



July 19, 2017

Ms. Lola Davis
Arizona Health Care Cost Containment System ("AHCCCS")
AHCCCS Operations and Compliance Officer
801 E. Jefferson St. MD 4100
Phoenix, AZ 85034
Lola.Davis@azahcccs.gov

Re: Health Choice Integrated Care, LLC – Response to AHCCCS Initial Response Letter dated July 7, 2017

Dear Ms. Davis:

This letter is in follow up to the notification of acquisition and request for prior approval sent by Health Choice Integrated Care, LLC ("Health Choice Integrated Care") on May 26, 2017. With the notice, Health Choice Integrated Care submitted a Transition Plan, detailing the proposed merger of IASIS Healthcare Corporation, the ultimate parent corporation of Health Choice, with a wholly owned subsidiary of Steward Health Care System LLC ("Steward"), in accordance with the AHCCCS Contractor Operations Manual ("ACOM"), Policy 317 (Change in Contractor Organizational Structure) and contract YH17-0001-02 and YH17-0003-02, Section D, Paragraph 52 (Merger, Reorganization, Joint Venture and Change of Ownership) and Section D, Paragraph 44 (Material Change to Business Operations).

We are in receipt of AHCCCS's initial response letter dated July 7, 2017, which contained requests for clarification and documentation. We respond to those requests as follows:

- **Anticipated Effective Date of the Proposed Acquisition**
Subject to the state and regulatory approvals noted below, the parties are seeking to consummate the merger effective as of August 31, 2017.
- **Employee Identification Number / Tax Identification Number (EIN/TIN)**
Health Choice Integrated Care's EIN/TIN will not change as a result of the proposed merger.
- **Anticipated State and Regulatory Approvals for the Acquisition**
The material state and regulatory approvals required for this acquisition, other than approval by AHCCCS, are as follows:
 - Arizona Department of Insurance – A Form A filing for approval regarding Health Choice Insurance Co. (a separate IASIS subsidiary), a licensed Arizona Domestic Health Care Services Organization that historically provided a Marketplace product and that

Member Services:

1300 South Yale Street
Flagstaff, AZ 86001
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anticipates participating in a licensed program outside of Arizona, was filed on June 16, 2017.

- Utah Department of Insurance – A Form A filing for approval regarding Health Choice Utah, Inc., (a separate IASIS subsidiary), a licensed Utah Domestic Health Maintenance Organization that serves as a Utah Medicaid managed care plan, was filed on June 16, 2017.
- Federal Trade Commission (“FTC”) – A U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976 (“HSR Act”) pre-merger notification was filed for the proposed merger. The applicable waiting period under the HSR Act must have expired or been terminated in order to proceed with the merger. The request for early termination of the waiting period was granted by the FTC effective June 26, 2017.

In addition, other pre-closing and post-closing filings are required for other IASIS subsidiaries, but we do not anticipate any additional material pre-closing approvals. These other pre-closing filings include insurance-related notices to the Centers for Medicare & Medicaid Services and the Utah Department of Health, and filings for IASIS’s various hospital and other health provider entities.

- **Redacted Merger Agreement between IASIS and Steward**

Please find enclosed as a copy of the redacted Merger Agreement between IASIS and Steward, set forth under Exhibit A. ***Please note that the parties respectfully request the confidential treatment of the Merger Agreement, which contains proprietary and trade secret information, and specifically request that it not be posted publically.***

- **Disclosure of Ownership and Control & Disclosure of Information on Persons Convicted of a Crime**

Please find enclosed an updated Attestation of Disclosure of Ownership and Control and Disclosure of Information on Persons Convicted of a Crime, set forth under Exhibit B. Health Choice Integrated Care will also provide notification of this updated attestation to the AHCCCS Office of Inspector General.

- **Member Communication**

Please find enclosed a revised draft member communication, which notes that the transition is pending review and approval by AHCCCS, set forth under Exhibit C.

- **Member and Provider Talking Points**

Please find enclosed revised versions of the member and provider talking points, which now note that the transition is pending review and approval by AHCCCS, set forth under Exhibit D.

- **Provider Communication**

Please find enclosed a draft provider communication for review by AHCCCS, set forth under Exhibit E.

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In addition to the requested items above, we wish to provide AHCCCS with the following information, which is also required under ACOM Policy 317:

▪ **Articles of Incorporation, including Affiliation Agreements**

The corporate entity, Health Choice Integrated Care, is staying intact and its Articles of Incorporation will not be revised as a result of the proposed merger. Further, no affiliation agreements, as defined in ACOM Policy 317, have been or will be established between Health Choice Integrated Care and any of its affiliates as a result of the proposed merger.

▪ **Automatic Clearing House (ACH) Vendor Authorization Form**

Health Choice Integrated Care does not plan to change its banking information at the time of the merger. As such, we do not believe that the ACH Vendor Authorization Form requires any updates. If Health Choice Integrated Care makes changes after closing, it will follow AHCCCS procedures.

We look forward to answering any questions you may have and are happy to provide any additional information you might find helpful in your consideration of this proposed merger. Please do not hesitate to contact me at (928) 214-2291 or shawn.nau@iasishealthcare.com with any questions or requests.

Sincerely,

A handwritten signature in dark ink, appearing to read "Shawn Nau", is positioned above the printed name.

Shawn Nau
Chief Executive Officer

Enclosure

cc:

Thomas Betlach, AHCCCS
Virginia Rountree, AHCCCS
Shelli Silver, AHCCCS
Christina Quast, AHCCCS
Michelle Holmes, AHCCCS
Lola Davis, AHCCCS
Mike Uchrin, Health Choice
Nicole Larson, Health Choice
Katrina Cope, Health Choice Arizona
Phil Nieri, Health Choice

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Table of Exhibits

Exhibit A – Redacted Merger Agreement (*confidential treatment requested*)

Exhibit B – Attestation of Disclosure of Ownership and Control and Disclosure of Information on Persons Convicted of a Crime

Exhibit C – Member Communication

Exhibit D – Member and Provider Talking Points

Exhibit E – Provider Communication

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Exhibit B

Attestation of Disclosure of Ownership and Control and
Disclosure of Information on Persons Convicted of a Crime

**ACOM POLICY 103, ATTACHMENT A,
ATTESTATION OF: DISCLOSURE OF OWNERSHIP AND CONTROL AND DISCLOSURE
OF INFORMATION ON PERSONS CONVICTED OF A CRIME**

HEALTH CHOICE INTEGRATED CARE
CONTRACTOR NAME

JULY 28, 2017
DATE

1. DISCLOSURE OF OWNERSHIPS AND CONTROL

DISCLOSURE OF OWNERSHIP AND CONTROL [42 CFR 455.104] (State Medicaid Director Letter [SMDL] #09-001)

- The Contractor attests it has requested and obtained the required information on ownership and control from any agent, managing employee (including Key Staff), individual, corporation, or provider of the Contractor as required by Section D of the contract.

In the case of a Government Entity:

DISCLOSURE OF OWNERSHIP AND CONTROL [42 CFR 455.104] (SMDL #09-001)

- The Contractor attests it is an agency of the State of Arizona and as such, has no individual or corporation with an ownership or control interest in the Contractor, as defined in 42 CFR 455.101 and outlined in Section D of the contract.

2. DISCLOSURE OF INFORMATION ON PERSONS CONVICTED OF CRIMES

DISCLOSURE OF INFORMATION ON PERSONS CONVICTED OF CRIMES [42 CFR 455.101; 106; 436] (SMDL #09-001)

- The Contractor attests with regard to itself it has confirmed the identity and determined the exclusion status of any agent, managing employee (including Key Staff), and any person with an ownership or control interest in the Contractor, through routine checks of Federal databases as required by Section D of the contract;

AND

- The Contractor attests with regard to itself and its fiscal agents that it has disclosed the identity of any of these excluded persons, including those who have ever been convicted of a criminal offense related to that person's involvement in any program under Medicare, Medicaid, or the Title XX services program since the inception of those programs as required by Section D of the contract.

3. ADMINISTRATIVE SERVICES SUBCONTRACTS: DISCLOSURE OF INFORMATION OF OWNERSHIP AND CONTROL AND ON PERSONS CONVICTED OF CRIMES

The Contractor attests it requires Administrative Services Subcontractors adhere to the requirements regarding Disclosure of Ownership and Control and Disclosure of Information on Persons Convicted of Crimes as outlined in 42 CFR 455.101 through 106, 42 CFR 436 and SMDL09-001, including that Administrative Services Subcontractors shall disclose to AHCCCS-OIG the identity of any excluded person.



**ACOM POLICY 103, ATTACHMENT A,
ATTESTATION OF: DISCLOSURE OF OWNERSHIP AND CONTROL AND DISCLOSURE
OF INFORMATION ON PERSONS CONVICTED OF A CRIME**

HEALTH CHOICE INTEGRATED CARE

CONTRACTOR NAME

JULY 18, 2017

DATE


NAME (SIGNATURE)

July 18, 2017

DATE

SHAWN NAU, HCIC CEO

NAME (PRINT)

JULY 18, 2017

DATE

Reference: Contract Section D, Program Requirements, Corporate Compliance Paragraph



Exhibit C

Member Communication

Dear Health Choice Integrated Care Members,

As you may have heard, IASIS Healthcare Corporation, which owns Health Choice Integrated Care and several Health Choice network hospitals, has entered into an agreement to merge with Steward Health Care System LLC. This merger is under review with the Arizona Health Care Cost Containment System (AHCCCS), the Arizona state Medicaid agency.

If AHCCCS approves this merger, there are no plans to make changes to Health Choice Integrated Care.

Your current membership card and benefits will remain the same, as will your access to your physicians.

What will not change:

- Our name – we have no plans to change our name from Health Choice Integrated Care
- Our service – we will still hold ourselves accountable to the same service standards that are geared to meet and exceed your expectations
- Our people – we will still have the same local service team, staff that live in our communities and know the Arizona health care environment
- Our network of providers – we will keep our network of hospitals, physicians and other providers

If you have questions about this change, our Member Services Department is here to help. Call us at 1-800-640-2123 (TTY 711). Our Member Services Department is open Monday through Friday, 6 a.m. to 6 p.m., except holidays.



Exhibit D

Member and Provider Talking Points

Member Services

IASIS, the indirect owner of Health Choice Integrated Care, has entered into an agreement to merge with Steward Health Care System LLC. This merger is currently under review and pending approval from the Arizona Health Care Cost Containment System (AHCCCS), the state Medicaid agency.

For our members, **nothing has changed and nothing will change.** Your current membership card and benefits remain the same, as does your access to your physicians. You will continue to receive the same high-quality service we have always provided.

Provider Services

IASIS, the indirect owner of Health Choice Integrated Care, has entered into an agreement to merge with Steward Health Care System LLC. This merger is currently under review and pending approval from the Arizona Health Care Cost Containment System (AHCCCS), the state Medicaid agency.

For our providers, **nothing has changed and nothing will change.** Health Choice Integrated Care is not making changes to its provider network or its claims and payment systems. Please continue to serve Health Choice members and submit claims the same as always.



Exhibit E

Provider Communication

Dear Valued Health Choice Providers,

As you may have heard, IASIS Healthcare Corporation, which owns Health Choice Integrated Care and several Health Choice network hospitals, has entered into an agreement to merge with Steward Health Care System LLC, a physician led, national health care services organization that owns and operates 18 community hospitals across four states.

This merger is currently under review with the Arizona Health Care Cost Containment System (AHCCCS), the Arizona state Medicaid agency.

If AHCCCS approves this merger, there are no plans to make changes to Health Choice Integrated Care, its provider network, or its claims and payment systems.

What also will not change:

- Our name – we have no plans to change our name from Health Choice
- Our service – we will still hold ourselves accountable to the same service standards that are geared to meet and exceed your expectations
- Our people – we will still have the same local service team, staff that live in our communities and know the Arizona health care environment

If you have questions about this merger, please contact your provider services representative during regular business hours, or alternatively, call us at 1-800-640-2123 (TTY 711), Monday through Friday, from 6 a.m. to 6 p.m., except holidays.