



March 23, 2013

Mr. Michael Viet
Contracts and Purchasing Administrator
Division of Business and Finance
Arizona Health Care Cost Containment System
801 East Jefferson
Phoenix, AZ 85034-2246

RE: Contract/RFP No. YH 14-0001
Capped Contract Award Request

Dear Mr. Viet:

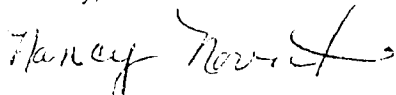
Phoenix Health Plan received your letter dated March 22, 2013 advising the Plan that it is not being awarded a contract in response to its proposal to provide acute care services described in RFP No. YH 14-0001 ("RFP"). PHP has served and been an important component of the AHCCCS program since its inception thirty years ago. It has done so with distinction and consistently high marks from AHCCCS for the care and services provided to our enrollees. We are disappointed and surprised that our significant experience and standards of excellence were not recognized. We remain committed to the many Arizonans we proudly serve and hope to continue as a significant participant in and supporter of the AHCCCS program.

Pursuant to Section H, Paragraph 9, p. 292 of the RFP, Phoenix Health Plan ("PHP") submits this written request for a Capped Contract Award for both Pima County and Maricopa County. Since PHP is an incumbent health plan in both of these metropolitan counties and since PHP was notified that it is not receiving an award in either county, it meets the RFP definition of an "unsuccessful acute care contractor". PHP understands that if this request is granted it will continue providing services to its current members in both counties under the terms and conditions of the RFP, but it will not be permitted to enroll new members under this arrangement.

On behalf of our 350 employees who live and work in Arizona and the 188,000 beneficiaries we serve, we thank you for the opportunity to provide this request and look forward to hearing from you.

If you have any questions, please feel free to contact me at (602) 824-3812.

Sincerely,



Nancy Novick
President and Chief Executive Officer

cc: Thomas Betlach, Director AHCCCS

7878 N. 16th Street, Suite #105
Phoenix, AZ 85020