



Health Choice Integrated Care, LLC Transition Plan

Health Choice Integrated Care, LLC submits this Transition Plan, detailing all aspects of the proposed merger of IASIS Healthcare Corporation, the ultimate parent corporation of Health Choice Integrated Care, LLC, 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 No. 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).

ACOM Policy 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 following outlines the required elements and the responses to each element pursuant ACOM Policy 317:

1. A letter of explanation which includes the following information:

a. The type of entity if a new entity will be formed and/or any changes to existing entity

Steward does not contemplate any changes to Health Choice Integrated Care, LLC, the contracting entity, as a result of the proposed merger. The merger will result in an indirect change of ownership only at the grandparent level. IASIS Healthcare Corporation, the entity to undergo a merger, is the parent corporation of IASIS Healthcare LLC, which is, in turn, the parent of Health Choice Integrated Care, LLC.

b. Any material change to operations as specified in ACOM Policy 439 and Contract

Steward does not contemplate any changes to operations of Health Choice Arizona, Inc. as a result of the proposed merger.

c. In the case of a State Agency, any state or federal legislation, rule or action that necessitates a change in Organizational Structure

Not applicable.

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 305. (This may be submitted at the 90 day timeframe noted above).

Health Choice Integrated Care, LLC is currently in compliance with all AHCCCS performance bond requirements. The letter of credit currently in place between Health Choice Integrated Care, LLC and IASIS Healthcare LLC will remain in place.



3. Documents including the following:

a. The formal name and any proposed logo used by the resulting organization

Steward does not contemplate any changes to the name of Health Choice Integrated Care, LLC as a result of the proposed merger. It will continue to operate as Health Choice Integrated Care, with the same logo and branding currently in use.

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 current organizational chart for Health Choice Integrated Care, LLC is attached as Exhibit A and the post-merger organizational chart is attached as Exhibit B. The charts illustrate that the only change to the organizational structure resulting from the proposed merger will be that, after the merger, Shawn Nau, the Chief Executive Officer of Health Choice Integrated Care, LLC, who currently ultimately reports to Carl Whitmer, President and Chief Executive Officer of IASIS Healthcare, will ultimately report to Dr. Mark Girard, who will be President of Steward Health Care Network.

c. Current audited financial statements of current Contractor and merging entity

The most recent audited financial statements of Health Choice Integrated Care, LLC are attached as Exhibit C. Steward, through Health Choice Integrated Care, LLC, is respectfully requesting confidential treatment with respect to its audited financial statements and will be filing them under separate cover.

d. Pro-forma financial statements of entity resulting from the change in organizational structure which shall include at a minimum a balance sheet, statement of revenues and expenses and statement of cash flows for the subsequent three years as well as enrollment projections and footnotes detailing assumptions.

Pro forma financial statements, including enrollment projections and footnotes detailing assumptions, are in the process of being finalized and will be furnished promptly under separate cover.

4. 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

Steward does not contemplate any changes in operations of Health Choice Integrated Care, LLC as a result of the proposed merger. Furthermore, there will be no interruption of services to members. Members will have the same benefits and options for accessing care; providers will continue to operate under existing contracts; and claims and payment systems are not changing. Health Choice Integrated Care, LLC and Steward are committed to offering members the same level of customer services that the health plan has historically delivered, and to ensuring that there will be no disruption to members as a result of the merger. Provider



contracts will not be changed as a result of the merger and members will continue to be able to access the same providers they already are able to access, without interruption.

b. Any changes to the management and staffing of the organization currently overseeing services provided under the contract

As described above, Steward does not contemplate any changes to operations of Health Choice Integrated Care, LLC as a result of the proposed merger. Current management and staffing will remain in place, including, in particular, Shawn Nau, the Chief Executive Officer of Health Choice Integrated Care, LLC. Health Choice Integrated Care's headquarters will remain in Flagstaff, in the current space.

c. Any changes to existing Administrative Services Subcontracts

Steward does not contemplate any changes to current Administrative Services Subcontracts as a result of the proposed merger.

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 described above, Steward does not contemplate any changes to operations of Health Choice Integrated Care, LLC as a result of the proposed merger. Critical components of the organization, including but not limited to information systems, prior authorization, claims processing, and grievances, will remain consistent with current operations.

e. The Contractor's plan for communicating the change to members, including a draft notification to be distributed to affected members and providers

The merger was announced publicly on May 19, 2017. We have trained, and will continue to train, our member and provider representative staff to respond to any questions or concerns. Talking points for our staff are attached as Exhibit D.

We will include a notice explaining the merger in our quarterly member newsletter following the close of the transaction. We will also include the notice on our website. A draft of the notice we plan to publish in our newsletter and on the website is attached as Exhibit E for AHCCCS' review.

The goal for all communications with both providers and members is to provide reassurance that the transaction will not change current operations of Health Choice Integrated Care, LLC. As noted above, members will have the same benefits and options for accessing care; providers will continue to operate under existing contracts, and claims and payment systems are not changing.

f. The Contractor's plan for changes to critical member information, including the website, member and provider handbook and member ID card

The Health Choice Integrated Care website will include the notice about the merger after the transaction closes, as indicated above, but otherwise will remain the same. Because no



changes are being made to the Health Choice Integrated Care logo, brand, name, or provider network, we do not believe that any changes will be required to member and provider handbooks, member ID cards or other member and provider materials or information.

g. Any anticipated changes to the network

As noted above, Steward does not contemplate any changes to provider contracts as a result of the proposed merger outside the ordinary course of business. Thus, the provider network will not be changed as a result of the proposed merger transaction, and members will continue to access the same providers they are already able to access without interruption. We continue to value our provider partnerships, which we believe are key to Health Choice Integrated Care's historical and future success.

h. In the case of a State Agency, any changes in federal or state funding that directly impact the AHCCCS line of business.

Not applicable.