

ARIZONA JUDGE HEARS ARGUMENTS IN MARICOPA RBHA CONTRACT PROTEST, MAGELLAN CONTRACT TEMPORARILY EXTENDED THROUGH MARCH 2014

By: Open Minds Weekly News Wire

Read more: On September 20, 2013, an Arizona judge heard arguments regarding a protest to the state's March 2013 award for the \$1 billion Maricopa County Regional Behavioral Health Administrator (RBHA) contract to Mercy Maricopa, rather than the incumbent Magellan of Arizona. During the legal proceedings over the contract award, Magellan's contract has been temporarily extended through March 2014. At the end of the hearing, the judge will issue a recommendation to the state Department of Administration (DOA), which has final say over the contract award. Either side could then appeal in Maricopa County Superior Court. On September 27, 2013, the judge issued an order allowing the plaintiffs and defendants to submit additional information by October 21, 2013.

The three-year contract was slated to start on October 1, 2013; however, the protest has prevented the state from moving forward. Because the protest has delayed implementation of the contract, to avoid service disruptions to consumers, the state issued Magellan of Arizona a short-term renewal. On September 10, 2013 Magellan announced that the RBHA contract had been extended for six months through March 31, 2014.

Following a competitive procurement and consideration of five proposals, on March 25, 2013 the Arizona Department of Health Services awarded the Maricopa County RBHA contract to Mercy Maricopa, a partnership between Maricopa Integrated Health System, the county's safety-net health system, and insurer Mercy Care Plan. Protests were filed by two of the four unsuccessful bidders, Magellan of Arizona (a partner in bidder Magellan Complete Care) and United Healthcare Whole Health. Both Magellan and United Healthcare alleged that the award to Mercy Maricopa was improper. Both asked ADHS to disqualify Mercy Maricopa's bid and rescind the award, and preferably award their organization the contract, or rescore the bids without Mercy Maricopa's bid, or cancel the procurement and rebid the contract. On April 17, 2013, ADHS rejected both bid protests.

On May 9, 2013, Magellan appealed the ADHS decision to the Arizona DOA, and at the same time filed with DOA a motion to stay the award and contract implementation pending the DOA's decision on the appeal. On May 21, 2013, the DOA granted the stay, which stalled the contract transition; the DOA did not make any decision on the merits of the appeal. The stay affects the contract award and related performance and procurement transition activities pending a decision on the merits of the substantive arguments of Magellan's protest and appeal. It halts all transfer of information to facilitate the transition from Magellan to Mercy Maricopa.

On July 30, 2013, Mercy Maricopa announced that the ADHS Division of Behavioral Health Services will allow Mercy Maricopa to resume activities and communications with the state needed to implement the RBHA contract, although the stay has not been lifted.

Since March 2013, *OPEN MINDS* has reported on the legal battle for this contract in the following articles:

- "\$1 Billion Maricopa County RBHA Contract Moves To Mercy" at www.openminds.com/market-intelligence/premium/omol/2013/040113mhcd1.htm.

- “Magellan Files Protest & Civil Lawsuit Regarding Maricopa County RBHA Contract Award” at www.openminds.com/market-intelligence/premium/omol/2013/041513mhcd4.htm.
- “Magellan & United Healthcare Protest Maricopa County RBHA Contract Award, Arizona Halts New Contract Implementation” at www.openminds.com/market-intelligence/basic/omolfree/060313mhcd1.htm.
- “Lawsuit Alleges Mercy Maricopa Partner MIHS Ineligible To Bid On Maricopa County RBHA Contract” at www.openminds.com/market-intelligence/basic/omolfree/081913mhcd4.htm.

The full case file for *Magellan Health Services Of Arizona, Inc., Appellant vs. Arizona Department Of Health Services, Respondent* 13F-006-ADM, with links to each document filed by either party and transcripts of each hearing can be accessed online at <https://portal.azoah.com/oedf/documents/13F-006-ADM/index.html> (last visited October 3, 2013).

For more information, contact: David W. Carter, Senior Vice President, Marketing and Communications, Magellan Health Services, 55 Nod Road, Avon, Connecticut 06001; 860-507-1909; E-mail: DWCarte@MagellanHealth.com; Website: www.magellanhealth.com; or Arizona Department of Administration, 100 N. 15th Avenue, Phoenix, Arizona 85007; 602-542-1500; Fax: 602-542-2199; Website: www.azdoa.gov; or Public Information Office, Arizona Department of Health Services, 150 North 18th Avenue, Phoenix, Arizona 85007; 602-542-1094; Fax: 602-542-0883; E-mail: piowebmaster@azdhs.gov; Website: www.azdhs.gov.

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