

Janice K. Brewer, Governor
Thomas J. Betlach, Director

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Our first care is your health care
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

March, 29, 2013

Nancy Novick
Chief Executive Officer
Phoenix Health Plan
7878 N 16th Street, #105
Phoenix, Arizona 85020

SUBJECT: Notification of Contract Awards RFP YH14-0001, GSA 12, Capped Contract

Dear Ms. Novick:

AHCCCS is exercising its contractual authority to offer a capped contract to an unsuccessful incumbent Contractor in Maricopa County (GSA 12), as outlined in Section H, Paragraph 9, *Award of Contract*, in the RFP document. The capped contract request for GSA 10 Pima County is denied. However, the request with respect to GSA 12 is granted, contingent upon Phoenix Health Plan's agreement to waive and forego any and all rights to file a protest of: (1) the AHCCCS decision to award the capped contract in GSA 12, (2) the AHCCCS decision not to award a capped contract in GSA 10, and (3) the AHCCCS decision not to award Phoenix Health Plan a non-capped contract in any GSA under RFP YH14-0001.

To obtain a capped contract in Maricopa County, Phoenix Health Plan must accept this offer by countersigning this letter and returning it to AHCCCS before the close of business on Monday April 1, 2013. After that date, this offer expires.

If Phoenix Health Plan accepts this offer, Phoenix Health Plan's enrollment in GSA 12, Maricopa County, will be capped effective October 1, 2013. The enrollment cap will not be lifted at any time during the total contracting period specified in Section E, Contract Terms and Conditions unless one of the following conditions exists, in which case AHCCCS may lift the cap:

- a. Another Contractor is terminated and increased member capacity is needed, or
- b. Legislative action creates an unforeseen increase in the overall AHCCCS population, or
- c. Extraordinary and unforeseen circumstances make such an action necessary and in the best interest of the State.

Additionally, AHCCCS does intend to hold an open enrollment for Phoenix Health Plan members in Maricopa County sometime in CYE 14.

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If Phoenix Health Plan accepts this offer, then chooses to terminate this contract it may be responsible for the costs associated with all transition expenditures incurred by AHCCCS. See Section E, Paragraph 45, *Term of Contract and Option to Renew* of the contract.

In accordance with Section H, Paragraph 9, *Award of Contract*, in the RFP document, Phoenix Health Plan will be awarded capitation rates that are based on the bottom of the actuarial rate range for the medical component, and the lowest awarded administration rate. The capitation rates are specified in the attached document.

If you have any questions regarding this letter please contact Meggan Harley, AHCCCS Procurement Manager, at (602) 417-4538.

Sincerely,



Michael Vert
Contracts and Purchasing Administrator

I, Nancy Novick am authorized to and hereby do accept the offer of a capped contract in GSA 12, subject to all of the terms and conditions in RFP YH14-0001, and the terms and conditions set forth in this letter. By accepting this offer, Phoenix Health Plan agrees to waive and forego any and all rights to file a protest of: (1) the AHCCCS decision to award the capped contract in GSA 12, (2) the AHCCCS decision not to award a capped contract in GSA 10, and (3) the AHCCCS decision not to award Phoenix Health Plan a non-capped contract in any GSA under RFP YH14-0001.

Nancy Novick
Signed by: _____
Title: CEO

4/1/13
Dated _____

Acute Care RFP Bid Template - Phoenix Health Plan
Gross Medical Component by Risk Group and GSA

| Risk Group | GSA 2 | GSA 4 | GSA 6 | GSA 8 | GSA 10 | GSA 12 | GSA 14 |
|-------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| | | | | | | Award | |
| TANF < 1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 463.43 | \$ - |
| TANF 1-13 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 92.76 | \$ - |
| TANF 14-44 F | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 210.74 | \$ - |
| TANF 14-44 M | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 137.66 | \$ - |
| TANF 45+ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 375.78 | \$ - |
| SSIW | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 147.57 | \$ - |
| SSIW/O | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 746.20 | \$ - |
| AHCCCS Care | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 387.44 | \$ - |
| Delivery Supp | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,447.17 | \$ - |

Administrative Component by Risk Group and GSA

| Risk Group | GSA 2 | GSA 4 | GSA 6 | GSA 8 | GSA 10 | GSA 12 | GSA 14 |
|-------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| TANF < 1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 30.12 | \$ - |
| TANF 1-13 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6.03 | \$ - |
| TANF 14-44 F | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 13.70 | \$ - |
| TANF 14-44 M | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8.95 | \$ - |
| TANF 45+ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 24.43 | \$ - |
| SSIW | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 9.59 | \$ - |
| SSIW/O | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 48.50 | \$ - |
| AHCCCS Care | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 25.18 | \$ - |
| Delivery Supp | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 354.07 | \$ - |

These are the awarded rate components. Final adjusted rates including reinsurance, premium tax, risk contingency and any program or other changes, as identified in the RFP, will be issued at a later date.