

October 31, 2016

Scott Cummings
Chief Administrative Officer
Care1st Health Plan Arizona, Inc.
2355 E Camelback Rd #300
Phoenix, AZ 85016

SUBJECT: Notification of Acquisition and Request for Prior Approval

Dear Mr. Cummings:

The Arizona Health Care Cost Containment System (AHCCCS), Division of Health Care Management (DHCM) is in receipt of the Notification of Acquisition and Request for Prior Approval submitted by Care1st on October 13, 2016, regarding the acquisition of Care1st Health Plan Arizona, Inc. (Care1st) by WellCare Management Group, Inc. (WMG).

AHCCCS has reviewed the initial submission and is requesting clarification of any changes this proposed acquisition may have on the below items:

- Automatic Clearing House (ACH) Vendor Authorization Form
- Disclosure of Ownership and Control and Disclosure of Information on Persons Convicted of a Crime
- The Articles of Incorporation
- The Employer Identification Number/Tax Identification Number (EIN/TIN)
- Disclosure of the \$15M restricted cash in support of the performance bond currently recorded on the Care 1st CA financial statements.

A response to the above information is required in order for AHCCCS to complete its review as a component of our due diligence process and must be submitted to Ryan Shirley, AHCCCS Operations and Compliance Officer, at Ryan.Shirley@azahcccs.gov by COB November 07, 2016.

Should this acquisition be approved, AHCCCS is in agreement with the member communication proposal outlined in the transition plan. However, in addition to putting an article in the member newsletter regarding the acquisition, Care1st must also place the article on its website available to both members and providers.

Please be aware that pursuant to ACOM Policy 317, AHCCCS reserves the right to obtain stakeholder input regarding the proposed acquisition of Care1st through a public notice and feedback process. AHCCCS will provide further notification regarding the public notice process.

Should you have any questions, please contact me directly at 602-417-4122 or at Virginia.Rountree@azahcccs.gov.

Sincerely,

Virginia Rountree

Virginia Rountree
Assistant Director Operations & Clinical
Division of Health Care Management

cc: Shelli Silver, AHCCCS
Christina Quast, AHCCCS
Michelle Holmes, AHCCCS
Ryan Shirley, AHCCCS
Patty Dal Soglio, Care1st