Public Meeting on the Acquisition of Magellan Health, Inc. by Centene Corporation

October 27, 2021
Welcome and Introductions

Amanda Levy
Deputy Director, Health Policy & Stakeholder Relations
California Department of Managed Health Care
Agenda

1. Welcome and Introductions
2. Director’s Remarks
3. DMHC’s Jurisdiction and Authority
4. Remarks from Centene Corporation
5. Remarks from Magellan Health, Inc.
6. Public Comment
7. Closing Remarks
DMHC Mission Statement

The California Department of Managed Health Care protects consumers’ health care rights and ensures a stable health care delivery system.
Director’s Remarks

Mary Watanabe
Director
California Department of Managed Health Care
DMHC’s Jurisdiction and Authority

Anna Green
Attorney III, Office of Plan Licensing
California Department of Managed Health Care
Proposed Transaction

• Centene Corporation to buy Magellan Health, Inc. for $2.2 billion.

• Centene Corporation will become the owner of two DMHC licensed plans, Human Affairs International of California (HAI-CA) and Magellan Health Services of California, Inc. - Employer Services (MHSC).
Centene Corporation

• Fortune 500 company

• National insurer based in Missouri

• Largest provider of government-sponsored health plans in the United States
Centene Corporation’s California Health Plans

Centene owns:

• California Health and Wellness Plan (Medi-Cal)
• Envolve Vision, Inc. (Vision)
• Health Net Community Solutions, Inc. (Medi-Cal)
• Health Net of California, Inc. (Full-Service Commercial)
Centene Corporation’s California Health Plans

Centene owns:

- Managed Health Network (Behavioral Health and EAP)
- WellCare of California, Inc. (Medicare Advantage)
- WellCare Prescription Insurance, Inc. (Pharmacy)
Magellan Health, Inc.’s California Health Plans

Magellan owns:

- Human Affairs International of California (HAI-CA)
- Magellan Health Services of California, Inc. – Employer Services (MHSC)
Human Affairs International of California

- California Corporation
- Licensed by the DMHC in 1989
- Behavioral Health and Employee Assistance Programs (EAP)
- Approximately 2.7 million enrollees
Magellan Health Services of California – Employer Services

- California Corporation
- Licensed by the DMHC in 1987
- Offers Employee Assistance Programs (EAP)
- Approximately 1.3 million enrollees
Licensing Review Process

The Director determined that this is a “major transaction” under Section 1399.65 of the Knox Keene Act, which requires:

• An independent analysis to evaluate the impact of the transaction on subscribers and enrollees and the stability of the health care delivery system, including an assessment of whether this transaction would substantially lessen competition in healthcare plan products or create a monopoly in California.

• A public meeting and opportunity for public comment.
Licensing Review Process

Review of the Proposed Change of Control includes:

- Organizational and corporate changes
- Any administrative capacity issues
- Changes to how services will be delivered
- Changes to how the plan contracts with other plans and with providers
- Any other potential impact to enrollees
Review of the Proposed Change of Control includes:
  
  - Financial projections from HAI-CA and MHSC
  - Likely impact on HAI-CA and MHSC’s:
    - Finances
    - Staffing, services performed and organizational structure
    - Assigned enrollment
Remarks from Centene Corporation

Sarah London
Vice Chairman, Board of Directors
Remarks from Magellan Health, Inc.

Kenneth Fasola
Chief Operating Officer
Public Comment

Public comments may be submitted until 5 p.m. on November 3, 2021 to publiccomments@dmhc.ca.gov
Closing Remarks

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Consumer Participation Program

• If interested in participating in the Consumer Participation Program or to apply for an advocacy award regarding this matter, please visit the DMHC website at:

www.dmhc.ca.gov/AbouttheDMHC/OpportunitiesetoParticipate.aspx