



Division of the Budget

ANDREW M. CUOMO
Governor

ROBERT F. MUJICA JR.
Director of the Budget

SANDRA L. BEATTIE
Deputy Director

May 6, 2018

James Sheehan, Esq.
Chief, Charities Bureau
New York State Office of the Attorney General

Dear Mr. Sheehan,

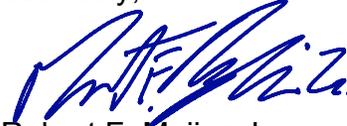
I am writing in response to a request from the Office of the Attorney General for information regarding a September 2017 Asset Purchase Agreement between Centene Corporation and New York State Catholic Health Plan, Inc., d/b/a Fidelis Care New York (“Fidelis Care”) (collectively “the Parties”) wherein Centene Corporation will purchase substantially all of Fidelis Care’s assets for approximately \$3.75 billion (the “Transaction”). It is my understanding that the Parties have petitioned the Attorney General for approval of the Transaction in accordance with Not-For-Profit Corporation Law § 511-a, and that, in support of its review of such Petition, the Office of the Attorney General is seeking clarification on the State’s intended use of certain payments to the State associated with the Transaction.

To offset the State’s costs associated with health care transformation efforts and consistent with prior similar asset transfers in the State, the Parties have agreed to make \$2 billion in payments to the State through a combination of direct payments and increased tax obligations resulting from the Transaction over the course of a five-year period commencing with the closing of the Transaction (“Transaction Payments”). The State intends to use the Transaction Payments exclusively for the purposes of (a) enhancing access to affordable quality healthcare and healthcare related services for the poor, disabled, disadvantaged, elderly and/or under-served people of New York State, and/or (b) to assist such populations with any unmet healthcare and healthcare related needs including, but not limited to, those associated with the social determinants of health.

The Division of the Budget (the “Division”) intends to report on the receipt and use of the Transaction Payments in the State’s quarterly Financial Plan updates. The Division expects that the quarterly Financial Plan updates, which are accessible through the Division’s website located at <https://www.budget.ny.gov/>, will provide sufficient detail to confirm that the Transaction Payments were used exclusively for the purposes set forth above. The Division will also provide the Office of the Attorney General with any

additional information which may be necessary to confirm that the Transaction Payments and Tax Obligations were used exclusively for such purposes.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Mujica Jr.", written in a cursive style.

Robert F. Mujica Jr.