



## Williams Mullen Advises Amerigroup on Acquisition of Health Plus to Expand New York Presence

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*Amerigroup's Press Release:*

Amerigroup To Expand New York Presence  
Will Acquire Health Plus

**VIRGINIA BEACH, Va. (October 25, 2011)** – Amerigroup Corporation (NYSE: AGP) announced today that it has signed an agreement to purchase substantially all of the operating assets and contract rights of Health Plus, one of the largest Medicaid managed care companies in New York. Health Plus, established in 1984 by Lutheran Medical Center, currently serves approximately 320,000 members in New York State's Medicaid, Family Health Plus and Child Health Plus programs, as well as the federal Medicare program.

The purchase price of \$85 million will be funded through available cash. The transaction is subject to regulatory approvals and other closing conditions and is expected to close in the first half of 2012. Health Plus expects to generate approximately \$1 billion of revenue in 2011. The acquisition is expected to be slightly dilutive to Amerigroup's earnings per share in 2012 due to integration and one-time transaction-related costs, but accretive to earnings beginning in 2013.

"This acquisition will provide greater access to quality care for Amerigroup and Health Plus members, cost savings for the State and New York City, as well as provide a renewed investment in the local community," said James G. Carlson, chairman and chief executive officer for Amerigroup. "Our national expertise in coordinating care for low-income populations and people with disabilities, coupled with the excellence of Health Plus, will allow us to better serve current and new members, collaborate with providers and expand our patient-centered medical home model."

"For a community safety net hospital like Lutheran, the acquisition is particularly critical since it will mean an infusion of dollars that will establish an endowment – something that Lutheran has never had before. It will strengthen our financial viability allowing us to reinvest in patient care for our traditional Medicaid and uninsured populations," said Wendy Z. Goldstein, chief executive officer for Lutheran HealthCare. "This is a win-win-win for Lutheran, Health Plus and Amerigroup. The acquisition combines the strengths, resources and experience of two dynamic plans committed to serving low-income families and the uninsured into one superior health plan."

Health Plus and Amerigroup share a common mission in providing quality care and ensuring the overall

health and well-being of New York's culturally diverse communities. "For Health Plus," said Tom Early, chief executive officer for Health Plus, "this represents an extraordinary opportunity to enhance our ability to serve our members, our providers, and our communities. We are extremely proud of our nearly thirty-year partnership with Lutheran Health care, and look forward to forging a new and powerful partnership with Amerigroup."

With approximately five million Medicaid recipients, New York has the second largest number of Medicaid enrollees in the nation. Upon the close of this transaction, Amerigroup's New York health plan will be one of the largest Medicaid managed care organizations in the State. The acquisition will be consistent with Governor Andrew Cuomo's Medicaid Redesign Team's goals of improved efficiencies for the State and the transition to mandatory managed long-term care for seniors by April 2012.

The senior management of Amerigroup will discuss the transaction during its previously scheduled third-quarter earnings conference call on Friday, Oct. 28, at 8:00 a.m. Eastern time. To listen to the call, dial 866-260-3161 (domestic) or 706-679-7245 (international) approximately 10 minutes prior to the start time of the call. The conference call will also be available through the investors' page of the Company's website or through [www.earnings.com](http://www.earnings.com).

#### About Lutheran HealthCare

As Brooklyn's premier health care network, Lutheran HealthCare (LHC) is a comprehensive medical safety net and social support system committed to providing services for the whole person -- physically, emotionally and spiritually. The LHC system of community health providers includes Lutheran Medical Center, the Lutheran Family Health Centers, Lutheran Augustana Center for Extended Care and Rehabilitation, Community Care Organization, Inc., Health Plus, senior housing programs and more. Learn about LHC and its 127-year-old commitment to serving Brooklyn neighborhoods.

#### About Health Plus

Health Plus, a not-for-profit, multi-cultural organization, is one of the largest managed care organizations in the New York area, serving New York City and Nassau County. It was established in 1984 with a commitment to provide coordinated quality health care and improve access to health care for uninsured and underserved families.

#### About Amerigroup Corporation

Amerigroup, a Fortune 500 Company, coordinates services for individuals in publicly funded health care programs. Serving approximately 2 million members in 11 states nationwide, Amerigroup accepts all eligible people regardless of age, sex, race or disability. The Company's product offerings do not utilize any individual underwriting nor deny coverage due to preexisting medical conditions. Amerigroup is dedicated to offering real solutions that improve health care access and quality for its members, while proactively working to reduce the overall cost of care to taxpayers.

#### Forward-Looking Statements

This release is intended to be disclosure through methods reasonably designed to provide broad, non-exclusionary distribution to the public in compliance with the Securities and Exchange Commission's Fair Disclosure Regulation. This release contains certain "forward-looking" statements, including those with respect to regulatory approval, Health Plus' expected 2011 revenue, closing of the transaction described in this release and the financial impact of such transactions, which are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties that may cause Amerigroup's actual results in future periods to differ materially from those projected or contemplated in the forward-looking statements. These risks and uncertainties include, but are not limited to: our inability to manage medical costs; our inability to operate new products and markets at expected levels, including, but not limited to, profitability, membership and targeted service standards; local, state and national economic conditions, including their effect on the rate-setting process and timing of payments; the effect of government regulations and changes in regulations governing the health care industry, including the impact of

recently enacted health care reform legislation; changes in Medicaid and Medicare payment levels and methodologies; increased use of services, increased cost of individual services, epidemics, pandemics, the introduction of new or costly treatments and technology, new mandated benefits, insured population characteristics and seasonal changes in the level of health care use; our ability to maintain and increase membership levels; our ability to enter into new markets or remain in existing markets; changes in market interest rates or any disruptions in the credit markets; our ability to maintain compliance with all minimum capital requirements; liabilities and other claims asserted against us; demographic changes; the competitive environment in which we operate; the availability and terms of capital to fund acquisitions, capital improvements and maintain capitalization levels required by state agencies; our ability to attract and retain qualified personnel; the unfavorable resolution of new or pending litigation; and catastrophes, including acts of terrorism or severe weather.

Investors should also refer to our annual report on Form 10-K for the year ended December 31, 2010 filed with the Securities and Exchange Commission ("SEC") and subsequent quarterly reports on Form 10-Q and current reports on Form 8-K filed with or furnished to the SEC, for a discussion of certain known risk factors that could cause our actual results to differ materially from our current estimates.

Given these risks and uncertainties, we can give no assurances that any forward-looking statements will, in fact, transpire and, therefore, caution investors not to place undue reliance on them. We specifically disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

## Williams Mullen attorneys [Thomas R. Frantz](#) and Nicole M. Williams served as primary M&A counsel to Amerigroup for this transaction.

## Related People

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