Manual (ACOM) Policy 317 to confirm commitments will be maintained and to ensure there will be minimal member disruption.

HNA submitted its Notice of Acquisition and Request for Prior Approval with a draft transition plan guiding this acquisition on August 7, 2015 and subsequently provided a more detailed transition plan on September 25, 2015. Since that time, representatives of Centene, HNA and AHCCCS have met to discuss and obtain clarification regarding the transition and the transition plan.

Further, AHCCCS strives to be a transparent public program and accordingly has provided an opportunity for the public to express any thoughts or concerns based upon this proposed acquisition. AHCCCS has shared the information on our website and has obtained minimal feedback.

Based upon the submitted transition plan, these clarifications and the results of the public comment, AHCCCS approves the change in ownership. AHCCCS appreciates the commitments made throughout this process by HNA and Centene in response to the issues and concerns raised during the due diligence process.

Please note, AHCCCS' approval extends only to the proposed acquisition, and does not include additional filings related to the acquisition such as proposed system changes or Management Agreement, nor does it constrain AHCCCS related to ongoing contract compliance issues or the term of the current HNA or Bridgeway Health Solutions contracts. In addition, while per AHCCCS Policy 317, AHCCCS reserves the right to cap enrollment for any plan undergoing a change in structure, HNA is currently under an enrollment cap for auto assignment due to outstanding compliance issues. AHCCCS' approval of this acquisition does not remove this enrollment cap.

Finally, HNA must provide AHCCCS with additional required information as a result of this approval. Specifically, HNA must provide AHCCCS with the official date of the acquisition as soon as it is finalized. Further HNA must submit to your assigned AHCCCS Operations Compliance Officer, Jay Dunkleberger other deliverables as delineated in ACOM 317.

Thank you for your patient and continued cooperation as we conducted our review of this requested change. Should you have any questions or concerns regarding this letter, please contact Virginia Rountree at (602) 417-4122 or Virginia.rountree@azahcccs.gov.

Sincerely,



Thomas J. Betlach
Director

cc: Susan Gilkey, Director, Regulatory and Reporting Compliance Officer HNA
Chandra Hara, Operations and Compliance Officer HNA
Paul Barnes, President and CEO Bridgeway Health Solutions
Virginia Rountree, Assistant Director Operations, DHCM
Shelli Silver, Assistant Director Finance, DHCM
Christina Quast, Operations Manager, DHCM
Cynthia Layne, Finance Manager, DHCM
Jay Dunkleberger, Operations Compliance Officer, DHCM
Brenda Gobeli, Operations Compliance Officer, DHCM
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