



Division of the Budget

ANDREW M. CUOMO
Governor

ROBERT F. MUJICA JR.
Director of the Budget

July 9, 2021

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

Re: Affinity Health Plan, Inc./Molina Healthcare, Inc. Transaction

Dear Mr. Sheehan,

I am writing in response to a request from the Office of the Attorney General for information regarding a September 28, 2020 Asset Purchase Agreement between Affinity Health Plan, Inc. (“Affinity”) and Molina Healthcare, Inc. (“Molina”) (collectively “the Parties”) wherein Molina will purchase substantially all of Affinity’s assets for approximately Five Hundred Million Dollars (\$500,000,000) (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 a certain payment 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, Affinity has agreed to make a One Hundred and Ten Million Dollars (\$110,000,000) payment to the State resulting from the Transaction (“Transaction Payment”). No additional amounts are being contributed by Molina. The State intends to use the Transaction Payment 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 Payment 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 Payment was 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 Payment was used exclusively for such purposes.

Sincerely,

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

Robert F. Mujica Jr.