

Per the AHCCCS Contractor Operations Manual (ACOM), Policy 317 (Merger, Acquisition, Reorganization, Joint Venture and Change of Ownership Requests) and contract YH14-0001-02, Section D, Paragraph 44 (Material Change to Operations), University Family Care (UFC) respectfully submits the following plan, detailing all aspects of the transition that will occur upon Banner Health's (Banner) acquisition of The University of Arizona Health Network (UAHN), including University Family Care (UFC), on January 1, 2015.

UFC is currently contracted with AHCCCS to serve as a managed care organization (MCO) in ten of fifteen Arizona counties, including Yuma, LaPaz, Yavapai, Gila, Pinal, Pima, Santa Cruz, Cochise, Graham and Greenlee counties. As such, UFC serves nearly 126,000 AHCCCS-eligible individuals, spanning both rural and urban areas of the state.

ACOM 317 requires that a transition plan be submitted to AHCCCS 180 days prior to the effective date of any proposed merger, acquisition, reorganization or change of ownership. The transition plan must address a number of elements. The following paragraphs outline the required elements as well as UFC's response to each element:

- 1) A letter of explanation which includes the following information:
  - a. The type of entity if a new entity will be formed (Limited Liability Companies (LLCs) are not acceptable).
    - As stated in the notification letter, Banner Health is an Arizona-based non-profit health system. Thus, UAHN/UFC will retain its non-profit status subsequent to this change. Furthermore, the change of ownership will result in a member substitution in which Banner will become the parent corporation to the health plan, but the health plan will operate in an independent manner, consistent with current operations.
  - b. Any material change to operations resulting from the new arrangement as specified in the Acute Care contract, Section D, Paragraph 44 (Material Change to Operations).
    - A material change to operations is defined in the Acute Care contract, Section D, Paragraph 44, 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." While Banner's acquisition of UAHN will result in a change of ownership, as detailed in the notification letter, all health plan operations, across all product lines (UFC, University Care Advantage, University Healthcare Marketplace), will remain consistent with the current model. Specifically, health plan functions such as quality management, medical management/utilization management (including prior authorization), compliance,

network development, claims payment, grievance and appeals, customer care, finance, case management, information systems and member outreach will be administered as they are currently administered, led by the same leadership team within the health plan. Thus, there will be no impact to UFC's ability to meet the performance standards outlined in the contract or fulfill the commitments outlined in the proposal submitted by the health plan in response to Request for Proposal YH14-0001. Furthermore, there will be no change in the services offered to UFC members, nor will there be any change to the health plan's provider network as a result of the change. The name of the health plan may change, however, and members will be provided with the proper notice (see below).

- As indicated in the notification letter, UFC does not anticipate any changes to existing arrangements with either Maricopa Integrated Health System or Cenpatico Behavioral Health of Arizona.
- 2) Proof that any performance bond requirements have been met by the new entity, if the original entity is no longer a going-concern. The Performance Bond shall be in a form acceptable to AHCCCS. See ACOM Policy 306. (This may be submitted 90 days prior to the effective date).
- Proof that the performance bond requirements have been met will be provided no later than 90 days prior to the effective date.
- 3) Documents including the following:
- a. The formal name and any proposed logo used by the resulting organization.
    - Banner's acquisition of UAHN may result in a change to the health plan name and logo. This change will be determined as a component of the negotiation process, which commenced on June 26, 2014. If a new name and logo are to be used for the health plan, this will be provided to AHCCCS as soon as they are available and no later than 90 days prior to the effective date of the acquisition, as stipulated in ACOM 317.
  - 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 organizational chart for the health plan will remain the same under the new resulting organization. The health plan will maintain compliance with staffing requirements, as outlined in Section D, Paragraph 16 (Staff Requirements and Support Services) of contract YH14-0001-02. Furthermore, Banner will make no changes to the composition of the current staff for the term of the contract, barring occurrences that require personnel action consistent with standard business practice. For reference, the current UFC organizational chart is attached (see Exhibit A).
  - c. Current audited financial statements of the current Contractor and merging entity.
    - Current audited financial statements for UFC and Banner Health are attached (see Exhibits B and C).

- d. Pro-forma financial statements of the resulting entity post-merger.
  - Pro-forma financial statements for the resulting entity are attached (see Exhibit D).
- 4) For mergers, acquisitions, reorganizations, joint ventures or changes in ownership of organizations currently providing services to AHCCCS members, a description of the following:
  - a. An assessment of any potential interruption of services to members, and steps the Contractor is taking to ensure there are no interruptions.
    - The change of ownership and corresponding member substitution will not result in any interruption of services to members. UFC will notice members of the parent company change and name change forty-five days in advance of the effective date of such change. The notice will identify a dedicated customer service line for questions pertaining to the change of ownership, which will be available to members from November 15, 2014 through January 1, 2015.
  - b. Any changes to the management and staffing of the organization currently overseeing services provided under the contract.
    - Barring occurrences that require personnel action, for the term of contract YH14-0001-02, Banner will make no changes to the management and staffing of the health plan in conjunction with this member substitution.
  - c. Any changes to existing administrative services subcontracts.
    - UFC currently maintains thirteen administrative services subcontracts. All administrative services subcontracts will remain in place and unchanged under the resulting organization.
  - d. Any changes to the administration of critical components of the organizations, including but not limited to information systems, prior authorization, claims processing or grievances.
    - As stated in the response to item 1b, UFC does not anticipate any changes to the administration of critical operational components/functions of the health plan. In regard to information systems specifically, outside of those changes currently underway (e.g. transition to McKesson for provider management, contracting, credentialing), the change in ownership will result in no immediate changes to the systems/applications currently used to carry out various health plan functions, including claims processing, encounter processing, customer service and case management. Going forward, UFC leadership will continue to assess systems opportunities that have the potential to enhance the provision of services offered to members and providers or advance health plan operations. Should opportunities be identified, per Section D, Paragraph 44 (Material Change to Operations) of contract YH14-0001-02, UFC will notify AHCCCS a minimum of 60 days prior to the expected implementation of the change.
  - e. The Contractor's plan for communicating the change to members, including a draft notification to be distributed to affected members and providers.

- Upon public announcement of the potential change of ownership, all UFC staff that interface with members, providers and stakeholders (customer care representatives, provider services representatives, case managers, etc.) were trained on a list of key talking points (see Exhibit E) . The talking points were prepared to offer reassurance to members, providers and stakeholders, confirming that there will be no change to services or contractual arrangements and educating all parties on AHCCCS' process for reviewing and approving health plan changes of ownership, including the intent to hold public input forums. Additionally, UFC staff were provided with a mechanism for escalating calls to an identified member of the health plan's executive team in the event that a member, provider or stakeholder expresses that their concerns have not been sufficiently addressed.
  - Forty-five days prior to the effective date of the change in ownership, members and providers will receive notice of the acquisition (see Exhibit F). As stated above, the notice will inform members of the change and the corresponding name/logo modification and will provide reassurance that there will be no interruption to services or to the current provider network managed by the health plan. The notice will also identify a dedicated customer service line for questions pertaining to the change, which will be available to members from November 15, 2014 through January 1, 2015.
- f. The Contractor's plan for changes to critical member information, including the website, member and provider handbook and member ID card.
- The health plan website, member and provider handbook and member ID card will be modified to reflect the new name/logo for the health plan, if necessary. All website modifications, changes to the member and provider handbook and member ID card will be submitted to AHCCCS for review no later than 90 days prior to the effective date of the change, as stipulated in ACOM 317.
- g. Any anticipated changes to the network.
- The health plan will maintain compliance with network sufficiency and network management requirements, as outlined in Section D, Paragraphs 27 (Network Development) and 29 (Network Management) of contract YH14-0001-02. Barring circumstances that would merit contract termination or network expansion in order to ensure adherence to established network or quality standards, Banner will make no changes to the health plan's provider network for the term of the contract. The health plan will continue to evaluate health plan network needs and make changes consistent with the current operations, independent of its relationship with its parent company.

University of Arizona Health Network, University Family Care Transition Plan  
Banner Health Acquisition and Change of Ownership  
Effective: January 1, 2015  
Submitted: July 1, 2014

UFC understands that the following documents must also be submitted to the appropriate AHCCCS division no later than 45 days prior to the effective date of the change of ownership and commencement of operations:

- 1) Automatic Clearing House (ACH) Vendor Authorization Form.
- 2) Information regarding Disclosure of Ownership and Control and Disclosure of Information on Persons Convicted of a Crime in accordance with the 42 C.F.R. 101 through 106, the Contractual Provisions in Section D, Corporate Compliance and ACOM Policy 103.

Additionally, the health plan acknowledges that, upon AHCCCS approval, the following documents must be submitted within 120 days of the completed change of ownership:

- 1) The articles of incorporation, if applicable.
- 2) Copies of all affiliation agreements.
- 3) Any additional information requested by AHCCCS.

While Banner's acquisition of UAHN has the potential to enrich the overall performance of the health plan, the transition of ownership will not, in any way, negatively impact the services provided to members or the support offered to providers within UFC's network, as both Banner and UFC remain fully committed to maintaining the health plan's current operational structure under the new arrangement.

Should you have any questions regarding the information conveyed in the transition plan, do not hesitate to contact me at [James.Stover@uahealth.com](mailto:James.Stover@uahealth.com) or 520.343.8004.