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DEPARTMENT OF HEALTH AND HUMAN SERVICES
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NEW MEDICAID HMO ANNOUNCED

Carson City—The Division of Health Care Financing & Policy today announced it has reached an agreement with AMERIGROUP Corporation to become a health maintenance organization (HMO) for Nevada Medicaid and Nevada Checkup members. It is estimated that initially AMERIGROUP will serve about 50,000 recipients.

DHCFP and its actuary, Milliman Inc., determined that the option of re-procuring a new HMO to replace Anthem BCBS Partnership Plan—which terminated its contract with the state effective December 31, 2008—through a Request for Proposal (RFP) process was not likely to be more cost-effective. In addition to being the most fiscally sound course of action, DHCFP also concluded that a transition to AMERIGROUP will be far less disruptive to the provider and recipient communities than going out to bid for new contractors.

DHCFP reviewed three options to replace Anthem: (1) procure a single HMO through a formal RFP process; (2), procure two new HMOs in the same manner; (3) allow AMERIGROUP, the third-place bidder in the most recent procurement, to bid under the present contract.

Each option was examined for direct fiscal impact and indirect costs to the State, as well as disruption to the Medicaid recipient and provider communities. The options were also compared in terms of the relative risk of a period of non-compliance with regard to Centers for Medicare and Medicaid Services (CMS) federal regulations.

“We completed our due diligence to determine the best present option for Nevada,” said Chuck Duarte, Director of DHCFP. “Under the other options, we would run the risk of higher rates of coverage as a result of the bidding process, a period of non-compliance, or both, and the latter could cost the State many more millions than any increase in payments to HMOs.”

Southwestern Region CEO of AMERIGROUP Corporation Aileen McCormick said, “We are pleased to join the State of Nevada in bringing quality healthcare to some of its most vulnerable citizens. The Medicaid and Nevada Check Up programs play a vital role in the State's healthcare system. Together with the State, we will work to make these programs operate effectively and efficiently.”

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