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Phoenix, AZ 85040



September 20, 2019

VIA EMAIL ONLY

Shelli Silver, Deputy Director, Health Plan Operations
AHCCCS
801 E. Jefferson St.
Phoenix, AZ 85034
Centene-WellCareMerger@azahcccs.gov

Re: Public Comment – Centene Corporation’s Acquisition of WellCare Health Plans

Dear Ms. Silver:

I am writing in response to AHCCCS’s communication, dated August 21, 2019, seeking public comment regarding the proposed merger between Centene Corporation (“Centene”) and WellCare Health Plans (“WellCare”). Centene is the parent corporation of Arizona Complete Health-Complete Care Plan (“Arizona Complete Health”) and WellCare is the parent corporation of Care1st Health Plan Arizona (“Care1st”). Centene’s acquisition of WellCare and intended transition is a creative attempt to acquire an ACC contract in all geographic service areas (“GSA”) which has been intentionally avoided by AHCCCS through the RFP award process. Mercy Care respectfully requests that AHCCCS reject Centene’s transition plans in the North and Central GSA’s and instead award those GSA’s to another AHCCCS Medicaid Managed Care Organization (“MCO”), such as Mercy Care, which has an established record of providing quality services to AHCCCS members and has the AHCCCS required infrastructure in place to manage the contract.

AHCCCS LEGACY & STRATEGY FOR ACC AND GREATER RBHA PROGRAMS

The ACC contract was awarded on March 5, 2018 with a go-live date of October 1, 2018 – less than a year ago. The ACC RFP afforded AHCCCS the ability to award contracts to successful offerors in the best interest of the State. *See*, AHCCCS Complete Care RFP YH19-0001, Section H.12. The ACC RFP further stated that AHCCCS did not intend to award contracts for all GSA’s to a single offeror. *Id.* As a result of this approach, incumbent offerors, including Mercy Care, were required to relinquish members and/or presence in certain GSA’s to accomplish this goal. Similarly, the 2015 Regional Behavioral Health Authority (“RBHA”) – Greater Arizona RFP had similar restrictions with the intent that an offeror or affiliated entity could not obtain a RBHA contract in more than one GSA, thus barring Mercy Maricopa Integrated Care, or an affiliated entity, from bidding for a contract in an another GSA. *See*, Solicitation ADHS15-00004276 – Regional Behavioral Health Authority - Greater Arizona, Special Instruction to Offerors, Section 5.1. Not only did the ACC RFP not intend for an Offeror to have a contract in all three GSA’s, but AHCCCS also prohibits a single entity from owning or managing more than one contract for the same program in the same GSA. *See*, AHCCCS Complete Care RFP YH19-0001, Section D.49. Centene’s intended acquisition and transition for the Arizona Complete Health (Centene) and Care1st (WellCare) plans contravenes what AHCCCS has reinforced through its RFP contract awards.

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CENTENE'S ACQUISITION AND TRANSITION CONTRAVENES AHCCCS'S COMPETITIVE MCO LANDSCAPE

Centene's planned transitions for Care1st and Arizona Complete Health in the North and Central GSA's, respectively, is a creative attempt to sidestep the efforts that AHCCCS has made to prevent any single MCO from holding a contract in all GSA's or holding more than one contract for the same program in the same GSA. Centene creates this misperception by maintaining Care1st as a separate legal entity in the North GSA which gives the appearance that that a single entity will not hold an ACC contract in all three (3) GSA's. AHCCCS defines an affiliate organization as a "party that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with an entity." See, AHCCCS Complete Care RFP YH19-0001, Section C. Definitions. As a result of the merger, Centene will clearly be an affiliated organization as the parent organization to both Arizona Complete Health and Care1st and would hold an ACC contract in all three (3) GSA's. Additionally, Centene's transition plans clearly describe the merger as creating a **combined healthcare enterprise**. Centene clearly realizes Centene is not permitted by AHCCCS to own more than one ACC contract in a single GSA as Centene's transition plan intends for Arizona Complete Health to simply absorb the Care1st membership in the Central GSA leaving Arizona Complete Care as the only Centene entity with an ACC contract in the Central GSA – this transition plan fails to provide member choice of plan that was offered to AHCCCS members a year ago during implementation of the new ACC contract. Furthermore, Centene has disregarded AHCCCS's intent not to award an MCO an ACC contract in all three GSA's by selectively holding out Care1st as a separate legal entity in the North GSA with the intent of continuing operations under the Care1st name. Centene's proposed transition plans should not be accepted as they effectively deteriorate the competitive composition of MCO's that AHCCCS has created among its Medicaid programs.

CARE1ST FACADE – TRANSPARENCY TO MEMBERS

Not only does the Centene acquisition conflict with AHCCCS's historical method in awarding contracts, but the transition plan for Care1st in the North GSA is not transparent to Care1st members or AHCCCS members in the North GSA. Centene intends to keep Care1st's name, and key executive and staff positions in place creating the appearance of a separate legal entity operating in the North GSA. However, Centene's transition documents clearly indicate that changes will likely occur to certain functions of Care1st operations. Centene's transition plan for the Southern GSA where Centene's Arizona Complete Health holds an ACC contract indicates a clear intent to **not** make any changes to operational functions of the business. In contrast, Centene's transition plan for the Northern GSA where Care1st holds an ACC contract initially states that Care1st will maintain its separate corporate existence and continue operations as currently conducted, but then qualifies this statement by stating that certain functions will be evaluated by Centene post-closure with notification to AHCCCS as may be required. It is clear that Centene does not desire to hold Care1st as a separate, wholly owned subsidiary for long, but an entity transitioning to a Centene healthcare entity unbeknownst to Care1st's members in the North GSA.

MERCY CARE IS READY AND WILLING TO PROVIDE QUALITY SERVICES TO AHCCCS MEMBERS IN THE NORTH

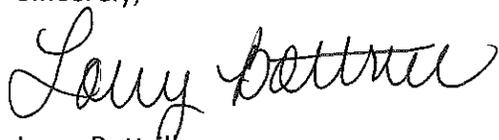
Although AHCCCS retains the ability to make decisions in the best interest of the State when awarding contracts to an MCO, Centene's transition plans are not a pursuit toward that goal and should be rejected. We recommend that AHCCCS terminate Care1st's contract for the North GSA and award it to another MCO, such as Mercy Care, which only has one GSA (the Central) for the ACC contract. Mercy Care is perfectly suited to provide quality services to AHCCCS members in the North. Mercy Care has a proven track record as an AHCCCS MCO for nearly 35 years, has an existing D-SNP in place which is an AHCCCS requirement for all Arizona Medicaid MCO's, and currently has a network of both physical health and behavioral health providers

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in the North GSA. Allowing Mercy Care to hold an ACC contract in the North maintains the intent of not awarding all three GSA's to any single entity or affiliated entity for the ACC program while serving the best interests of the State—providing quality services and choice for AHCCCS members. Additionally, AHCCCS should reject Centene's transition plan in the Central GSA and afford members choice of plan.

Mercy Care respectfully requests that AHCCCS rejects Centene's transition plans for Care1st in the North GSA and Arizona Complete Care in the Central GSA for the reasons stated above and consider Mercy Care as MCO for the ACC contract in the North GSA to provide members with a qualified, member-centered, and transparent health plan to serve their medical and behavioral health needs.

Sincerely,

A handwritten signature in cursive script that reads "Lorry Bottrill". The signature is written in black ink and is positioned above the printed name and title.

Lorry Bottrill
President & CEO