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Blue Shield of California To Enter Medi-Cal/Medicaid with Acquisition of Care1st

*Transaction furthers both companies' missions to provide members access
to high-quality and affordable health care*

SAN FRANCISCO, CA AND MONTEREY PARK, CA (December 8, 2014) --- Blue Shield of California and Care1st Health Plan today announced that they have entered into a definitive agreement for Blue Shield to acquire Care1st, a provider-founded managed care company based in Los Angeles County. The all-cash transaction is expected to close in the second half of 2015. Financial terms were not disclosed.

Completion of the transaction is subject to fulfillment of various conditions, including receipt of regulatory approvals from the states of California, Arizona and Texas, as well as clearances from certain federal agencies. Medi-Cal is the state of California's version of the federal Medicaid program for low-income enrollees.

With 473,000 Medicaid members, 46,000 Medicare members and 5,300 members dually eligible for both Medicaid and Medicare as of November 30, 2014, Care1st has 20 years of experience in effectively administering government-sponsored health plans. Care1st is committed to providing patient-centered, high-quality health care with an emphasis on prevention and the delivery of cost-effective care. Care1st primarily serves members in Southern California and has a smaller membership presence in Arizona and Texas.

"There are more than 11 million Californians in the Medi-Cal system today, and we can fulfill our not-for-profit access and affordability mission by serving this population," said Paul Markovich, President and CEO of Blue Shield of California. "Acquiring Care1st — a growing, values-based company with deep Medicaid experience — is the ideal way for us to not only enter a new market, but also to help transform it together."

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“We are excited to be joining with Blue Shield, as our members will greatly benefit from Blue Shield’s well-established brand and extensive knowledge of the California healthcare market,” said Anna Tran, CEO of Care1st Health Plan. “Together, we will have the resources to better serve the growing Medicaid and Medicare populations. Blue Shield and Care1st have similar mission-driven cultures with a strong commitment to our employees. We look forward to working together with the Blue Shield team in order to further the Affordable Care Act’s universal healthcare objectives.”

After the transaction closes, Blue Shield plans to bring Care1st into its not-for-profit organizational structure to better align with its mission. Blue Shield will develop a plan to integrate Care1st’s staff and infrastructure with Blue Shield’s operations over a multi-year transition period that allows both companies to continue meeting members’ needs without interruption.

About Blue Shield of California

Blue Shield of California, an independent member of the Blue Cross Blue Shield Association, is a not-for-profit health plan with 3.4 million members, 5,000 employees and \$10.8 billion in annual revenue. Founded in 1939 and headquartered in San Francisco, Blue Shield of California provides health, life, dental, vision and Medicare insurance and health care service plans in California. The company’s mission is to ensure that Californians have access to high-quality care at an affordable price. Blue Shield has contributed more than \$325 million over the past ten years to the Blue Shield of California Foundation. Contact your local agent or broker about Blue Shield of California products and services, or visit www.blueshieldca.com.

About Care1st Health Plan

A plan dedicated to members first, Care1st Health Plan was founded in 1994 by a group comprised of providers, organized medical groups, and hospitals with the heart of the community at the forefront of their minds. This dynamic team came together to create a pro-patient healthcare delivery system that has grown to over 500,000 members today. Care1st offers Medicaid, Medicare Advantage HMO, and Dual Eligible Special needs plans. The same healthcare professionals continue to lead Care1st as an expanding consumer-based organization, striving to deliver the right care, more choices, competitive health benefits and provider-focused service. For more information, please visit our website at www.care1st.com.

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