



Magellan Health Announces Acquisition of Majority Interest in Bayless Integrated Healthcare

December 22, 2020

- *Magellan acquires a majority interest in Bayless, a leading integrated behavioral and primary care provider in Arizona*
- *Transaction advances Magellan's collaborative care strategy and provides a scalable virtual platform to enter new markets and expand access to members in need*

PHOENIX--(BUSINESS WIRE)--Dec. 22, 2020-- [Magellan Health, Inc.](#) (NASDAQ: MGLN) ("Magellan"), one of the nation's leaders in managing complex, high cost healthcare, today announced it has completed the acquisition of a 70 percent interest in [Bayless Integrated Healthcare](#) ("Bayless"), a leading integrated outpatient behavioral health and primary care provider in Arizona.

Founded in 1982, the Bayless integrated care model offers physical, emotional, behavioral, and addiction healthcare services supported by 330 employees, including 175 providers, across eight locations in central Arizona. Bayless's practice integrates primary care physicians with behavioral health providers and population health caregivers and has expanded rapidly in recent years due to strong payer relationships and increases in staff, locations, and patient demand. Bayless has a rich tradition serving the Medicaid population as a network provider for many of the managed care plan participants in Arizona's Medicaid program for over 30 years.

In addition, Bayless is designated as a URAC accredited telehealth provider and offers telehealth services statewide in Arizona. Bayless will serve as a growth platform for Magellan to enter new geographies as a partner to, or a provider of, integrated primary care and behavioral health in support of the Company's collaborative care model, Magellan Connect. The partnership between Magellan and Bayless will help expedite Magellan's strategy to scale an industry-leading, technology-enabled, integrated care model.

"We are excited to welcome Bayless Integrated Healthcare to Magellan Health because the organization brings important new provider capabilities and insights to Magellan's reimagined behavioral health strategy. Bayless's innovative model has successfully delivered integrated behavioral and physical healthcare for decades, resulting in better quality care for patients and savings for payers. Magellan sees a substantial opportunity to leverage their integrated model and telehealth capabilities to increase provider availability and access to high quality care," said Kenneth Fasola, chief executive officer, Magellan Health.

"Our Bayless model works because we treat each individual with a 'whole person' approach," said Justin Bayless, chief executive officer of Bayless Integrated Healthcare. "I'm excited about this new journey with Magellan Health, not only because of Magellan's commitment to serving complex populations and forward-thinking solutions to some of our country's most challenging healthcare issues but because this furthers our ability to take the Bayless model into new markets. Now we have a larger, more direct path to improving lives and transforming healthcare. Our Bayless team will continue delivering exceptional care to our clients. Nothing changes locally with the exception of our ability to tap into Magellan resources, which will enhance and strengthen our client and provider relationships."

"We look forward to working with Justin who remains CEO of Bayless and will lead the initiative to scale the Bayless model across new geographies," said Fasola. "This includes the development of clinical and operational best practices supported by a technology platform that integrates clinical capabilities and could serve the needs of preferred partners."

Under the terms of the purchase agreement, within 36 months of this closing date, Magellan and Bayless's owners have certain call rights and put rights, respectively, with respect to the transfer to Magellan of the remaining equity in Bayless. Magellan expects the transaction to be neutral to slightly positive to 2021 net income and will provide other details about the financial impact of its provider strategy when it reports fourth quarter 2020 earnings. Bayless will operate within Magellan's Healthcare segment.

Morgan Stanley & Co. LLC served as exclusive financial advisor to Bayless Integrated Healthcare. MTS Health Partners LP served as exclusive financial advisor to Magellan Health.

About Magellan Health

Magellan Health, Inc., a FORTUNE 500 company, is a leader in managing the fastest growing, most complex areas of health, including special populations, complete pharmacy benefits and other specialty areas of healthcare. Magellan supports innovative ways of accessing better health through technology, while remaining focused on the critical personal relationships that are necessary to achieve a healthy, vibrant life. Magellan's customers include health plans and other managed care organizations, employers, labor unions, various military and governmental agencies and third-party administrators. For more information, visit [MagellanHealth.com](#).

About Bayless Integrated Healthcare

Bayless Integrated Healthcare takes a collaborative approach to health, addressing the mental and physical care needs of patients all under one roof. Bayless's team of specialists provide compassionate, adaptable, innovative, reliable, and relentless care from infancy through late adulthood, offering family medicine, emotional and behavioral healthcare, addiction treatment, and social healthcare services for all ages and socioeconomic classes. Bayless has eight locations throughout the Phoenix metropolitan area and is designated as a URAC accredited telehealth provider and offers telehealth services statewide in Arizona. For more information, visit [BaylessHealthcare.com](#).

Forward-Looking Statements

This press release includes statements which may constitute forward-looking statements made pursuant to the safe harbor provisions of the Private

Securities Litigation Reform Act of 1995, the accuracy of which are necessarily subject to risks, uncertainties, and assumptions as to future events that may not prove to be accurate. Without limiting the foregoing, the words “believes,” “anticipates,” “plans,” “expects,” “may,” “should,” “could,” “estimate,” “intend” and other similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to, express or implied forward-looking statements relating to 2021 net income; growth opportunities and initiatives; long term opportunities and strategy. These statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those contemplated in these forward-looking statements. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Factors that could cause actual results to differ materially from those expressed or implied include the effectiveness of business continuity plans during, and the risks associated with, the COVID-19 pandemic; termination or non-renewal of customer contracts; changes in rates paid to and/or by the Company by customers and/or providers; our ability to develop and maintain satisfactory relationships with providers; higher utilization of healthcare services by the Company’s members; risks and uncertainties associated with the pharmacy benefits management industry; costs to maintain or upgrade our information technology and other business systems and the effectiveness and security of such systems; cyberattacks, other privacy/data security incidents, and/or our failure to comply with related regulations; delays, higher costs or inability to implement new business or other Company initiatives; the impact of changes in the contracting model for Medicaid contracts; impairment of our goodwill and intangible assets; the impact of new or amended laws or regulations; costs and other liabilities associated with litigation, government investigations, audits or reviews; competition; operational issues; healthcare reform; and general business conditions. Additional factors that could cause actual results to differ materially from those reflected in the forward-looking statements include, but are not limited to, the risks discussed in the “Risk Factors” section included within the Company’s most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, and subsequent reports on Forms 10-Q and 8-K. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities law.

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