



MEDIA RELEASE

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BUREAU OF TENNCARE

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NEW TENNCARE MCOs ACCEPT FULL-RISK IN MIDDLE REGION; TRADITIONAL MANAGED CARE FINANCIAL MODEL RESTORED COMPETITIVE BID WINNERS EXPAND ENROLLEE CHOICE IN MIDDLE TENNESSEE

NASHVILLE, Tenn.— The TennCare Bureau today has awarded two new managed care organization (MCO) contracts in the Middle Tennessee region through a first-time competitive bid process. The MCO bid winners will accept full financial risk to participate in Tennessee's Medicaid program. AmeriGroup Corporation (AmeriGroup) and UnitedHealth Plan of River Valley, Inc. (United), won the competitive bid process and will be paid set monthly rates, or capitated payments, to manage and deliver care to approximately 170,000 TennCare enrollees each. Both plans are expected to accept new enrollees April 1, 2007.

“The competitive bid process was a clear success. Now that financial risk is back with the MCOs in the middle region, TennCare enrollees can expect greater focus on case and disease management with an emphasis on preventative care to improve individual health outcomes,” said Darin Gordon, Deputy Commissioner for the TennCare Bureau. “AmeriGroup and United are exceptionally experienced Medicaid managed care plans who emerged from a strong field of competitors. They will both be looking for provider partners in Middle Tennessee to help ensure access to high quality health care delivered in the appropriate setting at the appropriate time for our enrollees.”

AmeriGroup, a Virginia based corporation, manages more than one million Medicaid lives in nine states with assets worth \$1.2 billion. United, headquartered in Minnesota, manages more than 1.2 million Medicaid lives in 13 states with total assets of \$45 billion. United recently acquired John Deere Healthplan, a current TennCare MCO in the eastern region of the state.

“TennCare would not have been able to achieve these full-risk contracts with such experienced managed care partners without the financial stability our program has today, said Gordon. “Also key to today's competitive bid success, was the court relief won last year that enabled our MCOs to truly engage in managed care functions,” said Gordon.

The new MCO contracts also include an integrated behavioral health model with the MCO managing physical and mental health services for improved enrollee care coordination and efficiency. AmeriGroup and United provide fully integrated physical and behavioral health services within their company structures.

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"Integrating physical and behavioral health in primary care improves the overall health of all enrollees. Enrollees with mental health needs often have other physical healthcare needs such as diabetes, obesity and hypertension," said Commissioner Virginia Trotter Betts, Department of Mental Health and Developmental Disabilities. "This TennCare contracting model allows for an improved opportunity to integrate physical and behavioral health services for enrollees in Middle Tennessee."

TennCare expects to sign contracts with the winning bidders August 7, 2006 with an effective date of August 15, 2006. Before the new plans will be allowed to serve TennCare enrollees April 1, 2007, they must complete a readiness review to ensure the plans have operationalized the contract requirements for the Middle Tennessee region. The readiness review covers claims administration, information systems testing, financial audits, medical management and customer services processes and workflows, and provider network development.

TennCare currently delivers health care and mental health services through seven managed care organizations, two behavioral health organizations (BHOs) and a statewide administrative services organization (ASO).

The initial requests for proposal and process documents are available online at <http://www.tn.gov/tenncare/healthplans/RFI/TCMCORFI.htm> The competitive bid submissions are public record and available for inspection during normal business hours.

TennCare is Tennessee's expanded Medicaid program, providing health insurance coverage to 1.2 million Tennesseans including 640,000 children. For more information about TennCare visit www.tn.gov/tenncare/

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