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MOLINA HEALTHCARE FILES APPLICATION FOR TEMPORARY RESTRAINING ORDER AGAINST NEW MEXICO HUMAN SERVICES DEPARTMENT

ALBUQUERQUE, NM (February 5, 2018) – On February 2, 2018, Molina Healthcare of New Mexico, Inc. filed an application for a Temporary Restraining Order (TRO) in New Mexico First Judicial District Court against the New Mexico Human Services Department (HSD) in conjunction with the \$4.6 billion Centennial Care Medicaid Procurement. Molina’s procurement protest will be filed Monday by 5:00 p.m. MST.

“Molina’s request is simply that the Court stay further actions by HSD, so that we can protect our members impacted by this decision and safeguard their health coverage while we seek resolution for the serious concerns we have with the recent procurement process,” said Daniel Sorrells, President of Molina Healthcare of New Mexico. New Mexico law favors a stay of a procurement pending the completion of bid protests, but HSD has refused to stay the procurement, forcing Molina to seek judicial intervention.

Molina Healthcare is the largest Medicaid Managed Care Organization (MCO) in New Mexico, serving approximately 224,000 beneficiaries as well as the largest carrier by market share in the state’s Health Insurance Marketplace with 58% of all enrollees. The company has strong roots in the state and has been serving the most vulnerable New Mexicans through its Medicaid, Medicare, and recently Marketplace products for over a decade. This commitment to the state’s residents, healthcare system, and economy are imperiled by HSD’s decision, the soundness of which can be questioned due to legitimate concerns about the impartiality of the procurement process, and the potential adverse consequences for New Mexicans who will experience material disruptions in their care as a result.

Most acutely at risk are Molina’s 103,000 members receiving behavioral health services and 35,000 members receiving substance abuse services. The company’s concerns for these members are grounded in past experience: in 2013, HSD attempted to transition behavioral services to out-of-state companies which initially resulted in many New Mexicans losing care and ended with thousands lacking access to behavioral health services until Molina and other MCOs stepped in. Molina is further concerned for its most vulnerable members because Western Sky (one of the new MCOs awarded a contract by HSD) is owned by a company that is currently being sued by 15 states for providing inadequate care as well as in New Mexico for failures in the health care program it provides for the state’s prison population.

“Change is difficult for all of us but for the 224,000 Medicaid members who depend on us to help them navigate the health care system, these changes could be devastating,” said Sorrells.

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Flawed Scoring

Molina has numerous concerns about how aspects of the procurement process were administered, but chief among them are the way HSD scored pricing bids submitted as part of the procurement.

HSD's process for scoring the pricing bids was arbitrary and capricious. The dollar difference between the bidders' proposed prices were minimal, but the resulting *score* differences were disproportionate to the variation in pricing. Molina's bid prices were just a few percentage points higher than the lowest bidder's prices; however, Molina's score was 233.33% lower than the lowest bidder's score.

"There simply is no legitimate reason that with price differences that amount to pennies on the dollar, Molina's pricing score would be so significantly lower than other bidders' scores," said Sorrells.

Conflict of Interest

Finally, Mercer, the contractor hired by HSD to oversee the \$4.6 billion procurement has an undisclosed conflict of interest. According to court documents, Mercer has a substantial financial relationship with Western Sky's parent company Centene through a subsidiary called Envolve. Western Sky intends to utilize Envolve for its Centennial Care contract positioning Mercer to benefit financially from the results of the procurement process that it oversaw for HSD.

Tellingly, Mercer inexplicably made recommendations to HSD that favored Western Sky such as recommending canceling all oral presentations by the bidders, and only selecting three MCOs rather than the four originally planned. There was more than adequate time in HSD's proposed timeline to hold oral presentations, which would have provided an opportunity to further assess whether each bidder's proposal was in the best interests of the State.

"Being the state's largest Medicaid provider, we find it disturbing that a conflict of interest has clouded the bid selection process. We want an even playing field, especially for the state's most vulnerable residents whose health and lives will be impacted, and the ability to continue to serve our members," said Mr. Sorrells. "Mercer's contract for the RFP should be investigated and a new procurement should be issued."

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About Molina Healthcare

Molina Healthcare, Inc., provides managed health care services under the Medicaid and Medicare programs and through the state insurance marketplaces. Through our health plans operating in 12 states across the nation and in the Commonwealth of Puerto Rico, Molina serves approximately 4.5 million members as of September 30, 2017. For more information about Molina Healthcare, please visit our website at molinahealthcare.com.